

# Market Analysis

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## Inside Market Analysis

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## Summary and Recommended Investment Strategy.

Economic growth may slow and interest rates are rising, but shares offer good value. Overall this gives a fairly neutral outlook for the stockmarket - but we recommend remaining close to fully invested.

## Investment Outlook.

Stockmarkets fell sharply during October - reflecting uncertainty over slowing economic growth and rising interest rates - but have started to recover over the last week. Stockmarkets have risen strongly for three years and the economy will likely weaken in the months ahead - so it is understandable that investors are nervous and prices have weakened.

Unfortunately, forecasting the stockmarket is not as easy as following forecasts of economic growth rates or current interest rate trends. The stockmarket *reflects* current widely held expectations and *anticipates* future changes in those expectations.

For example, if the economy slows over the next 6-12 months then corporate profits will likely decline and dividend payouts may be temporarily cut. Many quality NZ shares, however, currently trade on historical dividend yields of 8-12% - compared with perhaps a long term average of 6-8% for this type of company. So share prices may have *already adjusted* to expected future dividend cuts when the economy slows. The *actual* profit and dividend declines during the anticipated economic slowdown could therefore have little further impact on share prices - while a recovery (or, in fact, the *anticipation* of the recovery) in profits and dividends in the next economic upturn will push share prices higher.

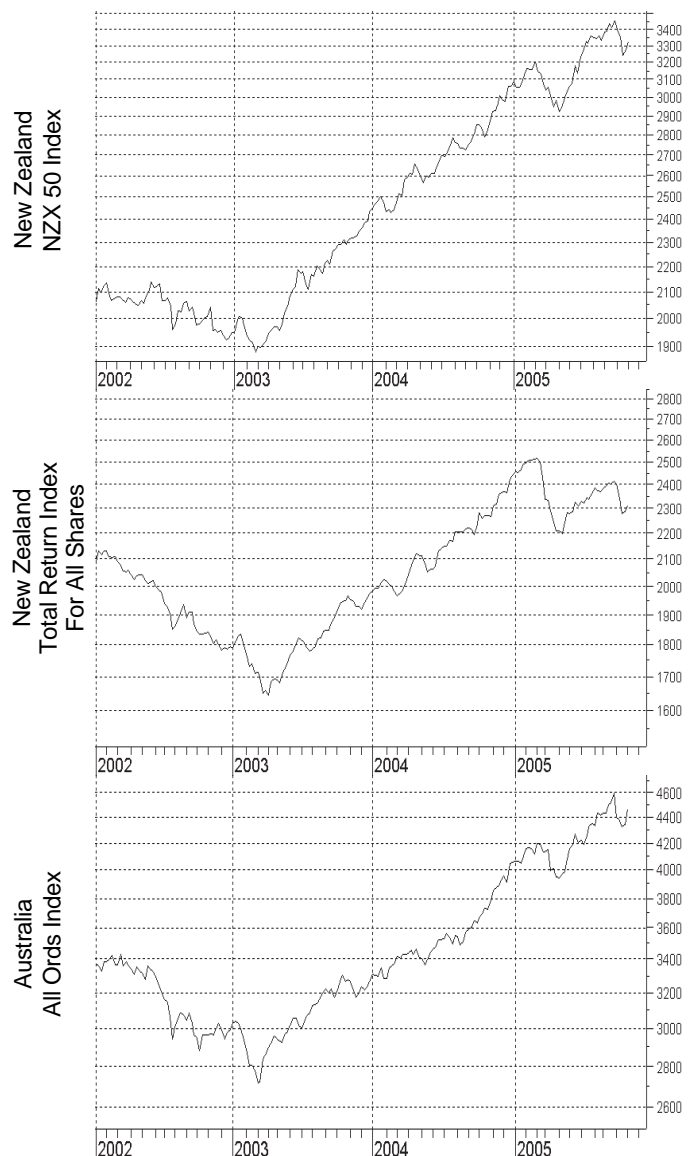
Not surprisingly, share prices often appear to be irrational or random - often *falling* in response to "good" news and *rising* on "bad" news.

Further signs that shares offer good value are high levels of buying by knowledgeable *insiders* (especially in Australia) and two of our companies becoming the targets of takeover offers.

Overall our One Year Forecasts are Neutral - perhaps reflecting the negative factors of the economic slowdown and rising interest rates balanced by the positive factor of good share valuations. In this situation we shall remain close to fully invested and rely on share selection to pick shares with low valuations and/or superior growth potential.

### Stockmarket Forecasts

|              | One-Month            | One-Year             |
|--------------|----------------------|----------------------|
| Australia:   | <b>83%</b> (Bullish) | <b>58%</b> (Neutral) |
| New Zealand: | <b>69%</b> (Bullish) | <b>43%</b> (Neutral) |



# Performance Forecasts

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

|                    | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |                  | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |                       | Performance Forecast | Price      | Price/Sales Ratio | P/E Ratio | Gross Yield |
|--------------------|----------------------|-------|-------------------|-----------|-------------|------------------|----------------------|-------|-------------------|-----------|-------------|-----------------------|----------------------|------------|-------------------|-----------|-------------|
| A2 Corporation     | C                    | 8.0   | N/A               | NE        | Nil         | Hellaby Hold.    | C                    | 475   | 0.60              | 11        | 12.3        | Property F Ind.       | B                    | 114        | 9.69              | 18        | 6.9         |
| ABS Canterbury     | A                    | 450   | 1.35              | 15        | 4.6         | Heritage Gold *  | N/R                  | 5.5   | N/A               | NE        | Nil         | Provenco Group        | B                    | 90         | 0.79              | 11        | 5.0         |
| AMP Limited        | B                    | 766   | 1.20              | 14        | 3.8         | Hirequip NZ Ltd  | D                    | 93    | 1.07              | 12        | 6.0         | Pumpkin Patch         | A                    | 330        | 1.96              | 22        | 3.6         |
| AMP Onyx Mgmt      | C                    | 97    | 5.07              | 13        | 7.5         | Horizon Energy   | B                    | 440   | 4.10              | 14        | 6.8         | Pure NZ Limited       | C                    | 5.0        | N/A               | NE        | Nil         |
| AXA Asia Pac.      | A                    | 505   | 1.64              | 15        | 2.4         | ING Property     | C                    | 116   | 8.06              | 14        | 9.2         | Pyne Gould Corp       | B                    | 469        | 1.00              | 12        | 5.7         |
| Abano Health.      | C                    | 195   | 0.79              | NE        | Nil         | Infratil NZ      | B                    | 370   | 4.17              | 16        | 4.2         | Renaissance           | C                    | 123        | 0.39              | 21        | 8.9         |
| Affco Holdings     | C                    | 46    | 0.26              | 4         | Nil         | Jasons Media     | D                    | 40    | N/A               | NE        | Nil         | Restaurant Brds       | D                    | 26         | 0.38              | 11        | 11.8        |
| Air New Zealand    | C                    | 115   | 0.31              | 6         | 6.5         | Just Water Int.  | D                    | 96    | 3.15              | 21        | 5.0         | Richina Pacific       | D                    | 50         | 0.12              | 15        | 4.0         |
| Akd Int Airport    | C                    | 196   | 8.48              | 23        | 6.2         | KidCorp          | E                    | 13    | 0.97              | NE        | Nil         | Rubicon Limited       | E                    | 87         | 0.54              | NE        | Nil         |
| Allied Farmers     | B                    | 248   | 0.53              | 14        | 6.3         | Kingfish Ltd *   | N/R                  | 94    | 2.46              | 3         | 3.2         | Ryman Health.         | A                    | 482        | 3.98              | 20        | 2.4         |
| Allied Work.       | D                    | 140   | N/A               | NE        | Nil         | Kirkcaldie & St  | B                    | 250   | 0.57              | 21        | 4.8         | Salvus Strat. *       | N/R                  | 87         | N/A               | 19        | 3.4         |
| Apple Fields       | C                    | 1.0   | 6.67              | NE        | Nil         | Kiwi Property    | B                    | 119   | 9.29              | 16        | 7.3         | Sanford Limited       | C                    | 440        | 1.17              | 8         | 7.5         |
| Blis Technology    | D                    | 15    | N/A               | NE        | Nil         | Life Pharmacy    | C                    | 88    | N/A               | NE        | 2.0         | Satara Co-op          | D                    | 82         | 0.39              | 19        | 10.9        |
| Blue Chip Fin.     | C                    | 90    | 2.19              | 10        | Nil         | Lion Nathan Ltd  | B                    | 845   | 2.02              | 25        | 3.8         | Savoy Equities        | D                    | 2.8        | N/A               | NE        | Nil         |
| Botry-Zen Ltd      | C                    | 6.0   | N/A               | NE        | Nil         | Livestock Imp.   | C                    | 138   | 0.43              | 9         | 14.3        | Scott Tech. Ltd       | D                    | 220        | 1.36              | NE        | 2.7         |
| Brierley Invest    | C                    | 103   | 2.18              | 11        | 3.9         | Loan & Building  | B                    | 432   | 1.28              | 14        | 5.2         | Sealegs Corp          | E                    | 20         | 3.81              | NE        | Nil         |
| Briscoe Group      | B                    | 130   | 0.86              | 15        | 8.0         | Lytelton Port    | B                    | 185   | 2.84              | 16        | 8.9         | Seeka Kiwifruit       | C                    | 390        | 0.61              | 11        | 7.7         |
| Broadway Ind       | B                    | 99    | 0.46              | 20        | 5.0         | MDSnews          | D                    | 0.3   | N/A               | NE        | Nil         | Skelimax Indust       | C                    | 130        | 1.10              | 10        | 8.0         |
| CACI Group Ltd     | B                    | 28    | 0.36              | 64        | Nil         | MG Property Trt  | B                    | 123   | N/A               | 24        | 2.2         | Sky City Ltd          | C                    | 455        | 2.78              | 18        | 7.9         |
| CDL Hotel NZ       | C                    | 56    | 1.17              | 8         | 3.7         | Mainfreight Grp  | A                    | 329   | 0.37              | 23        | 2.9         | Sky Network TV        | C                    | 635        | 5.05              | 24        | Nil         |
| CDL Investments    | D                    | 33    | 3.28              | 8         | 7.2         | Media Tech.      | D                    | 10    | 0.42              | NE        | Nil         | Smiths City           | C                    | 65         | 0.15              | 4         | 7.7         |
| Cadeltalk Group    | C                    | 70    | 0.54              | 10        | 6.4         | Methven Limited  | C                    | 139   | 1.30              | 11        | 8.2         | Software of Exc       | E                    | 59         | 1.06              | NE        | Nil         |
| Cablemats Tech Ltd | C                    | 25    | 2.98              | NE        | Nil         | Metro. LifeCare  | A                    | 385   | 3.06              | 19        | 1.4         | Sol. Dynamics         | E                    | 50         | 0.37              | NE        | Nil         |
| Calan Hlthcare     | B                    | 114   | 9.41              | 17        | 7.5         | Michael Hill     | B                    | 765   | 1.08              | 18        | 4.5         | South Port NZ         | C                    | 127        | 2.47              | 17        | 7.6         |
| CanWest Media.     | B                    | 192   | 1.74              | 33        | 4.9         | Mid-Cap Index *  | N/R                  | 241   | N/A               | NE        | Nil         | Speirs Group          | B                    | 122        | 0.23              | 11        | 9.8         |
| Cap Properties     | B                    | 145   | 5.76              | 19        | 6.2         | Mike Pero Mgmt.  | C                    | 72    | 1.36              | 11        | 12.4        | Steel & Tube          | C                    | 450        | 0.90              | 11        | 10.9        |
| Carter Holt        | B                    | 251   | 0.92              | 8         | 1.6         | Mooring Systems  | E                    | 400   | N/A               | NE        | Nil         | Sthn Travel           | D                    | 80         | 0.26              | 9         | 11.9        |
| Cavalier Corp      | D                    | 338   | 1.07              | 11        | 11.9        | Mowbray Collect  | C                    | 160   | 4.39              | NE        | 2.8         | Summit Gold Ltd*      | N/R                  | 67         | N/A               | NE        | Nil         |
| Cert Organics      | E                    | 4.9   | 3.85              | NE        | Nil         | Mr Chips Hold    | D                    | 75    | 0.52              | 13        | 8.0         | Tag Pacific Ltd       | C                    | 19         | 0.21              | 4         | 2.9         |
| Charlie's Group    | E                    | 14    | 1.47              | NE        | Nil         | NZ Exchange Ltd  | D                    | 690   | 4.83              | 24        | Nil         | Taylor's Grp Ltd      | B                    | 183        | 0.68              | 13        | 10.6        |
| Col Motor Co       | C                    | 300   | 0.21              | 11        | 10.9        | NZ Experience    | D                    | 33    | 1.48              | 16        | 9.0         | TeamTalk Ltd          | A                    | 225        | 2.25              | 15        | 11.9        |
| Comvita            | C                    | 242   | 1.13              | 25        | 1.3         | NZ Finance Hold  | D                    | 100   | 5.94              | 27        | Nil         | Telecom Corp          | B                    | 591        | 2.01              | 13        | 9.7         |
| Connexion          | E                    | 32    | 1.88              | 47        | Nil         | NZ Invest Trust* | N/R                  | 793   | N/A               | NE        | 1.0         | Tenon Ltd             | C                    | 360        | 0.60              | 9         | Nil         |
| Contact Energy     | C                    | 690   | 3.12              | 28        | 5.4         | NZ Oil and Gas * | N/R                  | 98    | N/A               | NE        | Nil         | Toll NZ Ltd           | B                    | 360        | 1.11              | 18        | Nil         |
| Cube Capital       | D                    | 4.0   | 0.11              | NE        | Nil         | NZ Refining Co   | A                    | 544   | 4.64              | 13        | 8.2         | Tourism Hold.         | C                    | 170        | 0.94              | 16        | 9.7         |
| Cynotech Hold.     | E                    | 14    | 0.77              | NE        | Nil         | NZ Wine Company  | B                    | 198   | 1.90              | 19        | 3.8         | Tower Limited         | C                    | 181        | 0.71              | 14        | Nil         |
| Dominion Fin.      | B                    | 130   | 2.91              | 9         | 7.9         | NZ Wool Service  | E                    | 42    | 0.25              | 30        | 3.6         | Training Sol.         | D                    | 0.1        | 0.71              | NE        | Nil         |
| Dorchester Pac     | B                    | 250   | 0.64              | 9         | 6.1         | NZSX 50 Port.    | D                    | 154   | N/A               | NE        | Nil         | Trans-Tasman          | C                    | 48         | 3.62              | 10        | Nil         |
| Eastern HI-FI      | D                    | 72    | 0.52              | 10        | Nil         | NZSX 10 Fund *   | N/R                  | 123   | N/A               | NE        | Nil         | Trust Power Ltd       | B                    | 595        | 3.06              | 26        | 4.9         |
| Ebos Group Ltd     | A                    | 435   | 0.43              | 13        | 7.4         | NZX Aust MidCap  | D                    | 478   | N/A               | NE        | Nil         | Turners Auction       | B                    | 218        | 0.76              | 9         | 13.7        |
| Evergreen          | D                    | 32    | 1.52              | NE        | Nil         | Nat Property Tr  | C                    | 93    | 6.31              | 18        | 9.8         | Turners & Grow.       | C                    | 180        | 0.23              | 13        | Nil         |
| F & P Appliance    | C                    | 324   | 0.82              | 12        | 8.3         | New Image Group  | C                    | 7.7   | 2.17              | NE        | Nil         | Utilico Int'l         | C                    | 56         | 3.60              | NE        | Nil         |
| F & P Health.      | B                    | 372   | 7.86              | 31        | 4.3         | Northland Port   | A                    | 288   | N/A               | 15        | 5.2         | VTL Group Ltd         | C                    | 52         | 0.55              | 8         | 6.4         |
| Feltex Ltd         | C                    | 55    | 0.27              | 7         | 16.3        | Nuplex Indust    | C                    | 425   | 0.35              | 11        | 9.3         | Vector Ltd            | C                    | 304        | 2.62              | 56        | Nil         |
| Finmedia Ltd       | D                    | 114   | 2.54              | 3         | Nil         | Opio Forestry    | D                    | 85    | N/A               | NE        | Nil         | WN Drive Tech.        | D                    | 33         | N/A               | NE        | Nil         |
| Finzsoft Solns     | D                    | 70    | 0.82              | 33        | Nil         | Oyster Bay       | B                    | 324   | 4.07              | 55        | 3.1         | Wakefield Hlth        | A                    | 620        | 1.83              | 25        | 3.1         |
| Fletcher Build.    | B                    | 778   | 0.77              | 11        | 6.1         | Ozzy (Torris) *  | N/R                  | 255   | N/A               | NE        | Nil         | Warehouse Group       | A                    | 408        | 0.56              | 32        | 5.3         |
| Forty Two Below    | D                    | 65    | 6.71              | NE        | Nil         | PGG Wrightsons   | A                    | 239   | 0.87              | 16        | 5.6         | Waste Mgmt NZ         | B                    | 577        | 2.68              | 22        | 6.9         |
| Freightways Ltd    | B                    | 310   | 1.67              | 18        | 7.7         | POD Ltd          | C                    | 108   | 0.42              | 10        | 4.1         | Widespread Port       | E                    | 1.7        | N/A               | NE        | Nil         |
| GDC Communicat.    | E                    | 10    | 0.15              | NE        | Nil         | Pac Edge Bio.    | E                    | 22    | N/A               | NE        | Nil         | Windflow Tech.        | D                    | 206        | N/A               | NE        | Nil         |
| Genesis Res.       | D                    | 32    | 1.89              | NE        | Nil         | Pacific Retail   | D                    | 200   | 0.13              | NE        | Nil         | Wool Equities         | E                    | 54         | 0.59              | NE        | Nil         |
| Guinness Peat      | C                    | 205   | 0.17              | 8         | 2.6         | Plus SMS Hold.   | C                    | 72    | N/A               | NE        | Nil         | World Index Fd *      | N/R                  | 120        | N/A               | NE        | Nil         |
| Gullivers Trv.     | C                    | 136   | 0.32              | 11        | 10.7        | Port Tauranga    | C                    | 436   | 4.01              | 17        | 6.8         | Zintel Comm.          | D                    | 80         | 1.13              | 12        | 6.5         |
| Hallenstein G.     | A                    | 470   | 1.49              | 14        | 9.5         | Postie Plus Grp  | D                    | 66    | 0.23              | 16        | 6.8         | <b>Ave of 161 Cos</b> | <b>C</b>             | <b>205</b> | <b>0.67</b>       | <b>18</b> | <b>4.1</b>  |
| ABC Grain Ltd      | A                    | 700   | 1.23              | 57        | 3.6         | Energy Resource  | B                    | 1365  | 8.12              | 50        | 1.2         | Nufarm Limited        | B                    | 1060       | 1.01              | 17        | 2.5         |
| ABC Learning       | A                    | 629   | 5.38              | 30        | 1.7         | Envestra         | B                    | 123   | 3.08              | NE        | 7.8         | Oil Search Ltd        | A                    | 333        | 6.57              | 19        | 1.2         |
| AMP Ltd            | B                    | 716   | 1.22              | 14        | 3.8         | Excel Coal Ltd   | A                    | 662   | 3.65              | 14        | 3.6         | Onesteel Ltd          | A                    | 355        | 0.51              | 15        | 3.8         |
| ANZ Bank           | A                    | 2354  | 4.61              | 30        | 4.3         | FKP Limited      | B                    | 480   | 2.75              | 15        | 5.2         | Orica Ltd             | B                    | 1919       | 1.10              | 16        | 3.5         |
| APN News Media     | C                    | 465   | 1.75              | 17        | 4.7         | Fairfax (John)   | B                    | 420   | 2.06              | 15        | 4.4         | Origin Energy         | B                    | 680        | 1.09              | 20        | 2.2         |
| AWB Limited        | A                    | 533   | 0.34              | 19        | 4.7         | Flight Centre    | C                    | 1050  | 1.10              | 18        | 4.8         | Oxiana Ltd            | B                    | 132        | N/A               | NE        | Nil         |
| AXA Asia Pac       | A                    | 473   | 1.67              | 16        | 2.5         | Foodland Assoc   | B                    | 2763  | 0.51              | 34        | 3.5         | Pacific Brands        | B                    | 272        | 0.89              | 22        | 5.5         |
| Adelaide Bank      | A                    | 1277  | 4.25              | 15        | 4.2         | Fortescue Metal  | C                    | 480   | N/A               | NE        | Nil         | Paladin Res.          | C                    | 222        | N/A               | NE        | Nil         |
| Adelaide Bright    | B                    | 200   | 1.56              | 13        | 3.8         | Foster's Group   | C                    | 578   | 2.91              | 12        | 3.5         | Paperlin X Ltd        | B                    | 326        | 0.19              | 9         | 7.8         |
| Ainta Limited      | B                    | 1097  | 2.68              | 19        | 3.8         | Futuris Corp.    | C                    | 187   | 0.39              | 14        | 4.8         | Patrick Corp          | A                    | 672        | 3.26              | 19        | 1.9         |
| Alumina Ltd        | B                    | 600   | N/A               | 25        | 3.3         | GPT Group        | C                    | 387   | 9.99              | 18        | 5.7         | Perp Trust Aust       | B                    | 6292       | 5.83              | 21        | 4.1         |
| Amcor Ltd          | C                    | 683   | 0.54              | 14        | 5.0         | GWA Internat'l   | B                    | 305   | 1.31              | 13        | 5.9         | Portman Limited       | A                    | 432        | 3.88              | 23        | 1.9         |
| Ansell Ltd         | A                    | 1023  | 1.48              | NE        | 1.4         | Gandel R. (CFS)  | B                    | 188   | N/A               | 19        | 5.6         | Primary Health        | B                    | 1068       | 6.23              | 45        | 2.3         |
| Aquarius Plat.     | A                    | 1020  | 3.75              | 40        | 0.8         | Gt Sthn Plant'n  | B                    | 307   | 2.85              | 7         | 4.6         | Promina Group         | B                    | 483        | 1.67              | 11        | 4.6         |
| Argo Investment    | B                    | 619   | N/A               | 27        | 3.4         | Guinness Peat    | B                    | 192   | 0.63              | 30        | 1.3         | Publishing & Br       | A                    | 1656       | 3.17              | 23        | 3.1         |
| Aristocrat Leis    | B                    | 1120  | 4.70              | 31        | 0.7         | Gunn's Ltd       | C                    | 278   | 1.35              | 9         | 4.5         | O.B.E. Insur.         | A                    | 1823       | 1.30              | 17        | 3.0         |
| Arrow Pharm.       | B                    | 282   | 2.65              | 46        | 3.5         | Hardman Res.     | C                    | 204   | N/A               | NE        | Nil         | Qantas Airways        | B                    | 352        | 0.53              | 9         | 5.7         |
| Aust Stock Exch    | B                    | 2897  | N/A               | 27        | 3.3         | Harvey Norman    | B                    | 276   | 2.27              | 17        | 2.4         | Ramsay Health         | A                    | 899        | 1.06              | 51        | 2.2         |
| Aust Gas Light     | C                    | 1498  | 1.39              | 8         | 4.2         | Healthscope      | B                    | 590   | 1.99              | 47        | 2.1         | Record Invest.        | A                    | 775        | N/A               | 26        | 3.9         |
| Aust Foundation    | B                    | 402   | N/A               | 23        | 4.0         | Henderson Group  | C                    | 152   | 0.49              | 45        | Nil         | Reece Australia       | B                    | 1385       | 1.37              | 18        | 2.7         |
| Aust Pharm. Ind    | B                    | 309   | 0.23              | 27        | 4.2         | Hills Indust.    | B                    | 468   | 0.93              | 21        | 5.1         | Rinker Group          | B                    | 1514       | 2.44              | 24        | 1.4         |
| Aust Infra.        | C                    | 240   | N/A               | 8         | 5.4         | ING Indust Trt   | A                    | 234   | N/A               | 17        | 6.3         | Rio Tinto Ltd         | A                    | 5860       | 4.24              | 21        | 1.8         |
| Aust Pipeline      | C                    | 366   | 2.70              | 15        | 6.1         | ING Office Fund  | B                    | 131   | 7.19              | 12        | 7.8         | Rural Press Ltd       | A                    | 1159       | 2.41              | 12        | 3.7         |
| Austar United      | C                    | 117   | 3.55              | NE        | Nil         | Iluka Resources  | A                    | 785   | 2.15              | 20        | 2.8         | SFE Corporation       | B                    | 1322       | 8.63              | 33        | 2.6         |
| Australand Prop    | B                    | 184   | 1.29              | 11        | 9.0         | Intec Pivot      | B                    | 1567  | 0.80              | 12        | 5.7         | Santos Ltd            | A                    | 1150       | 3.84              | 18        | 2.9         |
| B & B Infrast.     | C                    | 162   | 3.65              | NE        | 6.7         | Insurance Aust.  | B                    | 518   | 1.06              | NE        | 5.1         | Seek Ltd              | B                    | 279        | N/A               | 41        | 0.4         |
| BHP Billiton       | A                    | 2135  | 1.81              | 9         | 1.7         | Investia Prop.   | B                    | 197   | 3.02              | 13        | 8.4         | Seven Network         | B                    | 829        | 1.44              | 20        | 2.8         |
| Babcock & Brown    | C                    | 1789  | 7.35              | 84        | Nil         | Ivanhoe Mines    | D                    | 1200  | N/A               | NE        | Nil         | Sigma Company         | A                    | 1295       | 0.87              | 31        | 2.0         |
| Bank of O'land     | A                    | 1429  | 1.91              | 21        | 3.0         | James Hardie     | B                    | 838   | 2.44              | 23        | 0.9         | Sims Group Ltd        | B                    | 1640       | 0.58              | 8         | 8.5         |
| Bendigo Bank       | A                    | 1130  | 1.67              | 17        | 3.5         | Jubilee Mines    | B                    | 610   | 3.31              | 10        | 7.4         | Smorgon Steel         | B                    | 145        | 0.43              | 14        | 5.9         |
| Billabong Int'l    |                      |       |                   |           |             |                  |                      |       |                   |           |             |                       |                      |            |                   |           |             |

