

Market Analysis

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Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Stockmarket investment can be counter intuitive. A major crisis, when everything is going wrong and getting worse is actually the best time to be buying shares! That is not what is happening now. A small crisis is causing uncertainty and the outlook for the stockmarket is relatively neutral. Remain invested in shares, but accumulate new cash for any future buying opportunity.

Investment Outlook.

Shares are volatile investments and can easily fluctuate 20-30% in value for no apparent reason. Throw in a small crisis and anything *can* happen. But that doesn't mean it is a good idea to sell shares to build a fallout shelter, buy flu vaccine, stockpile petrol or speculate on the "sure thing" that energy prices will keep rising rapidly forever.

Limited liability companies are *very adaptable* - either changing to succeed *whatever future conditions may come* or failing and releasing their capital, labour and markets to new companies that can do the job. Its a jungle out there. Survival of the fittest. *Whatever* happens, we still need food and housing and water and electricity (and perhaps the latest mobile phone and the largest flat screen TV -if available on easy credit, interest free terms) and some company will make it and sell it to us and earn a profit.

As a result of the *Credit Crunch* the US economy *may* slow or weaken - but economic slowdowns used to happen every 3-4 years and somehow both consumers and investors managed to survive. The global economy, helped by China and India, is still expected to grow around 4.8% over the next year. That is well *above* historical average growth rates! So the current *Golden Age* of rapid economic growth (and high investment returns) should continue, even if the *Credit Crunch* results in a hiccup in stockmarket valuations!

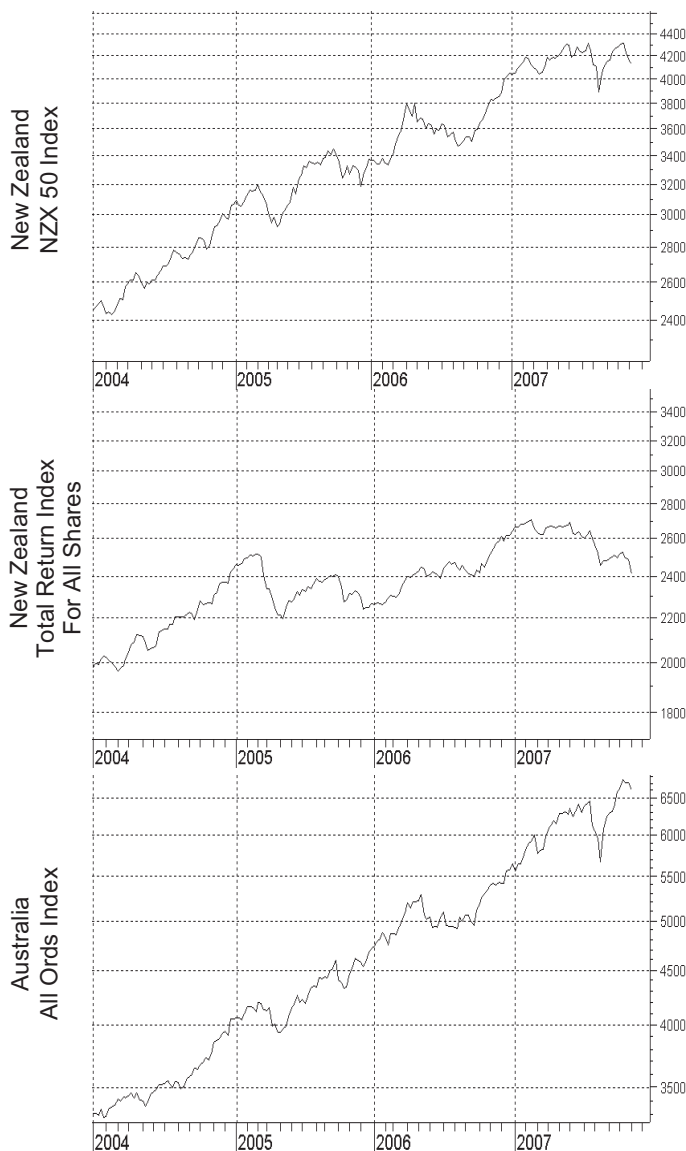
If you are worried about a major economic crisis, then (1) expect 3-4 new doomsday scenarios each year to keep you busy and (2) read our article on Pages 12-13. Perhaps that will help keep things in perspective!

Nevertheless, our One-Year Forecast for the NZ stockmarket is currently an unfavourable 27% while the Australian stockmarket is Neutral at 52%. The short term outlook for both markets is Neutral.

For the present time we shall continue to hold our current shares, accumulating cash (from dividends and new savings) for the recovery and the next buying opportunity.

Stockmarket Forecasts

| | <u>One-Month</u> | <u>One-Year</u> |
|--------------|------------------|-----------------|
| Australia: | 47% (Neutral) | 52% (Neutral) |
| New Zealand: | 41% (Neutral) | 27% (Bearish) |



