

Market Analysis

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

One cannot avoid change, uncertainty, risk or volatility on the stockmarket . . . but those factors drive innovation and adaptation which in turn create wealth. Remain fully invested in the recommended shares.

Investment Outlook.

In January 2008 we wrote “We continue to see the *Credit Crunch* as a relatively minor crisis” and went on to recommend **Integrated Research** shares at 40 cents.

Perhaps we got that a little wrong as the *Credit Crunch* developed into what is now called the *Global Financial Crisis*. Share prices fell significantly in 2008 with most investors dumping shares with the popular view that we were heading for a *Depression* “worse than the Great Depression”. So perhaps most investors got that *very* wrong!

The secret of building wealth in the stockmarket is not finding a few big winners but adopting a strategy that will enable one to *survive*, regroup and try again when things go wrong. The future seldom exactly matches expectations!

So the most important rule is that a share portfolio must be well diversified.

Although a little counter-intuitive, diversification helps one maximise the gains from one's big winners. Firstly, if you own 20 shares then you have 20 times the chance of having a 5-bagger or 10-bagger or 20-bagger (or even one of each!) in your portfolio, relative to a person with only one share. More importantly, the person with only one share will probably feel the need to realise profits when that share is up 20% or 50%. With a diversified portfolio you can let that profit “run” and compound.

There is a stockmarket maxim that states “No-one goes broke taking a profit” but we believe “You won't get rich taking *small* profits”. Almost 32 years ago we started this newsletter to look for shares with “the potential to rise several fold in value over several years”. Not everything works out as we would like . . . but a diversified portfolio allows us to back a company (with a small percentage of our capital) and then let it succeed (and increase many-fold in value) or fail (at a maximum loss of 100%).

