

Market Analysis

Issue No. 407

www.stockmarket.co.nz

May 8, 2006

Inside Market Analysis

BUY Postie Plus Group	6, 7	Warrant/Option Analysis	9 - 14
Telecom falls, but market outlook improves	1, 15	NEW ISSUE: Rakon Ltd	15

Editor and Research Director: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Smaller and medium sized New Zealand companies have under-performed global stockmarkets over the last 12-18 months but should perform better over the next year as the general outlook has improved. Investors should be close to fully invested in the recommended Australian and New Zealand shares.

Investment Outlook.

Despite headline attention on a large fall in **Telecom NZ's** share price, the outlook for the NZ stockmarket has improved to a Bullish 70% probability that share prices will rise over the next year.

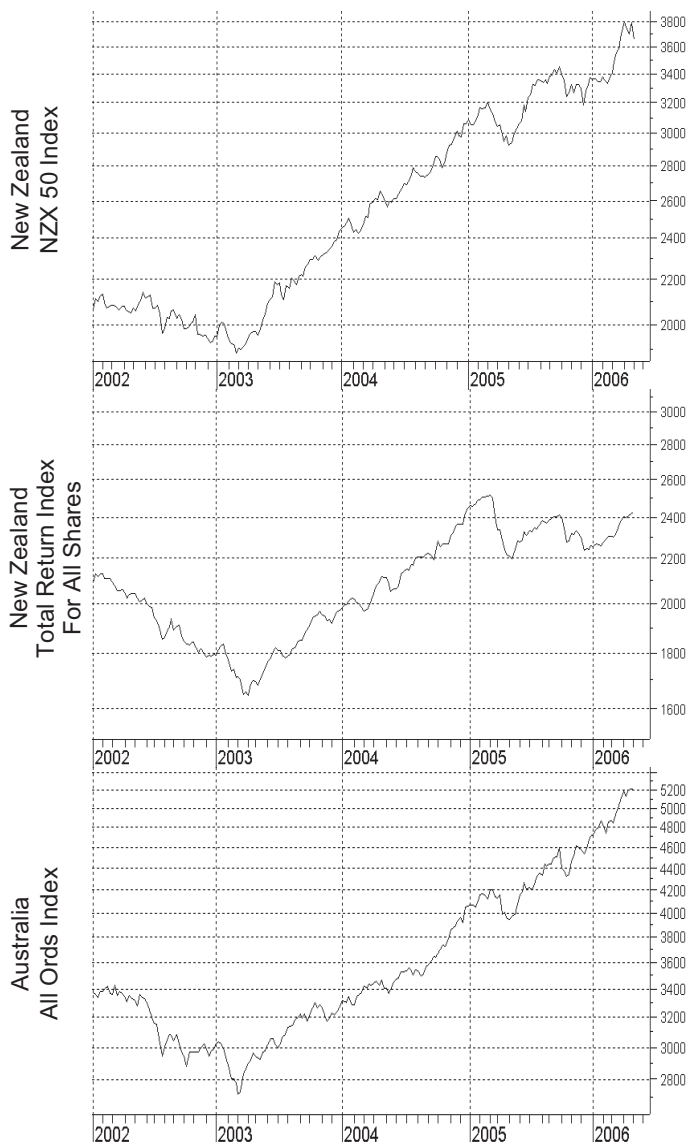
Long term subscribers to this newsletter will be aware of our views on Telecom NZ. Telecommunication network companies are unattractive investments as "Terminal Velocity" (i.e. the situation where the cost of providing new services exceeds the growth in total revenues) will reduce long term profitability. Telecom NZ was very successful at holding back the tide of competitive pressure and slowing the decline in revenues, but ultimately it had to allow better access by competitors or have its network opened by government regulation. Investors may also wish to re-read (or download from the website) our September 2000 review of Telecom NZ and our view of its offer to acquire 100% of the Australian "growth" company **AAPT**.

Many smaller and medium sized NZ company shares offer good value, having declined over the last 12-18 months in anticipation of the current economic slowdown. Companies that have adjusted to these conditions, remained profitable and which are steadily expanding will be well placed to reward shareholders over the next 12-24 months as the market begins to anticipate the next economic recovery.

While oil and commodity shares have performed well this is a boom where we are unwilling to make any major commitments (although there are some opportunities for profitable investment). There is no shortage of oil in the ground, although there are capacity constraints on current production and refining (owing to 30 years of under-investment since the last boom). Alternative energy shares are performing well, but investors are over-estimating the value of these businesses. Generally these alternative energy technologies are not competitive at current prices and rely on tax credits or government regulations requiring energy distributors to buy a (Continued on Page 15)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	64% (Bullish)	65% (Bullish)
New Zealand:	68% (Bullish)	70% (Bullish)



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A2 Corporation	E	10	N/A	NE	Nil	Hirequip NZ Ltd	C	101	1.16	13	5.5	Postie Plus Grp	C	71	0.25	17	6.3
ABS Canterbury	C	430	1.29	15	4.9	Horizon Energy	B	416	3.88	13	7.2	Property F Ind.	C	128	N/A	20	6.5
AMP Limited	A	1140	1.56	23	3.2	ING Property	C	119	8.26	15	9.0	Provenco Group	C	90	0.79	11	5.0
AMP Onyx Mgmt	C	107	5.60	14	6.8	Infratil NZ	B	435	4.90	19	3.6	Pumpkin Patch	B	420	2.49	28	2.8
AXA Asia Pac.	B	685	2.14	19	2.3	Jasons Media	E	50	N/A	NE	Nil	Pyne Gould Corp	C	438	0.93	11	6.1
Abano Health.	D	121	0.49	NE	Nil	Just Water Int.	D	90	2.95	19	5.4	Renaissance	B	135	0.33	10	11.1
Affco Holdings	E	39	0.20	9	2.6	KidiCorp	D	18	1.34	NE	Nil	Restaurant Brds	C	126	0.38	12	11.8
Air New Zealand	B	130	0.35	7	5.7	Kingfish Ltd	A	114	2.98	4	2.6	Richina Pacific	E	48	0.09	NE	Nil
Akd Int Airport	C	198	8.57	23	6.2	Kirkcaldie & St	B	271	0.62	22	4.4	Rubicon Limited	E	93	0.57	NE	Nil
Allied Farmers	B	250	0.53	14	6.3	Kiwi Property	C	129	N/A	17	6.7	Ryman Health.	A	730	6.02	31	1.6
Allied Work.	D	138	N/A	NE	Nil	Life Pharmacy	D	82	N/A	NE	2.2	Salvus Strat.	C	72	8.61	16	4.1
Apple Fields	D	15	N/A	NE	Nil	Lion Nathan Ltd	B	969	2.65	21	3.6	Sanford Limited	B	505	1.29	16	6.5
Blis Technology	E	1.3	N/A	NE	Nil	Livestock Imp.	C	140	0.44	9	14.1	Satara Co-op	C	160	0.82	NE	2.8
Blue Chip Fin.	D	89	0.86	7	Nil	Loan & Building	B	436	1.30	14	5.1	Savoy Equities	D	2.4	N/A	80	Nil
Botry-Zen Ltd	E	5.3	N/A	NE	Nil	Lombard Group	E	2.7	N/A	NE	Nil	Scott Tech. Ltd	C	248	1.54	NE	2.4
Brierley Invest	C	147	3.10	16	2.8	Lytelton Port	A	214	3.29	19	7.7	Sealegs Corp	E	16	3.07	NE	Nil
Briscoe Group	B	141	0.86	12	7.9	MDSnews	E	0.3	N/A	NE	Nil	Seeka Kiwifruit	C	410	0.64	12	7.3
Broadway Ind	C	71	0.33	15	7.0	MG Property Trt	C	123	N/A	24	9.2	Skellerup Hold.	B	134	1.13	11	7.8
CACI Group Ltd	D	26	0.33	59	Nil	Mainfreight Grp	A	460	0.51	33	2.1	Sky City Ltd	B	546	3.33	22	6.6
CDL Investments	D	37	3.18	9	8.1	Media Tech.	E	4.0	0.17	NE	Nil	Sky Network TV	D	605	4.81	23	Nil
Cabletalk Group	D	42	0.32	6	10.7	Methven Limited	B	132	1.23	11	8.6	Smiths City	C	63	0.15	4	7.9
Cadmus Tech Ltd	D	22	2.62	NE	Nil	Metro. LifeCare	B	500	N/A	20	0.4	Software of Exc	D	105	1.14	NE	Nil
Calan Hlthcare	C	122	N/A	18	7.0	Michael Hill	C	715	1.01	17	4.8	Sol. Dynamics	D	48	0.35	NE	Nil
CanWest Media.	D	168	1.52	29	5.6	Mid-Cap Index	C	277	N/A	NE	Nil	South Port NZ	B	140	2.72	19	6.9
Carter Holt	C	274	1.07	28	2.7	Mike Pero Mort.	C	103	1.95	16	8.7	Speirs Group	B	104	0.19	9	11.5
Cavalier Corp	C	319	1.01	11	12.6	Millennium & C.	C	62	1.26	8	5.1	Steel & Tube	B	480	0.97	12	10.0
Cert Organics	E	5.0	2.25	NE	Nil	Mooring Systems	D	450	N/A	NE	Nil	Sthn Travel	C	44	0.14	5	21.7
Charlie's Group	E	13	1.41	NE	Nil	Mowbray Collect	D	150	4.11	NE	3.0	Summit Gold Ltd*	N/R	194	N/A	NE	Nil
Col Motor Co	B	297	0.21	11	11.1	Mr Chips Hold	C	100	0.69	17	6.0	Tag Pacific Ltd	C	39	0.44	8	1.4
Comvita	A	284	N/A	23	2.6	NZ Exchange Ltd	A	930	5.79	25	4.0	Taylor's Grp Ltd	B	180	0.67	12	10.8
Connexion	E	32	1.88	47	Nil	NZ Experience	D	29	1.30	14	10.3	TeamTalk Ltd	B	240	2.40	16	11.2
Contact Energy	B	796	3.59	32	4.7	NZ Finance Hold	C	135	4.28	27	1.4	Telecom Corp	C	472	1.60	10	12.2
Cube Capital	B	7.0	N/A	NE	Nil	NZ Invest Trust	B	948	N/A	NE	0.9	Tenon Ltd	D	368	0.61	9	Nil
Cynotech Hold.	E	14	1.37	11	5.3	NZ Oil and Gas *	N/R	97	N/A	NE	Nil	Toll NZ Ltd	C	319	0.99	16	Nil
Delegat's Group	E	160	N/A	NE	Nil	NZ Refining Co	A	670	4.40	12	7.2	Tourism Hold.	C	168	0.93	16	9.8
Dominion Fin.	B	145	3.24	11	7.1	NZ Wine Company	C	200	1.92	19	3.7	Tower Limited	B	282	0.89	10	Nil
Dorchester Pac	C	222	0.57	8	6.9	NZ Windfarms	D	114	N/A	NE	Nil	Training Sol.	D	0.1	0.71	NE	Nil
Eastern Hi-Fi	C	72	0.40	13	12.4	NZ Wool Service	E	46	0.27	33	3.2	Trans-Tasman	E	44	3.36	75	Nil
Ebos Group Ltd	A	535	0.53	16	6.0	NZSX 50 Port.	D	172	N/A	NE	Nil	Trust Power Ltd	B	720	3.70	31	4.0
Evergreen	D	33	1.57	NE	Nil	NZSX 10 Fund	D	122	N/A	NE	Nil	Turners Auction	C	226	0.78	12	9.2
F & P Health.	B	428	9.05	35	3.8	NZX Aust MidCap	C	613	N/A	NE	Nil	Turners & Grow.	C	270	0.41	16	Nil
F & P Appliance	A	465	1.18	18	5.8	Nat Property Tr	C	73	4.96	14	12.5	Utilico Int'l	D	47	3.02	NE	Nil
Feltex Ltd	C	35	0.17	4	25.6	New Image Group	D	4.0	1.13	NE	Nil	VTL Group Ltd	D	54	0.57	8	6.1
Finzsoft Sol'ns	C	105	1.24	50	Nil	Northland Port	B	290	N/A	16	5.1	Vector Ltd	D	273	2.35	50	Nil
Fletcher Build.	A	948	0.94	13	5.0	Nuplex Indust	A	630	0.52	17	6.3	WN Drive Tech.	C	48	N/A	NE	Nil
Forty Two Below	E	57	5.88	NE	Nil	Opio Forestry	D	92	N/A	NE	Nil	Wakefield Hlth	B	635	1.87	26	3.1
Freightways Ltd	A	400	2.15	23	6.0	Oyster Bay	C	242	3.04	41	4.1	Warehouse Group	B	395	0.54	31	5.5
GDC Communicat.	E	1.0	0.01	NE	Nil	Ozzy (Tortis)	C	340	N/A	NE	Nil	Waste Mgmt NZ	A	845	3.37	28	5.4
Genesis Res.	E	28	2.82	NE	Nil	PGG Wrightsons	C	220	0.80	15	6.1	Widespread Port*	N/R	2.2	N/A	NE	Nil
Guinness Peat	C	255	0.77	10	1.1	POD Ltd	C	53	0.20	5	8.4	Windflow Tech.	D	242	N/A	NE	Nil
Gullivers Trv.	B	186	0.44	15	7.9	Pac Edge Bio.	E	15	N/A	NE	Nil	Wool Equities	D	56	0.61	NE	Nil
Hallenstein G.	B	508	1.61	16	8.8	Pacific Retail	E	160	0.10	NE	Nil	World Index Fd	C	148	N/A	NE	Nil
Hellaby Hold.	C	458	0.58	11	12.7	Plus SMS Hold.	D	70	N/A	NE	Nil	Zintel Comm.	D	70	0.99	10	7.4
Heritage Gold *	N/R	6.3	N/A	NE	Nil	Port Tauranga	B	540	4.97	21	5.5	Ave of 161 Cos	C	230	0.49	20	4.2
ABB Grain Ltd	A	743	0.95	59	2.3	Deutsche Div Tr	C	131	6.10	14	7.1	Pacific Brands	B	229	0.75	19	6.6
ABC Learning	A	752	6.43	36	1.5	Div. Utility	B	285	1.56	20	7.7	Paladin Res.	C	450	N/A	NE	Nil
AMP Ltd	B	942	1.47	22	3.4	Downer EDI Ltd	A	859	0.66	24	2.1	Paperlin X Ltd	B	312	0.18	8	8.2
ANZ Bank	A	2792	5.47	36	3.6	Energy Resource	A	1469	N/A	69	1.2	Patrick Corp	A	898	2.60	37	0.9
APN News Media	B	517	1.81	17	4.7	Excel Coal Ltd	A	813	4.48	17	3.0	Perpetual Ltd	B	6942	6.44	23	3.7
AWB Limited	B	445	0.30	10	6.5	Fairfax (John)	C	389	1.91	14	4.8	Primary Health	B	1169	6.82	50	2.1
AXA Asia Pac	A	642	2.27	21	2.2	Fortescue Metal	D	865	N/A	NE	Nil	Promina Group	A	564	1.47	12	4.2
Adelaide Bank	B	1300	4.32	15	4.1	Foster's Group	C	587	2.96	13	3.4	Publishing & Br	A	1858	3.56	26	2.8
Adelaide Bright	B	236	1.78	14	6.9	Futuris Corp.	C	216	0.45	16	4.2	Q.B.E. Insur.	A	2251	1.42	16	3.2
Alinta Limited	B	1102	2.69	28	4.0	GPT Group	C	429	7.31	15	5.7	Qantas Airways	B	345	0.52	9	5.8
Alumina Ltd	B	738	N/A	27	2.7	Gandel R.	C	194	N/A	19	5.4	Ramsay Health	A	1080	1.27	61	1.9
Amcor Ltd	C	693	0.55	14	4.9	Gt Sthn Plant'n	B	378	3.51	9	3.7	Record Invest.	A	1015	N/A	34	3.0
Ansell Ltd	A	1130	1.63	NE	1.2	Guinness Peat	B	214	0.74	9	1.1	Reece Australia	B	1565	1.54	21	2.4
Aquarius Plat.	A	1968	7.23	78	0.4	Gunns Ltd	B	313	1.51	10	4.0	Rinker Group	A	2040	3.29	33	1.0
Argo Investment	B	701	N/A	31	3.0	Hardman Res.	C	232	N/A	NE	Nil	Rio Tinto Ltd	B	8275	5.98	30	1.3
Aristocrat Leis	A	1390	4.97	27	2.2	Harvey Norman	A	367	3.02	23	1.8	Rural Press Ltd	B	1110	2.31	12	3.8
Aust Foundation	B	474	N/A	27	3.4	Henderson Group	B	197	1.97	11	1.7	SFE Corporation	A	1615	8.43	32	2.7
Aust Stock Exch	B	3215	N/A	30	3.0	ING Indust Trt	B	215	N/A	16	6.9	Santos Ltd	B	1186	2.73	9	3.2
Aust Gas Light	C	1915	1.78	10	3.3	ING Office Fund	B	136	7.49	13	7.5	Seek Ltd	B	437	N/A	64	0.2
Aust Pipeline	A	441	3.26	18	5.1	Iluka Resources	B	724	1.69	13	3.0	Seven Network	C	880	1.53	21	2.7
Austar United	C	122	3.21	25	Nil	Incitec Pivot	B	1940	1.04	NE	0.8	Sigma Pharm.	B	268	1.18	36	2.5
Australand Prop	B	206	1.19	10	8.0	Insurance Aust.	B	558	1.14	NE	4.7	Sims Group Ltd	B	1860	0.66	9	7.5
B & B Infrastr.	C	153	3.45	NE	7.0	Investa Prop.	A	223	3.42	14	7.4	Smorgon Steel	B	147	0.44	15	5.8
BHP Billiton	A	3030	2.57	13	1.2	James Hardie	B	910	2.65	25	0.9	Sonic Health	C	1485	2.95	53	1.5
Babcock & Brown	B	1914	5.30	25	0.7	Jubilee Mines	B	784	4.26	13	5.7	Soul Pattinson	C	869	1.62	5	2.9
Bank of Q'land	B	1497	1.77	17	3.2	Leighton Hold	B	1657	0.71	22	3.0	Spotless Group	B	499	0.39	19	4.8
Bendigo Bank	A	1352	2.00	21	3.0	Lend Lease Corp	B	1421	0.59	27	4.0	St George Bank	B	3025	2.73	18	4.5
Billabong Int'l	B	1566	3.80	26	2.4	Lihir Gold	B	329	N/A	NE	Nil	Stockland	A	697	5.23	23	6.8
Bluescope Steel	B	769	0.68	5	5.5	Lionore Mining	B	661	2.54	14	Nil	Suncorp-Metway	C	1955	1.55	13	4.5
Boral Limited	B	954	1.27	15	3.6	Macquarie Good.	B	522	N/A	NE	3.3	Symbion Health	B	347	0.56	27	3.2
Brambles Ind.	A	1126	2.44	62	0.9	Macquarie Infra	B	354	1.74	8	21.9	Tabcorp Holding	B	1522	1.93	22	5.3
Brickworks Ltd	C	1230	2.88	8	2.5	Macquarie Air.	B	319	3.64	8	6.3	Tattersall's	D	316	N/A	NE	Nil
Burns Philp	C	97	0.78	25	2.3	Macquarie C'Wde	B	193	N/A	19	7.7	Telstra	C	385	2.15	11	7.3
C'																	

