

# Market Analysis

## Inside Market Analysis

Campbell Brothers lifts profits 68% and shares offer good valuation and future growth potential .... 4, 5

CSG Ltd sells Technology division for \$227 million, plans capital repayment (of 30-50 cents?) ..... 6

Neglect Ratings of NZ Shares ..... 8

Neglect Ratings of Australian Shares ..... 10

Founder: James R Cornell (B.Com.)

## Summary and Recommended Investment Strategy.

High Dividend Yields suggest that share prices offer exceptional value. Low share valuations are usually followed by many years of above average investment returns. So remain fully invested in the recommended shares!

## Investment Outlook.

Average Dividend Yields in a stockmarket are an excellent indicator of general share valuations. That *should* be very important to stockmarket investors as *current share valuations* are one of the best predictors of *future* share price movements. As you might expect, markets that are generally *under-valued* tend to rise in value over future years, while markets that are *over-valued* tend to fall in value.

Stockmarket investing may not be easy - but "its not rocket-science" or "brain surgery".

Most of the very many, very clever people in the stockmarket, however, prefer to focus upon the "rocket science" and "brain surgery" - attempting to predict economic, political, social and technological changes which are, alas, virtually random and unpredictable!

Successful investors focus on what works and what can be predicted.

Yields on many world stockmarkets are currently near their cyclical highs - which suggests the share prices are near their cyclical lows. In many other stockmarkets, including Australia (see the chart below), Yields are well above their historical ranges. That suggests that shares currently offer exceptionally good value!

