

# Market Analysis

## Inside Market Analysis

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## Summary and Recommended Investment Strategy.

The stockmarket is out-of-favour with investors and offers a number of individual investment opportunities that look under-valued and to offer good potential for future gains. That is not what one would expect at a market top. Remain fully invested.

## Investment Outlook.

Is stockmarket valuation an "art" or a "science"? This newsletter has attempted to apply intelligent reasoning to the stockmarket. That is, we have taken a scientific approach and attempted to develop databases and methods that can be applied month after month, year after year, decade after decade.

But stockmarkets *anticipate* future economic events, so one cannot value the stockmarket by simply applying some scientific formula to *current* measurable economic statistics and events.

The correct application of a scientific approach first requires *understanding the system* in which we operate.

As Norman Fosback quoted in the forward to his 1976 book, "Stock Market Logic", "*Outstanding action oriented research requires first a thorough knowledge of the problem, and second a thorough knowledge of the applicable scientific theories*".

Most investors - including brokers, analysts and other investment professionals - fail to correctly understand the valuation "problem" and then systematically apply investment theories out of context. For example, when the economy is in recession, they tend to predict more of the same low or negative *future* corporate growth. When the economy is booming they predict more of the same high *future* growth rates.

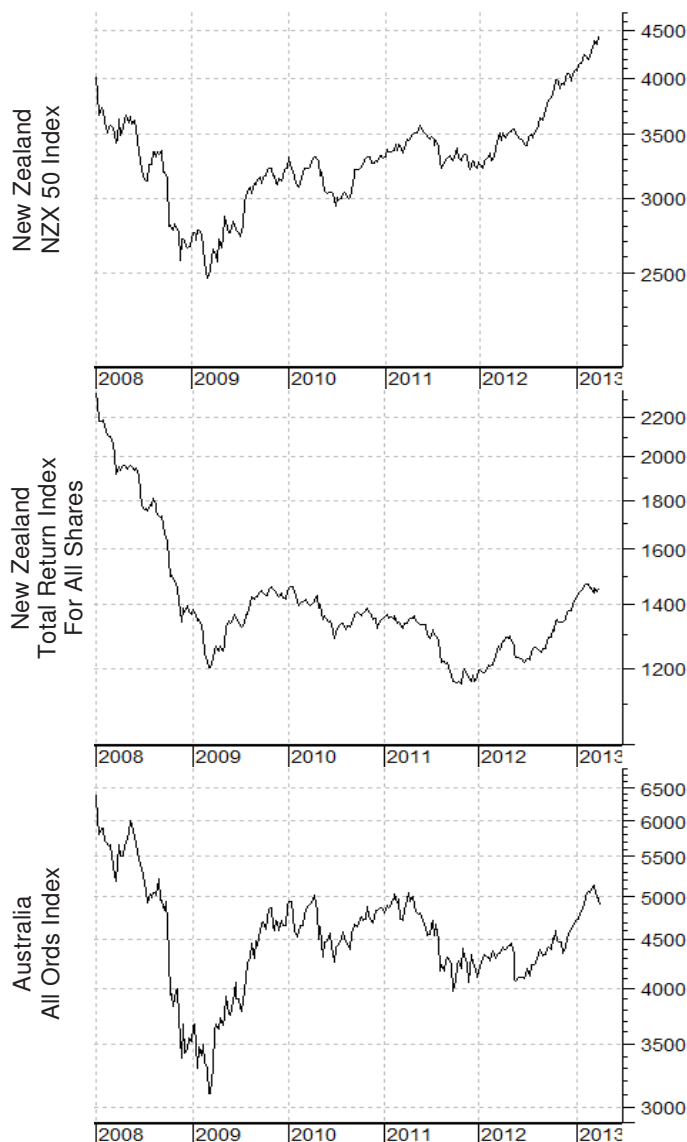
Earnings forecasts (i.e. the key to most stockmarket forecasting and share selection) based upon low current profitability *and* low or negative growth predictions make shares appear *expensive* and unattractive during a recession. Earnings forecasts based upon high current profitability *and* high growth predictions make shares appear *cheap* and a "must have" investment during an economic boom. In fact, the very opposite is the case.

During a boom there are always expectations of a new "Golden Age" of sustainable high growth. During a recession there are expectations of activity "spiralling down to nothing". Neither expectation is remotely realistic.

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### Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	42% (Neutral)	68% (Bullish)
New Zealand:	65% (Bullish)	57% (Neutral)





# Recommended Investments

## New Zealand's "Fair Dividend Rate" Tax

A New Zealand resident investor's tax liability in any year is based upon the lower of (1) an assumed income equal to 5% of the starting value of the shares (which are subject to the FDR tax) or (2) the actual total return from those shares (i.e. the "Comparative Value" method).

The Australian stockmarket rose about 13% (plus dividends) over the year to 31 March 2013, partially offset by the Australian dollar falling 2% against the NZ dollar, but most investors will probably have a gain

under the Comparative Value method - and therefore have a lower tax liability under the 5% "Fair Dividend Rate" tax for the year just ended on 31st March 2013.

Of course, individual portfolios will vary from this market average performance, so every investor should calculate their own, actual *Comparative Value* return to find the lower tax liability.

Investors probably also need to calculate their *potential* FDR tax for the current tax year (to March 2014) to ensure  
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## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
<u>NZ Shares</u>													
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	258.2	1.3	12.50	37	3.7	55	21.7	+205%
BUY	Cavalier Corporation	CAV	05/12/95	156*	D	68.3	1.0	0.58	29	Nil	184	278.0	+196%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.24	11	8.9	400	371.3	+503%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.3	0.8	2.19	13	Nil	224	77.7	+101%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.8	0.8	0.98	14	4.2	131	44.4	+3408%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	B	196.7	1.0	0.41	10	6.3	335	440.0	+48%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	2.5	0.07	29	8.7	17	8.5	-65%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	45.7	3.4	0.15	36	Nil	21	53.9	-12%
HOLD	Smiths City Group	SCY	09/10/06	64	B	53.0	1.2	0.13	7	6.1	57	19.5	+20%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.5	3.26	14	8.7	329	180.8	+325%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	A	88.4	0.8	0.59	18	6.3	270	273.1	+272%
<u>Australian Shares</u> (in Aust cents)													
HOLD	AJ Lucas Group	AJL	13/05/03	120	C	103.0	0.7	0.27	NE	Nil	130	41.0	+42%
BUY	ALS Limited	ALQ	12/10/99	78*	B	337.5	0.5	2.46	16	4.4	1023	201.8	+1470%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	C	229.2	3.9	0.95	8	Nil	5	17.5	-69%
BUY	Brickworks Ltd	BKW	12/11/12	1115	B	147.6	0.3	3.48	45	3.1	1313	Nil	+18%
HOLD+	Cardno Ltd	CDD	14/12/09	391*	B	138.2	0.5	0.94	12	5.5	660	115.3	+98%
HOLD	Cellnet Group Ltd <sup>1</sup>	CLT	12/02/02	147*	B	55.7	2.2	0.12	6	7.1	14	55.9	-49%
BUY	Chandler Macleod Group	CMG	14/08/01	51*	B	444.5	1.2	0.17	16	4.7	60	27.1	+71%
HOLD	Circadian Technologies	CIR	10/02/04	188	D	48.5	1.7	8.99	NE	Nil	28	65.0	-51%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	B	89.4	1.6	0.10	13	3.3	30	70.5	+23%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.7	1.5	0.32	23	4.4	34	11.3	-49%
HOLD+	CSG Limited	CSV	11/10/10	175	B	282.6	1.2	0.93	NE	3.7	67	38.0	-40%
HOLD	Devine Ltd	DVN	13/11/06	334*	A	158.7	1.0	0.46	13	4.4	90	79.6	-49%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	B	84.9	2.1	0.35	16	Nil	20	Nil	-60%
HOLD+	Fiducian Portfolio Ser	FPS	11/02/08	260	A	31.8	0.8	1.62	17	4.3	115	40.2	-40%
BUY	Finbar Group Ltd	FRI	12/04/10	106	A	214.2	0.7	2.78	12	6.0	149	24.5	+64%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	A	417.1	0.7	3.20	10	3.9	891	182.0	+128%
HOLD+	Integrated Research	IRI	14/01/08	40	B	167.5	0.8	3.51	19	4.9	102	21.0	+208%
HOLD	Mnemom <sup>1</sup>	MNZ			C	208.3	2.9	0.62	NE	Nil	2.9	Nil	
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	156.6	0.5	1.99	24	3.6	501	67.5	+1623%
BUY	Melbourne IT	MLB	10/02/04	53	A	82.5	0.6	1.02	15	6.6	212	96.0	+481%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	B	277.5	2.8	0.24	4	Nil	10	Nil	-23%
HOLD+	Novarise Renewable Res	NOE	14/03/11	25	C	415.1	2.1	0.81	4	Nil	16	Nil	-36%
HOLD+	Penrice Soda Holdings	PSH	11/07/11	17	C	91.4	3.3	0.04	NE	Nil	7	Nil	-60%
HOLD+	Probiotec Ltd	PBP	11/02/08	116	C	52.9	1.4	0.26	8	Nil	32	9.3	-64%
HOLD	Prophecy International	PRO	08/09/08	26	A	50.2	1.4	2.47	21	6.8	33	11.5	+71%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	A	233.5	0.6	0.43	18	3.7	349	148.0	+294%
HOLD	Technology One Ltd	TNE	11/11/03	44	A	305.4	0.6	3.25	23	2.8	180	37.0	+393%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	B	279.6	1.1	1.21	6	Nil	55	14.2	+54%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	26.1	0.4	0.74	19	2.1	1607	345.5	+660%
HOLD	Village Roadshow	VRL	10/08/09	77	A	153.2	0.5	0.82	23	4.4	497	173.0	+770%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +279.7%. This is equal to an average annual rate of +30.9%, 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 153 closed out) is +31.3%, compared with a market gain of +4.1% (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 Mnemom distributed to shareholders.