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 | 23 | 4.58 | NE | Nil | Infratil NZ | B | 292 | 1.93 | 39 | 6.4 | Provenco Group | D | 60 | 0.49 | NE | Nil |
| AMP Onyx Mgmt | C | 130 | 8.31 | 22 | 6.0 | Jasons Media | B | 90 | 1.24 | 25 | 5.0 | Pumpkin Patch | C | 288 | 1.32 | 17 | 4.7 |
| AMP Limited | B | 1198 | 1.64 | 24 | 3.0 | Just Water Int. | C | 70 | 1.69 | NE | 7.6 | Pyne Gould Corp | C | 414 | 2.12 | 13 | 7.6 |
| Abano Health. | D | 495 | 0.127 | 23 | 3.3 | Kermadec Prop. | E | 92 | N/A | NE | Nil | Rakon Ltd | C | 520 | 5.98 | 60 | Nil |
| Air New Zealand | C | 36 | 0.19 | 9 | 2.8 | KidifCorp | B | 23 | 0.91 | NE | Nil | Renaissance | C | 97 | 0.16 | 4 | 23.4 |
| Akd Int Airport | C | 205 | 0.49 | 10 | 8 | Kingfish Ltd | B | 127 | N/A | 2 | 7.1 | Restaurant Brds | C | 93 | 0.28 | 9 | 16.0 |
| Allied Work. | D | 309 | N/A | 41 | 4.0 | Kirkcaldie & St | C | 335 | 0.77 | 58 | Nil | Richina Pacific | D | 45 | 0.10 | 7 | Nil |
| Allied Farmers | D | 108 | 0.34 | 16 | 7.6 | Kiwi Property | C | 138 | 9.72 | 17 | 7.0 | Rubicon Limited | E | 91 | 0.41 | NE | Nil |
| Apple Fields | D | 166 | 0.29 | NE | 1.8 | Life Pharmacy | E | 65 | 3.90 | NE | 1.1 | Ryman Health. | D | 210 | 5.52 | 25 | 1.9 |
| Barramundi Ltd | D | 8.0 | 3.72 | 14 | Nil | Lion Nathan Ltd | A | 1070 | 2.73 | 23 | 3.6 | Salvus Strat. | A | 101 | 2.35 | 3 | 8.1 |
| Blis Technology | E | 97 | N/A | 5 | Nil | Livestock Imp. | A | 190 | 0.47 | 6 | 19.6 | Sanford Limited | B | 432 | 1.03 | 16 | 7.6 |
| Botry-Zen Ltd | E | 8.9 | N/A | NE | Nil | Loan & Building | B | 543 | 1.45 | 18 | 4.3 | Satara Co-op | B | 104 | 0.31 | 22 | 7.2 |
| Brierley Invest | E | 6.0 | N/A | NE | Nil | Lombard Group | D | 83 | 0.59 | 4 | Nil | Savoy Equities | E | 3.0 | N/A | NE | Nil |
| Briscoe Group | C | 124 | 2.62 | 96 | 4.2 | Lytelton Port | B | 240 | 3.21 | 25 | 2.5 | Scott Tech. Ltd | C | 212 | 1.93 | NE | 2.1 |
| Broadway Ind | C | 150 | 0.86 | 12 | 8.0 | Mainfreight Grp | C | 720 | 0.72 | 13 | 3.1 | Sealegs Corp | E | 56 | 6.50 | NE | Nil |
| Burger Fuel | D | 82 | 0.34 | 15 | 2.4 | Marlin Global | E | 84 | N/A | NE | Nil | Seeka Kiwifruit | C | 326 | 0.43 | 14 | 9.2 |
| CDL Investments | D | 70 | N/A | NE | Nil | Media Tech. | D | 3.0 | 0.15 | NE | Nil | Skellerup Hold. | D | 106 | 0.58 | NE | 4.2 |
| Cabletalk Group | D | 40 | 2.82 | 8 | 8.6 | Methven Limited | B | 241 | 1.83 | 18 | 7.1 | Sky Network TV | B | 578 | 3.64 | 19 | 2.6 |
| Camdus Tech Ltd | E | 30 | 0.24 | NE | Nil | Metro. LifeCare | B | 770 | 3.93 | 22 | 2.9 | Sky City Ltd | A | 545 | 3.11 | 19 | 7.1 |
| CanWest Media | B | 15 | 1.60 | NE | Nil | Michael Hill | B | 1050 | 1.15 | 19 | 3.7 | Smartpay NZ Ltd | D | 4.0 | 0.23 | NE | Nil |
| Canty Bldg Soc. | A | 269 | 2.40 | 25 | 4.7 | Mid-Cap Index | D | 322 | N/A | NE | Nil | Smiths City | D | 56 | 0.11 | 7 | 9.8 |
| Cavalier Corp | C | 585 | 1.29 | 21 | 3.8 | Millennium & C. | B | 68 | 1.27 | 9 | 5.5 | Sol. Dynamics | E | 50 | 0.43 | NE | Nil |
| Cavotec MSL | C | 305 | 0.94 | 13 | 9.3 | Mowbray Collect | D | 160 | 3.87 | NE | 2.3 | South Port NZ | A | 260 | 4.67 | 31 | 4.4 |
| Cert Organics | D | 520 | 1.52 | 25 | Nil | Mr Chips Hold | A | 130 | 0.67 | 12 | 4.6 | Speirs Group | C | 60 | 0.15 | NE | 7.5 |
| Charlie's Group | E | 12 | 2.83 | NE | Nil | NZ Exchange Ltd | C | 939 | N/A | 50 | 4.0 | Steel & Tube | B | 433 | 0.82 | 14 | 10.0 |
| Col Motor Co | B | 20 | 2.09 | NE | Nil | NZ Experience | B | 34 | 1.33 | 10 | 13.2 | Sthn Travel | B | 38 | 0.17 | 10 | 11.8 |
| Comvita | B | 330 | 0.21 | 14 | 10.4 | NZ Finance Hold | D | 86 | 1.66 | 20 | 3.0 | Tag Pacific Ltd | D | 45 | 0.27 | 4 | 2.1 |
| Connexion | E | 280 | 1.27 | 33 | 2.7 | NZ Invest Trust | B | 1135 | N/A | NE | 0.7 | Taylor's Grp Ltd | C | 180 | 0.66 | 12 | 10.0 |
| Contact Energy | B | 24 | 2.38 | NE | Nil | NZ Oil & Gas * | N/R | 103 | N/A | 95 | Nil | TeamTalk Ltd | B | 235 | 1.94 | 13 | 12.7 |
| Cynotech Hold. | C | 905 | 2.61 | 22 | 4.5 | NZ Refining Co | A | 775 | 4.61 | 14 | 8.7 | Telecom Corp | C | 427 | 1.58 | 9 | 12.4 |
| Delegat's Group | A | 19 | 1.70 | 10 | 3.9 | NZ Wine Company | A | 250 | 2.02 | 23 | 4.2 | Tenon Ltd | D | 160 | 0.21 | 15 | Nil |
| Dominion Fin. | A | 265 | 2.00 | 18 | 2.9 | NZ Windfarms | D | 119 | N/A | NE | Nil | Toll NZ Ltd | C | 297 | 0.86 | 18 | Nil |
| Dorchester Pac | C | 145 | 1.28 | 9 | 8.7 | NZ Wool Service | C | 42 | 0.20 | 20 | Nil | Tourism Hold. | B | 237 | 1.23 | 17 | 6.9 |
| Eastern Hi-Fi | E | 94 | 0.34 | 11 | 14.3 | NZSX 10 Fund | D | 128 | N/A | NE | Nil | Tower Limited | D | 912 | 0.56 | 6 | Nil |
| Ebos Group Ltd | B | 35 | 0.23 | NE | Nil | NZSX 50 Port | C | 185 | N/A | NE | Nil | Training Sol. | E | 0.20 | 0.00 | NE | Nil |
| F & P Appliance | B | 520 | 0.62 | 19 | 6.5 | NZX Aust MidCap | C | 790 | N/A | NE | Nil | Trust Power Ltd | B | 874 | 4.40 | 28 | 4.6 |
| F & P Health. | C | 334 | 0.67 | 15 | 8.0 | Nat Property Tr | D | 65 | 4.11 | 16 | 7.8 | Turners & Grow. | B | 223 | 0.37 | 12 | 9.4 |
| Feltex Ltd | E | 322 | 4.62 | 29 | 5.7 | New Image Group | D | 15 | 1.27 | NE | Nil | Turners Auction | C | 111 | 0.41 | 10 | 15.5 |
| Finssoft Sol'ns | C | 3.0 | 0.02 | NE | Nil | Northland Port | A | 320 | N/A | 15 | 5.1 | Utilico Int'l | C | 60 | 3.38 | 9 | Nil |
| Fletcher Build. | C | 105 | 1.16 | 48 | 6.4 | Nuplex Indust | A | 740 | 0.41 | 23 | 5.7 | VTL Group Ltd | D | 2.0 | 0.01 | 0 | Nil |
| Freightways Ltd | C | 1134 | 0.96 | 12 | 5.9 | Oyster Bay | B | 260 | 2.44 | 59 | 2.9 | Vector Ltd | C | 221 | 1.63 | 22 | 8.8 |
| Genesis Res. | E | 369 | 1.67 | 19 | 7.3 | Ozzy (Tortis) | C | 426 | N/A | NE | Nil | Viking Capital | E | 16 | 3.13 | 4 | Nil |
| Goodman Prop. | B | 24 | 3.00 | NE | Nil | PGG Wrightsons | B | 210 | 0.57 | 23 | 8.5 | WN Drive Tech. | C | 48 | N/A | NE | Nil |
| Guinness Peat | D | 153 | N/A | 19 | 6.7 | POD Ltd | D | 49 | 0.32 | NE | Nil | Wakefield Hlth | C | 808 | 1.72 | 30 | 3.1 |
| Hallenstein G. | C | 180 | 0.59 | 22 | 1.6 | Pac Edge Bio. | E | 13 | N/A | NE | Nil | Warehouse Group | D | 522 | 0.92 | 14 | 5.0 |
| Hellaby Hold. | C | 446 | 1.33 | 12 | 11.7 | Pike River Coal | E | 100 | N/A | NE | Nil | Widespread Port* | N/R | 1.6 | N/A | NE | Nil |
| Heritage Gold * | N/R | 272 | 0.28 | 15 | 5.5 | Plus SMS Hold. | E | 5.6 | N/A | NE | Nil | Windflow Tech. | C | 320 | 7.88 | NE | Nil |
| Horizon Energy | B | 6.1 | N/A | NE | Nil | Port Tauranga | A | 710 | 6.78 | 25 | 4.6 | Wool Equities | D | 76 | 0.84 | NE | Nil |
| ING Med. Prop. | C | 342 | 2.85 | 16 | 8.3 | Postie Plus Grp | C | 77 | 0.23 | 11 | 11.6 | World Index Fd | D | 141 | N/A | NE | Nil |
| ING Property | C | 122 | 8.70 | 17 | 7.8 | Propertyfinance | E | 30 | 0.11 | NE | Nil | Xero Live Ltd | D | 82 | N/A | NE | Nil |
| | | 112 | 8.01 | 17 | 9.4 | Property F Ind. | C | 139 | 9.82 | 20 | 6.3 | Zintel Comm. | C | 40 | 0.50 | 7 | 7.5 |
| | | | | | | | | | | | | Ave of 153 Cos | C | 240 | 0.21 | 13 | 4.2 |
| ABB Grain Ltd | B | 755 | 0.95 | 16 | 4.0 | Corn'wealth Bank | B | 5940 | 5.77 | 17 | 4.3 | Nufarm Limited | A | 1724 | 1.68 | 28 | 1.9 |
| ABC Learning | B | 585 | 1.61 | 19 | 2.9 | Computershare | B | 941 | 3.36 | 20 | 1.8 | Oil Search Ltd | A | 463 | 6.05 | 9 | 2.3 |
| AED Oil Ltd | B | 882 | N/A | NE | Nil | ConnectEast Grp | C | 177 | N/A | NE | 3.7 | Onesteel Ltd | B | 652 | 1.32 | 27 | 2.8 |
| AGL Energy Ltd | B | 1298 | 1.49 | 14 | 2.7 | Corn' Minerals | A | 470 | 3.62 | 35 | 1.3 | Orca Ltd | C | 2945 | 1.93 | 16 | 2.5 |
| AMP Ltd | B | 1004 | 1.32 | 21 | 4.0 | Corn' Express | A | 659 | 0.98 | 18 | 3.3 | Origin Energy | C | 916 | 2.28 | 22 | 2.3 |
| ANZ Bank | B | 2795 | 4.58 | 12 | 4.9 | DB Reef Trust | B | 196 | 8.07 | 5 | 5.8 | Oxiana Ltd | B | 428 | N/A | NE | 1.9 |
| APA Group | C | 379 | 3.07 | 25 | 5.3 | DUET Group | B | 350 | 2.50 | 78 | 7.1 | Pacific Brands | C | 325 | 0.90 | 15 | 5.1 |
| APN News Media | C | 506 | 1.82 | 15 | 1.9 | David Jones | C | 492 | 1.12 | 20 | 4.5 | Paladin Res. | E | 878 | N/A | NE | Nil |
| ASX Limited | B | 5720 | N/A | 33 | 2.9 | Deutsche Div Tr | C | 131 | 6.10 | 14 | 7.1 | Pan Australian | D | 107 | N/A | NE | Nil |
| AXA Asia Pac | B | 769 | 2.20 | 20 | 2.4 | Djerriwarrh | A | 528 | N/A | 12 | 4.9 | Paperlin X Ltd | D | 238 | 0.14 | 13 | 4.6 |
| Abacus Property | C | 192 | 5.89 | 9 | 6.5 | Downer EDI Ltd | B | 516 | 0.31 | 10 | 4.1 | Perpetual Ltd | C | 6920 | 6.11 | 16 | 5.2 |
| Adelaide Bright | C | 345 | 2.36 | 18 | 3.6 | Dyno Nobel Ltd | B | 245 | 1.23 | 18 | 2.3 | Platinum Asset | D | 482 | 8.02 | 18 | Nil |
| Adelaide Bank | B | 1425 | 4.51 | 16 | 4.6 | Energy Resource | B | 2309 | N/A | NE | 0.7 | Portman Limited | C | 1013 | 3.69 | 15 | Nil |
| Allco Finance | B | 710 | 4.51 | 12 | 6.2 | Equiny World | B | 98 | N/A | 20 | Nil | Primary Health | C | 1229 | 5.50 | 27 | 3.7 |
| Alumina Ltd | B | 679 | N/A | 16 | 3.5 | Equinox Min. | C | 584 | N/A | NE | Nil | Publishing & Br | C | 1933 | 6.52 | 45 | 2.8 |
| Amcor Ltd | B | 680 | 0.60 | 11 | 5.0 | FKP Limited | B | 745 | 4.65 | 10 | 2.2 | Q.B.E. Insur. | C | 3210 | 2.20 | 18 | 3.0 |
| Aneka Tambang | B | 620 | N/A | NE | 1.8 | Fairfax Media | B | 481 | 3.27 | 27 | 4.2 | Qantas Airways | C | 580 | 0.76 | 16 | 5.2 |
| Ansell Ltd | A | 1149 | 1.33 | 17 | 2.1 | Felix Resources | A | 781 | 6.07 | 31 | 0.8 | Queensland Gas | E | 292 | N/A | NE | Nil |
| Aquarius Plat. | A | 4000 | 4.09 | 15 | 1.2 | Flight Centre | B | 2724 | 2.23 | 21 | 2.4 | Ramsay Health | B | 1054 | 0.86 | 17 | 2.8 |
| Aquila Res. | C | 819 | N/A | NE | Nil | Fortescue Metal | C | 5055 | N/A | NE | Nil | Reece Australia | A | 2820 | 2.14 | 27 | 1.8 |
| Argo Investment | B | 820 | N/A | 26 | 3.3 | Foster's Group | B | 620 | 2.57 | 16 | 3.8 | Rio Tinto Ltd | A | %13090 | 1.77 | 6 | 1.1 |
| Aristocrat Leis | B | 984 | 4.28 | 19 | 3.7 | Futuris Corp. | B | 212 | 0.50 | 15 | 4.5 | Riversdale Min. | A | 991 | N/A | NE | Nil |
| Arrow Energy | C | 282 | N/A | NE | Nil | GPT Group | B | 434 | 9.83 | 7 | 6.3 | SP Ausnet | C | 124 | 2.55 | 15 | 9.1 |
| Ausenco Ltd | A | 1488 | 8.46 | 91 | 0.7 | Goodman Fielder | B | 200 | 1.09 | 11 | 6.8 | Sally Malay Min | A | 572 | 3.55 | 12 | 2.1 |
| Australand Prop | B | 242 | 2.12 | 9 | 6.8 | Goodman Group | B | 644 | N/A | 17 | 4.9 | Santos Ltd | A | 1383 | 2.99 | 13 | 2.9 |
| Aust W'wide Exp | C | 298 | 9.27 | 38 | Nil | Guinness Peat | B | 151 | 0.51 | 29 | 1.6 | Seek Ltd | A | 812 | N/A | 42 | 1.7 |
| Aust Foundation | B | 610 | N/A | 23 | 3.4 | Gunns Ltd | B | 365 | 1.92 | 16 | 3.8 | Seven Network | A | 1370 | 1.19 | 2 | 2.1 |
| Aust Infra. | C | 322 | N/A | 7 | 4.8 | Harvey Norman | A | 681 | 5.42 | 22 | 1.6 | Sigma Pharm. | B | 151 | 0.54 | 14 | 5.8 |
| Austar United | C | 15 | 3.80 | 9 | Nil | Healthscope | B | 536 | 0.93 | 15 | 3.3 | Silex Systems | C | 855 | N/A | NE | Nil |
| Aust Wealth Mgt | B | 272 | 5.38 | 27 | 3.5 | Henderson Group | B | 369 | N/A | 68 | 2.1 | Sims Group Ltd | A | 2705 | 0.61 | 13 | 4.4 |
| B & B Infrast. | B | 160 | 2.33 | 28 | 9 | Ind. Indust Tr | B | 263 | N/A | 7 | 6.2 | Sino Gold Min. | C | 805 | N/A | NE | 2.7 |
| B & B Wind Part | B | 182 | 8.84 | NE | 6.9 | ING Office Fund | B | 165 | 9.04 | 4 | 7.0 | Sonic Health | A | 1693 | 2.69 | 26 | 7 |
| B&B Power | C | 296 | 0.34 | NE | 4.7 | Incitec Pivot | B | 8750 | 3.97 | 95 | 4.2 | Soul Pattinson | B | 925 | 2.59 | 22 | 3.1 |
| BHP Billiton | A | 4247 | 2.54 | 9 | 1.3 | Insurance Aust. | B | 450 | 1.12 | 15 | 6.6 | Spark Infrastru | B | 198 | 9.30 | 77 | 7.7 |
| Babcock & Brown | B | 2760 | 3.70 | 24 | 1.3 | JB Hi-Fi Ltd | A | 1571 | 1.28 | 41 | 0.7 | St George Bank | B | 3751 | 2.15 | 17 | 4.5 |
| Bank of Q'land | B | 1827 | 1.39 | 16 | 3.8 | James Hardie | B | 613 | 1.49 | 15 | 4.1 | Sthn Cross Brd. | A | 1741</ | | | |

Recommended Investments

Cavalier Corporation will pay a steady first interim dividend of 3.0 cents (plus full imputation tax credits).