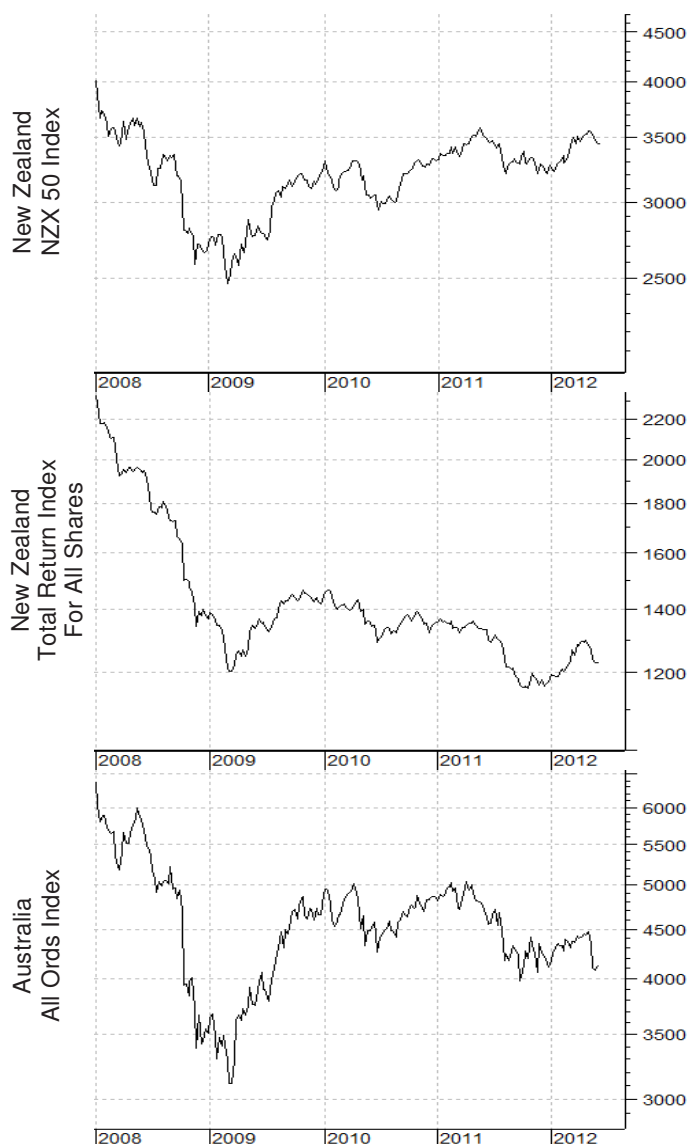
**Australian Average Dividend Yield**



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### Stockmarket Forecasts

	One-Month	One-Year
Australia:	76% (Bullish)	54% (Neutral)
New Zealand:	69% (Bullish)	50% (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		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	491	1.11	11	8.0	Jasons Media	C	14	0.20	6	Nil	Rakon Ltd	D	48	0.51	NE	Nil
AMP Office Trt	C	96	6.95	92	8.2	Just Water Int.	E	10	0.28	11	Nil	Renaissance	C	14	0.03	NE	Nil
Abano Health	C	417	0.49	84	7.2	Kathmandu Ltd	B	145	0.95	7	9.9	Restaurant Brds	B	214	0.68	12	10.7
Air New Zealand	C	87	0.22	12	7.8	Kermadec Prop.	C	67	6.58	11	4.5	Rubicon Limited	D	37	0.27	NE	Nil
Akd Int Airport	B	250	8.31	33	5.0	Kingfish Ltd	B	97	9.64	13	9.1	Ryman Health	B	339	N/A	14	1.3
Allied Farmers	E	3.1	0.01	NE	Nil	Kirkcaldie & St	C	290	0.72	NE	2.7	Veritas Invest.	D	3.0	0.78	2	Nil
Allied Work.	B	240	0.53	14	7.7	Kiwi Property	C	107	5.03	12	7.5	Sanford Limited	D	383	0.77	16	8.6
Argosy Property	C	87	6.82	NE	6.9	L&M Energy	E	7.5	N/A	NE	Nil	Satara Co-op	D	52	0.17	NE	Nil
Barramundi Ltd	C	65	N/A	10	11.4	Lytelton Port	B	200	2.23	17	Nil	Savoy Equities	C	2.0	N/A	NE	Nil
Blis Technology	D	1.1	1.28	NE	Nil	Mainfreight Grp	B	980	0.54	15	3.8	Scott Tech. Ltd	B	170	1.26	13	5.9
Briscoe Group	A	183	0.89	14	7.8	Marlin Global	B	76	N/A	10	11.4	Sealegs Corp	D	12	1.07	NE	Nil
Burger Fuel	C	102	5.32	77	Nil	Mercer Group	C	12	0.16	NE	Nil	Seeka Kiwifruit	D	161	0.17	NE	Nil
CDL Investments	D	36	8.26	24	5.6	Methven Limited	B	125	0.78	13	9.8	Skellerup Hold.	B	138	1.37	13	6.2
Cavalier Corp	C	158	0.47	6	16.3	Metro. LifeCare	D	215	4.05	13	Nil	Sky City Ltd	C	353	2.54	17	6.0
Cavotec MSL	B	245	1.08	20	1.6	Michael Hill	A	104	0.81	12	4.3	Sky Network TV	B	496	2.42	16	5.3
Charlie's Group	C	43	4.00	51	Nil	Mid-Cap Index	D	214	N/A	NE	Nil	Smartpay NZ Ltd	C	12	0.31	NE	Nil
Chorus Ltd	D	314	2.40	NE	Nil	Millennium & C.	C	42	1.47	7	4.1	Smiths City	B	43	0.10	12	4.7
Claridge Cap'l	C	1.5	N/A	NE	Nil	Mowbray Collect	D	45	1.78	NE	Nil	Sol. Dynamics	D	27	0.31	25	Nil
Col Motor Co	A	317	0.21	13	8.6	NPT Limited	D	56	3.48	NE	7.1	South Port NZ	A	301	3.12	13	9.5
Comvita	A	325	0.96	11	6.2	NZ Experience	C	36	1.26	9	11.1	Speirs Group	C	14	0.13	NE	Nil
Contact Energy	C	470	1.48	22	7.6	NZ Exchange Ltd	B	127	6.52	25	5.9	Steel & Tube	B	211	0.48	11	10.2
Cynotech Hold.	E	0.5	0.09	NE	Nil	NZ Finance Hold	E	0.3	0.05	NE	Nil	Sthn Travel	E	5.0	0.05	NE	Nil
DNZ Property	A	145	N/A	17	5.9	NZ Farming Sys.	E	54	1.70	NE	Nil	Tag Pacific Ltd	D	12	0.15	NE	Nil
Delegat's Group	B	250	1.08	11	4.6	NZ Oil & Gas	N/R	78	2.89	13	3.7	TeamTalk Ltd	A	245	1.77	12	11.7
Diligent Board	D	352	N/A	NE	Nil	NZ Refining Co	C	260	2.50	21	6.6	Telecom Corp	A	244	2.49	24	10.6
Dorchester Pac	D	9.6	1.72	NE	Nil	NZ Windfarms	E	16	N/A	NE	Nil	Tenon Ltd	E	69	0.12	NE	Nil
Ebos Group Ltd	B	741	0.29	16	6.1	NZ Wine Company	D	85	0.57	NE	3.4	Tourism Hold.	E	56	0.38	NE	Nil
Ecoya Ltd	C	116	3.01	NE	Nil	NZ Wool Service	E	40	0.18	NE	Nil	Tower Limited	B	166	0.81	13	5.2
F & P Appliance	C	56	0.39	22	Nil	NZSX 50 Port.	D	126	N/A	NE	Nil	Trade-Me Ltd	D	384	N/A	NE	Nil
F & P Health.	C	210	2.11	17	8.4	NZSX 10 Fund	E	90	N/A	NE	Nil	Training Sol.	D	0.1	N/A	NE	Nil
Finzsoft Sol'ns	C	36	0.38	NE	Nil	NZX Aust MidCap	E	460	N/A	NE	Nil	Trust Power Ltd	C	770	3.00	18	7.4
Fletcher Build.	C	621	9.66	NE	6.4	New Image Group	D	14	0.42	13	10.6	Turners & Grow.	C	161	0.21	15	3.7
Freightways Ltd	B	375	1.63	19	5.4	Northland Port	A	180	N/A	16	5.2	Turners Auction	A	150	0.55	11	16.2
Genesis Res.	C	2.5	N/A	NE	Nil	Nuplex Indust	C	247	0.31	7	8.5	Vector Ltd	C	266	2.13	13	7.7
Goodman Prop.	C	102	9.11	25	6.2	Opus Int'l Cons	B	215	0.78	13	5.6	Velo Capital	D	3.0	0.41	NE	Nil
Guinness Peat	C	47	0.07	2	3.3	Ozzy (Tortis)	E	322	N/A	NE	Nil	Vital Health PT	C	120	8.27	47	6.8
GuocoLeisure	D	55	1.35	8	Nil	PGG Wrightsons	E	31	0.19	NE	Nil	WN Drive Tech.	D	17	0.33	NE	Nil
Hallenstein G.	A	408	1.18	13	10.9	Pac Edge Bio.	E	19	N/A	NE	Nil	Wakefield Hlth	B	492	1.06	14	4.9
Heartland BS	C	51	0.84	21	Nil	Pharmacy Brands	B	97	1.10	12	Nil	Warehouse Group	B	255	0.37	8	12.3
Hellaby Hold.	B	290	0.46	14	4.9	Pike River Coal	D	88	N/A	NE	Nil	Widespread Port*	N/R	12	5.40	NE	Nil
Heritage Gold *	N/R	1.8	N/A	NE	Nil	Port Tauranga	B	1081	7.82	25	4.1	Windflow Tech.	E	20	0.31	NE	Nil
Horizon Energy	C	340	2.33	13	7.1	Postie Plus Grp	C	20	0.07	12	7.1	Wool Equities	E	10	N/A	NE	Nil
Infratil NZ	B	201	0.53	23	5.7	Property F Ind.	C	118	7.86	26	6.9	World Index Fd	E	103	N/A	NE	Nil
Insured Group	C	4.0	0.53	NE	Nil	Pumpkin Patch	A	91	0.45	20	4.7	Xero Ltd	D	449	N/A	NE	Nil
Inv Research Gr	D	0.3	0.73	NE	Nil	Pyne Gould Corp	E	28	2.11	NE	Nil	Zintel Comm.	C	35	0.43	NE	Nil
												<b>Ave of 135 Cos</b>	<b>C</b>	<b>164</b>	<b>0.28</b>	<b>21</b>	<b>3.7</b>
AGL Energy Ltd	A	1487	1.00	13	4.0	DuluxGroup Ltd	B	296	1.09	12	5.1	Platinum Asset	A	385	8.17	14	6.5
AMP Ltd	B	381	1.89	16	7.9	Echo Ent Group	B	449	1.82	13	Nil	Primary Health	B	277	1.04	17	2.9
ANZ Bank	B	2156	1.21	11	6.5	Eldorado Gold	B	1154	5.93	20	1.1	Q.B.E. Insur.	B	1240	0.73	19	7.0
APA Group	B	500	2.88	29	4.8	Envestra	B	81	2.80	26	7.0	QR National Ltd	B	340	2.60	24	1.9
ASX Limited	B	2954	N/A	24	6.2	Fairfax Media	B	60	0.57	5	5.0	Qantas Airways	C	97	0.15	9	Nil
AWE Limited	D	160	2.73	NE	Nil	Flight Centre	A	1840	0.99	13	4.6	Qube Logistics	B	151	3.25	14	1.3
Adelaide Bright	A	299	1.73	13	5.5	Fortescue Metal	B	459	2.83	15	1.5	REA Group Ltd	A	1329	7.27	26	2.0
Alacer Gold	C	652	N/A	NE	Nil	GPT Group	C	323	N/A	NE	Nil	Ramsay Health	B	2209	1.20	23	2.4
Alumina Ltd	B	95	N/A	19	6.2	Gloucester Coal	B	711	3.85	22	Nil	Reece Australia	A	1780	1.13	15	3.4
Amalgamated Hld	A	635	1.29	13	5.8	Goodman Group	B	343	7.28	11	1.0	Regis Resources	B	408	N/A	49	Nil
Amcor Ltd	A	747	0.74	26	4.7	Goodman Fielder	B	59	0.36	NE	13.1	Rio Tinto Ltd	B	5559	0.41	2	2.6
Aneka Tambang	C	125	N/A	NE	Nil	Graincorp	A	936	0.67	11	3.2	S/Tracks ASX200	A	3865	N/A	7	4.5
Ansell Ltd	A	1418	1.54	15	2.2	Growthpoint Pro	A	213	5.77	12	8.0	SAI Global Ltd	B	488	2.26	22	2.9
Aquila Res.	E	286	8.02	NE	Nil	Harvey Norman	B	187	1.27	8	6.4	SP Ausnet	A	102	1.94	12	7.9
Argo Investment	B	509	N/A	18	5.1	Hast Div Util	B	238	8.05	NE	4.2	Sandfire Res.	C	696	N/A	NE	Nil
Aristocrat Leis	A	287	2.21	24	2.3	Henderson Group	B	148	1.54	16	7.3	Santos Ltd	B	1185	4.42	15	2.5
Asciano Limited	B	432	1.38	29	0.5	IOOF Holdings	A	568	2.05	13	7.6	Seek Ltd	A	647	6.32	22	2.2
Atlas Iron Ltd	B	205	2.90	10	1.5	Iluka Resources	B	1230	3.14	9	6.1	Seven Group	B	762	0.74	26	4.7
Aurora Oil Gas	C	336	N/A	NE	Nil	Incitec Pivot	A	267	1.11	9	4.3	Seven West Med.	B	213	1.79	11	21.1
Ausdrill Ltd	B	318	1.14	13	3.8	Insurance Aust.	A	330	0.87	27	4.8	Sims Metal Mgmt	B	985	0.23	11	4.8
Australand Prop	B	251	2.09	10	8.6	Investa Office	A	269	9.20	13	1.4	Sonic Health	A	1237	1.55	16	4.8
Aust Foundation	B	412	N/A	18	5.1	Invocare Ltd	A	821	2.74	33	3.6	Soul Pattinson	B	1309	4.12	19	3.1
Aust Infra.	A	236	N/A	7	4.2	JB Hi-Fi Ltd	B	864	0.29	8	8.9	Spark Infrastru	A	151	6.90	24	6.6
BHP Billiton	B	3191	1.54	5	2.9	James Hardie	B	740	2.75	6	5.4	Sth Cross Media	B	119	1.70	16	8.4
BWP Trust	A	189	N/A	12	6.3	Kardoon Gas	C	425	N/A	NE	Nil	Stockland	B	323	3.26	10	7.3
Bank of Q'land	B	652	0.53	10	8.3	Leighton Hold	B	1691	0.56	17	7.1	Suncorp Group	B	781	0.53	22	4.5
Beach Energy	D	109	2.44	NE	1.6	Lend Lease Grp	B	701	0.45	1	5.0	Sundance Res.	C	40	N/A	NE	Nil
Bendigo Bank	B	719	0.72	8	8.3	Lynas Corp Ltd	E	97	N/A	NE	Nil	Super Retail Gr	A	703	0.89	17	4.1
Bluescope Steel	C	26	0.06	NE	7.7	Macquarie Group	B	2630	0.84	12	5.3	Sydney Airport	B	291	5.20	66	7.2
Boart Longyear	B	303	0.70	9	3.4	Medusa Mining	B	546	7.40	10	1.8	TPG Telecom Ltd	A	174	2.37	17	2.6
Boral Limited	B	327	0.51	15	4.4	Mesoblast Ltd	C	635	N/A	NE	Nil	Tabcorp Holding	B	292	0.68	7	14.7
Bradken Ltd	B	550	0.77	13	6.2	Metcash Ltd	B	399	0.25	13	8.0	Tatts Group Ltd	A	260	0.93	12	8.3
Brambles Ltd	B	628	2.15	21	4.1	Milton Corp.	A	1487	N/A	19	5.1	Telstra	A	364	1.79	14	7.7
Brickworks Ltd	B	1039	2.41	11	3.9	Mineral Res.	B	933	2.59	10	4.5	Toll Holdings	B	438	0.38	11	5.7
C'wth Prop Off.	A	99	7.81	12	5.6	Mirvac Group	B	124	6.89	8	5.0	Transurban Grp	B	573	7.98	74	4.7
CFS Retail Prop	A	190	7.66	10	6.7	Monadelphous Gr	B	2078	1.26	19	4.6	Transfield Serv	B	188	0.37	24	7.4
CSL Limited	A	3924	4.92	38	2.0	Mt Gibson Iron	B	89	1.38	4	4.5	TransPacific Inc	C	77	0.38	NE	Nil
Caltex Australia	B	1364	0.17	NE	3.3	Myer Holdings	B	188	0.35	7	12.0	Treasury Wine	A	435	1.91	44	1.4
Campbell Bros	A	5399	2.59	16	4.2	NRW Holdings	B	296	1.11	20	3.0	UGL Limited	B	1188	0.46	12	5.9
Cardno Ltd	A	745	0.98	14	4.6	Nat'l Aust Bank	B	2216	1.19	9	7.8	Virgin Aust	C	40	0.27	NE	Nil
Carsales.com	A	578	8.82	23	3.4	Navitas Ltd	B	406	2.37	20	5.1	Viterra Inc.	B	1574	N/A	NE	Nil
Challenger Ltd	B	315	1.03	6	5.2	New Hope Corp.	D	400	5.01	NE	2.6	Wesfarmers Ltd					