# Recommended Investments

**Retirement Village NZ**, the Australian joint venture between **Macquarie Bank** and **FKP** that is seeking to acquire **MetLifeCare**, has increased their offer 4% to 390 cents. The two major shareholders, who hold 60% of the company, will accept this offer. A full takeover - also at 390 cents - will be sent to all minority shareholders some time this month.

Quite likely the bidders will reach 90% acceptances and be able to seek compulsory acquisition of any remaining shares. One institutional investor, however, owns 11% of MetLifeCare and has yet to indicate whether or not it will accept. As we indicated last month, we would prefer to remain a shareholder in MetLifeCare.

believing that the new owner will financially restructure the group to extract further shareholder value from the company.

Therefore we recommend NOT accepting the takeover offer at this stage. If the institution chooses to sell, then we probably won't have the option and could be forced to sell for a 67% gain over about 16 months. If the institution retains its shares then the bidder will not reach 90% acceptances and will be unable to force us to accept. In that case we may earn further gains over the months ahead. "Hold".

**Michael Hill International** reported continued revenue growth for the *(Continued on Page 4)*

## Portfolio of Recommended Investments

| CURRENT<br>ADVICE                        | Company                          | Code | Initial Recommendation<br>- Date - | Price | Performance<br>Forecast | Issued<br>Shares<br>(mil.) | Vola-<br>tility<br>Ratio | Price/<br>Sales<br>Ratio | Price/<br>Earnings<br>Ratio | Gross<br>Dividend<br>Yield | Recent<br>Share<br>Price | Cash<br>Dividends<br>Rec'd | Total<br>Return<br>% |
|--|----------------------------------|------|------------------------------------|-------|-------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|----------------------------|----------------------|
| <b>NZ Shares</b>                         |                                  |      |                                    |       |                         |                            |                          |                          |                             |                            |                          |                            |                      |
| HOLD+                                    | CDL Investments Ltd              | CDI  | 12/01/99                           | 25    | D                       | 200.5                      | 1.6                      | 3.28                     | 8                           | 7.2                        | 33                       | 11.3                       | +77%                 |
| HOLD+                                    | Cavalier Corporation             | CAV  | 05/12/95                           | 156*  | D                       | 65.5                       | 0.5                      | 1.07                     | 11                          | 11.9                       | 338                      | 170.0                      | +226%                |
| HOLD+                                    | Colonial Motor Company           | CMO  | 10/11/92                           | 150   | C                       | 27.9                       | 0.5                      | 0.21                     | 11                          | 10.9                       | 300                      | 281.8                      | +288%                |
| BUY                                      | Lyttelton Port Company           | LPC  | 12/12/00                           | 150   | B                       | 102.3                      | 0.7                      | 2.84                     | 16                          | 8.9                        | 185                      | 54.3                       | +60%                 |
| HOLD                                     | Metlifecare Ltd                  | MET  | 10/08/04                           | 236   | A                       | 86.5                       | 0.7                      | 3.06                     | 19                          | 1.4                        | 385                      | 7.7                        | +66%                 |
| BUY                                      | Michael Hill Int'l Ltd           | MHI  | 11/06/91                           | 46*   | B                       | 38.7                       | 0.4                      | 1.08                     | 18                          | 4.5                        | 765                      | 173.0                      | +1939%               |
| BUY                                      | Nuplex Industries Ltd            | NPX  | 11/02/97                           | 350   | C                       | 76.7                       | 0.6                      | 0.35                     | 11                          | 9.3                        | 425                      | 127.5                      | +58%                 |
| HOLD+                                    | Renaissance Corp                 | RNS  | 13/08/96                           | 85*   | C                       | 38.2                       | 0.8                      | 0.39                     | 21                          | 8.9                        | 123                      | 29.9                       | +80%                 |
| HOLD+                                    | Richina Pacific                  | RPL  | 03/11/95                           | 94*   | D                       | 148.7                      | 1.3                      | 0.12                     | 15                          | 4.0                        | 50                       | 11.4                       | -35%                 |
| HOLD                                     | South Port New Zealand           | SPN  | 13/02/96                           | 120   | C                       | 26.2                       | 0.9                      | 2.47                     | 17                          | 7.6                        | 127                      | 81.5                       | +74%                 |
| HOLD                                     | Steel & Tube Holdings            | STU  | 08/08/00                           | 146   | C                       | 88.1                       | 0.6                      | 0.90                     | 11                          | 10.6                       | 450                      | 132.0                      | +299%                |
| HOLD+                                    | Taylors Group Ltd                | TAY  | 09/11/99                           | 102   | B                       | 24.3                       | 0.7                      | 0.68                     | 13                          | 10.6                       | 183                      | 50.0                       | +128%                |
| <b>Australian Shares (in Aust cents)</b> |                                  |      |                                    |       |                         |                            |                          |                          |                             |                            |                          |                            |                      |
| HOLD                                     | AJ Lucas Group                   | AJL  | 13/05/03                           | 120   | C                       | 51.6                       | 0.9                      | 0.69                     | NE                          | 3.5                        | 99                       | 20.5                       | -0%                  |
| BUY                                      | Atlas Pacific Ltd                | ATP  | 14/05/96                           | 73    | D                       | 87.8                       | 1.7                      | 3.70                     | NE                          | Nil                        | 25                       | 7.0                        | -57%                 |
| BUY                                      | Austin Group Ltd                 | ATG  | 08/02/05                           | 93    | C                       | 62.2                       | 1.1                      | 0.68                     | 10                          | 9.0                        | 67                       | 4.0                        | -24%                 |
| BUY                                      | Campbell Brothers Ltd            | CPB  | 12/10/99                           | 418*  | B                       | 41.3                       | 0.4                      | 0.83                     | 18                          | 4.3                        | 972                      | 177.5                      | +175%                |
| BUY                                      | Candle Australia                 | CND  | 08/04/03                           | 86    | A                       | 45.9                       | 0.7                      | 0.50                     | 16                          | 4.5                        | 255                      | 23.5                       | +224%                |
| HOLD+                                    | Cellnet Group Ltd                | CLT  | 12/02/02                           | 152   | C                       | 51.0                       | 1.0                      | 0.10                     | 10                          | 6.1                        | 115                      | 31.5                       | -4%                  |
| HOLD+                                    | Centennial Coal Ltd              | CEY  | 16/01/01                           | 70*   | B                       | 268.5                      | 0.6                      | 1.71                     | 22                          | 3.1                        | 414                      | 13.0                       | +510%                |
| HOLD                                     | Circadian Technologies           | CIR  | 10/02/04                           | 188   | D                       | 40.1                       | 1.1                      | N/A                      | NE                          | Nil                        | 123                      | 65.0                       | +0%                  |
| HOLD                                     | Citect Corporation Ltd           | CTL  | 12/04/05                           | 110   | A                       | 52.3                       | 0.8                      | 1.30                     | 26                          | 3.6                        | 153                      | 2.5                        | +41%                 |
| HOLD+                                    | Commander Comm.                  | CDR  | 11/09/01                           | 92    | A                       | 170.2                      | 0.7                      | 0.64                     | 17                          | 2.6                        | 230                      | 17.2                       | +169%                |
| BUY                                      | Computershare Ltd                | CPU  | 12/08/03                           | 189   | B                       | 594.9                      | 0.7                      | 3.43                     | 38                          | 1.7                        | 645                      | 21.5                       | +253%                |
| BUY                                      | Int'l AllSports                  | IAS  | 11/02/03                           | 180   | C                       | 66.4                       | 1.4                      | 0.04                     | NE                          | Nil                        | 38                       | 2.5                        | -78%                 |
| BUY                                      | Iluka Resources Ltd              | ILU  | 12/10/04                           | 471   | A                       | 232.9                      | 0.5                      | 2.15                     | 20                          | 2.8                        | 785                      | 22.0                       | +71%                 |
| BUY                                      | Keycorp Ltd                      | KYC  | 10/08/04                           | 123*  | B                       | 81.6                       | 1.1                      | 0.85                     | 19                          | Nil                        | 146                      | Nil                        | +18%                 |
| BUY                                      | LongReach Group Ltd <sup>1</sup> | LRX  | 11/01/05                           | 23½   | C                       | 174.5                      | 2.6                      | 0.48                     | 77                          | Nil                        | 10                       | Nil                        | -57%                 |
| HOLD+                                    | Melbourne IT                     | MLB  | 10/02/04                           | 53    | C                       | 52.8                       | 0.8                      | 1.00                     | 16                          | 4.8                        | 114                      | 10.5                       | +135%                |
| HOLD                                     | M.Y.O.B. Ltd                     | MYO  | 15/07/03                           | 84*   | B                       | 386.1                      | 0.9                      | 3.36                     | 40                          | 2.1                        | 109                      | 2.3                        | +32%                 |
| HOLD                                     | Ross Human Directions            | RHD  | 14/08/01                           | 92    | B                       | 81.7                       | 1.3                      | 0.13                     | 9                           | 7.3                        | 55                       | 21.0                       | -17%                 |
| BUY                                      | Skilled Engineering              | SKE  | 12/03/02                           | 126   | A                       | 100.5                      | 0.7                      | 0.38                     | 24                          | 5.1                        | 313                      | 57.5                       | +194%                |
| HOLD+                                    | Sonnet Corporation               | SNN  | 07/09/04                           | 31½   | C                       | 137.3                      | 1.9                      | 0.67                     | 10                          | 8.3                        | 18                       | 3.0                        | -33%                 |
| HOLD+                                    | Technology One Ltd               | TNE  | 11/11/03                           | 44    | C                       | 299.4                      | 1.2                      | 2.87                     | 16                          | 5.8                        | 54                       | 6.0                        | +35%                 |
| HOLD+                                    | The Reject Shop Ltd              | TRS  | 11/01/05                           | 257   | A                       | 25.1                       | 0.7                      | 0.50                     | 14                          | 4.2                        | 406                      | 17.0                       | +65%                 |
| HOLD                                     | Toll Holdings                    | TOL  | 08/09/98                           | 60*   | B                       | 330.2                      | 0.4                      | 1.08                     | 19                          | 2.1                        | 1270                     | 90.5                       | +2168%               |
| HOLD                                     | UXC Limited                      | UXC  | 11/01/00                           | 55*   | B                       | 161.4                      | 1.0                      | 0.60                     | 12                          | 6.1                        | 91                       | 29.5                       | +118%                |
| BUY                                      | Vision Systems Ltd               | VSL  | 10/11/98                           | 69*   | A                       | 179.4                      | 0.7                      | 1.87                     | 50                          | 2.4                        | 177                      | 32.5                       | +204%                |

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +199.7%. This is equal to an average annual rate of +41.0%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 37 current and 130 closed out) is +32.4%, compared with a market gain of +8.8% (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) LongReach notes (LRXGA) last traded at 12 cents.

**Recommended Investments** (Continued from Page 3) September quarter. NZ revenues rose 8.0% to \$16.7 million, with same store revenues up 5.6%. Australia recorded a 13.8% increase in revenues, with same store sales ahead 5.4%. Canadian revenues were up 88.9% to \$2.3 million, with same store revenues up 13.3%. During the quarter the company opened eight new stores in Australia and one in Canada.

NZ and Australian stores generated average revenues of \$340-360,000 during the quarter (although, of course, there would be variations owing to location and store sizes) while the newer Canadian stores appear to be operating well with average sales just slightly lower at \$285,000. That suggests this expansion is viable, will become profitable in the near future and offers the potential for continued steady growth for the company over the next few decades.

The only "problem" we see with Michael Hill International is the NZ imputation tax system which discourages NZ companies growing offshore. At present, the company has over 70% of its stores and generates over 70% of its revenues outside NZ. That is good for NZ's balance of payments and for generating wealth for NZ - but this international expansion requires the group to pay more income tax in Australia (and eventually in Canada). With a couple more years of growth, Michael Hill International will be unable to attach full imputation tax credits to its dividends.

Despite this tax problem from its success, Michael Hill International remains a sound long term growth company. "Buy".

#### Michael Hill International



**Nuplex Industries** will generate only 13% of future revenues and 20% of profits in NZ, so will run short on imputation tax credits from this year. The interim dividend will be the last fully imputed dividend. Australian investors, however, will continue to enjoy fully franked dividends as the company has "significant" accumulated franking credits and earns over half of its profits in that country, thereby earning more credits with the payment of Australian company income tax.

In this situation, the current policy of a high dividend payout and a dividend re-investment scheme really don't make sense for NZ investors. Why distribute unimputed dividends simply so that shareholders must pay income tax before re-investing some of the remaining cash back in new shares? Better to retain more of those (foreign tax paid) profits in the company rather than create a second tax liability for the NZ shareholders.

On a positive note, the company has reported "margins are slowly recovering as is demand for our products".

#### Nuplex Industries



**Renaissance Corporation** is "continuing to experience strong growth" and the company expects the second half profit (to December 2005) to be "considerably ahead" of the \$1.9 million (5.0 cents per share) half year result.

**Steel & Tube Holdings** is cautious about the new financial year, expecting "the rate of growth" in the economy to slow. Reduced residential construction "will eventually affect demand" for steel products used to build a house (e.g. nails, steel roofing) and furnish it (e.g. whiteware appliances). Despite these expectations, the company's actual sales volumes for the September quarter are "slightly ahead" of the same period in 2004 and the company expects "another solid result" this financial year.

Steel & Tube Holdings is clearly near the top of its cycle - so some partial profit taking is probably appropriate - but still has the potential to earn good profits and pay high dividends in the immediate future. Operating cashflows were reduced last year as the company increased stock levels. Reducing stock levels this year will release cash - in addition to normal operating cash surpluses from operations - which should support continued high dividends. "Hold".

#### Steel & Tube Holdings



#### Australian Shares

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

**Austin Group** is predicting first half revenues will be 5% lower than last year although earnings will be steady - with "high single digit growth" in revenues during the second half and "moderate earnings growth for the 2006 financial year".

The company has restructured over recent years and

is now able to manage faster growth in future years. Austin Group will “aggressively tender” for new licenses and brands, plans to “fast track” relationships with major retailers and has “several exciting new initiatives” that will be announced over the next three months to “help stimulate significant growth” beyond the current year.

Austin Group is also “committed to returning high levels of profits to shareholders in the form of fully franked dividends”. The company paid 6.0 cents per share in regular dividends last year - offering a yield of 9.0% on the current share price of 66½ cents - plus a 1.0 cent special dividend.

So Austin Group offers investors a high income yield - with good potential for steady income growth and capital appreciation as the company grows and the shares are re-rated. “Buy”.

**Centennial Coal**'s share price has suffered over the last month owing to negative investor sentiment resulting from an expected decline in the future price of coal. Spot prices for thermal coals have fallen from around US\$50/tonne to US\$40/tonne and the 2006 contract price for coking coal is predicted to fall from US\$125/tonne to around US\$110/tonne. Such price changes, however, would only partially reverse the significant price increases of recent years. Furthermore, Centennial Coal produces mainly thermal coals which are sold under long term, relatively fixed price contracts - so the company has limited exposure to fluctuating coal prices. “Hold+” for growth.

#### Centennial Coal



**Citect Corporation** made several positive announcements over the last month - and then became the subject of a takeover offer which is likely to succeed.

Firstly, Citect Corporation and **Calibre Controls** won a \$1 million contract to supply and install new software to replace existing plant downtime and production monitoring at **Rio Tinto's Pilbara Iron** mine.

Secondly, Citect Corporation will install a downtime, production and metrics monitoring system in all of **Energizing Holdings Inc's** alkaline battery plants in the United States, Singapore, China and Switzerland. This contract is worth “over \$1 million”.

Thirdly, third quarter revenues rose 25% to \$16.9 million with earnings of \$1.8 million - compared with a loss of \$400,000 in the third quarter of 2004. Furthermore this “strong momentum is expected to carry into the fourth quarter” as the company launches new products,

upgrades and concludes contracts under negotiation. The second half profit forecast (before tax) was raised to “approximately \$4.0 million”, up from the “in excess of \$2.4 million” predicted in June.

Six days later French based **Schneider Electric** concluded three months of secret negotiations with Citect Corporation, announcing a full takeover offer. Under the takeover Citect Corporation shareholders will receive 150 cents per share plus a special 5.0 cents dividend.