Colonial Motor Company reports a “significant turnaround” in trading for the first quarter of the new financial year. Sales of extra heavy duty trucks and tractors were “ahead of budget” and “significantly ahead of the same period last year”. Car dealership profitability has also improved.

Michael Hill International reports a drop in same store sales for the first quarter, but a “significant increase” in profit margins. The September 2006 sales were boosted by discounting and clearing an “extensive amount of inventory” of

(Continued on Page 4)

Colonial Motor Company



Portfolio of Recommended Investments

| CURRENT ADVICE | Company | Initial Recommendation | Performance Forecast | Issued Shares (mil.) | Volatility Ratio | Price/Sales Ratio | Price/Earnings Ratio | Gross Dividend Yield | Recent Share Price | Cash Dividends Rec'd | Total Return % |
|----------------|--|------------------------|----------------------|----------------------|------------------|-------------------|----------------------|----------------------|--------------------|----------------------|----------------|
| | <u>NZ Shares</u> | | | | | | | | | | |
| HOLD | CDL Investments Ltd | CDI 12/01/99 | 25 | D | 218.9 | 1.4 | 2.82 | 8 | 8.6 | 40 | 15.6 +122% |
| BUY | Cavalier Corporation | CAV 05/12/95 | 156* | C | 65.5 | 0.9 | 0.94 | 13 | 9.3 | 305 | 207.0 +228% |
| HOLD+ | Colonial Motor Company | CMO 10/11/92 | 150 | B | 27.9 | 0.5 | 0.21 | 14 | 10.4 | 330 | 315.8 +330% |
| HOLD | Lytelton Port Company | LPC 12/12/00 | 150 | B | 102.3 | 0.7 | 3.21 | 25 | 2.5 | 240 | 63.3 +102% |
| HOLD+ | Michael Hill Int'l Ltd | MHI 11/06/91 | 46* | B | 38.3 | 0.4 | 1.15 | 19 | 3.7 | 1050 | 222.0 +2665% |
| HOLD+ | Nuplex Industries Ltd | NPX 11/02/97 | 350 | A | 79.9 | 0.5 | 0.41 | 23 | 5.7 | 740 | 197.0 +168% |
| BUY | Postie Plus Group | PPG 08/05/06 | 71 | C | 40.0 | 1.0 | 0.23 | 11 | 11.6 | 77 | 6.0 +17% |
| HOLD+ | Renaissance Corp | RNS 13/08/96 | 85* | C | 39.0 | 1.1 | 0.16 | 4 | 23.4 | 67 | 50.9 +39% |
| BUY | Smiths City Group | SCY 09/10/06 | 64 | D | 53.0 | 1.3 | 0.11 | 7 | 9.8 | 56 | 5.5 -4% |
| HOLD | South Port New Zealand | SPN 13/02/96 | 120 | A | 26.2 | 0.6 | 4.67 | 31 | 4.4 | 260 | 94.3 +195% |
| HOLD | Steel & Tube Holdings | STU 08/08/00 | 146 | B | 88.2 | 0.7 | 0.82 | 14 | 10.0 | 433 | 193.0 +329% |
| HOLD+ | Taylors Group Ltd | TAY 09/11/99 | 102 | C | 24.3 | 0.7 | 0.66 | 12 | 10.0 | 180 | 74.0 +149% |
| | <u>Australian Shares</u> (in Aust cents) | | | | | | | | | | |
| HOLD | AJ Lucas Group | AJL 13/05/03 | 120 | A | 54.2 | 1.0 | 0.87 | 29 | 0.7 | 348 | 22.5 +209% |
| HOLD+ | Atlas South Sea Pearl | ATP 14/05/96 | 73 | B | 89.3 | 1.4 | 2.67 | 12 | 9.0 | 39 | 15.5 -25% |
| BUY | Austin Group Ltd | ATG 08/02/05 | 93 | B | 62.2 | 1.6 | 0.34 | NE | Nil | 30 | 7.0 -60% |
| HOLD+ | Campbell Brothers Ltd | CPB 12/10/99 | 406* | A | 51.6 | 0.3 | 2.68 | 33 | 2.1 | 3299 | 262.6 +777% |
| BUY | Candle Australia | CND 08/04/03 | 86 | B | 53.4 | 0.8 | 0.58 | 13 | 5.9 | 324 | 52.5 +338% |
| HOLD+ | Cellnet Group Ltd | CLT 12/02/02 | 147* | D | 74.3 | 1.2 | 0.06 | NE | Nil | 58 | 32.4 -8% |
| HOLD+ | Centennial Coal Ltd | CEY 16/01/01 | 70* | A | 305.6 | 0.7 | 1.45 | NE | 3.0 | 440 | 34.0 +577% |
| HOLD+ | Circadian Technologies | CIR 10/02/04 | 188 | D | 40.1 | 1.0 | 19.06 | NE | Nil | 124 | 65.0 +0% |
| HOLD+ | Commander Comm. | CDR 11/09/01 | 92 | D | 228.8 | 1.6 | 0.08 | NE | 5.1 | 40 | 25.2 -30% |
| BUY | Computershare Ltd | CPU 12/08/03 | 189 | B | 590.9 | 0.6 | 3.36 | 20 | 1.8 | 941 | 51.5 +425% |
| BUY | Devine Ltd | DVN 13/11/06 | 94 | B | 236.8 | 0.8 | 0.66 | 17 | 5.2 | 154 | 8.0 +72% |
| BUY | Ellex Medical Lasers | ELX 14/03/06 | 49 | B | 68.4 | 1.3 | 1.24 | 24 | Nil | 84 | Nil +70% |
| HOLD+ | Housewares Int'l | HWI 13/11/06 | 171 | D | 125.0 | 0.8 | 0.78 | 17 | Nil | 233 | Nil +36% |
| HOLD | Int'l AllSports | IAS 11/02/03 | 180 | C | 66.4 | 1.6 | 0.02 | NE | Nil | 34 | 4.0 -79% |
| HOLD+ | Iluka Resources Ltd | ILU 12/10/04 | 471 | D | 232.9 | 0.9 | 0.89 | 8 | 5.4 | 410 | 64.0 +1% |
| HOLD | Keycorp Ltd | KYC 10/08/04 | 123* | C | 82.2 | 1.6 | 0.31 | NE | Nil | 37 | Nil -70% |
| BUY | M2 Telecommunications | MTU 09/10/06 | 33 | A | 60.2 | 1.2 | 1.00 | 18 | 4.1 | 73 | 3.0 +130% |
| HOLD | Mercury Mobility | MMY | | C | 105.0 | 2.00 | N/A | NE | Nil | 30 | |
| HOLD | Melbourne IT | MLB 10/02/04 | 53 | A | 76.0 | 0.6 | 2.65 | 43 | 2.2 | 357 | 29.0 +628% |
| HOLD | M.Y.O.B. Ltd | MYO 15/07/03 | 84* | A | 385.3 | 0.9 | 2.87 | 30 | 3.1 | 137 | 9.3 +74% |
| HOLD- | Namoi Cotton Co-op Ltd | NAM 14/03/06 | 65 | B | 107.8 | 1.3 | 0.14 | 4 | 11.5 | 48 | 3.5 -21% |
| BUY | Ross Human Directions | RHD 14/08/01 | 92 | C | 82.9 | 1.3 | 0.13 | 9 | 7.1 | 56 | 29.0 -8% |
| HOLD+ | Skilled Engineering | SKE 12/03/02 | 126 | A | 104.6 | 0.6 | 0.41 | 19 | 4.1 | 540 | 98.5 +407% |
| HOLD+ | Technology One Ltd | TNE 11/11/03 | 44 | B | 297.7 | 1.0 | 4.08 | 22 | 3.5 | 108 | 13.1 +174% |
| BUY | TFS Corporation Ltd | TFC 08/01/07 | 45 | A | 162.1 | 1.2 | 3.38 | 8 | 3.6 | 94 | 0.9 +111% |
| HOLD | The Reject Shop Ltd | TRS 11/01/05 | 257 | A | 25.6 | 0.5 | 1.23 | 28 | 2.3 | 1350 | 78.5 +456% |

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +230.1%.

This is equal to an average annual rate of +39.6%, 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 138 closed out) is +35.0%, compared with a market gain of +8.1% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

(1) Cellnet Group returns includes 1½ shares of Mercury Mobility distributed to shareholders,

Recommended Investments

(Continued from Page 3)

branded watches “at low margins” ahead of the change to selling its own brand watches.

Overall, total revenues increased 0.9% (owing to new stores) to \$71.1 million - and profitability (which is not disclosed in the quarterly sales announcement) should be well ahead!

Michael Hill International



Nuplex Industries is forecasting a 15% increase in earnings (before interest, tax and depreciation) this year to around \$120 million. After consolidating major acquisitions, the business is “now positioned for further growth”. Relatively high capital expenditure, totalling \$70 million over the next two years, will increase manufacturing capacity to enable future growth. The company will seek to partially finance this by reducing investment tied up in inventories and from the sale of surplus fixed assets. The closure of the Seven Hills business in Australia, for example, is expected to release around \$40 million.

Nuplex Industries

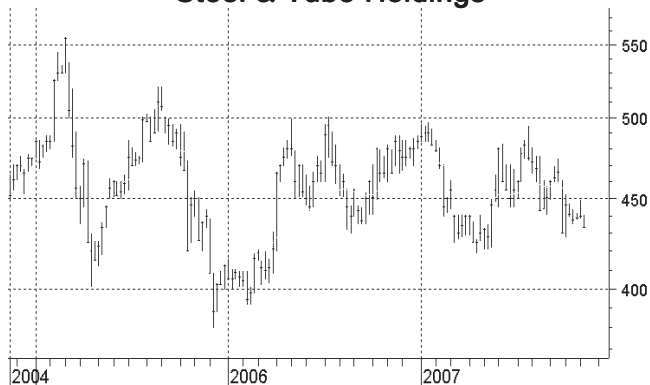


Steel & Tube Holdings reports the volume of steel sold in the first quarter is similar to last year, but that profit margins are “substantially down” owing to currency volatility. The first half profit is expected to be 25-30% lower at around \$10½-11 million, but the company predicts that “the worst is behind us” with a better performance in the second half. Planned construction and infrastructure projects for the 2011 Rugby World Cup will need to begin in early 2008 and increase demand for steel products.

Steel & Tube Holdings - which has used its strong balance sheet and strong cashflows to finance a number of successful acquisitions in the past - has decided to more “actively pursue acquisition opportunities” to boost its long term growth. The company will also look

beyond steel businesses to “other metals and products” which can be distributed from its existing networks and/or to its existing customer base.

Steel & Tube Holdings



Australian Shares

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

AJ Lucas Group has been awarded the \$140 million contract to construct the 285km *Bonaparte Gas Pipeline* for **APA Group**. Construction will begin immediately with completion scheduled before the end of December 2008. This project will transport natural gas from the *Blacktip Gas* plant near Wadeye in the Northern Territory to join the existing Amadeus Basin to Darwin gas pipeline.