# Recommended Investments

**CDL Investment** reports a very strong start to the 2012 financial year. Over the four months to the end of April it has sold 101 residential sections, up 153% on the same period a year earlier and exceeding last year's total annual sales of 77 sections.

To date 19 sales have been settled (up from 11 the previous year), with 82 unconditional sales.

(Continued on Page 4)

## CDL Investments



## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation		Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
			- Date -	Price									
	<b>NZ Shares</b>												
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	258.2	1.4	8.26	24	5.6	36	21.7	+131%
BUY	Cavalier Corporation	CAV	05/12/95	156*	C	68.3	1.0	0.47	6	16.3	158	278.0	+179%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.21	13	8.6	317	346.3	+418%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.3	0.8	2.23	17	Nil	200	77.7	+85%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	A	382.7	0.8	0.81	12	4.3	104	38.4	+2748%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	C	196.7	1.1	0.31	7	8.5	247	419.0	+27%
HOLD+	Postie Plus Group	PPG	08/05/06	71	C	40.0	2.1	0.07	12	7.1	20	8.5	-60%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	45.7	3.6	0.03	NE	Nil	14	53.9	-21%
HOLD	Smiths City Group	SCY	09/10/06	64	B	53.0	1.2	0.10	12	4.7	43	16.0	-8%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.5	3.12	13	9.5	301	159.8	+284%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	B	88.4	0.8	0.48	11	10.2	211	260.1	+223%
	<b>Australian Shares (in Aust cents)</b>												
BUY	AJ Lucas Group	AJL	13/05/03	120	D	97.9	0.8	0.42	NE	Nil	90	41.0	+9%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	C	141.0	3.2	0.64	14	Nil	6	17.5	-68%
BUY	Campbell Brothers Ltd	CPB	12/10/99	389*	A	67.5	0.4	2.59	16	4.2	5399	904.0	+1520%
HOLD+	Cardno Ltd	CDD	14/12/09	391*	A	119.3	0.5	0.98	14	4.6	745	79.3	+111%
HOLD	Cellnet Group Ltd <sup>1</sup>	CLT	12/02/02	147*	B	61.3	1.4	0.21	13	14.0	25	45.9	-50%
HOLD+	Chandler Macleod Group	CMG	14/08/01	51*	B	467.9	1.4	0.14	14	5.6	36	24.1	+18%
HOLD	Circadian Technologies	CIR	10/02/04	188	C	46.4	1.1	13.16	NE	Nil	52	65.0	-38%
BUY	Clarius Group Ltd	CND	08/04/03	82*	B	88.2	1.2	0.14	9	9.3	43	70.5	+38%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.9	1.2	0.43	22	5.6	45	11.3	-37%
BUY	CSG Limited	CSV	11/10/10	175	B	282.6	1.1	0.52	5	7.7	71	8.0	-55%
HOLD	Customers Ltd	CUS	11/07/11	83	A	134.9	0.8	1.37	9	4.0	126	4.0	+57%
HOLD	Devine Ltd	DVN	13/11/06	334*	B	158.7	1.1	0.21	5	3.5	58	77.6	-60%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	84.9	2.2	0.30	NE	Nil	16	Nil	-68%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	A	32.2	0.8	1.33	7	8.7	101	34.3	-48%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	207.7	0.8	3.46	8	9.4	90	15.5	-0%
BUY	Iluka Resources Ltd	ILU	12/10/04	471	B	416.4	0.6	3.14	9	6.1	1230	147.0	+192%
BUY	Integrated Research	IRI	14/01/08	40	B	166.9	0.9	2.34	14	6.4	63	16.0	+96%
HOLD	Mnet Group <sup>1</sup>	MNZ			C	208.3	1.7	0.28	NE	Nil	1.7	Nil	
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	154.7	0.6	1.04	16	4.6	346	48.5	+1095%
BUY	Melbourne IT	MLB	10/02/04	53	A	81.4	0.6	0.76	10	8.9	168	82.0	+372%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	C	277.5	2.7	0.14	NE	Nil	9	Nil	-31%
BUY	Novarise Renewable Res	NOE	14/03/11	25	B	415.1	1.8	0.96	5	Nil	19	Nil	-24%
BUY	Penrice Soda Holdings	PSH	11/07/11	17	C	91.4	2.7	0.05	NE	Nil	8	Nil	-52%
HOLD+	Probiotec Ltd	PBP	11/02/08	116	C	52.9	1.4	0.21	14	Nil	28	9.3	-68%
BUY	Prophecy International	PRO	08/09/08	26	B	47.2	1.5	2.09	NE	2.3	22	8.5	+15%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	A	233.1	0.7	0.28	20	1.3	226	140.0	+190%
HOLD	Technology One Ltd	TNE	11/11/03	44	A	303.4	0.7	2.23	17	4.0	115	33.5	+238%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	276.5	1.1	1.12	6	10.6	45	14.2	+31%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	26.0	0.4	0.49	16	3.1	989	303.5	+403%
HOLD	Village Roadshow	VRL	10/08/09	77	A	151.5	0.5	0.51	17	5.2	310	149.0	+496%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +213.5%. This is equal to an average annual rate of +25.9%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 40 current and 152 closed out) is +29.3%, compared with a market gain of +3.7% (by the SRC Total Return Index).

