

Market Analysis

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Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Remain fully invested in the recommended shares.

Investment Outlook.

Our Forecasting models are slightly Bullish (see at right) and knowledgeable *insiders* are buying shares (see Pages 10 and 12). We believes shares are under-valued . . . and presumably so does the Canadian bidder for one of our companies!

As discussed last month, we also believe that a slow economic growth, competitive business environment that will drive competition, efficiency and innovation can be a favourable environment for stockmarket investment.

Share prices started rising early this year but we pointed out in February they would probably move higher as most market commentators were very sceptical, calling the rise “a Bear Market rally” and warning of a “coming 2012 market crash”.

Last week we read “It was nice while it lasted, but the bear market rally is over”. Yes, it was nice for those of us fully invested in shares . . . but the people that wrote that were so negative about the stockmarket we doubt that *they* owned any shares. If it is now widely expected that the “rally is over” then the stockmarket will likely do the opposite of that expectation and continue to move higher.

If private investors and fund managers *expect* share prices to fall, they will *already* have sold and be holding cash. Selling will therefore diminish (i.e. who is left to sell?) and cashed up investors are *future* buyers. These are the conditions that will drive share prices higher!

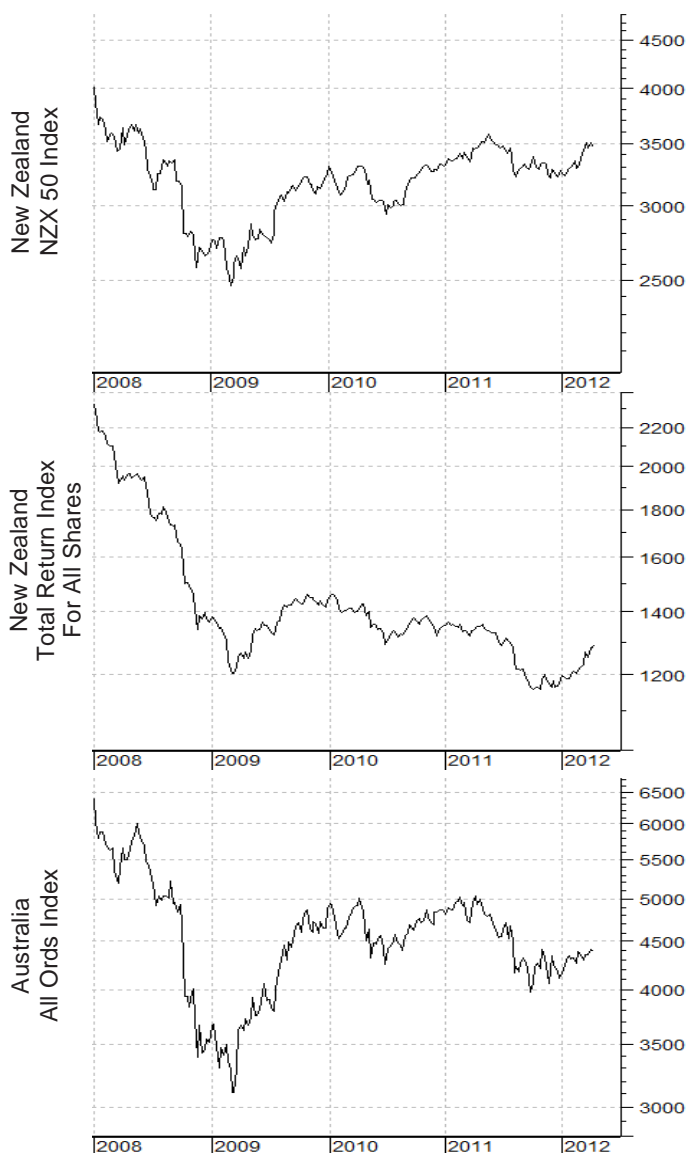
Deciding what the stockmarket will do tomorrow, or next week, or next month often feels like the *most important* investment decision. It isn't. What is really important is finding companies whose shares have the potential to appreciate many-fold in value over many years!

This newsletter was established over 31 years ago with just that objective. It has always focused upon taking a scientific and intelligent approach to building wealth from long term investment in the stockmarket. We didn't get rich selling newsletter subscriptions but we did get rich following all of our own advice and buying *and holding* shares including Campbell Brothers, Centennial Coal, Computershare, Radio Otago, M2 Telecommunications, Michael Hill, NZ Refining, Toll Holdings, The Reject Shop, Village Roadshow and Vision Systems!

Our current portfolio will yield our *future* 5-bagger, 10-bagger and 20-bagger gains. So remain fully invested in these recommended shares.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	76% (Bullish)	65% (Bullish)
New Zealand:	69% (Bullish)	69% (Bullish)



Performance Forecasts

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

Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield			
AMP Limited	C	532	1.20	12	7.4	Jasons Media	C	14	0.20	6	Nil	Rakon Ltd	D	49	0.49	11	Nil
AMP Office Trt	C	94	6.80	90	8.4	Just Water Int.	D	11	0.30	12	Nil	Renaissance	D	17	0.04	NE	Nil
Abano Health.	B	415	0.49	84	7.2	Kathmandu Ltd	B	164	1.07	8	8.7	Restaurant Brds	C	192	0.58	8	12.6
Air New Zealand	C	87	0.22	12	7.8	Kermadec Prop.	C	67	6.58	11	4.5	Rubicon Limited	D	36	0.26	NE	Nil
Akd Int Airport	B	250	8.31	33	5.0	Kingfish Ltd	B	98	N/A	9	8.9	Ryman Health.	B	313	N/A	16	1.2
Allied Farmers	E	3.9	0.01	NE	Nil	Kirkcaldie & St	C	275	0.68	NE	2.9	Veritas Invest.	D	7.0	1.81	6	Nil
Allied Work.	A	240	0.65	20	6.1	Kiwi Property	D	106	5.36	NE	7.5	Sanford Limited	C	400	0.81	17	8.2
Argosy Property	C	83	4.92	17	2.1	L&M Energy	E	10	N/A	NE	Nil	Satara Co-op	E	39	0.15	NE	Nil
Barramundi Ltd	C	63	N/A	10	11.8	Lytelton Port	C	210	2.34	18	Nil	Savoy Equities	C	2.2	N/A	NE	Nil
Blis Technology	D	2.5	1.97	NE	Nil	Mainfreight Grp	B	948	0.70	22	3.0	Scott Tech. Ltd	B	165	1.22	13	6.1
Briscoe Group	B	150	0.76	15	8.6	Marlin Global	B	76	N/A	10	11.4	Sealegs Corp	D	12	0.94	NE	Nil
Burger Fuel	C	90	N/A	NE	Nil	Mercer Group	D	12	0.16	NE	Nil	Seeka Kiwiifruit	B	171	0.20	3	16.7
CDL Investments	D	34	9.26	30	5.0	Methven Limited	C	117	0.64	16	11.1	Skellerup Hold.	C	146	1.45	14	5.9
Cavalier Corp	C	206	0.61	8	12.5	Metro. LifeCare	C	232	4.37	14	Nil	Sky City Ltd	B	385	2.77	18	5.5
Cavotec MSL	B	245	1.08	20	1.6	Michael Hill	A	105	0.82	12	4.3	Sky Network TV	B	525	2.56	17	5.0
Charlie's Group	D	43	4.00	51	Nil	Mid-Cap Index	E	212	N/A	NE	Nil	Smartpay NZ Ltd	D	9.3	0.24	NE	Nil
Chorus Ltd	C	343	2.62	NE	Nil	Millennium & C.	C	42	1.27	12	4.1	Smiths City	B	49	0.12	14	4.1
Claridge Cap'l	C	1.7	0.91	NE	Nil	Mowbray Collect	D	50	1.66	NE	Nil	Sol. Dynamics	D	30	0.35	28	Nil
Col Motor Co	A	300	0.20	12	9.0	NPT Limited	C	56	3.81	NE	8.1	South Port NZ	B	355	3.67	15	8.0
Comvita	A	265	0.91	21	1.6	NZ Experience	C	40	1.40	10	10.0	Speirs Group	C	13	0.12	NE	Nil
Contact Energy	C	478	1.50	22	7.5	NZ Exchange Ltd	B	273	6.51	35	5.2	Steel & Tube	B	227	0.52	12	9.4
Cynotech Hold.	D	0.9	0.17	NE	Nil	NZ Finance Hold	E	0.6	0.01	NE	Nil	Sthn Travel	E	5.0	0.05	NE	Nil
DNZ Property	C	142	N/A	NE	4.6	NZ Farming Sys.	E	66	2.08	NE	Nil	Tag Pacific Ltd	D	12	0.15	NE	Nil
Delegat's Group	B	240	1.03	11	4.8	NZ Oil & Gas *	N/R	78	2.89	13	3.7	TeamTalk Ltd	A	255	1.84	12	11.2
Diligent Board	C	350	N/A	NE	Nil	NZ Refining Co	D	280	3.14	33	Nil	Telecom Corp	A	249	2.55	25	10.3
Dorchester Pac	E	8.1	0.83	NE	Nil	NZ Windfarms	D	19	N/A	NE	Nil	Tenon Ltd	D	76	0.13	NE	Nil
Ebos Group Ltd	B	750	0.29	17	6.0	NZ Wine Company	D	85	0.57	NE	3.4	Tourism Hold.	E	60	0.41	NE	Nil
Ecoya Ltd	C	108	3.87	NE	Nil	NZ Wool Service	E	49	0.23	NE	Nil	Tower Limited	B	169	0.83	14	5.1
F & P Appliance	C	51	0.33	11	Nil	NZSX 50 Port.	D	127	N/A	NE	Nil	Trade-Me Ltd	D	347	N/A	NE	Nil
F & P Health.	C	216	2.22	18	8.1	NZSX 10 Fund	E	90	N/A	NE	Nil	Training Sol.	D	0.1	N/A	NE	Nil
Finzsoft Sol'ns	B	38	0.46	6	Nil	NZX Aust MidCap	E	486	N/A	NE	Nil	Trust Power Ltd	C	718	2.95	20	7.3
Fletcher Build.	A	620	9.64	NE	6.4	New Image Group	D	15	0.45	14	9.9	Turners & Grow.	C	170	0.23	16	3.5
Freightways Ltd	B	394	1.72	20	5.2	Northland Port	A	185	N/A	16	5.0	Turners Auction	A	144	0.56	13	10.9
Genesis Res.	C	2.2	0.25	NE	Nil	Nuplex Indust	B	260	0.32	8	8.1	Vector Ltd	C	274	2.19	14	7.4
Goodman Prop.	C	105	7.09	27	7.4	Opus Int'l Cons	B	210	0.80	14	5.2	Velo Capital	D	3.0	0.41	NE	Nil
Guinness Peat	C	50	0.07	2	3.1	Ozzy (Tontis)	E	327	N/A	NE	Nil	Vital Health PT	C	121	8.30	47	6.7
GuocoLeisure	C	59	1.45	8	Nil	PGG Wrightsons	E	39	0.24	NE	Nil	WN Drive Tech.	E	20	0.48	NE	Nil
Hallenstein G.	A	396	1.15	13	11.2	Pac Edge Bio	E	19	N/A	NE	Nil	Wakefield Hlth	B	445	0.83	13	4.8
Heartland BS	D	52	0.86	22	Nil	Pharmacybrands	C	76	7.08	NE	Nil	Warehouse Group	C	260	0.38	8	12.1
Hellaby Hold.	A	292	0.46	14	4.9	Pike River Coal	D	88	N/A	NE	Nil	Widespread Port*	N/R	14	6.67	1	Nil
Heritage Gold *	N/R	2.4	N/A	NE	Nil	Port Tauranga	B	1125	8.13	26	3.9	Windflow Tech.	E	20	0.31	NE	Nil
Horizon Energy	C	316	2.55	13	7.7	Postie Plus Grp	C	28	0.10	17	5.1	Wool Equities	E	10	N/A	NE	Nil
Infratil NZ	C	188	0.53	18	5.1	Property F Ind.	C	117	7.79	25	7.0	World Index Fd	E	104	N/A	NE	Nil
Insured Group	B	15	1.98	NE	Nil	Pumpkin Patch	A	111	0.55	25	3.9	Xero Ltd	D	389	N/A	NE	Nil
Inv Research Gr	E	0.5	1.22	NE	Nil	Pyne Gould Corp	D	34	2.57	NE	Nil	Zintel Comm.	B	38	0.36	40	3.8
												Ave of 135 Cos	C	166	0.27	19	3.6
AGL Energy Ltd	B	1485	0.97	12	4.0	Downer EDI Ltd	C	372	0.32	NE	4.9	Perpetual Ltd	A	2495	2.17	18	7.4
AMP Ltd	B	429	2.12	18	7.0	DuluxGroup Ltd	B	309	1.14	12	4.9	Perseus Mining	D	232	N/A	NE	Nil
ANZ Bank	C	2298	1.29	11	6.1	Echo Ent Group	B	449	1.82	13	Nil	Platinum Asset	B	425	9.02	16	5.9
APA Group	B	527	3.03	31	4.5	Eldorado Gold	B	1379	7.09	24	0.9	Premier Invest	A	563	0.97	22	6.4
ASX Limited	C	3203	N/A	26	5.7	Energy World	B	60	9.36	38	Nil	Primary Health	B	282	1.06	18	2.8
AWE Limited	D	182	3.10	NE	Nil	Envestra	B	80	2.75	26	7.1	Q.B.E. Insur.	B	1361	0.80	21	6.4
Adelaide Bright	B	298	1.72	13	5.5	Extract Res.	C	856	N/A	NE	Nil	QR National Ltd	B	361	2.76	25	1.7
Alacer Gold	E	819	N/A	NE	Nil	Flight Media	B	75	0.71	7	4.0	Qantas Airways	B	167	0.25	15	Nil
Alumina Ltd	B	121	N/A	24	4.9	Flight Centre	B	2150	1.15	15	3.9	Qube Logistics	A	167	3.60	16	1.1
Amalgamated Hld	A	624	1.27	13	5.9	Fortescue Metal	A	592	3.65	19	1.2	REA Group Ltd	A	1345	7.36	26	1.9
Amcor Ltd	B	750	0.74	26	4.7	GPT Group	D	317	N/A	NE	Nil	Ramsay Health	C	1973	1.07	20	2.6
Aneka Tambang	D	125	N/A	NE	Nil	Gloucester Coal	B	809	4.38	25	Nil	Reece Australia	B	1860	1.18	16	3.3
Ansell Ltd	B	1481	1.60	16	2.1	Goodman Fielder	B	67	0.41	NE	11.7	Regis Resources	B	403	N/A	48	Nil
Aquarius Plat.	B	211	1.56	7	3.5	Goodman Group	A	70	7.38	11	5.0	Resolute Mining	B	173	3.62	26	Nil
Aquila Res.	E	520	N/A	NE	Nil	Graincorp	A	903	0.64	10	3.3	Rio Tinto Ltd	B	6595	0.48	2	2.2
Argo Investment	B	518	N/A	19	5.0	Growthpoint Pro	B	206	5.58	11	8.3	S/Tracks ASX200	A	4085	N/A	8	4.3
Aristocrat Leis	A	319	2.46	26	2.0	Harvey Norman	B	194	1.32	8	6.2	SAI Global Ltd	A	516	2.39	23	2.8
Asciano Limited	B	476	1.52	32	0.4	Hast Div Util	B	198	6.70	NE	5.1	SP Ausnet	A	107	1.96	11	7.5
Aston Resources	C	1023	N/A	NE	Nil	Henderson Group	B	192	2.00	20	5.6	Sandfire Res.	C	798	N/A	NE	Nil
Atlas Iron Ltd	B	291	4.11	14	1.0	IOOF Holdings	B	583	2.10	14	7.4	Santos Ltd	A	1400	5.23	18	2.1
Aurora Oil Gas	C	376	N/A	NE	Nil	Iuka Resources	B	1780	4.54	14	4.2	Seek Ltd	A	685	6.69	24	2.1
Ausdrill Ltd	A	397	1.43	16	3.0	Incitec Pivot	B	320	1.33	11	3.6	Senex Energy	C	108	N/A	NE	Nil
Australand Prop	B	256	2.13	11	8.4	Independ. Group	C	416	5.19	NE	1.7	Seven Group	A	1042	1.01	36	3.5
Austar United	B	152	2.71	16	Nil	Insurance Aust.	A	345	0.91	29	4.6	Seven West Med.	A	387	3.25	21	11.6
Aust Foundation	B	420	N/A	18	5.0	Investa Office	B	65	8.82	12	6.0	Sims Metal Mgmt	A	1491	0.35	16	3.2
Aust Infra.	A	219	N/A	6	4.6	Invocare Ltd	A	800	2.67	32	3.7	Sonic Health	B	1247	1.56	16	4.7
BHP Billiton	B	3447	1.66	5	2.7	Iress Mkt Tech	B	679	4.21	21	5.6	Soul Pattinson	B	1372	4.32	20	2.9
BWP Trust	B	183	N/A	12	6.6	JB Hi-Fi Ltd	B	1040	0.35	9	7.4	Spark Infrastru	B	148	6.74	24	6.8
Bank of Q'land	C	699	0.56	10	7.7	James Hardie	C	776	2.85	NE	Nil	Steamships Trad	B	2601	1.99	12	3.2
Beach Energy	D	136	3.06	NE	1.3	Jupiter Energy	C	62	N/A	NE	Nil	Sth Cross Media	A	137	1.95	18	7.3
Bendigo Bank	C	745	0.74	8	8.1	Kardoon Gas	B	593	N/A	NE	Nil	Stockland	B	299	3.01	9	7.9
Bluescope Steel	C	40	0.10	NE	5.0	Kingsgate Cons.	B	627	4.90	40	2.4	Suncorp Group	B	820	0.55	23	4.3
Boart Longyear	A	412	0.95	12	2.5	Leighton Hold	A	2091	0.69	20	5.7	Sundance Res.	C	45	N/A	NE	Nil
Boral Limited	B	389	0.61	17	3.7	Lend Lease Grp	B	703	0.45	1	5.0	Super Retail Gr	A	740	0.93	18	3.9
Bradken Ltd	A	832	1.17	20	4.1	Lynas Corp Ltd	D	111	N/A	NE	Nil	Sydney Airport	B	281	5.02	64	7.5
Brambles Ltd	B	710	2.42	24	3.7	Macquarie Group	A	2899	0.86	10	6.4	TPG Telecom Ltd	A	178	2.43	18	2.5
Brickworks Ltd	B	1054	2.45	11	3.8	Medusa Mining	B	536	7.26	10	1.9	Tabcorp Holding	B	278	0.65	7	15.5
C'with Prop Off.	B	101	7.97	13	5.4	Mesoblast Ltd	C	736	N/A	NE	Nil	Tatts Group Ltd	B	246	0.88	12	8.7
C.S.R. Ltd	B	171	0.45	10	4.9	Metcash Ltd	B	392	0.24	12	8.2	Telstra	B	336	1.65	13	8.3
CFS Retail Prop	B	187	7.54	10	6.8	Milton Corp.	A	1512	N/A	20	5.0	Ten Network	B	82	0.86	60	6.7
CSL Limited	A	3635	4.56	35	2.2	Mineral Res.	A	1155	3.21	13	3.6	Toil Holdings	A	571	0.49	14	4.4
Caltech Austria	B	1352	0.17	NE	3.3	Mirvac Group	B	122	6.75	8	5.1	Transurban Grp	B	563	7.84	72	4.8