AJ Lucas Group



Atlas South Sea Pearl has completed its 2007 harvest of in excess of 182,000 pearls. 156,000 pearls have been sold to date for \$11.25 million with the final revenue still expected to be around \$14 million but the estimated pre-tax profits have been upgraded from \$4.5 million (estimated in August) to above \$5.4 million.

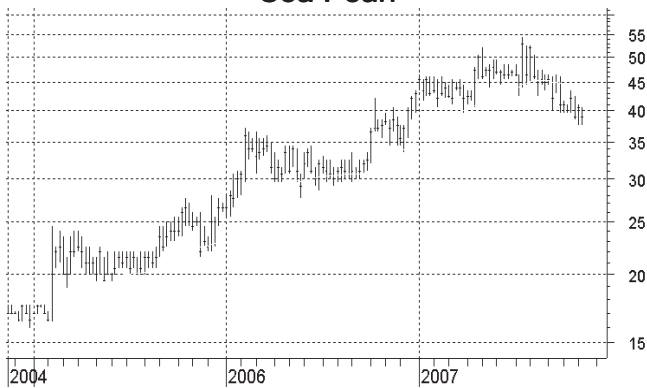
The company predicts revenues will rise around 20% to \$16.7 million in 2008, with pre-tax profits up a similar percentage amount to \$6.5 million. For the 2009 year, the company estimates around 5% revenue growth to \$17.6 million.

The next major growth will come from the company's expansion near Semporna, in the south east of Sabah, Malaysia. **Atlas South Sea Pearl** expects to invest \$7 million over the next three years to develop new pearl farms. This will be financed from existing cashflows and new debt facilities - so no new shares will be issued to dilute earnings per share growth. The Malaysian operations will be capable of seeding an additional 350,000 oysters annually and doubling pearl production within five years. This will add around \$13 million to annual revenues - taking the group's annual revenues to

So a \$7 million investment in expansion should create a Malaysian business worth around \$25-28 million and increase Atlas South Sea Pearl's share price by around 20-25 cents (i.e. about 50-65% to 60-65 cents over the next five years).

Significant additional growth is also possible from the company's research on pearl genetics which will be used to help selectively breed faster growing oysters. That will lower operating costs (i.e. the regular cleaning of the oysters) and decrease the time required for the oysters and pearls to grow before harvesting (i.e. so allow more pearls to be harvested from a given capacity of its farms).

Atlas South Sea Pearl



Cellnet Group is seeking to raise \$11.7 million through a 2 for 5 non-renounceable cash issue at 55 cents. The money raised will be used to strengthen the balance sheet and replace short term debts.

The existing shares traded ex-entitlement to this cash issue from 8 November but this issue is “non-renounceable” so you can not sell rights to the new shares. Investors who do not wish to increase their holding in Cellnet Group can still realise the value of the “rights” but would need to sell some existing shares (at market prices around 58-62 cents) and then take up the new shares (at 55 cents).

Cellnet Group operates in a difficult business, but correctly restructured and efficiently run could become profitable and the shares could be re-rated significantly in value. We are therefore happy to slightly increase our shareholding in this company by taking up our entitlement to the new shares and recommend that other investors also take up their entitlement to the new shares. The offer documents will be mailed 19 November and the payment must be received by 19 December.

Cellnet Group



Centennial Coal is planning to make a return of capital of up to \$2.00 per share (subject to a favourable ruling from the Australian Taxation Office) which will distribute up to \$613 million of cash to shareholders.

The company has received \$454.3 million (with another \$25 million to be received) from the sale of its *Anvil Hill Project* and \$479 million from the sale of its 86% holding in **Austral Coal**, plus a further \$178 million from loans made to Austral Coal.

Cash will also be used to reduce its own interest bearing debts from around \$770 million to just \$370 million *and* leave around \$125 million for re-investment in the remaining businesses.

These sales, capital repayment and debt reduction will leave Centennial Coal as an attractive *income* share and we continue to expect the shares to be re-rated to reflect the company's ability to pay high dividends in the future. Profitability will also improve as long term, fixed price domestic contracts to supply thermal coal expire or become subject to price review. Coal prices have increased significantly since these original contracts were negotiated - or inherited as part of a package to take over state owned coal mines many years ago - so the company will enjoy higher revenues and much improved margins as future coal sales are made at market prices. In new long term contracts, Centennial Coal is seeking either market prices at the time of future deliveries or fixed pricing with appropriate price escalation.

Centennial Coal



Computershare has made two small acquisitions, purchasing **Restricted Stock Systems Inc** (which provides software for processes and reporting restricted stock and insider trading) for US\$13 million and **Administar Services Group LLC** (which provides administration services for securities and consumer class action litigation and bankruptcy litigation) for up to US\$32 million.

Computershare



(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Devine is to make a 1 for 5 renounceable cash issue at 132 cents, raising \$62.5 million in new equity. This will be used to strength the balance sheet and further expand the company's land development and property development businesses. The company increased its capital 40% last year through a placement to **Leighton Holdings** and this issue will increase it by a further 20%. That has the potential to dilute earnings per share, unless the cash is wisely invested to rapidly expand the business. Devine is rapidly expanding, so the directors expect to "at least maintain" the current 8.0 cents annual dividend and predict that earnings per share will grow "in the medium term".

Devine shares still offer an attractive Dividend Yield - and the shares should appreciate steady in value - the shares remain attractive and investors can take up entitlements to this cash issue. Shareholders will also be able to apply for additional shares in excess of their entitlement which will be available from any shortfall in shares not taken up by other shareholders. Documentation will be mailed on 22 November and payment is due by 6 December. That *could* be a tight timetable for NZ investors, so having an Australian bank account and paying for the shares via BPAY can be an advantage!

Devine has acquired, in two separate transactions, a 33.51 hectare site for \$17.8 million and a 22.04 hectare site for \$12.35 million which adjoin an existing 68 hectare land holding on School Road, 28 km south west of Brisbane and 9 km east of Ipswich City. This gives the company a 123.55 hectare land parcel which is large enough to support a masterplanned community of over 1200 residential lots, landscaped parklands and three commercial super lots.

The company predicts that its residential land sales will rise from 961 lots in the year to June 2007 to 1600 this year and aims to raise that to around 2000 annually in the near future. This business has also expanded from selling just affordable house/land packages to first home buyers to include people buying their second and third home and property investors.

Devine has also pre-sold its *ICB Central* development on Butterfield Street, Brisbane for \$73.5 million on a "fund-through basis" to property trust, **Domaine SEQ Growth Fund**. We reported the start of construction last month but incorrectly described it as a 4,900m² project when it will actually have 11,000m² of lettable space (on a 4,900m² site).

Devine has now pre-leased 100% of its 333 Ann Street office tower which has been pre-sold for \$120 million and will be completed around July 2008.

Ellex Medical Lasers will release initial results of its treatment of patients at **St. Thomas' Hospital** in London with its new *Retina Regeneration Therapy* - or *Ellex 2RT* - at the annual meeting of the **American Academy of Ophthalmology** this month. *Ellex 2RT* is a unique, non-thermal laser that uses nanosecond pulses of laser energy to stimulate retinal pigment epithelium to preserve vision. This is a "potential new therapy" to treat early Age-Related Macular Degeneration (AMD).

Ellex 2RT clinical trials will soon commence in

Australia and expand to several international centres over the next year to provide data to design a commercial laser from the current prototype. Once the company decides to commercial this product it would take 6-12 months to finalise design and to release product for sale.

AMD is the leading cause of blindness in people over 60 years. It is estimated that 1.8 million people in the United States have AMD, with this number expected to rise to three million by 2020.

Ellex Medical Lasers



International All Sports lifted September quarter receipts 8.6% to \$205.7 million compared with the September quarter of 2006. The quarterly operating cash surplus was up significantly at \$879,000 (from just \$49,000 the previous year). Cash on hand is \$25.7 million.

Iluca Resources has slightly downgraded its profit forecast for the current year - from \$55-65 million to \$45-50 million. This is partially owing to the fall in the US dollar and customers experiencing difficulties securing ships to take scheduled deliveries which will be deferred into 2008.

The company has increased its Inferred Mineral Resource estimate of its *West Balranald* heavy mineral deposit by 41% to 11.6 million tonnes - making it the largest heavy mineral resource discovered in the Murray Basin. This is a large, high-grade deposit but deeper than normal and will require the removal of significant over-burden. Potential development of this deposit would be after 2015.

Namoi Cotton Co-operative reported a 40.6% drop in revenues to \$143.3 million for the six months to 31 August. Profits were down 46.1% to \$12,932,000 (12.1 cents per share). This is a seasonal business with usually a large profit in the first half and a loss in the second half - so we estimate the full year result may be around a break-even. No interim dividend will be paid.

The Australian cotton crop fell 50% to 1.32 million bales, but Namoi Cotton increased its ginning market share to 30.2% from 23.8% in the previous year. Its share of cotton marketing increased to 33.9% from 26.7%.

The company's start-up, *Namoi Cotton Commodities*, traded soundly, offering grain, oilseed and pulse marketing to growers.

Drought conditions are expected to result in a "substantially smaller" 2008 cotton crop, so the company continues to face lower than capacity volumes which will depress revenues and profitability over the coming year. This will result in another very difficult year for the company.

The business, however, is in a sound financial position, with no long term interest bearing debt. The company does have significant *short term* debts, but this finances seasonal inventories and seasonal advances to growers. With a shrinking cotton crop, there is little need for capital investment to increase capacity, while the company is using its infrastructure and customer contacts to expand services for other agricultural products. The net tangible asset backing is 100.2 cents and the company is steadily re-purchasing its own shares on-market.

Given the unfavourable outlook for cotton production volumes next year, we are downgrading Namoi Cotton Co-operative to "Hold-".

Skilled Group is predicting a net profit of \$34-37 million (32-35 cents per share) to June 2008 - up 17-28% on the previous year.

Technology One has paid \$10 million in cash to acquire **Avand Pty**, which provides the *DataWorks* Electronic Document Management software to organisations in Australia and New Zealand. Avand has

170 customers, 120 of which are councils, so this should help Technology One expand in the fragmented local government market where it currently has 140 customers.

As previously reported the company is changing its balance date from 30 June to 30 September. A lot of new licences are signed around December and June - so delays would carry revenues (and profits) into the next reporting period and create volatility in results. The change of balance date avoids this problem and the need to have contracts signed by an arbitrary date. Results for the three months to September 2007 will be meaningless, but the company is predicting profit growth of 15-20% to September 2008 with the dividend up 10%.

Expansion in the UK, which is three times the size of the Australian market, is an important source of growth over the medium to long term - especially for a software business which benefits significantly from economies of scale. The company is predicting this market will reach break-even this year (i.e. to September 2008), one year *earlier* than previously expected.