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

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

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



## Recommended Investments

(Continued from Page 3)

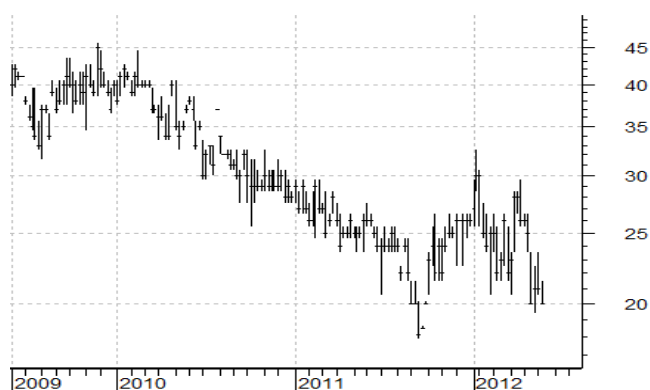
**Nuplex Industries** expected earnings (before interest, depreciation and tax) to be “around the bottom end” of its previous guidance of a 0-5% growth (i.e. very similar to 2011).

### Nuplex Industries



**Postie Plus Group's** sale of *Babycity* was settled in late May.

### Postie Plus Group



### Australian Shares

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

**A.J Lucas Group** plans to increase its proposed share placement from \$15.5 million to \$30-35 million. It has identified parties willing to subscribe for these shares at 135 cents and the shareholder meeting to approve this placement has been deferred until mid-July.

**Atlas South Sea Pearl** is negotiating an Australian joint venture with **Nomad Two Worlds** to commercialise its perfume extraction technology for the United States market. Atlas South Sea Pearl is developing the technology to extract valuable products for the perfume industry from its bio-mass wastage, while Nomad Two World's has experience in marketing, branding, business development and access to marketing and distribution networks in the US.

**Campbell Brothers** lifted revenues 26.8% to \$1,405.6 million for the year to 31 March 2012. Net profits were up 68.0% to \$222,413,000 (329.5 cents per share). The final dividend was raised 73.3% to 130.0 cents, lifting the annual dividend 60.7% to 225.0 cents.

The net operating cash surplus grew 44% to \$228.9 million.

ALS Minerals experienced a 77% growth in revenues to \$591.3 million, with earnings up 92% to \$214.7 million. Around half of this growth came from acquisitions, but 16 new or refurbished laboratories increased capacity and breadth of services - “enabling the business to service a growing market successfully”. A further 14 new or refurbished laboratories are planned for 2013 and the company predicts “favourable market conditions through 2013”.

Organic growth (i.e. the new laboratories) which expands capacity to earn higher revenues and profits, increases the value of this business and creates additional shareholder wealth. These are also investments where the company can earn a high return on the capital invested.

ALS Life Sciences (formerly called Environmental) revenues were up 17% to \$360.7 million and earnings up 18% to \$76.1 million. The company plans to expand food/pharma revenues with new laboratories in Melbourne, Sydney and Brisbane - plus seven other new or refurbished laboratories - planned for 2013. A new laboratory information management system (LIMS) will be rolled out to all laboratories over the next two years.

ALS Energy (formerly Coal) experienced a 20% increase in revenues to \$87.8 million but earnings improved 38% to \$23.7 million. Growth was helped by completion of its Brisbane laboratory - the world's largest coal analytical laboratory - plus new laboratories in Emerald and Bowen, and the installation of a new LIMS. This year the division will further expand its Brisbane laboratory, will build a new, larger capacity laboratory in Mongolia and is expanding in Indonesia - with expansion in Mozambique, China and the United States possible.

ALS Industrial (formerly Tribology) revenues were only 7% higher at \$152.5 million but earnings were up 47% to \$24.5 million. This result reflects some changes to the business and a “strong margin improvement”. The 2012 result was actually depressed by a number of major shutdowns and major infrastructure projects delayed into the March 2013 financial year. This division earns over 85% of revenues in Australia, so will focus on international expansion and increase its range of services with “further high-end technologies”.

The Chemical and Distribution businesses are virtually insignificant, contributing just 15% of group revenues and 3% of earnings.

Campbell Brothers share price has weakened sharply over recent months. At \$53.99 the shares trade on a Price/Earnings ratio 16 and offer a Dividend Yield of 4.2%. That would be a *fair valuation* for a *no growth* business. A company growing at 30-60% per annum should be worth a P/E ratio of 25-45 (i.e. a share price of \$80-150). We are therefore upgrading Campbell Brothers shares to a “Buy”.

We invested in Campbell Brothers 13 years ago

owing to the attractive business fundamentals of its laboratory business. At that stage this business generated only 26% of revenues and 42% of profits but we wrote “as investors, this is the division that is of most interest to us” and “This is a niche business with (1) high profit margins, (2) a very high return on Shareholders Equity, (3) economies of scale and (4) generates large free cash flows”. We also noted “The high return on investment from this business makes this the most attractive area for Campbell Brothers to expand. With little need to re-invest profits, this division will generate a strong and growing cashflow which can be used to finance dividend growth or further acquisitions”.

Of course, in the three years after our initial Buy recommendation the shares went nowhere . . . but eventually performed well as these favourable business fundamentals have enabled Campbell Brothers to lift both earnings per share and dividends per share 10-fold over the last 13 years! The share price has risen a similar 13¾-fold in value, so the shares remain on an attractive valuation relative to current earnings and dividends. Including the final dividend now payable, our investment in Campbell Brothers has been repaid 2.3-fold from dividends.

[Subscribers acquiring Campbell Brothers shares from the takeover of Ammtec, a share we recommended in January 2010, have done even better. That investment has increased more than 2½-fold in just 2½ years.]

In many ways Campbell Brothers shares are more attractive today than they were 13 years ago: The P/E ratio has increased only slightly from 12 to 16 - and the Dividend Yield fallen from 5.5% to 4.2% - so the shares remain on an attractive valuation. The laboratory business continues to offer high profit margins, a high return on capital, economies of scale and generate high free cashflows - but today, with a larger, more internationally diversified business, Campbell Brothers is better positioned to exploit the benefits of the economies of scale in its business.

So today's business is more competitive and more efficient than 13 years ago - so better able to earn high profit margins and win business away from potential competitors.

There is a very high capital cost in building and equipping a laboratory, so fully utilising capacity is an important factor in maximising profitability. With many laboratories worldwide, Campbell Brothers now operates a “hub and spoke” system, transferring samples to laboratories with surplus capacity and reporting back to clients via the internet. So this large, specialist laboratory group should be more efficient than an in-house laboratory, even for a large mining customer. With its global capacity, Campbell Brothers is now able to market a consistent, global service to large, global mining customers - something that was not possible 13 years ago.

Even when the mining boom ends, Campbell Brothers is now well placed to expand its *market share* owing to

its competitive position and economies of scale and/or by acquiring smaller, less efficient competitors at attractive valuations. Currently the company is still investing heavily to increase capacity in its Minerals division - to meet market demand - but a slowdown would enable the group to divert cash flow to expand faster in its other, less cyclical, divisions.

Campbell Brothers still has the growth potential, favourable business fundamentals and low valuation that made the shares an attractive investment a decade ago. An investment in Campbell Brothers has made a significant contribution to the wealth of many subscribers over the last 13 years - with capital appreciation and dividends increasing an investment 16-fold in value. Growth over the next decade could easily turn this into a 50-bagger or 100-bagger investment - with a significantly *greater* contribution to our investment wealth!

Obviously if this shareholding has grown to become a large percentage of an investment portfolio, then some selective profit-taking (and re-investing elsewhere to maintain a diversified share portfolio) would be warranted, but we are in no hurry to sell our winners!

The shares are an attractive “Buy” for new investors - offering the potential for strong capital growth over the medium to long term, a good current income yield (i.e. 4.2%) and the potential for strong income growth.