In fact, many of our most successful investments have, at times, fallen 50-75% in value. After rising strongly, **Michael Hill** shares fell 50% from late 1992 to 1993. They rose again in 1994, before again falling almost 60% from late 1994 to late 1995. From late 2008 to early 2010 they lost over 60%. (Cont'd on Page 12)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	68% (Bullish)	76% (Bullish)
New Zealand:	66% (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	B	598	1.35	14	6.6	Inv Research Gr	E	0.6	1.50	NE	Nil	Pyne Gould Corp	E	26	1.87	NE	Nil
AMP Office Trt	C	99	7.75	22	5.7	Jasons Media	D	17	0.27	7	Nil	Rakon Ltd	D	41	0.44	NE	Nil
Abano Health.	A	605	0.48	61	5.0	Just Water Int.	C	13	0.38	6	Nil	Renaissance	C	20	0.14	34	Nil
Air New Zealand	A	134	0.33	21	4.1	Kathmandu Ltd	B	185	1.07	11	7.7	Restaurant Brds	B	269	0.85	16	8.5
Akd Int Airport	E	270	8.35	25	5.6	Kermadec Prop.	C	67	6.58	11	4.5	Rubicon Limited	E	25	0.23	NE	Nil
Allied Farmers	E	2.4	0.10	NE	Nil	Kingfish Ltd	B	110	N/A	14	8.0	Ryman Health.	B	417	N/A	17	1.1
Allied Work.	B	248	0.54	14	7.5	Kirkcaldie & St	C	305	0.81	NE	Nil	Sanford Limited	C	456	0.93	20	7.2
Argosy Property	D	95	7.45	NE	6.3	Kiwi Property	C	117	5.51	13	6.9	Satara Co-op	E	45	0.14	NE	Nil
Barramundi Ltd	D	68	N/A	NE	9.2	L&M Energy	E	7.2	N/A	NE	Nil	Savoy Equities	E	1.8	N/A	NE	Nil
Blis Technology	D	1.0	1.16	NE	Nil	Lytelton Port	C	200	1.96	12	Nil	Scott Tech. Ltd	A	250	1.59	15	4.6
Briscoe Group	A	220	1.07	17	6.5	Mainfreight Grp	A	1085	0.59	16	3.4	Sealegs Corp	E	12	1.03	NE	Nil
Burger Fuel	C	130	6.77	98	Nil	Marlin Global	D	65	N/A	NE	11.4	Seeka Kiwifruit	E	91	0.10	NE	Nil
CDL Investments	D	44	9.98	30	4.6	Mercer Group	C	20	1.39	NE	Nil	Skellerup Hold.	B	155	1.44	12	7.2
Cavalier Corp	D	167	0.52	27	Nil	Methven Limited	B	139	0.87	14	8.8	Sky City Ltd	C	367	2.49	15	5.7
Cavotec MSL	C	245	1.08	20	1.6	Metro. LifeCare	C	308	6.92	NE	Nil	Sky Network TV	C	515	2.38	16	6.1
Charlie's Group	D	43	4.00	51	Nil	Michael Hill	A	122	0.91	13	4.5	Smartpay NZ Ltd	B	18	0.44	NE	Nil
Chorus Ltd	C	279	1.02	6	12.8	Mid-Cap Index	D	249	N/A	NE	Nil	Smiths City	B	63	0.15	8	5.6
Claridge Cap'l	E	1.5	N/A	NE	Nil	Millennium & C.	C	47	1.65	8	3.6	Sol. Dynamics	E	25	0.30	NE	Nil
Col Motor Co	A	370	0.22	10	9.7	Moa Group Ltd	D	126	N/A	NE	Nil	South Port NZ	C	329	3.26	14	8.7
Comvita	A	375	1.11	13	5.3	Mowbray Collect	D	48	1.90	NE	Nil	Speirs Group	C	10	0.08	NE	Nil
Contact Energy	C	532	1.43	20	6.2	NPT Limited	D	61	3.80	NE	6.6	Steel & Tube	C	228	0.50	15	7.5
Cynotech Hold.	E	0.2	0.08	NE	Nil	NZ Exchange Ltd	B	122	6.27	24	6.1	Summerset Group	D	226	N/A	NE	Nil
DNZ Property	C	163	N/A	19	5.2	NZ Experience	C	40	1.27	10	10.4	TeamTalk Ltd	C	297	2.14	13	9.6
Delegat's Group	B	305	1.39	12	4.2	NZ Finance Hold	D	0.3	0.05	NE	Nil	Telecom Corp	C	229	0.93	4	11.7
Diligent Board	C	465	N/A	NE	Nil	NZ Farming Sys.	E	65	1.53	NE	Nil	Tenon Ltd	E	72	0.11	NE	Nil
Dorchester Pac	C	27	4.85	NE	Nil	NZ Oil & Gas *	N/R	88	3.04	18	9.7	Tourism Hold.	B	70	0.34	15	8.2
Ebos Group Ltd	B	856	0.31	16	5.7	NZ Refining Co	B	268	2.58	22	6.4	Tower Limited	B	186	1.04	12	5.9
Ecoya Ltd	E	96	2.49	NE	Nil	NZ Wool Service	D	42	0.19	NE	Nil	Trade-Me Ltd	B	414	N/A	22	2.7
F & P Health.	B	261	2.62	21	6.8	NZ Windfarms	E	10	2.95	NE	Nil	Training Sol.	E	0.1	N/A	NE	Nil
Finsoft Sol'ns	D	38	0.41	NE	Nil	NZSX 50 Port.	D	144	N/A	NE	Nil	Trust Power Ltd	B	845	3.29	20	6.8
Fletcher Build.	B	824	0.63	30	5.9	NZSX 10 Fund	D	99	N/A	NE	Nil	Turners & Grow.	C	156	0.21	15	3.8
Foley Fam Wines	C	110	0.71	NE	Nil	NZX Aust MidCap	D	477	N/A	NE	Nil	Turners Auction	A	191	0.69	14	12.7
Fonterra S/H Fd	C	662	4.25	NE	4.8	New Image Group	C	28	0.88	NE	Nil	Vector Ltd	C	265	2.11	13	7.8
Freightways Ltd	A	443	1.78	18	5.8	Northland Port	A	238	N/A	13	5.1	Velo Capital	D	7.0	N/A	NE	Nil
Genesis Res.	D	1.8	N/A	NE	Nil	Nuplex Indust	B	294	0.36	9	7.1	Veritas Invest.	D	6.0	6.32	NE	Nil
Goodman Prop.	C	103	9.20	25	6.1	Opus Intl Cons	C	190	0.69	11	6.4	Vital Health PT	C	126	6.58	41	6.2
Guinness Peat	C	60	0.09	2	2.5	Ozzy (Tortis)	E	356	N/A	NE	Nil	WN Drive Tech.	C	16	0.30	NE	Nil
GuocoLeisure	C	64	1.59	9	3.1	PGW Wrightsons	E	37	0.21	11	Nil	Wakefield Hlth	B	565	1.22	16	4.3
Hallenstein G.	A	507	1.40	14	8.9	Pac Edge Bio.	D	43	N/A	NE	Nil	Warehouse Group	B	309	0.56	11	9.2
Heartland BS	B	70	1.20	11	Nil	Pharmacybrands	C	119	1.35	14	Nil	Widespread Port*	N/R	1.3	0.03	NE	Nil
Hellaby Hold.	C	296	0.45	11	6.3	Pike River Coal	D	88	N/A	NE	Nil	Windflow Tech.	D	19	1.02	NE	Nil
Heritage Gold *	N/R	1.8	N/A	NE	Nil	Port Tauranga	B	1314	7.75	24	4.2	Wool Equities	D	11	N/A	NE	Nil
Horizon Energy	C	340	2.33	13	7.1	Postie Plus Grp	C	23	0.10	40	6.2	World Index Fd	E	100	N/A	NE	Nil
Infratil NZ	B	235	0.62	27	4.9	Property F Ind.	C	124	8.26	27	6.6	Xero Ltd	C	753	N/A	NE	Nil
Insured Group	D	1.5	0.20	NE	Nil	Pumpkin Patch	B	131	0.73	21	Nil	Zintel Comm.	D	44	0.54	NE	Nil
												Ave of 135 Cos	C	195	0.40	23	3.4
AGL Energy Ltd	B	1434	1.05	68	4.3	Djerriwarrh	B	405	N/A	20	6.4	Perpetual Ltd	A	3250	3.42	66	2.8
ALS Limited	B	934	2.24	14	4.8	Downer EDI Ltd	C	345	0.19	14	Nil	Perseus Mining	D	230	N/A	NE	Nil
AMP Ltd	B	479	2.37	20	6.3	Dulux Group Ltd	B	360	1.24	15	4.3	Platinum Asset	B	372	9.21	17	5.6
ANZ Bank	A	2489	1.87	12	5.8	Echo Ent Group	C	346	1.77	68	Nil	Premier Invest	A	655	1.17	15	5.5
APA Group	A	563	3.42	28	10.4	Envestra	B	92	3.09	20	6.3	Primary Health	B	401	1.45	17	2.7
ASX Limited	A	3012	6.73	16	5.9	Evolution Min.	B	177	2.67	34	Nil	Q.B.E. Insur.	B	1050	0.62	16	8.3
Abacus Property	A	205	3.78	NE	8.0	Fairfax Media	B	46	0.46	8	6.5	Qantas Airways	D	135	0.19	NE	Nil
Adelaide Bright	A	317	1.83	14	5.2	Flexicorp Ltd	A	378	4.39	18	3.3	Qube Holdings	B	148	1.74	36	2.8
Alumina Ltd	B	93	N/A	18	6.3	Flight Centre	A	2683	1.32	13	4.2	REA Group Ltd	A	1790	8.49	27	1.8
Amalgamated Hld	B	677	1.34	13	5.8	Fortescue Metal	B	379	1.81	8	2.1	Ramsay Health	A	2642	1.34	22	2.3
Amcor Ltd	B	799	0.79	23	4.6	GPT Group	D	360	N/A	NE	Nil	Reece Australia	A	2194	1.43	19	2.8
Aneka Tambang	C	125	N/A	60	0.0	Goodman Fielder	B	67	0.59	NE	Nil	Regis Resources	B	533	N/A	63	Nil
Ansell Ltd	B	1573	1.68	16	2.3	Goodman Group	A	457	N/A	47	3.9	Rio Tinto Ltd	B	6017	0.44	2	2.4
Aquila Res.	E	240	5.02	NE	Nil	Graincorp	A	1232	0.78	13	2.8	S/Tracks ASX200	B	4356	N/A	NE	3.9
Argo Investment	B	608	N/A	23	4.3	Growthpoint Pro	A	214	6.55	16	8.2	SAI Global Ltd	B	435	1.96	21	3.4
Aristocrat Leis	B	320	2.47	26	2.0	Harvey Norman	B	179	1.35	11	5.0	SP Ausnet	B	105	2.01	12	7.6
Arrium Limited	B	80	0.14	5	7.5	Hast Div Util	C	285	9.64	NE	3.5	Sandfire Res.	C	806	N/A	NE	Nil
Asciano Limited	B	442	1.26	18	1.4	Henderson Group	B	193	2.01	20	5.6	Santos Ltd	B	1104	4.12	14	2.7
Atlas Iron Ltd	B	130	1.90	16	2.3	IOOF Holdings	A	684	2.54	81	5.4	Seek Ltd	B	685	5.19	17	2.5
Aurizon Hold.	B	361	2.51	20	2.3	IRESS Limited	A	797	4.94	24	4.8	Seven West Med.	B	158	0.54	5	15.8
Aurora Oil Gas	C	336	N/A	NE	Nil	Illuka Resources	B	829	2.12	6	9.0	Seven Group	B	778	0.54	14	4.9
Aust Foundation	B	485	N/A	23	4.3	Incitec Pivot	A	320	1.49	10	3.9	Sigma Pharm.	B	69	0.28	16	5.1
Aust Infra.	B	317	N/A	10	3.3	Independ. Group	B	450	4.84	NE	0.7	Sims Metal Mgmt	B	891	0.20	50	2.2
Australand Prop	B	302	2.51	12	7.1	Insurance Aust.	A	477	1.16	48	3.6	Sonic Health	B	1320	1.54	16	4.5
BHP Billiton	A	3474	1.58	7	3.2	Investa Office	B	302	9.78	18	5.2	Soul Pattinson	B	1309	3.43	22	3.4
BWP Trust	A	218	N/A	16	6.7	Invocare Ltd	B	880	2.94	36	3.4	Spark Infrastru	B	165	7.54	27	6.1
Bank of Q'land	B	720	0.80	NE	7.2	JB Hi-Fi Ltd	B	1019	0.32	10	6.4	Steamships Trad	B	2625	2.01	12	3.2
Beach Energy	A	144	2.91	11	1.6	James Hardie	B	944	3.50	7	4.2	Stockland	B	343	3.72	16	7.0
Bendigo Bank	A	837	0.91	17	7.2	Jupiter Energy	C	66	N/A	NE	Nil	Suncorp Group	B	1020	0.82	18	3.9
Bluescope Steel	B	56	0.22	NE	Nil	Kardor Gas	C	464	N/A	NE	Nil	Sundance Res.	D	34	N/A	NE	Nil
Boral Limited	B	412	0.66	15	2.7	Leighton Hold	B	1688	0.56	16	7.1	Super Retail Gr	B	901	1.07	21	3.6
Brambles Ltd	B	744	2.08	20	3.5	Lend Lease Grp	B	890	0.44	10	4.3	Sydney Airport	B	355	6.34	80	5.9
Breville Group	B	617	1.88	17	3.9	Lynas Corp Ltd	E	61	N/A	NE	Nil	TPG Telecom Ltd	B	244	2.85	21	2.3
Brickworks Ltd	A	1123	2.98	38	3.6	Macquarie Group	A	3373	1.08	15	4.2	Tabcorp Holding	B	294	0.71	6	8.2
C'wth Prop Off.	B	104	5.41	9	5.9	McMillan Shake.	A	1307	3.22	18	3.6	Tatts Group Ltd	B	298	1.04	13	7.4
C.S.R. Ltd	A	196	0.55	13	6.6	Medusa Mining	A	596	N/A	23	1.2	Telstra	B	436	2.13	16	6.4
CFS Retail Prop	B	195	6.08	13	6.7	Mesoblast Ltd	E	565	N/A	NE	Nil	Toll Holdings	B	462	0.38	11	5.4
CSL Limited	A	5477	6.26	28	1.5	Metcash Ltd	B	330	0.21	10	8.5	TransPacific In	D	70	0.48	89	Nil
Caltex Austria	B	1815	0.22	NE	2.5	Milton Corp.	A	1722	N/A	20	4.5	Transurban Grp	B	631	7.97	NE	4.7
Cardno Ltd	B	600	0.86	11	6.0	Mineral Res.	B	855	1.71	7	5.4	Transfield Serv	B	173	0.29	11	8.1
Carsales.com	B	783	9.86	26	3.1	Mirvac Group	B	150	2.92	12	5.6	Treasury Wine	B	508	1.96	38	2.6
Centro Retail	C	227	9.56	NE	Nil	Monadelphous Gr	B	2162	1.01	14	5.8	UGL Limited	B	10			

Recommended Investments

CDL Investments has released its *Stonebrook* 42 hectare master planned residential development in Canterbury. This will include standard residential sections (of 600-900m²), medium density sections (400-450m²) as well as Terraced/Attached housing.