Recommended Investments

Christchurch City Holdings has failed to gain 100% ownership of **Lyttelton Port Company**, lifting its shareholding from 69.0% to only 73.8%. **Port Otago** has built up their holding to 15.3%. That leaves only 10.9% with the public, so the shares may be inactively traded at times but this *tight scrip* situation could see the shares appreciate rapidly on any good news. "Hold".

Michael Hill International reports revenues for the nine months to March up 8.0% to \$224.1 million. That indicates that the March quarter revenues rose 14.5% to \$60.1 million.

Revenues from Canada rose 62.4% to \$10.5 million for the nine months - helped by the expansion to 12 stores. The company's founder recently announced his belief that this would increase to "120-150 stores in

Canada within seven years". That would lift Canadian revenues to around NZ\$180-220 million annually and - even without any further growth in NZ or Australia - total annual revenues 65-80% to NZ\$450-500 million.

Longer term the goal is to move into the United States and the United Kingdom, expanding store numbers over *five-fold* to 1000. Assuming a continuation of the company's 6-8% per annum growth in store numbers this goal should just about be achievable within the lifetime of the company's 67 year old founder.

Michael Hill International still offers very good long term growth potential and should be able to continue to finance all of this growth from retained profits - avoiding any dilution in earnings per share growth.

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation		Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %	
		Code	- Date - Price										
	<u>NZ Shares</u>												
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	D	210.6	1.4	3.18	9	8.1	37	13.3	+101%
BUY	Cavalier Corporation	CAV	05/12/95	156*	C	65.5	0.5	1.01	11	12.6	319	178.0	+219%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.21	11	11.1	297	292.8	+293%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	A	102.3	0.6	3.29	19	7.7	214	54.3	+79%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	46*	C	38.7	0.4	1.01	17	4.8	715	182.0	+1850%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	A	76.7	0.5	0.52	17	6.3	630	141.5	+120%
BUY	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.0	0.25	17	6.3	71	Nil	+0%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	B	38.5	0.8	0.33	10	11.1	135	35.9	+101%
HOLD	Richina Pacific	RPL	03/11/95	94*	E	151.2	1.3	0.09	NE	Nil	48	11.4	-37%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.8	2.72	19	6.9	140	84.3	+87%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	B	88.1	0.5	0.97	12	10.0	480	147.0	+329%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	0.7	0.67	12	10.8	180	56.0	+131%
	<u>Australia (in Aust cents)</u>												
HOLD	AJ Lucas Group	AJL	13/05/03	120	C	51.6	1.0	0.62	NE	3.9	90	20.5	-8%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	B	87.8	1.5	2.68	14	3.2	31	8.0	-47%
HOLD	Austin Group Ltd	ATG	08/02/05	93	B	62.2	1.4	0.41	6	15.0	40	7.0	-49%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	406*	B	49.5	0.4	1.30	29	2.9	1472	192.6	+310%
BUY	Candle Australia	CND	08/04/03	86	A	45.9	0.7	0.66	21	3.5	331	31.5	+322%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	B	51.0	0.9	0.11	10	5.7	123	31.5	+2%
HOLD+	Centennial Coal Ltd	CEY	16/01/01	70*	B	268.5	0.5	1.47	19	3.7	354	19.0	+433%
HOLD	Circadian Technologies	CIR	10/02/04	188	E	40.1	0.9	1.00	NE	Nil	118	65.0	-3%
HOLD	Commander Comm.	CDR	11/09/01	92	A	170.2	0.8	0.60	16	2.8	218	17.2	+156%
BUY	Computershare Ltd	CPU	12/08/03	189	B	594.9	0.6	4.17	46	1.4	783	27.5	+329%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	B	61.2	1.3	1.44	NE	Nil	67	Nil	+37%
BUY	Int'l AllSports	IAS	11/02/03	180	C	66.4	1.4	0.05	NE	Nil	40	4.0	-76%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	B	232.9	0.6	1.69	13	3.0	724	34.0	+61%
HOLD	Keycorp Ltd	KYC	10/08/04	123*	C	81.6	1.2	0.61	13	Nil	104	Nil	-15%
HOLD+	LongReach Group Ltd	LRX	11/01/05	24	B	174.5	3.4	0.33	52	Nil	7	Nil	-72%
BUY	Melbourne IT	MLB	10/02/04	53	B	54.3	0.7	1.35	18	4.2	180	15.0	+267%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	B	392.4	1.0	2.17	22	3.0	91	6.3	+15%
BUY	Namoi Cotton Co-op Ltd	NAM	14/03/06	65	C	112.7	1.1	0.21	5	9.8	67	Nil	+2%
HOLD	Ross Human Directions	RHD	14/08/01	92	B	81.7	1.2	0.12	8	7.8	52	23.0	-19%
HOLD-	Skilled Engineering	SKE	12/03/02	126	A	100.5	0.5	0.57	36	3.4	471	64.5	+325%
HOLD	Sonnet Corporation	SNN	07/09/04	32	C	137.3	3.1	0.28	4	20.0	8	3.0	-67%
HOLD+	Technology One Ltd	TNE	11/11/03	44	B	299.4	1.2	3.97	22	4.2	74	7.4	+85%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	25.1	0.7	0.68	20	3.1	550	30.0	+126%
HOLD	UXC Limited	UXC	11/01/00	55*	B	161.4	0.9	0.70	14	5.2	105	32.0	+149%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	A	179.4	0.8	1.93	52	2.3	183	34.5	+215%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +159.5%.

This is equal to an average annual rate of +30.5%, 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 133 closed out) is +32.6%, 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.

Recommended Investments

(Continued from Page 3)

Australian Shares

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

AJ Lucas Group reports that owing to security delays to the *Yate Water Pipeline* project and “slippage on commencement” of two large HDD projects that its earnings (before interest and tax) will be around \$5 million for the current financial year to June 2006.

While the shares have recovered over recent months the Relative Strength rating remains unfavourable at -9.1%, ranked 83, so the shares could likely remain depressed for the next six months or so. We continue to rate them a “Hold”.

A J Lucas Group



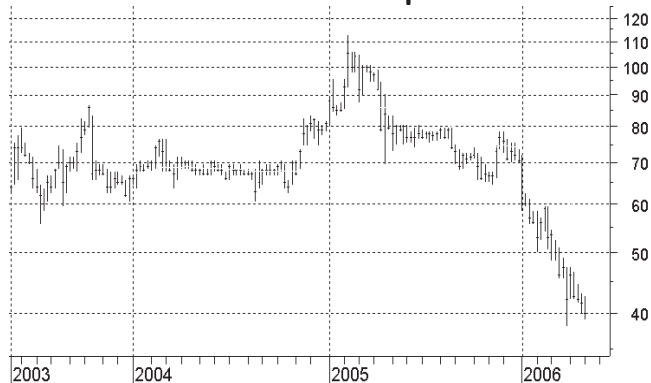
Austin Group reports continued tough trading conditions. Sales for the six months to 30 June are expected to fall up to 10%, with a “significant impact” on earnings for the period.

Nevertheless the company remains confident that the business will improve in the new financial year. It reports an “extremely positive” response to its planned summer 2006 range and will release its *Contempo* womens wear range to major retailers in May.

The directors expect to pay a final 2.0 cents dividend, making 5.0 cents for the year.

While the company has a strong balance sheet and pays good dividends the business and the share price have yet to start recovering - so Austin Group remains a “Hold” at this stage.

Austin Group

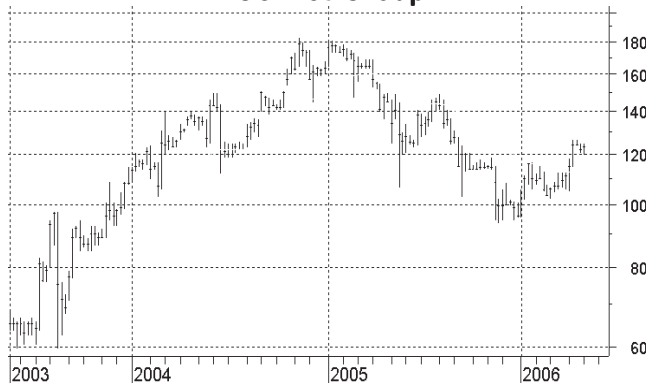


Cellnet Group has reached agreement with **Hewlett-Packard** to become a non-exclusive distributor of *HP Personal Systems Group* products (i.e. notebooks, tablet PCs, desktops, workstations and monitors) to resellers throughout Australia.

We rate Cellnet Group shares as a “Buy” as the

company appears to be successfully restructuring and the share price trend is improving. The Relative Strength Rating is -0.5%, ranked 63, but *increasing* and should become *positive* next week.

Cellnet Group



Circadian Technologies is to invest \$4 million for a 50% share in a new company, **Vegenics**. The other shareholders will be New York based **Ludwig Institute for Cancer Research** and the **University of Helsinki** which will contribute intellectual property and technology. The company will seek to develop and commercialise cancer treatments based upon inhibiting vascular endothelial growth factors (VEGF) to restrict blood and nutrient supply to tumours.

Genentech's Avatin, which targets the VEGF-A molecule earned that company US\$500 million in 2004 and US\$1,100 million in 2005 from the treatment of metastatic cancer of the colon or rectum. Vegenics technology - targeting VEGF-C and VEGF-D - “could eventually deliver a superior cancer drug”. It will take at least two years to start human trials and around eight years to complete studies required for marketing approval.

It is intended to float Vegenics on the stockmarket over the next year or make a private equity issue, raising at least a further \$16 million in cash from the issue of additional shares equal to about one-third of the capital. That would dilute Circadian Technologies' stake to 33.3%, but imply a value of at least \$16 million and add around 30 cents to Circadian Technologies' net asset value.

This deal - and the potential 30 cents per share gain in net asset value - may help to reverse the long term decline in Circadian Technologies' share price, although we are still rating them a “Hold” until further evidence of a reversal becomes evident.

Circadian Technologies



Commander Corporation received acceptances for

May 8, 2006.