The takeover will be via a “scheme of arrangement” - so requires just 75% shareholder approval (compared with 90% in a regular takeover offer). This is a negotiated takeover and is recommended by the directors. Most importantly it is set at a 42% premium to the 109 cents market price of Citect Corporation shares prior to the announcement. Therefore - unless another rival bidder comes forward - this takeover should be successful.

We initially recommended investing in Citect Corporation shares just seven months ago - seeking “mainly *long term* capital appreciation” from the “recovery and growth” of this depressed business, while also receiving a “high current income and good prospects for income growth”. Unfortunately, some of our best potential investments get taken over - so we are unlikely to be able to remain an investor in this company and profit from income growth and capital appreciation over the long term. Nevertheless, we shall record a 43% total return over less than a year - which does make a worthwhile contribution to the growth in our investment wealth.

Unless an investor requires the money immediately, we recommend holding Citect Corporation owing to the possibility that a rival bidder may come forward with a better price. If that doesn't happen, then we can either sell on market or accept the 155 cents under the takeover.

#### Citect Corporation



**Commander Communications** has signed a deal to distribute **NetReturn** web hosted software to its own 60,000 internet customers which will earn it a shareholding in the company (which is 35% owned by **M.Y.O.B.** who also have an option to acquire full ownership of the business in 2007 or 2008).

**Computershare** has concluded negotiations to acquire **FinancialBPO** from listed **Powerlan** and will pay \$9.5 million in cash and issue 1,000,000 options to acquire Computershare shares at 615 cents each at any time over the next five years.

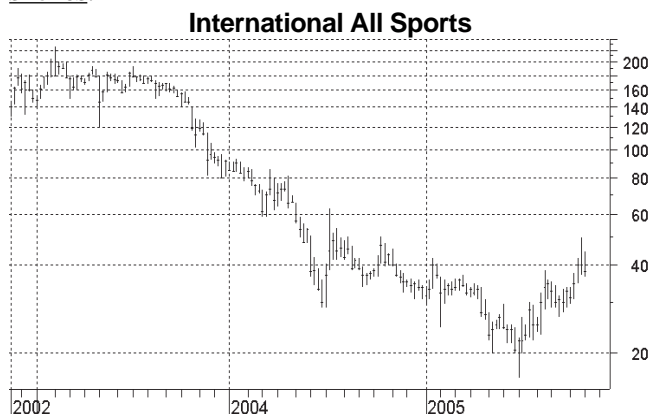
Computershare is also (Continued on Page 6)



**Recommended Investments** (Continued from Page 5) reported to be looking at acquiring - or establishing - a financial public relations business in Europe.

**International All Sports** lifted receipts from customers 68% to \$163.1 million during the September quarter - although its cash operating surplus was 71% lower at just \$77,000. Cash on hand is \$24.6 million - up from \$18.4 million a year earlier.

International All Sports share price has started to recover strongly over the last few months, lifting its Relative Strength rating to +11.2%, ranked 21. While we would also like to see an improvement in the business (i.e. profits) we are upgrading these shares to a cautious "Buy" and will add to our holding in these depressed shares.



**LongReach Group's** non-renounceable notes issue was only 53.6% subscribed, with the remaining 16.3 million notes placed with the underwriter and sub-underwriters. We would expect these underwriters to seek to sell these LongReach Group notes on-market and, in fact, these are some large sellers around 13 cents. This selling will keep the notes - and the shares - depressed in the short term.

The code for the convertible notes is **LRXGA** and, at the right price, are a more attractive investment than the ordinary shares. Therefore investors should consider selling the ordinary shares on-market and re-investing in the convertible notes, if this can be done at a premium of around 2 cents.

The convertible notes pay annual interest of 1.2 cents until their final conversion date of 31 October 2008 when they become ordinary shares. Alternatively, if converted early then every two notes will become two shares *plus* an option to buy another share at 12 cents before 30 April 2007.

So *if* LongReach Group performs poorly (i.e. the share price remains below 12 cents) then the notes will produce 3.6 cents interest over the next three years compared with no income from the ordinary shares. After tax that is worth at least 2.2 cents or a discounted current value of perhaps 1.8 cents.

Alternatively, *if* LongReach Group's share price recovers then it could become more attractive to convert them early - receiving only 18 months interest (i.e. 1.8 cents, with an after tax, discounted current value of about 1.0 cent) - *plus* the right to purchase another share a 12 cents. At a share price of 20 cents that right would be worth 8 cents and at a share price of 30 cents

it would be worth 18 cents. It requires two notes for each right, so that would add 4-9 cents to the value of each note.

Therefore, if an investor can sell the ordinary shares (i.e. at 10 or 10½) and re-invest in the notes at just a 2 cents price difference (i.e. at 12 or 12½ cents), then that extra investment will at least be repaid from the additional income received over the next three years. If the LongReach Group share price recovers strongly then there would be a large additional capital gain!

**M.Y.O.B.** has paid NZ\$1,000,000 (plus NZ\$150,000 subject to performance to June 2006) to lift its shareholding in **Exonet New Zealand** from 30% to 75%, plus an option to acquire the remainder of the business in 2007 or 2008. This business generates revenues of around NZ\$4.5 million so is being valued on a Price/Sales ratio of 0.50-0.57 - which is low for a software business. Exonet provides business management software for medium sized businesses in "wholesale and retail distribution and job cost based industries". It has 1700 customers in NZ and Australia.

**Ross Human Directions** reports a "disappointing first quarter" and now expects its first half profit to be \$1.25 million below last year at around \$1.5-1.6 million (1.8-2.0 cents per share). Nevertheless it hopes to maintain a steady 2.0 cents interim dividend and "remains confident" the full year profit will exceed last year's \$5.0 million (6.5 cents per share).

Ross Human Directions shares fell sharply after this profit downgrade to 55 cents. At this price they offer a Dividend Yield of 6.4% and trade on a low Price/Earnings ratio of 8½. *If* Ross Human Directions can perform better, then it can drive consolidation in the recruitment business and will be able to build shareholder wealth by acquiring weaker competitors relatively cheaply. At this time, Ross Human Directions looks like a weak and cheap company that could find itself on the receiving end of a takeover offer. That would at least realise a short term gain on its current depressed value! "Hold".

#### Ross Human Directions



**Sonnet Corporation** has completed its on-market share buy-back after acquiring 7,000,000 shares for \$1.663,525 (i.e. at prices from 21-26 cents).

The quarterly cashflow statement shows receipts up 35.3% to \$11.6 million for the September quarter - helped by its recent major acquisition - but a cash operating deficit of \$56,000 (compared with an \$845,000 surplus in 2004). The cash holding is up 31.4% to

\$6,711,000.

The company also reports that as expected the IT business is experiencing "continued restructuring costs and lower gross margins". There have also been delays commencing some IT projects. The new Telecom business has required significant marketing expenses and investments in working capital, while the customer acquisition under co-branded mobile plans has been slower than anticipated.

**Technology One** has been awarded a large US\$4.42 million contract to implement an integrated financial management and budgeting system for the **Papua New Guinea Government** - to be funded by the **Asian Development Bank, AusAID** and the **United Nations Development Programme**. The project will cover three years with licence fees, support fees and services revenue contributing to the next four financial year's results but with little impact on earnings for the current financial year.

Technology One shares trade on a low valuation - a Price/Earnings ratio of 16 and a Dividend Yield of 5.8% - yet offer steady, long term growth potential from their upgraded *Connected Intelligence* software and plans for expansion into the UK market. The shares will therefore appeal to investors who require a high current income (plus income growth) as well as investors seeking long term capital appreciation. "Buy".

**Technology One**



**The Reject Shop** reports September quarter revenues and profits "ahead of budget" and has opened eight new stores. **Sell The Warehouse.** "Buy" **The Reject Shop.**

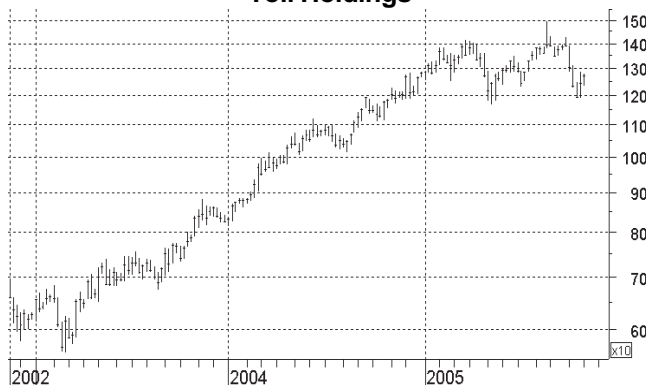
**Toll Holdings** has paid \$30 million to acquire **Korn**, a business that transports coal for mining companies in Queensland.

Toll Holdings has also indicated that should its takeover of **Patrick Corporation** be unsuccessful then it may seek to buy the Australian port assets and businesses of **P & O Ports**. Both the **Dubai Government** (through **Dubai Ports World**) and Danish shipping line **AP Moeller** are reported to be interested in acquiring P & O Ports' worldwide assets. Toll Holdings will approach both companies to see if they acquired the P & O assets whether they would want to keep the Australian assets.

With Toll Holdings' share price depressed since announcing its takeover for Patrick Corporation (i.e. 0.4 Toll share, 0.3 Virgin Blue share and 75 cents) its offer is currently valued at just \$6.28 compared with the

target's current share price of \$6.72. *Price* is the main factor that will determine the success or failure of this takeover - so Toll Holdings needs to either (1) raise its offer or (2) hope that its share price rises a dollar to make its offer more attractive!

**Toll Holdings**



**UXC** has sold all of its 2.7 million **Novera Energy** shares for \$3.8 million, realising a small profit of \$100,000. It now holds 400,000 options to buy shares at 225 cents each.

**Vision Systems** reports first quarter group revenues up 29% to \$47.5 million. The *BioSystems* division experienced 101% revenue growth to \$16.1 million, *Fire & Safety* revenues were up 8% to \$23.0 million and *Invetech* revenues were up 14% to \$8.4 million.

As previously announced, the company is planning to spin off the *Fire & Safety* business - either through a trade sale, to a private equity fund or through a public float and listing on an international stockmarket. Vision Systems plans to "return some of the funds to shareholders" from this sale "and retain the balance to enable management to drive the remaining business activities even more aggressively".

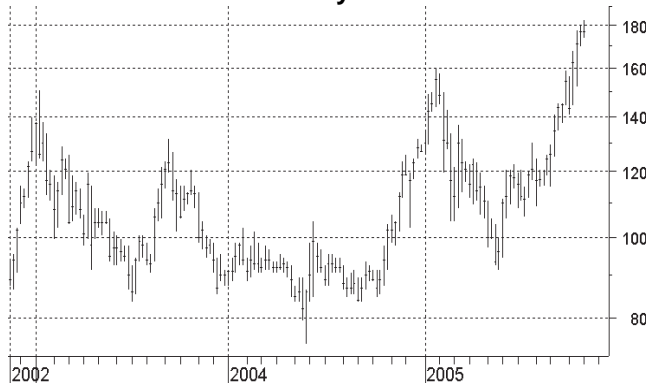
The directors expect that the remaining business - mainly "international healthcare" and growing very rapidly - will receive a higher rating from the stockmarket. In addition, the company is "exploring options" to dual list on the London Stock Exchange to help re-rate its shares.

In fact, Vision Systems' share price has risen strongly over recent months *anticipating* the impact of its plans to release shareholder value.

The company also expects to soon be able to announce that another major US pathology laboratory will switch to its *Bond-Max* tissue stainer - thereby boosting the ongoing sale of high margin reagents.

Continue to "Buy" (and hold) for growth!

**Vision Systems**



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

See "Market Analysis" issues 298-301 or the Reprint sent to all new subscribers for details. 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 | Dividend Yield | Price to 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   | 205         | +3.0            | -1.6      | 32        | 0.0              | -0.4              | 4            | 0.7              | 8          | 2.6               | 0.17           | 1,977                |              |
| Col Motor Co  | 300         | +1.3            | -1.5      | 45        | 1.0              | -0.9              | 8            | 0.5              | 11         | 10.9              | 0.21           | 84                   |              |
| Speirs Group  | 122         | +6.4            | -1.7      | 15        | 1.0              | -1.1              | 10           | 1.0              | 11         | 9.8               | 0.23           | 11                   |              |
| Mainfreight Grp   | 329         | +18.2           | -2.4      | 4         | 6.5              | 5                 | 3.6          | 15               | 0.5        | 23                | 2.9            | 315                  |              |
| Renaissance   | 123         | +10.2           | -3.8      | 9         | 0.0              | -4.8              | 23           | 0.8              | 21         | 8.9               | 0.39           | 47                   |              |
| Ebos Group Ltd  | 435         | +4.8            | -2.3      | 21        | 0.1              | 2                 | 2.4          | 18               | 0.5        | 13                | 7.4            | 120                  |              |
| Livestock Imp.  | 138         | +0.0            | -3.9      | 52        | 2.0              | -0.5              | 5            | 0.9              | 9          | 14.3              | 0.43           | 45                   |              |
| Broadway Ind  | 99          | +5.2            | +4.6      | 18        | 0.0              | -1.0              | 5            | 0.8              | 20         | 5.0               | 0.46           | 19                   |              |
| Cabletalk Group   | 70          | +2.8            | -5.6      | 34        | 2.0              | 1                 | 3.1          | 32               | 1.0        | 6.4               | 0.54           | 22                   |              |
| Warehouse Group   | 408         | +4.1            | +1.4      | 26        | 1.3              | 7                 | 3.5          | 11               | 0.6        | 32                | 5.3            | 1,246                |              |
| Kirkcaldie & St   | 250         | +3.1            | -0.9      | 31        | 0.1              | 1                 | 1.1          | 5                | 0.6        | 21                | 4.8            | 25                   |              |
| Fletcher Build.   | 778         | +10.0           | +0.0      | 9         | 3.3              | 6                 | 2.5          | 23               | 0.4        | 11                | 6.1            | 3,611                |              |
| Provenco Group  | 90          | +7.6            | -4.0      | 13        | 0.0              | -2.9              | 27           | 1.1              | 11         | 5.0               | 0.79           | 91                   |              |
| Briscoe Group   | 130         | +4.6            | -0.2      | 23        | 1.3              | 5                 | 2.9          | 19               | 1.0        | 15                | 8.0            | 276                  |              |
| PGG Wrightsons  | 239         | +15.9           | +2.0      | 5         | 6.3              | 1                 | 2.1          | 13               | 0.6        | 16                | 5.6            | 478                  |              |
| Steel & Tube  | 450         | +0.9            | -3.0      | 49        | 2.2              | 7                 | 2.9          | 27               | 0.6        | 11                | 10.6           | 396                  |              |
| Carter Holt   | 251         | +10.6           | -2.8      | 7         | 2.3              | 8                 | 0.8          | 11               | 0.7        | 8                 | 1.6            | 3,285                |              |
| Tourism Hold.   | 170         | +0.8            | -2.7      | 49        | 3.2              | 4                 | 1.0          | 6                | 0.8        | 16                | 9.7            | 167                  |              |

|  |     |       |      |    |     |      |     |     |     |      |      |       |       |
|--|-----|-------|------|----|-----|------|-----|-----|-----|------|------|-------|-------|
| <b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0 |     |       |      |    |     |      |     |     |     |      |      |       |       |
| PGG Wrightsons   | 239 | +15.9 | +2.0 | 5  | 6.3 | 1    | 2.1 | 13  | 0.5 | 16   | 5.6  | 0.87  | 478   |
| Carter Holt  | 251 | +10.6 | -2.8 | 7  | 2.3 | 8    | 0.8 | 11  | 0.6 | 8    | 1.6  | 0.92  | 3,285 |
| Fletcher Build.  | 778 | +10.0 | +0.0 | 9  | 3.3 | 6    | 2.5 | 23  | 0.3 | 11   | 6.1  | 0.77  | 3,611 |
| Provenco Group   | 90  | +7.6  | -4.0 | 13 | 0.0 | -2.9 | 27  | 0.9 | 11  | 5.0  | 0.79 | 91    |       |
| Speirs Group   | 122 | +6.4  | -1.7 | 15 | 1.0 | -1.1 | 10  | 0.8 | 11  | 9.8  | 0.23 | 11    |       |
| Pyne Gould Corp  | 469 | +5.1  | -3.5 | 19 | 1.0 | -2.6 | 22  | 0.5 | 12  | 5.7  | 1.00 | 459   |       |
| Ebos Group Ltd   | 435 | +4.8  | -2.3 | 21 | 0.1 | 2    | 2.4 | 18  | 0.4 | 13   | 7.4  | 0.43  | 120   |
| Briscoe Group  | 130 | +4.6  | -0.2 | 23 | 1.3 | 5    | 2.9 | 19  | 0.8 | 15   | 8.0  | 0.86  | 276   |
| Afco Holdings  | 46  | +3.6  | -3.0 | 28 | 0.1 | -1.2 | 27  | 0.8 | 4   | Nil  | 0.26 | 249   |       |
| Tower Limited  | 181 | +3.2  | -2.2 | 30 | 1.0 | 4    | 0.9 | 7   | 0.6 | 14   | Nil  | 0.71  | 746   |
| Guinness Peat  | 205 | +3.0  | -1.6 | 32 | 0.0 | -0.4 | 4   | 0.6 | 8   | 2.6  | 0.17 | 1,977 |       |
| Cabletalk Group  | 70  | +2.8  | -5.6 | 34 | 2.0 | 1    | 3.1 | 32  | 1.0 | 6.4  | 0.54 | 22    |       |
| Col Motor Co   | 300 | +1.3  | -1.5 | 45 | 1.0 | -0.9 | 8   | 0.4 | 11  | 10.9 | 0.21 | 84    |       |
| Tenon Ltd  | 360 | +1.0  | -4.4 | 48 | 0.0 | 6    | 1.3 | 16  | 0.6 | 9    | Nil  | 0.60  | 251   |
| Steel & Tube   | 450 | +0.9  | -3.0 | 49 | 2.2 | 7    | 2.9 | 27  | 0.5 | 11   | 10.6 | 0.90  | 396   |
| Tourism Hold.  | 170 | +0.8  | -2.7 | 49 | 3.2 | 4    | 1.0 | 6   | 0.7 | 16   | 9.7  | 0.94  | 167   |
| Livestock Imp.   | 138 | +0.0  | -3.9 | 52 | 2.0 | -0.5 | 5   | 0.7 | 9   | 14.3 | 0.43 | 45    |       |

|  |     |       |      |    |      |      |     |     |     |      |      |      |        |
|--|-----|-------|------|----|------|------|-----|-----|-----|------|------|------|--------|
| <b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million |     |       |      |    |      |      |     |     |     |      |      |      |        |
| NZ Refining Co   | 544 | +31.2 | -5.5 | 1  | 0.0  | 1    | 0.3 | 3   | 0.2 | 13   | 82.3 | 4.64 | 1,306  |
| Hellaby Hold.  | 475 | -3.0  | -2.9 | 68 | 0.0  | 3    | 2.3 | 21  | 0.3 | 11   | 12.3 | 0.60 | 234    |
| Cavalier Corp  | 338 | -6.1  | -3.5 | 76 | 5.11 | 3    | 3.5 | 31  | 0.4 | 11   | 11.9 | 1.07 | 221    |
| Restaurant Brds  | 126 | -2.2  | -6.5 | 64 | 0.0  | 4    | 2.4 | 21  | 0.7 | 11   | 11.8 | 0.38 | 122    |
| Gullivers Trv.   | 136 | -0.8  | -0.0 | 58 | 0.0  | -0.8 | 7   | 0.7 | 11  | 10.7 | 0.32 | 136  |        |
| Steel & Tube   | 450 | +0.9  | -3.0 | 49 | 2.2  | 7    | 2.9 | 27  | 0.4 | 11   | 10.6 | 0.90 | 396    |
| Telecom Corp   | 591 | -1.2  | -2.0 | 61 | 3.25 | 8    | 4.8 | 38  | 0.4 | 13   | 9.7  | 2.01 | 11,569 |
| Tourism Hold.  | 170 | +0.8  | -2.7 | 49 | 3.2  | 4    | 1.0 | 6   | 0.6 | 16   | 9.7  | 0.94 | 167    |
| Hallenstein G.   | 470 | +11.2 | +0.6 | 6  | 1.0  | 4    | 4.8 | 33  | 0.3 | 14   | 9.5  | 1.49 | 278    |
| Nuplex Indust  | 425 | -3.6  | -2.4 | 69 | 3.0  | 6    | 1.3 | 12  | 0.5 | 11   | 9.3  | 0.35 | 326    |

|   |     |      |      |    |      |      |     |     |     |     |      |      |     |
|---|-----|------|------|----|------|------|-----|-----|-----|-----|------|------|-----|
| <b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength > 0 |     |      |      |    |      |      |     |     |     |     |      |      |     |
| Michael Hill  | 765 | +0.3 | +0.5 | 50 | 10.1 | 4    | 4.5 | 25  | 0.3 | 18  | 4.5  | 1.08 | 296 |
| Comvita   | 242 | +3.1 | +0.4 | 31 | 8.3  | -2.0 | 8   | 0.4 | 25  | 1.3 | 1.13 | 31   |     |
| Skillmax Indust   | 130 | +6.0 | -2.4 | 18 | 3.0  | 4    | 3.9 | 38  | 0.5 | 10  | 8.0  | 1.10 | 130 |