(Continued on Page 4)



Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/Sales Ratio	Price/Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares													
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	258.2	1.4	9.98	30	4.6	44	21.7	+161%
BUY	Cavalier Corporation	CAV	05/12/95	156*	D	68.3	1.0	0.52	27	Nil	167	278.0	+185%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.22	10	9.7	370	362.3	+472%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.3	0.8	1.96	12	Nil	200	77.7	+85%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	A	382.8	0.8	0.91	13	4.5	122	41.9	+3178%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	B	196.7	1.0	0.36	9	7.1	294	430.0	+38%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	2.1	0.10	40	6.2	23	8.5	-56%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	45.7	3.3	0.14	34	Nil	20	53.9	-13%
HOLD	Smiths City Group	SCY	09/10/06	64	B	53.0	1.1	0.15	8	5.6	63	18.5	+27%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	0.5	3.26	14	8.7	329	174.3	+319%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	C	88.4	0.8	0.50	15	7.5	228	266.6	+239%
Australian Shares (in Aust cents)													
HOLD+	AJ Lucas Group	AJL	13/05/03	120	D	103.0	0.9	0.15	NE	Nil	72	41.0	-6%
BUY	ALS Limited	ALQ	12/10/99	78*	B	337.5	0.5	2.24	14	4.8	934	201.8	+1356%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	D	169.1	3.7	0.55	12	Nil	5	17.5	-69%
BUY	Brickworks Ltd	BKW	12/11/12	1115	A	147.6	0.3	2.98	38	3.6	1123	Nil	+1%
HOLD+	Cardno Ltd	CDD	14/12/09	391*	B	138.2	0.5	0.86	11	6.0	600	97.3	+78%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	B	55.7	1.9	0.14	7	6.1	17	55.9	-48%
BUY	Chandler Macleod Group	CMG	14/08/01	51*	B	444.5	1.3	0.13	12	6.3	45	25.7	+38%
HOLD	Circadian Technologies	CIR	10/02/04	188	D	48.5	1.4	11.44	NE	Nil	35	65.0	-47%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	B	89.4	1.5	0.09	13	3.4	29	70.5	+21%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.7	1.3	0.35	26	3.9	38	11.3	-44%
HOLD+	CSG Limited	CSV	11/10/10	175	C	282.6	1.3	0.65	NE	5.3	47	28.0	-57%
HOLD	Devine Ltd	DVN	13/11/06	334*	B	158.7	1.1	0.31	8	6.6	61	79.6	-58%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	84.9	2.0	0.35	16	Nil	20	Nil	-60%
HOLD+	Fiducian Portfolio Ser	FPS	11/02/08	260	B	31.8	0.9	1.10	11	6.4	78	36.8	-56%
BUY	Finbar Group Ltd	FRI	12/04/10	106	A	214.2	0.8	2.03	9	8.3	109	21.0	+23%
BUY	Iluka Resources Ltd	ILU	12/10/04	471	B	416.4	0.7	2.12	6	9.0	829	172.0	+113%
HOLD	Integrated Research	IRI	14/01/08	40	A	167.5	0.7	4.41	24	3.9	128	16.0	+260%
HOLD	Mnet Group ¹	MNZ			C	208.3	5.2	0.45	NE	Nil	2.1	Nil	
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	156.6	0.6	1.57	19	4.6	395	57.5	+1271%
BUY	Melbourne IT	MLB	10/02/04	53	B	81.4	0.6	0.79	10	8.6	175	89.0	+397%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	C	277.5	2.7	0.23	4	Nil	10	Nil	-27%
HOLD+	Novarise Renewable Res	NOE	14/03/11	25	C	415.1	1.8	1.01	5	Nil	20	Nil	-20%
HOLD+	Penrice Soda Holdings	PSH	11/07/11	17	C	91.4	2.8	0.05	NE	Nil	9	Nil	-50%
HOLD+	Probiotec Ltd	PBP	11/02/08	116	B	52.9	1.1	0.36	11	Nil	45	9.3	-53%
HOLD+	Prophecy International	PRO	08/09/08	26	B	50.2	1.4	2.17	18	7.8	29	9.5	+48%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	B	233.5	0.7	0.29	12	5.6	232	148.0	+202%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	305.4	0.6	2.53	18	3.6	140	37.0	+302%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	C	279.6	1.2	0.99	5	Nil	45	14.2	+31%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	26.1	0.4	0.70	18	2.2	1517	321.5	+615%
HOLD	Village Roadshow	VRL	10/08/09	77	A	153.2	0.5	0.62	17	5.9	375	159.0	+594%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +242.0%. This is equal to an average annual rate of +27.8%, 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 153 closed out) is +30.1%, compared with a market gain of +4.0% (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)

Cavalier Corporation has downgraded their forecast profit recovery for the current year from \$10-12 million to \$6-10 million (9-15 cents per share), up 40-135% on last year's \$4.3 million trading profit. If this is achieved then the company would re-instate a final dividend.

The expected improvement in the Australian carpet market has not happened, although the company now expects "improved business performance" in the second half of the year - "largely due to customer and product portfolio initiatives, rather than market expansion".

New Zealand carpet sales have "held up reasonably well", with "a further lift" expected in the second half.

Woolscouring has started strongly with "better than anticipated volumes and margins".

Cavalier Corporation



Renaissance Corporation reports revenues from continuing operations down 21.7% to \$63.2 million and a trading profit of just \$263,000 (0.6 cent per share). In addition there was a \$1,766,000 profit from the sale of businesses. No dividend will be paid.

There was a net cash operating deficit of \$637,000.

The directors believe that the current share price values the company "substantially below the value of its component divisions" and that it could be "vulnerable to a takeover offer which may not adequately recognise" that value. Also "various parties interested in acquiring the remaining divisions have approached the company", although no offers have been received.

Postie Plus Group has "spent considerable time looking at a number of businesses" but has yet to complete an acquisition. The company is continuing discussions with two retail businesses.

The group will also launch an undisclosed new business called *POGO*, a "specialty business that builds on existing knowledge of selling Health and Beauty" products in the first half of 2013.

Australian Shares

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

AJ Lucas Group's 43% owned **Cuadrilla Resources** is to re-spud (i.e. redrill) its well at *Anna's Road* after a piece of equipment became stuck at 2000 feet. It is not possible to drill through the equipment and "drilling around at this relatively shallow depth" could create operational challenges later. This will delay the well completion by four weeks.

The company is seeking to refinance its banking facilities - which are mainly in the form of leases on plant and equipment. The company has received indicative proposals from various parties - and the

current financier has extended these facilities from 30 November 2012 until 14 February 2013 while AJ Lucas Group assesses these refinancing options.

ALS Ltd lifted revenues 24.0% to \$771.0 million for the six months to 30 September 2012, with net profits up 32.5% to \$135,500,000 (39.8 cents per share). The interim dividend will be 10.5% higher at 21.0 cents.

The net operating cash surplus was 29% higher at \$107.3 million.

The full year profit is forecast to be 5-15% higher at \$235-255 million (69-75 cents per share).

For the half year, ALS Minerals revenues rose 29% to \$344.9 million with earnings up 33% to \$126.6 million. ALS Life Sciences lifted revenues 30% to \$255.0 million with earnings up 18% at \$47 million, while ALS Energy revenues rose 36% to \$53.4 million and earnings jumped 70% to \$16.5 million. ALS Industrial revenues were 13% higher at \$85.5 million while earnings were 43% higher at \$15.7 million.

Total mineral samples have "been in decline for a number of months" and the 2013 total "is expected to be in line with samples received in the 2012 financial year". This downturn is being offset with growth in the company's non-minerals divisions.

At \$9.34 the shares trade on a Price/Earnings ratio of 14 and Dividend Yield of 4.8%. That is a low valuation. The company forecasts net profit growth of 5-15% during this "downturn". A recovery and growth in mineral samples is expected in the September 2013 or December 2013 quarter.

ALS is a 14-bagger investment (i.e. up 14-fold over 13 years) for our portfolio, but the shares still trade at a low valuation and continue to offer excellent growth potential. As we said in April this year, Michael Hill International *could* become our first 100-bagger investment (i.e. increase in value 100 times from our initial investment) within the next 3-5 years... and ALS *could* be our second 100-bagger a few years later! The business factors that made these companies attractive investments 21 and 13 years ago remain today. In fact, they have improved owing to economies of scale.

"Buy" (and Hold) for further gains.

ALS Limited



Atlas South Sea Pearl has announced full details of its cash issue. Existing shareholders will be offered one new share at 5 cents (plus one "free" option to buy another share at 5 cents until about the end of January 2014) for every five shares currently held. Payment is due by 21 January 2013.

The shares trade on-market at around 4.8 cents - but we estimate the options will be worth about 1.4 cents -

December 10, 2012.

so there is some value (i.e. 4.8 cents plus 1.4 cents equals 6.2 cents) in this cash issue. The cash being raised will finance acquisitions and expansion that could add significantly to profitability in the future.

We recomend taking up these new shares (and options), if investors have cash available.

Atlas South Sea Pearl has made its first pearl harvest at its Punggu farm “with excellent pearl lustre and shape”. This will be expanded during 2013. The third hatchery at Lembata is also now operational.

The company began marketing its own pearls from March 2012 and at an October auction in Japan sold over 81% of stock, realising over \$1.5 million, with prices 25% higher than in January 2012 - “an excellent result considering that the overall wholesale market has not improved”. Recently acquired *Essential Oils of Tasmania* October monthly revenues were a record high of \$350,000. Group revenues for the 2013 year are forecast at \$12-13 million.

Atlas South Sea Pearl



Brickworks has concluded a strategic review of its investment in Washington H Soul Pattinson and concluded (as we expected) that retaining this shareholding is in the best interests of shareholders.

The directors expect a “solid performance” for the year to 31 July 2013, with a steady result from Building Products and improved earnings from Land Development.

The company has 185 hectares at Oakdale and expects to sell 60 hectares of this Industrial land to its joint venture property trust in the near. A further 85 hectares of this site (scheduled for Industrial development and probably sale to the trust from 2018/19 onwards) could be re-zoned Residential - which would increase its value.

The 31 hectares surrounding its Rochedale brickworks site in Queensland has been re-zoned to Industrial and will now be redeveloped in two stages over the next 5-7 years.