Recommended Investments

New Zealand's "Fair Dividend Rate" Tax

A New Zealand resident investor's tax liability in any year is based upon the lower of (1) an assumed income equal to 5% of the starting value of the shares (subject to the FDR tax) or the actual total return from those shares (i.e. the "Comparative Value" method).

As the Australian stockmarket fell about 11% over the year to 31 March 2012 *and* the Australian dollar fell about 7% against the NZ dollar, most investors will probably have a loss under the Comparative Value

method - and therefore have no "Fair Dividend Rate" tax to pay for the year just ended on 31st March 2012.

Of course, individual portfolios will vary from this market average performance, so every investor needs to calculate their own, actual *Comparative Value* return to prove a nil tax liability.

FDR really is an example of a "bad" tax - imposing high compliance costs on investors, while raising little revenue for the government! How long can it be before the tax department and *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company		Initial Recommendation		Perfor- mance	Issued	Vola- tility	Price/ Sales	Price/ Earnings	Gross	Recent	Cash	Total
		Code	- Date -	Price	Forecast	Shares (mil.)	Ratio	Ratio	Ratio	Dividend Yield	Share Price	Dividends Rec'd	Return %
<u>NZ Shares</u>													
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	252.8	1.4	9.26	30	5.0	34	20.3	+117%
BUY	Cavalier Corporation	CAV	05/12/95	156*	C	68.3	0.9	0.61	8	12.5	206	278.0	+210%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.20	12	9.0	300	346.3	+405%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.3	0.8	2.34	18	Nil	210	77.7	+92%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	A	382.7	0.8	0.82	12	4.3	105	38.4	+2768%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	B	196.7	1.0	0.32	8	8.1	260	419.0	+30%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.9	0.10	17	5.1	28	8.5	-49%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	45.7	3.3	0.04	NE	Nil	17	53.9	-17%
HOLD	Smiths City Group	SCY	09/10/06	64	B	53.0	1.2	0.12	14	4.1	49	16.0	+2%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.5	3.67	15	8.0	355	159.8	+329%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	B	88.4	0.8	0.52	12	9.4	227	260.1	+234%
<u>Australian Shares (in Aust cents)</u>													
BUY	AJ Lucas Group	AJL	13/05/03	120	D	97.9	0.7	0.52	NE	Nil	110	41.0	+26%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	C	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	4.03	34	2.1	6616	774.0	+1800%
HOLD+	Cardno Ltd	CDD	14/12/09	391*	A	119.3	0.5	0.94	13	4.8	710	79.3	+102%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	B	61.3	1.5	0.19	12	15.2	23	45.9	-51%
HOLD+	Chandler Macleod Group	CMG	14/08/01	51*	A	467.9	1.2	0.18	17	4.4	45	24.1	+35%
HOLD+	Circadian Technologies	CIR	10/02/04	188	C	46.4	1.2	12.41	NE	Nil	49	65.0	-39%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	B	88.2	1.2	0.14	9	9.4	43	70.5	+38%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.9	1.1	0.47	25	5.1	49	9.8	-33%
BUY	CSG Limited	CSV	11/10/10	175	B	282.6	1.1	0.52	5	7.6	72	8.0	-54%
HOLD+	Customers Ltd	CUS	11/07/11	83	B	134.9	0.8	1.32	9	4.1	122	4.0	+52%
HOLD	Devine Ltd	DVN	13/11/06	334*	B	158.7	1.0	0.25	5	2.9	68	77.6	-56%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	B	84.9	1.9	0.37	NE	Nil	19	Nil	-61%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.2	0.8	1.31	7	8.8	100	34.3	-48%
BUY	Finbar Group Ltd	FRI	12/04/10	106	A	207.7	0.8	3.69	8	8.9	96	15.5	+5%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	B	416.4	0.6	4.54	14	4.2	1780	147.0	+309%
BUY	Integrated Research	IRI	14/01/08	40	A	166.9	0.9	2.43	15	6.2	65	16.0	+103%
HOLD	Mnet Group ¹	MNZ			C	208.3	1.7	0.28	NE	Nil	1.7	Nil	
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	123.7	0.6	1.01	16	4.6	349	48.5	+1105%
BUY	Melbourne IT	MLB	10/02/04	53	A	81.4	0.5	0.84	11	8.1	185	82.0	+404%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	C	277.5	2.2	0.20	NE	Nil	13	Nil	+0%
BUY	Novarise Renewable Res	NOE	14/03/11	25	C	415.1	1.8	0.91	4	Nil	18	Nil	-28%
BUY	Penrice Soda Holdings	PSH	11/07/11	17	D	91.4	2.7	0.05	NE	Nil	8	Nil	-53%
BUY	Probiotec Ltd	PBP	11/02/08	116	C	52.9	1.3	0.21	14	Nil	28	9.3	-68%
BUY	Prophecy International	PRO	08/09/08	26	B	47.2	1.4	2.57	NE	1.9	27	8.5	+35%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	A	233.1	0.6	0.31	22	1.2	246	140.0	+206%
HOLD	Technology One Ltd	TNE	11/11/03	44	A	303.4	0.6	2.23	17	4.0	115	31.9	+234%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	B	276.5	1.0	1.33	7	8.9	54	14.2	+50%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	26.0	0.4	0.61	20	2.5	1219	303.5	+492%
HOLD	Village Roadshow	VRL	10/08/09	77	B	151.5	0.5	0.53	18	4.9	325	149.0	+516%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +233.0%. This is equal to an average annual rate of +28.8%, 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 +30.5%, compared with a market gain of +3.9% (by the SRC Total Return Index).

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

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

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

Recommended Investments

(Continued from Page 3)

politicians openly talk about “investors exploiting the *Comparative Value loophole*”?

Investors probably also need to calculate their *potential* FDR tax revenue for the current tax year to ensure the payment of correct provisional tax.

Most foreign investments are subject to the FDR tax *except* shares of Australian companies included in the All Ordinaries index (where NZ investors are taxed on the actual income received). The Inland Revenue produces a list of exempt shares but long after the end of the tax year!

The following shares in our *Recommended Portfolio* will be subject to the 5% FDR tax for the current tax year (to March 2013), based upon their market value as at 1st April 2012:

Company	Market Value as at 1/4/12
Atlas South Sea Pearl	A\$0.058
Cellnet Group	A\$0.235
Circadian Technologies	A\$0.49
Clarius Group	A\$0.425
CPT Global	A\$0.48
Ellex Medical Lasers	A\$0.19
Fiducian Portfolio Services	A\$1.045
Integrated Research	A\$0.625
Mnet Group	A\$0.016
Nomad Building Solutions	A\$0.135
Novarise Renewable Resources	A\$0.185
Penrice Soda Holdings	A\$0.089
Probiotec	A\$0.295
Prophecy International	A\$0.26

These values need to be converted to NZ dollars at the 1st April 2012 exchange rate of 0.7879.