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 | STRENGTH RATING | | | | | | | | | | Market Cap'n | | |
|---|-----------------|-----------|-----------|------|------------------|-------------------|--------------|------------------|------------|-------------------|--------------|----------------|-------|
| | Share Price | Cur- rent | 4-Wk Chg. | Rank | Insider Buy-Sell | Brokers Following | Price to NTA | Return on Equity | Volatility | Price to Earnings | | Dividend Yield | |
| UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0 | | | | | | | | | | | | | |
| Sthn Travel | 38 | +8.4 | +0.3 | 5 | 0-0 | - | 1.1 | 12 | 1.5 | 10 | 11.8 | 0.17 | 5 |
| Nuplex Indust | 740 | +1.8 | +2.3 | 24 | 5-0 | 5 | 2.0 | 9 | 0.5 | 23 | 5.7 | 0.41 | 591 |
| Livestock Imp. | 190 | +0.1 | -0.4 | 32 | 0-0 | - | 0.6 | 10 | 0.9 | 6 | 19.6 | 0.47 | 56 |
| PGG Wrightsons | 210 | +7.2 | +1.7 | 10 | 4-0 | 3 | 1.4 | 6 | 0.7 | 23 | 8.5 | 0.57 | 591 |
| Mr Chips Hold | 130 | +8.9 | -1.2 | 5 | 1-0 | - | 1.7 | 15 | 0.9 | 12 | 4.6 | 0.67 | 32 |
| Fletcher Build. | 1134 | +1.1 | -2.0 | 29 | 1-3 | 6 | 2.5 | 21 | 0.4 | 12 | 5.9 | 0.96 | 5,662 |

| | | | | | | | | | | | | | |
|--|------|------|------|----|-----|---|-----|----|-----|----|------|------|-------|
| BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0 | | | | | | | | | | | | | |
| Mr Chips Hold | 130 | +8.9 | -1.2 | 5 | 1-0 | - | 1.7 | 15 | 0.6 | 12 | 4.6 | 0.67 | 32 |
| Sthn Travel | 38 | +8.4 | +0.3 | 5 | 0-0 | - | 1.1 | 12 | 1.1 | 10 | 11.8 | 0.17 | 5 |
| Toll NZ Ltd | 297 | +2.0 | -0.5 | 22 | 0-0 | - | 1.7 | 10 | 0.5 | 18 | Nil | 0.86 | 624 |
| Fletcher Build. | 1134 | +1.1 | -2.0 | 29 | 1-3 | 6 | 2.5 | 21 | 0.4 | 12 | 5.9 | 0.96 | 5,662 |
| Livestock Imp. | 190 | +0.1 | -0.4 | 32 | 0-0 | - | 0.6 | 10 | 0.7 | 6 | 19.6 | 0.47 | 56 |

| | | | | | | | | | | | | | |
|--|-----|------|------|----|------|----|-----|----|-----|----|------|------|-------|
| INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million | | | | | | | | | | | | | |
| Telecom Corp | 427 | -3.7 | +0.1 | 56 | 1-26 | 10 | 2.4 | 26 | 0.4 | 9 | 12.4 | 1.58 | 7,667 |
| Hallenstein G. | 446 | -4.6 | +0.6 | 62 | 0-5 | 4 | 4.0 | 32 | 0.3 | 12 | 11.7 | 1.33 | 266 |
| ING Property | 112 | -4.0 | +0.1 | 58 | 1-0 | 3 | 0.9 | 5 | 0.5 | 17 | 9.4 | 8.01 | 607 |
| Turners & Grow. | 223 | -3.6 | -0.0 | 55 | 0-2 | 1 | 0.7 | 6 | 0.5 | 12 | 9.4 | 0.37 | 206 |
| Cavalier Corp | 305 | -2.0 | +0.0 | 46 | 1-0 | 3 | 3.1 | 23 | 0.7 | 13 | 9.3 | 0.94 | 200 |
| Vector Ltd | 221 | -6.8 | -1.3 | 73 | 2-1 | 4 | 1.2 | 5 | 0.7 | 22 | 8.8 | 1.63 | 2,210 |
| NZ Refining Co | 775 | +4.4 | -0.5 | 16 | 0-0 | 2 | 3.0 | 22 | 0.2 | 14 | 8.7 | 4.61 | 1,860 |
| PGG Wrightsons | 210 | +7.2 | +1.7 | 10 | 4-0 | 3 | 1.4 | 6 | 0.5 | 23 | 8.5 | 0.57 | 591 |
| F & P Appliance | 334 | -1.9 | +0.0 | 45 | 0-9 | 5 | 1.4 | 9 | 0.5 | 15 | 8.0 | 0.67 | 947 |
| Briscoe Group | 150 | -5.8 | +0.7 | 67 | 3-0 | 4 | 2.8 | 23 | 0.6 | 12 | 8.0 | 0.86 | 318 |

| | | | | | | | | | | | | | |
|---|------|-------|------|----|-----|---|------|----|-----|----|-----|------|--------|
| INSIDER BUYING: Most Insider Buying, Relative Strength > 0 | | | | | | | | | | | | | |
| AMP Limited | 1198 | +3.6 | +1.3 | 19 | 7-0 | - | 7.0 | 29 | 0.4 | 24 | 3.0 | 1.64 | 22,401 |
| Nuplex Indust | 740 | +1.8 | +2.3 | 24 | 5-0 | 5 | 2.0 | 9 | 0.3 | 23 | 5.7 | 0.41 | 591 |
| PGG Wrightsons | 210 | +7.2 | +1.7 | 10 | 4-0 | 3 | 1.4 | 6 | 0.4 | 23 | 8.5 | 0.57 | 591 |
| WN Drive Tech. | 48 | +10.7 | +9.9 | 2 | 6-2 | - | 11.3 | - | 1.0 | NE | Nil | N/A | 128 |
| Port Tauranga | 710 | +4.4 | -0.0 | 15 | 3-0 | 5 | 1.4 | 6 | 0.4 | 25 | 4.6 | 6.78 | 952 |
| Mr Chips Hold | 130 | +8.9 | -1.2 | 5 | 1-0 | - | 1.7 | 15 | 0.5 | 12 | 4.6 | 0.67 | 32 |
| Jasons Media | 90 | +10.3 | -7.3 | 3 | 1-0 | - | 28.0 | - | 0.9 | 25 | 5.0 | 1.24 | 15 |
| Goodman Prop. | 153 | +2.1 | +2.0 | 21 | 2-1 | - | 1.2 | 7 | 0.4 | 19 | 6.7 | N/A | 961 |

| | | | | | | | | | | | | | |
|--|-----|-------|------|----|------|---|------|----|-----|----|-----|------|-------|
| OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0 | | | | | | | | | | | | | |
| Property F Ind. | 139 | -1.3 | +0.3 | 40 | 1-1 | 4 | 1.1 | 5 | 0.4 | 20 | 6.3 | 9.82 | 290 |
| Kiwi Property | 138 | -4.2 | -0.1 | 59 | 1-2 | 4 | 0.8 | 5 | 0.4 | 17 | 7.0 | 9.72 | 985 |
| ING Med. Prop. | 122 | -4.4 | +0.1 | 61 | 1-0 | - | 0.9 | 5 | 0.4 | 17 | 7.8 | 8.70 | 170 |
| ING Property | 112 | -4.0 | +0.1 | 58 | 1-0 | 3 | 0.9 | 5 | 0.4 | 17 | 9.4 | 8.01 | 607 |
| Sealegs Corp | 56 | -10.0 | -3.9 | 81 | 0-3 | - | 22.1 | - | 1.6 | NE | Nil | 6.50 | 35 |
| Ryman Health. | 210 | -3.7 | +1.4 | 57 | 3-7 | 4 | 0.8 | 3 | 0.4 | 25 | 1.9 | 5.52 | 1,050 |
| F & P Health. | 322 | -4.3 | +0.5 | 60 | 0-15 | 5 | 8.5 | 30 | 0.5 | 29 | 5.7 | 4.62 | 1,646 |
| Nat Property Tr | 65 | -8.2 | +0.4 | 78 | 0-0 | 4 | 0.6 | 3 | 0.6 | 16 | 7.8 | 4.11 | 84 |

| Company | STRENGTH RATING | | | | | | | | | | Market Cap'n | | |
|-----------------|-----------------|-----------|-----------|------|------------------|-------------------|--------------|------------------|------------|-------------------|--------------|----------------|-------|
| | Share Price | Cur- rent | 4-Wk Chg. | Rank | Insider Buy-Sell | Brokers Following | Price to NTA | Return on Equity | Volatility | Price to Earnings | | Dividend Yield | |
| Life Pharmacy | 65 | -5.9 | +1.5 | 68 | 0-0 | - | 0.9 | - | 0.6 | NE | 1.1 | 3.90 | 20 |
| Mowbray Collect | 160 | -1.8 | +0.2 | 43 | 0-0 | - | 4.6 | - | 0.3 | NE | 2.3 | 3.87 | 17 |
| Apple Fields | 8 | -1.4 | -7.5 | 41 | 0-0 | - | 5.3 | 38 | 2.5 | 14 | Nil | 3.72 | 5 |
| Sky Network TV | 578 | -0.7 | +1.6 | 37 | 3-0 | 5 | 2.0 | 11 | 0.3 | 19 | 2.6 | 3.64 | 2,249 |
| Viking Capital | 16 | -20.2 | -4.5 | 94 | 0-0 | - | 0.6 | 14 | 1.2 | 4 | Nil | 3.13 | 11 |
| Horizon Energy | 342 | -4.9 | +1.2 | 64 | 0-0 | 1 | 1.3 | 8 | 0.3 | 16 | 8.3 | 2.85 | 85 |
| CDL Investments | 40 | -1.2 | -2.1 | 39 | 0-0 | - | 1.2 | 15 | 0.6 | 8 | 8.6 | 2.82 | 88 |
| Brierley Invest | 124 | -6.0 | -0.9 | 69 | 0-4 | - | 1.1 | 1 | 0.7 | 96 | 4.2 | 2.62 | 1,696 |
| Connexion | 24 | -11.0 | +3.0 | 83 | 0-0 | - | 24.7 | - | 1.0 | NE | Nil | 2.38 | 5 |
| Pyne Gould Corp | 414 | -4.7 | -0.2 | 63 | 3-1 | - | 1.8 | 13 | 0.5 | 13 | 7.6 | 2.12 | 406 |
| Charlie's Group | 20 | -58.3 | +0.0 | 98 | 3-0 | - | 3.8 | 0 | 1.2 | NE | Nil | 2.09 | 56 |

| | | | | | | | | | | | | | |
|---|-----|-------|------|----|------|---|------|----|-----|-----|-----|------|-----|
| WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average | | | | | | | | | | | | | |
| Charlie's Group | 20 | -58.3 | +0.0 | 98 | 3-0 | - | 3.8 | 0 | 1.1 | NE | Nil | 2.09 | 56 |
| Lombard Group | 83 | -23.4 | -6.4 | 95 | 0-0 | - | 70.3 | - | 0.9 | 4 | Nil | 0.59 | 19 |
| Plus SMS Hold. | 6 | -23.0 | +0.1 | 94 | 2-0 | - | 1.6 | - | 2.4 | NE | Nil | N/A | 19 |
| Viking Capital | 16 | -20.2 | -4.5 | 94 | 0-0 | - | 0.6 | 14 | 1.1 | 4 | Nil | 3.13 | 11 |
| NZ Finance Hold | 86 | -17.6 | -0.8 | 92 | 0-4 | - | 3.1 | 15 | 0.4 | 20 | 3.0 | 1.66 | 66 |
| Burger Fuel | 70 | -16.2 | -0.5 | 92 | 0-0 | - | - | - | 0.9 | NE | Nil | N/A | 37 |
| Hellaby Hold. | 272 | -15.4 | +0.5 | 90 | 12-0 | 2 | 1.7 | 11 | 0.3 | 15 | 5.5 | 0.28 | 136 |
| Provenco Group | 60 | -15.0 | +4.8 | 89 | 0-1 | 2 | 1.4 | - | 0.6 | NE | Nil | 0.49 | 84 |
| Just Water Int. | 70 | -12.3 | -0.6 | 86 | 0-0 | - | 2.5 | 2 | 0.5 | 121 | 7.6 | 1.69 | 52 |
| Cadmus Tech Ltd | 15 | -11.5 | +0.1 | 85 | 0-0 | - | 2.6 | - | 1.0 | NE | Nil | 1.60 | 41 |
| Xero Live Ltd | 82 | -11.1 | +2.6 | 85 | 0-0 | - | - | - | 0.8 | NE | Nil | N/A | 45 |
| Pumpkin Patch | 288 | -11.1 | -0.1 | 84 | 0-7 | 5 | 4.4 | 25 | 0.4 | 17 | 4.7 | 1.32 | 481 |
| Connexion | 24 | -11.0 | +3.0 | 83 | 0-0 | - | 24.7 | - | 1.0 | NE | Nil | 2.38 | 5 |
| Allied Farmers | 166 | -10.0 | -1.7 | 82 | 2-0 | - | 1.3 | - | 0.4 | NE | 1.8 | 0.29 | 32 |
| Sealegs Corp | 56 | -10.0 | -3.9 | 81 | 0-3 | - | 22.1 | - | 1.5 | NE | Nil | 6.50 | 35 |
| Zintel Comm. | 40 | -9.6 | +0.8 | 81 | 3-0 | - | 2.2 | 29 | 1.3 | 7 | 7.5 | 0.50 | 20 |
| Comvita | 280 | -8.9 | -1.1 | 79 | 0-0 | 1 | 1.7 | 5 | 0.5 | 33 | 2.7 | 1.27 | 50 |
| NZ Windfarms | 119 | -8.8 | +3.6 | 79 | 0-2 | - | 1.2 | - | 0.5 | NE | Nil | N/A | 93 |
| Allied Work. | 108 | -8.4 | +0.1 | 78 | 0-0 | 1 | 1.7 | 10 | 0.8 | 16 | 7.6 | 0.34 | 28 |
| Nat Property Tr | 65 | -8.2 | +0.4 | 78 | 0-0 | 4 | 0.6 | 3 | 0.6 | 16 | 7.8 | 4.11 | 84 |