## Recommended Investments

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the payment of correct provisional tax.

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

The following shares in our *Recommended Portfolio* will be subject to the 5% FDR tax for the current tax year (to March 2014), based upon their market value as at 1st April 2013:

Company	Market Value as at 1/4/13
Atlas South Sea Pearl	A\$0.048
Cellnet Group	A\$0.14
Circadian Technologies	A\$0.27
Clarius Group	A\$0.33
CPT Global	A\$0.37
Ellex Medical Lasers	A\$0.19
Fiducian Portfolio Services	A\$1.10
Mnemon	A\$0.029
Nomad Building Solutions	A\$0.10
Novarise Renewable Resources	A\$0.16
Penrice Soda Holdings	A\$0.08
Probiotec	A\$0.34
Prophecy International	A\$0.33

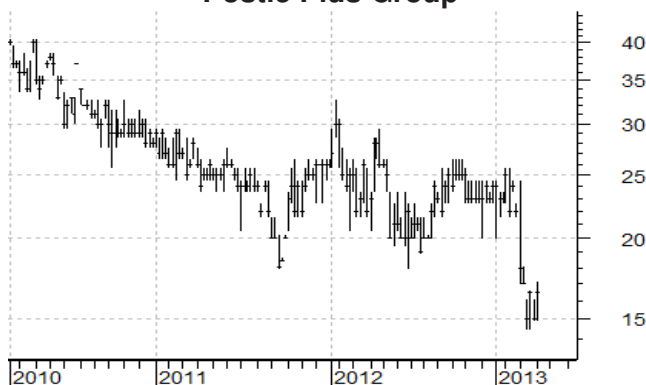
These values need to be converted to NZ dollars at the 1st April 2013 exchange rate of 0.8038.

AJ Lucas, ALS, Brickworks, Cardno, Chandler Macleod, CSG Ltd, Devine, Finbar Group, Iluka Resources, Integrated Research, M2 Telecommunications, Melbourne IT, Skilled Group, Technology One, TFS Corporation, The Reject Shop and Village Roadshow are all in the All Ordinaries Index and therefore exempt from the "Fair Dividend Rate" tax. With these shares, NZ investors will be taxed on the actual dividends (if any) paid by the companies.

### New Zealand Shares

**Postie Plus Group's** revenues for the six months to 3 February 2013 were 1.5% lower at \$43.3 million, but the loss more than doubled to \$1,842,000 (*minus* 4.6 cents

### Postie Plus Group



per share).

There was a net cash operating *deficit* of \$2.2 million, down from a \$2.1 million surplus a year earlier.

The company blames the loss on "exceptional circumstances that disrupted distribution" from a new logistics provider. Delays delivering summer season stock to stores resulted in the loss of early season sales and subsequently the need to discount and clear stock at the end of the season. Logistics is a core function for a retail business, but unfortunately these problems have not yet been resolved.

**Renaissance Corporation** reports operations are below budget and will "incur a loss in the first half". The directors, however, are "involved in a number of discussions that could change the size and shape of the company" - and hope to be able to report to shareholders next month.

The company was approached in July 2012 by a "large education company" seeking to merge and use the company as a back door listing. In November the company began a strategic review to maximise shareholder value. The directors report they have "more or less determined a path" for the company, although "a bit different from where we started".

### Renaissance Corporation



### Australian Shares

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

**AJ Lucas Group** has finally refinanced its finance facilities - although not cheaply! The company has signed an agreement with a Hong Kong based adviser for a global private investment firm to provide up to US\$70 million.

The first US\$55 million can be drawn about mid-May to repay existing facilities of US\$30 million plus provide additional working capital of US\$25 million. A further US\$15 million can be drawn on 30 September 2013.

AJ Lucas Group will pay 10% interest through to the maturity date of 30 September 2014, with the option to extend maturity to 31 March 2015 at an interest rate of 14%. In addition AJ Lucas Group will issue the lender with options (i.e. to buy shares at 155 cents through until September 2016) for each part of this facility utilised. The initial US\$55 million will require issuing options equal to 4.75% of its issued capital (i.e. about 7.2 million options), the second US\$15 million will require increasing this to 6.0% of its capital (i.e. about 9.2 million options) and the facility extension would see this raised to 7.0% of its capital (i.e. about 10.8 million options in total).

**AJ Lucas Group**



**Atlas South Sea Pearls & Perfumes** has invited investors to apply for the shortfall shares and options, offered in its recent cash issue, by 12 April.

Over the last six months the company has raised \$2.92 million from convertible notes, share placements and the cash issue, plus received a \$2.3 million tax refund, so about \$5 million in cash to finance its expansion.

**Brickworks** lifted revenues 14.7% to \$311.3 million for the six months to 31 January 2013, with net profits up 3.7% at \$56,082,000 (37.9 cents per share). A steady 13.5 cents interim dividend will be paid.

The net operating cash surplus was 30% higher at \$26.6 million.

Building Products earnings (before interest and tax) were 3% lower at \$14.0 million, but Land & Development earnings were up 180% to \$37.3 million, while Investment earnings were down 31% to \$28.8 million.

Industry rationalisation has significantly reduced over-capacity in the building products industry and “created an improved industry structure”. Residential housing activity is expected to improve in the final quarter of this financial year, which together with “further price improvements”, should produce “an improved result in the second half” and a “mild improvement” for the full year.

**Chandler Macleod Group's** largest shareholder, **Lazard Private Equity Pty**, has sold 90,000,000 shares in a placement to institutional investors at 55½ cents. That shareholder now owns 67,753,528 shares or 14.4% the company.

**CSG Ltd** shareholders have approved the 9.0 cents per share capital repayment. The shares traded ex-entitlement to the return of capital on 5 April and the payment will be made on 18 April.

**CSG Limited**



**Finbar Group** has completely pre-sold two major projects to be completed in the June 2014 financial year. The *St Marks* project in Highgate has pre-sold all 130 apartments for \$66.7 million. The development is 100% owned by Finbar Group and should be completed in September 2013.

The *Au Apartments* in East Perth - 45% owned by Finbar Group - has pre-sold all 192 apartments and two commercial lots for \$107.8 million. Completion is expected in April 2014.

