

12 Feb 2010

Share Price:	\$1.400
Valuation:	\$1.70
12mth price target:	\$1.70

Brief Business Description:

WA oil & gas and mining camp and non-process building/construction.

Hartleys Brief Investment Conclusion

Positive earnings momentum, good FY10 order book & cash generation.

Chairman & CEO:

 Denis Criddle (Chairman)
 Scott Criddle (CEO)

Top Shareholders:

 Mr Denis Criddle (21.5%)
 Tiga Trading Pty Ltd (6.8%)
 Mr Robert Franco (6.8%)

Company Address:

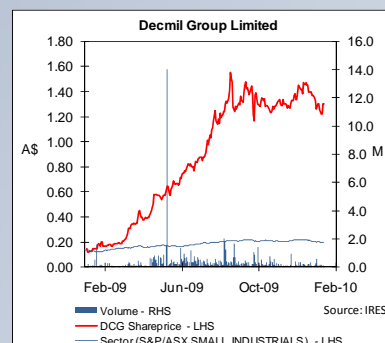
 Level 2, 76 Hasler Road
 Osborne Park WA 6017

Issued Capital:	122.2m
- fully diluted	126.2m
Market Cap:	\$171.0m
- fully diluted	\$176.6m
Net Cash (31 Dec 09):	-\$22.6m

	FY09a	FY10e	FY11e
Op Cash Flw	17.0	23.0	27.6
Free Cash Flw	15.2	16.1	23.1
NPAT (A\$m)	10.0	18.1	20.3
NPAT (A\$m)*	13.3	18.1	20.3
EPS (\$, bas)	8.9	14.8	16.4
P/E (basic)	16.4x	9.3x	8.4x
P/E (norm)	15.7x	9.4x	8.5x
EV / EBITDA	6.7x	4.8x	4.1x
DPS (\$)	-	0.030	0.033
Franking	-	100%	100%
Dividend Yield	0.0%	2.1%	2.4%
N.D. / equity	-23%	-37%	-49%

Source: Hartleys Research

*Normalised


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DECMIL GROUP LIMITED

Delivering on margins, growth. Cash flow pauses.

Decmil Limited ("Decmil", "DCG", "Company") reported 1H10 NPAT of \$9.0m (we expected \$9.1m) and no dividend (we did not expect one). Revenue was \$149.3m, EBITDA was \$14.6m (margin of 9.8%).

Free cash flow lagging profit growth

Operating cash flows were \$7.6m, lower than NPAT given that tight controls on working capital throughout projects can negatively affect cash flow when the job completes. Additionally, earnouts, capex and new HP meant that net cash only improved ~\$3.5m in the half to \$22m. Hire purchase debt was \$6.4m and cash was \$29m. This was already evident in the previously disclosed quarterly cash flow statement.

In the coming six months we expect net cash to improve by ~\$14m to \$36m as new projects commence, the Company receives payments and working capital turns negative again (see chart on page 4).

Visible pipeline of revenue

Decmil's total forward order book was \$390m at January 2010. Approximately 50% relates (~\$195m) to FY2011 which means our FY11 revenue estimates (\$377m) is 50% covered at this early stage. Given we see ~\$750m of FY11 opportunities (including Pluto 2, Gorgon, RGP6 and Christmas Creek) we are confident our revenue estimates can be achieved, although they are obviously contingent on project wins over the next year.

In 2H10 we expect revenues of ~\$182m. Although covered by the order book, our estimate could be affected by project timing. We estimate 2H10 NPAT of \$9.1m based on EBITDA margins of 8.8%.

Modest forecast changes

We have increased our FY10 NPAT by 2.2% to \$18.1m as we have increased our revenue estimates for the full year modestly. Our FY11 NPAT estimate has increased by 6.9% to \$20.3m on slightly higher revenue and margin estimates.

Maintain Buy recommendation

Free cash generation is high (on a full year basis) given low capex (core business is provision & management of labour). On our estimates, DCG trades on a FY10 p/e of 9.5x and EV/EBITDA of 4.8x which is attractive, in our view. We maintain our Buy recommendation.