| | | | | | | | | | | | | | |
|---|-----|-------|------|----|------|----|-----|----|-----|----|------|------|-------|
| INSIDER SELLING: Most Insider Selling, Relative Strength < 0 | | | | | | | | | | | | | |
| Telecom Corp | 427 | -3.7 | +0.1 | 56 | 1-26 | 10 | 2.4 | 26 | 0.3 | 9 | 12.4 | 1.58 | 7,667 |
| F & P Health. | 322 | -4.3 | +0.5 | 60 | 0-15 | 5 | 8.5 | 30 | 0.5 | 29 | 5.7 | 4.62 | 1,646 |
| F & P Appliance | 334 | -1.9 | +0.0 | 45 | 0-9 | 5 | 1.4 | 9 | 0.4 | 15 | 8.0 | 0.67 | 947 |
| Pumpkin Patch | 288 | -11.1 | -0.1 | 84 | 0-7 | 5 | 4.4 | 25 | 0.4 | 17 | 4.7 | 1.32 | 481 |
| Mainfreight Grp | 720 | -2.2 | -0.4 | 48 | 0-6 | 5 | 4.5 | 36 | 0.4 | 13 | 3.1 | 0.72 | 695 |
| Hallenstein G. | 446 | -4.6 | +0.6 | 62 | 0-5 | 4 | 4.0 | 32 | 0.2 | 12 | 11.7 | 1.33 | 266 |
| Steel & Tube | 433 | -1.9 | -1.9 | 45 | 0-4 | 5 | 2.8 | 20 | 0.4 | 14 | 10.0 | 0.82 | 382 |
| NZ Finance Hold | 86 | -17.6 | -0.8 | 92 | 0-4 | - | 3.1 | 15 | 0.4 | 20 | 3.0 | 1.66 | 66 |
| Brierley Invest | 124 | -6.0 | -0.9 | 69 | 0-4 | - | 1.1 | 1 | 0.6 | 96 | 4.2 | 2.62 | 1,696 |
| Ryman Health. | 210 | -3.7 | +1.4 | 57 | 3-7 | 4 | 0.8 | 3 | 0.3 | 25 | 1.9 | 5.52 | 1,050 |

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.