Subject to “no surprises to costs” these projects will help lift profits further for the 2014 financial year.

**Finbar Group**



**Iluca Resources** reports “January and February customer inquiries globally were the strongest in all main markets, except Europe, for many months”. The company continues to expect “a period of zircon price stability and potentially price recovery”.

**Iluca Resources**



**M2 Telecommunications** has announced two related acquisitions. It will pay \$203.9 million (i.e. about \$160 million in cash and the issue of 10,500,000 M2 Telecommunications shares) to acquire **Dodo Australia Holdings Pty** (on a debt-free, cash-free basis) and offer around \$40 million (i.e. 8,713,723 M2 Telecommunications shares or a cash alternative) to acquire listed **Eftel Ltd** (plus take over \$5.6 million of debt). The Dodo and Eftel directors own around 88% of Eftel.

The company is offering one M2 Telecommunications share for every 12.3376 Eftel shares (i.e. worth about 40.6 cents) or a cash alternative of 35.81 cents. The offer will open in early April and is expected to close (if not extended) in early May.

These two businesses will add around \$400 million in annual revenues plus earnings (before interest, tax and depreciation) of about \$50 million. That is a Price/Sales ratio of around 0.6

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## Recommended Investments

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and a Price/Earnings ratio of about 10.

Dodo Australia is mainly involved in selling telecommunications services to the residential market, but began selling electricity in 2011 to customers in Victoria. That has expanded to New South Wales and Queensland, plus the sale of gas in Victoria. The company has licences to retail electricity and gas in Victoria, NSW, Queensland, South Australia and ACT. It also sells insurance from **A&G Insurance Services**.

It is expected that most Eftel shareholders will elect to take M2 Telecommunications shares, so the company will issue around 18.94 million shares and pay about \$160 million in cash to finance these acquisitions. That will increase the issued capital 11.9% to about 177.5 million shares and increase debt 113% to \$312 million. Existing and new debt will be refinanced under a new \$400 million, three year loan facility. The acquisition will contribute little this financial year, but future group revenues will rise 60-65% to \$1,010-1,050 million, with earnings 42-46% higher at \$158-168 million.

These acquisitions represent more of the consolidation that we have been expecting in the Telecommunications industry within Australia.

M2 Telecommunications is a *marketing* company that has successfully re-sold telecommunications services. Dodo Australia appears to be a successful marketing competitor, so combining these two companies could result in an even more successful business. The Dodo Australia acquisition also offers the opportunity to cross-sell additional services - electricity, gas, insurances - to existing retail customers.

M2 Telecommunications is paying a reasonably fair price for these acquisitions, although earnings per share should rise in 2014 as debt will finance about two-thirds of the acquisition costs. Re-selling telecommunications is a recurring cashflow business, so M2 Telecommunications should be able to easily service this debt and steadily reduce debt levels when industry consolidation ends and potential acquisitions diminish. This consolidation has the potential to improve profit margins (and net profits and earnings per share) through reduced overheads, improved efficiency and some reduced competition! Plus, as mentioned above, there is the opportunity to expand its retail marketing into new products and services.

Overall this industry consolidation - increasing M2

### M2 Telecommunications



Telecommunications' market share, at the cost of some dilution in the issued capital and higher debt levels - should be favourable and is appropriate given the Australian telecommunications industry's move to re-selling National Broadband Network services.

We continue to rate M2 Telecommunications shares a "Hold" for further capital and income growth.

**Melbourne IT** has announced the sale of its **Digital Brands Service** division to US based **Corporation Services Company** for A\$152.5 million in cash. That should yield A\$135-140 million (164-170 cents per share) after capital gains taxes and other transaction costs.

The company had \$18 million in cash in December. After repaying its US\$35 million of debt the proceeds of this sale will boost its cash holding to \$118-125 million (143-152 cents per share). That is 67-72% of its current share price of 212 cents!

The DBS division generates around 30-40% of group revenues and earnings (before interest and overheads), but this sale will provide net cash equal to 85-88% of Melbourne IT's market capitalisation. The company has yet to finalise plans for this cash, but will consider "business investment options" or returning cash to shareholders via special dividends, capital returns or share buybacks.

Melbourne IT shares are up 20 cents (10.4%) over the last month. We believe that understates the value realised by this sale - although ultimately that value will depend on what the company does with that cash. Sitting in the company's bank account earning a low rate of return would be the worst outcome. Re-invested in expansion or an acquisition (at a lower Price/Earnings ratio) *could* significantly boost earnings per share. Repurchasing shares could also boost earnings per share. Distributing the cash to shareholders (who can re-invest it elsewhere) should also maximise the value of the remaining businesses *and* the full value of the cash to shareholders.

Given that Melbourne IT has a good cashflow business, with recurring revenues, it would be appropriate for the company to take on some borrowings to finance the acquisition of businesses. "Buy".

### Melbourne IT



**Penrice Soda Holdings** has finalised the soda ash importing joint venture, **Pro Asia Pacific** (33% owned by Penrice Soda), which will commence operation in May.

The company is continuing discussions with **Ridley Corporation** over its salt supply contract.

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

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

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price to Earnings Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
		Cur. Rent	4-Wk Chg.	Rank 0-99									
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Guinness Peat	61	+4.3	-1.0	49	4-5	3	0.1	5	1.5	2	2.5	0.09	182
Smiths City	57	+8.4	-0.8	28	0-1	-	0.7	10	1.2	7	6.1	0.13	30
Col Motor Co	400	+8.7	-0.6	26	0-0	-	1.1	10	0.5	11	8.9	0.24	131
Ebos Group Ltd	940	+6.3	+1.2	37	0-0	2	2.3	13	0.5	18	5.2	0.34	490
Air New Zealand	151	+11.8	+1.3	16	0-5	7	1.0	4	1.0	23	3.7	0.37	1,655
Nuplex Indust	335	+9.1	-0.9	23	0-0	6	1.2	12	1.0	10	6.3	0.41	659
Hellaby Hold.	320	+3.3	-1.2	52	2-0	2	1.6	13	1.2	12	5.8	0.48	240
Abano Health.	620	+10.2	-2.4	20	0-0	2	1.2	2	0.7	62	4.8	0.49	101
Allied Work.	240	+2.3	-0.8	61	1-1	-	3.0	22	1.0	14	7.7	0.53	63
Steel & Tube	270	+9.5	+0.5	23	0-0	4	1.6	9	0.8	18	6.3	0.59	239
Mainfreight Grp	1140	+6.5	-3.2	35	1-4	5	3.2	19	0.5	17	3.3	0.62	1,129
Infracore NZ	237	+5.9	-0.3	41	0-4	4	1.3	5	0.7	27	4.8	0.63	1,391
Warehouse Group	357	+10.1	+3.0	20	3-2	8	3.5	28	0.7	12	8.0	0.64	1,111
Turners Auction	177	+5.7	-2.7	43	1-1	-	2.8	21	0.8	13	13.7	0.64	48
Fletcher Build.	876	+12.9	-2.9	14	8-12	-	1.7	5	0.5	32	5.5	0.67	5,982
Methven Limited	124	+2.5	-2.9	58	0-0	5	1.7	13	1.0	13	9.9	0.78	83
Restaurant Brds	286	+9.6	-1.6	22	0-0	3	4.7	28	0.8	17	8.0	0.91	280
Sanford Limited	455	+2.2	+0.6	63	0-0	3	0.8	4	0.4	20	7.2	0.93	426
Michael Hill	131	+7.3	+1.1	29	1-0	2	2.6	19	0.8	14	4.2	0.98	501
<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0													
Jasons Media	18	+15.2	-2.2	12	0-0	-	1.0	12	1.6	8	Nil	0.29	4
Warehouse Group	357	+10.1	+3.0	20	3-2	8	3.5	28	0.6	12	8.0	0.64	1,111
Restaurant Brds	286	+9.6	-1.6	22	0-0	3	4.7	28	0.7	17	8.0	0.91	280
Steel & Tube	270	+9.5	+0.5	23	0-0	4	1.6	9	0.7	18	6.3	0.59	239
Nuplex Indust	335	+9.1	-0.9	23	0-0	6	1.2	12	0.9	10	6.3	0.41	659
Col Motor Co	400	+8.7	-0.6	26	0-0	-	1.1	10	0.4	11	8.9	0.24	131
Smiths City	57	+8.4	-0.8	28	0-1	-	0.7	10	0.9	7	6.1	0.13	30
Michael Hill	131	+7.3	+1.1	29	1-0	2	2.6	19	0.7	14	4.2	0.98	501
Pumpkin Patch	120	+7.0	-5.8	31	2-1	4	6.0	31	1.0	19	Nil	0.67	202
Just Water Int.	12	+6.6	-2.2	33	0-0	-	2.0	32	3.1	6	Nil	0.36	11
PGG Wrightsons	38	+6.5	-7.0	34	0-0	5	0.5	4	1.3	11	Nil	0.21	287
Mainfreight Grp	1140	+6.5	-3.2	35	1-4	5	3.2	19	0.4	17	3.3	0.62	1,129
Ebos Group Ltd	940	+6.3	+1.2	37	0-0	2	2.3	13	0.5	18	5.2	0.34	490
Turners Auction	177	+5.7	-2.7	43	1-1	-	2.8	21	0.6	13	13.7	0.64	48
Guinness Peat	61	+4.3	-1.0	49	4-5	3	0.1	5	1.2	2	2.5	0.09	182
Hellaby Hold.	320	+3.3	-1.2	52	2-0	2	1.6	13	1.1	12	5.8	0.48	240
Methven Limited	124	+2.5	-2.9	58	0-0	5	1.7	13	0.8	13	9.9	0.78	83
Allied Work.	240	+2.3	-0.8	61	1-1	-	3.0	22	0.9	14	7.7	0.53	63
<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million													
Chorus Ltd	276	-4.8	+1.2	87	4-1	10	2.0	33	0.4	6	13.0	1.01	1,063
Telecom Corp	241	-1.0	+1.2	78	2-6	11	2.8	71	0.5	4	11.1	0.98	4,475
NZ Oil & Gas	87	+3.5	-1.2	51	4-0	6	1.1	18	9.9	2.99	3.48	3.48	348
Col Motor Co	400	+8.7	-0.6	26	0-0	-	1.1	10	0.3	11	8.9	0.24	131
Warehouse Group	357	+10.1	+3.0	20	3-2	8	3.5	28	0.5	12	8.0	0.64	1,111