New Zealand Shares

Michael Hill International's revenues for the nine months to 31 March 2012 show continued difficult retail conditions in Australia - where the group generates two-thirds of its revenue - but growth in its other markets.

In local currency terms, Australian same store revenues *fell* 2.4%, but new stores lifted total revenues 3.0% (to A\$199.6 million or NZ\$257.2 million). New Zealand same store revenues were up 8.9%, with total revenues up 7.9% to NZ\$83.7 million. Canadian same store revenues grew 6.4%, with total revenues up 22.2% (to C\$33.4 million or NZ\$41.5 million). Total revenues from the United States stores rose 18.5% (to US\$7.1 million or NZ\$8.9 million).

The *Professional Care Plan* (PCP) revenues rose 208% to \$20.2 million. As this newsletter estimated last month, the company now confirms that “cash flow continues to grow, due primarily to the ongoing success of the Professional Care Plan product”. As we also estimated last month, this puts the company in line to be virtually debt-free by the end of this financial year (i.e.

30 June 2012).

This continued strong cashflow (and accumulating surplus cash in the bank) can only further boost shareholder returns from investing in Michael Hill International shares. Unlike two of the company's directors - who manage separate Funds Management businesses which sold their clients Michael Hill shares to Durante Holdings - this newsletter recommends that its clients “Hold” for further significant gains over the months and years immediately ahead!

Investors - and investment advisers - dream about 10-bagger investments (i.e. shares that rise 10-fold in value) but they are very rare. Just one or two 10-baggers can make you rich . . . assuming, of course, that you didn't make the common mistake of selling half your investment when it was up just 100% in value!

This newsletter has had a few 10-bagger and 20-bagger investments, but Michael Hill International shares could become a 100-bagger share for us within the next 3-5 years. The ongoing higher net cash surpluses (boosted by the PCP) *could* justify re-rating the shares to 200-250 cents. These continuing high cash surpluses can finance a significant boost to the growth in new stores (increasing the growth rate in revenues, net profits and cash surpluses) and/or increase the cash distribution to shareholders. Dividends could be increased significantly, although a share repurchase (either on-market or a pro-rata off-market) would be more tax efficient. A share repurchase would boost earnings per share - and further accelerate the growth in the value of these shares. This higher growth could take the share price to 450-500 cents within a few years.

“Hold” for further gains.

Michael Hill International



Postie Plus Group's revenues fell 4.6% to \$53.9 million for the year to 29 January 2012, with a 3.5% *loss* of \$775,000 (*minus* 1.9 cents per share).

There was a net operating cash surplus of \$2.1 million, up from a *deficit* of \$5.1 million a year earlier.

Postie Plus Group has a “conditional agreement” to sell its *Babycity* stores for a sum of around \$4½-5 million (10-12 cents per share), subject to shareholder approval, with settlement expected in early May. This

business (which sells “a lot of low margin”, non-apparel items) does not fit the group’s “business model and growth strategy”.

The cash from this sale, plus debt plus a possible cash issue to shareholders later this calendar year will be used to “acquire well-known apparel retail brands”. The group will seek to double annual revenues to around \$200 million to improve its business economics through economies of scale and better utilisation of its efficient back office systems.

Postie Plus Group



Renaissance Corporation has received a further \$2,038,000 (including GST) insurance payout on 30 March relating to the Christchurch earthquake. \$913,000 was for material damage and \$1,125,000 relates to loss of profits.

Renaissance Corporation has been appointed to provide hardware, services and support under an *All-of-Government IT Supply Agreement* covering government agencies, councils and schools.

Renaissance Corporation



Australian Shares

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

AJ Lucas Group reports wet weather in Queensland has impacted on the company’s drilling operations. The BCI division has also experienced delays with projects.

The company expects a “much stronger final quarter”, but the full year earnings (before interest, tax and depreciation) has been downgraded from \$50 million to \$32-37 million.

The company hopes to place the 11.5 million share

shortfall from its recent cash issue at 135 cents before 30 June and has “identified parties willing to subscribe to the placement on these terms”. This placement will require shareholder approval and an EGM is expected in mid-May.

AJ Lucas Group



Atlas South Sea Pearl reports that 91% of its \$4.2 million cash issue was taken up by shareholders, with the remaining 9% placed with shareholders applying for additional shares.

Industrialist WG Martin has become the largest shareholder with 30,643,000 shares (13.5% of the company). The Chairman and Chief Executive, SP Birkbeck, has 27,247,100 shares (12.3%) but - subject to shareholder approval - will be issued 2,500,000 shares in lieu of salary.

The directors believe the pearl industry is “in for another two years of pain” (which will help force out weaker competitors) but that Atlas South Sea Pearl with its “low cost of production” and “pipeline of new growth strategies” was “well placed to capitalise on improving conditions”.

With cash from the new equity and new management, Atlas South Sea Pearl has the potential to become an attractive recovery/growth investment. “Buy”.

Atlas South Sea Pearl



Campbell Bothers has acquired UK based **Eclipse Scientific Group** and Ireland based **Advanced Micro Services** from **Environmental Scientifics Group** for an “Enterprise value” (i.e. cash plus any debt taken over in the companies) of around A\$39 million.

(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

These businesses provide food, dairy, water and pharmaceutical testing to manufacturers, food processors and retailers from six laboratories in the UK and two in Ireland. These companies will form part of Campbell Brothers new *Life Sciences* division which the group seeks to build into a global food/pharmaceutical laboratory services business.

With its shares trading on a Price/Earnings ratio of 20-30, Campbell Brothers is well placed to grow through the “conglomerate merger” technique popular in the 1960's (see the bottom of this page).

Campbell Brothers, of course, has a better business strategy than the conglomerates of another age. It acquires businesses primarily to enter new markets or acquire new technologies, which it then expands throughout its existing network or through building new laboratories. Real shareholder wealth is created through *organic* growth - expanding existing businesses, winning new customers, increasing revenues and cashflows and profits!

A high share valuation, however, can help the company to also grow earnings per share through acquisition (i.e. in the style of the conglomerate mergers) and places it in a strong position for any potential “industry rationalisation” (i.e. merger between existing large competitors) which could (1) build further economies of scale, (2) eliminate excess competition

(i.e. to improve pricing and profit margins) and (3) build market leadership or market dominance.

Campbell Brothers



Cardno's cash issue was 96% subscribed by shareholders, with the remainder placed with shareholders under the “top up” facility.

Cardno



A short History and Investment Lesson from the Rise (and Fall) of Conglomerates:

Conglomerates prospered during the 1960's - mainly owing to high market ratings which allowed them to issue shares at high valuations (e.g. a P/E of 15-30) to acquire businesses at lower valuations (e.g. a P/E of 7-15). This *conglomerate merger technique* boosted earnings per share - with this growth justifying their high market ratings and leading to further capital appreciation . . . continuing a cycle of growth and ever appreciating shareholder wealth!

Most of the conglomerates of the 1960's lacked above average business skills and were not able to properly manage their diversified acquisitions - or achieve organic growth in those businesses. But as long as they enjoyed high share valuations, ever larger takeovers provided the earnings per share growth needed to keep the share price rising and produce high returns for shareholders. This situation ended with the recessions, high interest rates and severe stockmarket declines in the 1970's.

Most conglomerates (including companies like **Brierley Investments**) then performed poorly, falling in value and destroying shareholder wealth.

There was one - and only one - conglomerate that successfully adapted to the changing environment: US based ITT (which started in 1920 as International Telephone & Telegraph, but had grown into a conglomerate in the 1960's, owning businesses like Sheraton Hotels and Avis) successfully reversed the conglomerate merger technique by selling off many of its 350 subsidiaries at higher valuations (e.g. a P/E of 15-30) and using the proceeds to repurchase its own shares which traded at a lower valuation (e.g. a P/E of 7-15). These actions again boosted earnings per share over the following decades, creating a new cycle of strong growth and rapid share price appreciation!

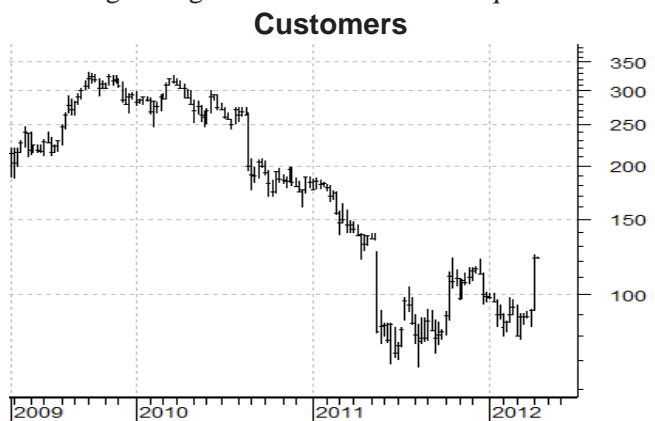
Customers has received a takeover offer of 127 cents per share in cash (i.e. \$173 million in total) from Canadian based **DirectCash Payments Inc.** The takeover will be via a “scheme of arrangement” (so requires 75% shareholder approval to become compulsory, compared with 90% under a regular takeover), with shareholder approval sought at a meeting on 18 June and settlement on 4 July 2012.

There is a very high probability that the scheme of arrangement will be completed (i.e. that shareholders will receive 127 cents in July), but there is always a possibility that a second buyer may appear with a higher offer . . . which *could* lead to competitive bidding. Despite a downturn in current year profitability, Customers is being taken over relatively cheaply.

So shareholders should HOLD for the 127 cents (with a possibility of more) in seven weeks, rather than sell on-market now for just 122 cents.

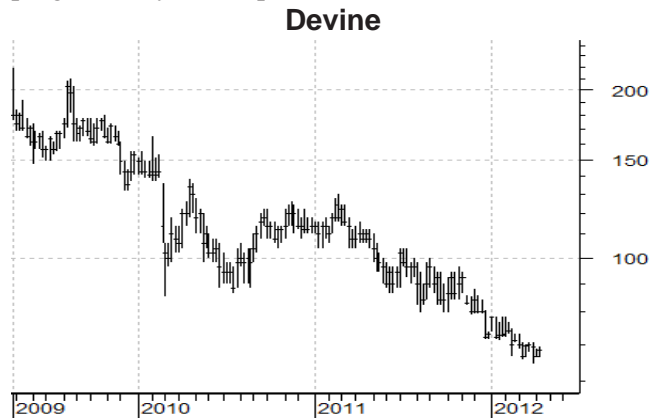
In fact, arbitrage investors may buy Customers shares on-market for 122 cents, earning a 5 cents (4.1%) profit over the next seven weeks (i.e. equal to a 30% per annum rate of return). There is a very small risk that the scheme will not be completed (and the shares fall back to 95-100 cents) and perhaps a 10-15% chance that the consideration will be raised (either owing to investors holding out for a higher price or owing to a second buyer).

DirectCash is the largest ATM and provider of prepaid cards in Canada and also operates ATMs in the United States and Mexico, plus prepaid cards in the US, UK and Australia. It has binding, but conditional, financing arranged for the Customers acquisition.



Devine reports pre-selling 70% of the first two stages of its master planned community at Gladstone in a pre-launch to registered local buyers and local builders . . . and expects to pre-sell the balance ahead of the official public launch later in April. This Gladstone development will offer 2900 sections over the next 10-15 years.

The first two stages of the *Orleana Waters* community in South Australia has been almost 75% pre-sold since being launched in February. This project will progressively develop around 640 sites.



Finbar Group has achieved “practical completion” of its *Fairlanes Apartment and Office* project. The project will be officially opened on 27 April, with settlements expected during May. The company has sold 121 of the 128 apartments and will retain ownership of the six levels of office space as an investment. Around half of that office space has been leased - and Finbar Group will also relocate its head office to this property.

Completion and settlement of this project should enable the company to achieve the “moderate increase in profits” forecast for this year.



Iluka Resources reports a 13.3% fall in March quarter revenues to \$196.3 million (compared with the March 2011 quarter) owing to lower sales and production as a result of lower market demand. Revenues would have been up about 14% except that a \$62 million shipment of high grade Titanium Dioxide, scheduled for shipment in March, was delayed until early April.

Zircon production was 18.4% lower at 115.7 thousand tonnes, Rutile production was 23.4% lower at 217.0 thousand tonnes and Ilmenite production rose 12.9% to 123.6 thousand tonnes.

(Continued on Page 8)

Recommended Investments

(Continued from Page 7)

Iluka Resources



Nomad Building Solutions half year presentation has disclosed some additional information about the reported \$2,153,000 profit to 31 December.

The sale of the rental assets contributed a pre-tax profit of \$2.9 million, while the Modular business (under review) operated at a *loss* of 4.2 million. That would indicate a pre-tax *trading* profit (from the remaining businesses) of around \$4.4 million - although the company states “normalised earnings” (before interest and tax) and excluding these two items “of \$5.2 million” (1.9 cents per share).

Nomad Building Solutions



The Reject Shop has a new television and radio campaign to “eliminate negative connotations” to its brand name. The company started in 1981 selling factory seconds, but no longer sell end of line or seconds stock. The Reject Shop brand has “strong recognition and recall”, so the new campaign encourages consumers to “reject cost” and find better ways to shop.