The company is also developing some other small land parcels in NSW (totalling just 11.6 hectares), the 12 hectare Riverview site in QLD, 180 hectares at Craigieburn, VIC, and 100 hectares at Cardup, WA.

The property trust has recently completed a 23,000m² five unit building at the M7 Business Hub in Sydney and a 31,000m² three unit building at Interlink, Sydney, which will lift future rental income. It will also begin construction of a third DHL facility and the expansion of a Toll Holdings facility in January 2013.

Indirectly owned **New Hope Corporation** has received approval for a “compromise” expansion plan

for its *New Acland* coal mine. This will allow production to increase around 50% to 7.5 million tonnes per annum (but less than the 10 mtpa sought) and extend approval to mine from 2017 until 2029. Other coal resources at the site would support a further 100 years of mining, but will require further approvals at a later time.

Cardno is predicting its first half profit (to December 2012) will be \$36-40 million (26-29 cents per share). That is up slightly on the previous period (\$36.1 million) although earnings per share will be 10-20% lower owing to the increase in the issued capital.

The company reports “market conditions more difficult than expected”.

Chandler Macleod Group has announced two cash acquisitions over the last month. Firstly it acquired the *business of Trilogy Resources Pty*, a supplier of IT, Project Management and IT development contractors in Western Australia, for \$4.75 million in cash. Chandler Macleod has taken over the assets, long term customer contracts and Trilogy Resources' contractors, but not the company or any debts. This will “add considerable market share” to the company's existing businesses in these areas. This acquisition should add around \$1.7 million to pre-tax earnings - equal to a P/E ratio of about 4 (i.e. a 25% after tax return on the company's investment).

Secondly it will pay \$34.6 million (plus a potential earnout based upon the June 2014 result) to acquire **Vivir Healthcare Pty**, which provides aged care services (i.e. physiotherapy, pain management, dietetics and workplace health and safety) to around 240 residential healthcare facilities, with 18,000 residents, providing 13,000 unique weekly appointments. This is 9% of the Australian market although the company currently operates mainly in Victoria. Chandler Macleod Group plans to expand this to New South Wales and Queensland.

The business is expected to contribute pre-tax earnings of \$3-4 million in the second half of this financial year and \$9-11 million (before interest, tax and depreciation) in the full year to June 2014. That is equal to a P/E ratio of about 4½-5½ (i.e. an 18-22% return after tax).

Vivir Healthcare has no interest bearing debt and generates strong cashflows.

Acquiring cash generating, growing businesses at relatively low valuations should increase Chandler Macleod's Shareholders Wealth.

Chandler Macleod Group



Circadian Technologies has licenced two companies - **Bio-Rad Laboratories** and another, undisclosed company - to produce biological reagents. Bio-Rad Laboratories will market reagents to detect VEGF-C and/or VEGF-D in biological (Continued on Page 6)

Recommended Investments

(Continued from Page 5)

fluids, although probably for a small research market at this stage.

Circadian Technologies currently holds \$13 million in cash (plus \$2.4 million in listed investments) and expects an annual “cash burn” of about \$6 million.

Clarius Group expects “one-off” restructuring costs in the current half year to December 2012, giving a result somewhere between a \$500,000 *loss* or a break-even. This latest restructuring will, however, reduce second half costs by \$2.3 million (before tax) and future annual operating costs by \$4.6 million (before tax).

The company will also invest \$1.6 million this year to upgrade its internal systems and use technology to improve “current systems [which] are labour intensive and highly manual”. This will also improve services and speed up invoicing and debtor collections. This upgrade will be completed before June 2014 with further annual cost savings of around \$800,000 annually.

CSG Ltd plans, as previously announced, to establish an equipment leasing business in Australia. The NZ leasing company is very profitable, with a 30% return on capital. A Finance company would also “streamline the sale process” and allow the sale of other (undisclosed) “non-print related products”.

The directors report “an improvement in business” over the last five months and expect first half earnings (before interest, tax and depreciation) of \$8-10 million.

Devine has sold its 111 Margaret Street, Brisbane, development site for a “price above current book value” and secured an option to acquire a 5,900m² site at Turramurra, NSW, where it plans a development of 86 apartments (subject to planning approvals).

Ellex Medical Lasers has announced that the *Centre for Eye Research Australia* is recruiting patients for a multi-centre, double-blind trial of its treatment for Early Age-Related Macular Degeneration, which affects 15% of people over 50 years of age.

Integrated Research shares have performed well over the last year . . . but still remain an attractive investment with strong growth potential. When we first recommended Integrated Research shares in January 2008 the company earned most of its revenue and profits from its “Non-Stop” software for monitoring critical computer systems, while VoIP Telephony products accounted for just 30% of revenues (i.e. about \$11 million) but offered “the potential for strong revenue and profit growth over the next several years”.

Over the last five years revenues from the *Unified Communications* (i.e. the renamed Telephony products) have almost *doubled* to \$21.4 million annually and are now the largest source of revenues, over-taking *Infrastructure* (i.e. the Non-Stop products) which generated revenues of \$20.6 million. The growth potential doesn't end here.

Over the *next* five years, Integrated Research seeks to expand its market share in *Unified Communications* monitoring from 5% at present to 25%! In addition, the market for these services will more than *double* from around 120 million phones to over 260 million phones. So, potentially, that would be a larger than 10-fold increase in communications systems being monitored for problems using Integrated Research's software. That,

of course, is unlikely to equal a 10-fold increase in revenues, but perhaps a very healthy *doubling* or *quadrupling* in revenues from this division. And, once again, the growth story doesn't end here.

Five years ago the company was seeking growth from its new Telephony/UC services and today it is seeking growth from its new *Payments* software. Payment transactions are more than *doubling* every decade - a compound growth rate of 25% per annum. This growth shows no signs of slowing, with strong growth in “micro-payments” and in developing economies. Transactions are also becoming more complex with growth in online payments, phone payments and across border payments. Financial governance and regulation are also increasing. All of this creates a need for more complex payments software.

In the year to June 2012, Integrated Research earned just \$3.3 million - only 7% of its total revenues - from *Payments* software, but that was its fastest growing sector (up 32% in Australian dollars, or 36% in constant currency terms) and one that could grow to become a significant source of revenues and profits over the next five years!

When we bought Integrated Research five years ago the shares sold on a Price/Earnings ratio of 12 and a Dividend Yield of 7.5%. Today the P/E is up to 24 and the Yield down to 3.9% - so perhaps the shares are not quite the “must-Buy” under-valued growth investment they once were.

On the other hand, five years ago 70% of revenues were from reliable but “mature” products and only 30% from “growth” products. Today “growth” products contribute 58% of revenues - so revenue and profit growth over the *next* five years should exceed the total 34% revenue growth and 66% profit growth of the *last* five years. Possibly revenues will grow 60-100%, with profits up 100-150%. That would give earnings per share of 11-14 cents, so at a P/E of 15-18 the share price *could* be somewhere in the range of 165-250 cents (i.e. up 30-100%). Annual dividends should grow in line with profits - up 100-150% - to around 10-15 cents per share.

If an investor is over-weighted in Integrated Research shares as a result of their strong rise in value, then it could be appropriate to realise *some* profits and improve portfolio diversification, but we are in no hurry to sell all of our Integrated Research shares. “Hold” for further growth.



Melbourne IT has downgraded its profit forecasts and now expects earnings (before interest and tax) to be

December 10, 2012.

down 10% for the year to 31 December 2012. This is mainly due to a decline in its *For The Record* business owing to “significant reductions in US Federal and State Government spending”. This division's profitability depends upon a “small number of large transactions each year” which have not happened in 2012.

ICANN has also delayed the new gTLD naming system until 2013 - deferring growth that Melbourne IT expected in 2012.

The company's long term “Transformation” program is also taking longer than expected and now likely to be completed in late 2013 - with the full cost saving and cross-selling benefits being achieved in 2014.

Melbourne IT has completed a review of its corporate structure and believes that “the value of businesses is not being adequately recognised by the market and that significant value may be unlocked for shareholders by pursuing possible different ownership alternatives”. In other words, Melbourne IT shares are under-valued and the company may be able to realise a much higher value by selling off one or more businesses to “large offshore organisations”.

This strategy *can* lead to a full takeover, with the buyer deciding it is cheaper to acquire all of the under-valued parent company (at an attractive premium to market value) rather than pay full value in a competitive auction for a single division. (This is not unlike the situation in 1998 when JNA Telecommunications sought to licence its internet switching technology to multinationals, but Lucent Technology decided it was cheaper to buy the whole of our company rather than pay on-going licence fees!).

Nomad Building Solutions sold most of its rental accommodation assets in December 2011 for \$8.5 million, and then re-invested \$2.8 million constructing new rental assets. The new financial year has seen further demand from renters to purchase these assets and by the end of December 2012 the company will have realised \$3.1 million from asset sales. During this period the company has also manufactured \$1.5 million of assets which are now being rented. Further investment in rental accommodation is planned for the second half of the year.

The slowdown in the mining sector is expected to reduce demand for accommodation products and rental assets, but “at a level sufficient to sustain on-going revenue” for the company.

Nomad Building Solutions



Penrice Soda Holdings has signed an exclusive contract to supply soda ash to **Vale Nouvelle Caledonies SAS** for its new major nickel and cobalt operation in

New Caledonia. This new supply contract will take about 7% of the company's annual soda ash production.