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price to Earnings Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
		Cur. Rent	4-Wk Chg.	Rank 0-99									
<b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength > 0													
NZ Oil & Gas	87	+3.5	-1.2	51	4-0	6	1.1	18	9.9	2.99	3.48	3.48	348
Comvita	380	+2.7	+0.3	56	3-0	1	1.4	11	0.5	13	5.3	1.13	108
Trade-Me Ltd	480	+8.8	+3.4	26	2-0	10	3.0	12	0.5	25	2.3	N/A	1,901
Veritas Invest.	150	+10.5	-15.6	19	2-0	-	-	-	0.4	NE	Nil	6.32	3
GuocoLeisure	80	+11.0	+3.1	18	2-0	-	0.8	7	0.9	11	2.5	1.98	1,094
Pharmacybrands	122	+4.8	-0.1	46	2-0	-	2.3	16	0.6	15	Nil	1.39	147
Hellaby Hold.	320	+3.3	-1.2	52	2-0	2	1.6	13	1.0	12	5.8	0.48	240
Vector Ltd	288	+2.4	+0.5	59	1-0	6	1.3	9	0.5	14	7.2	2.29	2,868
Briscoe Group	253	+13.0	-0.3	13	1-0	3	3.8	20	0.5	19	5.6	1.23	537
F & P Health.	258	+4.9	+0.5	45	1-0	8	3.9	18	0.4	21	6.9	2.59	1,341
<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0													
Vital Health PT	137	-58.3	+0.0	98	4-0	4	1.4	3	0.5	45	5.7	7.13	400
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126
Trust Power Ltd	780	-0.9	-2.0	77	0-0	5	1.6	8	0.3	19	7.3	3.03	2,449
NZ Windfarms	8	-13.4	-0.8	93	0-0	1	0.3	-	1.8	NE	Nil	2.36	23
NZ Refining Co	240	-2.5	+0.3	82	2-0	5	1.2	6	0.5	20	7.1	2.31	672
Horizon Energy	320	-2.1	-0.8	80	0-0	-	1.4	11	0.3	13	7.6	2.19	80
Pyne Gould Corp	29	-3.8	+1.6	86	0-0	1	0.6	-	1.1	NE	Nil	2.08	63
<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Vital Health PT	137	-58.3	+0.0	98	4-0	4	1.4	3	0.5	45	5.7	7.13	400
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126
Rakon Ltd	26	-22.3	-4.0	94	0-0	4	0.3	-	1.1	NE	Nil	0.28	50
NZ Windfarms	8	-13.4	-0.8	93	0-0	1	0.3	-	1.7	NE	Nil	2.36	23
Ecoya Ltd	79	-10.5	-0.8	91	0-0	-	2.4	-	0.7	NE	Nil	2.05	46
WN Drive Tech.	14	-4.9	-0.5	88	0-0	-	0.8	-	1.9	NE	Nil	0.27	9
Pyne Gould Corp	29	-3.8	+1.6	86	0-0	1	0.6	-	1.1	NE	Nil	2.08	63
Kirkcaldie & St	250	-3.7	-4.1	86	0-0	-	1.3	-	0.3	NE	Nil	0.67	26
Sealegs Corp	14	-3.0	-4.3	84	0-0	-	1.8	-	1.5	NE	Nil	1.21	17
Moa Group Ltd	115	-2.1	-1.6	81	0-0	1	-	-	0.8	NE	Nil	N/A	35
Heritage Gold	2	-0.6	+0.2	75	0-0	-	0.6	-	3.5	NE	Nil	N/A	6
World Index Fd	100	-0.3	+0.1	75	0-0	-	-	-	0.5	NE	Nil	N/A	407
Cavotec MSL	245	-0.1	+0.0	74	0-0	-	2.0	10	0.6	20	1.6	1.08	156
<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0													
Telecom Corp	241	-1.0	+1.2	78	2-6	11	2.8	71	0.4	4	11.1	0.98	4,475
Widespread Port	1	-57.3	+0.2	97	0-2	-	0.1	-	3.9	NE	Nil	0.03	5
NZ Wool Service	42	-0.9	+0.3	76	0-1	-	1.0	-	0.7	NE	Nil	0.19	29
NZ Experience	35	-4.9	-0.3	89	0-1	-	1.9	21	0.8	9	11.8	1.11	13

**Village Roadshow's 47% owned associate Village Roadshow Entertainment Group has sold Concord Music Group** to its senior managers, "industry veterans" and investment funds managed by **Wood Creek Capital Management LLC**. This will "reduce VREG's debt and free up cash" for its "core film production business". Village Roadshow shares have continued to move to new highs over the last month, despite general market weakness. Investors who are over-weighted in this share may consider some partial profit-taking, perhaps realising some cash for re-investment in other recommended shares.