|  |     |       |      |    |      |      |      |     |     |      |      |      |        |
|--|-----|-------|------|----|------|------|------|-----|-----|------|------|------|--------|
| Pacific Retail   | 200 | +2.2  | +1.6 | 39 | 3.0  | 1    | 1.1  | -   | 0.7 | NE   | Nil  | 0.13 | 125    |
| MG Property Trt  | 123 | +2.5  | -1.4 | 37 | 3.0  | 6    | 1.2  | 5   | 0.4 | 24   | 9.2  | N/A  | 420    |
| PGG Wrightsons   | 239 | +15.9 | +2.0 | 5  | 6.3  | 1    | 2.1  | 13  | 0.4 | 16   | 5.6  | 0.87 | 478    |
| Livestock Imp.   | 138 | +0.0  | -3.9 | 52 | 2.0  | -0.5 | 5    | 0.6 | 9   | 14.3 | 0.43 | 45   |        |
| Cabletalk Group  | 70  | +2.8  | -5.6 | 34 | 2.0  | 1    | 3.1  | 32  | 1.0 | 6.4  | 0.54 | 22   |        |
| Ryman Health.  | 482 | +14.5 | +1.0 | 6  | 2.0  | 4    | 2.6  | 13  | 0.3 | 20   | 2.4  | 3.98 | 482    |
| Tower Limited  | 181 | +3.2  | -2.2 | 30 | 1.0  | 4    | 0.9  | 7   | 0.5 | 14   | Nil  | 0.71 | 746    |
| <b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0 |     |       |      |    |      |      |      |     |     |      |      |      |        |
| Akd Int Airport  | 196 | -0.9  | -4.9 | 60 | 0.5  | 7    | 5.2  | 23  | 0.4 | 23   | 6.2  | 8.48 | 2,396  |
| NZ Exchange Ltd  | 690 | -8.0  | -0.9 | 80 | 1.1  | 1    | 3.0  | 12  | 0.4 | 24   | Nil  | 4.83 | 88     |
| Port Tauranga  | 436 | -6.8  | -1.6 | 77 | 4.1  | 7    | 1.4  | 8   | 0.3 | 17   | 6.8  | 4.01 | 584    |
| Sealegs Corp   | 20  | -7.9  | +0.3 | 79 | 2.2  | -7.6 | -    | 1.9 | NE  | Nil  | 3.81 | 13   |        |
| Sky City Ltd   | 455 | -0.1  | -2.0 | 55 | 0.8  | 7    | 10.0 | 55  | 0.3 | 18   | 7.9  | 2.78 | 1,900  |
| Waste Mgmt NZ  | 577 | -1.1  | -4.0 | 60 | 2.9  | 7    | 3.0  | 14  | 0.3 | 22   | 6.9  | 2.68 | 574    |
| Finmedia Ltd   | 114 | -5.6  | +3.9 | 76 | 0.0  | -1.0 | 32   | 0.3 | 3   | Nil  | 2.54 | 14   |        |
| Kingfish Ltd   | 94  | -1.7  | +0.1 | 63 | 0.0  | -0.7 | 22   | 0.6 | 3   | 3.2  | 2.46 | 55   |        |
| TeamTalk Ltd   | 225 | -1.4  | -1.0 | 62 | 0.4  | 1    | 2.1  | 14  | 0.5 | 15   | 11.9 | 2.25 | 45     |
| Blue Chip Fin.   | 90  | -8.0  | +1.1 | 81 | 0.0  | -5.1 | 52   | 0.9 | 10  | Nil  | 2.19 | 47   |        |
| New Image Group  | 8   | -20.5 | +4.0 | 96 | 0.0  | -1.7 | -    | 2.1 | NE  | Nil  | 2.17 | 14   |        |
| Telecom Corp   | 591 | -1.2  | -2.0 | 61 | 3.25 | 8    | 4.8  | 38  | 0.3 | 13   | 9.7  | 2.01 | 11,569 |

|   |     |       |      |    |      |       |     |     |     |     |      |      |       |
|---|-----|-------|------|----|------|-------|-----|-----|-----|-----|------|------|-------|
| <b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average |     |       |      |    |      |       |     |     |     |     |      |      |       |
| Charlie's Group   | 14  | -58.3 | -0.0 | 98 | 0.0  | -18.5 | -   | 1.1 | NE  | Nil | 1.47 | 41   |       |
| A2 Corporation  | 8   | -31.6 | -5.3 | 98 | 0.0  | -     | -   | 1.4 | NE  | Nil | N/A  | 5    |       |
| New Image Group   | 8   | -20.5 | +4.0 | 96 | 0.0  | -1.7  | -   | 1.9 | NE  | Nil | 2.17 | 14   |       |
| Life Pharmacy   | 88  | -20.1 | -0.4 | 95 | 0.2  | -17.6 | -   | 0.7 | NE  | 2.0 | N/A  | 474  |       |
| VTL Group Ltd   | 52  | -19.6 | -1.7 | 95 | 0.0  | -0.8  | 11  | 1.0 | 8   | 6.4 | 0.55 | 16   |       |
| Mr Chips Hold   | 75  | -12.5 | -1.4 | 90 | 0.0  | -1.4  | 11  | 0.6 | 13  | 8.0 | 0.52 | 18   |       |
| Air New Zealand   | 115 | -11.8 | -0.3 | 90 | 11.3 | 6     | 0.7 | 12  | 0.6 | 6   | 6.5  | 0.31 | 1,150 |
| Connexion   | 32  | -11.6 | -1.7 | 88 | 0.0  | -10.6 | 23  | 0.8 | 47  | Nil | 1.88 | 5    |       |
| Zintel Comm.  | 80  | -10.9 | -2.8 | 87 | 1.0  | -6.0  | 51  | 0.5 | 12  | 6.5 | 1.13 | 40   |       |
| Kidicorp  | 13  | -10.6 | -0.1 | 86 | 0.0  | -2.2  | -   | 1.1 | NE  | Nil | 0.97 | 24   |       |
| Finzsoft Sol'ns   | 70  | -10.6 | +1.1 | 85 | 0.0  | -1.7  | 5   | 0.5 | 33  | Nil | 0.82 | 6    |       |
| WN Drive Tech.  | 33  | -10.2 | +1.0 | 85 | 1.2  | -6.7  | -   | 0.8 | NE  | Nil | N/A  | 51   |       |
| Blis Technology   | 15  | -8.6  | +0.1 | 84 | 0.0  | -7.5  | -   | 1.1 | NE  | Nil | N/A  | 14   |       |
| Widespread Port   | 2   | -8.2  | +1.7 | 82 | 0.0  | -0.7  | -   | 2.5 | NE  | Nil | N/A  | 6    |       |
| Scott Tech. Ltd   | 220 | -8.0  | -3.8 | 82 | 0.0  | 1     | 3.7 | 2   | 0.4 | 175 | 2.7  | 1.36 | 55    |
| Blue Chip Fin.  | 90  | -8.0  | +1.1 | 81 | 0.0  | -5.1  | 52  | 0.9 | 10  | Nil | 2.19 | 47   |       |
| NZ Exchange Ltd   | 690 | -8.0  | -0.9 | 80 | 1.1  | 1     | 3.0 | 12  | 0.4 | 24  | Nil  | 4.83 | 88    |
| Sealegs Corp  | 20  | -7.9  | +0.3 | 79 | 2.2  | -7.6  | -   | 1.9 | NE  | Nil | 3.81 | 13   |       |
| Eastern Hi-Fi   | 72  | -7.8  | -1.2 | 79 | 0.0  | -0.9  | 9   | 0.6 | 10  | Nil | 0.52 | 7    |       |
| Wool Equities   | 54  | -7.1  | -1.5 | 77 | 0.0  | -0.7  | -   | 0.7 | NE  | Nil | 0.59 | 13   |       |

|   |     |      |      |    |      |   |      |    |     |    |     |      |        |
|---|-----|------|------|----|------|---|------|----|-----|----|-----|------|--------|
| <b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0 |     |      |      |    |      |   |      |    |     |    |     |      |        |
| Telecom Corp  | 591 | -1.2 | -2.0 | 61 | 3.25 | 8 | 4.8  | 38 | 0.3 | 13 | 9.7 | 2.01 | 11,569 |
| Sky City Ltd  | 455 | -0.1 | -2.0 | 55 | 0.8  | 7 | 10.0 | 55 | 0.3 | 18 | 7.9 | 2.78 | 1,900  |
| Waste Mgmt NZ   | 577 | -1.1 | -4.0 | 60 | 2.9  | 7 | 3.0  | 14 | 0.3 | 22 | 6.9 | 2.68 | 574    |
| F & P Appliance   | 324 | -0.7 | -3.5 | 57 | 3.9  | 7 | 1.5  | 12 | 0.4 | 12 | 8.3 | 0.82 | 855    |
| Cavalier Corp   | 338 | -6.1 | -3.5 | 76 | 5.11 | 3 | 3.5  | 31 |     |    |     |      |        |



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

See "Market Analysis" issues 298-301 or the Reprint sent to all new subscribers for details. These shares are not formal "buy" and "sell" recommendations, but the "Under-Valued", "Best Performing", "Income" and "Insider Buying" shares should be considered for purchase, while the "Over-Valued", "Worst Performing" and "Insider Selling" shares can be sold to release money for re-investment in more attractive shares.

| Company   | STRENGTH RATING |           |           |      | Insider Buy/Sell | Brokers Following | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | Company  | STRENGTH RATING |           |           |      | Insider Buy/Sell | Brokers Following | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n |
|---|-----------------|-----------|-----------|------|------------------|-------------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|--|-----------------|-----------|-----------|------|------------------|-------------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|
|   | Share Price     | Cur. rent | 4-Wk Chg. | Rank |                  |                   |              |                  |            |                   |                |                   |              |  | Share Price     | Cur. rent | 4-Wk Chg. | Rank |                  |                   |              |                  |            |                   |                |                   |              |
| <b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0 |                 |           |           |      |                  |                   |              |                  |            |                   |                |                   |              | <b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0 |                 |           |           |      |                  |                   |              |                  |            |                   |                |                   |              |
| Citic Australia   | 50              | +1.9      | +3.0      | 44   | 0-1              | -                 | 2.3          | 32               | 1.2        | 7                 | 7.0            | 0.07              | 41           | Energy Invest.   | 20              | +67.7     | +34.4     | 1    | 0-0              | -                 | -            | -                | 1.5        | 7                 | Nil            | 0.57              | 3            |
| Namberry Ltd  | 2               | +3.5      | -10.1     | 39   | 0-0              | -                 | 0.4          | 60               | 7.0        | 1%                | 176.50         | 0.08              | 3            | FSA Group Ltd  | 7               | +33.7     | +20.5     | 4    | 0-1              | -                 | 1.4          | 30               | 2.7        | 5                 | Nil            | 0.43              | 6            |
| Ruralco Hold.   | 445             | +1.5      | +2.7      | 46   | 2-0              | -                 | 2.1          | 11               | 0.5        | 19                | 3.4            | 0.08              | 49           | RCR Tomlinson  | 126             | +25.7     | +4.1      | 6    | 0-4              | -                 | 2.3          | 15               | 0.8        | 15                | 2.0            | 0.61              | 99           |
| Devine  | 62              | +2.9      | -0.2      | 41   | 1-0              | -                 | 0.8          | 18               | 1.1        | 5                 | 12.9           | 0.16              | 78           | Monadelphous Gr  | 395             | +21.8     | -7.1      | 9    | 0-1              | -                 | 7.2          | 38               | 0.4        | 19                | 4.9            | 0.80              | 316          |
| Structural Syst   | 73              | +13.3     | -0.2      | 17   | 9-0              | -                 | 1.8          | 28               | 1.0        | 6                 | 2.1            | 0.17              | 19           | The Reject Shop  | 406             | +20.6     | +5.9      | 10   | 1-0              | 1                 | 4.0          | 28               | 0.5        | 14                | 4.2            | 0.50              | 102          |
| A.P. Eagers   | 770             | +3.3      | +0.0      | 40   | 1-0              | 1                 | 1.2          | 9                | 0.4        | 14                | 4.7            | 0.18              | 166          | Onesteel Ltd   | 355             | +19.4     | +4.0      | 11   | 0-1              | 7                 | -            | -                | 0.5        | 15                | 3.8            | 0.51              | 2,002        |
| KLM Group Ltd   | 28              | +10.4     | +2.9      | 22   | 1-0              | -                 | 2.2          | 37               | 1.6        | 6                 | 3.6            | 0.18              | 11           | Caltex Austria   | 2214            | +18.9     | -0.4      | 11   | 1-0              | 6                 | 3.4          | 32               | 0.4        | 10                | 1.8            | 0.44              | 5,978        |
| Bridgestone   | 310             | +2.7      | +1.3      | 41   | 0-0              | 1                 | 0.6          | 6                | 0.5        | 10                | 4.0            | 0.21              | 113          | Homeloans Ltd  | 44              | +17.1     | +2.0      | 13   | 2-0              | -                 | 1.3          | 8                | 1.0        | 16                | 3.4            | 0.61              | 22           |
| AI Limited  | 22              | +8.0      | +5.2      | 27   | 0-1              | -                 | 1.3          | 11               | 1.7        | 11                | 9.1            | 0.21              | 28           | Tolhurst Noall   | 29              | +17.0     | +1.2      | 13   | 0-0              | -                 | 2.6          | 20               | 1.3        | 13                | 3.5            | 0.73              | 28           |
| Cordukes Ltd  | 53              | +16.2     | +3.5      | 14   | 0-0              | -                 | 5.8          | 50               | 1.1        | 12                | 3.8            | 0.22              | 35           | Leighton Hold  | 1459            | +16.6     | -0.6      | 13   | 0-2              | 6                 | 4.6          | 24               | 0.3        | 19                | 3.4            | 0.62              | 3,979        |
| Aust Pharm. Ind   | 309             | +0.4      | -1.6      | 50   | 1-0              | 5                 | 3.5          | 13               | 0.7        | 27                | 4.2            | 0.23              | 795          | Cordukes Ltd   | 53              | +16.2     | +3.5      | 14   | 0-0              | -                 | 5.8          | 50               | 0.8        | 12                | 3.8            | 0.22              | 35           |
| Joyce Corp.   | 74              | +3.3      | -0.3      | 40   | 1-0              | -                 | 0.9          | 14               | 1.0        | 6                 | 6.8            | 0.26              | 15           | Ludowicki Ltd  | 660             | +15.7     | +5.9      | 14   | 1-0              | -                 | 2.7          | 14               | 0.3        | 19                | 3.1            | 0.91              | 109          |
| Data 3 Ltd  | 329             | +1.4      | -0.3      | 46   | 1-1              | -                 | 5.3          | 41               | 0.7        | 13                | 5.8            | 0.26              | 51           | Legend Corp.   | 69              | +15.5     | +1.9      | 15   | 2-0              | -                 | 3.7          | 27               | 0.9        | 10                | 2.2            | 0.27              | 47           |
| Wilson Leaders  | 95              | +1.2      | +1.0      | 47   | 3-5              | -                 | 0.9          | 7                | 1.1        | 12                | 7.4            | 0.26              | 54           | Watpac Ltd   | 169             | +14.9     | +3.3      | 15   | 3-0              | 1                 | 3.2          | 26               | 0.6        | 12                | 5.0            | 0.31              | 129          |
| Legend Corp.  | 69              | +15.5     | +1.9      | 15   | 2-0              | -                 | 2.7          | 27               | 1.2        | 10                | 2.2            | 0.27              | 47           | Crane Group  | 1010            | +14.4     | +1.5      | 16   | 0-0              | 3                 | 2.0          | 13               | 0.3        | 15                | 5.9            | 0.27              | 588          |
| Crane Group   | 1010            | +14.4     | +1.5      | 16   | 0-0              | 3                 | 2.0          | 13               | 0.4        | 15                | 5.9            | 0.27              | 588          | Namoi Cotton   | 70              | +14.4     | -6.4      | 16   | 0-0              | -                 | -            | -                | 0.8        | 10                | 7.1            | 0.28              | 80           |
| Namoi Cotton  | 70              | +14.4     | -6.4      | 16   | 0-0              | -                 | -            | -                | 1.1        | 10                | 7.1            | 0.28              | 80           | Structural Syst  | 73              | +13.3     | -0.2      | 17   | 9-0              | -                 | 1.8          | 28               | 0.7        | 6                 | 2.1            | 0.17              | 19           |
| Atlas Grp Hold.   | 120             | +1.4      | -1.0      | 46   | 2-6              | 1                 | 1.7          | 20               | 0.9        | 9                 | 7.5            | 0.29              | 116          | Aircrusing Aust  | 10              | +12.8     | +13.7     | 18   | 0-0              | -                 | 5.0          | 73               | 1.8        | 7                 | Nil            | 0.17              | 1            |
| Catalyst Recm't   | 87              | +5.9      | +1.4      | 31   | 1-0              | -                 | 7.2          | 48               | 0.9        | 15                | 8.1            | 0.31              | 39           | MacMahon Hold  | 52              | +12.3     | +2.0      | 19   | 0-1              | -                 | 1.8          | 17               | 0.9        | 10                | 1.9            | 0.36              | 232          |
| Watpac Ltd  | 169             | +14.9     | +3.3      | 15   | 3-0              | 1                 | 3.2          | 26               | 0.8        | 12                | 5.0            | 0.31              | 129          | Aust Energy  | 130             | +12.1     | +4.7      | 19   | 0-3              | -                 | 6.5          | 49               | 0.6        | 13                | 1.7            | 0.55              | 65           |
| Ridley Corp.  | 138             | +0.7      | -1.7      | 49   | 0-0              | 4                 | 1.3          | 12               | 0.8        | 11                | 4.7            | 0.33              | 376          | Smorgon Steel  | 145             | +12.1     | +1.5      | 19   | 0-2              | 4                 | -            | -                | 0.8        | 14                | 5.9            | 0.43              | 1,283        |
| Widways Aust  | 94              | +1.7      | +1.0      | 45   | 3-1              | -                 | -            | -                | 1.0        | 10                | 5.9            | 0.33              | 30           | Imdex Limited  | 31              | +12.1     | +4.7      | 19   | 1-0              | -                 | 1.8          | 14               | 1.1        | 13                | Nil            | 0.81              | 39           |
| CTI Logistics   | 87              | +8.1      | +1.2      | 26   | 2-0              | -                 | 0.9          | 8                | 0.9        | 10                | 3.4            | 0.34              | 19           | David Jones  | 234             | +12.0     | -0.7      | 19   | 1-0              | 7                 | 2.3          | 18               | 0.5        | 13                | 5.6            | 0.55              | 995          |
| AWB Limited   | 533             | +6.2      | +0.7      | 30   | 3-0              | 7                 | 3.0          | 16               | 0.6        | 19                | 4.7            | 0.34              | 1,823        | Candle Aust.   | 255             | +11.3     | -1.7      | 20   | 4-0              | 2                 | -            | -                | 0.6        | 16                | 4.5            | 0.50              | 117          |
| Alphawest Ltd   | 67              | +20.1     | -7.4      | 10   | 0-0              | -                 | 33.5         | -                | 1.0        | NE                | 1.0            | 0.34              | 25           | Downer EDI Ltd   | 646             | +11.0     | -0.7      | 21   | 1-0              | 3                 | 3.4          | 19               | 0.6        | 18                | 2.8            | 0.50              | 1,884        |
| Metcash Trading   | 327             | +1.3      | -0.4      | 47   | 0-3              | 4                 | 8.4          | 36               | 0.5        | 23                | 2.9            | 0.35              | 2,417        | KLM Group Ltd  | 28              | +10.4     | +2.9      | 22   | 1-0              | -                 | 2.2          | 37               | 1.2        | 6                 | 3.6            | 0.18              | 11           |
| Coles Myer  | 1020            | +4.0      | -0.1      | 37   | 2-1              | 12                | 4.0          | 20               | 0.4        | 20                | 3.3            | 0.35              | 12,630       | Raptis Group   | 90              | +10.3     | +2.5      | 22   | 0-0              | -                 | 3.8          | 59               | 0.6        | 6                 | 15.6           | 0.37              | 55           |
| Becker Group  | 35              | +4.7      | +3.8      | 35   | 1-0              | -                 | 1.4          | 17               | 1.6        | 8                 | 4.3            | 0.35              | 25           | Jetset Travel  | 85              | +9.3      | +1.0      | 24   | 0-0              | -                 | 7.7          | 56               | 1.0        | 14                | 4.7            | 0.77              | 78           |
| MacMahon Hold   | 52              | +12.3     | +2.0      | 19   | 0-1              | -                 | 1.8          | 17               | 1.2        | 10                | 1.9            | 0.36              | 232          | Avadrill Ltd   | 80              | +9.1      | -0.5      | 24   | 1-0              | -                 | 1.1          | 14               | 0.7        | 8                 | 5.3            | 0.41              | 86           |
| Raptis Group  | 90              | +10.3     | +2.5      | 22   | 0-0              | -                 | 3.8          | 59               | 0.9        | 6                 | 15.6           | 0.37              | 55           | Avatar Indust.   | 115             | +8.5      | -0.0      | 26   | 2-0              | -                 | 1.9          | 24               | 0.8        | 8                 | 5.2            | 0.61              | 91           |
| Skilled Group   | 313             | +10.2     | -0.9      | 22   | 9-0              | 5                 | 7.0          | 29               | 0.7        | 24                | 5.1            | 0.38              | 314          | UXC Limited  | 91              | +8.4      | +0.9      | 26   | 0-2              | 11.0              | 1            | 81               | 0.7        | 12                | 6.1            | 0.60              | 146          |
| Futuris Corp.   | 187             | +0.2      | -3.7      | 51   | 1-0              | 6                 | 2.0          | 14               | 0.8        | 14                | 4.8            | 0.39              | 1,240        | Sims Group Ltd   | 1640            | +8.3      | -0.2      | 26   | 0-0              | 6                 | 3.5          | 45               | 0.3        | 8                 | 8.5            | 0.58              | 1,494        |
| Volante Group   | 139             | +2.1      | -0.6      | 44   | 4-0              | 1                 | 4.6          | 15               | 0.8        | 31                | 6.1            | 0.40              | 178          | CTI Logistics  | 87              | +8.1      | +1.2      | 26   | 2-0              | -                 | 0.9          | 8                | 0.7        | 10                | 3.4            | 0.34              | 19           |
| Austrill Ltd  | 80              | +9.1      | -0.5      | 24   | 1-0              | -                 | 1.1          | 14               | 1.0        | 8                 | 5.3            | 0.41              | 86           | AI Limited   | 22              | +8.0      | +5.2      | 27   | 0-1              | -                 | 1.3          | 11               | 1.2        | 11                | 9.1            | 0.21              | 28           |
| Smorgon Steel   | 145             | +12.1     | +1.5      | 19   | 0-2              | 4                 | -            | -                | 0.9        | 14                | 5.9            | 0.43              | 1,283        | Stadium Aust.  | 10              | +7.6      | +10.1     | 27   | 0-0              | -                 | -            | -                | 2.4        | 16                | Nil            | 0.23              | 10           |
| Caltex Austria  | 2214            | +18.9     | -0.4      | 11   | 1-0              | 6                 | 3.4          | 32               | 0.5        | 10                | 1.8            | 0.44              | 5,978        | Farm Pride Food  | 54              | +7.1      | -8.3      | 28   | 1-0              | -                 | 0.9          | 9                | 0.7        | 10                | Nil            | 0.32              | 16           |
| Lemarne Corp  | 240             | +2.4      | +1.1      | 42   | 1-0              | -                 | 1.3          | 20               | 0.6        | 7                 | 6.7            | 0.44              | 34           | Tassal Group   | 114             | +6.9      | +4.5      | 28   | 2-0              | 1                 | 2.1          | 11               | 0.7        | 20                | 2.2            | 0.80              | 126          |
| Brazin Limited  | 191             | +0.5      | +2.7      | 50   | 6-0              | 3                 | 5.6          | 27               | 0.8        | 21                | 5.5            | 0.45              | 225          | Bill Express   | 23              | +6.9      | -2.3      | 28   | 1-0              | -                 | 1.8          | 14               | 1.4        | 12                | Nil            | 0.17              | 81           |
| W'bool Cheese   | 385             | +1.0      | +0.5      | 48   | 0-0              | 1                 | 1.6          | 8                | 0.7        | 20                | 2.1            | 0.45              | 148          | Village Road.  | 250             | +6.6      | -3.3      | 29   | 0-3              | 1                 | 1.2          | 7                | 0.8        | 17                | Nil            | 0.44              | 693          |
| Embelton Ltd  | 400             | +6.4      | +5.0      | 29   | 0-0              | -                 | 1.3          | 9                | 0.6        | 15                | 1.9            | 0.48              | 9            | Sietel Ltd   | 110             | +6.6      | +4.2      | 29   | 0-0              | -                 | 0.7          | 11               | 0.8        | 7                 | Nil            | 0.37              | 9            |
| Downer EDI Ltd  | 646             | +11.0     | -0.7      | 21   | 1-0              | 3                 | 3.4          | 19               | 0.7        | 18                | 2.8            | 0.50              | 1,884        | Embelton Ltd   | 400             | +6.4      | +5.0      | 29   | 0-0              | -                 | 1.3          | 9                | 0.5        | 15                | 1.9            | 0.48              | 9            |
| Chalmers  | 300             | +5.2      | -1.3      | 33   | 1-0              | -                 | 0.9          | 4                | 0.5        | 25                | 2.7            | 0.50              | 17           | Tat Hong Hold.   | 47              | +6.4      | -0.7      | 30   | 0-0              | -                 | 1.6          | 13               | 1.2        | 13                | 3.8            | 0.86              | 213          |
| The Reject Shop   | 406             | +20.6     | +5.9      | 10   | 1-0              | 1                 | 4.0          | 28               | 0.7        | 14                | 4.2            | 0.50              | 102          | AWB Limited  | 533             | +6.2      | +0.7      | 30   | 3-0              | 7                 | 3.0          | 16               | 0.5        | 19                | 4.7            | 0.34              | 1,823        |
| Candle Aust.  | 255             | +11.3     | -1.7      | 20   | 4-0              | 2                 | -            | -                | 0.7        | 16                | 4.5            | 0.50              | 117          | Roberts Ltd  | 241             | +6.0      | -2.8      | 31   | 4-1              | -                 | 11.0         | 89               | 0.4        | 12                | 6.0            | 0.61              | 124          |
| Onesteel Ltd  | 355             | +19.4     | +4.0      | 11   | 0-1              | 7                 | -            | -                | 0.6        | 15                | 3.8            | 0.51              | 2,002        | Catalyst Rec'm't   | 87              | +5.9      | +1.4      | 31   | 1-0              | -                 | 7.2          | 48               | 0.7        | 15                | 8.1            | 0.31              | 39           |
| Foodland Assoc  | 2763            | +4.1      | -1.4      | 37   | 0-2              | 7                 | 9.8          | 29               | 0.3        | 34                | 3.5            | 0.51              | 3,256        | Noni B Limited   | 339             | +5.6      | -1.1      | 32   | 1-3              | 2                 | 5.8          | 34               | 0.7        | 17                | 3.8            | 0.99              | 108          |
| K&S Corporation   | 325             | +5.6      | +0.5      | 32   | 0-0              | 3                 | 2.6          | 26               | 0.5        | 10                | 4.2            | 0.55              | 195          | K&S Corporation  | 325             | +5.6      | +0.5      | 32   | 0-0              | 3                 | 2.6          | 26               | 0.4        | 1                 |                |                   |              |