The company has also finally received settlement from its insurance company of \$2.5 million relating to the October 2010 failure of a steam supplier which incurred a loss of around \$5 million. The company can now claim against the steam suppliers' insurance company for the balance of its loss.

Penrice Soda Holdings will be holding a General Meeting on 25 January 2013 where its two Non-Executive Directors will be required to seek re-election. Three other candidates - associated with **London City Equities** - will also seek election to the board. We are still awaiting details about the new candidates (before making a final decision) but a change in the board - an effective management takeover of Penrice Soda Holdings by London City Equities - would probably not be in the best interest of shareholders!

London City Equities has been a very poor investment for its own shareholders - although management has a high opinion of their own ability with claims that “we turned a \$12 million capitalisation company into \$80 million in three years”. Actually they didn't increase their investment 6½-fold as that might suggest, as part of that rise in the capitalisation was from raising new capital. They actually bought some CCI Holdings shares in 2004 at 16 cents and increased that in 2005 by taking up shares (and underwriting) the cash issue at 12½ cents. ALS (Campbell Brothers) sought to takeover CCI in 2006, offering first 31 cents and then 35 cents, and in 2007 French based Bureau Veritas SA took over CCI for 58 cents per share.

So CCI was a 4-bagger investment for London City Equities. Nothing wrong with that... but this newsletter has had a few successful investments too: a 34-bagger investment, a 32-bagger, a 23-bagger, a 14-bagger and 13-bagger, five 7-baggers, two 6-baggers and five 5-baggers before we get down to our five investments that *only* increased 4-fold in value. Perhaps we are just a little difficult to impress!

In 2004, *before* investing in CCI Holdings, London City Equities own share price was 19-27 cents. Net asset were \$4.5 million (23.7 cents per share). Despite that one big win from CCI, the shares are now only 20-22 cents. Net assets (excluding “tax losses”) are \$4.4 million (20.5 cents per share).

London City Equities attempted to take control of the Penrice Soda board of directors in May 2009 and this was rejected by shareholders. They have previously been offered - and turned down - a seat on the board. In November 2011 they requisitioned an EGM to remove four Penrice Soda directors and replace them with their own three nominees (who offered no new insights into how to run the business better). A month later they withdrew the requested shareholder meeting. London City Equities has repeatedly failed to offer board candidates for shareholders to consider at the company's AGMs - including the latest AGM in October.

So London City Equities has not only failed to manage their own investment portfolio successfully over the medium to long term, but they have repeatedly failed to gain control or influence over the Penrice Soda board.

If the new board nominees had new ideas on how to run Penrice Soda better, *(Continued on Page 8)*

Recommended Investments

(Continued from Page 7)

then perhaps there would be a case for a change in control. That has not been the case with previous nominees from London City Equities. This constant fighting for control is disruptive for *everyone*. Penrice Soda directors and management need to be able to focus upon turning around its depressed business and building new sources of revenues and profits. London City Equities directors should also focus upon their own problems (i.e. an under-diversified, poorly managed, under-performing investment portfolio) before seeking to impose its own under-performing management on other companies!

Peter Lynch used to say "Go for a business that any idiot can run - because sooner or later, any idiot is probably going to run it". This looks like a situation where we may need to vote our shares at the 25 January meeting to ensure its "later" rather than "sooner"! We shall update this situation next month after we can look at all of the information.

Prophecy International Holdings predicts its first half profit will be similar to last year's \$864,000 (1.7 cents per share), with the full year result up about 40% to around \$1.1-1.2 million (2.2 cents per share).

All businesses are performing well but, we believe, far short of their ultimate potential. *Intersect Alliance's* SNARE Eventlog and Auditlog software produced record revenues during November. The company sees "enormous potential" for this product and is investing in "additional resources" to expand sales. An additional sales partner has been appointed in North America, sales resources have been increased for the Spanish speaking markets in Mexico and South America, and the company has concluded a OEM agreement (to integrate SNARE with other security products).

The *Promadis* division upgraded the Births, Deaths and Marriages database for the ACT Government, and this improved solution is attracting further interest in Australia and overseas.

Basis2 is close to completing a new water billing system for the **City of Yonkers** (New York, US) which will go live in early 2013 and also signed a water billing deal for the city of Addis Ababa in Ethiopia. The company is also working towards being able to provide a cloud based utility billing solution.

Prophecy International Holdings



Technology One lifted revenues 7.9% to \$169.1 million for the year to 30 September 2012, with net profits up 15.9% at \$23,559,000 (7.7 cents per share). A final dividend of 3.48 cents will lift the annual dividend

10.2% to 5.09 cents.

The net operating cash surplus was 21% higher at \$28.0 million.

The directors considered paying a special dividend - 1.5 cents was paid last year - but the company has exhausted its franking credits and do not want to pay dividends if they "cannot be paid in a tax-effective manner".

TFS Corporation's first plantation harvest will occur in late 2013. It expects that yields will be "materially lower than originally forecast" but that the price received for the timber will be "more than 100% above" the original forecast. Growers will get "their original capital back plus some additional cash proceeds". That may not be a great return, but TFS Corporation points out that most MIS forestry companies have collapsed, with growers "losing all, or most of their capital".

The yield on the original plantation is expected to be only 20% of that achieved on new plantations, with yields improving in subsequent harvests reflecting the steady improvement in the company's silviculture techniques and tree survival rates.

The Reject Shop reports that it has so far opened 11 new stores this financial year, with another six planned before Christmas. It plans to open "in excess of 20 stores" in the second half of the year (to June 2013), bringing the total to "approximately 40" new stores this year - double the number opened in recent years.

That will give the group around 270 stores by June 2013 - with a long term goal of 400 stores in Australia.

These new stores will enable the company to utilise its investments in warehousing and infrastructure.

New stores make little profit contribution in their first year owing to the establishment and opening costs, but add to group profits from their second year (i.e. in this case, June 2014).

The Reject Shop



Village Roadshow has announced that *Village Roadshow Pictures* (part of the 47.6% owned *Village Roadshow Entertainment Group*) has extended its partnership with **Warner Bros. Entertainment** to co-produce and co-finance films for at least another five years.

The renewal of this partnership also cancels Village Roadshow's contingent liability relating to its previous guarantee of US\$50 million of loans owing by Village Roadshow Entertainment Group to Warner Bros.

Village Roadshow Pictures has renewed and increased its film production finance facilities to US\$1,125 million.

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		
	Share Price	Cur. Chg.	4-Wk Rank	Brokers Buy	Brokers Follow	Price to NTA	Return on Equity	Volatility	Price/Earn.	Dividend Yield		Price/Sales Ratio	
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Guinness Peat	60	+7.1	+2.7	31	1-2	3	0.1	5	1.4	2	2.5	0.09	180
Postie Plus Grp	23	+3.5	-0.2	50	0-0	-	0.5	1	2.1	40	6.2	0.10	9
Smiths City	63	+8.8	+1.2	24	0-1	-	0.8	10	1.1	8	5.6	0.15	33
Col Motor Co	370	+10.0	-2.8	21	0-0	1	1.0	10	0.5	10	9.7	0.22	121
Ebos Group Ltd	856	+5.7	-0.9	37	0-0	2	2.1	13	0.5	16	5.7	0.31	446
Air New Zealand	134	+19.1	+1.8	6	1-2	7	0.9	4	1.0	21	4.1	0.33	1,468
Tourism Hold.	70	+13.8	+2.0	10	0-0	3	0.4	3	1.3	15	8.2	0.34	69
Nuplex Indust	294	+8.6	-2.3	26	5-0	6	1.0	12	1.1	9	7.1	0.36	578
Hellaby Hold.	296	+3.7	-3.9	48	1-0	2	1.5	13	1.2	11	6.3	0.45	222
Abano Health.	605	+17.5	+1.0	7	0-0	2	1.1	2	0.7	61	5.0	0.48	98
Steel & Tube	228	+1.0	-0.2	63	0-0	4	1.3	9	0.8	15	7.5	0.50	201
Warehouse Group	309	+7.9	+1.1	28	1-1	8	3.0	28	0.7	11	9.2	0.56	962
Mainfreight Grp	1085	+6.3	+1.8	35	1-3	5	3.1	19	0.5	16	3.4	0.59	1,074
Infratil NZ	235	+6.7	+0.8	34	0-2	4	1.3	5	0.7	27	4.9	0.62	1,379
Fletcher Build.	824	+10.2	+3.5	20	2-5	-	1.6	5	0.5	30	5.9	0.63	5,627
Turners Auction	191	+11.5	-2.6	16	1-2	-	3.0	21	0.7	14	12.7	0.69	52
Restaurant Brds	269	+10.5	+2.3	20	0-0	3	4.4	28	0.8	16	8.5	0.85	263
Methven Limited	139	+5.5	-0.8	38	1-0	5	1.9	13	1.0	14	8.8	0.87	93
Michael Hill	122	+10.8	+0.7	17	2-2	2	2.4	19	0.8	13	4.5	0.91	467
Sanford Limited	456	+5.1	+3.1	40	13-0	4	0.8	4	0.4	20	7.2	0.93	427