| STRENGTH RATING | | | | | | | | | | | | | STRENGTH RATING | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------|-----------|-----------|------|----------|--------------|-----------------|--------|-------------|------------------|--------------|------------------|-----------------|-------------|----------------|-------------|--------------|-----------------|-------------|-----------|-----------|------|----------|--------------|-----------------|--------|-------------|------------------|--------------|------------------|------------|-------------|----------------|-------------|--------------|
| Company | Share Price | Cur- rent | 4-Wk Chg. | Rank | Buy/Sell | Under-Valued | Best Performing | Income | Over-Valued | Worst Performing | Price to NTA | Return on Equity | Volatility | Price/Earn. | Dividend Ratio | Price/Sales | Market Cap'n | Company | Share Price | Cur- rent | 4-Wk Chg. | Rank | Buy/Sell | Under-Valued | Best Performing | Income | Over-Valued | Worst Performing | Price to NTA | Return on Equity | Volatility | Price/Earn. | Dividend Ratio | Price/Sales | Market Cap'n |
| UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Optima ICM Ltd | 7 | +29.8 | +10.2 | 4 | 0-0 | - | 0.8 | 6 | 3.7 | 13 | 6.2 | 0.08 | | | | | 6 | Lemarne Corp | 300 | +12.2 | +1.6 | 14 | 1-0 | - | 1.0 | 18 | 0.4 | 5 | 6.2 | 0.41 | 29 | | | | |
| Citic Australia | 90 | +1.2 | +1.8 | 37 | 1-0 | - | 2.6 | 30 | 1.2 | 9 | 6.3 | 0.09 | | | | | 75 | CMA Corporation | 70 | +10.9 | +6.3 | 16 | 0-0 | - | 5.0 | 30 | 0.9 | 17 | Nil | 0.46 | 222 | | | | |
| Danks Holdings | 840 | +2.6 | -2.1 | 32 | 1-0 | - | 1.0 | 7 | 0.3 | 14 | 5.2 | 0.10 | | | | | 55 | Sims Group Ltd | 2705 | +10.6 | -0.8 | 16 | 1-2 | 9 | 5.5 | 41 | 0.5 | 13 | 4.4 | 0.61 | 3,412 | | | | |
| Lindsay Aust | 24 | +0.5 | -5.0 | 39 | 1-1 | 1 | 1.1 | 11 | 1.8 | 10 | 6.8 | 0.19 | | | | | 34 | Lighting Corp. | 95 | +10.6 | +3.1 | 16 | 1-0 | - | 3.4 | 28 | 0.7 | 12 | 4.9 | 0.49 | 85 | | | | |
| Adtrans Group | 511 | +14.8 | +1.9 | 11 | 1-3 | - | 2.7 | 20 | 0.4 | 14 | 4.6 | 0.19 | | | | | 122 | A.P. Eagers | 1461 | +10.1 | -4.0 | 17 | 8-0 | 1 | 1.8 | 12 | 0.2 | 15 | 2.9 | 0.34 | 395 | | | | |
| Supply Network | 31 | +1.5 | +3.9 | 36 | 2-0 | - | 0.7 | 4 | 1.5 | 19 | 3.2 | 0.20 | | | | | 7 | Nat'l Can | 223 | +9.9 | +2.4 | 17 | 3-0 | - | - | - | 0.6 | 12 | 4.9 | 0.81 | 149 | | | | |
| Atlas Grip Hold. | 86 | +2.4 | -1.7 | 33 | 0-1 | - | 1.8 | - | 1.0 | NE | 3.5 | 0.21 | | | | | 89 | KLM Group Ltd | 72 | +9.1 | -6.8 | 18 | 1-2 | - | 4.8 | 41 | 1.0 | 12 | 4.2 | 0.36 | 43 | | | | |
| Scott Corp Ltd | 47 | +4.0 | +6.3 | 28 | 1-0 | - | - | - | 1.3 | 10 | 2.1 | 0.22 | | | | | 28 | Ambertech Ltd | 72 | +7.7 | -0.7 | 21 | 0-0 | - | 1.5 | 17 | 0.9 | 9 | 7.0 | 0.37 | 22 | | | | |
| Wilson Leaders | 116 | +1.6 | -0.1 | 35 | 0-1 | - | 0.8 | 18 | 0.9 | 5 | 6.9 | 0.23 | | | | | 71 | Schaffer Corp | 900 | +7.6 | -2.5 | 21 | 0-1 | 2.7 | 21 | 0.4 | 12 | 5.6 | 0.86 | 127 | | | | | |
| Raptis Group | 110 | +0.7 | +0.5 | 38 | 0-0 | - | 4.1 | 68 | 1.0 | 6 | 9.1 | 0.24 | | | | | 78 | Zicom Group | 39 | +7.2 | -4.8 | 21 | 8-0 | - | 3.5 | 39 | 1.8 | 9 | 9.0 | 0.74 | 71 | | | | |
| Colorpak Ltd | 55 | +2.8 | +1.7 | 31 | 3-0 | - | 9.2 | - | 1.3 | 4 | 5.0 | 0.30 | | | | | 21 | UXC Limited | 239 | +6.9 | -6.5 | 22 | 1-1 | 2 | 59.8 | - | 0.5 | 18 | 3.8 | 0.98 | 446 | | | | |
| Pacifica Group | 189 | +0.6 | +1.5 | 39 | 0-0 | 1 | 1.3 | 10 | 1.0 | 12 | 2.1 | 0.32 | | | | | 268 | Int'l Equities | 6 | +6.8 | -2.4 | 22 | 0-0 | - | 0.9 | 22 | 2.9 | 4 | Nil | 0.51 | 8 | | | | |
| PeopleBank Aust | 110 | +1.6 | +2.1 | 35 | 1-0 | - | 10.0 | 96 | 1.0 | 10 | 5.9 | 0.33 | | | | | 45 | Country Road | 300 | +6.8 | -1.1 | 22 | 0-0 | - | 4.3 | 36 | 0.4 | 12 | 2.4 | 0.86 | 207 | | | | |
| A.P. Eagers | 1461 | +10.1 | -4.0 | 17 | 8-0 | 1 | 1.8 | 12 | 0.2 | 15 | 2.9 | 0.34 | | | | | 395 | Thomas & Coffey | 105 | +6.2 | -2.2 | 23 | 7-1 | - | 4.6 | 29 | 1.0 | 16 | 3.3 | 0.35 | 78 | | | | |
| Folkestone Ltd | 90 | +5.4 | -0.9 | 25 | 1-0 | - | 1.2 | 19 | 0.9 | 6 | 7.2 | 0.34 | | | | | 27 | Farm Pride Food | 38 | +5.8 | -6.9 | 24 | 0-0 | - | 1.1 | 15 | 1.1 | 8 | Nil | 0.17 | 20 | | | | |
| Kresta Holdings | 30 | +2.3 | +1.2 | 33 | 2-0 | - | 1.1 | 22 | 1.6 | 10 | 6.7 | 0.34 | | | | | 40 | Folkestone Ltd | 90 | +5.4 | -0.9 | 25 | 1-0 | - | 1.2 | 19 | 0.6 | 6 | 7.2 | 0.34 | 27 | | | | |
| Metcash Ltd | 442 | +0.5 | +0.5 | 39 | 3-4 | - | - | - | 0.9 | 20 | 3.8 | 0.35 | | | | | 3,370 | Corp Express | 659 | +5.3 | +0.1 | 25 | 0-2 | 13 | 26.4 | - | 0.5 | 18 | 3.3 | 0.98 | 1,215 | | | | |
| Thomas & Coffey | 105 | +6.2 | -2.2 | 23 | 7-1 | - | 4.6 | 29 | 1.2 | 16 | 3.3 | 0.35 | | | | | 78 | Astron Ltd | 262 | +5.2 | +1.8 | 25 | 0-0 | - | 2.1 | 19 | 0.8 | 11 | 7.6 | 0.84 | 158 | | | | |
| KLM Group Ltd | 72 | +9.1 | -6.8 | 18 | 1-2 | - | 4.8 | 41 | 1.3 | 12 | 4.2 | 0.36 | | | | | 43 | Qantas Airways | 580 | +4.2 | +0.5 | 27 | 0-1 | 11 | 20 | 12 | 0.4 | 16 | 5.2 | 0.76 | 11,513 | | | | |
| Ambertech Ltd | 72 | +7.7 | -0.7 | 21 | 0-0 | - | 1.5 | 17 | 1.1 | 9 | 7.0 | 0.37 | | | | | 22 | liNet | 171 | +4.1 | -3.0 | 28 | 4-2 | 6 | 9.5 | 79 | 0.7 | 12 | 3.5 | 0.93 | 214 | | | | |
| Lemarne Corp | 300 | +12.2 | +1.6 | 14 | 1-0 | - | 1.0 | 18 | 0.5 | 5 | 6.2 | 0.41 | | | | | 29 | Scott Corp Ltd | 47 | +4.0 | +6.3 | 28 | 1-0 | - | - | - | 0.9 | 10 | 2.1 | 0.22 | 28 | | | | |
| Skilled Group | 540 | +1.4 | +1.3 | 36 | 3-0 | 5 | - | - | 0.6 | 19 | 4.1 | 0.41 | | | | | 565 | Salmat Ltd | 465 | +3.9 | -4.4 | 28 | 4-0 | 7 | 46.5 | - | 0.5 | 20 | 3.9 | 0.91 | 548 | | | | |
| Tamawood Ltd | 300 | +25.7 | +1.6 | 5 | 2-0 | - | 3.6 | 59 | 0.6 | 6 | 6.5 | 0.42 | | | | | 53 | Walter Div Serv | 274 | +3.5 | -3.7 | 29 | 2-0 | - | 10.1 | 52 | 0.7 | 19 | 1.8 | 0.97 | 215 | | | | |
| Data 3 Ltd | 769 | +15.8 | +2.1 | 10 | 2-4 | - | 9.6 | 58 | 0.5 | 17 | 3.4 | 0.42 | | | | | 120 | Devine | 154 | +3.1 | +4.4 | 31 | 4-0 | - | 3.1 | 18 | 0.6 | 17 | 5.2 | 0.66 | 365 | | | | |
| TransMetro Corp | 84 | +2.9 | -3.5 | 31 | 0-0 | - | 0.9 | 18 | 0.9 | 5 | 3.6 | 0.44 | | | | | 11 | Ausdrill Ltd | 250 | +3.0 | -1.9 | 31 | 0-0 | 2 | 2.3 | 18 | 0.6 | 12 | 3.6 | 0.90 | 331 | | | | |
| Crane Group | 1598 | +2.1 | -2.4 | 34 | 1-0 | 8 | 3.8 | 17 | 0.5 | 22 | 4.1 | 0.44 | | | | | 970 | TransMetro Corp | 84 | +2.9 | -3.5 | 31 | 0-0 | - | 0.9 | 18 | 0.7 | 5 | 3.6 | 0.44 | 11 | | | | |
| Freedom Nut'l | 51 | +1.3 | +0.9 | 36 | 15-0 | - | 3.6 | 19 | 1.3 | 19 | 2.0 | 0.45 | | | | | 23 | Colorpak Ltd | 55 | +2.8 | +1.7 | 31 | 3-0 | - | 9.2 | - | 1.0 | 4 | 5.0 | 0.30 | 21 | | | | |
| Lighting Corp. | 95 | +10.6 | +3.1 | 16 | 1-0 | - | 3.4 | 28 | 1.0 | 12 | 4.9 | 0.49 | | | | | 85 | CTI Logistics | 150 | +2.7 | +5.7 | 32 | 2-0 | - | 3.3 | 29 | 0.6 | 11 | 4.0 | 0.86 | 51 | | | | |
| Embelton Ltd | 510 | +0.0 | +0.5 | 41 | 0-0 | - | 1.5 | 11 | 0.4 | 14 | 3.7 | 0.51 | | | | | 11 | Danks Holdings | 840 | +2.6 | -2.1 | 32 | 1-0 | - | 1.0 | 7 | 0.2 | 14 | 5.2 | 0.10 | 55 | | | | |
| Lend Lease Corp | 1887 | +1.7 | +1.4 | 35 | 0-0 | 7 | 3.1 | 20 | 0.5 | 15 | 4.1 | 0.53 | | | | | 7,569 | Hills Indust. | 540 | +2.5 | -2.9 | 32 | 0-4 | 6 | 4.3 | 21 | 0.5 | 20 | 5.1 | 0.92 | 939 | | | | |
| Ruralco Hold. | 400 | +2.2 | -0.8 | 33 | 4-0 | - | 2.7 | 13 | 0.5 | 21 | 3.7 | 0.53 | | | | | 179 | Kresta Holdings | 30 | +2.3 | +1.2 | 33 | 2-0 | 1 | 2.1 | 22 | 1.1 | 10 | 6.7 | 0.34 | 40 | | | | |
| W'bool Cheese | 530 | +8.9 | +2.5 | 19 | 0-0 | 1 | 2.0 | 9 | 0.6 | 22 | 2.1 | 0.56 | | | | | 207 | Over Fifty Grp | 237 | +1.9 | +2.5 | 34 | 1-0 | - | 2.7 | 15 | 0.5 | 18 | 4.6 | 0.95 | 140 | | | | |
| ITX Group | 110 | +23.9 | -15.5 | 6 | 2-0 | - | - | - | 1.3 | 13 | 0.9 | 0.60 | | | | | 55 | Lend Lease Corp | 1887 | +1.7 | +1.4 | 35 | 0-0 | 7 | 3.1 | 20 | 0.5 | 15 | 4.1 | 0.53 | 7,569 | | | | |
| Sims Group Ltd | 2705 | +10.6 | -0.8 | 16 | 1-2 | 9 | 5.5 | 41 | 0.6 | 13 | 4.4 | 0.61 | | | | | 3,412 | Wilson Leaders | 116 | +1.6 | -0.1 | 35 | 0-1 | - | 0.8 | 18 | 0.7 | 5 | 6.9 | 0.23 | 71 | | | | |
| McPherson's Ltd | 329 | +1.1 | -5.1 | 37 | 0-0 | 4 | - | - | 0.6 | 10 | 5.8 | 0.66 | | | | | 212 | PeopleBank Aust | 110 | +1.6 | +2.1 | 35 | 1-0 | - | 10.0 | 96 | 0.8 | 10 | 5.9 | 0.33 | 45 | | | | |
| Devine | 154 | +3.1 | +4.4 | 31 | 4-0 | - | 3.1 | 18 | 0.8 | 17 | 5.2 | 0.66 | | | | | 365 | Supply Network | 31 | +1.5 | +3.9 | 36 | 2-0 | - | 0.7 | 4 | 1.1 | 19 | 3.2 | 0.20 | 7 | | | | |
| Hastie Group | 450 | +14.2 | -1.4 | 12 | 0-0 | 6 | - | - | 0.6 | 24 | 2.6 | 0.68 | | | | | 532 | Skilled Group | 540 | +1.4 | +1.3 | 36 | 3-0 | 5 | - | - | 0.5 | 19 | 4.1 | 0.41 | 565 | | | | |
| Symbion Health | 411 | +1.6 | -1.0 | 35 | 0-0 | 11 | - | - | 0.6 | 33 | 2.3 | 0.69 | | | | | 2,659 | Freedom Nut'l | 51 | +1.3 | +0.9 | 36 | 15-0 | - | 3.6 | 19 | 0.9 | 19 | 2.0 | 0.45 | 23 | | | | |
| Zicom Group | 39 | +7.2 | -4.8 | 21 | 8-0 | - | 3.5 | 39 | 2.2 | 9 | 9.0 | 0.74 | | | | | 71 | Citic Australia | 90 | +1.2 | +1.8 | 37 | 1-0 | - | 2.6 | 30 | 0.9 | 9 | 6.3 | 0.09 | 75 | | | | |
| Qantas Airways | 580 | +4.2 | +0.5 | 27 | 0-1 | 11 | 2.0 | 12 | 0.5 | 16 | 5.2 | 0.76 | | | | | 11,513 | McPherson's Ltd | 329 | +1.1 | -5.1 | 37 | 0-0 | 4 | - | - | 0.5 | 10 | 5.8 | 0.66 | 212 | | | | |
| Bluescope Steel | 948 | +0.7 | -2.8 | 38 | 1-0 | 13 | - | - | 0.6 | 10 | 5.0 | 0.78 | | | | | 6,956 | Hudson Invest. | 5 | +0.8 | -1.6 | 38 | 0-0 | - | 0.6 | 11 | 3.1 | 5 | Nil | 0.75 | 12 | | | | |
| HGL Limited | 216 | +0.6 | -0.9 | 39 | 0-0 | - | 1.6 | 14 | 0.6 | 11 | 5.4 | 0.78 | | | | | 104 | Bluescope Steel | 948 | +0.7 | -2.8 | 38 | 1-0 | 13 | - | - | 0.6 | 10 | 5.0 | 0.78 | 6,956 | | | | |
| Pro-Pac Pack. | 48 | +15.7 | -3.5 | 10 | 0-0 | - | 4.8 | 28 | 1.4 | 17 | 4.2 | 0.79 | | | | | 21 | Raptis Group | 110 | +0.7 | +0.5 | 38 | 0-0 | - | 4.1 | 68 | 0.7 | 6 | 9.1 | 0.24 | 78 | | | | |
| Nat'l Can | 223 | +9.9 | +2.4 | 17 | 3-0 | - | - | - | 0.7 | 12 | 4.9 | 0.81 | | | | | 149 | Pacifica Group | 189 | +0.6 | +1.5 | 39 | 0-0 | 1 | 1.3 | 10 | 0.8 | 12 | 2.1 | 0.32 | 268 | | | | |
| Astron Ltd | 262 | +5.2 | +1.8 | 25 | 0-0 | - | 2.1 | 19 | 1.0 | 11 | 7.6 | 0.84 | | | | | 158 | HGL Limited | 216 | +0.6 | -0.9 | 39 | 0-0 | - | 1.6 | 14 | 0.5 | 11 | 5.4 | 0.78 | 104 | | | | |
| SuperCheap Auto | 498 | +4.5 | -0.6 | 26 | 0-0 | 7 | 9.4 | 40 | 0.5 | 24 | 2.1 | 0.85 | | | | | 530 | Lindsay Aust | 24 | +0.5 | -5.0 | 39 | 1-1 | 1 | 1.1 | 11 | 1.3 | 10 | 6.8 | 0.19 | 34 | | | | |
| CTI Logistics | 150 | +2.7 | +5.7 | 32 | 2-0 | - | 3.3 | 29 | 0.8 | 11 | 4.0 | 0.86 | | | | | 51 | Embelton Ltd | 510 | +0.0 | +0.5 | 41 | 0-0 | - | 1.5 | 11 | 0.3 | 14 | 3.7 | 0.51 | 11 | | | | |
| Schaffer Corp | 900 | +7.6 | -2.5 | 21 | 0-0 | 1 | 2.7 | 21 | 0.5 | 12 | 5.6 | 0.86 | | | | | 127 | China Cons | 3 | +0.0 | +0.0 | 41 | 0-0 | - | 0.0 | 0 | 3.7 | 16 | Nil | 0.76 | 16 | | | | |
| Country Road | 300 | +6.8 | -1.1 | 22 | 0-0 | - | 4.3 | 36 | 0.5 | 12 | 2.4 | 0.86 | | | | | 207 | | | | | | | | | | | | | | | | | | |
| RCR Tomlinson | 274 | +13.8 | +5.2 | 12 | 2-3 | 1 | 3.4 | 19 | 0.8 | 18 | 1.8 | 0.87 | | | | | 315 | | | | | | | | | | | | | | | | | | |
| AJ Lucas | 348 | +47.5 | -0.2 | 2 | 1-0 | - | 15.8 | 54 | 1.0 | 29 | 0.7 | 0.87 | | | | | | | | | | | | | | | | | | | | | | | |