The company has also launched an *iPhone app* to display its product catalog, but with an average transaction size of \$11 the company is not planning an e-commerce website at this time.

The Reject Shop



Technology One has released two software solutions for not-for-profit organisations, *OneHousing* for community housing providers and *OneCommunity* for community service providers. The company has secured six new Australian customers for these packages, worth \$3.25 million.

Technology One



TFS Corporation reports that the debt outstanding from 2010 has been only partially settled. 80 hectares of plantation have therefore been transferred to the purchaser and ownership of the remaining 300 hectares has reverted to TFS Corporation. The company is still evaluating whether to sell to other “interested parties” or retain this asset.

TFS Corporation



Subscriber's Contrary Opinion Buy Signals

Every so often we get an email (or several) which appear to capture the mood of the market. For example, we received a cluster of "Panic! Sell everything!" emails in March 2009 (see "Market Analysis" Issue No 441, March 2009) - which marked the very bottom of the *Global Financial Crisis!*

Earlier this month we received this email:

*"Dear James,
We will not be renewing our subscription. Instead, we will be spending the next few years paying off our house. We'll subscribe again when we're ready to invest in the sharemarket again."*

We'd rate that another contrary opinion BUY signal!! At market tops people write to tell us they are giving up their job, taking on a margin loan and plan to make big money on the stockmarket (usually in those booming "high growth shares" that we were too stupid to recommend!). At market lows people want to give up on the stockmarket to focus on repaying debt!

Both are extreme views - and both are likely to be wrong.

Investment Strategy: Repaying Mortgage Debt or Investing in the Stockmarket

Conventional "financial planning" wisdom suggests that people should first repay all of their mortgage debt *then* invest for retirement. We have always disagreed.

Certainly it makes sense to repay mortgage debt (and save non-deductible interest payments) *before* investing in interest bearing investments (paying *taxable* interest at a lower rate), but this is not true for investments in the stockmarket.

There are three main reasons why we recommend people start investing in the stockmarket as soon as possible in life, even while they have mortgage debt:

Firstly, stockmarket returns do not accrue evenly year in and year out, but randomly, sometimes with good decades and bad decades. Over a person's most important investment years (i.e. perhaps the 40 years from age 25 to 65) it is possible that the largest stockmarket returns will accrue in the *first* 20 years and lower returns may be earned in the last 20 years. In that case, paying off the mortgage first and then only later investing in the stockmarket will yield poor returns.

Investing in the stockmarket, while still repaying mortgage debt, creates *time diversification* - more years invested in the stockmarket and more chance to benefit from those periods of high returns and minimise the impact of the bad years.

Secondly, investing even small amounts in the stockmarket from a younger age will build valuable long term experience. Most new investors make mistakes and, hopefully, learn from those mistakes and go on to become better, more successful investors. Its better to make those mistakes when you are young - and have only a small amount of money at risk - rather than later in life when (having repaid the mortgage) you have large amounts to invest (and risk) in the stockmarket!

Thirdly, returns benefit from compounding over many years. To grow to a \$100,000 sum at age 65 (at the stockmarket's average return of 10% per annum) would require a single initial investment of \$38,600 at age 55, or \$14,900 at age 45, or \$5,730 at age 35 or just \$2,210 at age 25.

Just a little investment in the stockmarket early is better than a very large investment later!

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	STRENGTH RATING							Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	STRENGTH RATING							Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n																							
	Share Price	Cur. rent	4-Wk Chg.	Rank	Buyers	Sellers	Relative									Share Price	Cur. rent	4-Wk Chg.	Rank	Buyers	Sellers	Relative								Share Price	Cur. rent	4-Wk Chg.	Rank	Buyers	Sellers	Relative																
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0															INSIDER BUYING: Most Insider Buying, Relative Strength > 0																																					
Postie Plus Grp	28	+0.9	-3.6	44	0-0	-0.7	4	1.9	17	5.1	0.10	11	Smiths City	49	+14.4	-0.5	6	8-0	-0.6	4	0.7	14	4.1	0.12	26	Cornvita	265	+8.1	+0.4	13	8-0	-1.0	5	0.5	21	1.6	0.91	75	Port Tauranga	1125	+8.3	+0.6	12	5-0	1	2.2	8	0.3	26	3.9	8.13	1,508
Smiths City	49	+14.4	-0.5	6	8-0	-0.6	4	1.2	14	4.1	0.12	26	AMP Office Trt	94	+5.3	+2.2	24	3-0	-1.1	1	0.4	90	8.4	6.80	932	Briscoe Group	150	+4.8	+2.1	26	3-0	-2.4	16	0.5	15	8.6	0.76	318														
Col Motor Co	300	+9.5	+2.4	10	1-0	-0.8	7	0.5	12	9.0	0.20	98	Zintel Comm.	38	+23.5	+14.0	4	2-0	-1.8	5	1.1	40	3.8	0.36	21	Zintel Comm.	38	+23.5	+14.0	4	2-0	-1.8	5	1.1	40	3.8	0.36	21														
Seeka Kiwifruit	171	+0.5	+16.5	47	1-3	-0.4	15	0.5	3	16.7	0.20	25	DNZ Property	142	+3.9	+2.0	30	2-0	-	-	0.6	NE	4.6	N/A	352	Skellerup Hold.	146	+5.4	+0.1	23	3-1	-2.6	18	0.8	14	5.9	1.45	281														
Turners & Grow.	170	+0.8	-1.5	45	0-0	-0.6	4	0.7	16	3.5	0.23	192	Telecom Corp	249	+11.7	+3.0	7	4-2	3	2.1	8	0.5	25	10.3	2.55	4,793	Telecom Corp	249	+11.7	+3.0	7	4-2	3	2.1	8	0.5	25	10.3	2.55	4,793												
Ebos Group Ltd	750	+4.8	+1.8	27	0-1	2.0	12	0.5	17	6.0	0.29	391	OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																																							
Zintel Comm.	38	+23.5	+14.0	4	2-0	-1.8	5	1.6	40	3.8	0.36	21	Vital Health PT	121	-58.3	+0.0	98	0-1	-1.2	2	0.5	47	6.7	8.30	349																											
Hellaby Hold.	292	+6.1	+3.9	20	1-0	-1.6	11	1.2	14	4.9	0.46	216	Property F Ind.	117	-0.2	+0.0	50	0-0	-1.1	4	0.4	25	7.0	7.79	254																											
Infratil NZ	188	+1.8	-0.4	37	0-2	-1.1	6	0.7	18	5.1	0.53	1,133	Charlie's Group	43	-58.3	+0.0	97	0-0	-7.7	15	1.2	51	Nil	4.00	126																											
Pumpkin Patch	111	+7.7	+13.2	15	3-2	1.7	23	1.1	25	3.9	0.55	186	NZ Refining Co	280	-5.6	+1.4	71	3-0	-1.5	4	0.5	33	Nil	3.14	784																											
Turners Auction	144	+4.8	+1.6	26	0-1	-2.0	15	0.8	13	10.9	0.56	39	Trust Power Ltd	718	-0.3	+0.1	53	0-0	-1.6	8	0.3	20	7.3	2.95	2,259																											
Allied Work.	240	+11.1	+4.8	9	0-0	-3.2	16	0.9	20	6.1	0.65	63	Sky Network TV	525	-2.6	+0.2	64	1-0	2	1.6	9	0.4	17	5.0	2.56	2,043																										
Kirkcaldie & St	275	+1.6	-3.8	37	0-0	-1.4	-	0.5	NE	2.9	0.68	28	Horizon Energy	316	-4.3	-1.1	67	0-0	-1.4	11	0.3	13	7.7	2.55	79																											
Briscoe Group	150	+4.8	+2.1	26	3-0	-2.4	16	0.8	15	8.6	0.76	318	Lytelton Port	210	-1.4	+0.8	56	0-0	-1.4	8	0.5	18	Nil	2.34	215																											
Opus Int'l Cons	210	+4.4	+3.0	29	0-0	-3.1	23	0.7	14	5.2	0.80	298	F & P Health.	216	-6.2	+0.1	72	1-3	1	3.6	20	0.3	18	8.1	2.22	1,122																										
Michael Hill	105	+7.3	+3.8	18	4-2	1	2.3	19	0.8	12	4.3	0.82	402	NZ Farming Sys.	66	-1.5	+1.6	59	1-1	-0.9	-	0.9	NE	Nil	2.08	161																										
Tower Limited	169	+3.4	+2.4	31	0-0	-1.0	7	1.1	14	5.1	0.83	448	WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																																							
Cornvita	265	+8.1	+0.4	13	8-0	-1.0	5	0.7	21	1.6	0.91	75	Vital Health PT	121	-58.3	+0.0	98	0-1	-1.2	2	0.4	47	6.7	8.30	349																											
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0															INSIDER SELLING: Most Insider Selling, Relative Strength < 0																																					
Smiths City	49	+14.4	-0.5	6	8-0	-0.6	4	0.9	14	4.1	0.12	26	Air New Zealand	87	-8.5	+1.4	79	2-9	1	0.6	5	0.7	12	7.8	0.22	944																										
Allied Work.	240	+11.1	+4.8	9	0-0	-3.2	16	0.8	20	6.1	0.65	63	Mainfreight Grp	948	-0.8	+0.2	56	1-5	-3.1	14	0.4	22	3.0	0.70	933																											
Col Motor Co	300	+9.5	+2.4	10	1-0	-0.8	7	0.4	12	9.0	0.20	98	F & P Health.	216	-6.2	+0.1	72	1-3	1	3.6	20	0.3	18	8.1	2.22	1,122																										
Michael Hill	105	+7.3	+3.8	18	4-2	1	2.3	19	0.7	12	4.3	0.82	402	Warehouse Group	260	-9.5	-0.6	83	2-4	2	2.3	29	0.5	8	12.1	0.38	635																									
Hellaby Hold.	292	+6.1	+3.9	20	1-0	-1.6	11	1.0	14	4.9	0.46	216	Vital Health PT	121	-58.3	+0.0	98	0-1	-1.2	2	0.4	47	6.7	8.30	349																											
Finzsoft Sol'ns	38	+6.0	+2.2	20	0-0	-1.1	19	0.9	6	Nil	0.46	3	NZ Wool Service	49	-5.6	+1.4	72	0-1	-1.1	-	0.6	NE	Nil	0.23	34																											
Briscoe Group	150	+4.8	+2.1	26	3-0	-2.4	16	0.6	15	8.6	0.76	318																																								
Turners Auction	144	+4.8	+1.6	26	0-1	-2.0	15	0.6	13	10.9	0.56	39																																								
Ebos Group Ltd	750	+4.8	+1.8	27	0-1	2.0	12	0.5	17	6.0	0.29	391																																								
Opus Int'l Cons	210	+4.4	+3.0	29	0-0	-3.1	23	0.6	14	5.2	0.80	298																																								
Tower Limited	169	+3.4	+2.4	31	0-0	-1.0	7	0.9	14	5.1	0.83	448																																								
Infratil NZ	188	+1.8	-0.4	37	0-2	-1.1	6	0.5	18	5.1	0.53	1,133																																								
F & P Appliance	51	+1.3	+8.5	42	2-1	1	0.4	4	1.3	11	Nil	0.33	366																																							
Postie Plus Grp	28	+0.9	-3.6	44	0-0	-0.7	4	1.5	17	5.1	0.10	11																																								
Turners & Grow.	170	+0.8	-1.5	45	0-0	-0.6	4	0.6	16	3.5	0.23	192																																								
Seeka Kiwifruit	171	+0.5	+16.5	47	1-3	-0.4	15	0.4	3	16.7	0.20	25																																								
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million																																																				
Restaurant Brds	192	-6.9	-0.1	76	0-0	-3.2	41	0.6	8	12.6	0.58	188																																								
Cavalier Corp	206	-12.5	+2.0	86	0-0	1	1.4	17	0.7	8	12.5	0.61	141																																							
Warehouse Group	260	-9.5	-0.6	83	2-4	2	2.3	29	0.6	8	12.1	0.38	635																																							
Hallenstein G.	396	+4.2	+2.5	29	0-0	-3.7	29	0.5	13	11.2	1.15	236																																								
Telecom Corp	249	+11.7	+3.0	7	4-2	3	2.1	8	0.5	25	10.3	2.55	4,793																																							
Kathmandu Ltd	164	-11.4	+1.5	86	2-2	-1.3	15	0.7	8	8.7	1.07	328																																								
Briscoe Group	150	+4.8	+2.1	26	3-0	-2.4	16	0.6	15	8.6	0.76	318																																								
AMP Office Trt	94	+5.3	+2.2	24	3-0	-1.1	1	0.5	90	8.4	6.80	932																																								
Sanford Limited	400	-5.1	+1.6	70	13-0	-0.7	4	0.3	17	8.2	0.81	375																																								
NPT Limited	56	+6.3	+1.3	19	0-0	-0.8	-	0.6	NE	8.1	3.81	107																																								