We have a \$1.70 twelve month price target which implies a FY11 P/E of 10.5x and EV/EBITDA of 4.9x (based on forecast FY10 net cash estimate of \$35m).

SUMMARY MODEL

Decmil Group Limited (DCG)					Recommendation: Buy					
Company Information					Profit & Loss (\$m)					
Today's Date	12 Feb 2010	Level 2, 76 Hasler Road			6/08A	6/09A	6/10F	6/11F		
Share Price	\$1.40	Osborne Park WA 6017			Group Revenue	127.4	272.9	331.5	388.4	
52 Week High-Low	\$1.55 - \$0.12	Ph: +61 8 9368 8877			<i>growth</i>	<i>nm</i>	<i>114.2%</i>	<i>21.5%</i>	<i>17.2%</i>	
Market Cap (\$m)	\$171.3	Fax: +61 8 9368 8878			EBITDA - Divisions	6.7	22.2	30.4	35.9	
Enterprise Value (\$m)	\$148.7	www.decmil.com.au			EBITDA - Group	2.3	22.1	30.8	36.2	
Ordinary Shares	122.2				<i>growth</i>	<i>nm</i>	<i>862.2%</i>	<i>38.9%</i>	<i>17.6%</i>	
Fully Diluted Shares	126.2				EBITDA / Sales	1.8%	8.1%	9.3%	9.3%	
Valuation					Depreciation/Amortisation					
Spot DCF (WACC 13.7%, Terminal growth 0.00%)	\$1.70					-1.8	-2.1	-3.2	-4.3	
12mth fwd DCF (WACC 13.7%, Terminal growth 0.00%)	\$1.84				EBIT	0.5	20.1	27.6	31.8	
12mth forward P/E (diluted) of 10x (Avg micro cap comps)	\$1.85				EBIT / Sales	0.4%	7.4%	8.3%	8.2%	
1x nta	\$0.28				Net Interest	0.0	-0.5	-1.7	-2.8	
12mth fwd Div Yield of 4.0% (Gross up yield=BankBill +150bp)	\$0.84				Pretax Profit inc abnormals	0.2	18.9	25.9	29.1	
12 Months Price Target (wgted avg above 4 avg)	\$1.70				Tax	-0.2	-6.1	-7.8	-8.7	
P / E (6/10F) at price target	11.9x				Effective Tax Rate	76.6%	32.2%	30.0%	30.0%	
P / E (6/11F) at price target	10.5x				NPAT Pre Minorities	0.1	13.3	18.1	20.3	
EV/EBITDA (6/11F) at price target	4.9x				Minorities	0.0	0.0	0.0	0.0	
Multiples (\$/price at \$1.40)					Normalised NPAT to equity					
P / E (basic, weighted)	2895.0x	6/08A	6/09A	6/10F	6/11F	0.1	13.3	18.1	20.3	
P / E (fully diluted, weighted)	1278.8x	6/08A	6/09A	6/10F	6/11F	Norm. Net Profit / Sales	0.1%	4.9%	5.5%	5.2%
P / E (mkt cap / NPAT)	3114.1x	6/08A	6/09A	6/10F	6/11F	Abnormals / discontinued	-0.1	-3.3	0.0	0.0
Dividend Yield	0.0%	6/08A	6/09A	6/10F	6/11F	Reported Profit to equity	0.1	10.0	18.1	20.3
Group Free Cash Flow (f.c.f.) / EV	4.3%	6/08A	6/09A	6/10F	6/11F	Reported EPS (basic, weighted)				
Equity f.c.f. / Mkt Cap	11.9%	6/08A	6/09A	6/10F	6/11F	0.0	8.5	15.1	16.7	
Norm f.c.f. / Mkt cap	9.7%	6/08A	6/09A	6/10F	6/11F	Normalised EPS (dil, wgted)	0.1	8.9	14.8	16.4
Mkt cap / operating cash flow	20.2x	6/08A	6/09A	6/10F	6/11F	DPS (\$)	0.000	0.000	0.030	0.033
EV/EBITDA multiple	64.6x	6/08A	6/09A	6/10F	6/11F	Franking	100%	100%	100%	100%
EV/EBIT multiple	287.6x	6/08A	6/09A	6/10F	6/11F	Payout Ratio	0.0%	0.0%	20.2%	20.0%
Price / Book Value	2.4x	6/08A	6/09A	6/10F	6/11F	Cashflow Statement (\$m)				
Price / NTA	15.1x	6/08A	6/09A	6/10F	6/11F	EBITDA	2.3	22.1	30.8	36.2