96.2% of **Volante Group** when its takeover offer closed and will now compulsorily acquire the outstanding balance. The company is predicting earnings (before interest, tax and depreciation) of \$55-59 million for the year to June 2006, rising to \$93-99 million for the year to June 2007.

Iluka Resources has discovered a new mineral sands prospect in the Eucla Basin. The *Gulliver's Prospect*, 60km east of the town of Ceduna and 160km south east of the *Tripitaka Prospect*, shows mineralisation over a region 7km by 2½km. This is 1-3% heavy minerals, consisting around 60% altered ilmenite (i.e. where leaching has removed the iron content), 21% zircon, 5% leucoxene and 2% rutile.

Iluka Resources has also formed a joint venture with **Mithril Resources** covering tenements 27km west of Ceduna and 17km east of the *Tripitaka Prospect*. Under the agreement, Iluka Resources will earn a 51% interest in these tenements by completing 1,500 metres of drilling and spending \$1.5 million over the next five years. These tenements have not been explored for heavy minerals but cover the old coast line within the Eucla Basin where Iluka Resources is identifying heavy mineral deposits. Mithril Resources is a nickel explorer and will continue to search for nickel in the underlying bedrock.

International All Sports' quarterly cash flow indicates continued growth in the business. Receipts from customers for the March quarter were up 42% on the same period last year to \$242.0 million, although there was only a small cash surplus of \$491,000 (compared with a *deficit* of \$965,000 in the March 2005 quarter). Cash on hand is \$31.1 million, up 23% on a year earlier.

For the nine months to 31 March 2006, Receipts are up 54% to \$627.5 million with an operating cash surplus of \$6,533,000 (compared with a *deficit* of \$890,000 for the nine months to March 2005).

International All Sports



M.Y.O.B. reports first quarter trading is “on track” and expects annual revenues to December 2006 to increase by around 13%.

Namoi Cotton Co-operative has reported a 24.0% increase in revenues to \$354.2 million for the year to 28 February 2006. Profits increased 144.0% to \$13,689,000 (12.2 cents per share). The final dividend will be raised 40.0% to 3.5 cents, lifting the annual dividend rate 30.0% to 6.5 cents.

This result benefited from “significant market share improvements” in both ginning and marketing. Ginning volumes were 98% higher at 675,000 bales, with

marketing volumes up 157% to 721,000 bales. The Australian cotton crop is forecast to decline around 14% to 2.5 million bales in 2006, with Namoi Cotton expected to gin and market in excess of 600,000 bales during the current financial year. Cotton prices are also low - putting pressure on margins - so the company predicts a profit of around \$9-11 million (8-10 cents per share) for the year to February 2007.

While profits may slip in the current year, Namoi Cotton Co-operative is capable of earning good profits despite depressed cotton yields and low prices. At 67 cents the shares look very under-valued on a Price/Sales ratio of 0.21, a Price/Earnings ratio of just 5½ and offer a high Dividend Yield of 9.8%. So the shares offer a high current income yield despite difficult trading conditions - and could be significantly re-rated when cotton prices and/or the cotton harvest improves. “Buy”.

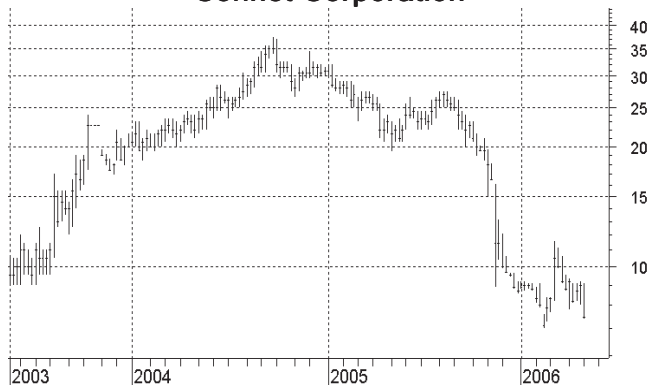
Namoi Cotton Co-operative



Sonnet Corporation has placed 30,000,000 shares at 7½ cents to raise \$2.25 million.

The company's third quarter cashflow statement shows receipts during the March quarter of \$8.8 million and an operating *deficit* of \$228,000. Cash on hand (before the \$2.25 million placement) was \$4,378,000. “Hold”.

Sonnet Corporation



The Reject Shop will open its first Western Australian store in Booragoon in June to be followed “shortly afterwards” by its second in Perth's city centre, with “several other stores” in advanced stages of negotiation. The company plans to open 6-8 stores in Western Australia over the next three years, expanding up to 15-20 stores in the state over the longer term.

The Reject Shop operates national pricing across all of its stores, so expects to be very competitive in Western Australia where it will have only a small number of competitors.

Share Recommendation:

Buy Postie Plus Group

BUY Postie Plus Group (code PPG).

We reviewed **Postie Plus Group** in October 2005 (*Market Analysis* Issue 400). This company is a small NZ retailer that appears to be in a recovery phase and therefore offers investors the potential for high income and strong capital appreciation over the next year or two. Retailers are generally *out of favour* with investors owing to fears over a slowdown in the economy and the impact on retail sales. Nevertheless, we believe that share prices in this sector have *already* declined in *anticipation* of this slowdown. Postie Plus Group's value products should be competitive as the economy slows while government policies should help support retail spending.

Company History

This business began in 1909 with a barber's shop that later converted to a footwear and drapery store. The *Postie* clothing mail order business was established in the 1980's and the 57 store **Warehouse Clothing Company** business was acquired in 1994. This acquisition proved unsuccessful, resulted in significant losses and most of these new stores were soon closed. In 1999 the company began opening *Postie+* stores in Auckland.

Postie Plus Group listed on the NZ stockmarket in September 2003 after offering 20,000,000 shares to the public at \$1.00. 75% of these were new shares, raising \$15.0 million for the company to finance the acquisition of **Arbuckles** and future growth, and 25% were sold by the existing shareholders.

In October 2003 the company announced the acquisition of 10 clothing stores from **Gardner Fashions** in the North Island which were initially rebranded as *Rendells Ladieswear Fashion* stores. Most *Rendells* stores were later changed to *Postie+* stores.

The group currently operates 69 *Postie+* stores, 31 *Arbuckle's* stores and 13 *Baby City* stores.

Recent Results

For the year to 31 July 2004 the group reported revenues of \$108.5 million and a profit of \$4,019,000 (10.0 cents per share). A final dividend of 4.06 cents brought the annual payout to 7.06 cents (plus full imputation tax credits). The net operating cash surplus was \$4.1 million.

Poor weather in December 2004 had a "significant impact" on summer season clothing sales and profitability for the half year to 31 January 2005. Group revenues were up 5.4% to \$55.2 million - but helped by acquisitions as same store sales were down 5%. The company *lost* \$466,000 for this period - compared with a profit of \$2,029,000 in the same period the previous year - and the interim dividend was cancelled. This downturn in business resulted in the shares losing over 40% of their value and falling to a low of 58 cents.

The year to July 2005 saw revenues up 5.4% to \$114.3 million and profits down 58.5% to \$1,669,000 (4.2 cents per share). The net cash operating surplus was

strong at \$6.8 million.

This shows that during the *second* half of the year profitability recovered strongly to \$2,135,000 (5.3 cents per share), up 7.3% on the second half of 2004. Dividend payments were re-instated with a final 3.0 cents (plus full imputation tax credits).

The half year to 31 January 2006 saw revenues up 4.9% to \$57.9 million and a profit of \$735,024 (1.8 cents per share). This was an improvement on the *loss* of \$465,000 to January 2005 but still far short of the profit of \$2,029,000 to January 2004. The interim dividend was re-instated at 3.0 cents (plus full tax credits).

For the full year to July 2006 the company is predicting pre-tax profits "in excess of \$5 million". That should equal a recovery in net profits more than *doubling* to around \$3.5 million (8.8 cents per share).

Investment Criteria

At 71 cents, Postie Plus Group shares trade on a very low Price/Sales ratio of 0.25, a Price/Earnings ratio of 17 and a Dividend Yield of 6.3%. A recovery in earnings this year to around 9 cents and a 65% payout ratio would allow the annual dividend to return to around 6 cents. That would improve the P/E to a low 8 and increase the gross Yield to a very high 12.6%.

Postie Plus Group also seeks long term growth through its steady roll-out of stores, "clustering two or three of the group's brands" in each new location to provide an "improved retail profile". Over the six months to January 2006 it opened four new clusters.

The NZ economy is widely expected to weaken in the immediate future and Postie Plus Group expects "considerable challenges over the course of 2006 and 2007". The stockmarket, however, has likely *anticipated* those difficult conditions by marking down the value of retailing shares during 2004 and 2005. Furthermore, Postie Plus Group's "value products" tend to become more popular "in times of tightening economic conditions", while government policies should help to support and boost consumption and retail spending. Proposed anti-foreign investment taxes should result in some repatriation of capital - perhaps leading to the type of easy monetary situation experienced in 1986-87. Easy monetary conditions and slow economic growth can result in excess liquidity flowing into financial assets (i.e. causing a boom in property and share prices) and into consumer spending. Government "tax credit" benefits for families will target a sector most likely to increase their retail spending.

The issued capital consists of 40,000,000 shares, so the market capitalisation is just \$28 million.

There has been no *insider* buying or selling on-market.

Directors have a significant holding in the business. Managing Director P Young owns 3,736,000 shares (9.34% of the company) while R Dallaca has 2,484,740 shares (6.2%) and J Dallaca 1,766,050 shares (4.4%). The other directors hold between 37,500 and 75,000 shares each.

The shares are also *neglected* by brokers and institutional investors with just one broker following the company closely enough to publish profit forecasts.

Since hitting a low of 56 cents in December 2005 Postie Plus Group shares appear to be in the early stages of a recovery. The Relative Strength rating is +5.1%, ranked 33.

Summary and Recommendation

Postie Plus Group is a small company, so investors may need to build up shareholdings over a period of time. Nevertheless, the shares offer good value, profits should continue to recover strongly this year and very long term growth should result from its steady store expansion.

The shares offer both a high current income yield and the potential for strong capital appreciation. So this is an investment that should be suitable for a wide range of

investors. Smaller companies, however, can be more risky, so Postie Plus Group shares should be held in a well diversified portfolio.

Postie Plus Group



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

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

Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Postie Plus Grp	71	+5.1	+3.6	33	0-0	1	1.1	6	1.0	17	6.3	0.25	28
Renaissance	135	+6.8	-5.8	26	1-4	-	4.6	45	0.8	10	11.1	0.33	52
Air New Zealand	130	+2.0	-1.1	44	4-5	4	0.8	12	0.9	7	5.7	0.35	1,300
Eastern Hi-Fi	72	+0.6	+0.1	49	0-0	-	0.9	7	1.1	13	12.4	0.40	7
Livestock Imp.	140	+2.2	+2.3	42	0-0	-	0.5	5	0.8	9	14.1	0.44	46
Tag Pacific Ltd	39	+14.8	+1.8	9	2-0	-	1.5	18	1.5	8	1.4	0.44	26
Gullivers Trv.	186	+9.3	+7.1	20	0-0	-	1.1	7	0.7	15	7.9	0.44	186
Mainfreight Grp	460	+21.5	+3.0	2	2-5	5	2.0	15	0.4	33	2.1	0.51	441
Nuplex Indust	630	+17.2	+3.7	5	1-0	5	2.0	12	0.5	17	6.3	0.52	483
Ebos Group Ltd	535	+6.1	+1.9	31	0-0	2	2.9	18	1.4	16	6.0	0.53	148
Warehouse Group	395	+1.5	+1.1	46	0-2	6	3.8	11	0.5	31	5.5	0.54	1,207
Kirkcaldie & St	271	+3.9	+0.5	37	0-1	1	1.2	5	0.5	22	4.4	0.62	27
Mr Chips Hold	100	+5.0	+5.8	34	1-0	-	1.9	11	0.9	17	6.0	0.69	24
Guinness Peat	255	+12.3	+1.5	12	0-1	1	3.8	39	0.6	10	1.1	0.77	2,497
Satara Co-op	160	+26.0	+9.7	1	0-0	-	1.2	-	0.8	NE	2.8	0.82	42
Briscoe Group	141	+4.5	+1.1	35	3-2	5	2.8	24	0.9	12	7.9	0.86	299
Tourism Hold.	168	+0.9	+2.2	47	1-1	4	1.0	6	0.8	16	9.8	0.93	165
Fletcher Build.	948	+11.1	+4.1	15	2-4	4	3.0	23	0.3	13	5.0	0.94	4,400
Steel & Tube	480	+1.0	+4.6	47	2-1	3	3.1	27	0.5	12	10.0	0.97	423
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Nuplex Indust	630	+17.2	+3.7	5	1-0	5	2.0	12	0.4	17	6.3	0.52	483
Tag Pacific Ltd	39	+14.8	+1.8	9	2-0	-	1.5	18	1.1	8	1.4	0.44	26
Guinness Peat	255	+12.3	+1.5	12	0-1	1	3.8	39	0.5	10	1.1	0.77	2,497
Tower Limited	282	+11.4	+4.8	13	3-0	4	1.3	13	0.5	10	Nil	0.89	1,011
Fletcher Build.	948	+11.1	+4.1	15	2-4	4	3.0	23	0.3	13	5.0	0.94	4,400
Turners & Grow.	270	+10.7	+5.3	17	2-1	-	0.9	6	0.5	16	Nil	0.41	202
Gullivers Trv.	186	+9.3	+7.1	20	0-0	-	1.1	7	0.6	15	7.9	0.44	186
Renaissance	135	+6.8	-5.8	26	1-4	-	4.6	45	0.6	10	11.1	0.33	52
Ebos Group Ltd	535	+6.1	+1.9	31	0-0	2	2.9	18	1.4	16	6.0	0.53	148
Postie Plus Grp	71	+5.1	+3.6	33	0-0	1	1.1	6	0.7	17	6.3	0.25	28
Mr Chips Hold	100	+5.0	+5.8	34	1-0	-	1.9	11	0.7	17	6.0	0.69	24
Briscoe Group	141	+4.5	+1.1	35	3-2	5	2.8	24	0.7	12	7.9	0.86	299
Livestock Imp.	140	+2.2	+2.3	42	0-0	-	0.5	5	0.6	9	14.1	0.44	46
Air New Zealand	130	+2.0	-1.1	44	4-5	4	0.8	12	0.7	7	5.7	0.35	1,300
Steel & Tube	480	+1.0	+4.6	47	2-1	3	3.1	27	0.4	12	10.0	0.97	423
Tourism Hold.	168	+0.9	+2.2	47	1-1	4	1.0	6	0.6	16	9.8	0.93	165
Eastern Hi-Fi	72	+0.6	+0.1	49	0-0	-	0.9	7	0.8	13	12.4	0.40	7
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													
Hellaby Hold.	458	-5.2	+1.7	80	1-0	3	2.2	21	0.3	11	12.7	0.58	225
Cavalier Corp	319	-2.9	+3.3	70	4-0	3	3.3	31	0.3	11	12.6	1.01	209
Telecom Corp	472	-4.7	-0.6	79	0-16	8	3.8	38	0.3	10	12.2	1.60	9,240
Restaurant Brds	126	-1.5	-0.1	60	0-0	5	2.7	23	0.6	12	11.8	0.38	122
Tourism Hold.	168	+0.9	+2.2	47	1-1	4	1.0	6	0.5	16	9.8	0.93	165
MG Property Trt	123	-0.6	-0.4	57	3-0	6	1.2	5	0.4	24	9.2	N/A	420
ING Property	119	-0.6	-0.4	56	0-0	5	1.1	7	0.5	15	9.0	8.26	286
Hallenstein G.	508	+7.8	+0.8	23	1-1	2	5.2	33	0.3	16	8.8	1.61	300
Briscoe Group	141	+4.5	+1.1	35	3-2	5	2.8	24	0.6	12	7.9	0.86	299
Gullivers Trv.	186	+9.3	+7.1	20	0-0	-	1.1	7	0.5	15	7.9	0.44	186
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Comvita	284	+8.4	+6.1	21	13-2	-	2.2	9	0.3	23	2.6	N/A	37
Scott Tech. Ltd	248	+2.9	+6.3	41	6-0	1	4.2	2	0.4	197	2.4	1.54	62
Wakefield Hlth	635	+3.0	+0.1	39	4-0	-	2.7	10	0.2	26	3.1	1.87	81

Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Salvus Strat.	72	-7.1	+2.0	84	0-0	-	0.7	4	0.6	16	4.1	8.61	14
Akd Int Airport	198	-1.7	+0.7	63	0-2	6	5.3	23	0.3	23	6.2	8.57	2,421
ING Property	119	-0.6	-0.4	56	0-0	5	1.1	7	0.4	15	9.0	8.26	286
Forty Two Below	57	-5.0	+2.0	80	0-3	-	5.9	-	0.6	NE	Nil	5.88	74
Nat Property Tr	73	-10.5	-0.6	90	0-0	2	0.7	5	0.4	14	12.5	4.96	88
Mowbray Collect	150	-3.0	+4.2	71	0-2	-	3.0	-	0.3	NE	3.0	4.11	15
Trans-Tasman	44	-0.8	-0.9	58	0-0	-	0.6	1	0.6	75	Nil	3.36	255
Sealegs Corp	16	-9.2	+1.1	88	2-2	-	6.1	-	1.6	NE	Nil	3.07	10
Oyster Bay	242	-13.1	-6.3	92	0-1	-	1.2	3	0.3	41	4.1	3.04	22
Just Water Int.	90	-2.7	+1.4	68	1-0	-	4.2	22	0.5	19	5.4	2.95	60
Genesis Res.	28	-2.5	+1.8	66	2-0	-	1.1	-	0.9	NE	Nil	2.82	7
Cadmus Tech Ltd	22	-3.0	+1.2	71	0-2	-	4.3	3	0.9	147	Nil	2.62	52
Vector Ltd	273	-3.1	+1.5	72	6-0	-	1.8	4	0.5	50	Nil	2.35	2,634
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Charlie's Group	13	-58.3	+0.0	98	1-0	-	17.8	-	1.0	NE	Nil	1.41	40
A2 Corporation	10	-20.3	+3.2	95	0-0	-	-	-	1.2	NE	Nil	N/A	7
New Image Group	4	-14.7	-0.2	93	0-0	-	0.9	-	2.1	NE	Nil	1.13	7
Abano Health.	121	-14.0	-4.6	92	0-0	2	0.7	-	0.5	NE	Nil	0.49	33
Oyster Bay	242	-13.1	-6.3	92	0-1	-	1.2	3	0.3	41	4.1	3.04	22
Life Pharmacy	82	-11.6	+1.0	90	1-1	-	16.4	-	0.6	NE	2.2	N/A	441
Lombard Group	3	-9.9	-1.2	89	0-0	-	-	-	2.4	NE	Nil	N/A	61
Sealegs Corp	16	-9.2	+1.1	88	2-2	-	6.1	-	1.5	NE	Nil	3.07	10
Pac Edge Bio.	15	-9.0	-3.4	88	0-0	-	4.0	-	0.9	NE	Nil	N/A	6
Broadway Ind	71	-8.5	-2.1	87	0-0	-	0.7	5	0.4	15	7.0	0.33	14
Blis Technology	13	-8.1	-0.6	87	0-0	-	6.9	-	1.1	NE	Nil	N/A	13
Botry-Zen Ltd	5	-7.7	+5.0	86	2-1	-	8.7	-	1.5	NE	Nil	N/A	18
Zintel Comm.	70	-7.6	+0.9	85	3-2	-	5.3	51	0.5	10	7.4	0.99	35
Salvus Strat.	72	-7.1	+2.0	84	0-0	-	0.7	4	0.5	16	4.1	8.61	14
Forty Two Below	57	-5.0	+2.0	80	0-3	-	5.9	-	0.6	NE	Nil	5.88	74
Tenon Ltd	368	-4.8	+3.0	79	1-0	4	1.4	16	0.4	9	Nil	6.61	256
Dorchester Pac	222	-4.5	-0.5	78	1-1	-	1.3	17	0.4	8	6.9	0.57	49
CanWest Media.	168	-4.5	+0.8	77	1-0	6	1.1	4	0.4	29	5.6	1.52	381
Seeka Kiwifruit	410	-4.1	+5.3	76	3-0	-	1.1	9	0.3	12	7.3	0.64	44
VTL Group Ltd	54	-3.9	-6.2	74	0-1	-	0.9	11	0.8	8	6.1	0.57	16
INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Telecom Corp	472	-4.7	-0.6	79	0-16	8	3.8	38	0.3	10	12.2	1.60	9,240
Forty Two Below	57	-5.0	+2.0	80	0-3	-	5.9	-	0.5	NE	Nil	5.88	74
Sthn Travel	44	-24.9	-1.2	97	0-2	-	1.2	24	0.6	5	21.7	0.14	6
Mowbray Collect	150	-3.0	+4.2	71	0-2	-	3.0	-	0				

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

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

Company	STRENGTH RATING										Market Cap'n	Company	STRENGTH RATING										Market Cap'n				
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio			Dividend Yield	Price/Sales Ratio	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity		Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0														
Citic Australia	54	+9.9	-0.2	30	0-1	-	2.5	46	1.2	5	9.8	0.06	45	Zicom Australia	4	+54.2	+13.8	4	0-0	-	3.6	55	3.6	7	Nil	0.15	3
Namberry Ltd	2	+6.8	-7.9	36	0-0	-	2.1	-	6.8	1%	142.9	0.10	3	Ausdrill Ltd	169	+42.0	-7.3	7	1-1	-	2.3	14	0.5	16	2.5	0.86	182
Acma Engineer.	7	+14.6	-2.0	23	0-0	-	-	-	3.4	2	38.5	0.12	4	Multistack Int'	5	+29.5	+17.1	11	0-0	-	0.7	21	2.6	3	Nil	0.25	6
A.P. Eagers	768	+0.8	+1.2	55	0-0	1	1.2	10	0.3	12	4.9	0.16	170	MacMahon Hold	83	+25.9	+1.6	13	0-0	2	2.5	15	1.1	17	1.2	0.58	367
Queens'd Cotton	430	+5.3	+2.7	41	0-0	1	1.0	5	0.5	19	5.1	0.18	120	Watpac Ltd	228	+24.2	-0.5	14	0-1	1	4.1	25	0.7	17	3.7	0.42	174
Paperin X Ltd	312	+0.9	-0.2	54	2-0	6	1.3	16	0.7	8	8.2	0.18	1,392	Tasmania Mines	76	+23.2	-6.2	14	0-0	-	2.1	38	0.8	6	Nil	0.98	14
Structural Syst	95	+11.5	-8.9	27	6-0	-	2.4	28	0.9	8	1.6	0.23	24	Tolhurst Noall	39	+21.3	-4.3	16	0-1	-	3.0	17	1.1	17	2.6	0.98	38
Devine	91	+12.7	+2.3	25	2-0	-	2.1	30	0.9	7	8.8	0.24	114	The Reject Shop	550	+20.0	+2.0	17	1-0	2	4.7	24	0.6	20	3.1	0.68	138
KLM Group Ltd	39	+19.3	-5.0	17	0-0	-	3.0	37	1.4	8	2.6	0.26	16	KLM Group Ltd	39	+19.3	-5.0	17	0-0	-	3.0	37	1.0	8	2.6	0.26	16
Data 3 Ltd	340	+4.1	-1.7	45	1-4	-	5.1	38	0.7	13	5.6	0.26	52	Ambition Group	87	+18.3	-0.4	18	1-0	-	43.5	-	0.7	13	Nil	0.50	22
Thomas & Coffey	65	+12.9	+1.6	25	1-0	-	-	1.1	14	3	1.1	0.27	44	Avatar Indust.	145	+18.3	-2.3	18	1-0	-	2.0	20	0.9	10	4.1	0.77	115
Legend Corp.	71	+2.3	-2.2	50	2-1	-	2.0	19	1.3	10	2.1	0.28	49	Rebel Sport	336	+18.0	+0.4	18	0-1	1	2.8	18	0.4	16	3.0	0.82	259
Wilson Leaders	103	+4.0	+0.9	45	0-0	-	0.9	7	1.0	13	6.8	0.28	58	Brisbane Bronco	20	+16.5	-0.5	21	0-0	-	3.3	47	1.4	7	Nil	0.93	20
Caltex Austria	2030	+0.8	+0.4	55	2-1	8	2.6	29	0.5	9	2.3	0.33	5,481	MFS Living & L.	95	+15.5	+7.4	22	3-0	-	0.9	8	1.0	11	Nil	0.84	4
Raptis Group	83	+2.1	-3.6	51	0-0	-	3.5	59	0.9	6	16.9	0.34	50	CTI Logistics	117	+15.3	+2.7	22	0-0	-	1.2	8	0.6	14	2.6	0.46	26
Becker Group	34	+3.3	-0.9	47	5-0	-	1.4	17	1.6	8	4.4	0.34	24	Acma Engineer.	7	+14.6	-2.0	23	0-0	-	-	-	2.3	2	38.5	0.12	4
Crane Group	1292	+12.2	+6.0	26	0-0	4	2.6	13	0.5	19	4.6	0.34	753	Clive Peeters	133	+14.5	+5.4	23	0-0	-	-	-	0.8	6	Nil	0.11	27
Tag Pacific	32	+9.8	+3.7	30	2-0	-	1.3	10	1.5	13	1.6	0.35	21	Hudson Invest.	4	+14.4	+18.7	23	0-0	-	0.5	35	3.2	1	Nil	0.59	10
Austin Eng.	36	+2.0	+4.6	51	0-0	-	2.4	21	1.5	12	2.8	0.36	14	Thomas & Coffey	65	+12.9	+1.6	25	1-0	-	-	-	0.8	14	3.1	0.27	44
Joyce Corp.	105	+9.6	-2.3	31	4-0	-	1.3	14	0.9	9	4.8	0.36	21	Devine	91	+12.7	+2.3	25	2-0	-	2.1	30	0.7	7	8.8	0.24	114
Frigrite Ltd	86	+2.0	+1.0	51	1-0	1	-	-	1.2	NE	2.0	0.37	43	David Jones	260	+12.7	+2.6	25	0-0	4	2.6	18	0.5	14	5.0	0.61	1,105
Skywest Ltd	27	+10.6	+2.9	29	11-0	-	1.5	6	1.8	26	3.8	0.37	27	Energy Invest.	18	+12.5	+1.1	26	0-0	-	-	-	1.6	6	Nil	0.52	3
Coles Myer	1080	+2.9	+0.0	48	2-1	11	4.3	20	0.5	21	3.1	0.37	13,373	Lemarne Corp	330	+12.2	+7.5	26	1-3	-	1.9	22	0.4	9	4.8	0.61	47
Al Limited	39	+38.6	+1.9	8	2-1	-	2.3	11	1.3	20	5.1	0.37	49	Crane Group	1292	+12.2	+6.0	26	0-0	4	2.6	13	0.4	19	4.6	0.34	753
Spotless Group	499	+1.0	+0.2	54	0-0	6	29.4	-	0.5	19	4.8	0.39	1,057	Wrigdways Aust	117	+11.6	+2.1	27	4-2	-	-	-	0.7	13	4.7	0.41	37
Wrigdways Aust	117	+11.6	+2.1	27	4-2	-	-	-	0.9	13	4.7	0.41	37	Structural Syst	95	+11.5	-8.9	27	6-0	-	2.4	28	0.7	8	1.6	0.23	24
Watpac Ltd	228	+24.2	-0.5	14	0-1	1	4.1	25	0.8	17	3.7	0.42	174	Citic Australia	54	+9.9	-0.2	30	0-1	-	2.5	46	0.9	5	9.8	0.06	45
Pacifica Group	258	+10.3	+11.2	29	6-0	3	-	-	1.1	25	5.0	0.43	350	Tag Pacific	32	+9.8	+3.7	30	2-0	-	1.3	10	1.1	13	1.6	0.35	21
Oldfields Hold	120	+8.4	+2.9	33	4-0	-	1.1	10	0.7	10	4.6	0.44	12	HomeLeisure Ltd	27	+9.6	+1.6	31	5-1	-	2.9	29	1.1	10	6.6	0.44	32
HomeLeisure Ltd	27	+9.6	+1.6	31	5-1	-	2.9	29	1.6	10	6.6	0.44	32	Joyce Corp.	105	+9.6	-2.3	31	4-0	-	1.3	14	0.6	9	4.8	0.36	21
Chalmers	270	+0.3	-1.0	57	0-0	-	0.8	4	0.6	23	3.0	0.45	15	Onesteel Ltd	388	+9.5	-0.2	31	0-0	7	-	-	0.6	17	3.5	0.56	2,188
Futuris Corp.	216	+7.4	-0.3	35	1-0	3	2.3	14	0.8	16	4.2	0.45	1,433	MBX Carpenters	50	+9.1	+4.9	31	0-0	-	0.5	7	1.2	8	Nil	0.12	50
CTI Logistics	117	+15.3	+2.7	22	0-0	-	1.2	8	0.8	14	2.6	0.46	26	UXC Limited	105	+9.0	-0.6	32	0-0	1	15.0	-	0.6	14	5.2	0.70	169
Housewares Int.	170	+5.1	+1.1	42	1-0	5	2.4	16	0.9	15	7.6	0.46	205	Beyond Int'l	62	+8.5	-3.9	33	2-0	-	1.4	10	1.1	15	Nil	0.65	37
Green's Foods	65	+0.7	+2.2	55	13-0	-	3.1	10	1.1	32	3.9	0.47	71	Oldfields Hold	120	+8.4	+2.9	33	4-0	-	1.1	10	0.5	10	4.6	0.44	12
Embelton Ltd	410	+4.6	-1.6	43	0-0	-	1.2	8	0.5	15	1.8	0.49	9	Guinness Peat	214	+7.7	+0.0	34	0-1	1	1.8	20	0.5	9	1.1	0.74	2,095
Globe Int'l Ltd	25	+0.9	+2.7	55	0-0	4	0.2	0	2.0	27.8	4.0	0.50	104	Dexion Ltd	124	+7.4	+2.3	35	0-0	2	7.3	68	0.8	11	3.6	0.51	67
Dexion Ltd	124	+7.4	+2.3	35	0-0	2	7.3	68	1.1	11	3.6	0.51	67	Futuris Corp.	216	+7.4	-0.3	35	1-0	3	2.3	14	0.6	16	4.2	0.45	1,433
Maxi TRANS	76	+2.9	-1.3	48	1-1	2	3.5	28	1.1	13	5.3	0.51	131	Namberry Ltd	2	+6.8	-7.9	36	0-0	-	2.1	-	4.7	1%	142.9	0.10	3
CEC Group Ltd	135	+5.8	+5.6	40	0-0	1	2.3	29	1.1	8	8.9	0.53	64	Nat'l Can	160	+6.6	+2.8	37	4-0	-	-	-	0.7	12	3.8	0.58	107
Amcor Ltd	693	+1.7	-0.0	52	1-0	6	3.6	26	0.5	14	4.9	0.55	6,086	WAM Capital Ltd	154	+6.3	+0.4	38	4-0	-	0.9	8	0.6	12	7.8	0.92	102
Onesteel Ltd	388	+9.5	-0.2	31	0-0	7	-	-	0.7	17	3.5	0.56	2,188	Auspine Ltd	400	+5.8	+3.6	39	6-0	2	0.8	5	0.4	17	3.8	0.99	216
Skilled Group	471	+24.0	-2.5	14	8-0	4	10.5	29	0.5	36	3.4	0.57	473	CEC Group Ltd	135	+5.8	+5.6	40	0-0	1	2.3	29	0.9	8	8.9	0.53	64
MacMahon Hold	83	+25.9	+1.6	13	0-0	2	2.5	15	1.3	17	1.2	0.58	367	Alesco Corp Ltd	980	+5.6	-0.5	40	5-1	5	57.6	-	0.3	17	4.6	0.94	681
Nat'l Can	160	+6.6	+2.8	37	4-0	-	-	-	0.8	12	3.8	0.58	107	Queens'd Cotton	430	+5.3	+2.7	41	0-0	1	1.0	5	0.4	19	5.1	0.18	120
Oroton Group	210	+0.4	+2.8	57	0-0	2	4.0	4	0.7	90	7.1	0.58	88	Housewares Int.	170	+5.1	+1.1	42	1-0	5	2.4	16	0.7	15	7.6	0.46	205
Lend Lease Corp	1421	+0.1	-0.7	58	1-0	7	2.8	10	0.5	27	4.0	0.59	5,664	Morning Star	5	+4.7	+2.2	43	0-0	-	1.3	-	2.8	1	Nil	0.02	3
Commander Comm.	218	+2.7	+5.2	49	1-3	7	5.9	38	0.8	16	2.8	0.60	371	Embelton Ltd	410	+4.6	-1.6	43	0-0	-	1.2	8	0.4	15	1.8	0.49	9
Lemarne Corp	330	+12.2	+7.5	26	1-3	-	1.9	22	0.5	9	4.8	0.61	47	Data 3 Ltd	340	+4.1	-1.7	45	1-4	-	5.1	38	0.6	13	5.6	0.26	52
David Jones	260	+12.7	+2.6	25	0-0	4	2.6	18	0.7	14	5.0	0.61	1,105	Wilson Leaders	103	+4.0	+0.9	45	0-0	-	0.9	7	0.8	13	6.8	0.28	58
AV Jennings	128	+0.2	+2.0	58	1-0	-	1.1	11	0.8	10	8.6	0.63	275	HGL Limited	196	+3.6	+0.8	46	0-0	-	1.8	16	0.5	11	5.2	0.79	100
K&S Corporation	372	+1.5	+2.5	53	0-0	1	2.7	24	0.5	11	3.6	0.63	223	Becker Group	34	+3.3	-0.9	47	5-0	-	1.4	17	1.2	8	4.4	0.34	24
Wattyl Ltd	353	+11.4	-3.7	28	0-0	5	2.1	7	0.9	30	3.4	0.63	299	Eumundi Group	24	+3.1	-1.0	48	0-0	-	1.1	9	1.6	12	Nil	0.93	20