### Campbell Brothers



**Chandler Macleod Group** will seek to grow its recently acquired **AHS Services Group** business, which provides 4000 staff at 140 hotels in Australia. Only 18% of this type of hotel services are outsourced in Australia, so the company sees potential to expand the outsource market, targeting a 50% increase in this business.

In Australia, the company will also seek to expand into related industries: health care, education, aged care and mining.

The company also plans to expand in New Zealand, Hong Kong and Singapore - building off existing Australian hotel customers that have operations in those countries.

All of these types of organic growth - taking an existing successful business and expanding it - is what creates Shareholder Wealth!

(Continued on Page 6)

## Recommended Investments

(Continued from Page 5)

### Chandler Macleod Group



**Circadian Technologies** has requested its shares be suspended, pending the completion of discussions for a share placement to international investors.

**Clarius Group** is forecasting a net profit for the year to June 2012 of around \$2.0-2.3 million (2.3-2.6 cents per share), down 45-50% on 2011.

Clarius Group has net tangible assets (i.e. mainly debtors less creditors) of \$36.6 million or about 41 cents per share. This business *could* quickly and easily be liquidated to realise this value. So with the shares trading on 43 cents, the market is placing virtually no value on the company's business! In a less unfavourable market the company would be capable of earning significantly higher profits.

This low valuation - equal to just the working capital of the business - *could* also make Clarius Group a takeover target.

### Clarius Group



**CSG** has agreed to sell its *Technology Solutions* business to **NEC Australia** for \$227.5 million in cash (80 cents per share) - or about \$190 million after capital gains taxes. In addition there is a potential earn-out of up to \$32.5 million (11.5 cents per share) based upon earnings to 30 June 2012.

CSG currently has around \$100 million in debt and deferred consideration (but excluding about \$90 million of debts to finance its \$100 million of equipment leases to customers in New Zealand) and intends "reducing

debt to an appropriate level". Excess capital will then be distributed to shareholders, either through some share repurchase or special dividend, which will be announced along with the final profit result in August.

The company has not indicated the size of its distribution to shareholders but it could be 30-50 cents per share. Repaying \$100 million in debts would leave at least \$90 million in cash (32 cents per shares), while retaining \$50 million in debts *could* allow a capital repayment of \$140 million (50 cents per share).

The strategic review has "identified significant opportunities to leverage business processes across the *Print Services*" businesses in Australian and New Zealand. The company expects to realise cost savings of \$13 million annually by September 2012 and further cost savings of \$4 million annually by June 2013. This will incur some one-off expenses of around \$7 million (i.e. \$5 million before June 2012 and \$2 million in the new financial year).

The company also plans to establish an in-house equipment leasing business in Australia in the second half of the 2013 financial year.

At this stage, the company is predicting earnings (before interest, depreciation and tax) for the current year to June 2012 to be about 30% lower than last year.

Clearly current profitability is unacceptably low, but so is the share price! The sale of the Technology business for \$227-260 million (80-90 cents per share) clearly shows that the market has been under-valuing the shares at 60-70 cents. In fact, with the shares now at 71 cents the market is placing a *negative* value on the Print Services operations.

Print Services, however, is a business capable of earning high margins, recurring and growing revenues from the sale of colour printer supplies. Duplicating the NZ equipment leasing in the Australian market is a further source of reliable, good profit margin revenues. So, despite recent problems, CSG Ltd has good potential to earn high profit margins and to grow revenues over the medium to long term.

### CSG Limited



**Customers** will hold a shareholders meeting on 18 June to approve the scheme of arrangement for **DirectCash Payments Inc** to acquire the company. The payment of 127 cents per share will be made to

shareholders on 4 July 2012. For Australian resident investors, that will defer the capital gain into the June 2013 tax year.

**Customers**



**Iluka Resources** has confirmed that despite recent weakness in demand it still expects “a material increase in earnings and free cashflow in 2012”.

At 31 December 2011 the company held cash of \$321 million and interest bearing debts of \$164 million, for a “net cash” holding of \$157 million (38 cents per share). With the payment of its \$230 million 2011 final dividend, \$150 million in income taxes and capital expenditure the company expects its net cash to remain relatively steady to June 2012 but “build significantly” in the second half of the year.

**Iluka Resources**



**Nomad Buildings Solutions**



**Nomad Buildings Solutions** is to wind down its loss making *Nomad Modular Building* division in Western Australia. The rental buildings will be retained and combined with the group's other rental assets to form a new *Nomad Rental* division.

The removal of losses from this division would leave the group currently earning a net profit of around \$6.5-7.0 million (2.3-2.5 cents per share) from its other businesses. At 9 cents, the shares would be on a P/E ratio of about 3½-4.

**Penrice Soda Holdings** has released the Mineral Resource and Ore Reserves Statement for its limestone mine. This shows total Mineral Resources of 239 million tonnes and 67 million tonnes of Ore Reserves (i.e. 28 million tonnes of chemical grade limestone and 39 million tonnes of aggregates for concrete, civil and construction markets). At current rates of extraction this give a mine life of 23 years.

A further 37 million tonnes of chemical limestone resource and 47 million tonnes of aggregate resource could be converted to reserves - adding a further 25-30 years of mine life.

**Penrice Soda Holdings**



**Technology One** lifted revenues 7.9% to \$77.3 million for the half year to 31 March 2012. Net profit was just 1.0% higher at \$7,426,000 (2.4 cents per share) but the interim dividend is being raised 10.3% to 1.61 cents.

The net operating cash surplus was 41% lower at \$4.4 million.

Technology One expects the full year profit to be ahead 10-15%.