Ratios					Working Capital Change					
Return on Average Equity	0.1%	6/08A	6/09A	6/10F	6/11F		6.2	-4.3	0.1	1.9
Return on Assets	0.1%	6/08A	6/09A	6/10F	6/11F	Cash from Operations	8.5	17.9	30.9	38.1
ND / ND + Equity	-11.6%	6/08A	6/09A	6/10F	6/11F	Net interest Paid	0.0	-0.3	-1.7	-2.8
Net Interest Cover (EBIT)	-34.5	6/08A	6/09A	6/10F	6/11F	Tax Paid	0.0	-0.6	-6.1	-7.8
Free Cash Flow Analysis					Net Operating Cash Flow					
Net Operating Cash Flow	8.5	6/08A	6/09A	6/10F	6/11F	8.5	17.0	23.0	27.6	
Capex (Reported)	-2.1	6/08A	6/09A	6/10F	6/11F	Capital Expenditure	-2.1	-1.1	-1.3	-0.4
Group Free Cash Flow (rep'ted)	6.5	6/08A	6/09A	6/10F	6/11F	Asset Sales	0.4	0.6	0.0	0.0
Fixed Debt Repayments	-1.3	6/08A	6/09A	6/10F	6/11F	Other (inc Investments)	-31.5	-0.8	-1.8	0.0
Equity Free Cash Flow (rep'ted)	20.5	6/08A	6/09A	6/10F	6/11F	Net Investing Cash Flow	-33.2	-1.3	-3.0	-0.4
HP Lease Capex (non-cash)	-3.9	6/08A	6/09A	6/10F	6/11F	Proceeds from Equity Issues	0.0	0.0	1.4	0.0
Free Cash Flow (normalised)	16.6	6/08A	6/09A	6/10F	6/11F	Net Change in Debt & Leases	-1.3	-2.7	2.3	-1.1
Capex (inc HP) / depreciation	163%	6/08A	6/09A	6/10F	6/11F	Dividends Paid	0.0	0.0	0.0	-3.7
Share Data					Net Financing Cash Flow					
Ord Issued shares (m)	116.0	6/08A	6/09A	6/10F	6/11F	-1.2	-2.8	2.4	-7.4	
<i>growth</i>	1.2%	6/08A	6/09A	6/10F	6/11F	Movement in Cash	-25.9	13.0	22.4	19.8
Weighted ave shares (m)	113.7	6/08A	6/09A	6/10F	6/11F	HP Lease Capex (non-cash)	-3.9	-4.0		
<i>growth</i>	3.0%	6/08A	6/09A	6/10F	6/11F	Balance Sheet (\$m)				
Fully diluted shares wgted (m)	113.7	6/08A	6/09A	6/10F	6/11F	Cash	9.9	22.9	46.6	69.0
<i>growth</i>	5.7%	6/08A	6/09A	6/10F	6/11F	Receivables	21.4	44.7	47.2	55.3
Unpaid Capital					Inventories					
Year Expires	Number	% ord	Avg Price	\$m unpaid		1.7	1.7	8.8	10.3	
30-Jun-10	350,000	0.3%	\$ 0.80	\$ 0.3	Other	2.4	7.0	7.0	7.0	
30-Jun-11	-	0.0%	\$ -	\$ -	Total Current Assets	35.4	76.3	109.5	141.5	
30-Jun-12	-	0.0%	\$ -	\$ -	Property, Plant & Equipment	7.1	9.2	12.1	12.2	
30-Jun-13	1,988,350	1.6%	\$ 0.83	\$ 1.6	Intangibles	56.9	56.4	57.3	57.3	
30-Jun-14	1,650,000	1.4%	\$ 0.86	\$ 1.4	Other	1.5	1.0	1.0	1.0	
TOTAL	3,988,350	3.3%	\$ 0.84	\$ 3.3	Total Non Current Assets	65.5	66.6	70.3	70.4	
Directors & Senior Management					Substantial Shareholders					
Denis Criddle (Chairman)					Mr Denis Criddle	21.5%				
Robert Franco					Tiga Trading Pty Ltd	6.8%				
Geoff Allen					Mr Robert Franco	6.8%				
Bill Healy					Hunter Hall	6.5%				
Giles Everist					Accorn	5.4%				
CEO: Scott Criddle										
CFO: Justine Campbell										
MD Australia: Dickie Dique										
Analyst: Trent Barnett										
Phone: +61 8 9268 3052										
Sources: IRESS, Company Information, Hartleys Research					Last Earnings Estimate Changes: 11 February 2010					