## “Insider” Trades in NZ Shares

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

### “Insider” Indicators

Last 5 wks: 59.5% Buyers  
Last 13 wks: 48.3% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AMP Office Trt	1-0	Diligent Board	0-2	Heartland BS	0-7	NZ Refining Co	2-0	Smiths City	0-1
Air New Zealand	0-5	Dorchester Pac	1-0	Hellaby Hold.	2-0	NZ Wool Service	0-1	Telecom Corp	2-6
Akd Int Airport	1-0	F & P Health.	1-0	Infratil NZ	0-4	Pac Edge Bio.	0-2	Tower Limited	2-1
Argosy Property	1-0	Fletcher Build.	8-12	Kingfish Ltd	0-2	Pharmacybrands	2-0	Trade-Me Ltd	2-0
Barramundi Ltd	0-4	Foley Fam Wines	0-1	Mainfreight Grp	1-4	Port Tauranga	0-1	Turners & Grow.	1-0
Briscoe Group	1-0	Fonterra S/H Fd	0-1	Marlin Global	0-2	Pumpkin Patch	2-1	Vector Ltd	1-0
Burger Fuel	0-1	Freightways Ltd	0-3	Metro. LifeCare	1-0	Ryman Health.	2-1	Veritas Invest.	2-0
Cavalier Corp	1-0	Goodman Prop.	2-1	Michael Hill	1-0	Satara Co-op	0-1	Vital Health PT	4-0
Chorus Ltd	4-1	Guinness Peat	4-5	NPT Limited	1-0	Seeka Kiwifruit	0-9	Warehouse Group	3-2
Comvita	3-0	GuocoLeisure	2-0	NZ Exchange Ltd	0-1	Skellerup Hold.	1-0	Widespread Port	0-2
Contact Energy	1-2	Hallenstein G.	0-1	NZ Experience	0-1	Smartpay NZ Ltd	1-0	Xero Ltd	2-4
DNZ Property	1-3			NZ Oil & Gas	4-0			Zintel Comm.	1-3