**Technology One**





# 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										Market Cap'n	Company	STRENGTH RATING										Market Cap'n																			
	Share Price	Cur- rent	4-Wk Chg.	Rank	0-99	1-2	3-4	5-6	7-8	9-10			Price to NTA	Return on Equity	Volatility	Price to Earn.	Dividend Yield	Price to Sales	Company	Share Price	Cur- rent	4-Wk Chg.		Rank	0-99	1-2	3-4	5-6	7-8	9-10	Price to NTA	Return on Equity	Volatility	Price to Earn.	Dividend Yield	Price to Sales	Market Cap'n					
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0											<b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength > 0																															
Smiths City	43	+3.2	-5.8	32	0-0	-	0.5	4	1.2	12	4.7	0.10	23	Port Tauranga	1081	+6.2	-2.0	22	5-0	1	2.1	8	0.3	25	4.1	7.82	1,449	Port Tauranga	1081	+6.2	-2.0	22	5-0	1	2.1	8	0.3	25	4.1	7.82	1,449	
Col Motor Co	317	+7.8	-0.8	19	1-0	-	0.9	7	0.5	13	8.6	0.21	104	Comvita	325	+12.4	+4.2	11	5-0	-	1.2	11	0.5	11	6.2	0.96	92	Comvita	325	+12.4	+4.2	11	5-0	-	1.2	11	0.5	11	6.2	0.96	92	
Ebos Group Ltd	741	+5.8	+0.4	26	0-0	1	1.9	12	0.5	16	6.1	0.29	386	Briscoe Group	183	+8.5	+3.2	18	3-0	-	2.7	20	0.5	14	7.8	0.89	388	Briscoe Group	183	+8.5	+3.2	18	3-0	-	2.7	20	0.5	14	7.8	0.89	388	
Pumpkin Patch	91	+11.1	-0.6	12	4-2	1	4.7	23	1.2	20	4.7	0.45	153	NZ Oil & Gas	78	+2.3	-0.3	37	3-0	-	0.9	7	1.0	13	3.7	2.89	308	NZ Oil & Gas	78	+2.3	-0.3	37	3-0	-	0.9	7	1.0	13	3.7	2.89	308	
Hellaby Hold.	290	+8.9	+0.4	17	1-0	-	1.6	11	1.2	14	4.9	0.46	214	Pharmacybrands	97	+12.6	+4.3	10	2-0	-	1.9	16	0.6	12	Nil	1.10	117	Pharmacybrands	97	+12.6	+4.3	10	2-0	-	1.9	16	0.6	12	Nil	1.10	117	
Allied Work.	240	+15.1	-0.4	6	0-0	-	3.0	22	0.9	14	7.7	0.53	63	DNZ Property	145	+6.2	+0.9	23	2-0	-	0.9	5	0.6	17	5.9	N/A	359	DNZ Property	145	+6.2	+0.9	23	2-0	-	0.9	5	0.6	17	5.9	N/A	359	
Infratil NZ	201	+3.4	+1.0	31	0-2	-	1.1	5	0.7	23	5.7	0.53	1,180	Mercer Group	12	+12.5	+12.2	10	2-0	-	0.3	-	2.0	NE	Nil	0.16	6	Mercer Group	12	+12.5	+12.2	10	2-0	-	0.3	-	2.0	NE	Nil	0.16	6	
Turners Auction	150	+3.2	-1.1	33	1-1	-	2.4	21	0.8	11	16.2	0.55	41	AMP Office Trt	96	+6.9	+0.0	20	2-0	-	1.1	1	0.4	92	8.2	6.95	952	AMP Office Trt	96	+6.9	+0.0	20	2-0	-	1.1	1	0.4	92	8.2	6.95	952	
Opus Int'l Cons	215	+6.4	-0.9	21	0-0	-	2.8	22	0.7	13	5.6	0.78	312	Trade-Me Ltd	384	+14.8	+3.2	7	2-0	-	-	-	0.5	NE	Nil	N/A	1,517	Trade-Me Ltd	384	+14.8	+3.2	7	2-0	-	-	-	0.5	NE	Nil	N/A	1,517	
Michael Hill	104	+9.2	-1.5	15	4-2	1	2.2	19	0.8	12	4.3	0.81	398	Skellerup Hold.	138	+4.9	-1.3	29	3-1	-	2.4	18	0.8	13	6.2	1.37	266	Skellerup Hold.	138	+4.9	-1.3	29	3-1	-	2.4	18	0.8	13	6.2	1.37	266	
Tower Limited	166	+5.8	-0.2	26	1-1	-	1.0	7	1.1	13	5.2	0.81	440	<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0																												
Briscoe Group	183	+8.5	+3.2	18	3-0	-	2.7	20	0.7	14	7.8	0.89	388	Vital Health PT	120	-58.3	+0.0	98	0-1	-	1.2	2	0.5	47	6.8	8.27	348	Vital Health PT	120	-58.3	+0.0	98	0-1	-	1.2	2	0.5	47	6.8	8.27	348	
Comvita	325	+12.4	+4.2	11	5-0	-	1.2	11	0.6	11	6.2	0.96	92	Property F Ind.	118	-0.3	-0.1	53	0-0	-	1.1	4	0.4	26	6.9	7.86	256	Property F Ind.	118	-0.3	-0.1	53	0-0	-	1.1	4	0.4	26	6.9	7.86	256	
<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0	Allied Work.	240	+15.1	-0.4	6	0-0	-	3.0	22	0.8	14	7.7	0.53	63	Metro. LifeCare	215	-1.5	-4.1	61	0-0	-	0.5	4	0.5	13	Nil	4.05	263	Metro. LifeCare	215	-1.5	-4.1	61	0-0	-	0.5	4	0.5	13	Nil	4.05	263
Comvita	325	+12.4	+4.2	11	5-0	-	1.2	11	0.6	11	6.2	0.96	92	Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126	Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126	
Michael Hill	104	+9.2	-1.5	15	4-2	1	2.2	19	0.7	12	4.3	0.81	398	NZ Refining Co	260	-7.3	-2.9	80	3-0	-	1.3	6	0.5	21	6.6	2.50	728	NZ Refining Co	260	-7.3	-2.9	80	3-0	-	1.3	6	0.5	21	6.6	2.50	728	
Hellaby Hold.	290	+8.9	+0.4	17	1-0	-	1.6	11	1.0	14	4.9	0.46	214	Sky Network TV	496	-0.9	-0.2	56	1-0	-	1.5	9	0.4	16	5.3	2.42	1,930	Sky Network TV	496	-0.9	-0.2	56	1-0	-	1.5	9	0.4	16	5.3	2.42	1,930	
Briscoe Group	183	+8.5	+3.2	18	3-0	-	2.7	20	0.6	14	7.8	0.89	388	Horizon Energy	340	-1.2	+2.2	59	0-0	-	1.5	11	0.3	13	7.1	2.33	85	Horizon Energy	340	-1.2	+2.2	59	0-0	-	1.5	11	0.3	13	7.1	2.33	85	
Col Motor Co	317	+7.8	-0.8	19	1-0	-	0.9	7	0.4	13	8.6	0.21	104	Pyne Gould Corp	28	-4.9	-5.2	75	0-1	-	0.4	-	1.1	NE	Nil	2.11	61	Pyne Gould Corp	28	-4.9	-5.2	75	0-1	-	0.4	-	1.1	NE	Nil	2.11	61	
Opus Int'l Cons	215	+6.4	-0.9	21	0-0	-	2.8	22	0.6	13	5.6	0.78	312	F & P Health.	210	-3.3	+0.9	70	1-3	1	3.1	18	0.4	17	8.4	2.11	1,091	F & P Health.	210	-3.3	+0.9	70	1-3	1	3.1	18	0.4	17	8.4	2.11	1,091	
Tower Limited	166	+5.8	-0.2	26	1-1	-	1.0	7	0.9	13	5.2	0.81	440	<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																												
Ebos Group Ltd	741	+5.8	+0.4	26	0-0	1	1.9	12	0.5	16	6.1	0.29	386	Vital Health PT	120	-58.3	+0.0	98	0-1	-	1.2	2	0.4	47	6.8	8.27	348	Vital Health PT	120	-58.3	+0.0	98	0-1	-	1.2	2	0.4	47	6.8	8.27	348	
Smiths City	43	+3.2	-5.8	32	0-0	-	0.5	4	0.9	12	4.7	0.10	23	Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.1	51	Nil	4.00	126	Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.1	51	Nil	4.00	126	
Turners Auction	150	+3.2	-1.1	33	1-1	-	2.4	21	0.6	11	16.2	0.55	41	Rakon Ltd	48	-13.1	-0.2	89	1-0	-	0.5	-	0.9	NE	Nil	0.51	92	Rakon Ltd	48	-13.1	-0.2	89	1-0	-	0.5	-	0.9	NE	Nil	0.51	92	
<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million	Cavalier Corp	158	-17.6	-2.1	91	0-0	1	1.1	17	0.7	6	16.3	0.47	108	Rubicon Limited	37	-12.5	+0.9	88	3-0	-	0.6	-	0.6	NE	Nil	0.27	105	Rubicon Limited	37	-12.5	+0.9	88	3-0	-	0.6	-	0.6	NE	Nil	0.27	105
Warehouse Group	255	-8.3	+1.2	83	2-2	2	2.3	29	0.6	8	12.3	0.37	622	Smartpay NZ Ltd	12	-12.0	+6.8	86	0-0	-	-	-	1.4	133	Nil	0.31	14	Smartpay NZ Ltd	12	-12.0	+6.8	86	0-0	-	-	-	1.4	133	Nil	0.31	14	
Hallenstein G.	408	+5.5	+0.2	28	0-0	-	3.9	29	0.5	13	10.9	1.18	243	WN Drive Tech.	17	-11.6	+0.8	86	2-0	-	0.9	-	1.7	NE	Nil	0.33	11	WN Drive Tech.	17	-11.6	+0.8	86	2-0	-	0.9	-	1.7	NE	Nil	0.33	11	
Restaurant Brds	214	-1.5	+3.0	61	0-0	-	3.5	28	0.6	12	10.7	0.68	209	Mowbray Collect	45	-9.0	-0.3	83	0-0	-	1.4	-	0.5	NE	Nil	1.78	5	Mowbray Collect	45	-9.0	-0.3	83	0-0	-	1.4	-	0.5	NE	Nil	1.78	5	
Telecom Corp	244	+13.6	-0.3	9	4-4	3	2.0	8	0.5	24	10.6	2.49	4,687	NZ Refining Co	260	-7.3	-2.9	80	3-0	-	1.3	6	0.4	21	6.6	2.50	728	NZ Refining Co	260	-7.3	-2.9	80	3-0	-	1.3	6	0.4	21	6.6	2.50	728	
Kathmandu Ltd	145	-11.5	-2.3	85	2-2	-	1.1	15	0.7	7	9.9	0.95	290	Sealegs Corp	12	-6.9	+1.9	80	0-0	-	1.6	-	1.4	NE	Nil	1.07	15	Sealegs Corp	12	-6.9	+1.9	80	0-0	-	1.6	-	1.4	NE	Nil	1.07	15	
Sanford Limited	383	-5.4	-0.6	78	13-0	-	0.7	4	0.3	16	8.6	0.77	359	NZ Wine Company	85	-6.5	+2.4	79	0-0	-	0.4	-	0.6	NE	3.4	0.57	7	NZ Wine Company	85	-6.5	+2.4	79	0-0	-	0.4	-	0.6	NE	3.4	0.57	7	
Col Motor Co	317	+7.8	-0.8	19	1-0	-	0.9	7	0.3	13	8.6	0.21	104	Pac Edge Bio.	19	-6.4	-0.4	78	0-0	-	2.9	-	1.3	NE	Nil	N/A	52	Pac Edge Bio.	19	-6.4	-0.4	78	0-0	-	2.9	-	1.3	NE	Nil	N/A	52	
F & P Health.	210	-3.3	+0.9	70	1-3	1	3.1	18	0.4	17	8.4	2.11	1,091	Fletcher Build.	621	-5.1	+0.1	77	6-0	4	1.1	0	0.4	253	6.4	9.66	4,214	Fletcher Build.	621	-5.1	+0.1	77	6-0	4	1.1	0	0.4	253	6.4	9.66	4,214	
AMP Office Trt	96	+6.9	+0.0	20	2-0	-	1.1	1	0.5	92	8.2	6.95	952	Pyne Gould Corp	28	-4.9	-5.2	75	0-1	-	0.4	-	1.0	NE	Nil	2.11	61	Pyne Gould Corp	28	-4.9	-5.2	75	0-1	-	0.4	-	1.0	NE	Nil	2.11	61	
<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0											<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0																															
Mainfreight Grp	980	-0.6	+0.3	56	1-4	-	2.8	19	0.4	15	3.8	0.54	970	Mainfreight Grp	980	-0.6	+0.3	56	1-4	-	2.8	19	0.4	15	3.8	0.54	970	Mainfreight Grp	980	-0.6	+0.3	56	1-4	-	2.8	19	0.4	15	3.8	0.54	970	
F & P Health.	210	-3.3	+0.9	70	1-3	1	3.1	18	0.3	17	8.4	2.11	1,091	F & P Health.	210	-3.3	+0.9	70	1-3	1	3.1	18	0.3	17	8.4	2.11	1,091	F & P Health.	210	-3.3	+0.9	70	1-3	1	3.1	18	0.3	17	8.4	2.11	1,091	
Pyne Gould Corp	28	-4.9	-5.2	75	0-1	-	0.4	-</																																		