Fig. 1: Half year P & L and Balance Sheet

Profit & Loss (\$m)	Dec-08a	Jun-09a	Dec-09a	Jun-10e
Group Revenue	124.6	148.2	149.3	182.3
<i>growth (sequential)</i>	<i>83.5%</i>	<i>18.9%</i>	<i>0.7%</i>	<i>22.1%</i>
EBITDA - Divisions	2.9	19.0	14.6	15.8
EBITDA - Group	2.9	19.0	14.6	16.1
<i>growth (sequential)</i>	<i>nm</i>	<i>nm</i>	<i>-22.8%</i>	<i>9.9%</i>
EBITDA / Sales	2.3%	12.8%	9.8%	8.8%
Depreciation/Amortisation	-1.3	-0.8	-1.5	-1.7
EBIT	1.6	18.2	13.2	14.4
EBIT / Sales	1.3%	12.2%	8.8%	7.9%
Net Interest	-0.2	0.0	0.0	-1.7
Pretax Profit inc abnormals	1.4	18.2	13.2	12.7
Tax	-0.9	-5.2	-4.1	-3.6
Effective Tax Rate	61.7%	28.8%	31.4%	28.6%
NPAT Pre Minorities	0.5	12.7	9.0	9.1
Minorities	0.0	0.0	0.0	0.0
Normalised NPAT to equity	0.5	12.7	9.0	9.1
Norm. Net Profit / Sales	0.4%	8.6%	6.1%	5.0%
Abnormals / discontinued	0.0	-3.3	0.0	0.0
Reported Profit to equity	0.5	9.5	9.0	9.1
Reported EPS (basic, weighted)	0.46	8.09	7.47	7.64
Normalised EPS (dil, wghd)			7.23	7.61
DPS (\$)	0.00	0.00	0.00	3.00
Franking	100%	100%	100%	100%
Payout Ratio	0.0%	0.0%	0.0%	39.3%
Balance Sheet (\$m)	Dec-08a	Jun-09a	Dec-09a	Jun-10e
Cash	10.5	22.9	29.0	46.6
Receivables	41.5	44.7	27.5	47.2
Inventories	4.4	1.7	14.0	8.8
Other	2.6	7.0	6.6	7.0
Total Current Assets	59.0	76.3	77.0	109.5
Property, Plant & Equipment	10.1	9.2	10.4	12.1
Intangibles	57.0	56.4	56.4	57.3
Other	1.2	1.0	0.9	1.0
Total Non Current Assets	68.3	66.6	67.7	70.3
Total Assets	127.3	142.9	144.7	179.8
Accounts Payable	50.0	57.6	41.1	67.2
Interest Bearing Liabilities	3.1	2.0	3.7	2.0
Other	2.8	3.1	6.4	4.7
Total Current Liabilities	55.9	62.6	51.2	73.9
Accounts Payable	0.0	0.0	0.0	0.0
Interest Bearing Liabilities	2.9	2.8	3.5	9.0
Other	0.0	0.0	0.0	0.0
Total Non Current Liabilities	2.9	2.8	3.5	9.0
Total Liabilities	58.9	65.5	54.7	82.9
Net Assets	68.5	77.4	90.0	96.9
Net Asset Value / Share (\$)	0.58	0.63	0.74	0.79
NTA / Share (\$)	0.10	0.17	0.28	0.32
Net Debt (net cash)	-4.5	-18.1	-21.8	-35.6