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
		Cur-rent	4-Wk Chg.	Rank 0-99								
INCOME SHARES: Highest Yields, Capitalisation > A\$250 million												
Macquarie Infra	354	-0.3	+0.8	62	6-0	4	-	-0.4	8	21.9	1.74	7,726
City Pacific	366	-5.8	+2.1	77	2-0	-	2.6	32	0.3	8	12.3	2.79
Virgin Blue	181	+6.4	+1.5	38	0-1	5	-	-0.6	17	9.2	1.12	1,897
Hast Div Util	265	+3.2	+1.8	47	0-0	1	-	-0.5	14	9.2	2.87	397
AV Jennings	128	+0.2	+2.0	58	1-0	-	1.1	11	0.5	10	8.6	0.63
Sthn C. Fliers	11075	-0.4	+0.1	62	0-0	-	1.1	9	0.1	12	8.6	N/A
Paperlin X Ltd	312	+0.9	-0.2	54	2-0	6	1.3	16	0.5	8	8.2	0.18
Envestra	117	+1.9	+1.5	51	1-0	3	-	-0.5	NE	8.1	2.94	900
Everest B&B Alt	530	+4.0	-0.0	45	8-0	-	1.0	7	0.5	13	8.1	N/A
Gasnet Aust Grp	248	-1.8	+0.3	67	0-0	3	1.7	7	0.4	24	8.1	3.23
Australand Prop	206	+4.8	-0.8	42	1-0	2	1.5	15	0.5	10	8.0	1.19
Div. Utility	285	+4.8	+2.5	43	0-0	2	-	-0.4	20	7.7	1.56	1,203
Sims Group Ltd	1860	+2.0	+4.2	51	0-0	7	4.8	53	0.3	9	7.5	0.66
McGuigan Simeon	319	-5.8	+2.0	77	1-1	5	1.2	12	0.5	10	7.4	0.97
Telstra	385	-5.9	+0.4	77	0-0	8	5.1	46	0.4	11	7.3	2.15
Repco Corp Ltd	197	-7.9	+0.7	81	1-0	6	8.9	92	0.5	10	7.1	0.43
B & B Infrastr.	153	-2.2	-1.3	68	5-0	5	2.0	-	0.5	NE	7.0	3.45
Ten Network	308	-5.9	+1.6	77	0-2	8	-	-0.4	12	7.0	1.29	1,228
Adelaide Bright	236	+14.1	+1.1	23	8-0	5	2.7	19	0.5	14	6.9	1.78
Platinum Cap'l	220	+1.3	-0.1	53	0-0	-	1.3	3	0.4	51	6.8	N/A
Cons Minerals	265	-11.4	+0.3	86	0-5	2	2.8	34	0.6	8	6.8	2.03
Cons Rutile	75	+10.2	+1.4	30	1-0	1	2.5	27	0.7	9	6.7	2.24
Colorado Group	362	-8.1	+3.2	81	0-1	4	3.3	34	0.5	10	6.6	0.73
Pacific Brands	229	-6.0	+1.5	78	0-0	7	-	-0.5	19	6.6	0.75	1,152
AWB Limited	445	-13.6	-2.0	89	3-0	4	2.4	25	0.4	10	6.5	0.30

INSIDER BUYING: Most Insider Buying, Relative Strength > 0												
Company	Share Price	Yr/Mth	Black-Scholes	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate				
MFS Limited	377	+20.7	-4.0	16	19-0	1	-	-0.5				
Betcorp Ltd	530	+44.5	+7.5	6	14-0	-	-	0.3				
Green's Foods	65	+0.7	+2.2	55	13-0	-	3.1	10				
Investika Ltd	3	+15.5	-3.3	22	11-0	-	2.5	45				
Skywest Ltd	27	+10.6	+2.9	29	11-0	-	1.5	6				
Hire Intell.	15	+5.2	+1.3	42	11-0	-	1.5	-				
FOX Resources	103	+47.7	+35.1	5	11-0	-	7.3	-				
Aust Agricult.	201	+2.9	+3.7	48	10-0	2	0.9	3				
Atlas Iron Ltd	59	+38.9	+8.3	8	10-1	-	-	1.0				
ABC Learning	752	+10.1	-2.1	30	8-0	5	31.3	87				
ConnectEast Grp	116	+1.2	-0.5	53	8-0	-	1.4	-				
Bullion Min.	48	+63.3	-3.7	3	8-0	-	-	-				
Adelaide Bright	236	+14.1	+1.1	23	8-0	5	2.7	19				
Aust Wealth Mgt	250	+34.7	-5.8	9	8-0	1	14.7	12				
AMP Ltd	942	+9.8	+0.2	31	8-0	8	8.0	37				
Everest B&B Alt	530	+4.0	-0.0	45	8-0	-	1.0	7				
NGM Resources	16	+15.7	+5.5	21	8-0	-	-	-				
Aspen Group Ltd	144	+12.9	+2.8	25	8-0	-	9.0	44				
Skilled Group	471	+24.0	-2.5	14	8-0	4	10.5	29				
Sundowner Group	18	+2.9	+3.0	48	8-0	-	0.6	5				
Oilex NL	120	+72.3	+41.5	2	8-0	-	-	-				

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
		Cur-rent	4-Wk Chg.	Rank 0-99								
Grange Resource	185	+9.4	+2.8	31	9-1	1	-	-0.5	NE	Nil	N/A	153
BBX Holdings	26	+18.4	+3.9	18	7-0	-	-	-1.0	93	Nil	0.92	7
Tanami Gold NL	33	+33.5	+8.7	10	7-0	-	-	-0.8	NE	Nil	N/A	153
Equity Trustees	1495	+8.9	+4.5	32	7-0	1	5.4	20	0.4	26	2.7	4.49
Avexa Limited	27	+7.6	-4.9	34	7-0	1	3.4	-	1.0	NE	Nil	N/A
Life Therapeut.	170	+15.5	-5.2	22	7-0	-	5.5	-	0.4	NE	Nil	3.41
Salmat Ltd	435	+0.3	+5.1	57	7-0	4	36.3	-	0.4	19	3.6	1.24
Ellex Medical	67	+39.7	+10.9	7	7-0	1	4.5	-	0.8	NE	Nil	1.44
Meteorite Res.	29	+2.1	-8.8	51	7-0	-	-	-0.9	NE	Nil	N/A	41
Riversdale Min.	111	+16.7	+0.2	20	7-0	-	-	-1.1	NE	Nil	N/A	54
Impress Venture	12	+39.9	-0.7	7	6-0	-	-	-1.8	NE	Nil	N/A	22
Structural Syst	95	+11.5	-8.9	27	6-0	-	2.4	28	0.5	8	1.6	0.23
Carpathian Res.	10	+23.3	+9.4	14	6-0	-	-	-1.3	NE	Nil	6.81	10
Sylvastate Ltd	475	+3.6	-0.1	46	6-0	-	0.9	-	0.3	NE	Nil	N/A
Nufarm Limited	1096	+0.1	-0.6	58	6-0	4	4.1	23	0.4	18	2.4	1.05
Global Approach	11	+6.8	+2.3	37	6-0	-	-	-1.5	NE	Nil	1.76	6
TFS Corporation	47	+4.6	+2.4	43	6-0	-	2.4	32	1.0	8	4.3	3.62
Investa Prop.	223	+3.3	+1.7	47	6-0	5	1.3	9	0.5	14	7.4	3.42
Strike Oil Ltd	34	+58.4	-10.5	4	6-0	-	-	-1.1	NE	Nil	N/A	49
Auspine Ltd	400	+5.8	+3.6	39	6-0	2	0.8	5	0.4	17	3.8	0.99
Tasmanian Perp	668	+4.9	+2.3	42	6-0	-	8.5	33	0.4	26	3.3	8.25
Pacifica Group	258	+10.3	+11.2	29	6-0	3	-	-	0.8	25	5.0	0.43
Cardno Ltd	469	+13.6	-0.1	24	8-2	1	-	-	0.5	25	3.0	1.82
Perseus Mining	51	+37.4	+3.7	8	5-0	-	-	-	1.0	NE	Nil	N/A
Snowball Group	58	+14.4	-0.4	23	5-0	-	-	-	0.8	NE	Nil	3.40
United Group	1393	+12.7	+0.4	26	5-0	6	-	-	0.4	39	2.2	1.29
Gloucester Coal	340	+3.9	+1.1	45	5-0	1	7.2	23	0.5	31	2.9	4.89
Ironbark Cap.	60	+1.3	+0.1	53	5-0	-	0.9	12	0.6	7	5.5	N/A
Gregory Aust.	38	+7.4	-1.1	35	5-0	-	3.2	-	0.9	NE	Nil	0.36
Jupiter Energy	18	+64.9	+44.0	3	5-0	-	-	-	1.1	NE	Nil	N/A
OFM Investment	235	+6.3	+3.2	38	5-0	-	1.4	8	0.4	17	4.7	3.82
Buka Minerals	38	+13.1	+10.4	25	5-0	-	2.1	5	0.9	46	Nil	4.81
Comet Ridge Ltd	32	+33.7	+6.7	9	5-0	-	-	-	0.9	NE	Nil	N/A
Ale Property	260	+9.6	+1.1	31	5-0	1	1.1	2	0.3	44	4.9	5.00
Queensland Gas	77	+22.7	-6.7	15	5-0	1	-	-	0.8	NE	Nil	N/A
Bow Energy Ltd	21	+3.2	+5.5	48	5-0	-	-	-	1.5	NE	Nil	N/A
Ausquest Ltd	75	+53.5	-15.1	4	5-0	-	-	-	0.5	NE	Nil	N/A
Optiscan Image	62	+18.3	+12.1	18	5-0	-	5.2	-	0.7	NE	Nil	N/A
Tamawood Ltd	151	+0.5	-0.5	56	5-0	-	2.6	23	0.5	11	8.6	0.71
ING Priv Equity	85	+1.2	+1.3	54	5-0	-	0.8	-	0.9	NE	Nil	N/A
Brandill	17	+2.3	+9.9	50	5-0	-	3.4	9	1.3	38	Nil	0.61
Becker Group	34	+3.3	-0.9	47	5-0	-	1.4	17	0.9	8	4.4	0.34
Just Group Ltd	317	+18.7	+4.0	18	7-2	5	-	-	0.6	17	4.3	1.09
QM Technologies	237	+5.9	-0.1	39	4-0	-	4.4	-	0.5	NE	Nil	N/A
Promina Group	564	+6.8	+0.4	36	4-0	9	2.9	25	0.3	12	4.2	1.47
Natl Can	160	+6.6	+2.8	37	4-0	-	-	-	0.5	12	3.8	0.58
ITL Limited	26	+7.9	-0.9	34	4-0	-	1.8	-	0.9	NE	Nil	1.05
Panbio Ltd	26	+2.7	-4.4	49	4-0	-	1.7	-	1.0	NE	Nil	0.94
Brambles Ind.	1126	+8.5	+0.2	32	4-0	8	10.2	16	0.4	62	0.9	2.44