| Company   | STRENGTH RATING |         |           |           | Insider Buy/Sell | Brokers Following | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n |
|---|-----------------|---------|-----------|-----------|------------------|-------------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|
|   | Share Price     | Current | 4-Wk Chg. | Rank 0-99 |                  |                   |              |                  |            |                   |                |                   |              |
| <b>INCOME SHARES: Highest Yields, Capitalisation &gt; AS\$250 million</b> |                 |         |           |           |                  |                   |              |                  |            |                   |                |                   |              |
| Macquarie Infra   | 337             | -1.7    | -4.2      | 62        | 4-0              | 5                 | 1.0          | 13               | 0.3        | 8                 | 23.0           | 1.66              | 7,355        |
| City Pacific  | 397             | -2.4    | -0.3      | 64        | 2-1              | 1                 | 2.8          | 32               | 0.4        | 9                 | 11.3           | 3.03              | 503          |
| Pacifica Group  | 191             | -5.1    | -1.3      | 73        | 6-0              | 3                 | -            | -                | 0.5        | 8                 | 10.8           | 0.29              | 354          |
| Australand Prop   | 184             | +9.7    | +2.2      | 23        | 1-0              | 3                 | 1.3          | 12               | 0.4        | 11                | 9.0            | 1.29              | 1,588        |
| Div. Utility  | 252             | +3.3    | -0.2      | 39        | 0-1              | 3                 | -            | -                | 0.6        | 18                | 8.7            | 1.38              | 1,063        |
| Sims Group Ltd  | 1640            | +8.3    | -0.2      | 26        | 0-0              | 6                 | 3.5          | 45               | 0.3        | 8                 | 8.5            | 0.58              | 1,494        |
| Stln C. Fliers  | 11130           | -0.1    | -0.0      | 54        | 0-0              | -                 | 1.1          | 9                | 0.1        | 12                | 8.5            | N/A               | 668          |
| AV Jennings   | 130             | -3.5    | +0.3      | 68        | 1-0              | -                 | 1.0          | 10               | 0.5        | 10                | 8.5            | 0.63              | 279          |
| Paperlin X Ltd  | 326             | -6.9    | -0.3      | 77        | 2-0              | 7                 | 1.0          | 12               | 0.4        | 9                 | 7.8            | 0.19              | 1,455        |
| Envestra  | 123             | +4.0    | +0.2      | 37        | 0-0              | 6                 | -            | -                | 0.5        | NE                | 7.8            | 3.08              | 943          |
| Jubilee Mines   | 610             | +9.1    | -10.8     | 24        | 0-3              | 2                 | 4.7          | 45               | 0.3        | 10                | 7.4            | 3.31              | 780          |
| Gasnet Aust Grp   | 280             | +4.3    | -0.3      | 36        | 0-0              | 3                 | 1.9          | 8                | 0.4        | 24                | 7.1            | 3.49              | 393          |
| G.U.D. Holdings   | 741             | +2.4    | -1.6      | 42        | 2-1              | 5                 | 6.0          | 39               | 0.3        | 15                | 6.7            | 1.12              | 444          |
| Telstra   | 419             | -8.3    | -2.9      | 80        | 0-0              | 9                 | 4.0          | 34               | 0.4        | 12                | 6.7            | 2.34              | 52,913       |
| B & B Infrastr.   | 162             | +6.4    | -3.5      | 29        | 4-0              | 3                 | 2.1          | -                | 0.5        | NE                | 6.7            | 3.65              | 1,580        |
| Sunland Group   | 151             | -2.2    | -1.0      | 64        | 11-3             | 1                 | 1.2          | 22               | 0.4        | 6                 | 6.6            | 0.81              | 376          |
| McGuigan Simeon   | 365             | -5.9    | +0.0      | 75        | 2-0              | 5                 | 1.3          | 12               | 0.4        | 11                | 6.4            | 1.11              | 413          |
| Ten Network   | 342             | -2.6    | -1.4      | 65        | 0-5              | 9                 | -            | -                | 0.4        | 14                | 6.3            | 1.43              | 1,363        |
| Aust Pipeline   | 366             | -0.7    | -1.4      | 57        | 0-0              | 4                 | 1.7          | 11               | 0.4        | 15                | 6.1            | 2.70              | 1,021        |
| Minara Resource   | 168             | -6.4    | -0.2      | 76        | 2-0              | 3                 | 1.6          | 27               | 0.8        | 6                 | 6.0            | 1.96              | 776          |
| Crane Group   | 1010            | +14.4   | +1.5      | 16        | 0-0              | 3                 | 2.0          | 13               | 0.3        | 15                | 5.9            | 0.27              | 588          |
| GWA Internat'l  | 305             | +5.9    | -0.3      | 31        | 3-1              | 4                 | 2.0          | 15               | 0.4        | 13                | 5.9            | 1.31              | 849          |
| Smorgon Steel   | 145             | +12.1   | +1.5      | 19        | 0-2              | 4                 | -            | -                | 0.7        | 14                | 5.9            | 0.43              | 1,283        |
| Incitec Pivot   | 1567            | -5.0    | +1.2      | 72        | 0-3              | 3                 | -            | -                | 0.3        | 12                | 5.7            | 0.80              | 913          |
| Peet & Company  | 210             | +16.4   | +2.9      | 14        | 2-0              | 1                 | 7.8          | 59               | 0.7        | 13                | 5.7            | 5.46              | 420          |

**INSIDER BUYING: Most Insider Buying, Relative Strength > 0**

|                  |      |        |       |    |      |   |      |    |     |    |     |      |       |
|------------------|------|--------|-------|----|------|---|------|----|-----|----|-----|------|-------|
| MFS Limited      | 225  | +15.7  | +1.9  | 14 | 30-0 | - | 28.1 | -  | 0.4 | NE | Nil | 5.51 | 500   |
| Grange Resource  | 143  | +11.7  | +14.4 | 20 | 18-1 | - | 47.7 | -  | 0.6 | NE | Nil | N/A  | 118   |
| Bentley Int'l    | 35   | +0.4   | -1.2  | 50 | 14-0 | - | 0.7  | -  | 0.9 | NE | Nil | N/A  | 14    |
| Antares Energy   | 47   | +6.4   | +2.1  | 29 | 14-0 | - | -    | -  | 0.7 | 61 | Nil | 3.06 | 75    |
| Everest B&B Alt  | 454  | +1.4   | +0.2  | 46 | 12-0 | - | 0.9  | -  | 0.7 | NE | Nil | N/A  | N/A   |
| Bullion Min.     | 15   | +6.7   | -2.9  | 29 | 11-0 | - | -    | -  | 1.3 | NE | Nil | 7.54 | 14    |
| Carrpathian Res. | 7    | +9.8   | +4.9  | 23 | 10-0 | - | -    | -  | 1.5 | NE | Nil | 5.11 | 8     |
| Betcorp Ltd      | 35   | +21.3  | +11.2 | 9  | 10-0 | - | 35.0 | -  | 0.8 | NE | Nil | 2.27 | 54    |
| Skilled Group    | 313  | +10.2  | -0.9  | 22 | 9-0  | 5 | 7.0  | 29 | 0.4 | 24 | 5.1 | 0.38 | 314   |
| Structural Syst  | 73   | +13.3  | -0.2  | 17 | 9-0  | - | 1.8  | 28 | 0.5 | 6  | 2.1 | 0.17 | 19    |
| Adelaide Bright  | 200  | +10.6  | -2.3  | 21 | 9-0  | 5 | 2.4  | 18 | 0.6 | 13 | 3.8 | 1.56 | 1,084 |
| Cardno Ltd       | 372  | +23.2  | +1.1  | 7  | 9-0  | 1 | -    | -  | 0.5 | 19 | 3.8 | 1.44 | 146   |
| Avexa Limited    | 26   | +12.9  | +10.9 | 18 | 8-0  | - | 2.4  | -  | 1.1 | NE | Nil | N/A  | 36    |
| Heartware Ltd    | 62   | +10.8  | +8.5  | 21 | 8-0  | - | -    | -  | 1.0 | NE | Nil | N/A  | N/A   |
| Aust Wealth Mgt  | 114  | +5.2   | -1.1  | 33 | 8-0  | - | -    | -  | 0.8 | NE | Nil | N/A  | N/A   |
| Hire Intell.     | 13   | +13.8  | -5.4  | 17 | 8-0  | - | 1.3  | -  | 1.1 | NE | Nil | 1.08 | 10    |
| Alcaston Mining  | 15   | +277.6 | +56.5 | 0  | 7-0  | - | -    | -  | 1.1 | NE | Nil | N/A  | 23    |
| Platinum Aust    | 24   | +16.5  | +12.8 | 13 | 7-0  | - | -    | -  | 1.0 | NE | Nil | N/A  | 24    |
| Alpha Tech.      | 2    | +17.6  | +0.1  | 13 | 7-0  | - | -    | -  | 2.6 | 10 | Nil | 1.42 | 17    |
| Carrick Gold     | 60   | +36.6  | -5.2  | 4  | 7-0  | - | -    | -  | 1.0 | NE | Nil | N/A  | 36    |
| Pharmaust Ltd    | 21   | +2.2   | +3.1  | 43 | 7-0  | - | 4.2  | -  | 0.9 | NE | Nil | 4.19 | 14    |
| Caspian Oil & G  | 8    | +56.5  | +4.9  | 1  | 8-1  | - | -    | -  | 1.5 | NE | Nil | N/A  | 44    |
| SFE Corporation  | 1322 | +13.9  | -0.2  | 17 | 8-1  | 7 | 11.8 | 35 | 0.3 | 33 | 2.6 | 8.63 | 1,769 |
| TFS Corporation  | 45   | +12.7  | -11.4 | 18 | 8-1  | - | 2.4  | 32 | 1.0 | 7  | 4.4 | 3.50 | 71    |
| Mariner Fin.     | 91   | +0.5   | -0.9  | 50 | 6-0  | - | -    | -  | 0.5 | NE | Nil | 3.31 | 55    |
| Meteoric Res.    | 26   | +3.7   | +10.1 | 38 | 6-0  | - | -    | -  | 1.0 | NE | Nil | N/A  | 11    |
| Buka Minerals    | 30   | +5.2   | -0.3  | 33 | 6-0  | - | -    | -  | 1.1 | 37 | Nil | 3.80 | 42    |
| Financial Res.   | 20   | +6.2   | -0.3  | 30 | 6-0  | - | 1.3  | 18 | 1.0 | 7  | 7.0 | 1.02 | 14    |
| Sundowner Group  | 17   | +3.0   | +1.7  | 40 | 6-0  | - | 0.6  | 5  | 1.0 | 11 | 4.8 | 1.23 | 29    |
| Investa Prop.    | 197  | +0.8   | +0.0  | 48 | 6-0  | 5 | 1.1  | 9  | 0.5 | 13 | 8.4 | 3.02 | 2,941 |
| Ironbark Cap.    | 56   | +2.0   | -1.0  | 44 | 6-0  | - | 0.9  | 13 | 0.6 | 7  | 5.8 | N/A  | 65    |
| Intermin Res     | 9    | +5.8   | +0.8  | 31 | 6-0  | - | -    | -  | 1.4 | 6  | Nil | 1.42 | 8     |

| Company         | STRENGTH RATING |         |           |           | Insider Buy/Sell | Brokers Following | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n |
|-----------------|-----------------|---------|-----------|-----------|------------------|-------------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|
|                 | Share Price     | Current | 4-Wk Chg. | Rank 0-99 |                  |                   |              |                  |            |                   |                |                   |              |
| ITL Limited     | 26              | +11.8   | +2.9      | 20        | 6-0              | -                 | 1.7          | -                | 0.9        | NE                | Nil            | 1.05              | 25           |
| Ale Property    | 225             | +10.0   | -2.2      | 22        | 6-0              | -                 | 1.0          | 3                | 0.4        | 38                | 5.7            | 4.33              | 204          |
| Perseus Mining  | 23              | +25.4   | +2.2      | 6         | 6-0              | -                 | -            | -                | 1.2        | NE                | Nil            | N/A               | 14           |
| Pelorus Pipes   | 380             | +2.5    | +0.6      | 42        | 6-0              | -                 | 1.3          | 6                | 0.3        | 21                | 8.5            | N/A               | 23           |
| Brazin Limited  | 191             | +0.5    | +2.7      | 50        | 6-0              | 3                 | 5.6          | 27               | 0.5        | 21                | 5.5            | 0.45              | 225          |
| Heggies Bulk.   | 35              | +0.7    | +4.1      | 49        | 6-0              | -                 | 1.4          | 24               | 0.7        | 6                 | Nil            | 0.16              | 20           |
| Centro Property | 610             | +5.7    | +0.5      | 32        | 7-1              | 5                 | 1.6          | 8                | 0.3        | 21                | 5.5            | N/A               | 4,757        |
| G.R.D. NL       | 254             | +12.3   | +0.1      | 19        | 7-1              | 1                 | 3.3          | 54               | 0.5        | 6                 | 2.4            | 1.92              | 483          |
| Nat'l Aust Bank | 3339            | +3.9    | +0.0      | 37        | 5-0              | 12                | 2.8          | 17               | 0.3        | 16                | 5.0            | 2.11              | 51,796       |
| Just Group Ltd  | 239             | +1.6    | +4.1      | 46        | 5-0              | 6                 | -            | -                | 0.5        | 13                | 5.6            | 0.82              | 521          |
| Riversdale Min. | 75              | +18.1   | -7.4      | 12        | 5-0              | -                 | -            | -                | 1.7        | NE                | Nil            | N/A               | 36           |
| Prophecy Int'l  | 15              | +1.8    | +4.9      | 44        | 5-0              | -                 | 1.9          | -                | 1.4        | NE                | Nil            | 1.37              | 7            |
| Dark Blue Sea   | 980             | +4.2    | +2.2      | 36        | 5-0              | 1                 | 3.1          | 56               | 0.4        | 6                 | 2.6            | 1.83              | 2,339        |
| Hydromet Corp.  | 5               | +1.2    | -4.6      | 47        | 5-0              | -                 | 1.6          | 23               | 2.2        | 7                 | Nil            | 0.88              | 14           |
| Quiktrak Netwks | 40              | +109.1  | +34.9     | 0         | 5-0              | -                 | 13.2         | -                | 1.5        | NE                | Nil            | 1.07              | 198          |
| Oceana Gold Ltd | 65              | +0.6    | +4.5      | 49        | 5-0              | 2                 | 1.5          | 13               | 0.8        | 12                | 1.5            | 1.92              | 234          |
| Dark Blue Sea   | 56              | +22.9   | +1.7      | 8         | 5-0              | -                 | 11.2         | 52               | 1.7        | 22                | Nil            | 2.19              | 49           |
| Ellex Medical   | 41              | +15.8   | +3.5      | 14        | 5-0              | 1                 | 2.7          | -                | 1.1        | NE                | Nil            | 0.87              | 25           |
| Fiducian P Serv | 90              | +8.8    | +1.2      | 25        | 5-0              | -                 | 3.1          | 19               | 0.9        | 16                | 4.7            | 1.63              | 30           |
| Aristocrat Leis | 1120            | +6.4    | -5.7      | 30        | 5-0              | 6                 | 20.4         | 67               | 0.5        | 31                | 0.7            | 4.70              | 5,341        |
| Hudson Timber   | 16              | +10.7   | +0.6      | 21        | 5-0              | -                 | 1.6          | -                | 1.3        | NE                | Nil            | 0.14              | 14           |
| Solagran Ltd    | 21              | +20.5   | +10.4     | 10        | 5-0              | -                 | 10.5         | -                | 0.9        | NE                | Nil            | N/A               | 32           |
| Equigold NL     | 119             | +7.1    | +2.4      | 28        | 5-0              | 2                 | 2.1          | 7                | 0.4        | 32                | 5.0            | 2.09              | 203          |
| St Barbara Mine | 28              | +98.6   | +9.7      | 0         | 5-0              | -                 | 5.5          | 2                | 1.4        | 275               | Nil            | 2.31              | 156          |
| Nufarm Limited  | 1060            | +5.9    | -1.8      | 31        | 6-1              | 5                 | 4.8          | 28               | 0.3        | 17                | 2.5            | 1.01              | 1,799        |
| Aurox Resources | 70              | +47.0   | -23.2     | 2         | 7-2              | -                 | -            | -                | 0.8        | NE                | Nil            | N/A               | 23           |
| Heron Resources | 51              | +2.5    | -11.8     | 42        | 4-0              | -                 | -            | -                | 1.0        | NE                | Nil            | 1.43              | 34           |
| Aim Resources   | 6               | +0.2    | -3.2      | 51        | 4-0              | -                 | -            | -                | 1.7        | NE                | Nil            | N/A               | 29           |
| Resource Pac.   | 121             | +10.0   | +1.8      | 23        | 4-0              | -                 | 2.5          | 1                | 0.7        | 403               | Nil            | N/A               | 65           |
| AED Oil Ltd     | 100             | +30.3   | +6.0      | 5         | 4-0              | -                 | -            | -                | 0.9        | NE                | Nil            | N/A               | 109          |
| Select harvest  | 1400            | +20.0   | +4.2      | 10        | 4-0              | 3                 | 8.5          | 34               | 0.3        | 25                | 3.0            | 3.07              | 547          |
| Cochlear Ltd    | 3804            | +9.3    | -5.5      | 24        | 4-0              | 7                 | -            | -                | 0.2        | 38                | 2.1            | 5.93              | 2,065        |
| IFL Limited     | 355             | +13.0   | +1.6      | 18        | 4-0              | -                 | 6.5          | 24               | 0.4        | 27                | 5.1            | 3.79              | 207          |
| Candle Aust.    | 255             | +11.3   | -1.7      | 20        | 4-0              | 2                 | -            | -                | 0.5        | 16                | 4.5            | 0.50              | 117          |
| Sylvastate Ltd  | 455             | +3.9    | +1.2      | 37        | 4-0              | -                 | 0.9          | -                | 0.2        | NE                | Nil            | N/A               | 417          |
| Volante Group   | 139             | +2.1    | -0.6      | 44        | 4-0              | 1                 | 4.6          | 15               | 0.5        | 31                | 6.1            | 0.40              | 178          |
| Aust Education  | 145             | +0.9    | +0.7      | 48        | 4-0              | 2                 | 1.5          | 3                |            |                   |                |                   |              |