EBITDA margins deteriorated in 1H10 versus 2H09, but were in line with expectations. 2H09 margins were exceptional

HP debt was \$6.4m at the end of December.

Source: Company Data, Hartleys Estimates +

Fig. 1: Free Cash Flow

Tight controls on working capital throughout jobs can negatively affect cash flow when they complete

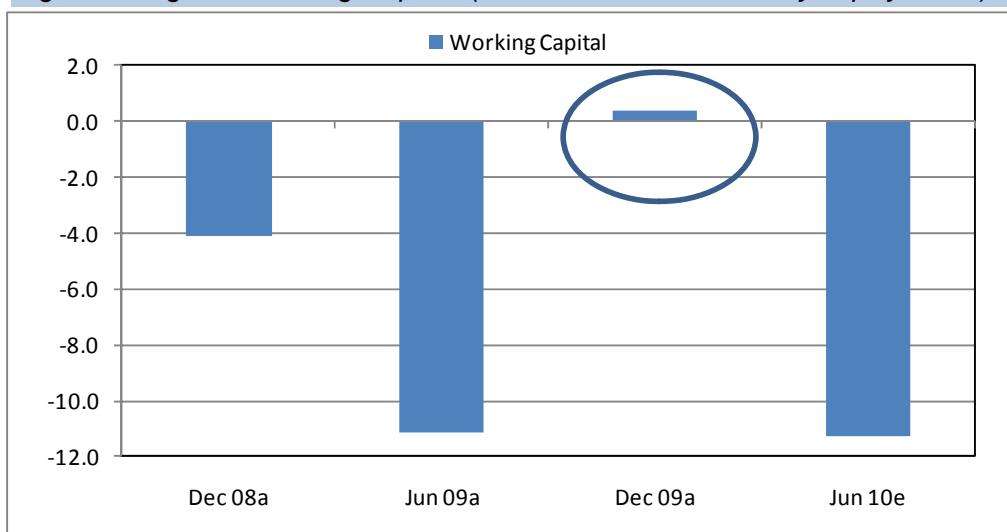
DCG is predominantly a labour business, and so free cash positive even when normalising for HP capex spending

Cashflow Statement (\$m)	Dec-08a	Jun-09a	Dec-09a	Jun-10e
EBITDA	2.9	19.0	14.6	16.1
Working Capital Change	0.1	-4.8	-3.1	3.2
Cash from Operations	3.0	14.1	11.6	19.3
Net interest Paid	-0.1	0.0	0.0	-1.7
Tax Paid	0.0	0.0	-3.9	-2.2
Net Operating Cash Flow	2.9	14.1	7.6	15.4
Capital Expenditure	-0.8	-0.3	-1.2	-0.1
Asset Sales	0.0	0.6	0.5	-0.5
Other (inc Investments)	-0.8	0.0	-4.1	2.3
Net Investing Cash Flow	-1.5	0.3	-4.8	1.8
Proceeds from Equity Issues	0.0	0.0	1.9	-0.5
Net Change in Debt & Leases	-0.7	-2.0	-1.0	3.3
Dividends Paid	0.0	0.0	0.0	0.0
Net Financing Cash Flow	-0.7	-2.0	1.0	1.5
Movement in Cash	0.6	12.4	3.8	18.6
HP Lease Capex (non-cash)			-2.3	-1.6
Free Cash Flow Analysis	Dec-08a	Jun-09a	Dec-09a	Jun-10e
Net Operating Cash Flow	2.9	14.1	7.6	15.4
Capex (Reported)	-0.8	-0.3	-1.2	-0.1
Group Free Cash Flow (rep'ted)	2.1	13.8	6.4	15.4
Fixed Debt Repayments			-1.0	-1.5
Equity Free Cash Flow (rep'ted)			5.4	13.8
HP Lease Capex (non-cash)			-2.3	-1.6
Free Cash Flow (normalised)			3.1	12.3
Capex (inc HP) / depreciation			239%	97%