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Tourism Hold.	70	+13.8	+2.0	10	0-0	3	0.4	3	1.1	15	8.2	0.34	69
Turners Auction	191	+11.5	-2.6	16	1-2	-	3.0	21	0.6	14	12.7	0.69	52
Michael Hill	122	+10.8	+0.7	17	2-2	2	2.4	19	0.7	13	4.5	0.91	467
Just Water Int.	13	+10.7	+1.0	18	1-0	-	2.1	32	2.9	6	Nil	0.38	11
Restaurant Brds	269	+10.5	+2.3	20	0-0	3	4.4	28	0.7	16	8.5	0.85	263
Col Motor Co	370	+10.0	-2.8	21	0-0	1	1.0	10	0.4	10	9.7	0.22	121
Smiths City	63	+8.8	+1.2	24	0-1	-	0.8	10	0.9	8	5.6	0.15	33
Nuplex Indust	294	+8.6	-2.3	26	5-0	6	1.0	12	0.9	9	7.1	0.36	578
Warehouse Group	309	+7.9	+1.1	28	1-1	8	3.0	28	0.6	11	9.2	0.56	962
Guinness Peat	60	+7.1	+2.7	31	1-2	3	0.1	5	1.2	2	2.5	0.09	180
Mainfreight Grp	1085	+6.3	+1.8	35	1-3	5	3.1	19	0.4	16	3.4	0.59	1,074
Ebos Group Ltd	856	+5.7	-0.9	37	0-0	2	2.1	13	0.5	16	5.7	0.31	446
Methven Limited	139	+5.5	-0.8	38	1-0	5	1.9	13	0.8	14	8.8	0.87	93
Hellaby Hold.	296	+3.7	-3.9	48	1-0	2	1.5	13	1.1	11	6.3	0.45	222
PGG Wrightsons	37	+1.1	-0.0	61	0-0	5	0.5	4	1.3	11	Nil	0.21	279
Steel & Tube	228	+1.0	-0.2	63	0-0	4	1.3	9	0.7	15	7.5	0.50	201

INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													
Chorus Ltd	279	+0.7	-1.5	64	4-1	10	2.0	33	0.4	6	12.8	1.02	1,074
Telecom Corp	229	-1.5	-2.0	78	4-7	11	2.6	71	0.5	4	11.7	0.93	4,243
NZ Oil & Gas	88	+5.2	-0.7	40	4-0	6	1.0	6	1.0	18	9.7	3.04	354
Col Motor Co	370	+10.0	-2.8	21	0-0	1	1.0	10	0.3	10	9.7	0.22	121
Warehouse Group	309	+7.9	+1.1	28	1-1	8	3.0	28	0.6	11	9.2	0.56	962
Hallenstein G.	507	+12.3	+0.9	13	0-1	5	4.5	32	0.5	14	8.9	1.40	302
Restaurant Brds	269	+10.5	+2.3	20	0-0	3	4.4	28	0.6	16	8.5	0.85	263
Kingfish Ltd	110	+6.8	+1.4	33	0-2	-	1.0	7	0.7	14	8.0	N/A	106
Vector Ltd	265	+1.5	-1.4	60	0-0	6	1.2	9	0.5	13	7.8	2.11	2,639
Kathmandu Ltd	185	+4.5	-0.1	42	3-0	10	1.3	12	0.7	11	7.7	1.07	370

INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Sanford Limited	456	+5.1	+3.1	40	13-0	4	0.8	4	0.2	20	7.2	0.93	427
Nuplex Indust	294	+8.6	-2.3	26	5-0	6	1.0	12	0.8	9	7.1	0.36	578
NZ Oil & Gas	88	+5.2	-0.7	40	4-0	6	1.0	6	1.0	18	9.7	3.04	354
Comvita	375	+12.6	-5.0	12	4-0	1	1.4	11	0.5	13	5.3	1.11	107
NZ Refining Co	268	+2.5	+0.3	56	3-0	5	1.3	6	0.5	22	6.4	2.58	750
Kathmandu Ltd	185	+4.5	-0.1	42	3-0	10	1.3	12	0.7	11	7.7	1.07	370
Chorus Ltd	279	+0.7	-1.5	64	4-1	10	2.0	33	0.4	6	12.8	1.02	1,074
Contact Energy	532	+4.4	+0.6	45	5-2	9	1.1	6	0.3	20	6.2	1.43	3,829
Trade-Me Ltd	414	+8.4	-0.2	27	2-0	9	2.6	12	0.5	22	2.7	N/A	1,639
GuocoLeisure	64	+2.3	+1.1	57	2-0	-	0.6	7	0.9	9	3.1	1.59	876

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Vital Health PT	126	-58.3	+0.0	98	3-0	4	1.3	3	0.5	41	6.2	6.58	370
Fonterra S/H Fd	662	-0.2	-0.2	71	0-0	-	6.1	-	0.6	NE	4.8	4.25	632
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126
South Port NZ	329	-0.5	+0.4	73	0-0	-	2.9	20	0.3	14	8.7	3.26	86
NZ Windfarms	10	-15.2	-1.8	89	0-0	1	0.4	-	1.6	NE	Nil	2.95	29
Sky Network TV	515	-0.1	+0.3	70	0-0	10	1.6	10	0.4	16	6.1	2.38	2,004

Company	STRENGTH RATING										Market Cap'n		
	Share Price	Cur. Chg.	4-Wk Rank	Brokers Buy	Brokers Follow	Price to NTA	Return on Equity	Volatility	Price/Earn.	Dividend Yield		Price/Sales Ratio	
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Vital Health PT	126	-58.3	+0.0	98	3-0	4	1.3	3	0.5	41	6.2	6.58	370
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126
NZ Windfarms	10	-15.2	-1.8	89	0-0	1	0.4	-	1.6	NE	Nil	2.95	29
L&M Energy	7	-7.9	+5.6	86	0-0	-	1.9	-	1.7	NE	Nil	N/A	54
Rakon Ltd	41	-5.9	+0.7	86	1-0	4	0.4	-	1.0	NE	Nil	0.44	78
WN Drive Tech.	16	-5.8	+4.3	85	0-0	-	0.8	-	1.8	NE	Nil	0.30	10
Ecoya Ltd	96	-4.4	-6.7	83	0-0	-	2.9	-	0.7	NE	Nil	2.49	56
Opus Int'l Cons	190	-2.8	-0.7	80	0-0	4	2.5	22	0.5	11	6.4	0.69	275
Heritage Gold	2	-1.8	+0.5	78	0-0	-	0.6	-	3.4	NE	Nil	N/A	6
Pyne Gould Corp	26	-1.5	-2.0	77	0-0	1	0.6	-	1.1	NE	Nil	1.87	56
Mowbray Collect	48	-1.1	+3.4	75	0-0	-	1.5	-	0.6	NE	Nil	1.90	5
World Index Fd	100	-0.9	+0.3	75	0-0	-	-	-	0.5	NE	Nil	N/A	407
Cavotec MSL	245	-0.3	+0.1	72	0-0	-	2.0	10	0.6	20	1.6	1.08	156
Moa Group Ltd	126	-0.3	-0.3	72	0-0	1	-	-	0.8	NE	Nil	N/A	38
Fonterra S/H Fd	662	-0.2	-0.2	71	0-0	-	6.1	-	0.6	NE	4.8	4.25	632
Sky Network TV	515	-0.1	+0.3	70	0-0	10	1.6	10	0.4	16	6.1	2.38	2,004
INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Seeka Kiwifruit	91	-20.5	+0.1	91	1-11	-	0.3	-	0.3	NE	Nil	0.10	13
Telecom Corp	229	-1.5	-2.0	78	4-7	11	2.6	71	0.4	4	11.7	0.93	4,243
Marlin Global	65	-3.9	-0.4	83	0-2	-	0.8	-	0.7	NE	11.4	N/A	69
Satara Co-op	45	-1.3	+0.4	76	0-1	-	0.3	-	0.7	NE	Nil	0.14	7

“Neglect” Ratings of NZ Shares

“Neglected” Shares = 0-2 Brokers, “Moderately Followed” Shares = 3-4 Brokers, “Widely Followed” Shares = 5 or more Brokers.