“Insider” Trades in NZ Shares

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

“Insider” Indicators

Last 5 wks: 55.0% Buyers

Last 13 wks: 66.7% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AMP Office Trt	3-0	Dorchester Pac	2-0	Mainfreight Grp	1-5	Pumpkin Patch	3-2	Telecom Corp	4-2
Air New Zealand	2-9	Ebos Group Ltd	0-1	Mercer Group	2-0	Pyne Gould Corp	0-1	Tenon Ltd	1-0
Briscoe Group	3-0	F & P Appliance	2-1	Methven Limited	8-0	Rakon Ltd	1-0	Tourism Hold.	1-0
Burger Fuel	0-1	F & P Health.	1-3	Michael Hill	4-2	Rubicon Limited	4-0	Trade-Me Ltd	1-0
Cavotec MSL	1-0	Fletcher Build.	6-0	NZ Exchange Ltd	0-3	Ryman Health.	1-5	Turners Auction	0-1
Chorus Ltd	1-0	Goodman Prop.	0-2	NZ Refining Co	3-0	Sanford Limited	13-0	Vital Health PT	0-1
Col Motor Co	1-0	Guinness Peat	1-0	NZ Wool Service	0-1	Seeka Kiwifruit	1-3	WN Drive Tech.	2-0
Cornvita	8-0	GuocoLeisure	7-0	New Image Group	1-0	Skellerup Hold.	3-1	Warehouse Group	2-4
Contact Energy	4-0	Hellaby Hold.	1-0	Nuplex Indust	7-0	Sky Network TV	1-0	Xero Ltd	2-3
DNZ Property	2-0	Infratil NZ	0-2	Pharmacybrands	1-0	Smiths City	8-0	Zintel Comm.	2-0
Diligent Board	0-1	Just Water Int.	1-0	Port Tauranga	5-0	Steel & Tube	4-1		

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	Cur- rent	4-Wk Chg.	Rank	STRENGTH RATING	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Vola- tility	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank	STRENGTH RATING	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Vola- tility	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n														
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																																											
MOD Resources	11	-2.7	-1.6	50	0-0	-	3.7	36	1.0	10	Nil	N/A	27	Aust-Amer Min.	6	-31.4	+1.4	97	1-0	-	-	-	1.3	NE	Nil	N/A	21	Platinum Aust	11	-31.4	+7.1	97	0-0	-	-	-	-	1.4	NE	Nil	1.03	47	
Marmota Energy	6	-0.4	+5.1	42	0-0	-	-	-	1.3	NE	Nil	N/A	9	Republic Gold	0	-31.2	-1.6	97	0-0	-	-	-	-	7.1	NE	Nil	4.88	7	Venus Metals	28	-30.9	+1.9	97	3-0	-	-	-	-	0.7	NE	Nil	N/A	11
Aurora Minerals	11	-16.8	+3.7	84	1-0	-	-	-	1.0	NE	Nil	9.91	11	I-Sonea Limited	0	-30.5	-0.8	97	0-0	-	-	-	-	4.4	NE	Nil	N/A	7	I-Minimco Group	5	-29.7	-0.2	96	0-0	-	-	-	-	1.1	NE	Nil	N/A	8
SVC Group	10	-0.0	+0.0	39	0-0	-	-	-	0.9	NE	Nil	9.90	8	Otis Energy Ltd	1	-29.4	+3.7	96	0-0	-	-	-	-	3.5	NE	Nil	N/A	6	Magellan Petrol	125	-28.8	+3.3	96	0-0	-	1.5	-	0.3	NE	Nil	2.34	43	
NSX Limited	15	-13.6	-4.8	78	0-0	-	3.0	-	0.8	NE	Nil	9.87	15	Eden Energy Ltd	2	-28.6	-1.5	96	0-0	-	-	-	-	1.9	NE	Nil	N/A	7	Mesa Minerals	3	-28.3	-5.3	96	0-0	-	-	-	-	1.5	NE	Nil	N/A	19
Sprintex Ltd	2	-3.6	-7.3	52	0-0	-	1.1	-	2.0	NE	Nil	9.57	8	Pryme Energy	5	-28.3	-2.3	96	2-0	-	-	-	-	1.6	NE	Nil	3.98	10	Solagran Ltd	4	-27.9	-1.4	96	0-0	-	1.3	-	1.4	NE	Nil	N/A	13	
EservGlobal Ltd	34	-18.1	+3.9	86	0-0	-	0.8	-	0.5	NE	Nil	9.52	67	P-REIT	10	-27.7	+6.7	96	3-0	-	-	-	-	1.1	13	Nil	2.06	21	Atlantic Ltd	58	-27.4	-5.1	95	0-0	-	-	-	-	0.4	NE	Nil	N/A	66
Van Eyk Blue AP	765	-1.2	+1.3	45	0-0	-	1.0	13	0.1	7	8.5	9.42	123	SWW Energy Ltd	2	-27.3	+3.1	95	1-0	-	-	-	-	2.4	NE	Nil	N/A	6	Kagara Ltd	12	-27.3	-4.1	95	0-2	-	0.2	-	1.2	NE	Nil	0.34	81	
Queste Comm's	11	-7.3	+1.3	62	0-1	-	0.1	-	0.9	NE	Nil	9.29	5	Dyessol Ltd	18	-27.2	-0.7	95	2-0	1	6.0	-	0.9	NE	Nil	N/A	28	P-Sivida Ltd	156	-27.1	+7.0	95	0-0	-	-	-	-	0.5	NE	Nil	2.96	14	
Mobilarm Ltd	5	-10.3	-1.7	71	0-0	-	-	-	1.4	NE	Nil	9.26	10	Mirabela Nickel	55	-27.0	-4.8	95	7-0	2	0.4	-	0.8	NE	Nil	0.91	270	Gladiator Res.	6	-26.4	-3.3	95	0-0	-	-	-	-	1.4	NE	Nil	N/A	18	
Phylogica Ltd	5	-11.9	+6.8	74	3-0	-	5.0	-	1.4	NE	Nil	9.26	20	Pelican Res.	2	-26.3	-0.1	95	0-0	-	-	-	-	1.9	NE	Nil	7.57	6	Energy Resource	131	-26.3	+4.3	95	0-0	4	-	-	0.7	NE	Nil	1.01	676	
Century Aust In	61	-2.5	+0.4	49	0-0	-	0.7	3	0.5	22	Nil	9.26	48	Sprint Energy	2	-26.0	-15.1	95	2-0	-	-	-	-	1.9	NE	Nil	N/A	16	Thundelarra Exp	11	-25.9	+0.5	94	3-0	-	-	-	-	1.0	NE	Nil	N/A	10
Iron Mountain	4	-22.7	+2.6	92	0-0	-	-	-	1.6	4	Nil	9.15	6	Mint Wireless	3	-25.7	+2.1	94	0-0	-	-	-	-	1.9	NE	Nil	0.50	6	Sth Boulder Min	100	-25.7	+3.2	94	0-0	-	-	-	-	0.6	NE	Nil	N/A	96
Aurora Prop B-W	496	-0.2	+0.8	41	0-0	-	1.0	8	0.2	12	8.9	9.04	15	Arara Res.	31	-25.3	+1.4	94	0-0	-	-	-	-	0.9	NE	Nil	N/A	114	Maratathon Res.	7	-25.0	+4.6	94	0-0	-	-	-	-	1.4	NE	Nil	N/A	6
Bauxite Res.	13	-8.2	+4.0	65	1-0	-	-	-	1.1	NE	Nil	9.03	31	Triangle Energy	1	-25.3	-3.5	94	0-0	-	-	-	-	2.8	40	Nil	0.94	16	Mintails Ltd	7	-25.2	-0.9	94	0-0	-	0.1	-	2.0	NE	Nil	0.95	30	
Platinum Asset	425	-0.2	+4.6	41	0-0	4	-	-	0.4	16	5.9	9.02	2,386	Immunon Res.	3	-24.5	+1.3	94	0-0	-	-	-	-	1.8	NE	Nil	N/A	7	Moly Mines Ltd	23	-24.1	+1.3	93	0-0	-	-	-	-	0.8	NE	Nil	N/A	84
Monax Mining	5	-11.1	+4.7	72	0-0	-	-	-	1.5	NE	Nil	8.95	8	Patrys Ltd	3	-24.0	+2.3	93	0-0	-	1.7	-	1.7	NE	Nil	7.69	8	Patrys Int'l	3	-24.0	+2.3	93	0-0	-	1.7	-	1.7	NE	Nil	7.69	8		
Pie Networks	1	-33.7	-4.9	98	1-0	-	-	-	3.9	NE	Nil	8.75	7	Wavenet Int'l	15	-24.0	-10.9	93	0-0	-	0.3	15	1.2	2	Nil	1.57	9	Kalgoorlie Min.	5	-23.9	+2.2	93	4-0	-	-	-	-	1.6	NE	Nil	N/A	13	
Oakajee Corp.	20	-1.0	+8.6	44	0-0	-	0.8	4	0.8	18	Nil	8.58	7	Vmoto Ltd	1	-23.9	-0.1	93	5-0	-	1.2	-	2.7	NE	Nil	1.00	7	Carbon Energy	9	-23.8	+1.8	93	0-0	2	-	-	1.1	NE	Nil	N/A	61		
Fox Resources	7	-3.1	+1.9	51	0-0	-	-	-	1.4	NE	Nil	8.31	25	INSIDER SELLING: Most Insider Selling, Relative Strength < 0																													
WPG Resources	9	-46.5	+2.6	99	2-2	-	-	-	1.3	NE	Nil	8.04	22	Heartware Inc.	185	-0.3	-1.4	41	1-16	1	3.9	-	0.4	NE	Nil	0.99	80	Alacer Corp	819	-9.5	-4.1	68	0-8	-	-	-	-	0.5	NE	Nil	N/A	1,141	
Burleson Energy	3	-12.0	+1.8	75	8-0	-	-	-	1.9	NE	Nil	7.94	11	Austral Gold	22	-8.4	+0.6	66	0-8	-	-	-	-	0.6	6	Nil	4.50	37	Hunter Hall Int	387	-6.3	+1.0	60	0-4	-	2.8	34	0.3	8	11.6	2.42	101	
Webfirm Group	6	-6.7	+3.1	61	3-0	1	2.1	-	1.3	NE	Nil	7.85	42	Origin Energy	1336	-3.3	+0.8	51	1-5	4	2.1	3	0.3	76	3.7	1.37	14,222	GBST Holdings	82	-2.7	+1.8	49	0-3	-	-	-	-	0.3	39	2.4	0.80	54	
Genetic Tech.	9	-14.2	-0.7	79	2-0	-	8.9	23	1.0	39	Nil	7.81	36	GR Engineering	152	-4.0	-1.4	53	0-3	-	-	-	-	0.6	11	9.8	1.60	228	Somnomed Ltd	86	-8.8	+0.9	67	0-3	-	7.2	15	0.4	47	Nil	2.82	35	
Westfield Ret.	265	-0.4	+0.8	42	0-0	-	0.8	10	0.5	8	6.4	7.73	8,094	Gullewa Ltd	8	-12.8	-0.9	77	1-4	-	-	-	-	0.9	NE	Nil	N/A	12	Cbio Limited	7	-36.8	+2.6	98	0-2	-	-	-	-	1.6	NE	Nil	N/A	14
Patrys Ltd	3	-24.0	+2.3	93	0-0	-	1.7	-	1.8	NE	Nil	7.69	8	Abacus Property	204	-1.7	+1.7	46	0-2	4	0.7	2	0.3	34	8.1	3.84	772	Perseus Mining	232	-7.7	-1.2	64	0-2	-	-	-	-	0.6	NE	Nil	N/A	987	
GBM Gold Ltd	2	-4.4	-1.2	54	1-0	-	-	-	2.1	NE	Nil	7.69	7	Eldorado Gold	1379	-10.9	+1.2	72	0-2	-	-	-	-	0.3	24	0.9	7.09	7,608	Ramelius Res.	83	-14.0	-2.8	79	0-2	-	-	-	-	0.5	4	8.5	1.63	241
Pelican Res.	2	-26.3	-0.1	95	0-0	-	-	-	2.1	NE	Nil	7.57	6	Bathurst Res.	67	-2.3	+3.8	48	0-2	-	-	-	-	0.8	NE	Nil	N/A	444	Saracen Mineral	55	-8.7	-7.5	67	0-2	-	-	-	-	0.6	6	Nil	1.72	268
CFS Retail Prop	187	-0.5	+1.4	43	0-0	-	0.9	9	0.4	10	6.8	7.54	5,310	Whitehaven Coal	600	-1.8	+1.6	47	0-2	3	3.0	7	0.4	40	1.2	4.76	2,963	Kagara Ltd	12	-27.3	-4.1	95	0-2	-	0.2	-	1.2	NE	Nil	0.34	81		
Pepinini Min.	7	-10.7	+1.7	72	0-0	-	-	-	1.3	NE	Nil	7.41	6	Metallica Min.	26	-5.1	+0.8	57	0-2	-	-	-	-	0.7	NE	Nil	N/A	30	Blackmores Ltd	2710	-1.4	-0.7	46	0-2	3	6.1	37	0.1	17	4.6	1.92	454	
Cathrx Ltd	4	-39.9	-7.6	99	4-0	-	0.8	-	1.7	NE	Nil	7.32	6	Atlas Iron Ltd	291	-2.9	+0.9	50	1-3	8	1.5	10	0.6	14	1.0	4.11	2,404	JB Hi-Fi Ltd	1040	-14.5	+1.3	80	1-3	5	18.2	-	0.4	9	7.4	0.35	1,025		
Medusa Mining	536	-6.1	+2.2	60	5-1	-	3.9	40	0.4	10	1.9	7.26	1,009	RHG Ltd	42	-7.0	+2.0	62	1-3	-	-	-	-	0.5	2	38.6	0.31	127	Panaust Ltd	327	-0.3	-2.1	42	1-3	4	2.6	18	0.7	15	Nil	3.41	1,925	
Oceania Capital	180	-7.3	-2.5	62	1-0	-	0.7	6	0.4	11	Nil	7.19	165	Aberdeen Leader	106	-1.1	+1.1	44	1-3	-	1.0	5	0.3	20	9.0	N/A	64																
Un. Biosensors	66	-11.8	-0.1	74	1-0	-	2.6	-	0.5	NE	Nil	7.14	105																														
Eldorado Gold	1379	-10.9	+1.2	72	0-2	-	-	-	0.3	24	0.9	7.09	7,608																														
Sthn Cross Gold	6	-4.6	-0.5	55	0-0	-	-	-	1.5	NE	Nil	7.01	13																														
Goldsearch Ltd	2	-10.8	+3.6	72	1-0	-	-	-	2.1	NE	Nil	6.90	8																														
Mirvac Group	122	-1.0	-0.8	44	0-0	4	0.8	9	0.4	8	5.1	6.75	4,142																														
Citigold Corp	7	-0.3	-1.1	41	0-0	-	-	-	1.2	NE	Nil	6.67	80																														
Deutsche Ind Tr	196	+0.0	+0.0	38	0-0	-	1.2	10	0.2	12	8.1	6.49	663																														
New Hope Corp.	500	-1.2	-2.0	45	0-0	4	1.8	-	0.3	NE	2.1	6.27	4,151																														
Indo Mines Ltd	24	-15.7	+2.7	82	0-0	-	-	-	0.7	NE	Nil	6.18	54																														
Deutsche Div Tr	131	+0.0	+0.0	38	0-0	-	1.1	8	0.2	14	7.1	6.10	1,306																														
Sino Securities	28	-0.1	+0.0	40	0-0	-	-	-	0.5	NE	Nil	6.00	19																														
Cardia Bioplas.	1	-19.1	-3.7	87	0-0	-	0.7	-	3.6	NE	Nil	5.98	12																														
Hawkley Oil Gas	25	-12.4	+9.2	76	2-0	-	-	-	0.7	NE	Nil	5.97	60																														
Bluglass Ltd	5	-23.0	-2.7	92	2-0	-	1.7	-	1.5	NE	Nil	5.75	12																														