Source: Various

Fig. 2: Swings in working capital (receivables + inventory – payables)

We expect working capital to move negative again in the second half



Source: Various

Fig. 3: Earnings Changes

Profit & Loss (\$m)	Actual	Actual	Actual	6/10F			6/11F		
	6/07A	6/08A	6/09A	Old	New	% diff	Old	New	% diff
Revenue	38.1	127.4	272.9	330.1	331.5	0.4%	376.8	388.4	3.1%
EBITDA	-1.4	2.3	22.1	30.0	30.8	2.5%	34.4	36.2	5.2%
- margin			8.1%	9.1%	9.3%	2.0%	9.1%	9.3%	2.1%
Depreciation/Amortisation	-0.8	-1.8	-2.1	-3.2	-3.2	0.0%	-4.3	-4.3	0.0%
EBIT	-2.2	0.5	20.1	26.9	27.6	2.7%	30.0	31.8	6.0%
- margin	-5.8%	0.4%	7.4%	8.1%	8.3%		8.0%	8.2%	
Net Interest	0.2	0.0	-0.5	-1.5	-1.7		-2.9	-2.8	
Pretax Profit inc abnormals	-4.4	0.2	18.9	25.3	25.9	2.2%	27.2	29.1	6.9%
Tax	0.3	-0.2	-6.1	-7.6	-7.8	2.2%	-8.2	-8.7	6.9%
NPAT Pre Minorities	-1.8	0.1	13.3	17.7	18.1	2.2%	19.0	20.3	6.9%
Normalised NPAT to equity	-1.8	0.1	13.3	17.7	18.1	2.2%	19.0	20.3	6.9%
Abnormals / discontinued	-2.2	-0.1	-3.3	0.0	0.0		0.0	0.0	
Reported Profit to equity	-4.1	0.1	10.0	17.7	18.1	2.2%	19.0	20.3	6.9%
Net Debt	-7.0	-4.5	-21.8	-38.6	-35.6	-7.6%	-51.0	-55.1	8.1%

Source: Hartleys Estimates

Fig. 4: Hartleys DCF Valuation of Decmil Group

	Base Case		Conservative Case	
	10yr DCF, Inc. Terminal Value		5yr DCF, Unwind Working Cap	
	Per Share	\$000	Per Share	\$000
Total PV of Net free cashflow	\$ 1.00	125,936	\$ 0.69	86,600
Total PV of Continuing Year	\$ 0.27	33,451	-\$ 0.03	3,923
Operating Value	\$ 1.26	159,386	\$ 0.66	82,678
- Net Cash (net debt)	\$ 0.18	22,600	\$ 0.18	22,600
- Total PV unpaid capital	\$ 0.03	3,206	\$ 0.03	3,206
Equity Value	\$ 1.47	185,192	\$ 0.86	108,483
- Number of shares (Fully Diluted)	126,166		126,166	
Net cashflow valuation per share	\$ 1.47		\$ 0.86	
Franking Credits per share	\$ 0.23		\$ 0.23	
Total Value Per Share @ WACC	\$ 1.70		\$ 1.09	
12 mth target (DCF grown by WACC) - dividend	\$ 1.84		\$ 1.15	
FY10e P/E @ valuation	11.8x		7.6x	
FY10e EV/EBITDA @ valuation	6.2x		3.7x	
FY11e P/E @ DCF rolled forward 12mth	11.4x		7.1x	
FY11e EV/EBITDA @ DCF rolled forward 12mth	5.8x		3.4x	

Source: Hartleys Estimates

PRICE TARGET METHODOLOGY

Our price target is the average of four components. The assumption is there is a chance of each of the following happening.