Company	No. of Brokers Following	Market Capitalisation Company (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation Company (NZ\$ Mill.)
Abano Health.	2	98	NZ Exchange Ltd	3	314
Air New Zealand	7	1,468	NZ Farming Sys.	2	159
Akd Int Airport	11	3,564	NZ Oil & Gas	6	354
Argosy Property	5	531	NZ Refining Co	5	750
Briscoe Group	3	467	NZ Windfarms	1	29
Cavalier Corp	3	114	Nuplex Indust	6	578
Chorus Ltd	10	1,074	Opus Int'l Cons	4	275
Col Motor Co	1	121	PGG Wrightsons	5	279

“Neglect” Ratings of Australian Shares

“Neglected” Shares = 0-2 Brokers, “Moderately Followed” Shares = 3-9 Brokers, “Widely Followed” Shares = 10 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.)
A.P. Eagers	2	671	Buru Energy Ltd	3	517	Ethane Pipeline	1	127	Logicamms Ltd	5	69
ABM Resources	1	152	C'wth Prop Off.	12	2,429	Evolution Min.	13	1,252	Lycopodium Ltd	2	201
ALS Limited	18	3,152	C.S.R. Ltd	13	992	Exco Resources	1	91	Lynas Corp Ltd	10	1,037
AMP Ltd	14	13,479	CFS Retail Prop	13	5,516	FSA Group Ltd	1	60	M2 Telecom. Grp	6	618
ANZ Bank	21	67,635	CGA Mining Ltd	1	760	Fairfax Media	14	1,082	MEO Australia	1	65
APA Group	10	3,628	CSG Ltd	6	133	Fantastic Hold.	9	332	MacMahon Hold	12	196
APN News Media	12	180	CSL Limited	16	27,765	Finders Res.	2	39	MacPhersons R G	1	76
ARB Corporation	8	767	Cabcharge Ltd	9	490	Fleetwood Corp	11	542	Maca Limited	6	318
ASG Group Ltd	6	115	Calibre Group	3	285	Flexicorp Ltd	10	1,059	Macquarie Radio	1	44
ASX Limited	16	5,275	Caltex Austria	9	4,900	Flight Centre	17	2,684	Macquarie Atlas	7	764
AWE Limited	12	655	Cape Lambert R.	1	138	Flinders Mines	2	131	Macquarie Group	17	11,758
Abacus Property	3	892	Capral Limited	2	66	Focus Minerals	1	117	Macquarie C Tel	3	195
Acer Energy Ltd	1	131	Car Parking Tec	1	40	Forge Group Ltd	3	324	Magellan Fin Gp	1	715
Acrux Ltd	8	490	Carabella Res.	3	48	Fortescue Metal	21	11,801	Marengo Mining	1	134
Adelaide Bright	14	2,017	Carbon Energy	2	34	Funtastic Ltd	1	118	Mastermyne Grp	5	98
Aditya Birla	1	143	Cardno Ltd	8	829	G.U.D. Holdings	10	593	Matrix Comp.	4	148
Adslot Ltd	1	31	Carindale Prop	1	391	G8 Education	2	272	Maverick Drill.	2	351
Ainsworth Game	5	772	Carnarvon Pet.	2	42	GI Dynamics	2	166	Maxi TRANS	1	184
Alacer Gold	16	614	Carsales.com	17	1,830	GPT Group	12	6,530	Mayne Pharma Gr	1	97
Alchemia Ltd	2	166	Cash Converters	3	397	GR Engineering	2	100	McMillan Shake.	7	974
Alcyone Res Ltd	1	55	Cedar Woods Prp	1	323	GWA Group Ltd	12	532	McPherson's Ltd	3	132
Ale Property	2	369	Centro Retail	2	732	Galaxy Res.	1	136	Medusa Mining	7	1,126
Alesco Corp Ltd	9	154	Centro Retail	10	3,043	Genetic Tech.	1	52	Melbourne IT	4	142
Alkane Explor.	2	168	Central Petrol.	1	138	Geodynamics Ltd	1	51	Mermaid Marine	13	698
Alliance Aviat.	3	162	Centaurus Metal	3	225	Gindalbie Met.	8	211	Mesoblast Ltd	9	1,615
Altona Mining	2	125	Cerro Resources	2	67	Global Con Serv	2	101	Metcash Ltd	15	2,545
Altura Mining	1	77	Chal Infra Fund	3	398	Gold One Int'l	3	453	Metgasco Ltd	1	41
Alumina Ltd	16	2,269	Challenger Ltd	15	1,808	Goodman Fielder	13	1,300	Miclyn Express	8	621
Amalgamated Hld	2	1,068	Chal Div Prop	4	526	Goodman Group	14	7,335	Millennium Min.	1	81
Amcom Telecom.	7	342	Chandler McLeod	3	198	Graincorp	13	2,593	Mincor Resource	6	174
Amtor Ltd	14	9,641	Chart H Retail	12	1,091	Grange Resource	6	248	Mineral Deposit	4	273
Ampella Mining	8	61	Charter Hall GR	7	963	Growthpoint Pro	2	812	Minemakers Ltd	2	39
Aneka Tambang	10	11,923	Clarius Group	3	26	Gryphon Mineral	11	162	Mineral Res.	6	1,581
Ansell Ltd	14	2,055	Clearview Wlth	2	251	Guildford Coal	2	176	Mirabela Nickel	8	349
Antares Energy	2	157	Clinuvel Pharm.	1	64	Gunns Ltd	5	136	Molopo Energy	4	104
Aquarius Plat.	17	322	Clough Limited	4	639	HFA Holdings	1	81	Monadelphous Gr	16	1,917
Aquila Res.	8	988	Coal of Africa	1	101	Hansen Tech.	2	134	Mortgage Choice	5	207
Arafura Res.	1	67	Coalspur Mines	3	470	Harvey Norman	4	1,896	Mt Gibson Iron	15	689
Ardent Leisure	8	491	Cobar Cons Res.	2	70	Hast Div Util	2	1,511	Mungana Gold.	1	47
Aristocrat Leis	11	1,738	CocaCola Amatil	15	10,558	Hawkey Oil Gas	2	36	Myer Holdings	14	1,260
Arrium Limited	10	1,077	Cochlear Ltd	17	4,285	Heartware Inc.	9	93	Mystate Ltd	2	315
Asciiano Limited	15	4,311	Cockatoo Coal	5	127	Henderson Group	11	2,114	NKWE Platinum	1	65
Aspen Group Ltd	1	269	Codan Ltd	2	379	Highland Pac.	1	103	NRW Holdings	15	370
Aspire Mining	2	39	Coffey Int'l	6	82	Hills Holdings	6	219	Nanosonics Ltd	4	123
Astro Japan Pro	2	174	Cokal Limited	2	54	Hillgrove Res.	4	99	Natl' Aust Bank	19	52,747
Atlas Iron Ltd	21	1,176	Collins Foods	4	119	Horizon Oil Ltd	9	520	Navitas Ltd	11	1,666
Aurizon Hold.	15	8,808	Collection Hse	2	105	Hutchison Tel.	5	407	Neon Energy Ltd	4	97
Aurora Oil Gas	10	852	Colorpak Ltd	2	47	I-Property Grp	2	142	Neptune Marine	1	56
Ausdrill Ltd	15	679	Com'wealth Bank	9	96,930	IMF (Aust) Ltd	3	205	Neuren Pharm.	1	43
Ausenco Ltd	11	345	Comet Ridge Ltd	2	81	IOOF Holdings	12	1,587	New Hope Corp.	7	3,371
Austral Limited	2	98	Computershare	17	4,784	IRESS Limited	8	1,012	New Standard En	2	62
Aust Agricul.	1	371	Cooper Energy	3	187	liNet	14	744	NewSat Ltd	1	121
Austin Eng.	5	315	Corp Travel M.	4	266	Iluka Resources	17	3,452	Newcrest Mining	18	18,620
Aust Pharm. Ind	9	229	Coventry Group	1	112	Imdex Limited	14	272	News Corp.	10	57,407
Aust Infra.	7	1,968	Credit Corp	5	361	Incitec Pivot	17	5,212	Nextdc Limited	7	316
Australand Prop	11	1,742	Cromwell Prop.	4	1,006	Independ. Group	12	1,048	Nexus Energy	9	166
Aust Vintage	1	63	Crown Ltd	14	7,400	Infigen Energy	5	213	Nib Holdings	7	867
Austibrokers	7	452	DWS Limited	7	202	Infomedica Ltd	1	121	Nick Scali Ltd	3	118
Automotive Hold	7	777	Dart Energy Ltd	3	90	Insurance Aust.	14	9,917	Noble Mineral	1	51
Azimuth Res.	2	87	Data 3 Ltd	3	176	Int Research	2	214	Norfolk Group	4	83
BC Iron Ltd	7	304	David Jones	14	1,320	Integra Mining	4	425	Northern Iron	2	207
BHP Billiton	20	111,574	Decmil Group	8	383	Intrepid Mines	2	108	Nthn Star Res.	2	375
BT Invest Mgmt	7	560	Deep Yellow Ltd	1	72	Investa Office	12	1,855	Nucoal Res.	3	94
BWP Trust	7	1,145	Devine	1	97	Invocare Ltd	11	963	Nufarm Limited	14	1,442
Bandanna Energy	5	127	Dexus Property	12	4,903	Iron Ore Hold.	1	130	OZ Minerals Ltd	21	2,238
Bank of Q'land	16	2,223	Discovery Metal	10	697	Ivanhoe Aust.	5	276	Oakton Limited	10	111
Bannerman Res.	1	15	Domino's Pizza	14	722	JB Hi-Fi Ltd	15	1,007	Oil Search Ltd	15	9,462
Base Resources	5	47	Doray Minerals	4	70	Jacka Resources	1	46	OnTheHouse Hold	2	56
Bathurst Res.	2	220	Downer EDI Ltd	17	1,480	James Hardie	14	4,127	Orica Ltd	18	8,724
Beach Energy	11	1,802	Dragon Mining	1	49	Jetset Travel	4	169	Origin Energy	15	12,138
Beadell Res.	10	694	Drillsearch	9	546	Jumbo Interact.	3	95	Orocobre Ltd	5	152
Bega Cheese Ltd	5	295	DuluxGroup Ltd	12	1,328	Jupiter Energy	3	1,138	Oroton Group	8	275
Bendigo Bank	16	3,367	Dyesol Ltd	1	26	K&S Corporation	2	160	Ottoman Energy	3	98
Berkeley Res.	3	68	E & A Limited	1	44	K2 Asset Mgmt	2	88	PMI Gold Corp.	7	159
Besra Gold Inc.	1	65	ERM Power Ltd	3	327	Kagara Ltd	1	85	PMP Limited	1	52
Bigair Group	3	93	Echo Ent Group	13	2,857	Kardoon Gas	9	1,027	Pacific Brands	15	539
Billabong Int'l	13	407	Elders Limited	7	54	Kasbah Resource	3	62	Pacific Energy	3	164
Bionomics Ltd	1	105	Elemental Min.	2	72	Kentor Gold Ltd	3	409	Paladin Energy	18	694
Blackmores Ltd	5	520	Emeco Holdings	13	312	Kina Petroleum	1	61	Panaust Ltd	19	1,966
Blackthorn Res.	6	136	Endeavour Min.	2	239	Kingsgate Cons.	9	708	Panoramic Res.	7	112
Boart Longyear	17	615	Endocoal Ltd	1	46	Kingrose Mining	1	237	Paperlin X Ltd	5	37
Boom Logistics	6	131	Energy Resource	11	582	Korvest Ltd	1	61	Papillon Res.	4	319
Boral Limited	14	3,125	Energy Develop.	1	555	Kula Gold Ltd	3	35	Patties Foods	6	217
Bradken Ltd	17	799	Enero Group Ltd	1	33	Lachlan Star	3	112	Peet Ltd	7	376
Brambles Ltd	14	11,428	Engenco Ltd	1	56	Legend Corp.	2	65	Perilya Mines	3	204
Bravura Sol.	1	143	Envestra	11	1,447	Leighton Hold	17	5,690	Perpetual Ltd	13	1,364
Breville Group	9	803	Equatorial Res.	2	133	Lend Lease Grp	16	5,098	Perseus Mining	17	979
Brickworks Ltd	3	1,657	Equity Trustees	1	127	Linc Energy Ltd	4	411	Pharmaxis Ltd	8	368