## “Insider” Trades in Australian Shares

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

### “Insider” Indicators

Last 5 wks: 74.3% Buyers  
Last 13 wks: 74.7% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
360 Capital Ind	6-0	Adelaide Bright	3-0	Arc Exploration	1-0	Aust Agricult.	6-0	Billabong Int'l	4-1
A-Cap Resources	1-0	Admiralty Res.	1-0	Archer Explor.	1-0	Austbrokers	2-0	Bionomics Ltd	0-6
A.P. Eagers	12-1	Adslot Ltd	3-0	Ardent Leisure	4-0	Aust Power Gas	8-0	Biotron Limited	3-0
A1 Consolidated	1-0	Aeris Tech Ltd	1-0	Argo Investment	2-0	Aust Minerals	3-0	Biotech Capital	1-0
A1 Investments	1-0	African Energy	3-1	Argonaut Res.	3-0	Aust United In	1-0	Bioxyne Ltd	3-0
ABM Resources	2-0	Ainsworth Game	0-5	Aristocrat Leis	1-0	Aust Pharm. Ind	4-0	Bisalloy Steel	0-3
ADG Gbl Supply	4-0	Alchemy Res.	2-0	Ark Mines Ltd	8-0	Automotive Hold	0-1	Bisan Ltd	2-0
ADX Energy Ltd	1-0	Alchemia Ltd	1-0	Armour Energy	8-0	Avanco Res.	4-0	Blackham Res.	2-0
AGL Energy Ltd	0-1	Alcyone Res Ltd	0-2	Arrium Limited	2-0	Avexa Limited	4-0	Blackmores Ltd	0-2
ALS Limited	0-1	Algae.Tec Ltd	2-0	Artimis Res.	1-0	Azimuth Res.	8-1	Blackthorn Res.	2-1
AMA Group Ltd	0-1	Allegiance Coal	1-0	Asciano Limited	1-0	Azumah Res.	1-0	Black Fire Min.	2-0
AMCIL Limited	0-2	Alliance Aviat.	3-0	Asian Masters	0-1	Azure Minerals	2-0	Blackwood Corp	1-0
ANZ Bank	4-2	Alligator En.	1-0	Ask Funding Ltd	0-1	BC Iron Ltd	2-4	Bligh Resources	2-0
AO Energy Ltd	3-0	Allmine Group	0-1	Aspen Group Ltd	2-0	BHP Billiton	2-1	Bluescope Steel	3-0
APN Property	0-1	Alloy Resources	1-0	Aspire Mining	6-0	BKI Invest Coy	2-0	Bluechip Ltd	0-2
APN News Media	2-0	Altium Limited	5-0	Athena Res.	1-0	BSA Ltd	1-0	Blue Energy Ltd	1-0
ARB Corporation	0-3	Alumina Ltd	2-0	Atlas Iron Ltd	4-2	Balamara Res.	2-0	Boadicea Res.	0-1
ASG Group Ltd	1-0	Amalgamated Hld	1-0	Atrum Coal NL	3-0	Bank of Q'land	1-0	Boart Longyear	12-0
ASX Limited	1-0	Ambition Group	4-0	Aura Energy Ltd	1-0	Bannerman Res.	2-0	Bora Bora Res.	1-0
AVZ Minerals	2-0	Amcor Ltd	1-3	Aurora Oil Gas	1-0	Baru Resources	7-0	Bougainville Co	0-2
AWE Limited	1-0	Amcom Telecom.	2-4	Ausdrill Ltd	2-0	Base Resources	0-1	Boulder Steel	1-0
AXG Mining Ltd	2-0	Ampella Mining	3-0	Ausenco Ltd	2-0	Bathurst Res.	1-0	Bradken Ltd	4-2
Aberdeen Leader	1-0	Anglo Australia	1-0	Ausquest Ltd	3-0	Beach Energy	2-0	Brambles Ltd	3-2
Acacia Coal Ltd	1-0	Anittel Group	1-0	Aust Pac Coal	6-0	Beadell Res.	2-1	Bravura Sol.	1-0
Academies Aust.	0-1	Antaria Ltd	2-0	Aust Leaders Fd	0-3	Bell Financial	12-0	Brierty Ltd	1-0
Acrux Ltd	3-1	Antares Energy	1-0	Austex Oil Ltd	2-1	Bendigo Bank	2-0	Brighton Mining	3-0
Activex Ltd	1-0	Antipa Minerals	4-0	Aust Foundation	3-0	Benitec Bio.	1-0	Brockman Mining	2-0
Ad Braking Tech	1-0	Antisense T.	6-0	Aust Education	1-0	Berkeley Res.	1-0	Buderim Ginger	1-0
Adcorp Aust.	3-0	Aquarius Plat.	1-0	Aust Amer Min.	1-0	Beyond Int'l	1-0	Bulletin Res.	3-0
Adelaide Res.	1-0	Arafura Res.	1-0	Austin Eng.	2-0	Bigair Group	0-1	Bullabulling G.	3-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Burleson Energy	6-0	CrossId Uranium	3-1	Equity Trustees	5-0	Gulf Mines Ltd	2-0	Jupiter Mines	0-1
C.S.R. Ltd	1-0	Crown Ltd	2-1	Equus Mining	1-0	Gullewa Ltd	0-1	K2 Asset Mgmt	0-2
COMI Limited	2-1	Cryosite Ltd	4-0	Esperance Min.	1-0	Hannans Reward	4-0	KBL Mining Ltd	3-0
CO2 Group Ltd	2-1	CuDeco Ltd	10-0	Estrella Res.	2-0	Haranga Res Ltd	2-0	Kaboko Mining	2-1
CSL Limited	1-0	Cue Energy Res.	3-0	Eumeralla Res.	2-0	Harvey Norman	4-0	KalNorth Gold	1-0
Cabcharge Ltd	3-5	Cuesta Coal Ltd	2-0	Evolution Min.	4-0	Heartware Inc.	0-17	Kalgoorlie Min.	3-0
Cabral Resource	2-0	Cyclopharm Ltd	1-0	Exalt Resources	1-0	Heemskirk Cons.	1-0	Kardoon Gas	0-2
Cadence Capital	2-0	DMX Corporation	0-1	Excalibur Min.	3-0	Helix Resources	1-0	Key Petroleum	2-0
Cape Lambert R.	13-0	Dampier Gold	1-0	Exterra Res.	1-0	Heron Resources	2-0	KeyBridge Cap'l	1-0
Cape Alumina	2-0	Dart Mining NL	0-2	Ezeatm Limited	2-0	Hillgrove Res.	1-0	Kibaran Res.	3-0
Capilano Honey	0-3	Dart Energy Ltd	2-0	FSA Group Ltd	3-0	Hill End Gold	3-0	Kidman Res Ltd	1-0
Capital Health	0-1	Datadot Tech.	3-0	Fairfax Media	4-0	Hills Holdings	15-0	Killara Res.	1-0
Car Parking Tec	6-0	Data 3 Ltd	1-2	Ferrum Crescent	2-0	Hillcrest Litig	1-0	King Solomon M.	1-0
Caravel Min.	3-0	De Grey Mining	2-0	Fiducian P Serv	5-0	Hodges Res.	3-0	Kip McGrath EC	1-0
Caravel Energy	11-0	Dempsey Min.	2-0	Finbar Group	5-0	Holista Coll.	1-0	Konekt Limited	4-0
Carbine Tungst.	1-0	Desane Group	0-1	Fleetwood Corp	1-0	Horizon Oil Ltd	1-0	Korvest Ltd	1-0
Carbon Energy	2-0	Devine	1-0	Flexicorp Ltd	0-3	Horseshoe Metal	1-0	Kresta Holdings	1-0
Cardia Bioplas.	1-0	Dexus Property	8-0	Flight Centre	1-2	Hot Rock Ltd	1-0	Kula Gold Ltd	6-0
Carnarvon Pet.	1-0	Dicker Data Ltd	1-0	Flinders Mines	4-0	Hughes Drilling	1-0	Kumarina Res.	1-0
Carsales.com	0-4	Discovery Metal	1-0	Focus Minerals	6-0	Hunter Hall Int	1-0	Kupang Res Ltd	1-0
Cassini Res Ltd	1-0	Djerriwarrh	0-3	Folkestone Ltd	4-0	I-Cash Payment	2-0	Kuth Energy Ltd	1-0
Cazaly Res Ltd	3-1	Domino's Pizza	0-3	Forge Group Ltd	1-0	I-Sonea Limited	5-0	LBT Innovations	4-0
Cedar Woods Prp	0-4	Doray Minerals	2-0	Forte Energy NL	1-0	ICS Global Ltd	2-0	Lachlan Star	1-0
Celamin Hold.	1-0	Downer EDI Ltd	2-0	Forte Cons. Ltd	6-1	IDT Australia	1-0	Laconia Res.	1-0
Cellmid Ltd	6-0	Dragon Mining	1-0	Fortescue Metal	4-1	IFS Construct.	1-0	Landmark White	0-2
Century Aust In	2-0	Dragon Mountain	1-0	Foyson Res Ltd	1-0	ILH Group Ltd	1-0	Laserbond Ltd	1-0
Central Petrol.	5-0	Draig Resources	3-0	Frontier Res.	0-1	IMF (Aust) Ltd	0-3	Latin Resources	0-2
Centrepont All	10-0	Drake Resources	1-0	G.U.D. Holdings	0-1	IMX Resources	7-0	Legacy Iron Ore	1-0
Centaurus Metal	0-1	Drillsearch	4-0	G8 Education	2-0	IOOF Holdings	2-1	Legend Mining	1-0
Centrex Metals	3-0	Drill Torque	1-0	GBM Resources	1-0	IRESS Limited	6-0	Legend Corp.	1-0
Centius Gold	8-1	DuluxGroup Ltd	3-0	GBST Holdings	7-3	ITL Limited	1-6	Leighton Hold	6-0
Ceramic Fuel C.	1-0	E & A Limited	1-0	GPT Group	1-0	Icar Asia Ltd	1-0	Lemur Resources	2-0
Chal Div Prop	2-1	E-Bet Limited	3-0	Gage Road Brew.	0-2	Iluka Resources	2-1	Lend Lease Grp	0-1
Chalice Gold	4-0	ECSI Limited	2-0	Galaxy Res.	1-4	Image Resources	2-0	Leopard Res. NL	1-0
Chandler McLeod	1-0	ERM Power Ltd	1-0	Gale Pacific	0-2	Imdex Limited	3-1	Leyshon Res.	1-0
Charter Pacific	1-0	EVZ Ltd	2-0	Galilee Energy	3-0	Immuron Ltd	4-0	Liberty Res.	3-0
Charter Hall GR	1-0	Eagle Nickel	0-2	Genera Bio.	1-0	Impedimed Ltd	7-0	Lifestyle Com.	2-1
Chesser Res.	2-0	Easton Invest.	1-0	Genetic Tech.	1-0	Imperial Pac.	1-0	Lincoln Min.	1-3
Circadian Tech	2-0	Eastern Iron	3-0	General Mining	0-1	Inca Minerals	2-1	Lindsay Aust	1-0
Citation Res.	1-0	Echo Resources	3-0	Genesis Mineral	1-0	Incitec Pivot	1-0	Liontown Res.	1-0
Clancy Expor.	2-0	Echo Ent Group	2-0	Geopacific Res.	1-0	India Resources	2-0	Lion Selection	2-0
Clarius Group	1-0	Eftel Ltd	1-0	Gindalbie Met.	3-0	Indochine Min.	1-0	Living Cell T.	1-0
Clean Seas Tuna	1-0	Elders Limited	2-0	Gladiator Res.	1-0	Infigen Energy	1-0	Lodestar Min.	2-0
Clime Capital	1-0	Elixir Petrol.	1-0	Global Resource	0-3	Ingenia Com Grp	7-0	Logicamms Ltd	4-0
Clinuvel Pharm.	1-0	Emeco Holdings	5-0	Globe Metals	0-1	Insurance Aust.	1-0	Longreach Group	2-0
Coal of Africa	2-0	Emerchants Ltd	2-0	Global Con Serv	0-1	Int Research	0-3	Lucapa Diamond	1-0
Coalspur Mines	1-0	Emergent Res.	2-0	Global Petrol.	3-0	Int'l Coal Ltd	2-0	Lycopodium Ltd	0-6
Cochlear Ltd	3-0	Emerg. Leaders	2-1	Globe Int'l Ltd	3-0	Intec Ltd	1-0	Lynas Corp Ltd	1-0
Cockatoo Coal	2-0	Empired Ltd	1-2	Go Connect Ltd	0-1	Intermin Res	2-0	M2 Telecom. Grp	0-3
Coffey Int'l	7-0	Empire Energy	0-2	Gold Road Res.	0-1	Intercept Min.	2-0	MEO Australia	3-0
Cogstate Ltd	2-0	Empire Oil, Gas	1-0	Goldfields Mon.	1-0	Intra Energy	21-2	MHM Metals Ltd	0-2
Cokal Limited	4-0	Emu Nickel NL	1-0	Golden Gate Pet	8-0	Intrepid Mines	1-0	Maca Limited	1-2