# “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 Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)
AGL Energy Ltd	4	8,003	Chandler McLeod	4	168	Kingrose Mining	1	75	Roc Oil Company	2	218
AMP Ltd	4	10,721	Charter Hall GR	2	676	Kingsgate Cons.	4	759	SAI Global Ltd	5	973
ANZ Bank	4	56,682	Chart H Retail	4	1,012	Leighton Hold	5	5,700	SDI Limited	1	13
APA Group	4	3,171	Clarius Group	3	38	Lend Lease Grp	4	4,002	SMS Mgmt & Tech	5	335
APN News Media	3	435	Coalspur Mines	1	562	Linc Energy Ltd	1	357	SP Ausnet	4	3,381
ARB Corporation	1	628	CocaCola Amatil	5	10,178	Logicamms Ltd	3	69	STW Comm Group	2	343
ASG Group Ltd	3	148	Cochlear Ltd	4	3,693	Lycopodium Ltd	1	253	Salmat Ltd	3	372
ASX Limited	4	5,174	Cockatoo Coal	2	188	Lynas Corp Ltd	2	1,654	Sandfire Res.	3	1,040
AWE Limited	3	835	Codan Ltd	2	223	M2 Telecom. Grp	3	535	Santos Ltd	3	11,192
Abacus Property	4	719	Com'wealth Bank	3	78,343	MacMahon Hold	5	433	Sedgman Ltd	5	335
Acrux Ltd	1	729	Computershare	5	4,284	Macquarie C Tel	2	188	Seek Ltd	8	2,178
Adelaide Bright	6	1,902	Cons Media Hold	4	1,708	Macquarie Atlas	2	673	Select harvest	1	74
Aditya Birla	1	147	Cooper Energy	2	133	Macquarie Group	5	9,168	Service Stream	1	86
Alesco Corp Ltd	4	190	Cromwell Prop.	3	675	Maxi TRANS	1	115	Seven West Med.	6	1,300
Alumina Ltd	5	2,306	Crown Ltd	4	6,131	Mayne Pharma Gr	1	53	Sigma Pharm.	4	701
Amadeus Energy	1	66	Customers Ltd	3	170	McMillan Shake.	3	745	Silex Systems	3	613
Amalgamated Hld	2	1,015	DUET Group	3	1,765	McPherson's Ltd	1	127	Sims Metal Mgmt	4	2,023
Amcor Ltd	3	9,173	DWS Limited	5	183	Melbourne IT	2	137	Sirtex Medical	1	338
Amcom Telecom.	6	260	Data 3 Ltd	1	150	Mermaid Marine	4	603	Skilled Group	3	527
Ansell Ltd	4	1,886	David Jones	7	1,096	Metcash Ltd	5	3,068	Slater & Gordon	2	279
Antares Energy	1	120	Decmil Group	4	422	Mincor Resource	1	134	Sonic Health	5	4,805
Aquarius Plat.	2	512	Dexus Property	5	4,500	Mineral Res.	2	1,578	Soul Pattinson	1	3,124
Aquila Res.	6	1,071	Domino's Pizza	6	650	Mirabela Nickel	2	238	Spark Infrastru	4	2,003
Ardent Leisure	3	406	Downer EDI Ltd	6	1,330	Mirvac Group	5	4,228	Spec Fashion	3	100
Aristocrat Leis	5	1,559	DuluxGroup Ltd	5	1,088	Molopo Energy	1	128	St Barbara Ltd	4	694
Asciano Limited	6	4,214	Dyesol Ltd	1	18	Monadelphous Gr	7	1,820	Starpharma Hold	2	342
Aspen Group Ltd	2	255	Elders Limited	4	110	Mt Gibson Iron	5	958	Sth Cross Media	3	840
Atlas Iron Ltd	9	1,693	Emeco Holdings	4	574	Myer Holdings	7	1,093	Sth Cross Elect	1	190
Aurora Oil Gas	2	852	Energy Resource	4	650	NSX Limited	2	15	Stockland	6	7,692
Ausdrill Ltd	5	959	Envestra	4	1,190	Nat'l Aust Bank	4	47,710	Strike Energy	1	54
Ausenco Ltd	6	401	Evolution Min.	4	402	Navitas Ltd	3	1,523	Suncorp Group	4	10,048
Aust Education	1	179	FKP Limited	4	551	New Hope Corp.	4	3,321	Sundance Res.	1	1,134
Austal Limited	3	321	Fairfax Media	3	1,411	Newcrest Mining	7	18,796	Sunland Group	1	197
Australand Prop	5	1,448	Fantastic Hold.	2	237	News Corp.	2	15,675	Super Retail Gr	5	1,347
Austin Eng.	4	324	Fleetwood Corp	5	683	Nexbis Ltd	1	77	Swick Min Serv	2	76
Aust Pharm. Ind	2	166	Flexicorp Ltd	4	645	Nexus Energy	2	212	Sydney Airport	3	5,416
Aust Infra.	3	1,465	Flight Centre	6	1,839	Nick Scali Ltd	1	106	TFS Corporation	2	124
Automotive Hold	1	619	Focus Minerals	2	138	Noble Mineral	1	107	TPG Telecom Ltd	6	1,363
BHP Billiton	4	102,479	Fortescue Metal	7	14,291	Nufarm Limited	4	1,244	Tabcorp Holding	4	2,009
BT Invest Mgmt	4	441	GPT Group	6	5,858	OZ Minerals Ltd	6	2,669	Talent2 Int'l	2	108
BWP Trust	6	983	GWA Group Ltd	4	582	Oakton Limited	4	103	Tap Oil	1	159
Bandanna Energy	2	197	Geodynamics Ltd	2	42	Oil Search Ltd	5	8,746	Tassal Group	4	193
Bank of Q'land	1	1,787	Gerard Lighting	2	122	Onesteel Ltd	4	1,204	Tatts Group Ltd	4	3,428
Bannerman Res.	1	32	Gindalbie Met.	5	393	Orica Ltd	5	8,683	Technology One	3	349
Beach Energy	3	1,347	Gloucester Coal	4	1,180	Origin Energy	4	13,487	Telstra	5	45,293
Bendigo Bank	4	2,639	Gold One Int'l	1	587	Orocobre Ltd	1	123	Ten Network	3	669
Billabong Int'l	5	479	Goodman Group	4	142,273	Oroton Group	3	295	The Reject Shop	8	257
Blackmores Ltd	3	427	Goodman Fielder	3	1,154	Pacific Brands	6	516	Toll Holdings	4	3,110
Bluescope Steel	4	862	Graincorp	5	1,853	Paladin Energy	6	945	Tox Free Sol.	5	219
Boart Longyear	5	1,381	Grange Resource	3	571	Panaust Ltd	5	1,619	Transurban Grp	3	8,269
Boom Logistics	2	109	Growthpoint Pro	1	7,048	Panoramic Res.	1	140	Transfield Serv	6	1,033
Boral Limited	4	2,387	Gryphon Mineral	2	220	Paperlin X Ltd	3	41	TransPacific In	4	1,207
Bradken Ltd	8	890	Gunns Ltd	3	312	Patties Foods	3	227	Troy Resources	2	361
Brambles Ltd	3	9,755	Hansen Tech.	2	148	Peet Ltd	2	270	Trust Company	2	154
Brickworks Ltd	2	1,533	Harvey Norman	5	1,981	Perilya Mines	2	215	UGL Limited	6	1,964
Brockman Res.	1	353	Hast Div Util	3	1,261	Perpetual Ltd	5	982	UXC Limited	2	170
C'wth Prop Off.	5	2,424	Hastie Group	4	9	Platinum Asset	6	2,161	VDM Group Ltd	3	12
C.S.R. Ltd	4	779	Heartware Inc.	1	102	Premier Invest	4	713	Virgin Aust	5	873
CGA Mining Ltd	1	635	Henderson Group	3	1,625	Prime Media Grp	2	240	WDS Limited	3	74
CSG Ltd	3	201	Hills Holdings	3	256	Primary Health	4	1,378	WHK Group Ltd	1	220
CSL Limited	6	20,595	Horizon Oil Ltd	2	311	Q.B.E. Insur.	3	12,995	Watpac Ltd	2	113
Cabcharge Ltd	3	677	IMF (Aust) Ltd	1	163	QRXPharma Ltd	2	206	Webfirm Group	1	27
Caltex Australia	2	3,683	IOOF Holdings	6	1,317	Qantas Airways	4	2,197	Webjet NL	6	252
Campbell Bros	4	3,645	IRESS Limited	4	797	RCG Corporation	2	85	Wellcom Group	1	91
Carbon Energy	2	58	Iluka Resources	3	5,122	RCR Tomlinson	4	224	Wesfarmers Ltd	5	29,155
Cardno Ltd	2	889	Imdex Limited	4	376	REA Group Ltd	7	1,733	Westfield Group	5	21,982
Carnarvon Pet.	3	76	Incitec Pivot	4	4,349	Ramsay Health	5	4,464	Westpac Banking	4	61,903
Carsales.com	8	1,355	Independ. Group	6	722	Reckon Limited	3	279	Western Areas	5	814
Cash Converters	1	232	Industrea Ltd	3	458	Regional Exp.	1	120	Whitehaven Coal	4	1,921
Cedar Woods Prp	1	220	Infigen Energy	1	164	Regis Resources	5	1,763	Wide Bay Aust.	1	209
Chal Div Prop	3	521	Int Research	3	104	Resolute Mining	3	739	Woodside Petrol	5	26,305
Challenger Ltd	6	1,567	Investa Office	4	1,835	Resource Equip.	2	89	Woolworths Ltd	5	32,249
Chalice Gold	2	53	Invocare Ltd	5	899	Rex Minerals	3	132	Worley Group	7	6,208
Chal Infra Fund	1	372	JB Hi-Fi Ltd	5	851	Ridley Corp.	4	299	Wotif.com Hold.	8	874
			James Hardie	4	3,235	Rio Tinto Ltd	5	24,224			