Our price target is the weighted average of four components.

Fundamental Valuation (DCF)

Assumes our base case cash flow estimates for DCG are correct and share price trades to our fundamental valuation.

Market Put (Dividend yield)

Assumes company delivers our earnings estimates, but the equity market falls significantly so that dividend yield becomes the support level for the stock.

Earnings Disappointment (NTA)

Net Tangible Asset (NTA) Value - assumes the company misses profit estimates and market is only prepared to pay book value.

Positive Market Momentum (P/E multiple)

Attempts to capture market momentum (i.e. assumes that comparison company P/E's converge when markets are moving).

PRICE TARGET

Our twelve month price target is unchanged at \$1.69.

DCG Price Target Methodology	Weighting	Spot	12 mth out
DCF (WACC 13.7%, Terminal growth 0.00%)	67%	\$1.70	\$1.84
- base case	67%	\$1.70	\$1.84
- conservative	0%	\$1.09	\$1.15
12mth forward P/E (diluted) of 10x (Avg micro cap comps)	21%	\$1.58	\$1.85
1x nta	3%	\$0.28	\$0.28
12mth fwd Div Yield of 4.0% (Gross up yield=BankBill +150bp)	10%	\$0.75	\$0.84
Risk weighted composite		\$1.54	
12 Months Price Target		\$1.70	
Shareprice - Last		\$1.40	
12 mth total return (% to 12mth target + dividend)		24%	