Collection Hse	5-4	Endeavour Min.	1-0	Golden Cross	0-1	Investigator R.	2-0	Macquarie Atlas	1-0
Colorpak Ltd	1-0	Endocoal Ltd	0-1	Goldminex Res.	7-0	Investa Office	1-0	Macquarie C Tel	0-2
Com'wealth Bank	1-0	Energy Ventures	1-0	Gold One Int'l	1-0	Investorfirst	5-1	Macquarie Group	2-0
Computershare	0-5	Energy Tech.	1-0	Golden Rim Res.	1-0	Inventis Ltd	1-0	Magellan Flag.	1-0
Consegna Group	1-0	Energy Metals	1-0	Goodman Fielder	2-0	Invigor Group	1-0	Magnetic Res.	3-0
Contango Micro.	0-1	Energy Action	0-9	Gowing Brothers	1-0	Invictus Gold	3-0	Magnolia Res.	1-0
Cont'l Coal	5-0	Energy & Min.	1-0	Grand Gulf En.	2-0	Invin Limited	5-1	Mako H/carbons	2-1
Cooper Energy	2-0	Energia Mineral	5-1	Grange Resource	3-0	Invocare Ltd	0-2	Malagasy Min.	0-1
CopperMoly Ltd	3-0	Enero Group Ltd	1-0	Greenvale Min'g	1-0	Iron Road Ltd	0-1	Malabar Coal	3-0
Corazon Mining	1-0	Engenco Ltd	5-0	Greenland Min.	3-0	Iron Mountain	3-0	Manas Resources	1-0
Corp Travel M.	0-1	Ent. Uranium	1-0	Greencross Ltd	0-3	Iron Ore Hold.	2-0	Marmota Energy	0-2
Country Road	0-1	Entellect Ltd	0-1	Growthpoint Pro	5-0	JB Hi-Fi Ltd	1-0	Matsa Resources	1-0
Countplus Ltd	1-0	Enterprise Met.	2-0	Gryphon Mineral	0-2	Jacka Resources	1-0	Maverick Drill.	2-1
Credit Corp	1-2	Entek Energy	6-0	Gt Western Exp.	3-0	Jervois Mining	2-0	Maxi TRANS	2-0
Crest Minerals	1-0	Equator Res Ltd	1-0	Guinness Peat	4-5	Jindalee Res.	2-0	Mayan Iron Corp	1-0
Cromwell Prop.	1-2	Equamineral	2-0	Gujarat NRE	5-0	Jumbo Interact.	0-4	Mayne Pharma Gr	1-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
McMillan Shake.	0-9	Oil Basins Ltd	1-0	Pura Vida En.	1-0	Silver Chef Ltd	1-4	Tiger Resources	1-0
Medical Dev Int	2-0	Oilex Ltd	1-0	Qantas Airways	2-0	Sims Metal Mgmt	6-1	Titan Energy	0-2
Medigard Ltd	0-1	OnTheHouse Hold	1-0	Qld Mining Corp	2-0	Sirius Res. NL	1-0	Toll Holdings	4-0
Medical Aust.	1-0	Optiscan Image	1-0	Queste Comm's	0-1	Slater & Gordon	0-5	Tox Free Sol.	0-2
Medtech Global	1-0	Opus Group Ltd	7-0	Quest Investm't	1-0	Solco Ltd	1-0	Trafford Res.	3-0
Merlin Diamonds	0-1	Orica Ltd	2-0	Quickstep Hold.	1-0	Somnomed Ltd	2-0	Transurban Grp	2-0
Merricks CSO Fd	2-0	Origin Energy	1-2	RCR Tomlinson	1-0	Sonic Health	1-2	TransPacific In	0-1
Metaliko Res.	3-0	Orinoco Gold	2-0	REA Group Ltd	0-1	Soul Pattinson	5-0	Transfield Serv	2-0
Metallica Min.	3-1	Orion Metals	0-1	RHG Ltd	0-1	Southern Gold	1-0	Treasury Group	1-0
Metals X Ltd	1-0	Orion Gold NL	1-0	Radar Iron Ltd	3-0	Sovereign Gold	1-0	Treasury Wine	4-0
Metcash Ltd	4-1	Orocobre Ltd	2-0	Ramelius Res.	2-0	Speewah Metals	2-0	Triausmin Ltd	1-0
Meteoric Res.	3-0	Oroya Mining	2-0	Ramsay Health	1-0	Spitfire Res.	1-0	Triton Minerals	0-1
Metminco Ltd	1-0	Orpheus Energy	14-0	Range Resources	1-0	Sprint Energy	2-0	Troy Resources	5-9
Metrocoal Ltd	1-0	Otis Energy Ltd	2-0	Realm Resources	1-0	Sprintex Ltd	6-0	Trust Company	1-0
Middle Island	2-0	Otoc Limited	3-0	Red Hill Iron	8-0	St Barbara Ltd	5-0	Trustees Aust.	2-0
Millennium Min.	1-0	Overland Res.	1-0	Red Mountain	5-0	Stanfield Funds	1-0	UGL Limited	4-0
Milton Corp.	4-0	Oz Brewing Ltd	3-0	Red Sky Energy	1-0	Starpharma Hold	8-0	UXA Resources	3-0
Minemakers Ltd	10-0	P-REIT	1-2	Red Metal Ltd	1-0	Stellar Res.	1-0	Unity Mining	1-0
Minera Gold Ltd	1-0	P-Sivida Ltd	1-0	Redcliffe Res.	2-0	Sterling Plant.	1-0	Universal Coal	1-0
Mineral Res.	1-0	PLD Corporation	6-0	Redstone Res.	2-0	Sth Cross Elect	0-1	Uraniumsa Ltd	1-0
Mining Group	1-0	PMI Gold Corp.	2-1	Reed Resources	0-1	Sth Hemi Mining	4-0	Uranex Ltd	11-0
Mining Projects	2-0	PMP Limited	1-0	Reef Casino Trt	2-0	Sth Boulder Min	1-0	VDM Group Ltd	1-0
Mirabela Nickel	0-1	PPK Group Ltd	6-0	Resolute Mining	0-1	Sth Cross Media	2-0	Vector Res.	2-0
Mirrabooka Inv.	1-0	PTB Group Ltd	1-0	Resource Equip.	3-0	Sth Amer Iron	4-0	Venus Metals	2-0
Mirvac Group	3-0	PTO Consol. Ltd	3-0	Resource Dev.	1-0	Sthn Crown Res.	1-0	Viking Ashanti	5-0
Mithril Res.	1-0	Pacific Energy	0-1	Resource Star	1-0	Stockland	2-0	Villa World Ltd	5-0
Mnemon Limited	1-0	Pacific Niugini	2-0	Retail Food Grp	0-1	Stokes (Aust)	1-0	Village Road.	0-3
Modun Resources	2-0	Padbury Mining	3-0	Reva Medical	5-0	Stonehenge Met.	3-0	Viralitics Ltd	2-0
Molopo Energy	5-0	Paladin Energy	2-1	Reward Minerals	8-0	Strat. Elements	1-0	Vision Eye Inst	0-3
Moly Mines Ltd	1-0	Pan Pacific Pet	3-0	Rialto Energy	1-0	Strategic Min.	1-0	Vita Life Sci.	2-0
Monadelphous Gr	0-1	Panaust Ltd	10-1	Richfield Int'l	0-1	Stratum Metals	4-1	Vocus Comm.	0-5
Money3 Corp Ltd	3-0	Panax Geotherm.	4-0	Riedel Resource	2-0	Strike Energy	3-0	Volta Mining	1-0
Monteray Group	2-0	Paperlin X Ltd	8-0	Rimfire Pacific	1-0	Structural Syst	3-0	W'bool Cheese	1-0
Mortgage Choice	2-0	Paringa Res Ltd	1-0	Robust Resource	1-0	Sun Resources	1-0	WAM Capital Ltd	0-1
Mt Gibson Iron	2-0	Patties Foods	2-5	Roc Oil Company	1-0	Sunbird Energy	1-0	WDS Limited	2-0
Musgrave Min.	1-0	Paynes Find Gld	1-0	Rox Resources	1-0	Suncorp Group	4-1	WHK Group Ltd	1-0
My Net Fone Ltd	0-5	Peel Mining Ltd	3-0	Royalco Res.	1-0	Sundance Energy	5-0	WHL Energy	1-0
Myer Holdings	2-1	Peet Ltd	4-0	Royal Wolf Hold	1-0	Sunland Group	0-2	Watpac Ltd	5-0
Mystate Ltd	1-0	Peninsula En.	1-0	Rubianna Res.	3-0	Sunshine Heart	2-0	Wavenet Int'l	1-0
NRW Holdings	5-0	Perpetual Ltd	4-0	Rubik Financial	2-0	Super Retail Gr	0-1	Webjet NL	2-6
NSL Cons. Ltd	2-0	Perseus Mining	1-2	Rumble Resource	4-0	Superior Res.	1-0	Webster Ltd	1-0
Nanosonics Ltd	2-0	Pharmaust Ltd	1-0	Runge Pincock M	4-0	Swick Min Serv	2-0	Wellcom Group	2-0
Nat'l Aust Bank	0-1	Phileo Aust.	1-0	S/Tracks ASX200	0-1	Syrah Resources	0-3	Wentworth Hold.	1-2
Nearmap Ltd	4-0	Phoenix Gold	0-1	SAI Global Ltd	3-0	TFS Corporation	4-0	Wesfarmers Ltd	0-1
NetComm Wire.	1-0	Phoenix Copper	1-0	SDI Limited	2-0	TPG Telecom Ltd	0-2	Westfield Ret.	0-1
Neurodiscovery	4-0	Phoslock Water	3-0	SP Ausnet	2-1	TPL Corporation	3-0	Westpac Banking	1-3
Nevada Iron Ltd	1-0	Pilbara Mineral	2-0	STW Comm Group	0-1	TUC Resources	3-0	West Wits Min.	1-0
New Hope Corp.	1-0	Pioneer Res.	2-0	SVC Group	2-0	Tabcorp Holding	1-0	Western Desert	0-7
New Horizon C.	3-2	Planet Metals	5-0	Saferoads Hold.	1-0	Tamawood Ltd	0-3	Western Areas	3-1
New Standard En	4-0	Platsearch NL	2-0	Samson Oil/Gas	3-0	Target Energy	3-0	White Cliff Min	1-0
Nextdc Limited	1-2	Platina Res.	2-0	Sandfire Res.	0-2	Taruga Gold Ltd	1-0	White Energy Co	1-0
Nexus Energy	6-3	Plymouth Min.	1-0	Santos Ltd	1-0	Tassal Group	3-0	Whitehaven Coal	11-0
Nib Holdings	3-2	Po Valley Ener.	9-0	Saunders Int'l	0-2	Tatts Group Ltd	0-2	Wide Bay Aust.	2-0
Nick Scali Ltd	1-0	Polymetals Min.	1-0	Savcor Group	3-0	Tawana Resource	1-0	Winmar Res Ltd	6-0
Noble Mineral	2-0	Poseidon Nickel	2-0	Scott Corp Ltd	2-0	Technology One	0-3	Wolf Petroleum	2-0
Noni B Limited	3-0	Prairie Downs	1-0	Seek Ltd	3-1	Telstra	2-1	Woolworths Ltd	3-2
Norton Gold	1-0	Prana Biotech.	1-0	Segue Resources	1-0	Tempo Australia	2-1	Worley Group	3-0
Northwest Res.	1-0	Primary Gold	3-0	Select Explor.	3-0	Templeton Globa	1-0	World Titanium	3-0
Nthn Star Res.	0-1	Primary Health	9-1	Select harvest	5-0	Ten Network	3-0	Wotif.com Hold.	0-5
NuEnergy Cap'l	5-0	Pro Maintenance	4-0	Senex Energy	5-0	Teranga Gold	2-0	XRF Scientific	2-0
Nucoal Res.	8-0	Pro Medicus Ltd	3-0	Service Stream	4-0	Terramin Aust	0-1	Xanadu Mines	2-0
Nufarm Limited	1-0	Pro-Pac Pack.	0-1	Seven Group	0-1	Terrain Mineral	1-0	Xceed Resources	1-0
Nyoto Minerals	1-0	Probiotec Ltd	10-0	Seven West Med.	6-0	Thinksmart Ltd	6-0	YTC Resources	2-0
OZ Minerals Ltd	10-0	Progen Pharm.	2-0	Seymour Whyte	3-0	Thomas & Coffey	3-0	Yellow Rock Res	3-0
Oakton Limited	1-0	Promesa Ltd	3-0	Sheffield Res.	9-0	Thomson Res.	1-0	Yowie Group Ltd	1-0
Oceania Capital	1-0	Proto Resources	4-0	Sigma Pharm.	1-0	Thorn Group Ltd	2-3	Zamanco Min Ltd	4-0
Octagonal Res.	1-0	Pryme Energy	1-0	Signature Cap't	2-0	Tidewater Inv	3-0	Zenith Minerals	3-0
Oil Search Ltd	6-1	Pulse Health	4-0	Sihayo Gold Ltd	0-1	Tigers Realm	2-0	Zeta Petroleum	2-0
								Zicom Group	7-0