**Investment Outlook***(Continued from Page 1)*

Yields on most stockmarkets dropped to historical lows in the late 1990's - as our mixed up "rocket surgeons" bid up share values ahead of an expected internet-enabled Golden Age of high economic growth. The internet has significantly changed the way we live and do business . . . but the low Dividend Yields did correctly indicate that share prices were too high and investors had over-anticipated the economic growth prospects.

Stockmarket Yields spiked to unusually high levels in late 2008 and 2009 as investors dumped shares in anticipation of a Great Recession. Despite the world's economic problems, those high Yields again correctly indicated that the "rocket surgeons" were selling shares at prices that had *already* fallen too low!

**New Zealand Average  
Dividend Yield**



So what should one make of the high current Yields? "Rocket surgeons" will point to the impact of the Euro crisis and Sovereign debts crisis on the world's (unpredictable) *future* economic activity . . . and probably continue to avoid the stockmarket.

We are just simple investors. In the late 1990's we didn't understand "Internet Economics" (or perhaps we understood it too well!) and we certainly do not understand "rocket surgery". Probably nobody does!

What we do know and understand is how to start investing with just a few hundred dollars. How to save hard and buy more shares. How to keep at investing in the stockmarket, year in and year out, through the good years and the bad years. Everything you've heard about "the first million is the hardest" is true - and it will probably take two decades, maybe three . But after that they just whiz by!

So what does the high current Yield mean to us? A lot more wealth "whizzing" into our portfolio over the next several years! Your Editor will be fully invested in the recommended shares. Readers of this newsletter are, as always, free to make their own decision.

# Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Allied Workforce	8.00	22-06	29-06	Full
Argosy Property	1.50	13-06	27-06	Nil
Comvita	10.00	-	29-06	Full
DNZ Property	2.20	08-06	21-06	Nil
F & P Healthcare	7.00	22-06	06-07	Full
Goodman Property Trust	0.4763	14-06	21-06	0.1852
Horizon Energy	9.00	18-06	28-06	Full
Infratil	5.00	01-06	15-06	Full
Kingfish	2.21	13-06	29-06	0.1689
Mainfreight	14.00	13-07	20-07	5.4444
Methven	5.50	22-06	29-06	1.16667
NPT Ltd	1.75	20-06	04-07	Nil
Restaurant Brands	9.50	15-06	29-06	Full
Ryman Healthcare	4.50	08-06	22-06	Nil
Wakefield Healthcare	10.00	22-06	29-06	Full

Australian Shares

Campbell Brothers	130.0	04-06	02-07
Technology One	1.61	04-06	22-06

**Total Return Index for All Listed Shares**

May 14	1277.61	May 21	1240.26
May 15	1262.31	May 22	1241.75
May 16	1258.68	May 23	1244.12
May 17	1253.80	May 24	1235.47
May 18	1240.96	May 25	1231.75
May 28	1228.75	Jun 4	Holiday
May 29	1229.96	Jun 5	1220.17
May 30	1232.18	Jun 6	1225.55
May 31	1231.24	Jun 7	1226.28
Jun 1	1231.83	Jun 8	1227.56

## Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday July 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](http://www.stockmarket.co.nz) or email [james@stockmarket.co.nz](mailto:james@stockmarket.co.nz).

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