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.)
Phosphagenics	2	137	Runge Pincock M	1	57	Starpharma Hold	4	291	Troy Resources	3	359
Pluton Resource	1	44	Ruralco Hold.	4	184	Sth Boulder Min	1	48	Trust Company	3	145
Premier Invest	13	1,017	SAI Global Ltd	15	888	Sth Cross Elect	3	171	UGL Limited	16	1,758
Primeag Aust.	2	285	SFG Australian	2	368	Sth Cross Media	11	779	UXC Limited	4	316
Prima Biomed	2	117	SMS Mgmt & Tech	11	324	Stockland	13	7,558	Un. Biosensors	1	143
Primary Health	15	2,012	SP Ausnet	12	3,497	Strike Energy	2	49	Unilife Corp.	3	89
Prime Media Grp	10	293	STW Comm Group	7	399	Sundance Res.	2	976	Unity Mining	3	68
Pro Maintenance	10	233	Salmat Ltd	7	390	Sundance Energy	4	216	VDM Group Ltd	1	10
Q.B.E. Insur.	14	11,004	Sandfire Res.	11	1,204	Sunland Group	1	194	Venture Min.	2	46
QRXPharma Ltd	5	108	Santos Ltd	15	10,427	Sunshine Heart	2	40	Village Road.	5	575
Qantas Airways	13	3,047	Saracen Mineral	3	256	Super Retail Gr	18	1,767	Virgin Aust	13	964
Qube Holdings	11	1,359	Saunders Int'l	1	57	Swick Min Serv	3	56	Vision Eye Inst	1	33
RCG Corporation	3	102	Sedgman Ltd	10	188	Sydney Airport	9	6,607	Viterra Inc.	4	5,652
RCR Tomlinson	7	237	Seek Ltd	19	2,309	TFS Corporation	2	126	Vocus Comm.	3	98
REA Group Ltd	16	2,358	Select harvest	2	76	TPG Telecom Ltd	12	1,937	W'bool Cheese	3	205
Ramelius Res.	3	153	Senex Energy	7	564	Tabcorp Holding	13	2,147	WDS Limited	5	72
Ramsay Health	14	5,339	Servcorp Ltd	2	330	Tanami Gold NL	2	167	WHK Group Ltd	6	271
Range Resources	2	109	Service Stream	2	106	Tandou Ltd	1	59	Watpac Ltd	2	109
Reckon Limited	9	315	Seven West Med.	16	1,050	Tap Oil	5	148	Webjet NL	10	272
Red 5 Ltd	2	121	Seven Group	9	2,392	Tassal Group	7	203	Wellcom Group	3	110
Red Fork Energy	2	197	Seymour Whyte	3	59	Tatts Group Ltd	13	4,062	Wesfarmers Ltd	15	36,436
Redflex Holding	2	164	Sigma Pharm.	15	807	Technology One	7	428	Western Desert	1	166
Reece Australia	2	2,185	Sihayo Gold Ltd	1	76	Telstra	18	54,252	Westfield Group	14	24,406
Reef Casino Trt	1	129	Silex Systems	4	502	Ten Network	14	467	Westfield Ret.	12	9,132
Regis Resources	16	2,303	Silver Lake Res	7	711	Teranga Gold	3	528	Western Areas	15	696
Regional Exp.	1	121	Silver Chef Ltd	1	139	Texon Petroleum	1	97	Westpac Banking	19	79,336
Resource Equip.	5	81	Sims Metal Mgmt	13	1,825	The Reject Shop	11	395	White Energy Co	2	73
Resource Gener.	4	86	Sino Gas & En.	1	134	Thorn Group Ltd	8	280	Whitehaven Coal	16	3,040
Resolute Mining	9	793	Sirius Res. NL	1	328	Tigers Realm	1	60	Wide Bay Aust.	1	228
Retail Food Grp	6	310	Sirtex Medical	4	672	Tiger Resources	2	188	Woodside Petrol	15	27,570
Reva Medical	2	80	Skilled Group	8	542	Tissue Therapy	2	53	Woolworths Ltd	15	36,514
Rex Minerals	2	97	Slater & Gordon	6	341	Toll Holdings	14	3,313	Worley Group	15	5,670
Rialto Energy	4	34	Sonic Health	14	5,161	Tox Free Sol.	9	318	Wotif.com Hold.	20	1,080
Ridley Corp.	8	356	Soul Pattinson	1	3,134	TransPacific In	9	1,105	YTC Resources	3	86
Rio Tinto Ltd	17	26,220	Spark Infrastru	9	2,189	Transurban Grp	14	9,202	Yancoal Aust.	6	66
Roc Oil Company	8	321	Spec Fashion	8	122	Transfield Serv	14	903	Zicom Group	1	40
Royal Wolf Hold	3	231	St Barbara Ltd	9	550	Treasury Wine	13	3,288	Zimplats Hold.	1	883
						Treasury Group	1	113			

Investment Outlook

(Continued from Page 1)

Overall, however, our initial investment in Micheal Hill is up 32.8 times.

ALS shares dropped 75% in value from 2008 to 2009, recovered to new highs and then dropped 50% from their April 2012 highs to a low in July! Overall this investment is up 13.5 times.

Having bought Integrated Research *too early* in 2008 the shares dropped over 50% to a low of 19 cents later that year. They recovered to a high of 55 cents in 2009, only to again lose over 50% of their value falling to a low of 25 cents in mid-2011. Now our initial investment is up better than 3½ times in value.

Of course, anyone who could trade all of those ups and downs would have done significantly better, but has anyone achieved that? There don't appear to be any rich share traders! On the other hand, we bought and held Michael Hill. We bought and held ALS and we bought and held Integrated Research. There has been significant volatility in individual share prices - and volatility in our portfolio - but over the medium to long term, buying and holding shares with the potential to grow many-fold in value has created significant investment wealth!

The *Global Financial Crisis* has lowered share prices and (with steady growth in revenues and profits by many companies) has created excellent value in the stockmarket. From these low valuation levels it would be reasonable to expect *above average* stockmarket returns over the next decade.

Total Return Index for All Listed Shares

Nov 12	1339.84	Nov 19	1341.07
Nov 13	1341.25	Nov 20	1339.39
Nov 14	1342.47	Nov 21	1337.97
Nov 15	1339.55	Nov 22	1343.86
Nov 16	1341.81	Nov 23	1346.62
Nov 26	1358.57	Dec 3	1376.22
Nov 27	1356.82	Dec 4	1372.36
Nov 28	1359.50	Dec 5	1371.22
Nov 29	1366.33	Dec 6	1377.46
Nov 30	1377.75	Dec 7	1380.52

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Postie Plus Group	1.00	07-12	14-12	Full
Sanford	14.00	12-12	17-12	Full
Tower Ltd	6.00	18-01	01-02	Nil
TrustPower	20.00	30-11	14-12	Full
<u>Australian Shares</u>				
ALS Limited	21.00	29-11	19-12	
Technology One	3.48	06-12	19-12	

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday January 14, 2013.

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

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