# Australian Warrant / Option Analysis

| Company                  | Share Price | Exercise Price | Yr/Mth Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate | Company                  | Share Price | Exercise Price | Yr/Mth Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate |
|--------------------------|-------------|----------------|---------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|--------------------------|-------------|----------------|---------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| AXG Mining               | 7           | 20             | 4-9           | 2.0          | 3.7                     | -46                      | 0.88             | 1.36            | 1.00                   | +27             | D'Aguilar Gold           | 13          | 20             | 0-4           | 1.0          | 1.1                     | -8                       | 0.94             | 3.72            | 1.00                   | +321            |
| Adultshop.com            | 4           | 10             | 0-7           | 0.1          | 0.0                     | +999                     | 0.42             | 9.99            | 1.00                   | +515            | Datafast Telecom         | 1           | 20             | 0-0           | 0.1          | 1.1                     | -91                      | 0.80             | 3.72            | 1.00                   | +999            |
| Advanced Healthcare Grp  | 4           | 12             | 2-1           | 0.5          | 0.5                     | -9                       | 0.79             | 2.19            | 1.00                   | +84             | De Grey Mining           | 20          | 45             | 0-7           | 5.0          | 0.2                     | +999                     | 0.57             | 6.30            | 1.00                   | +381            |
| Alcaston Mining          | 15          | 15             | 1-10          | 1.5          | 12.4                    | -88                      | 1.97             | 1.11            | 1.00                   | +5              | Dia-B Tech Ltd           | 6           | 20             | 5-1           | 1.4          | 1.8                     | -22                      | 0.59             | 1.79            | 1.00                   | +27             |
| Alexander Resources      | 15          | 20             | 1-8           | 3.4          | 3.3                     | +5                       | 0.56             | 2.48            | 1.00                   | +31             | Diamonex Ltd             | 22          | 20             | 0-7           | 4.0          | 3.9                     | +4                       | 0.43             | 3.82            | 1.00                   | +21             |
| Allied Gold              | 33          | 20             | 1-7           | 16.5         | 15.8                    | +4                       | 0.46             | 1.88            | 1.00                   | +7              | Eagle Bay Resources      | 8           | 12             | 0-4           | 2.0          | 0.2                     | +859                     | 0.65             | 5.93            | 1.00                   | +525            |
| Amcil Ltd                | 53          | 50             | 1-3           | 6.2          | 7.2                     | -14                      | 0.16             | 5.71            | 1.00                   | +6              | Eagle Bay Resources      | 8           | 15             | 3-7           | 5.0          | 2.5                     | +97                      | 0.65             | 1.76            | 1.00                   | +31             |
| Anitense Therapeutic     | 4           | 20             | 1-2           | 1.2          | 0.1                     | +999                     | 0.77             | 3.52            | 1.00                   | +293            | Ellendale Resources      | 3           | 12             | 0-7           | 2.2          | 0.0                     | +999                     | 0.89             | 4.49            | 1.00                   | +999            |
| Arafura Resources        | 29          | 20             | 2-7           | 17.5         | 17.0                    | +3                       | 0.74             | 1.44            | 1.00                   | +10             | Empire Oil               | 1           | 20             | 0-1           | 0.1          | 0.0                     | +999                     | 0.63             | 9.99            | 1.00                   | +999            |
| Argonaut Resources       | 16          | 30             | 1-7           | 4.6          | 2.3                     | +102                     | 0.62             | 2.69            | 1.00                   | +63             | Enterprise Energy        | 5           | 20             | 2-1           | 1.9          | 0.3                     | +603                     | 0.62             | 3.02            | 1.00                   | +103            |
| Ashburton Minerals       | 8           | 32             | 1-4           | 3.0          | 0.4                     | +663                     | 0.79             | 3.00            | 1.00                   | +211            | Eqitx Limited            | 21          | 20             | 1-7           | 3.5          | 8.8                     | -60                      | 0.78             | 1.76            | 1.00                   | +7              |
| Astro Diamond Mines NL   | 3           | 5              | 7-0           | 3.0          | 2.5                     | +21                      | 0.88             | 1.16            | 1.00                   | +13             | Equigold NL              | 119         | 140            | 1-6           | 20.0         | 17.5                    | +14                      | 0.37             | 3.54            | 1.00                   | +22             |
| Astro Mining             | 3           | 5              | 7-0           | 1.4          | 2.5                     | -44                      | 0.88             | 1.16            | 1.00                   | +10             | Evans & Tate             | 29          | 150            | 1-11          | 1.0          | 1.9                     | -47                      | 0.77             | 2.64            | 1.00                   | +139            |
| Astro Mining NL          | 3           | 75             | 4-1           | 2.4          | 0.4                     | +485                     | 0.88             | 1.87            | 1.00                   | +117            | Exco Resources NL        | 17          | 20             | 0-9           | 4.4          | 2.8                     | +58                      | 0.61             | 3.14            | 1.00                   | +62             |
| Atlantic Gold            | 11          | 10             | 0-7           | 3.9          | 2.9                     | +33                      | 0.83             | 2.40            | 1.00                   | +62             | Ezenet Ltd               | 10          | 15             | 1-7           | 2.0          | 3.2                     | -38                      | 0.86             | 1.86            | 1.00                   | +40             |
| Atlas Gold               | 23          | 20             | 2-3           | 8.1          | 11.1                    | -27                      | 0.71             | 1.62            | 1.00                   | +9              | FSA Group Limited        | 7           | 20             | 0-1           | 0.1          | 0.0                     | +999                     | 1.15             | 9.99            | 1.00                   | +999            |
| Audax Resources          | 13          | 20             | 3-1           | 5.3          | 5.0                     | +6                       | 0.73             | 1.64            | 1.00                   | +26             | Farsands Corporation     | 30          | 30             | 3-0           | 6.5          | 7.9                     | -18                      | 0.28             | 2.74            | 1.00                   | +7              |
| Aurora Minerals          | 28          | 20             | 0-8           | 12.0         | 9.9                     | +21                      | 0.55             | 2.41            | 1.00                   | +22             | Financial Resources      | 20          | 20             | 2-6           | 5.5          | 5.3                     | +3                       | 0.33             | 2.64            | 1.00                   | +10             |
| Aurox Resources          | 70          | 20             | 1-11          | 43.0         | 55.0                    | -22                      | 0.94             | 1.22            | 1.00                   | -5              | Finders Resources        | 2           | 10             | 2-10          | 0.3          | 0.1                     | +229                     | 0.57             | 2.93            | 1.00                   | +82             |
| Ausquest Ltd             | 11          | 20             | 1-0           | 3.0          | 0.7                     | +316                     | 0.57             | 3.82            | 1.00                   | +109            | Fox Resources            | 27          | 75             | 1-7           | 2.5          | 1.0                     | +149                     | 0.53             | 3.83            | 1.00                   | +95             |
| Aust Food & Fibre        | 37          | 32             | 0-7           | 6.3          | 5.5                     | +14                      | 0.00             | 6.59            | 1.00                   | +9              | Fox Resources Ltd        | 27          | 20             | 0-2           | 7.0          | 7.4                     | -5                       | 0.53             | 3.45            | 1.00                   | +0              |
| Aust Mining Investments  | 17          | 10             | 0-8           | 0.2          | 7.4                     | -97                      | 0.65             | 2.00            | 1.00                   | -51             | Future Corporation       | 1           | 3              | 0-6           | 3.2          | 0.0                     | +999                     | 1.05             | 3.86            | 1.00                   | +999            |
| Aust Pure Fruits         | 67          | 30             | 2-6           | 37.5         | 42.4                    | -12                      | 0.47             | 1.50            | 1.00                   | +0              | Gateway Mining NL        | 10          | 30             | 1-3           | 3.0          | 0.7                     | +333                     | 0.75             | 3.00            | 1.00                   | +160            |
| Aust United Gold         | 3           | 2              | 0-7           | 0.9          | 1.0                     | -6                       | 0.97             | 1.98            | 1.00                   | +29             | Gippsland                | 11          | 9              | 2-1           | 4.4          | 6.3                     | -30                      | 0.92             | 1.43            | 1.00                   | +10             |
| Australis Mining Corp.   | 12          | 20             | 1-1           | 2.7          | 0.4                     | +567                     | 0.39             | 5.40            | 1.00                   | +80             | Gippsland Offshore Pet   | 9           | 20             | 1-0           | 3.0          | 0.9                     | +239                     | 0.75             | 3.00            | 1.00                   | +147            |
| Auth Investments         | 20          | 25             | 1-1           | 1.0          | 10.0                    | -90                      | 1.47             | 1.44            | 1.00                   | +30             | Gleneagle Gold           | 14          | 20             | 1-7           | 3.2          | 3.3                     | -2                       | 0.70             | 2.21            | 1.00                   | +41             |
| Auth Investments         | 20          | 25             | 4-4           | 5.0          | 17.0                    | -71                      | 1.47             | 1.07            | 1.00                   | +10             | Global Mining Invest     | 110         | 100            | 1-0           | 13.5         | 17.7                    | -24                      | 0.19             | 5.07            | 1.00                   | +3              |
| Autron Corporation       | 10          | 18             | 1-6           | 3.5          | 0.5                     | +555                     | 0.44             | 4.04            | 1.00                   | +72             | Golden Deepes            | 11          | 15             | 1-3           | 2.0          | 3.9                     | -49                      | 1.00             | 1.79            | 1.00                   | +42             |
| Aviva Corporation        | 6           | 10             | 0-1           | 0.1          | 0.0                     | +999                     | 0.58             | 9.99            | 1.00                   | +999            | Golden State Petroleum   | 17          | 65             | 1-1           | 2.7          | 0.2                     | +981                     | 0.66             | 4.29            | 1.00                   | +258            |
| Bannerman Resources      | 34          | 20             | 1-6           | 15.0         | 18.2                    | -18                      | 0.67             | 1.64            | 1.00                   | +2              | Golden State Res.        | 6           | 10             | 1-7           | 2.0          | 1.3                     | +50                      | 0.72             | 2.23            | 1.00                   | +55             |
| Barra Resources          | 10          | 20             | 0-9           | 2.0          | 1.9                     | +3                       | 1.13             | 2.23            | 1.00                   | +186            | Golden West Resources    | 31          | 20             | 2-1           | 10.5         | 16.7                    | -37                      | 0.65             | 1.59            | 1.00                   | -1              |
| Batavia Mining           | 4           | 20             | 0-10          | 0.6          | 0.1                     | +560                     | 0.95             | 3.46            | 1.00                   | +637            | Goldlink IncomePlus      | 124         | 100            | 0-7           | 25.5         | 27.4                    | -7                       | 0.18             | 4.39            | 1.00                   | +2              |
| Batavia Mining           | 4           | 5              | 0-7           | 1.4          | 0.8                     | +81                      | 0.95             | 2.59            | 1.00                   | +150            | Gondwana Resources       | 0           | 1              | 2-1           | 0.1          | 0.2                     | -40                      | 1.41             | 1.32            | 1.00                   | +65             |
| Beach Petroleum          | 91          | 60             | 0-7           | 36.5         | 33.4                    | +9                       | 0.43             | 2.54            | 1.00                   | +12             | Great Australian Res     | 13          | 20             | 0-2           | 1.8          | 0.1                     | +999                     | 0.70             | 8.48            | 1.00                   | +999            |
| Berkeley Resources       | 24          | 20             | 1-0           | 8.0          | 10.8                    | -26                      | 0.97             | 1.71            | 1.00                   | +17             | Great Gold Mines         | 5           | 20             | 6-5           | 3.2          | 2.2                     | +44                      | 0.70             | 1.47            | 1.00                   | +26             |
| Biomd Ltd                | 6           | 20             | 1-9           | 1.0          | 1.1                     | -11                      | 0.90             | 2.08            | 1.00                   | +101            | Great Gold Mines         | 5           | 125            | 4-10          | 0.2          | 0.3                     | -34                      | 0.70             | 2.22            | 1.00                   | +93             |
| Biometrics Ltd           | 3           | 20             | 2-1           | 0.3          | 0.6                     | -48                      | 1.07             | 1.84            | 1.00                   | +150            | Great Gold Mines         | 5           | 10             | 7-3           | 2.0          | 3.2                     | -37                      | 0.70             | 1.30            | 1.00                   | +12             |
| Bionomics Ltd            | 17          | 50             | 1-8           | 2.0          | 0.7                     | +193                     | 0.56             | 3.57            | 1.00                   | +99             | Great Western Explor.    | 14          | 20             | 3-6           | 4.0          | 7.3                     | -45                      | 0.82             | 1.44            | 1.00                   | +17             |
| Biopharmica Ltd          | 9           | 20             | 1-7           | 1.7          | 2.2                     | -23                      | 0.92             | 1.96            | 1.00                   | +74             | Green Rock Energy        | 19          | 20             | 1-1           | 6.4          | 4.7                     | +37                      | 0.59             | 2.55            | 1.00                   | +35             |
| Bioprospect              | 3           | 20             | 0-2           | 0.1          | 0.0                     | +999                     | 0.46             | 9.99            | 1.00                   | +999            | Hannans Reward NL        | 10          | 20             | 0-4           | 1.0          | 0.1                     | +890                     | 0.69             | 6.64            | 1.00                   | +826            |
| Biosignal Ltd            | 22          | 50             | 0-7           | 3.0          | 0.2                     | +999                     | 0.57             | 6.37            | 1.00                   | +370            | Harrington Group         | 18          | 25             | 1-1           | 6.0          | 8.7                     | -31                      | 1.43             | 1.48            | 1.00                   | +65             |
| Biosignal Ltd            | 22          | 20             | 1-1           | 5.5          | 6.2                     | -11                      | 0.57             | 2.43            | 1.00                   | +17             | Helix Resources          | 11          | 25             | 0-0           | 0.2          | 8.7                     | -98                      | 0.58             | 1.48            | 1.00                   | +999            |
| Biotech Capital          | 41          | 55             | 0-11          | 2.5          | 2.1                     | +21                      | 0.37             | 5.53            | 1.00                   | +49             | Hillcrest Litigation     | 9           | 25             | 1-4           | 1.5          | 2.6                     | -41                      | 1.26             | 1.71            | 1.00                   | +135            |
| Blaze International      | 5           | 10             | 1-7           | 1.2          | 0.5                     | +160                     | 0.53             | 3.24            | 1.00                   | +64             | Hillgrove Resources      | 18          | 20             | 1-1           | 4.5          | 3.0                     | +48                      | 0.49             | 3.14            | 1.00                   | +36             |
| Boulder Steel            | 20          | 20             | 0-0           | 1.2          | 0.5                     | +160                     | 0.61             | 3.24            | 1.00                   | +999            | Hugall & Hoile           | 6           | 9              | 0-3           | 0.2          | 0.0                     | +503                     | 0.47             | 9.99            | 1.00                   | +443            |
| Bounty Industries        | 32          | 20             | 1-1           | 20.0         | 15.2                    | +32                      | 0.65             | 1.83            | 1.00                   | +23             | Hunter Hall Global Value | 94          | 100            | 1-5           | 5.0          | 5.4                     | -7                       | 0.10             | 9.99            | 1.00                   | +8              |
| Bow Energy               | 15          | 20             | 2-4           | 6.0          | 4.4                     | +38                      | 0.58             | 2.08            | 1.00                   | +27             | IM Medical               | 2           | 4              | 3-1           | 1.3          | 1.0                     | +34                      | 0.95             | 1.44            | 1.00                   | +37             |
| Brandrill                | 7           | 10             | -1-10         | 3.2          | 4.4                     | -27                      | 2.63             | 2.08            | 1.00                   | -98             | latia Ltd                | 7           | 25             | 0-4           | 0.2          | 0.0                     | +999                     | 0.46             | 9.99            | 1.00                   | +999            |
| CBD Energy               | 6           | 2              | 1-2           | 0.1          | 4.5                     | -98                      | 1.13             | 1.27            | 1.00                   | -61             | Image Resources          | 34          | 25             | 0-9           | 10.0         | 10.5                    | -5                       | 0.42             | 2.74            | 1.00                   | +6              |
| CBD Energy               | 6           | 100            | 1-2           | 10.0         | 0.1                     | +999                     | 1.13             | 2.94            | 1.00                   | +999            | Imugene Ltd              | 20          | 50             | 1-2           | 4.5          | 1.3                     | +251                     | 0.69             | 3.23            | 1.00                   | +141            |
| CO2 Group                | 25          | 12             | 5-11          | 10.0         | 18.3                    | -45                      | 0.52             | 1.27            | 1.00                   | -2              | Indigo Pacific Capital   | 95          | 150            | 1-4           | 10.0         | 11.7                    | -15                      | 0.54             | 3.12            | 1.00                   | +48             |
| CP1 Ltd                  | 390         | 150            | 0-4           | 225.0        | 242.8                   | -7                       | 0.45             | 1.61            | 1.00                   | -11             | JV Global                | 15          | 20             | 2-11          | 4.0          | 12.2                    | -67                      | 1.71             | 1.09            | 1.00                   | +19             |
| Cardia Technologies      | 3           | 10             | 2-1           | 0.6          | 0.4                     | +58                      | 0.74             | 2.33            | 1.00                   | +86             | Jaguar Minerals          | 15          | 20             | 2-10          | 3.6          | 7.0                     | -49                      | 0.80             | 1.54            | 1.00                   | +17             |
| Carnarvon Petroleum      | 3           | 6              | 1-1           | 0.1          | 0.3                     | -69                      | 0.77             | 2.77            | 1.00                   | +105            | Jupiter Mines            | 8           | 20             | 1-2           | 0.6          | 0.5                     | +21                      | 0.67             | 3.34            | 1.00                   | +125            |
| Carpenter Pacific Res.   | 42          | 25             | 1-4           | 24.0         | 21.3                    | +13                      | 0.66             | 1.71            | 1.00                   | +13             | KLM Group                | 28          | 20             | 0-1           | 7.5          | 8.1                     | -7                       | 0.50             | 3.43            | 1.00                   | -19             |
| Carrick Gold             | 60          | 20             | 1-1           | 40.0         | 41.9                    | -5                       | 0.74             | 1.39            | 1.00                   | +0              | Karoon Gas Australia     | 167         | 20             | 0-7           | 142.0        | 147.7                   | -4                       | 0.81             | 1.13            | 1.00                   | -5              |
| Cazaly Resources         | 47          | 20             | 0-2           | 32.0         | 27.2                    | +18                      | 0.85             | 1.72            | 1.00                   | +83             | Kniberley Diamond        | 144         | 35             | 0-5           | 108.0        | 109.8                   | -2                       | 0.40             | 1.31            | 1.00                   | -2              |
| Central Asia Gold        | 62          | 12             | 0-0           | 36.0         | 27.2                    | +32                      | 0.41             | 1.72            | 1.00                   | -100            | Knights Insolvency       | 3           | 50             | 1-3           | 0.3          | 0.0                     | +506                     | 1.16             | 2.75            | 1.00                   | +999            |
| Cervantes Seafood        | 3           | 20             | -1-9          | 3.2          | 27.2                    | -88                      | 0.00             | 1.72            | 1.00                   | -100            | LeFroy Resources         | 15          | 25             | 0-4           | 2.5          | 0.6                     | +298                     | 0.79             | 4.77            | 1.00                   | +516            |
| Chameleon Mining         | 4           | 20             | 2-1           | 0.6          | 0.0                     | +999                     | 0.00             | 9.99            | 1.00                   | +134            | Liberty Gold NL          | 17          | 20             | 1-6           | 4.0          | 3.7                     | +7                       | 0.55             | 2.52            | 1.00                   | +28             |
| Chemgenex Pharm.         | 63          | 125            | 4-4           | 20.0         | 15.1                    | +32                      | 0.47             | 2.12            | 1.00                   | +21             | Linq Resources           | 82          | 100            | 1-2           | 2.5          | 3.3                     | -23                      | 0.21             | 7.82            | 1.00                   | +22             |
| Cheviot Bridge           | 16          | 40             | 2-1           | 0.3          | 2.8                     | -89                      | 0.71             | 2.24            | 1.00                   | +56             | M2M Corporation          | 1           | 20             | 4-3           | 0.1          | 0.2                     | -53                      | 1.24             | 1.39            | 1.00                   | +130            |
| Chrome Corporation       | 1           | 5              | 1-10          | 0.5          | 0.1                     | +262                     | 0.74             | 2.55            | 1.00                   | +111            | MGM Wireless             | 5           | 20             | 5-0           | 1.5          | 1.6                     | -5                       | 0.65             | 1.72            | 1.00                   | +32             |
| Citrofresh International | 26          | 25             | 2-6           | 10.0         | 15.9                    | -37                      | 1.01             | 1.34            | 1.00                   | +13             | Macmin Silver            | 16          | 25             | 2-11          | 7.3          | 3.3                     | +123                     | 0.47             | 2.39            | 1.00                   | +29             |
| City Pacific             | 397         | 30             | 0-7           | 360.0        | 368.0                   | -2                       | 0.33             | 1.08            | 1.00                   | -3              | Magnesium International  | 147         | 180            | 1-3           | 19.0         | 29.5                    | -36                      | 0.57             | 2.70            | 1.00                   | +27             |
| City Pacific             | 397         | 100            | 0-9           | 350.0        | 301.1                   | +16                      | 0.33             | 1.32            | 1.00                   | +18             | Malachiti Resources      | 10          | 20             | 0-3           | 1.1          | 0.0                     | +999                     | 0.62             | 9.84            | 1.00                   | +999            |
| City Pacific Ltd         | 397         | 30             | 0-7           | 78.0         | 368.0                   | -79                      | 0.33             | 1.              |                        |                 |                          |             |                |               |              |                         |                          |                  |                 |                        |                 |