Australian Warrant / Option Analysis

Company	Share Price	Exercise Price	Yr/Mth Expiry	Black-Scholes Price	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Exercise Price	Yr/Mth Expiry	Black-Scholes Price	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate		
																				A.G.D. Mining	38
AIM Resources	16	10	3-1	9.1	9.1	-0	0.53	1.54	1.00	+6	Aurox Resources	63	20	1-5	40.0	45.0	-11	0.73	1.34	1.00	-3
AXG Mining	7	20	4-3	1.2	2.6	-55	0.72	1.61	1.00	+29	Ausquest Ltd	75	20	0-6	53.0	56.0	-5	1.09	1.32	1.00	-5
Accent Resources	16	20	3-4	5.0	3.7	+33	0.34	2.58	1.00	+14	Aust Food & Fibre	37	32	0-1	6.3	4.7	+35	0.00	7.84	1.00	+78
Acclaim Exploration	5	5	2-1	2.8	1.7	+63	0.59	1.96	1.00	+26	Aust Mining Invest.	33</									

Company	Yr/Mth			Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Yr/Mth			Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
	Share Price	Exercise Price	to Expiry									Share Price	Exercise Price	to Expiry							
Biolayer Corporation	25	35	1-5	6.0	8.7	-31	0.93	1.81	1.00	+42	Gravity Diamonds	31	50	1-6	8.7	2.8	+212	0.44	3.65	1.00	+53
Biomed Ltd	6	20	1-3	1.1	0.7	+56	0.97	2.35	1.00	+185	Grainy Metals	31	20	1-5	12.5	16.8	-26	0.83	1.56	1.00	+3
Biometrics Ltd	9	20	1-7	2.0	3.9	-48	1.30	1.49	1.00	+77	Great Gold Mines	6	10	6-9	2.5	2.9	-14	0.56	1.47	1.00	+12
Bionomics Ltd	20	22	2-8	10.0	8.7	+15	0.67	1.67	1.00	+19	Great Gold Mines	6	125	4-4	0.2	0.1	+218	0.56	3.12	1.00	+103
Bionomics Ltd	20	50	1-2	0.9	1.3	-30	0.67	3.30	1.00	+123	Great Gold Mines	6	20	5-11	3.2	1.7	+90	0.56	1.76	1.00	+26
Biopharmica Ltd	15	20	1-1	5.0	8.2	-39	1.67	1.35	1.00	+65	Great Western Explor.	44	20	3-0	24.5	39.1	-37	1.58	1.07	1.00	+1
Bioprospect Ltd	2	5	1-1	0.3	0.1	+455	0.56	4.40	1.00	+146	Greater Pacific Gold	2	3	2-0	0.2	0.4	-49	0.73	2.06	1.00	+41
Biosignal Ltd	18	50	0-1	1.0	0.0	+999	0.62	9.99	1.00	+999	Green Rock Energy	15	20	0-7	1.1	1.1	-2	0.53	4.53	1.00	+79
Biosignal Ltd	18	20	0-7	3.2	2.6	+23	0.62	3.43	1.00	+62	Gt Australian Res	26	20	2-7	13.0	14.6	-11	0.78	1.44	1.00	+10
Biotech Capital	48	55	0-5	1.1	1.6	-31	0.31	9.14	1.00	+52	Harrington Group	8	25	0-7	0.6	0.4	+66	1.06	3.25	1.00	+702
Black Range Minerals	10	5	4-9	7.5	8.2	-9	0.89	1.14	1.00	+4	Helix Resources	14	14	0-10	3.3	3.6	-10	0.74	2.37	1.00	+35
Blaze International	3	10	1-1	0.7	0.1	+999	0.58	4.57	1.00	+188	Hill End Gold	14	15	1-0	5.0	3.7	+37	0.68	2.40	1.00	+43
Bluestone Tin	30	20	2-7	14.5	19.6	-26	0.93	1.31	1.00	+6	Hillcrest Litigation	20	25	0-10	5.0	5.5	-10	0.94	2.14	1.00	+63
Bone Medical	20	40	0-11	5.0	5.5	-10	1.24	1.88	1.00	+142	Hillgrove Resources	31	20	0-7	11.0	11.5	-4	0.44	2.48	1.00	+3
Boulder Steel	79	20	2-6	53.0	65.6	-19	0.96	1.16	1.00	-3	Hindmarsh Resources	129	25	2-10	105.0	108.5	-3	0.60	1.18	1.00	+0
Bounty Industries	34	20	0-7	17.0	15.2	+12	0.57	2.09	1.00	+16	Hodges Resources	28	20	1-4	12.5	11.5	+9	0.53	2.04	1.00	+12
Bow Energy	21	20	1-10	9.6	8.6	+12	0.69	1.80	1.00	+21	Horizon Global	4	25	2-7	2.0	0.5	+271	0.88	2.01	1.00	+116
Buka Gold	26	65	2-1	5.4	3.9	+38	0.66	2.40	1.00	+61	Hunter Hall Global Val	111	100	0-11	11.0	16.4	-33	0.09	6.54	1.00	+0
C @ Ltd	19	20	1-10	7.5	4.1	+83	0.36	2.96	1.00	+22	IC2 Global	0	2	3-1	0.1	0.2	-38	1.37	1.29	1.00	+88
CBD Energy	4	2	0-8	0.1	2.4	-96	1.24	1.48	1.00	-64	IM Medical	1	4	2-7	0.6	0.3	+122	0.75	2.01	1.00	+63
CBD Energy	4	100	0-8	10.0	0.0	+999	1.24	4.41	1.00	+999	ING Private Equity	85	100	1-5	3.3	0.9	+265	0.08	9.99	1.00	+15
CO2 Group	25	12	5-5	14.0	19.1	-27	0.66	1.21	1.00	+1	Image Resources	56	25	0-3	31.0	31.4	-1	0.46	1.79	1.00	+0
Cape Lambert Iron Ore	63	30	2-5	38.5	42.1	-9	0.72	1.36	1.00	+4	Imugene Ltd	16	50	0-8	4.5	0.1	+999	0.67	5.54	1.00	+559
Cardia Technologies	2	10	1-7	0.4	0.2	+105	0.84	2.55	1.00	+159	Indigo Pacific Capital	88	150	0-10	2.5	1.3	+86	0.37	6.98	1.00	+93
Carmanon Petroleum	6	6	0-7	4.1	1.0	+304	0.65	3.15	1.00	+175	JV Global	19	20	2-5	6.0	8.1	-25	0.68	1.72	1.00	+14
Carrick Gold	98	20	0-7	75.0	78.7	-5	0.60	1.25	1.00	-5	Jaguar Minerals	23	20	2-4	6.0	14.6	-59	1.05	1.31	1.00	+5
Central Petroleum	14	20	1-1	4.4	0.0	+999	0.16	9.99	1.00	+73	Jupiter Energy	18	20	0-5	2.0	3.6	-44	0.96	2.72	1.00	+73
Chameleon Mining	4	20	1-7	0.6	0.0	+999	0.00	9.99	1.00	+206	Jupiter Mines	17	20	0-8	3.2	3.8	-16	0.84	2.52	1.00	+59
Chemgenex Pharm.	56	125	3-10	17.5	6.7	+162	0.38	2.87	1.00	+28	Kalgoorlie-Boulder	21	20	2-2	7.0	8.9	-22	0.65	1.75	1.00	+12
Cheviot Bridge	13	40	1-7	0.2	0.7	-72	0.64	3.17	1.00	+109	Karoo Gas Australia	168	20	0-1	142.0	148.1	-4	0.41	1.13	1.00	-35
Chrome Corporation	1	5	1-4	0.4	0.0	+857	0.68	3.51	1.00	+191	Katana Capital	93	95	1-0	9.0	4.4	+106	0.06	9.99	1.00	+12
Citrofresh International	23	25	1-12	8.2	9.7	-16	0.78	1.69	1.00	+21	Knights Insolvency	3	50	0-9	0.3	0.0	+999	0.50	9.99	1.00	+999
City Pacific	366	30	0-1	350.0	336.1	+4	0.31	1.09	1.00	+57	LV Living	4	5	1-7	1.1	2.3	-52	1.34	1.35	1.00	+31
City Pacific	366	100	0-3	250.0	267.5	-7	0.31	1.37	1.00	-16	Liberty Gold NL	18	20	1-0	3.0	3.1	-4	0.49	3.21	1.00	+28
City Pacific Ltd	366	30	0-1	78.0	336.1	-77	0.31	1.09	1.00	-100	Linq Resources	90	100	0-8	3.4	3.3	+2	0.20	9.86	1.00	+24
Commoditel Ltd	1	3	0-7	0.3	0.0	+999	0.97	3.86	1.00	+999	M2M Corporation	1	20	3-9	0.3	0.3	-9	1.26	1.40	1.00	+132
Conquest Mining	15	20	0-7	2.0	4.3	-53	1.23	2.04	1.00	+93	MGM Wireless	5	20	4-6	1.2	1.3	-10	0.67	1.77	1.00	+38
Contact Resources	35	20	2-1	18.5	18.0	+3	0.38	1.82	1.00	+5	Macmin Silver	38	25	2-5	18.0	20.7	-13	0.61	1.57	1.00	+5
Continental Goldfields	12	20	1-4	2.4	2.8	-13	0.85	2.10	1.00	+65	Magnesium Int'l	147	180	0-9	19.0	5.7	+236	0.27	7.56	1.00	+50
Cool or Cosy	17	20	2-0	4.7	5.0	-7	0.60	2.07	1.00	+22	Malachite Resources	20	20	2-3	6.5	8.8	-26	0.74	1.65	1.00	+15
Cougar Metals NL	44	25	0-7	18.0	21.5	-16	0.79	1.85	1.00	-4	Marengo Mining	37	20	1-9	17.5	22.6	-22	0.83	1.43	1.00	+2
Crusader Holdings	26	20	0-7	10.0	7.8	+29	0.50	2.79	1.00	+28	Marion Energy	75	25	0-10	54.0	51.3	+5	0.53	1.46	1.00	+6
De Grey Mining	16	45	0-1	0.1	0.0	+999	0.51	9.99	1.00	+999	Mawson West	14	20	1-0	2.6	2.3	+15	0.71	2.71	1.00	+67
Dia-B Tech Ltd	7	20	4-7	2.2	3.9	-43	0.98	1.29	1.00	+30	Maximus Resources	19	20	2-1	6.2	4.9	+26	0.41	2.55	1.00	+17
Diamonex Ltd	22	20	0-1	2.8	2.6	+6	0.56	6.30	1.00	+53	Medusa Mining Ltd	83	20	0-8	60.0	63.3	-5	0.47	1.30	1.00	-5
Diatreme Resources	29	25	1-5	12.0	11.8	+2	0.71	1.86	1.00	+19	Metallic Minerals	25	25	0-7	4.1	5.0	-17	0.61	3.13	1.00	+30
Digital & Voice Media	7	3	1-1	4.0	5.1	-22	1.22	1.27	1.00	-7	Metex Resources	9	10	0-4	1.5	1.0	+54	0.72	4.01	1.00	+139
Dysool Ltd	76	20	2-6	85.0	70.0	+21	1.69	1.05	1.00	+14	Metroland Australia	12	26	3-0	1.8	1.5	+17	0.45	2.75	1.00	+32
Dynasty Metals Aust	34	20	1-9	16.0	19.2	-17	0.71	1.54	1.00	+3	Michelago Ltd	6	15	0-7	0.5	0.0	+999	0.61	6.16	1.00	+445
Eagle Bay Resources	7	15	3-1	3.5	1.6	+117	0.59	2.09	1.00	+37	Midas Resources	11	25	0-6	2.0	1.0	+102	1.11	2.96	1.00	+502
Eastern Corporation	8	6	0-1	1.0	1.7	-39	0.51	4.40	1.00	-63	Mineral Securities	160	115	1-8	50.0	65.5	-24	0.45	2.07	1.00	+2
Eastland Medical Sys	16	20	0-6	6.0	1.6	+264	0.67	3.80	1.00	+181	Minerals Commodities	29	30	1-1	8.0	7.1	+12	0.57	2.59	1.00	+28
Elemental Minerals	70	20	2-8	47.0	55.9	-16	0.82	1.20	1.00	-2	Minerals Corporation	2	9	1-4	0.8	0.1	+999	0.73	3.40	1.00	+229
Ellendale Resources	7	12	0-1	4.0	0.1	+999	1.18	7.36	1.00	+999	Mintails Ltd	37	15	0-1	21.5	22.1	-3	1.03	1.67	1.00	-15
Energy Metals	208	30	2-1	172.0	182.5	-6	0.78	1.13	1.00	-1	Moby Oil & Gas	9	30	2-1	4.0	1.8	+121	0.86	2.00	1.00	+89
Enterprise Energy	6	20	1-7	1.6	0.3	+405	0.64	3.23	1.00	+122	Molopo Australia	5	10	1-1	0.8	0.1	+642	0.46	5.12	1.00	+116
EnviroGold Ltd	13	20	1-7	4.4	0.2	+999	0.22	7.85	1.00	+49	Molarch Resources	32	20	0-2	13.5	11.8	+14	0.68	2.57	1.00	+45
Eqitx Limited	20	20	1-1	2.6	6.0	-57	0.72	2.17	1.00	+15	Monteray Group	1	1	2-7	0.3	0.4	-25	0.87	1.49	1.00	+21
Equigold NL	176	140	1-0	38.5	49.9	-23	0.35	2.97	1.00	+1	Monto Minerals	35	5	0-4	6.0	30.1	-80	0.47	1.16	1.00	-97
Evans & Tate	14	150	1-5	0.1	0.1	-20	0.82	3.57	1.00	+434	Moto Goldmines	147	28	0-0	117.0	60.3	+289	0.61	1.16	1.00	-100
Exco Resources NL	29	20	0-3	8.4	9.3	-10	0.67	2.74	1.00	-1	Mt Gibson Iron	90	25	0-7	61.0	30.3	-7	0.39	1.37	1.00	-7
Ezenet Ltd	15	15	1-1	1.0	4.7	-79	0.77	2.07	1.00	+10	Murchison Holdings	165	100	2-7	49.0	81.6	-40	0.30	1.91	1.00	-4
Financial Resources	20	20	2-0	6.0	4.7	+27	0.37	2.76	1.00	+15	Murchison Metals	64	20	1-6	43.0	46.0	-7	0.57	1.37	1.00	-1
Flinders Diamonds	3	5	0-1	0.2	0.0	+999	0.69	9.99	1.00	+999	NGM Resources	16	20	0-10	3.7	2.5	+48	0.65	2.99	1.00	+66
Flinders Resources	3	10	2-4	0.5	0.3	+76	0.69	2.44	1.00	+82	NGM Resources Ltd	16	20	0-10	3.7	2.5	+48	0.65	2.99	1.00	+66
Fox Resources	103	75	1-1	35.0	41.6	-16	0.63	2.01	1.00	+7	Namakwa Diamond	6	20	0-4	0.4	0.0	+999	0.76	8.14	1.00	+999
Future Corporation	1	3	0-0	0.1	41.6																