“Insider” Trades in Australian Shares

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“Insider” Indicators

Last 5 wks: 73.8% Buyers

Last 13 wks: 77.8% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
1300 Smiles Ltd	1-0	Athena Res.	2-0	Bright Star Res	2-0	Comet Ridge Ltd	2-0	Engenco Ltd	6-0
3D Resources	1-0	Atlas Iron Ltd	1-3	Brighton Mining	5-0	Commstrat Ltd	3-0	Enterprise Met.	2-0
3Q Holdings Ltd	1-0	Audio Pixels	1-0	Brumby Resource	2-0	Commissioners G	1-0	Entek Energy	1-0
A.P. Eagers	19-0	Augur Resources	2-0	Bulletin Res.	4-0	Computershare	2-9	Environm't Grp	1-0
ABM Resources	1-0	Aurora Minerals	1-0	Burleson Energy	8-0	Condor Blanco M	1-0	Epic Resources	5-0
ADG Gbl Supply	2-0	Aurora Oil Gas	3-1	C.S.R. Ltd	2-0	Conto Resources	1-0	Equity Trustees	3-0
ADX Energy Ltd	5-0	Aussie Q Res.	1-0	CI Resources	1-0	Cont'l Coal	7-0	Equities & Free	1-0
AED Oil Ltd	2-0	Australand Prop	1-0	CMI Limited	0-1	CopperMoly Ltd	2-0	Esperance Min.	2-0
AGL Energy Ltd	2-1	Austral Gold	0-8	CSG Ltd	1-0	Copper Strike	2-0	Ethane Pipeline	1-0
AJ Lucas	1-0	Austin Explor.	1-0	CVC Prop Fund	1-0	Corazon Mining	5-0	Eureka Energy	4-0
AMCIL Limited	1-0	Aust-Amer Min.	1-0	Cabcharge Ltd	0-1	Core Explor.	2-0	Euroz Limited	4-0
ANZ Bank	4-1	Aust Bauxite	3-0	Cabral Resource	1-0	Countplus Ltd	1-0	European Gas	1-0
APA Group	3-0	Aust Agricult.	10-0	Cadence Capital	0-2	Coventry Res.	1-0	Every Day Mine	3-0
APN News Media	1-0	Aust Oil Coy	3-0	Calliden Group	1-0	Coventry Group	3-0	Evolution Min.	1-0
APN Property	3-0	Aust Ren. Fuels	2-0	Campbell Bros	1-2	Credit Corp	1-4	Exco Resources	1-0
AWE Limited	2-0	Aust United In	1-0	Cape Lambert R.	4-1	Cromwell Prop.	6-1	FKP Limited	1-0
AXG Mining Ltd	2-0	Aust Pharm. Ind	1-0	Cape Alumina	1-0	Crown Ltd	3-1	FSA Group Ltd	1-0
Abacus Property	0-2	Aust Minerals	2-0	Carbon Con	4-0	Crucible Gold	1-0	Fairfax Media	2-0
Aberdeen Leader	1-3	Aust Foundation	5-0	Careers Multi.	3-0	Crusader Res.	2-1	Falcon Minerals	4-0
Academies Aust.	7-0	Austex Oil Ltd	1-0	Carlton Invest	3-0	CuDeco Ltd	5-0	Farm Pride Food	1-0
Acrux Ltd	0-3	Austbrokers	1-0	Carnegie Wave E	1-0	Cullen Resource	2-0	Farmworks Aust.	1-0
Actinogen Ltd	0-1	Aust Pac Coal	3-0	Carnarvon Pet.	5-0	Cyclopharm Ltd	0-1	Fe Limited	2-0
Activex Ltd	2-0	Automotive Hold	2-0	Carpentaria Exp	1-0	DSQ Holdings	0-1	Ferrum Crescent	2-0
Adcorp Aust.	8-0	Avalon Minerals	1-0	Carpathian Res.	1-0	DUET Group	1-3	Fiducian P Serv	2-0
Adelaide Res.	4-1	Avanco Res.	3-0	Carrick Gold	5-0	DWS Limited	2-0	Finbar Group	4-0
Adelaide Bright	8-1	Aviva Corp Ltd	3-0	Carsales.com	4-0	Dart Mining NL	0-1	Firestone En.	3-0
Adept Solutions	5-0	Axiom Property	2-0	Cash Converters	1-0	Dart Energy Ltd	3-0	Firstfolio Ltd	1-0
Admiralty Res.	3-0	BBX Minerals	1-0	Caspian Oil & G	1-0	Data 3 Ltd	1-2	Flexicorp Ltd	0-5
African Energy	7-0	BC Iron Ltd	2-3	Cassini Res Ltd	1-0	Datadot Tech.	2-0	Flight Centre	0-2
Agua Resources	1-0	BCD Resources	1-0	Castle Minerals	3-0	David Jones	1-0	Flinders Mines	3-0
Ainsworth Game	4-0	BHP Billiton	7-5	Catalyst Metals	6-0	De Grey Mining	2-0	Forge Group Ltd	1-0
Alacer Gold	0-8	BKI Invest Coy	3-0	Cathrx Ltd	4-0	Decmil Group	1-0	Forge Resources	2-0
Alara Resources	0-1	BSA Ltd	3-1	Cazaly Res Ltd	11-0	Delta SBD Ltd	3-0	Fortis Mining	4-0
Alchemia Ltd	4-0	BT Invest Mgmt	2-0	Cbio Limited	0-2	Dempsey Min.	2-0	Fortescue Metal	7-2
Alchemy Res.	3-0	BWP Trust	1-0	Cellmid Ltd	1-0	Desert Mines	1-0	Freedom Foods	2-0
Ale Property	0-2	Bank of Q'land	5-0	Centrex Metals	2-0	Devine	2-0	Funtastic Ltd	2-0
Alexium Int'l	1-0	Barra Resources	1-0	Centuria Cap'l	1-0	Diatreme Res.	1-0	G.U.D. Holdings	3-0
Algae.Tec Ltd	8-1	Bass St Oil Coy	3-0	Cent West Gold	2-0	Dicker Data Ltd	1-0	G8 Education	1-0
Alligator En.	1-0	Bass Metals Ltd	1-0	Centro Retail	4-0	Discovery Metal	0-4	GBM Gold Ltd	1-0
Allmine Group	1-0	Bathurst Res.	0-2	Centrepont All	6-0	Dolomatrix Intl	3-0	GBST Holdings	0-3
Alloy Resources	1-0	Bauxite Res.	1-0	Domino's Pizza	1-0	Centius Gold	0-1	GR Engineering	0-3
Altius Mining	2-0	Beach Energy	3-0	Doray Minerals	3-2	Doray Minerals	3-2	GRG Intern'l	3-0
Altium Limited	2-0	Beacon Minerals	2-0	Ceramic Fuel C.	4-0	Dourado Res.	2-0	Galaxy Res.	0-1
Amadeus Energy	1-0	Beadell Res.	1-0	Chal Energy	1-0	Downer EDI Ltd	2-0	Gale Pacific	3-0
Amalgamated Hld	3-0	Bell Financial	7-0	Chalice Gold	7-0	Drake Resources	0-1	Genetic Tech.	2-0
Ambassador Oil	1-0	Bendigo Bank	1-0	Chameleon Min.	0-1	Drillsearch	3-0	Genesis Res Ltd	1-0
Ambertech Ltd	1-0	Benitec Bio.	1-0	Chandler McLeod	2-0	Drill Torque	2-0	Geopacific Res.	2-0
Amcor Ltd	6-1	Berklee Ltd	1-0	Charter Hall GR	0-1	Drummond Gold	1-0	Gerard Lighting	4-0
Anaeco Limited	3-0	Beyond Int'l	3-0	Chesser Res.	2-0	DuluxGroup Ltd	5-0	Gindalbie Met.	3-1
Anatolia Energy	1-0	Billabong Int'l	1-0	China Magnesium	2-0	Dyosol Ltd	2-0	Gippsland Ltd	1-0
Aneka Tambang	1-0	Bionomics Ltd	0-1	Chinalco Yunnan	1-0	E & A Limited	3-0	Global Mining I	1-0
Anittel Group	1-0	Biotron Limited	2-0	Chrysalis Res.	1-0	E-Bet Limited	2-0	Global Health	1-0
Antaria Ltd	1-0	Bisan Ltd	2-0	Circadian Tech	8-0	ERM Power Ltd	5-0	Global Metals	1-0
Antares Energy	2-0	Bisalloy Steel	1-0	Clean Seas Tuna	1-0	EVZ Ltd	7-0	Global Con Serv	2-1
Anteo Diagnost.	0-3	Blackwall Prop.	1-0	Clean Teq Hold.	3-0	Earth Heat Res.	2-0	Globe Int'l Ltd	6-0
Antipa Minerals	1-0	Black Fire Min.	4-0	Clime Inv Mgmt	5-2	Eastern Iron	2-0	Global Petrol.	1-0
Antisense T.	3-0	Black Range Min	2-0	Clinuvel Pharm.	1-0	East'l'd Medical	1-0	Glory Resources	2-0
Aphrodite Gold	1-0	Blackwood Corp	5-0	Clover Corp.	1-0	East Energy Res	1-0	Gloucester Coal	4-0
Apollo Minerals	1-0	Blackthorn Res.	3-0	Coalspur Mines	4-0	Echo Resources	2-0	Goldsearch Ltd	1-0
Ardent Leisure	4-0	Blackgold Int'l	1-0	Coalworks Ltd	1-0	Echo Ent Group	4-0	Golden Rim Res.	0-1
Argent Minerals	4-0	Blackmores Ltd	0-2	Coal of Africa	0-1	Eco Quest Ltd	1-0	Gold One Int'l	3-1
Argosy Minerals	2-0	Blackham Res.	1-0	Coalbank Ltd	1-2	Elders Limited	5-0	Golden Cross	2-0
Argo Investment	1-0	Bligh Resources	2-0	CocaCola Amatil	1-2	Eldorado Gold	0-2	Golden Gate Pet	1-0
Aradne Aust	2-0	Bluescope Steel	9-0	Cochlear Ltd	3-0	Electrometals	1-0	Goodman Fielder	2-0
Aristocrat Leis	5-0	Bluechip Ltd	0-1	Codan Ltd	1-0	Elemental Min.	1-0	Grand Gulf En.	1-0
Ark Mines Ltd	3-0	Bluglass Ltd	2-0	Coffey Int'l	2-0	Elk Petroleum	1-0	Grange Resource	0-1
Armidade Invest	1-0	Boom Logistics	4-0	Cogstate Ltd	2-0	Emerald Oil & G	3-0	Greencross Ltd	0-1
Artist & Enter.	2-0	Bradken Ltd	5-0	Cokal Limited	2-1	Emergent Res.	1-0	Greencap Ltd	1-0
Arama Resources	2-1	Brain Resource	1-0	Collins Foods	3-0	Emmerson Res.	1-0	Growthpoint Pro	2-0
Asciano Limited	2-0	Brambles Ltd	1-0	Collection Hse	4-0	Emu Nickel NL	2-0	Gt Western Exp.	3-0
Aspen Group Ltd	7-1	Bravura Sol.	0-1	Colorpak Ltd	2-0	Energy Tech.	2-0	Guinness Peat	1-0
Aspire Mining	3-1	Brazilian Metal	2-0	Comwealth Bank	1-0	Energy Action	0-1	Gujarat NRE	12-0
Aston Resources	0-1	Breville Group	5-0	ComOps Limited	4-0	Energy Ventures	4-0	Gullewa Ltd	1-4
Astro Japan Pro	0-1	Brierty Ltd	5-0	Comet Resources	1-0	Energio Ltd	3-0	Gunson Res.	1-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
HFA Holdings	5-0	Lakes Oil NL	2-0	Myer Holdings	1-2	Planet Platinum	0-1	Servcorp Ltd	1-0
HGL Limited	5-0	Landmark White	1-3	Mystate Ltd	3-0	Platinum Cap'l	2-0	Seven Group	4-0
Hansen Tech.	1-0	Laserbond Ltd	1-0	NSL Cons. Ltd	2-0	Platsearch NL	8-0	Seven West Med.	9-0
Haranga Res Ltd	1-0	Latin Gold Ltd	1-0	Nagambie Mining	0-1	Pluton Resource	5-0	Seymour Whyte	1-2
Harvey Norman	1-0	Legend Corp.	4-0	Nambian Copper	1-0	Plymouth Min.	2-0	Shaw River Mang	2-0
Hastie Group	1-0	Leighton Hold	4-0	Nat'l Leisure	0-1	Po Valley Ener.	2-0	Siburan Res.	0-1
Havilah Res.	1-0	Lemur Resources	3-0	Navarre Min.	2-0	Polymetals Min.	2-0	Sietel Ltd	2-0
Hawkley Oil Gas	2-0	Liberty Res.	1-0	Navitas Ltd	1-0	Port Bouvard	3-0	Sigma Pharm.	1-0
Healthzone Ltd	1-0	Linc Energy Ltd	1-0	Neon Energy Ltd	0-1	Potash Minerals	2-0	Signature Cap't	1-0
Heartware Inc.	1-16	Lindsay Aust	1-0	Neptune Marine	4-1	Praemium Ltd	1-0	Sihayo Gold Ltd	3-0
Heemskirk Cons.	4-0	Linq Resources	2-0	Neurodiscovery	2-0	Prana Biotech.	1-0	Silver Chef Ltd	9-0
Henderson Group	0-1	Liontown Res.	5-0	New Horizon C.	6-0	Premium Invest.	1-0	Silver Lake Res	0-1
Heron Resources	2-0	Liq Natural Gas	0-3	New Standard En	0-1	Prima Biomed	4-2	Silver Swan Grp	2-0