| Company                 | Share Price | Exercise Price | Yr/Mth to Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate |
|-------------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| Millepede International | 10          | 20             | 0-1              | 0.1          | 0.0                     | +999                     | 0.72             | 9.99            | 1.00                   | +999            |
| Mindax Ltd              | 12          | 20             | 0-6              | 3.2          | 0.9                     | +238                     | 0.81             | 3.66            | 1.00                   | +274            |
| Mindax Ltd              | 12          | 20             | 0-6              | 1.0          | 0.9                     | +6                       | 0.81             | 3.66            | 1.00                   | +206            |
| Mineral Securities      | 94          | 115            | 2-2              | 7.2          | 20.5                    | -65                      | 0.43             | 2.64            | 1.00                   | +13             |
| Minerals Commodities    | 16          | 30             | 1-7              | 2.5          | 2.3                     | +9                       | 0.62             | 2.67            | 1.00                   | +56             |
| Minerals Corporation    | 3           | 9              | 1-10             | 1.2          | 0.2                     | +481                     | 0.64             | 2.90            | 1.00                   | +102            |
| Moby Oil & Gas          | 9           | 30             | 2-7              | 3.6          | 2.5                     | +45                      | 0.93             | 1.70            | 1.00                   | +70             |
| Molopo Australia        | 6           | 10             | 1-7              | 1.4          | 0.8                     | +72                      | 0.57             | 2.80            | 1.00                   | +53             |
| Monarch Resources       | 33          | 20             | 0-8              | 13.5         | 16.2                    | -17                      | 0.92             | 1.75            | 1.00                   | +2              |
| Monterey Group          | 1           | 1              | 3-1              | 0.2          | 0.3                     | -39                      | 0.79             | 1.53            | 1.00                   | +19             |
| Monto Minerals          | 4           | 5              | 0-10             | 0.8          | 0.5                     | +75                      | 0.59             | 3.39            | 1.00                   | +71             |
| Moto Goldmines          | 70          | 28             | 0-6              | 42.5         | 42.8                    | -1                       | 0.38             | 1.64            | 1.00                   | +1              |
| Murchison Holdings      | 205         | 100            | 3-1              | 52.0         | 121.1                   | -57                      | 0.18             | 1.69            | 1.00                   | -9              |
| Murchison Metals        | 30          | 20             | 2-0              | 18.0         | 15.0                    | +20                      | 0.57             | 1.71            | 1.00                   | +13             |
| NGM Resources           | 8           | 20             | 1-4              | 3.0          | 0.7                     | +354                     | 0.68             | 3.01            | 1.00                   | +121            |
| NGM Resources Ltd       | 8           | 20             | 1-4              | 3.0          | 0.7                     | +354                     | 0.68             | 3.01            | 1.00                   | +121            |
| Namakwa Diamond Co      | 9           | 20             | 0-10             | 2.0          | 0.4                     | +370                     | 0.66             | 3.93            | 1.00                   | +185            |
| Navigator Resources     | 11          | 20             | 1-7              | 2.9          | 1.6                     | +79                      | 0.62             | 2.67            | 1.00                   | +59             |
| Neptune Marine Serv     | 55          | 20             | 5-1              | 38.0         | 46.5                    | -18                      | 0.86             | 1.12            | 1.00                   | +1              |
| New Hope Corporation    | 132         | 45             | 2-9              | 88.0         | 94.3                    | -7                       | 0.46             | 1.36            | 1.00                   | +0              |
| New Horozon Energy      | 14          | 20             | 0-7              | 2.2          | 2.8                     | -22                      | 1.03             | 2.44            | 1.00                   | +120            |
| Northwest Resources     | 27          | 20             | 2-2              | 11.0         | 14.5                    | -24                      | 0.74             | 1.53            | 1.00                   | +7              |
| Novord Systems          | 8           | 20             | 2-2              | 1.3          | 2.2                     | -40                      | 0.86             | 1.84            | 1.00                   | +57             |
| Novera Energy           | 154         | 55             | 0-0              | 1.0          | 2.2                     | -54                      | 0.43             | 1.84            | 1.00                   | -100            |
| Nuenco NL               | 4           | 5              | 0-3              | 1.0          | 0.2                     | +502                     | 0.53             | 7.39            | 1.00                   | +454            |
| Olea Australia          | 3           | 25             | 0-0              | 0.1          | 0.2                     | -40                      | 0.61             | 7.39            | 1.00                   | +999            |
| Olympia Resources       | 22          | 25             | 0-7              | 3.3          | 4.0                     | -18                      | 0.77             | 2.87            | 1.00                   | +60             |
| Open Telecommunications | 31          | 2              | 0-2              | 1.0          | 29.5                    | -97                      | 0.64             | 1.05            | 1.00                   | -100            |
| Optum Health            | 0           | 1              | 0-7              | 0.1          | 0.0                     | +682                     | 1.39             | 2.66            | 1.00                   | +999            |
| Orchid Capital          | 5           | 5              | 1-0              | 1.5          | 1.7                     | -10                      | 1.01             | 1.83            | 1.00                   | +44             |
| ORT                     | 6           | 10             | 2-3              | 2.1          | 1.5                     | +37                      | 0.64             | 2.09            | 1.00                   | +37             |
| ORT                     | 6           | 20             | 2-3              | 0.5          | 0.6                     | -18                      | 0.64             | 2.58            | 1.00                   | +73             |
| Oropa Ltd               | 2           | 5              | 2-1              | 5.0          | 0.1                     | +999                     | 0.54             | 3.35            | 1.00                   | +149            |
| Ottoman Energy          | 25          | 20             | 1-0              | 11.5         | 8.6                     | +35                      | 0.57             | 2.28            | 1.00                   | +26             |
| Pacific Magnesium Corp  | 1           | 5              | 1-0              | 0.1          | 0.1                     | -24                      | 1.20             | 2.25            | 1.00                   | +364            |
| Papyrus Australia       | 23          | 20             | 2-4              | 7.5          | 9.9                     | -24                      | 0.57             | 1.80            | 1.00                   | +8              |
| Paradigm Gold           | 6           | 25             | 2-6              | 1.7          | 0.4                     | +309                     | 0.61             | 2.78            | 1.00                   | +83             |
| Paramount Mining Corp   | 14          | 20             | 1-1              | 4.5          | 5.1                     | -12                      | 1.13             | 1.74            | 1.00                   | +68             |
| Pelican Resources       | 7           | 20             | 0-4              | 0.2          | 0.0                     | +999                     | 0.71             | 8.14            | 1.00                   | +999            |
| Perseus Mining          | 23          | 20             | 3-4              | 10.0         | 10.4                    | -4                       | 0.49             | 1.75            | 1.00                   | +8              |
| PharmAust Ltd           | 21          | 30             | 2-0              | 3.7          | 4.6                     | -19                      | 0.54             | 2.42            | 1.00                   | +27             |
| Pharmanet Group         | 3           | 5              | 1-1              | 1.1          | 0.6                     | +80                      | 0.81             | 2.38            | 1.00                   | +87             |
| Phosphagenics           | 28          | 20             | 3-6              | 16.0         | 14.5                    | +10                      | 0.50             | 1.61            | 1.00                   | +8              |
| Platinum Australia      | 24          | 20             | 1-0              | 9.5          | 7.9                     | +20                      | 0.59             | 2.30            | 1.00                   | +23             |
| Polaris Metals NL       | 14          | 20             | 3-1              | 4.0          | 6.9                     | -42                      | 0.83             | 1.48            | 1.00                   | +19             |
| Precious Metals         | 135         | 200            | 0-0              | 0.2          | 6.9                     | -97                      | 1.29             | 1.48            | 1.00                   | +999            |
| Premier Bionics Ltd     | 29          | 20             | 1-1              | 9.7          | 11.6                    | -16                      | 0.50             | 2.16            | 1.00                   | +2              |
| Prima Biomed            | 10          | 20             | 1-0              | 1.5          | 0.4                     | +290                     | 0.54             | 4.35            | 1.00                   | +119            |
| Probiomics Ltd          | 8           | 75             | 0-3              | 0.4          | 0.0                     | +999                     | 0.51             | 9.99            | 1.00                   | +999            |
| Probiomics Ltd          | 8           | 25             | 0-7              | 1.3          | 0.0                     | +999                     | 0.51             | 9.35            | 1.00                   | +669            |
| QRScience Holdings      | 9           | 40             | 0-2              | 0.1          | 0.0                     | +999                     | 0.67             | 9.99            | 1.00                   | +999            |
| Quantum Resources       | 2           | 10             | 4-11             | 0.1          | 1.2                     | -92                      | 1.03             | 1.28            | 1.00                   | +38             |
| Quantum Resources       | 2           | 5              | 7-0              | 0.8          | 1.6                     | -51                      | 1.03             | 1.13            | 1.00                   | +16             |
| Queensland Ores         | 16          | 30             | 1-2              | 4.0          | 1.3                     | +201                     | 0.59             | 3.40            | 1.00                   | +91             |
| Quest Investments       | 44          | 15             | 3-1              | 12.0         | 31.6                    | -62                      | 0.39             | 1.37            | 1.00                   | -15             |
| Ramelius Resources      | 12          | 20             | 2-1              | 3.8          | 5.6                     | -32                      | 1.05             | 1.49            | 1.00                   | +39             |
| Range Resources         | 4           | 5              | 1-10             | 0.9          | 1.6                     | -42                      | 0.97             | 1.59            | 1.00                   | +31             |
| Redport Ltd             | 9           | 5              | 1-7              | 4.9          | 6.0                     | -18                      | 0.96             | 1.38            | 1.00                   | +4              |
| Reefton Mining NL       | 3           | 10             | 4-0              | 1.0          | 1.9                     | -49                      | 1.17             | 1.24            | 1.00                   | +37             |
| Regenera Ltd            | 40          | 110            | 2-7              | 5.5          | 4.5                     | +22                      | 0.55             | 2.65            | 1.00                   | +51             |
| Regis Resources         | 13          | 5              | 8-2              | 7.5          | 11.3                    | -33                      | 0.87             | 1.07            | 1.00                   | +0              |
| Regis Resources NL      | 13          | 20             | 6-5              | 4.5          | 8.9                     | -50                      | 0.87             | 1.19            | 1.00                   | +11             |
| Republic Gold           | 12          | 25             | 1-0              | 2.8          | 0.7                     | +279                     | 0.66             | 3.49            | 1.00                   | +142            |
| Resonance Health        | 12          | 40             | 2-2              | 2.2          | 0.7                     | +206                     | 0.57             | 3.09            | 1.00                   | +81             |

| Company                | Share Price | Exercise Price | Yr/Mth to Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate |
|------------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| Resonance Health       | 12          | 15             | 1-2              | 4.4          | 2.1                     | +105                     | 0.57             | 2.87            | 1.00                   | +53             |
| Resources Mining       | 8           | 2              | 0-7              | 0.3          | 5.6                     | -95                      | 0.66             | 1.35            | 1.00                   | -87             |
| Rimfire Pacific Mining | 3           | 8              | 0-10             | 1.0          | 0.0                     | +999                     | 0.50             | 6.74            | 1.00                   | +306            |
| Rittract Ltd           | 38          | 75             | 1-1              | 6.0          | 1.4                     | +331                     | 0.50             | 4.51            | 1.00                   | +104            |
| S8 Ltd                 | 271         | 300            | 1-5              | 125.0        | 46.3                    | +170                     | 0.38             | 3.35            | 1.00                   | +37             |
| SP Telecom             | 142         | 25             | 0-6              | 121.0        | 117.6                   | +3                       | 0.44             | 1.21            | 1.00                   | +6              |
| Salus Technologies     | 8           | 10             | 2-7              | 3.1          | 7.5                     | -59                      | 3.19             | 1.01            | 1.00                   | +23             |
| Saracen Mineral Hold.  | 8           | 10             | 7-7              | 1.4          | 5.6                     | -75                      | 0.77             | 1.19            | 1.00                   | +5              |
| Saracen Mineral Hold   | 8           | 13             | 4-0              | 1.5          | 3.7                     | -60                      | 0.77             | 1.46            | 1.00                   | +18             |
| Select Vaccines        | 22          | 20             | 2-6              | 8.0          | 7.5                     | +7                       | 0.43             | 2.13            | 1.00                   | +11             |
| Select-Tel Ltd         | 22          | 20             | 1-2              | 3.0          | 5.3                     | -43                      | 0.43             | 2.87            | 1.00                   | +6              |
| Siberia Mining Corp    | 6           | 20             | 1-4              | 1.7          | 0.4                     | +296                     | 0.74             | 3.00            | 1.00                   | +157            |
| Skywest Ltd            | 19          | 20             | 0-2              | 1.2          | 0.6                     | +109                     | 0.36             | 9.99            | 1.00                   | +126            |
| Solbec Pharmaceuticals | 10          | 30             | 0-10             | 1.5          | 0.1                     | +999                     | 0.61             | 5.24            | 1.00                   | +301            |
| Souls Private Equity   | 24          | 30             | 4-1              | 7.3          | 4.6                     | +60                      | 0.24             | 3.14            | 1.00                   | +12             |
| Southern Gold          | 22          | 20             | 1-4              | 9.5          | 7.7                     | +24                      | 0.63             | 2.08            | 1.00                   | +25             |
| Stirling Products      | 23          | 20             | 2-1              | 10.0         | 10.6                    | -5                       | 0.72             | 1.64            | 1.00                   | +15             |
| Stratatel Limited      | 9           | 25             | -1-9             | 3.2          | 10.6                    | -70                      | 0.70             | 1.64            | 1.00                   | -99             |
| Striker Resources      | 3           | 15             | 0-0              | 0.1          | 10.6                    | -99                      | 0.36             | 1.64            | 1.00                   | +999            |
| Structural Monitoring  | 13          | 20             | 1-5              | 5.0          | 2.9                     | +75                      | 0.71             | 2.30            | 1.00                   | +59             |
| Style Plantation       | 17          | 20             | 3-2              | 3.9          | 8.6                     | -55                      | 0.76             | 1.49            | 1.00                   | +11             |
| Sunnycove Management   | 68          | 150            | 3-6              | 15.0         | 19.1                    | -21                      | 0.62             | 1.89            | 1.00                   | +29             |
| Synergy Metals         | 8           | 10             | 1-3              | 2.0          | 2.2                     | -8                       | 0.83             | 2.04            | 1.00                   | +46             |
| Tasgold Ltd            | 9           | 20             | 2-0              | 2.5          | 1.3                     | +94                      | 0.62             | 2.54            | 1.00                   | +58             |
| Tasman Resources       | 12          | 20             | 0-3              | 1.2          | 1.2                     | -1                       | 1.28             | 3.23            | 1.00                   | +874            |
| Tawana Resources       | 70          | 75             | 0-0              | 1.2          | 1.2                     | -1                       | 0.37             | 3.23            | 1.00                   | +999            |
| Tomahawk Energy        | 52          | 20             | 3-1              | 40.0         | 36.1                    | +11                      | 0.47             | 1.38            | 1.00                   | +5              |
| Tox Free Solutions     | 9           | 3              | 0-2              | 6.1          | 6.0                     | +1                       | 0.92             | 1.49            | 1.00                   | +7              |
| Transol Corporation    | 6           | 25             | 0-6              | 2.0          | 0.3                     | +643                     | 1.31             | 3.01            | 1.00                   | +999            |
| Trent Capital          | 65          | 125            | 3-6              | 1.0          | 5.7                     | -82                      | 0.31             | 3.54            | 1.00                   | +21             |
| Trojan Equity          | 91          | 100            | 2-7              | 6.0          | 9.5                     | -37                      | 0.13             | 5.93            | 1.00                   | +6              |
| Union Resources        | 7           | 10             | 3-4              | 3.5          | 3.6                     | -4                       | 0.84             | 1.43            | 1.00                   | +22             |
| Verus Investments      | 21          | 20             | 0-7              | 4.0          | 2.8                     | +41                      | 0.31             | 5.01            | 1.00                   | +26             |
| Virax Holdings         | 20          | 25             | 0-2              | 2.0          | 0.2                     | +764                     | 0.51             | 9.99            | 1.00                   | +999            |
| Virax Holdings Ltd     | 20          | 50             | 0-1              | 0.2          | 0.0                     | +999                     | 0.51             | 9.99            | 1.00                   | +999            |
| Visiomed Group         | 2           | 12             | 2-4              | 0.6          | 0.1                     | +400                     | 0.65             | 2.85            | 1.00                   | +107            |
| Vulcan Resources       | 33          | 25             | 0-1              | 6.5          | 7.8                     | -17                      | 0.64             | 3.91            | 1.00                   | -31             |
| Wasabi Energy          | 3           | 2              | 1-1              | 1.0          | 1.6                     | -37                      | 1.16             | 1.47            | 1.00                   | +7              |
| Webspy Ltd             | 2           | 8              | 0-6              | 0.1          | 0.3                     | -62                      | 1.56             | 2.35            | 1.00                   | +999            |
| Wedgetail Exploration  | 4           | 5              | 0-1              | 0.2          | 0.0                     | +999                     | 0.45             | 9.99            | 1.00                   | +999            |
| Westonia Mines Ltd     | 8           | 20             | 0-9              | 1.5          | 0.2                     | +715                     | 0.66             | 4.62            | 1.00                   | +290            |
| Westralian Gas & Power | 14          | 25             | 3-10             | 3.2          | 3.2                     | +1                       | 0.45             | 2.25            | 1.00                   | +20             |
| Wilson Investment Fund | 92          | 108            | 0-7              | 0.2          | 0.0                     | +999                     | 0.06             | 9.99            | 1.00                   | +36             |
| Yilgarn Mining         | 19          | 25             | 1-7              | 5.4          | 3.7                     | +47                      | 0.52             | 2.68            | 1.00                   | +35             |
| ZBB Energy Corporation | 25          | 50             | 2-1              | 9.0          | 5.7                     | +58                      | 0.72             | 2.10            | 1.00                   | +52             |

## NZ Warrant / Option Analysis

| Company                 | Share Price | Exercise Price | Yr/Mth to Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate |
|-------------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| Forty Two Below (06)    | 65          | 50             | 0-11             | 26.5         | 20.6                    | +29                      | 0.40             | 2.7             | 1.00                   | +19%            |
| Dorchester Pacific (06) | 250         | 170            | 0-10             | 76.0         | 90.3                    | -16                      | 0.20             | 2.8             | 1.00                   | -2%             |
| Kingfish                | 94          | 100            | 2-1              | 15.0         | 15.3                    | -2                       | 0.21             | 4.2             | 1.00                   | +10%            |
| Salvus Strategic        | 87          | 100            | 2-1              | 9.0          | 11.6                    | -22                      | 0.22             | 4.4             | 1.00                   | +11%            |

Over the last three months we sold our remaining **DCA Group** options for around a 6½-fold gain (as outlined last August) and our **Farsands Corporation** options were taken over for a small gain. We shall now try to sell our **PharmaNet Group** options as the potential for gain is not good.