Source: Hartleys Estimate

HARTLEYS RESEARCH COVERAGE LIST

Hartleys Research Coverage					Hartleys Research		
Name	Ticker	Last Price*	M. CAP (A\$m)	EV (A\$m)	Recommendation	Industry	
Oil & Gas							
1.	Woodside Petroleum Ltd	WPL	41.66	31,195	37,324	Buy	Major
2.	Eastern Star Gas Ltd	ESG	0.770	629	550	Buy	Producer / Explorer
3.	Carnarvon Petroleum Ltd	CVN	0.500	343	313	Buy	Producer / Explorer
4.	Nexus Energy Ltd	NXS	0.240	226	407	Speculative Buy	Developer / Explorer
5.	Tap Oil Ltd	TAP	0.975	153	81	Buy	Producer / Explorer
6.	Cooper Energy Ltd	COE	0.450	131	35	Buy	Producer / Explorer
7.	Red Fork Energy Ltd	RFE	0.760	104	76	Buy	Explorer / Producer
8.	Strike Energy Ltd	STX	0.240	79	69	Buy	Explorer / Producer
9.	Amadeus Energy Ltd	AMU	0.215	65	112	Buy	Producer / Explorer
10.	First Australian Resources Ltd	FAR	0.057	37	18	Speculative Buy	Explorer / Producer
11.	Adelphi Energy Ltd	ADI	0.200	29	22	Speculative Buy	Junior
12.	Sun Resources NL	SUR	0.078	26	17	Speculative Buy	Explorer / Producer
13.	Oilex Ltd	OEX	0.110	24	4	Neutral	Explorer / Producer
14.	European Gas Ltd	EPG	0.095	19	83	Speculative Buy	Producer / Explorer
			Sub-Total	33,060	39,112		
Resources							
1.	Riversdale Mining Limited	RIV	7.44	1,402	1,134	Speculative Buy	Coal
2.	Atlas Iron Limited	AGO	1.850	827	647	Buy	Iron Ore
3.	Western Areas NL	WSA	4.12	737	916	No Rating	Nickel
4.	Dominion Mining Limited	DOM	2.870	295	344	Speculative Buy	Gold
5.	Gold One International Limited	GDO	0.265	213	156	Buy	Gold
6.	Jabiru Metals Limited	JML	0.340	188	162	Buy	Zinc-Copper
7.	Silver Lake Resources	SLR	0.985	176	145	Speculative Buy	Gold
8.	Focus Minerals Ltd	FML	0.057	163	154	Speculative Buy	Gold Producer
9.	Intrepid Mines Limited	IAU	0.270	116	68	Speculative Buy	Gold
10.	Magma Metals Limited	MMB	0.600	98	77	Speculative Buy	PGM-Cu-Ni
11.	Peninsula Minerals Ltd	PEN	0.046	63	54	Speculative Buy	Uranium Developer / Explorer
12.	Emmerson Resources Limited	ERM	0.205	42	29	Speculative Buy	Junior Explorer
13.	Shaw River Resources Limited	SRR	0.185	37	30	Speculative Buy	Junior Explorer
14.	YTC Resources Limited	YTC	0.195	32	20	Buy	Junior Explorer
15.	Orion Gold NL	ORN	0.040	30	26	Speculative Buy	Gold
16.	Ausquest Limited	AQD	0.115	26	0	Speculative Buy	Junior Explorer
17.	Impact Minerals Limited	IPT	0.175	21	16	Speculative Buy	Junior Explorer
18.	Ferrum Crescent Limited	FCR	0.120	19	17	Speculative Buy	Iron Ore
19.	Hazelwood Resources Ltd	HAZ	0.180	18	14	Speculative Buy	Junior Explorer
20.	Southern Gold Limited	SAU	0.115	16	12	Speculative Buy	Junior Explorer
			Sub-Total	4,444	3,963		
Industrials							
1.	West Australia News Hldgs Ltd	WAN	7.18	1,547	1,864	Buy	Media
2.	Monadelphous Group Limited	MND	12.420	1,054	924	Neutral	Mining Services
3.	Clough Limited	CLO	0.810	541	587	No Rating	Oil & Gas Services
4.	Mermaid Marine Australia Ltd	MRM	2.58	470	522	Buy	Oil & Gas Services
5.	Austal Limited	ASB	2.400	451	357	Speculative Buy	Capital Goods
6.	Macmahon Holdings Limited	MAH	0.600	440	442	Speculative Buy	Mining & Civil Construction
7.	Fleetwood Corporation	FWD	7.60	392	403	Neutral	Consumer & Mining Services
8.	NRW Holdings Ltd	NWH	1.450	364	424	Buy	Mining & Civil Construction
9.	Ausdrill Limited	ASL	1.70	356	577	Buy	Mining Services (Drilling & Services)
10.	Cash Converters Limited	CCV	0.640	233	184	Buy	Retail & Consumer Finance
11.	Neptune Marine Ltd	NMS	0.385	167	179	Neutral	Oil & Gas Services
12.	Southern Cross Electrical	SXE	1.35	162	138	Speculative Buy	Mining Services (Electrical)
13.	Decmil Group Limited	DCG	1.305	159	133	Buy	Mining & Civil Construction
14.	RCR Tomlinson Ltd	RCR	0.935	123	172	Buy	Mining & Industrial Services
15.	Lycopodium Limited	LYL	2.940	111	108	Buy	Mining & Industrial Services
16.	Imdex Ltd	IMD	0.565	110	132	Buy	Oil & Gas / Mining Drilling
17.	VDM Group Limited	VMG	0.425	89	124	Buy	Mining & Civil Construction
18.	Swick Mining Services Ltd	SWK	0.445	68	122	Buy	Mining Services (Drilling)
19.	LogiCams Limited	LCM	0.940	56	49	Buy	Resource Services
20.	Nomad Building Solutions Ltd	NOD	0.250	34	60	Reduce	Residential & Mining Services
			Sub-Total	6,930	7,503		
			GRAND TOTAL	44,434	50,577		

Source: IRESS, Hartleys Research. * 11 Feb 2010

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No Rating	No recommendation.
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but it is higher risk than a "Buy". For the share price to rise it may be contingent on the outcome of an uncertain or distant event.
Neutral	Take no action. Stock is already trading near the share price target and there are no foreseeable near term catalysts.
Reduce / Take profits	Stock is trading above the share price target and there is a near term negative catalyst that could cause temporary weakness.
Sell	Significant price depreciation anticipated

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