Hill End Gold	2-0	Lithex Res.	4-0	Newhaven Hotels	1-0	Primary Health	10-3	Sims Metal Mgmt	8-2
Hills Holdings	6-0	Little World B.	0-2	Nexdc Limited	5-0	Pro Medicus Ltd	4-0	Sino Gas & En.	4-0
Hillgrove Res.	4-0	Living Cell T.	1-0	Nexus Energy	5-0	Pro Maintenance	2-0	Sirius Res. NL	1-0
Hodges Res.	10-0	Lochard Energy	0-1	Nib Holdings	3-0	Pro-Pac Pack.	0-2	Sirtex Medical	1-0
Horizon Oil Ltd	2-0	Lodestar Min.	4-0	Nido Petroleum	4-0	Probiotec Ltd	14-0	Site Group Int.	1-0
Horseshoe Metal	1-0	Logicamms Ltd	5-1	Nimrodel Res.	3-0	Progen Pharm.	2-0	Skilled Group	1-0
Hunter Hall Int	0-4	Longreach Group	3-0	Nomad Building	1-0	Prophecy Int'l	2-0	Skywest Airline	0-1
Hutchison Tel.	1-0	Ludowici Ltd	3-0	Noni B Limited	5-0	Pryme Energy	2-0	Slater & Gordon	2-0
Hydromet Corp.	2-0	Lynas Corp Ltd	2-0	Northwest Res.	1-0	Public Holdings	2-0	Snommed Ltd	0-3
Hyperion Flag.	0-1	M2 Telecom. Grp	0-1	Northern Mining	2-1	Q Technology	1-0	Sonic Health	0-2
I-Property Grp	0-1	MEO Australia	5-0	Novarise Renew.	5-0	Q.B.E. Insur.	2-0	Soul Pattinson	9-0
ICS Global Ltd	5-0	MIL Resources	3-0	Nithn Manganese	3-0	QR National Ltd	2-0	Southern Gold	2-0
IDM Inter'l	2-0	MOKO.mobi Ltd	1-0	Nithn Star Res.	0-1	QRXPharma Ltd	1-0	Spark Infrastru	1-0
IMF (Aust) Ltd	1-2	MUI Corporation	2-0	NuEnergy Cap'l	1-0	Qantas Airways	6-0	Speewah Metals	8-0
IMX Resources	1-0	MacMahon Hold	1-0	Nucoal Res.	1-0	Qld Mining Corp	1-0	Sprint Energy	2-0
ING Priv Equity	1-0	MacPhersons R G	4-0	Nufarm Limited	4-0	Qube Logistics	1-0	St Barbara Ltd	2-0
IOOF Holdings	1-0	Maca Limited	0-1	Nusep Holdings	4-0	Quest Investm't	1-0	St George Min.	3-0
ITL Limited	1-0	Macarthurcook P	17-0	Nyoto Minerals	5-0	Queste Comm's	0-1	Stanfield Funds	6-1
liNet	6-1	Macquarie Radio	1-0	OM Holdings	2-1	Quest Minerals	1-0	Stanmore Coal	1-0
Iluka Resources	4-2	Macquarie Group	2-0	OZ Minerals Ltd	4-0	Quickstep Hold.	2-0	Starpharma Hold	3-1
Imdex Limited	1-4	Macquarie C Tel	0-1	Iaxton Limited	1-0	RHG Ltd	1-0	Stellar Res.	2-0
Immuron Ltd	1-0	Magellan Fin Gp	4-0	Oceania Capital	1-0	RXP Services	1-0	Sth Hemi Mining	2-0
Imperial Pac.	1-0	Magellan Flag.	1-0	Octagonal Res.	3-0	Raisama Energy	1-0	Sth Cross Elect	2-0
Incitec Pivot	1-0	Magma Metals	1-0	Oil Search Ltd	1-0	Ramelius Res.	0-2	Sth Cross Media	2-0
Incremental Oil	1-0	Magnetic Res.	1-0	Oil Basins Ltd	3-0	Ramsay Health	1-3	Stratum Metals	1-0
India Resources	1-0	Magontec Ltd	1-0	Onesteel Ltd	3-1	Rarn Resources	2-0	Strategic Min.	1-0
Industrea Ltd	1-0	Malachite Res.	0-1	Opus Group Ltd	1-0	Red Mountain	2-0	Strat. Energy	2-0
Infigen Energy	2-0	Malagasy Min.	2-0	Origin Energy	1-5	Red Metal Ltd	3-0	Straits Resourc	1-0
Insurance Aust.	1-0	Manhattan Corp	4-0	Orocobre Ltd	3-0	Red Hill Iron	14-0	Strickland Res.	2-0
Int'l Coal Ltd	2-0	Mantle Mining	1-0	Oroton Group	0-2	Red Sky Energy	2-0	Structural Mon.	7-0
Int. Legal	1-0	Marbletrend Grp	2-0	Oroya Mining	2-0	Red Gum Res.	2-0	Style Limited	2-0
Integra Mining	3-0	Marenica Energy	1-0	Orpheus Energy	6-0	Red 5 Ltd	4-0	Suncorp Group	3-0
Intermoco Ltd	3-0	Mariner Corp.	1-0	Orrex Resources	2-0	Redhill Educat.	2-0	Sundance Energy	5-2
Intermin Res	6-0	Mastermyne Grp	0-4	Ottoman Energy	1-0	Redstone Res.	1-0	Sunshine Heart	3-0
Intra Energy	9-2	Matrix Comp.	4-1	P-REIT	3-0	Reedy Lagoon	5-0	Super Retail Gr	1-0
Investigator R.	2-0	Maverick Drill.	1-0	PMI Gold Corp.	0-2	Regal Resources	2-0	Symex Holdings	2-0
Investorfirst	2-1	Maxi TRANS	2-0	PMP Limited	4-0	Regis Resources	2-0	Syndicated Met.	1-0
Investa Office	5-0	McMillan Shake.	0-1	PPK Group Ltd	3-0	Resource Gener.	0-1	TFS Corporation	4-0
Ironbark Cap'l	2-0	Medivac Ltd	5-0	PTB Group Ltd	1-0	Resource Equip.	4-0	TNG Limited	1-0
Ivanhoe Aust.	0-5	Medical Aust.	1-0	Pacific Niugini	0-1	Resource Star	2-0	TPG Telecom Ltd	1-0
JB Hi-Fi Ltd	1-3	Medical Dev Int	5-0	Padbury Mining	0-1	Retail Food Grp	2-0	TUC Resources	2-0
JV Global Ltd	1-0	Medtech Global	4-0	Pan Asia Corp	6-0	Reva Medical	3-0	Tag Pacific	2-3
Jaguar Minerals	1-0	Medusa Mining	5-1	Pan Pacific Pet	5-0	Reward Minerals	2-1	Talent2 Int'l	8-0
Jatenergy Ltd	1-0	Melbourne IT	4-0	Panax Geotherm.	2-1	Rialto Energy	5-0	Tamawood Ltd	0-1
Jervois Mining	3-0	Meridien Res.	2-0	Panaust Ltd	1-3	Rico Resources	3-0	Tanami Gold NL	2-1
Jetset Travel	1-0	Mermaid Marine	2-3	Pancontinental	1-0	Ridge Resources	2-0	Tap Oil	3-0
Jindalee Res.	5-0	Merricks CSO Fd	5-0	Panoramic Res.	1-0	Ridley Corp.	5-0	Target Energy	1-0
Jumbuck Enter.	1-0	Mesoblast Ltd	0-1	Paperlin X Ltd	4-0	Riedel Resource	4-0	Tasmania Mines	1-0
Jumbo Interact.	0-4	Metals X Ltd	1-0	Papillon Res.	2-0	Robust Resource	3-0	Tassal Group	8-0
Jupiter Mines	2-1	Metal Bank Ltd	1-0	Patties Foods	7-0	Roc Oil Company	3-0	Technique Ltd	1-0
K&S Corporation	4-0	Metallica Min.	0-2	Paynes Find Gld	1-0	Rox Resources	2-0	Technology One	0-1
K2 Asset Mgmt	0-1	Meteoric Res.	2-0	Peak Resources	2-0	Royalco Res.	1-0	Tellus Res.	1-0
K2 Energy Ltd	1-0	Miclyn Express	1-0	Pearl Healthcare	2-0	Royal Resources	2-0	Telstra	5-0
KBL Mining Ltd	2-0	Midas Resources	2-0	Peel Mining Ltd	2-0	Royal Wolf Hold	1-0	Templeton Globa	1-0
Kaboko Mining	3-0	Mikoh Corp.	4-0	Peet Ltd	6-0	Rubik Financial	1-0	Ten Network	2-0
Kagara Ltd	0-2	Milton Corp.	5-0	Pegasus Metals	1-0	Rubicon Res.	1-0	Teranga Gold	4-0
Kairiki Energy	1-0	Minbos Res.	6-0	Peninsula En.	3-0	Rubianna Res.	2-0	Texon Petroleum	0-1
Kalgoorlie Min.	4-0	Mincor Resource	3-1	Perpetual Ltd	1-0	Rumble Resource	1-0	Thinksmart Ltd	2-0
Kangaroo Res.	0-1	Mindax Limited	1-0	Perseus Mining	0-2	SAI Global Ltd	1-0	Thomas & Coffey	3-0
Kardoon Gas	0-1	Mindoro Res Ltd	1-0	Petratherm Ltd	0-1	SP Ausnet	2-0	Thundelarra Exp	3-0
Kentor Gold Ltd	1-0	Mineral Res.	0-5	Petrel Energy	1-0	STW Comm Group	1-0	Tidewater Inv	2-0
Key Petroleum	1-0	Minemakers Ltd	0-1	Pharmaust Ltd	2-0	SWW Energy Ltd	1-0	Tigers Realm	4-0
KeyBridge Cap'l	2-0	Mining Projects	2-0	PharmNet Online	1-0	Salmat Ltd	4-0	Timpetra Res.	2-0
Kidman Res Ltd	4-0	Mirabela Nickel	7-0	Pharmaxis Ltd	2-3	Sandfire Res.	1-0	Tissue Therapy	1-0
Killara Res.	1-0	Moby Oil & Gas	1-0	Phillips River	1-0	Santos Ltd	2-0	Titan Energy	2-0
Kimberley Rare	2-0	Molopo Energy	3-0	Phileo Aust.	6-1	Saracen Mineral	0-2	Titan Energy	1-0
Kinetiko Energy	1-0	Monadelphous Gr	1-0	Phoenix Copper	1-0	Savcor Group	1-0	Toro Energy Ltd	2-0
Kingrore Mining	2-3	Monteray Group	8-0	Phoenix Gold	0-1	Schaffer Corp	1-0	Torrens Energy	1-0
Kip McGrath EC	2-0	Mom. Star Gold	4-0	Phoslock Water	5-0	Scott Corp Ltd	3-0	Tox Free Sol.	1-4
Konekt Limited	3-0	Motopia Ltd	1-0	Photon Group	1-0	Seek Ltd	2-0	Trafalgar Corp.	5-0
Kula Gold Ltd	2-0	Mt Gibson Iron	5-0	Phylogica Ltd	3-0	Select harvest	9-0	Traffic Tech.	2-0
Kuth Energy Ltd	1-0	Mundo Minerals	2-0	Pie Networks	1-0	Senex Energy	5-0	Transol Corp	1-0
LBT Innovations	4-0	Mungana Gold.	3-1	Pilbara Mineral	1-0	Senetas Corp	1-0	Transurban Grp	4-0
Lachlan Star	5-0	Musgrave Min.	1-0	Planet Metals	1-0	Service Stream	5-0	Transerv Energy	1-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
TransPacific In	4-0	Unilife Corp.	6-0	Vita Group Ltd	2-0	Water Resources	1-0	Whitehaven Coal	0-2
Transfield Serv	3-0	United Overseas	1-0	Vmoto Ltd	5-0	Webfirm Group	3-0	White Energy Co	4-0
Treasury Wine	2-0	Unity Mining	1-0	Vocus Comm.	2-1	Webjet NL	3-7	Wilson HTM Inv.	4-0
Treasury Wine Group	2-0	Uranex Ltd	5-0	Volta Mining	3-0	Webster Ltd	5-0	Winmar Res Ltd	4-0
Triausmin Ltd	5-0	Uranium Equitie	1-0	Vortex Pipes	1-0	Wesfarmers Ltd	2-0	Wolf Minerals	1-0
Trinity Group	1-0	Uraniumsa Ltd	1-0	Voyager Res Ltd	1-0	Westpac Banking	3-1	Woolworths Ltd	4-1
Triple Energy	2-0	Vantage Gold.	1-0	W'bool Cheese	2-0	Westfield Group	3-0	Worley Group	3-1
Troy Resources	8-13	Venture Min.	1-0	WAM Capital Ltd	1-0	West. Manganese	3-1	Wotif.com Hold.	4-0
Truscott Mining	1-0	Venus Metals	3-0	WDS Limited	6-0	West Peak Iron	1-0	XRF Scientific	1-0
Trust Company	4-0	Viking Ashanti	3-0	WHK Group Ltd	2-0	Westside Corp.	0-1	Xanadu Mines	1-2
Trustees Aust.	1-0	Villa World Ltd	6-1	WHL Energy	2-0	Western Desert	1-2	Xtek Ltd	1-0
UGL Limited	2-0	Village Road.	1-0	Wah Nam Int'l	2-0	Westgold Res.	5-0	Yellow Rock Res	11-0
UXC Limited	3-0	Viralytics Ltd	2-0	Wasabi Energy	1-0	Whitestar Res.	2-0	Zamanco Min Ltd	1-0
Un. Biosensors	1-0	Vital Metals	3-0	Waterco Ltd	1-0	Whitefield Ltd	0-2	Zambezi Res.	3-0
								Zicom Group	3-0