Company	Share Price	Yr/Mth Exercise Price	to 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	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	
Oropa Ltd	15	5	1-7	3.4	10.4	-67	0.78	1.33	1.00	-29	Siberia Mining Corp	15	20	0-10	3.6	3.4	+4	0.89	2.34	1.00	+77	
Ottoman Energy	20	20	0-6	5.0	3.0	+68	0.54	3.79	1.00	+64	Solbec Pharm	8	30	0-4	0.8	0.0	+999	0.52	9.99	1.00	+999	
Pacific Magnesium	30	5	0-6	2.5	25.2	-90	1.20	1.18	1.00	-94	Souls Private Equity	21	30	3-7	6.0	1.4	+324	0.18	5.24	1.00	+17	
Pan Pacific Petroleum	13	15	1-1	5.0	2.0	+147	0.45	3.39	1.00	+49	Southern Gold	33	20	0-10	16.5	16.9	-2	0.95	1.64	1.00	+15	
Papyrus Australia	32	20	1-10	16.5	18.7	-12	0.86	1.44	1.00	+8	Stirling Products	11	20	1-7	5.0	2.1	+143	0.69	2.38	1.00	+68	
Paradigm Gold	9	25	1-12	3.6	0.8	+326	0.64	2.69	1.00	+85	Strathfield Group	4	7	1-10	1.1	0.8	+39	0.71	2.20	1.00	+53	
Paramount Mining	10	20	0-7	1.1	1.7	-37	1.23	2.34	1.00	+260	Structural Monitoring	10	20	0-11	2.0	0.8	+145	0.70	3.30	1.00	+136	
Perseus Mining	51	20	2-10	35.0	35.9	-3	0.60	1.34	1.00	+3	Structural Systems	95	45	1-1	57.0	52.9	+8	0.34	1.78	1.00	+7	
PharmAust Ltd	18	30	1-6	2.1	1.7	+24	0.49	3.38	1.00	+50	Style Plantation	10	20	2-8	4.0	3.6	+12	0.81	1.69	1.00	+39	
Pharmanet Group	5	5	0-7	1.9	1.3	+46	0.82	2.48	1.00	+74	Sub-Sahara Res	11	15	3-1	5.2	4.2	+25	0.67	1.69	1.00	+24	
Phosphagenics	24	20	3-0	11.0	8.9	+23	0.35	2.12	1.00	+10	Sunnycove Mgmt	74	150	3-0	10.0	23.4	-57	0.70	1.80	1.00	+29	
Phylogica Ltd	64	25	1-3	40.0	42.4	-6	0.75	1.43	1.00	+1	Synergy Metals	4	10	0-9	0.5	0.2	+141	0.82	3.45	1.00	+275	
Pinnacle VRB	3	5	2-7	1.4	2.3	-40	1.34	1.22	1.00	+28	Tasgold Ltd	14	20	1-6	2.6	4.6	-43	0.87	1.87	1.00	+38	
Platinum Australia	83	20	0-6	58.0	63.6	-9	0.71	1.30	1.00	-12	Tawana Resources NL	32	100	1-11	4.0	2.2	+85	0.60	3.03	1.00	+85	
Plentex Ltd	4	5	0-10	0.5	0.9	-41	0.84	2.39	1.00	+56	Tomahawk Energy	66	20	2-7	50.0	49.6	+1	0.56	1.30	1.00	+2	
Polaris Metals NL	19	20	2-7	5.5	8.6	-36	0.73	1.60	1.00	+13	Transol Corporation	6	25	0-0	2.0	49.6	-96	1.19	1.30	1.00	+999	
Polartechnics Ltd	6	20	0-6	0.1	0.2	-33	1.03	3.81	1.00	+999	Trent Capital	67	125	3-0	0.5	2.6	-81	0.24	5.12	1.00	+23	
Portland Orthopaedics	34	25	2-6	18.0	15.9	+13	0.49	1.78	1.00	+10	Trojan Equity	107	100	2-1	9.6	21.8	-56	0.18	3.95	1.00	+1	
Prairie Downs Metals	42	25	2-0	19.5	22.7	-14	0.61	1.60	1.00	+4	Unilife Medical Sol	28	50	2-1	4.9	8.3	-41	0.79	1.87	1.00	+39	
Premier Bionics Ltd	21	20	0-7	3.4	3.8	-10	0.47	3.68	1.00	+20	Union Resources	7	10	2-10	3.1	3.6	-13	0.87	1.48	1.00	+24	
Prima Biomed	10	20	0-6	0.8	0.1	+694	0.56	6.70	1.00	+333	Union Resources	7	10	2-10	2.8	3.6	-22	0.87	1.48	1.00	+23	
Probiomics Ltd	7	25	0-1	0.1	0.0	+999	0.56	9.99	1.00	+999	Uranium Exploration	32	20	1-10	17.0	19.1	-11	0.86	1.44	1.00	+8	
Prosperity Resources	10	12	1-0	2.1	1.4	+54	0.48	3.51	1.00	+42	Verus Investments	27	20	0-1	5.0	7.1	-30	0.45	3.77	1.00	-60	
Quantum Resources	6	10	4-5	1.0	4.5	-78	1.29	1.12	1.00	+16	View Resources	23	20	2-1	10.0	9.9	+1	0.61	1.80	1.00	+14	
Quantum Resources	6	5	6-6	2.1	5.3	-60	1.29	1.04	1.00	+3	Virax Holdings Ltd	10	20	3-7	4.0	2.2	+82	0.50	2.20	1.00	+28	
Quantum Resources	6	10	5-11	1.0	5.0	-80	1.29	1.07	1.00	+12	Visioned Group	3	12	1-10	0.4	0.0	+999	0.50	4.43	1.00	+125	
Queensland Ores	31	30	0-8	9.5	8.8	+8	0.84	2.29	1.00	+47	Wasabi Energy	4	2	0-7	1.4	2.0	-29	1.00	1.66	1.00	-13	
Quest Investments	38	15	2-7	16.0	25.7	-38	0.48	1.43	1.00	-8	Washington Res	22	25	1-9	4.1	5.0	-18	0.48	2.57	1.00	+19	
Ramelius Resources	16	20	1-7	3.9	3.4	+15	0.56	2.50	1.00	+31	Webspy Ltd	2	8	0-0	0.1	5.0	-98	1.01	2.57	1.00	+999	
Range Resources	4	5	1-4	1.8	1.3	+43	0.78	2.03	1.00	+46	West Aust Metals	22	5	2-3	17.5	18.2	-4	0.87	1.17	1.00	+1	
Red Fork Energy	26	20	2-11	15.0	11.7	+28	0.44	1.84	1.00	+11	Westonia Mines Ltd	18	20	0-3	3.0	1.6	+87	0.75	4.71	1.00	+253	
Red River Resources	19	20	3-10	6.0	11.5	-48	0.80	1.35	1.00	+9	Westralian Gas & P.	12	25	3-4	3.5	3.3	+8	0.61	1.94	1.00	+30	
Redbank Mines	15	28	2-0	3.2	4.4	-27	0.81	1.88	1.00	+44	Wilson Investment Fd	97	108	0-1	0.1	0.0	+999	0.08	9.99	1.00	+999	
Redport Ltd	13	5	1-1	8.0	8.7	-8	0.84	1.41	1.00	+0	Yilgam Gold	12	5	2-7	6.5	8.5	-24	0.74	1.31	1.00	-2	
Reefton Mining NL	3	10	3-6	0.8	1.0	-19	0.84	1.61	1.00	+46	Yilgam Mining	25	25	1-1	4.0	5.6	-28	0.48	2.89	1.00	+15	
Regis Resources	15	5	7-8	9.6	11.9	-19	0.50	1.17	1.00	+0	ZBB Energy Corp	23	50	1-7	4.5	5.0	-9	0.85	2.10	1.00	+75	
Regis Resources NL	15	20	5-11	4.9	6.8	-28	0.50	1.58	1.00	+10	Zelos Resources NL	16	20	1-7	4.1	4.3	-5	0.68	2.14	1.00	+32	
Regis Resources NL	15	10	6-5	6.9	9.6	-28	0.50	1.34	1.00	+2												
Republic Gold	9	25	0-6	1.0	0.0	+999	0.58	8.24	1.00	+836												
Resonance Health	6	40	1-8	0.3	0.1	+251	0.67	3.71	1.00	+215												
Resonance Health	6	15	0-8	0.6	0.1	+421	0.67	4.95	1.00	+338												
Resources Mining	5	2	0-1	0.1	3.0	-97	0.63	1.66	1.00	-100												
Richfield International	20	20	1-6	5.0	5.2	-4	0.46	2.58	1.00	+16												
Rimfire Pacific Mining	8	8	0-4	1.8	1.2	+47	0.79	3.38	1.00	+123												
Rittract Ltd	22	75	0-7	1.9	0.0	+999	0.48	9.99	1.00	+789												
Rocklands Richfield	18	30	3-6	6.2	8.6	-28	0.80	1.48	1.00	+22												
Rusina Mining NL	25	20	1-10	10.0	12.8	-22	0.81	1.57	1.00	+10												
S8 Ltd	411	300	0-11	270.0	129.6	+108	0.27	2.99	1.00	+43												
Safety Medical Prod.	15	20	2-7	3.0	2.6	+13	0.36	2.95	1.00	+18												
Salus Technologies	7	10	2-1	1.2	6.3	-81	3.22	1.01	1.00	+30												
Saracen Mineral Hold.	57	10	7-1	42.0	52.7	-20	0.79	1.06	1.00	-1												
Saracen Mineral Hold.	57	13	3-6	30.0	48.4	-38	0.79	1.14	1.00	-8												
Segue Resources	75	100	4-1	21.0	18.0	+17	0.33	2.50	1.00	+12												
Select Vaccines	8	20	2-0	2.2	1.4	+52	0.72	2.23	1.00	+66												
Select-Tel Ltd	8	20	0-8	0.1	0.2	-56	0.72	4.33	1.00	+291												

NZ Warrant / Option Analysis

Company	Share Price	Yr/Mth Exercise Price	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	57	50	0-5	11.1	9.9	+12	0.32	4.7	1.00	+18%
Dorchester Pacific	222	170	0-4	55.0	56.2	-2	0.19	3.9	1.00	+4%
Kingfish	114	100	1-7	23.0	26.1	-12	0.15	4.0	1.00	+5%
Salvus Strategic	72	100	1-7	5.0	2.7	+83	0.22	6.9	1.00	+27%

Review of Existing Option Investments

Aurox Resources (codes AXO and AXOO).

In March the company placed 5.0 million shares at 55 cents to raise \$2.75 million. This will mainly be used to finance its Bankable Feasibility study which will be available in mid-September. After that Aurox Resources plans "immediately launching into project implementation" for a 1.6 million tonnes per annum mine producing 4,200 tonnes of vanadium annually for over 30 years.

Bench scale testwork to design the method of ore processing has been completed and a pilot scale program is two-thirds complete. The "process technology is conventional and relatively low risk" and has been used

in South Africa for over 50 years. Processing a 20 tonnes sample produced premium quality V₂O₅ over 99.5% pure.

Mining studies have completed an assessment of owner operator mining with costs "significantly lower" - by up to 40% - than previously expected. The company will also consider contract mining and is currently seeking tenders for this project.

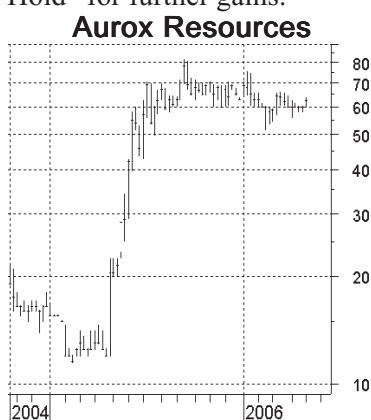
The project is proceeding well and should generate further increase in the value of our options. The share price (and options) increased very rapidly soon after we initially bought into this company just one year ago, but have eased back over recent (Continued on Page 12)

Review of Existing Option Investments

(Continued from Page 11)

months. There may be three reasons for this: Firstly, a delay in the Bankable Feasibility study which was originally expected by around March 2006. Secondly, pressure on the share price owing to the need to make placements to raise cash to fund activities. Thirdly, Vanadium prices - which are *extremely* volatile - have eased back by about 50% over the last year.

At 40 cents the options trade at a discount to their *intrinsic* value of 43 cents (i.e. the 63 cents value of the share, less the 20 cents exercise price to buy the share). Owing to the significant gain since we first bought in around 5½-6½ cents the leverage is now low at only 1.34 times. Nevertheless, the options still have 17 months until their final exercise/expiry date and Aurox Resources will be well on the way to becoming a Vanadium miner by then and the value of this company will be more apparent. "Hold" for further gains.



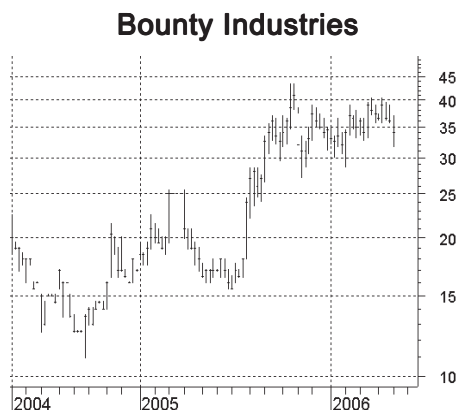
Bounty Industries (codes BNT and BNTO).