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

Economic activity is actually a good example of what mathematicians call a “mean reversion” system. Activity can fluctuate, but tends to return to an average level. So *every* boom (i.e. rapid economic expansion) has been followed by a period of slower (or negative) growth. *Every* recession has eventually been followed by a recovery and a period of *positive* growth.

In addition to scientifically and objectively measuring the state of the economy through the normal economic statistics (i.e. GDP, Retail Sales, etc), a scientific approach to stockmarket investing can also subjectively assess the economic and stockmarket situation by looking at investor psychology and how “the market” reacts to events.

Take, for example, the market's reaction to the sale of a business division by **Melbourne IT**. The market was valuing the whole company at \$158 million before it announced the sale of about one-third of its businesses for \$152.5 million in cash (or \$135-140 million after tax and transaction costs). The directors were clearly excited about this stating “This was not a business we earmarked for sale” but “given the value creation was an opportunity which could not be ignored” . . . but the stockmarket is clearly depressed as *nothing* can please it, and lifted the company's market capitalisation just \$17 million (or 10%) to \$175 million! During a stockmarket boom the mere hint of a corporate action - *any* corporate action - could lift a share price 20% or more!

When this newsletter first formally recommended Melbourne IT in February 2004 the shares traded at 53 cents, it was debt-free and held 33 cents per share in cash (62% of its value). Over the last nine years the company has paid 96 cents in dividends and risen to 212 cents - a 6.8-fold increase in value! After this transaction the company will again be debt-free, with 143-152 cents per share in cash (67-72% of its current market value). Can anyone see some similarities here? Can we learn from our own past success? The market, it appears, can not.

The market continues to mis-price Melbourne IT shares today (exactly as it did in 2004), clearly failing to understand the valuation “problem” and sound valuation theories. Instead the market (i.e. investors) prefer to focus upon random and irrelevant data and events: What is the latest prediction for the upcoming General Election? Or China's GDP growth? The next half year corporate profit forecast?

Stockmarket valuation isn't “rocket science”. Its *so* much easier. We believe that it has been the consistent application of intelligent reasoning to stockmarket investment that has earned above average *medium to long term* returns for us over the last three decades. If that is the case, the same application of intelligent reasoning should continue to earn above average returns in the future as the market continues to produce exactly the same mis-priced investment opportunities.

**Dividend\$**

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Aust 20 Leaders	4.761147	28-03	22-04	Full
CDL Investments	1.70	26-04	10-05	Full
Chorus Ltd	10.00	28-03	12-04	Full
Colonial Motor Company	9.00	05-04	15-04	Full
Fletcher Building	17.00	28-03	16-04	Nil
Fonterra Shlders Fund	16.00	12-04	19-04	-
Hallenstein Glasson	16.00	12-04	19-04	Full
Hellaby Holdings	5.00	12-04	19-04	Full
Kathmandu	3.00	07-06	18-06	Full
Millennium & C.	1.20	03-05	10-05	Full
Millennium & C. special	1.20	03-05	10-05	Full
NZX 10 Index	2.502519	28-03	22-04	Full
NZX 50 Portfolio	2.833445	28-03	22-04	Full
NZX Aust Midcap	5.46031	28-03	22-04	Full
NZX Midcap	5.125587	28-03	22-04	Full
Restaurant Brands	9.50	14-06	28-06	Full
Scott Technology	2.50	-	23-04	Full
TeamTalk	10.00	19-04	26-04	Full
Turners Auctions	8.00	02-04	09-04	Full
Vector	7.25	25-03	15-04	Full

Australian Shares

Cardno Ltd	18.00	18-03	05-04
Chandler Macleod	1.40	15-03	04-04
CSG Ltd	9.00	05-04	18-04
Finbar Group	3.50	07-03	19-04
Integrated Research	2.00	28-02	15-03
M2 Telecommunications	10.00	18-03	16-04
Melbourne IT	7.00	22-03	26-04
The Reject Shop	24.00	21-03	15-04

**Total Return Index for All Listed Shares**

Mar 11	1442.90	Mar 18	1447.79
Mar 12	1444.69	Mar 19	1446.73
Mar 13	1446.21	Mar 20	1445.84
Mar 14	1451.99	Mar 21	1442.07
Mar 15	1455.54	Mar 22	1444.90
Mar 25	1445.22	Apr 1	Holiday
Mar 26	1441.51	Apr 2	1451.79
Mar 27	1448.41	Apr 3	1453.28
Mar 28	1453.53	Apr 4	1452.68
Mar 29	Holiday	Apr 5	1453.39

**Next Issue:**

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