Review of Shares with Insider Buying

Speewah Metals (code SPM) is a small, \$25 million capitalisation, exploration company where there have been eight *insider* buys (plus two small buys, that we don't add to our data) over the last year. The company also owns the largest titanium/vanadian magnetite deposit in Australia.

Insider trades can be an important indicator in analysing smaller resources exploration - where little public information is available and it is difficult for outsiders to evaluate the potential for the company.

The rise in the value of titanium minerals has significantly added to the value of a potential mining project, while exploration over the last year has significantly upgraded Speewah Metal's resources (i.e. to an inferred resource 41% higher at 4,700 million tonnes) and the company has completed metallurgical testing using the mixed chloride leaching process. This has produced high recoveries of high-grade TiO₂, high grade V₂O₅ and iron ore.

It also has 6.7 million tonnes of high grade Fluorite (CaF₂) resource and some gold/copper targets.

The company is currently talking about the potential to produce 75,000 tonnes of TiO₂ (worth around \$250 million), 13,500 tonnes of V₂O₅ (worth \$180 million) and 400,000 tonnes of iron ore (worth \$70 million) annually. At that rate, mine life would be 1000 years - giving significant potential to increase annual production.

The company is seeking potential Chinese partners to help finance mining and processing.

So Speewah Metals is sitting on resources worth many hundreds of *billions* of dollars, yet with an issued capital of 130,700,000 shares the company is being valued at a market capitalisation of just \$25 million.

The one thing Speewah Metals does not have is very much cash. At 31 December there was only \$1.2 million of cash in the bank - having spent almost \$6.4 million over the six month period (mainly on exploration). So the company will need to place additional shares in the very near future to remain solvent (or receive a cash sum from bringing in a partner).

The *insiders*, however, clearly see value in this company: The Chairman, A Barton, has made five on-

market purchases over the last year. He bought 280,232 shares at 25½-26 cents in June 2011, 250,000 shares at 23½ cents and 150,000 shares at 18 cents in September, 200,000 shares at 20 cents in October and 300,000 shares at 14½-16 cents in November. That takes his holding to 13,129,768 shares or 10.05% of the company.

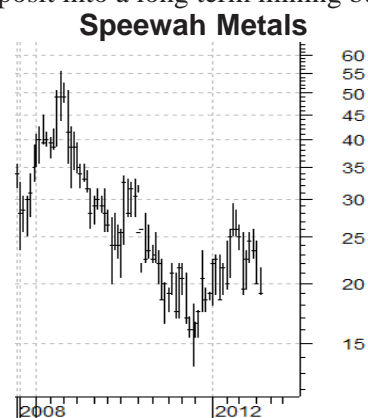
Non-Executive Director D Carew-Hopkins, bought 50,000 shares at 19½ cents in November 2011, lifting his holding to 450,000 shares.

Executive Director R Wolanski, bought 50,000 shares at 28½ cents in May 2011 and 50,000 shares at 23 cents in June (plus 50,000 shares at 18 cents in October and 50,000 shares at 16½ cents in November - but both less than \$10,000 so not included in our statistics) to lift his holding to 644,768 shares.

Like many small exploration companies, Speewah Metals does not have the cash to develop its resources, but those resources appear to be very valuable. That would suggest that it will be able to raise finance for mining and production from bringing in an equity partner - or that the company may eventually be acquired by a large mining company seeking to take 100% ownership of its resources.

Summary and Recommendation

This is a high risk situation, but could have strong potential to be re-rated in value. Speewah Metals could prove an attractive buy for investors seeking a speculative investment in a company seeking to transform a major mineral deposit into a long term mining business.



Silver Chef (code SIV) *insiders* have made 9 on-market buys (and no sells) over the last year - in addition to taking up shares in the recent cash issue.

The company provides financing for small businesses through the provision of flexible equipment leases. 70% of customers are restaurants and cafes, but it is expanding into new sectors and into New Zealand. Business risk is diversified, with over 11,000 rental agreements and with no customer accounting for over 1% of revenues.

At 310 cents, the shares trade on a Price/Earnings ratio of 11 and offer a Dividend Yield of 6.1% - which is a low valuation for a company with a high return on equity and good long term growth potential (subject to raising additional debt and equity capital to finance that growth).

The company has just raised \$10 million in new capital (through a 2 for 13 cash issue at 280 cents) and increased its bank facility from \$70 million to \$110 million - which provides the financial resources for further growth over the next several years.

For the year to June 2011, revenues were 27.5% higher at \$62.9 million and net profits rose 28.3% to \$6,691,000. Earnings per share were up 20.4% at 28.9 cents and the annual dividend 5.6% higher at 19.0 cents.

Revenues rose 30.1% to \$39.2 million for the six months to 31 December 2011, with net profits up 37.7% to \$4,212,000 (18.2 cents per share) and a 5.6% higher interim dividend of 9.5 cents.

On capital increased in the recent cash issue, Silver Chef is predicting (diluted) earnings per share of about 32½ cents (up 13%) and with a 60-70% payout ratio that would support an annual dividend rate of 19.5-22.5 cents (up 3-18%)

Silver Chef became popular with brokers in early 2011 - driving the share price to a high of 428 cents - but the share price fell sharply during 2012. The shares are probably more attractive for purchase today - at a lower price and with the new equity and expanded bank facility available to finance future growth.

Summary and Recommendation

This is a sound, well financed company capable of earning a high return on investment and with excellent potential to expand its business. The shares should be a good investment, providing a high current income yield, plus above average growth for many more years.

Silver Chef



NextDC (code NXT) is a relatively new company established to build Data Centres in all major Australian cities. While *insiders* are knowledgeable investors - and there have been five on-market buys (and no sells) over the last year - we believe investors do need to be cautious about this business.

NextDC is a popular hi-tech growth company that is doing many things right. It was floated in November 2010, raising \$40 million from the offer of shares at 100 cents each. In March 2011 it raised a further \$47.8 million through placements and a Share Purchase Plan at 140 cents and in August it raised \$50 million from further placements at 175 cents.

The company's first (and relatively small) data centre went live in October 2011 so to date NextDC has generated no meaningful revenues and recorded small losses - but predicts that it will earn a 15-30% return on capital invested in its data centres. Revenues and profits should grow as it completes its other data centres, wins customers (and revenues) and, in future years, expands capacity of its data centres.

The demand for data centres is growing rapidly and the expansion of *Cloud Computing* and the *National Broadband Network* rollout will drive further demand in the years ahead.

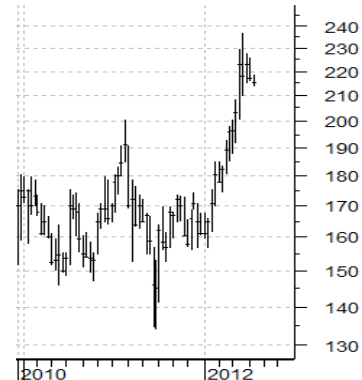
So, why to we see the need for caution? We believe the provision of data centre services will be driven by the same economics as other (more traditional) computing, telecommunication and data services . . . and be subject to *Moore's Law* which will constantly drive down future revenues. Growth in the demand for telecommunications and data services did not provide a good return for investors in traditional Telecommunications network companies (i.e. Telstra or Telecom NZ) and, despite any shortage of data centre capacity in the short term, we believe the same will likely be the case for data centres.

If falling equipment prices, new technologies and competition drove down the selling price of data centre services, then the *currently* expected 15-30% return on the investment would rapidly decline.

Summary and Recommendation

Yes, we need data centres and hopefully *someone* will invest the capital to build them. The long term returns from providing technology infrastructure, however, have historically been disappointing and the economics of that sector do not appear to have changed. NextDC will probably be a very efficient operator in this sector, but even that may not guarantee acceptable, long term returns for shareholders.

NextDC



Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
CDL Investments	1.40	27-04	11-05	Full
Colonial Motor Company	9.00	13-04	23-04	Full
Ebos Group	13.50	06-04	20-04	Full
Fletcher Building	17.00	30-03	18-04	Nil
Hallenstein Glassons	14.50	13-04	20-04	Full
Hellaby Holdings	5.00	13-04	20-04	Full
Kathmandu	3.00	-	-	Full
Restaurant Brands	9.50	15-06	29-06	Full
Team Talk	10.00	20-04	27-04	Full
Vector Ltd	7.00	30-03	16-04	Full
The Warehouse	13.50	05-04	19-04	Nil
Zintel Communications	10.15	30-03	13-04	Full
<u>Australian Shares</u>				
CPT Global	1.50	23-04	18-05	
Customers Ltd	2.00	06-03	20-04	
M2 Telecommunications	9.00	16-03	16-04	
Skilled Group	5.00	26-03	17-04	
The Reject Shop	24.00	22-03	16-04	

Total Return Index for All Listed Shares

	Mar 12	1243.03		
	Mar 13	1246.32		
	Mar 14	1249.86		
	Mar 15	1256.01		
	Mar 16	1268.52		
Mar 19	1263.99	Mar 26	1259.95	
Mar 20	1269.72	Mar 27	1259.46	
Mar 21	1265.72	Mar 28	1275.34	
Mar 22	1268.20	Mar 29	1277.12	
Mar 23	1254.06	Mar 30	1282.58	
Apr 2	1280.60	Apr 9	Holiday	
Apr 3	1277.18	Apr 10	1280.64	
Apr 4	1288.94	Apr 11	1275.70	
Apr 5	1281.46	Apr 12	1286.32	
Apr 6	Holiday	Apr 13	1293.30	

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday May 14, 2012.

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

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