Revenues rose 7-fold to \$9.7 million for the six months to December 2005, with a profit of \$796,092 (1.0 cent per share), compared with a *loss* of \$1.4 million in 2004.

Bounty Industries forecasts profits of \$5 million to June 2006 with a "significant increase" to June 2007.

The company has increased its ownership of its coal mining subsidiary, **InCoal**, from 51% to 100%, issuing 20 million Bounty Industries shares (and 30 million options exercisable at 35-45 cents) in consideration.

The options are reasonably *fairly* valued, but offer high leverage of 2.09 times and have seven months until their final exercise/expiry date. "Hold" for further gains.



Cool or Cosy (codes COS and COSO).

For the six months to December 2005, Cool or Cosy reported revenues 3.9% higher at \$13.1 million but profits fell 76.4% to \$303,653 (0.7 cents per share). A steady interim dividend of 0.3587 cents was paid. The decline in profit is the result of start-up costs from the development of its air conditioning business.

The company's transportable building subsidiary has also won a \$2 million contract with **Aztec Resources** for its Koolan Island Iron Ore Project.

Cool or Cosy options are *fairly* valued and offer a high 2.07 times leverage, although the *break-even rate* is getting high at 22% per annum. If the share price, however, can recover at some stage over the next 24 months then the options will increase strongly in value. "Buy" for recovery and growth.



Equigold (codes EQI and EQIO).

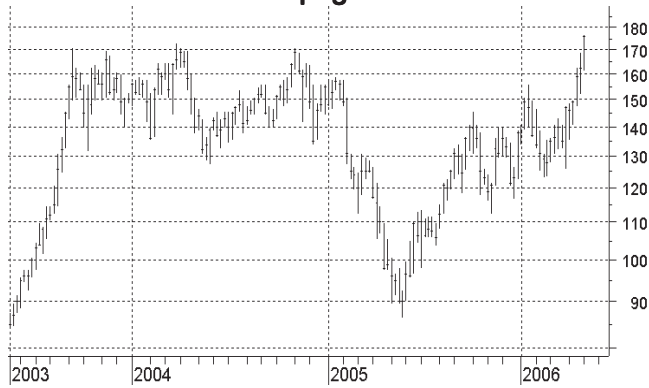
Equigold (and the options) have performed well since we first reviewed this company just three months ago. The shares are up 31.3% to 176 cents, while the options have appreciated 87.8% to 38½ cents.

For the six months to December 2005, revenues rose 14.3% to \$54.7 million while trading profits were up 29.2% to \$13,471,000 (7.9 cents per share). The Hedge accounting adjustment (required under the new accounting rules) was a *loss* of \$11.7 million (owing to an increase in the value of gold covered by forward sales). A steady interim dividend of 3.0 cents was paid.

Current profits come mainly from two Australian gold mines while growth potential lies in the development of new mines in the Ivory Coast. Equigold is hoping to develop its *Bonikro Project* which will require US\$50 million of capital expenditure. A bankable feasibility study will be available by June this year and, subject to suitable political risk insurance and no deterioration in the political situation in the Ivory Coast, construction could start January 2007 with gold production from January 2008. Despite political risks, the mine offers a very high rate of return and will pay back the initial investment in just a little over one year of production!

These options trade at a very small premium to their *intrinsic value* and a 23% *discount* to their *fair* value. Leverage is a very high 2.97 times, so the options offer good potential to profit from further appreciation in Equigold's share price over the next 12 months. The options remain a speculative investment in a company whose shares are currently appreciating rapidly in value. "Buy".

Equigold



Global Mining Investments



Financial Resources (codes FRL and FRLO).

For the six months to December 2005, revenues slipped 6.4% to \$5.4 million and profits fell 69.3% to \$161,201 (0.2 cents per share). This is a disappointing result, which the directors blame on “significant non-recurring circumstances” as the company seeks to aggressively grow its business.

We still have two years - 31 May 2008 - until the final exercise/expiry date of the these options so growth in the company's business could generate value for us.

“Hold”.

Financial Resources



Global Mining Investments (codes GMI and GMIO).

These options continue to benefit from the appreciation of global mining share values. Over the last quarter the net asset value (after tax and fully diluted) has increased 12.0%, the share price is up 15.2% and the options up 63.3% to 38½ cents.

We initially reviewed these options in February 2005 when they traded around 14 cents, so they have almost *tripled* in value. The options continue to trade at a discount to both their *fair* value and *intrinsic* value and still offer a high 3.09 times leverage - so there is excellent potential for gains. The final exercise/expiry date is 30 November this year, which gives another six months to earn profits on this leveraged investment.

While these options are still very attractive and give us a good exposure to the booming mining sector but we shall rate them as a “Hold” as they have a life of only six months.

Image Resources (codes IMA and IMAO).

Our Image Resources options are approaching their final exercise/expiry date of 28 August 2006 when they can be exercised to buy a share at 25 cents.

Fortunately, Image Resources' share price has risen strongly over the last seven months and this has created significant value in the options. We originally reviewed Image Resources options in February 2005 when they traded around 11½ cents - so the options have almost *tripled* in value.

Our recommendation is to hold the options in the short term - to profit from any further increase in values - but to then sell the options on-market in July or early August to realise the gains on this investment.

Image Resources



Marengo Mining (codes MGO and MGOO).

Marengo Mining has increased its ownership of the *Yandera Project* in Papua New Guinea to 100% with the payment of \$3 million in cash and the issue of 12.0 million shares at 6.0 million options (to buy shares at 20 cents until 28 February 2008).

The company also raised \$1.2 million from the placement of 4.0 million shares (plus 4.0 million options to buy shares at 40 cents until 30 November 2008).

Preparations have been completed to begin an infill diamond drilling program of up to 10,000 metres starting this month. The first results should be available from June and “progressively reported thereafter” and this stream of news may help to lift the share price (and option price) over that period.

This is a small company but provides exposure to a very large gold/copper/molybdenum deposit which could be developed to create significant value.

Marengo Mining option sell near their *intrinsic* value and at a 22% discount to (Continued on Page 14)

Review of Existing Option Investments

(Continued from Page 13)

their *fair* value. Leverage is moderate at 1.43 times and with 21 months until the final exercise/expiry date there is good potential for the company to advance its exploration projects and create additional shareholder (and option holder) value! "Hold".

Marengo Mining



Metroland Australia (codes MTD and MTDO).

Metroland Australia has entered a joint venture with **Timwin Group** for a development project in Strathfield, Sydney. The project is to construct four commercial units and 63 residential apartments. The joint venture is marketing the project and has pre-sold 13 units. Construction will begin in July, subject to sufficient pre-sales, and expected to take 18 months. The predicted profit on this project is "in excess of \$2 million" and Metroland Australia will receive 50% of this profit.

Metroland Australia will pay a 0.5 cents dividend in July.

Metroland options are close to *fairly* priced and offer a high 2.75 times leverage and have 36 months until their final exercise/expiry date. On the negative side, the shares (and options) have fallen so much in value that the *break-even rate* is 32% per annum. That is a lot of growth to ask of any company - although property development is a very volatile business so not impossible. Nevertheless, common sense suggests that the shares could quite easily *fail* to recover above the 26 cents exercise price and that our options will eventually expire worthless. We wouldn't recommend buying any new Metroland options at this time, but also we wouldn't recommend selling at the current price. "Hold" - and in three years time we will see if they have any value or are worthless.

ORT (codes ORT and ORTO).

ORT is to spin-off its **Organic Resources Technology** business, distributing 1.243 of these unlisted shares for each ORT share held. The option terms have been changed, with the exercise price lowered from 10 cents to 4 cents.

Unfortunately lowering the option's exercise price by 6 cents doesn't really compensate the option holders for the loss of the company's main asset. An independent accountant's report valued the business at 6 cents, despite the *market* valuing the business (i.e. the ORT shares) at around 10-11 cents. So we are left with options over a listed shell company worth only ½-1 cent per share. So

the options to buy shares at 4 cents will be of little value - and this is reflected in the current quotes. We cannot sell for any real value and these options will likely expire worthless in 21 months - but at this stage we have no real choice but to "Hold".

Exercising the options (to participate in the spin-off) would have required investing 10 cents per option in a very risky, cash hungry, unlisted company in a development phase - which we did not consider attractive.

Orchid Capital (codes ORC and ORCO).

Net asset backing is around 3.0 cents. Following the failure of its mineral exploration venture in Tibet, the company is now focusing upon a new business: investing in unlisted Asian companies which it hopes can be listed on a stockmarket in Europe or Asia "within less than 18 months at a significantly higher price".

Orchid Capital options reach their final exercise/expiry date in just six months. Perhaps they will expire worthless or perhaps they will have a little value. "Hold".

Stirling Products (codes STI and STIO).

Stirling Products has achieved two successful outcomes over the last quarter. Firstly, tests with chickens have shown that its growth promoter ST810 can be delivered via drinking water, in a low concentration of five parts per million. This will avoid the need for interactive studies that would be necessary if the promoter was mixed with feed.

Secondly - and more importantly - the company has applied for a new patent covering a new process to manufacture large volumes of ST810 at "an advantageous cost". This has the potential to extend the intellectual property protection of its growth agent to 20 years *and* will provide the large quantities and low cost of production necessary to commercialise this product.

The net cash *deficit* for the March quarter was \$548,000 which leaves the company with cash of \$1,214,000.

Stirling Products options are currently over-valued - owing to the sharp drop in the share price. The *break-even rate* is also a very high 68% per annum. So unless the share price can recover extremely strongly over the next 19 months our options will expire worthless. This company, however, *could* increase considerably in value *if* it can successfully commercialise its growth promoting product over the next 12-18 months. So the high risk, high return, highly speculative nature of this company justifies us continuing to "Hold" these options.

Stirling Products



New Issue

(This report was emailed to subscribers on 22 April.)

Rakon is seeking to raise \$66.0 million from the issue of 41,250,000 shares (38.8% of the company) to the public at 160 cents per share.

The easiest and most reliable way to assess the future potential of a New Issue is to *follow the money*. If the money raised from the public goes to the *company* (i.e. to finance future growth and expansion) then the shares may be a very good investment. If the money goes to the *existing shareholders* (i.e. who are fully or partially selling out) then the company will be less attractive for investment.

In the case of this New Issue, 85% of the money raised will go into the pockets of the existing shareholders who are reducing their ownership in this company. Only 15% of the money - just \$10 million - will go to the company.

In fact, the original family owners sold 20% of the company in a private deal in October 2005 - so will have reduced their ownership from 100% to 42.4% over the the last six months.

Despite the existing shareholders reducing their interest in the company, Rakon *could* still be an attractive investment if the company had good growth potential or was being sold at an attractive valuation.

Unfortunately, the company has a rather uncertain record of profitability. After earning a profit of \$2,950,000 in 2001 it *lost* \$97,000 in 2002 and *lost* \$2,135,000 in 2003. Fortunately it returned to profitability, earning \$2,241,000 in 2004 and \$2,910,00 in 2005. Profits to March 2006 (i.e. the year just ended) are expected to be \$4,395,000 (4.1 cents per share). Most fortunate of all, profits are forecast to grow 64% over the current year to \$7,222,000 (6.8 cents per share) allowing the company to be valued at \$170 million.

This puts the shares on a Price/Earnings ratio of 39 times 2006 profits and 24 times 2007 forecast earnings. That is a high valuation and would only be justified if the company will experience less volatility and more growth than in its past! The company does NOT intend to pay a dividend in the "foreseeable future". Net asset backing after the current share issue will be only 32 cents.

Rakon manufactures Quartz Crystal. We are not sure if you can really call that "hi-tech", but the prospectus does drop the names of a lot of global technology companies.

Summary and Recommendation

This company may produce a good product, but has not been as successful at producing consistent profits. The shares are being sold on a high valuation which *may* be justified if the company can grow strongly in the future. The founding shareholders, however, do not appear to believe that growth story - having chosen to swap full ownership of this business for a minority stake and a big pile of cash!

We suggest following the example of the *insiders* who prefer cash to Rakon shares. Avoid.

Investment Outlook (Continued from Page 1)
percentage of expensive *green* energy. These technologies are still evolving, so it is very difficult to pick the eventual winners - which probably won't include any of the *current* companies. Does anyone out there remember **Capstone Turbines**? **Fletcher Energy** made a small investment in this US based company that made high-tech, small scale gas turbines and the value of those shares soared many, many fold in value towards the end of the last century. Well, despite the energy crises which should be so favourable for that company, Capstone Turbine shares have fallen about 95% in value over the last six years.

We expect the price of oil to remain high. But if this high price slows global economic growth then demand will decline and the price of oil will fall sharply. We also expect the commodity price boom to last longer than in previous boom/bust cycles. But again, slower economic growth would lower demand and prices would plunge. If growth remains strong then extra supply will come on stream over the next few years and commodity prices will slowly ease back to more normal levels.

Note that high oil and high commodity prices depend upon continued economic growth - and that growth will also be favourable to most sectors of the global economy. Attractive investment opportunities should therefore be available in a wide range of industries - not just the very risky oil and commodity sectors.

Total Return Index for All Listed Shares

Apr 10	2409.81	Apr 17	Holiday
Apr 11	2395.98	Apr 18	2411.64
Apr 12	2398.23	Apr 19	2413.68
Apr 13	2396.68	Apr 20	2405.82
Apr 14	Holiday	Apr 21	2408.40
Apr 24	2410.44	May 1	2422.57
Apr 25	Holiday	May 2	2426.71
Apr 26	2414.46	May 3	2429.69
Apr 27	2410.61	May 4	2424.52
Apr 28	2416.79	May 5	2426.74

Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Calan Healthcare Properties	2.30	12-05	01-06	0.3146
Eastern Hi-Fi	3.20	30-06	10-07	Full
NZ Finance	0.75	18-05	25-05	Full
<u>Australian Shares</u>				
Namoi Cotton	3.50	19-06	20-07	

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday June 12, 2006.

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

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Birkenhead, Auckland. Subscribe online at www.stockmarket.co.nz or www.australia-stockmarket.com or email james@stockmarket.co.nz. Readers are advised that they should not assume that every recommendation made in the future will be profitable or equal the performance of recommendations made in the past. A summary of All prior recommendations is available is published on the website. The information presented has been obtained from original and published sources believed to be reliable, but its accuracy cannot be guaranteed. The entire contents are copyright. Reproduction in whole or part is strictly forbidden without the approval of the publisher.

www.stockmarket.co.nz

This page is intentionally blank.