While we have found no new options to consider for purchase, options in **Cool or Cosy**, **Financial Resources**, **Marengo Mining** and **Stirling Products** are all attractive for small, speculative investments at around current prices.

### Review of Existing Options

**Aurox Resources** (codes AXO and AXOO).

The company reports bench and pilot scale tests on its **Balla Balla** Vanadium project “have surpassed all recovery, grade and product quality projections”, expects to complete its bankable feasibility study by March 2006 and to begin production in late 2007. This project would support at least 30 years of mining.

Our options to buy shares at 20 cents are now well “in the money” and have a final exercise/expiry date of 20 October 2007 - so the **Balla Balla** project will be close to



production (i.e. well past the risky development stage) by the time we need to consider investing more capital in the company.

Aurox Resources also raised \$2.0 million in August through the placement of 3,333,333 shares at 60 cents (plus 1,666,666 unlisted options to buy shares at 67½ cents in December 2006).

Aurox Resources options have increased around 8-fold since we bought into this company just six months ago. This gain has reduced the leverage on the options, but there is still a lot of potential gain from development of this project. Aurox Resources is still a very small company, will need to pay \$15 million to exercise its option to acquire full ownership of the *Balla Balla* project and invest an unspecified large amount of capital to begin production. This project, however, is estimated to be capable of generating revenues of US\$550-600 million annually for 30 years!

The March 2006 bankable feasibility study should more clearly indicate the value of this project to Aurox Resources shareholders. The recent share placement - at a premium to market price - would suggest that the company will not have too much trouble raising additional equity and/or attracting partners to finance its future growth. So the value of Aurox Resources shares (and options) could therefore continue to multiply in value over the next 6-24 months.

Hold for further gains.

#### **Bounty Industries** (codes BNT and BNTO).

Bounty Industries shares have increased 19% to 32 cents since we first reviewed this company just three months ago, with the highly leveraged options up 90% to 20 cents!

The shares and options plunged last Friday after **Centennial Coal** terminated Bounty's mining at the *Ivanhoe* mine owing to "lower than expected quality" of the coal - which perhaps created little value for Centennial Coal. At current prices the options are *over-valued* relative to the shares so will probably weaken further in the immediate future.

The company has acquired a second continuous haulage system which will be operational from February/March 2006, replacing shuttle cars and boosting annual coal production from the *Aquila* seam by 50% to at least 750,000 tonnes.

The September quarter cashflow report shows revenues of \$4.9 million and a net operating cash surplus of \$486,000.

Bounty Industries is seeking to develop its specialist *thin seam mining* business, predicting revenues of \$44 million and a profit of \$6.0 million (7.5 cents per share) to June 2006 and a further doubling of revenues and profits to June 2007). The company is promising to release an updated profit forecast this week.

Let profits run - hold for further growth.

#### **Cool or Cosy** (codes COS and COSO).

Cool or Cosy shares slipped 16% to 27 cents over the last quarter, while the options fell 27% to 12 cents. That leaves the options still under-valued at a 12% discount to fair value, but increases the leverage to 1.60 times (up

from 1.49 times) and slightly increases the "break-even rate" to 8% (previously 5%).

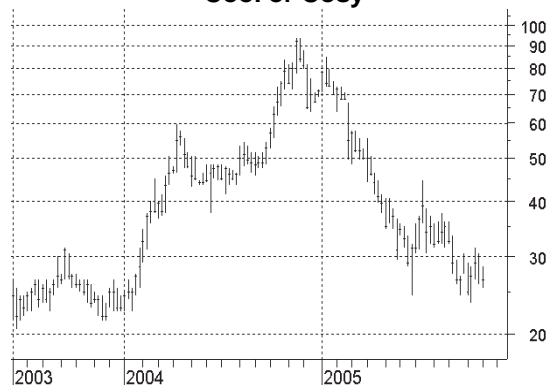
Revenues grew 16.6% to \$23.3 million for the year to June 2005, while profits fell 20.2% to \$1,730,237 (4.1 cents per share). The annual dividend rate was 25.9% lower at 2.112 cents.

In October the company acquired **Blue Ridge WA**, a manufacturer of portable offices, homes and cabins, for \$250,000. Cool or Cosy see "significant synergies" between this business and its existing air conditioning businesses - through its involvement in residential housing and the resource sector. The company also sees "significant growth opportunities" for Blue Ridge in providing affordable retirement accommodation, transportable homes for the resource sector and tourism accommodation. Cool or Cosy has a strong balance sheet, with little interest bearing debt, and this acquisition is not expensive - so can only be positive and a potential source of future growth.

The residential construction market has slowed, so Cool or Cosy faces more difficult trading conditions this year. The options, however, have 2½ years until their final exercise/expiry date - so any recovery and growth in the business over that period could significantly boost the value of our options.

We continue to rate Cool or Cosy options a Buy.

#### **Cool or Cosy**



#### **Farsands Corporation** (code FCO and FCOO).

We resisted Coffey Corporation's 6.0 cents takeover for our options until the last week of the final extension - but by that stage there was little point holding out for a fairer price. The shares and options have been delisted and Coffey Corporation will seek compulsory acquisition of the remaining securities.

We would have preferred to continue holding these options for another three years to profit from potential growth in the company over that period. While the takeover was not a good outcome, we have realised a 30% gain since purchasing these options exactly a year ago at 4.6 cents.

#### **Financial Resources** (code FRL and FRLO).

Financial Resources shares and options have changed little since we first reviewed this company in November 2004 but the company is making good progress. Over the last year the shares have risen 5% to 20 cents while the options are up 35% to 5.4 cents.

For the year to June 2005, revenues rose 185.4% to \$13.3 million with profits up (Continued on Page 14)

**Warrant / Option Analysis** (Continued from Page 13)  
115.8% to \$1,984,257 (2.9 cents per share). The dividend was 27.3% higher at 1.4 cents. At 20 cents, the shares trade on a low Price/Earnings ratio of 7 and a high Dividend Yield of 7% - so are under-valued and could be re-rated strongly.

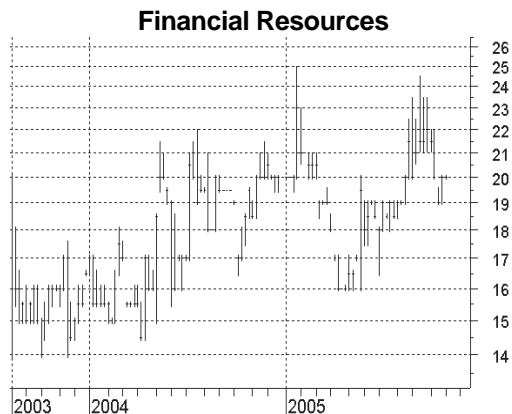
Furthermore there is good growth potential from its core finance business while the recent joint venture, **Sovereign Hydrology**, which we discussed in August is "expected to contribute significantly to group performance" this financial year.

The options to buy shares at 20 cents on 31 May 2008 are fairly priced at 5.4 cents but offer extremely high leverage of 2.64 times and a relatively low "break-even rate" of 10% per annum. So if the company continues to grow and the share price appreciates over the next 2½ years then the options would soar in value.

For example, a 20% rate of appreciation would see the shares increase 60% to 32 cents by May 2008, with the options up 120% to 12 cents. A 30% per annum gain would take the share price to 35 cents (up 75%) and the options to 15 cents (up 178%).

As this is a small \$15½ million *micro-capitalisation* company the shares *could* be very volatile so it is not impossible that they could appreciate even more strongly to produce a much larger gain on the options. As always, our downside risk is limited at a 100% loss (i.e. if the shares remain at or below 20 cents, when the options will expire worthless), but this is a profitable, growing business - not a blind speculation - so there is good probability of profit!

We continue to rate Financial Resources options a Buy.



**Global Mining Investments** (code GMI and GMIO). The undiluted net asset backing (after provision for tax) increased 20.4% to 136 cents for the three months to the end of September. Diluted (for the eventual exercise of the options) the net asset value rose 11.3% to 118 cents. Share prices, however, have fallen back during October.

Since our last review in August the share price is up 9% to 110 cents and the options are up 36% to 13½ cents. These options have a final exercise date of 30 November 2006 and can be exercised to buy shares at 100 cents. So there is just one year to go on these options but they offer an extremely high 5.07 times leverage! If the share price rises 10% to 121 cents, then the options would increase 56% to 21 cents. A 20% gain in the shares to 132 cents would boost the option value 137% to 32 cents.

Of course, if the shares fall to or below 100 cents at

November 2006 then these options would expire worthless (i.e. a 100% loss).

We originally reviewed this fund in February 2005. Since then net assets have increased 8% to 118 cents, and the shares are up 2% but the options are down 4%.

This is a very high risk/high return situation, but a small investment could be considered by higher risk investors.

**Image Resources** (codes IMA and IMAO).

The shares dipped 13% to 34 cents and the options 20% to 10 cents over the last quarter.

There is just nine months until the final exercise/expiry date. We wouldn't buy any further options this close to the expiry date, or at current prices, but will hold our current position in the options.

**Marengo Mining** (codes MGO and MGOO).

Marengo Mining shares have gained slightly over the last quarter - up 4% to 24 cents - but the options are down 20% to 8 cents. That puts the options at a very large 43% discount to fair value and lowers the "break-even rate" to just 7%.

The company has begun drilling to explore its *Bowgan* uranium-gold project in the Northern Territory and raised a relatively large \$6.0 million to fund exploration in Papua New Guinea through the placement of 24.0 million shares and 24.0 million options at a combined price of 25 cents. Unfortunately, the company had little cash - only \$1.75 million *before* the placement - so needed to issue new equity at a discount to market to raise cash for exploration. Successful exploration in Papua New Guinea could eventually develop into a major mining operation - so there is the potential for significant gains for a small company like Marengo Mining.

Following the placement there are 61,239,000 shares and 41,976,000 options - giving a total market capitalisation of just \$18 million. The placement more than doubles the number of options - and this extra supply is probably responsible for lowering their price.

This is a high risk exploration company, but the options are "in the money", significantly under-valued and have 2¼ years until their exercise/expiry date, making this an attractive speculative investment. Buy.



**Metroland Australia** (codes MTD and MTDO).

Metroland Australia has entered a put and call option to sell its *Neutral Bay* property. Under the agreement the purchaser has around 8½ months (i.e. until around

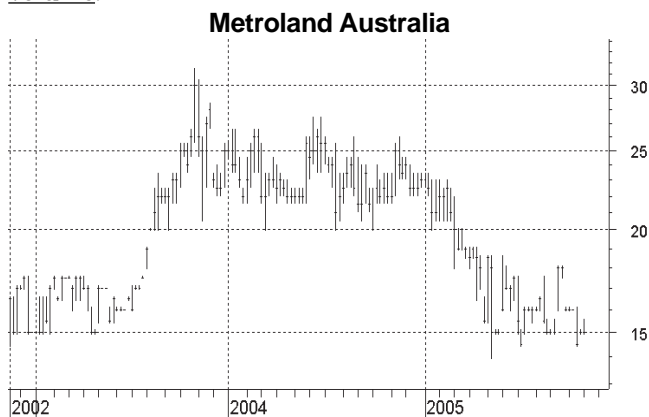
April 2006) to acquire the property for \$12.2 million and if that option is not exercised then Metroland Australia has two months to exercise its put option to require the purchaser to complete the transaction.

This, plus the previously reported sale of the *Gladesville* property for \$3.2 million, will produce a profit "in excess of \$5 million for this financial year" and release capital to "provide a strong platform for the company's next stage of growth".

Metroland is seeking development approval to increase the lettable space and number of carparks at its *Wentworth Mall* - plus the right for Metroland (or a future owner) to build apartments in the airspace above the mall.

The shares slipped 6% to 15 cents over the last quarter, with the options down 38% to 3.1 cents. We originally reviewed Metroland Australia in February this year when the shares were 22 cents and the options were 4.5 cents.

The final exercise/expiry date is still 3½ years away, but the exercise price is 26 cents. The shares will need to recover strongly to achieve this as shown by the 21% per annum "break-even rate" on the options. Nevertheless, property development companies can be very volatile - this is a potentially very profitable, but risky business - so these options are a suitable investment to include in a diversified portfolio of high risk/high return securities. Investors could seek to acquire these options at prices around 3-3½ cents but they are inactively traded at the present time so difficult to buy in any volume.



#### **ORT (codes ORT and ORTO).**

Three months ago ORT was suspended pending attempts to raise funds to finance development of a \$20 million waste treatment plant. That fund raising proved unsuccessful and the shares fell to a low of 3.5 cents when trading resumed.

In late September, **Perpetual's Diversified Infrastructure Funds** entered discussions with the company to fund construction of this plant and "co-operate in the development of future alternative waste treatment plants". These negotiations are expected to continue until the first quarter of 2006 but approval would give ORT immediate access to funds for this trial plant.

A share purchase plan raised \$674,000 from the issue of 13.5 million shares at 5 cents. Issued capital is now 133.0 million shares.

These options allow us to buy shares in 2¼ years at

10 cents per share. This is certainly a highly speculative situation and a successful outcome will depend upon (1) securing financing while (2) retaining a share of the intellectual property in its waste treatment technology. If ORT can achieve this then its value *may* far exceed the \$9.3 million value that the stockmarket places on this company.

We wouldn't recommend buying any more ORT options at this stage - but we shall hold our existing options and see how this plays out.

#### **Orchid Capital (codes ORC and ORCO).**

We originally bought these options at 0.8 cents in August 2003 and thankfully we sold about one-third at 3 cents in December 2004 and another third around 9-11 cents earlier this year - realising some significant gains - as the share price collapsed and the options are currently trading around 1½ cents.

Over the last quarter, Orchid Capital has invested S\$250,000 (A\$197,000) to acquire a 51% interest in Singapore based **Xingling International Pte** (plus a five year interest free loan of another S\$250,000). Xingling has an agreement to distribute the entire product range of Chinese based **Topsun Pharmaceuticals & Chemicals Trading Company** in Singapore and is negotiating a worldwide (excluding China and Taiwan) exclusive distribution agreement.

Orchid Capital options expire in one year (i.e. on 30 November 2006) and the shares currently trade slightly below the exercise price of 5 cents. This close to their expiry the options are not attractive for purchase. We shall hold our few remaining options, but fortunately we cashed in gains when the share and option prices were booming. Hold.

#### **PharmaNet Group (codes PNO and PNOO).**

Over the last quarter the shares are virtually unchanged at 3.1 cents and the options at 1.1 cents. There is, however, only 13 months until the final exercise/expiry date of our options and as they are well below the 5 cents exercise price the options will rapidly depreciate in value over the next year. Unless, of course, the share price was to appreciate rapidly but, well, that probably isn't likely and isn't helped by the need to issue new equity to raise cash to keep the company going.

So it is probably best to cut our losses on this position and try to realise some value *if* we can sell the options. We originally reviewed this company a year ago (November 2004) when the shares traded at 5.2 and the options around 1.5 cents. The options are currently quoted as 1.1-1.3 cents. Sell, if possible, - to realise some value from this position.

#### **Stirling Products (codes STI and STIO).**

Over the last quarter Stirling Products has released details of a test of ST810 on chickens and entered a joint venture to use this product to treat heaves, a severe chronic obstructive pulmonary disease, in horses.

A study at Massey University, Palmerston North, New Zealand tested low doses of ST810 on chicken growth. At 5 parts per million ST810 resulted in a 5.5% reduction in feed consumption (i.e. one of the major costs in poultry production),

(Continued on Page 16)



**Warrant / Option Analysis** (Continued from Page 15)  
a 23-28% reduction in body fat and around a 7% increase in protein.

A joint venture with Danish company **Equine HealthCare ApS** will explore the feasibility to co-develop a treatment for heaves, using Stirling Products drug candidate and Equine HealthCare's inhalation delivery system. Up to 50% of the 15 million horses in the Northern Hemisphere can suffer with heaves, with treatment of this disease worth around US\$100 million annually.

At the current rate of expenditure Stirling Products' \$3.2 million of cash will last around 1-1½ years - so the major risk to investor wealth during this development stage is *dilution* from the need to issue new equity to raise additional cash to continue work towards commercialising its growth promotor.

The share and option prices have fallen sharply over the last quarter since our initial review of this company. The shares are down 21% to 23 cents and the options down 33% to 10 cents. Being in a development stage - with no revenues at present - the shares can be expected to be volatile, but are now close to the bottom of their historical trading range.

The options continue to trade around fair value, but the low prices have slightly increased the leverage (i.e. from 1.49 to 1.64 times, which is favourable) and slightly increased the "break-even rate" (i.e. from 9% to 15%, which is not so good but still achievable).

This is a high risk development company but offers the potential for high returns. The company's low dose growth promotor has the potential to replace higher dose, more harmful products currently in use - and therefore lead to the development of a very large, very profitable international business. Options are a good way to invest in a risky situation as they minimise our initial investment of risk capital, while maximising our potential returns. Stirling Products options have just over two years until their final exercise/expiry date at which time the company should be a lot closer to commercialising its product and involve lower risk.

A small investment in Stirling Products options is an attractive addition to a diversified portfolio of high risk/high return investments.

Stirling Products



## Dividends

| Company                  | Cents per Share | Ex-Date | Pay-able | Tax Credit |
|--------------------------|-----------------|---------|----------|------------|
| Allied Workforce         | 3.60            | 16-11   | 30-11    | Full       |
| Brierley Investments     | S\$0.03½        | 08-11   | 17-11    | -          |
| CanWest MediaWorks       | 2.30            | 28-10   | 10-11    | Full       |
| Dominion Finance         | 2.70            | 07-11   | 11-11    | Full       |
| Dorchester Pacific       | 4.75            | 21-11   | 25-11    | Full       |
| Finzsoft Solutions       | 1.50            | 28-11   | 09-12    | Full       |
| Horizon Energy           | 11.50           | 28-11   | 01-12    | Full       |
| Kirkcaldie & Stains      | 5.00            | 05-12   | 12-12    | Nil        |
| Loan & Building Society  | 7.50            | 14-11   | 15-11    | Full       |
| Methven                  | 4.12            | 12-12   | 16-12    | Full       |
| NZ Finance               | 0.50            | 07-11   | 18-11    | Full       |
| Postie Plus Group        | 3.00            | 11-11   | 12-12    | Full       |
| Restaurant Brands NZ     | 4.50            | 07-11   | 18-11    | Full       |
| South Port NZ            | 4.25            | 30-09   | 07-11    | Full       |
| Southern Travel          | 3.90            | 11-11   | 21-11    | Full       |
| TrustPower               | 11.00           | 05-12   | 16-12    | Full       |
| Wakefield Health         | 6.00            | 05-12   | 09-12    | Full       |
| Warehouse Group          | 4.00            | 11-11   | 21-11    | Full       |
| Wool Services            | 1.00            | 04-11   | 17-11    | Full       |
| <b>Australian Shares</b> |                 |         |          |            |
| UXC                      | 3.25            | 31-10   | 21-11    |            |

### Total Return Index for All Listed Shares

|        |         |        |         |
|--------|---------|--------|---------|
| Oct 10 | 2400.70 | Oct 17 | 2347.72 |
| Oct 11 | 2401.37 | Oct 18 | 2336.87 |
| Oct 12 | 2402.16 | Oct 19 | 2313.61 |
| Oct 13 | 2371.62 | Oct 20 | 2300.96 |
| Oct 14 | 2344.34 | Oct 21 | 2276.67 |
| Oct 24 | Holiday | Oct 31 | 2294.91 |
| Oct 25 | 2279.94 | Nov 1  | 2295.89 |
| Oct 26 | 2280.10 | Nov 2  | 2294.63 |
| Oct 27 | 2282.33 | Nov 3  | 2302.92 |
| Oct 28 | 2284.40 | Nov 4  | 2316.32 |

### Next Issue

The next issue of *Market Analysis* will be posted in five weeks time on Tuesday December 13, 2005 (and delivered in most areas on Wednesday 14).

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