| Company | STRENGTH RATING | | | | | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | Company | STRENGTH RATING | | | | | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | | |
|---|-----------------|--------------|-----------|------|------------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|-----------------|-----------------|-----------|-------|------------------|-----------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|-----------|---------|
| | Share Price | Current Rent | 4-Wk Chg. | Rank | Insider Buy/Sell | | | | | | | | | Price Following | 4-Wk Chg. | Rank | Insider Buy/Sell | Price Following | | | | | | | | 4-Wk Chg. | Rank |
| INSIDER BUYING: Most Insider Buying, Relative Strength > 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Solargran Ltd | 119 | +6.6 | -5.2 | 23 | 19-0 | -59.5 | - | 0.6 | NE | Nil | N/A | 139 | Marengo Mining | 38 | +6.0 | +0.9 | 23 | 5-0 | - | - | - | 1.4 | NE | Nil | N/A | 48 | |
| Freedom Nut'l | 51 | +1.3 | +0.9 | 36 | 15-0 | -3.6 | 19 | 0.7 | 19 | 2.0 | 0.45 | 23 | Kentor Gold Ltd | 26 | +18.6 | +14.3 | 9 | 5-0 | - | - | - | 1.4 | NE | Nil | N/A | 10 | |
| Auspine Ltd | 557 | +4.6 | -6.4 | 26 | 13-0 | -1.1 | - | 0.3 | NE | 3.1 | 1.28 | 300 | Oroton Group | 397 | +15.6 | +3.9 | 10 | 5-0 | 1 | 8.3 | 48 | 0.6 | 17 | 3.3 | 1.55 | 170 | |
| Helix Resources | 50 | +44.1 | +19.0 | 2 | 12-0 | - | - | 1.1 | NE | Nil | N/A | 57 | Prophesy Int'l | 38 | +1.7 | -0.6 | 35 | 5-0 | - | 3.5 | 42 | 1.0 | 8 | 9.2 | 3.22 | 17 | |
| Karmelsonix Ltd | 19 | +53.7 | -69.0 | 1 | 10-0 | -18.5 | - | 1.3 | NE | Nil | N/A | 38 | Sylvastate Ltd | 520 | +0.9 | +0.3 | 38 | 5-0 | - | 0.9 | 7 | 0.3 | 13 | 3.8 | N/A | 93 | |
| Servcorp Ltd | 520 | +0.5 | +2.9 | 39 | 9-0 | 2 | 5.3 | 33 | 0.4 | 16 | 4.4 | 2.50 | 418 | Greenland Min. | 137 | +19.5 | -12.1 | 8 | 5-0 | - | - | - | 1.0 | NE | Nil | N/A | 51 |
| Cochlear Ltd | 7006 | +10.4 | +1.1 | 16 | 9-0 | 12 | 83.4 | - | 0.3 | 38 | 1.8 | 6.86 | 3,837 | Avexa Limited | 72 | +8.6 | +4.6 | 19 | 5-0 | 2 | 3.1 | - | 0.7 | NE | Nil | N/A | 292 |
| Tamaya Res. | 24 | +10.3 | -5.1 | 16 | 9-0 | - | - | 1.8 | 75 | Nil | 7.45 | 106 | ADV Group | 26 | +9.2 | -6.9 | 18 | 5-0 | - | 12.8 | - | 1.2 | NE | Nil | N/A | 78 | |
| Nylex Ltd | 237 | +13.8 | +9.5 | 12 | 10-1 | -1.4 | 19 | 1.2 | 7 | Nil | 0.28 | 88 | Rialto Energy | 53 | +9.0 | -12.3 | 19 | 5-0 | - | - | - | 0.9 | NE | Nil | N/A | 10 | |
| Western Areas | 590 | +3.8 | +3.4 | 29 | 15-6 | 5 | - | 0.6 | NE | Nil | N/A | 828 | Magna Metals | 62 | +2.9 | +17.6 | 31 | 5-0 | - | - | - | 0.9 | NE | Nil | N/A | 47 | |
| A.P. Eagers | 1461 | +10.1 | -4.0 | 17 | 8-0 | 1 | 1.8 | 12 | 0.1 | 15 | 2.9 | 0.34 | 395 | St Barbara Ltd | 76 | +10.2 | +9.5 | 16 | 5-0 | 2 | 6.9 | - | 1.5 | NE | Nil | 4.37 | 636 |
| Zicom Group | 39 | +7.2 | -4.8 | 21 | 8-0 | -3.5 | 39 | 1.6 | 9 | 9.0 | 0.74 | 71 | Elk Petroleum | 71 | +19.0 | +28.6 | 8 | 5-0 | - | - | - | 0.7 | NE | Nil | N/A | 43 | |
| TFS Corporation | 94 | +15.2 | -11.4 | 11 | 8-0 | -2.6 | 33 | 0.8 | 8 | 3.6 | 3.38 | 152 | Bass St Oil Coy | 12 | +19.5 | -0.6 | 8 | 5-0 | - | - | - | 1.4 | NE | Nil | N/A | 16 | |
| Probiotec Ltd | 133 | +4.4 | +0.1 | 27 | 7-0 | -2.5 | 20 | 0.6 | 12 | Nil | 1.15 | 62 | Ironbark Gold | 97 | +1.9 | -4.4 | 34 | 5-0 | - | - | - | 1.0 | NE | Nil | N/A | 198 | |
| Ind Minerals | 39 | +0.9 | -5.6 | 38 | 7-0 | - | - | 1.0 | NE | Nil | N/A | 3 | Tidewater Inv | 75 | +2.2 | -5.2 | 33 | 5-0 | - | 1.0 | 27 | 0.6 | 4 | 3.3 | 1.35 | 13 | |
| Incremental Pet | 148 | +0.3 | +0.1 | 39 | 7-0 | -1.5 | 19 | 0.7 | 8 | 5.4 | 2.24 | 93 | Oldfields Hold | 120 | +4.2 | +0.0 | 27 | 6-1 | - | 1.2 | 1 | 0.4 | 92 | 5.4 | 6.05 | 14 | |
| Brambles Ltd | 1230 | +6.3 | +3.1 | 23 | 7-0 | 11 | 22.0 | 65 | 0.4 | 34 | 2.5 | 3.81 | 17,410 | BHP Billiton | 4247 | +18.4 | +1.9 | 9 | 7-2 | 13 | 7.0 | 78 | 0.6 | 9 | 1.3 | 2.54 | 142,533 |
| Pluton Resource | 205 | +49.4 | -1.4 | 2 | 7-0 | -17.1 | 0 | 0.6 | NE | Nil | N/A | 108 | YTC Resources | 132 | +10.8 | -3.2 | 16 | 4-0 | - | - | - | 0.8 | NE | Nil | N/A | N/A | |
| Horizon Oil Ltd | 39 | +0.4 | -2.2 | 39 | 8-1 | 2 | - | 1.3 | NE | Nil | N/A | 287 | Devine | 154 | +3.1 | +4.4 | 31 | 4-0 | - | 3.1 | 18 | 0.5 | 17 | 5.2 | 0.66 | 365 | |
| Bow Energy Ltd | 18 | +2.3 | +1.4 | 33 | 6-0 | - | - | 1.8 | NE | Nil | N/A | 19 | The Reject Shop | 1350 | +7.0 | -3.0 | 22 | 4-0 | 8 | 11.7 | 42 | 0.4 | 28 | 2.3 | 1.23 | 346 | |
| Venus Resources | 54 | +7.2 | +1.8 | 21 | 6-0 | - | - | 1.0 | NE | Nil | N/A | 14 | Wesfarmers Ltd | 3815 | +2.9 | +1.4 | 31 | 4-0 | 10 | 18.1 | 96 | 0.4 | 19 | 5.9 | 1.52 | 14,805 | |
| Sydney Attract. | 645 | +4.7 | +2.3 | 26 | 6-0 | 3 | 20.8 | 18 | 0.2 | 116 | 0.8 | 2.74 | 140 | Retail Food Grp | 186 | +15.2 | +0.8 | 11 | 4-0 | 2 | - | - | 0.6 | 18 | 3.4 | N/A | 135 |
| Visionmed Group | 2 | +2.9 | -2.9 | 31 | 6-0 | - | - | 3.7 | NE | Nil | 7.39 | 11 | AMP Ltd | 1004 | +0.8 | +0.1 | 38 | 4-0 | 11 | 23.3 | - | 0.5 | 21 | 4.0 | 1.32 | 18,824 | |
| Milton Corp. | 2330 | +1.9 | -1.4 | 34 | 6-0 | -1.0 | 6 | 0.2 | 17 | 3.5 | N/A | 1,918 | Brickworks Inv. | 146 | +0.1 | -0.3 | 40 | 4-0 | - | 0.9 | 4 | 0.5 | 25 | 3.6 | N/A | 368 | |
| Aberdeen Leader | 216 | +4.4 | +0.3 | 27 | 6-0 | -1.1 | 10 | 0.5 | 11 | 4.2 | 6.66 | 123 | Multiplex Acum. | 133 | +2.3 | +0.3 | 33 | 4-0 | 1 | 1.0 | 11 | 0.7 | 9 | 8.1 | 7.34 | 270 | |
| Div. United Inv | 420 | +4.4 | -0.2 | 27 | 6-0 | -1.0 | 3 | 0.3 | 31 | 2.9 | N/A | 519 | Entek Energy | 21 | +1.6 | -1.7 | 35 | 4-0 | - | - | - | 1.2 | NE | Nil | N/A | 31 | |
| Vietnam Indust. | 17 | +5.1 | -4.2 | 25 | 6-0 | -2.8 | 9 | 1.3 | 32 | Nil | 1.00 | 17 | Flat Glass Ind. | 157 | +9.0 | -1.7 | 18 | 4-0 | - | 3.2 | 24 | 0.6 | 13 | 3.8 | 1.03 | 38 | |
| Bannerman Res. | 367 | +2.4 | +9.2 | 33 | 6-0 | - | - | 0.7 | NE | Nil | N/A | 468 | United Group | 2001 | +11.4 | +1.1 | 15 | 4-0 | 8 | - | - | 0.5 | 30 | 2.4 | 1.08 | 2,755 | |
| Reed Resources | 99 | +25.1 | +6.5 | 5 | 7-1 | - | - | 0.7 | NE | Nil | N/A | 96 | Ruralco Hold. | 400 | +2.2 | -0.8 | 33 | 4-0 | - | 2.7 | 13 | 0.3 | 21 | 3.7 | 0.53 | 179 | |
| Thomas & Coffey | 105 | +6.2 | -2.2 | 23 | 7-1 | -4.6 | 29 | 0.8 | 16 | 3.3 | 0.35 | 78 | Westgold Res. | 38 | +0.8 | +2.3 | 38 | 4-0 | - | - | - | 1.2 | 27 | Nil | N/A | 28 | |
| Aspen Group Ltd | 295 | +9.4 | -0.3 | 18 | 5-0 | 2 | 2.4 | 25 | 0.4 | 10 | 4.3 | 6.90 | 706 | Djerriwarrh | 528 | +4.1 | +0.2 | 28 | 4-0 | - | 1.1 | 9 | 0.3 | 12 | 4.9 | N/A | 1,064 |
| Agenix Limited | 17 | +10.2 | -5.0 | 17 | 5-0 | -4.1 | - | 1.3 | NE | Nil | N/A | 63 | Proto Resources | 82 | +65.0 | +30.6 | 1 | 4-0 | - | - | - | 0.7 | NE | Nil | N/A | 35 | |
| Cromwell Group | 128 | +4.2 | -1.5 | 27 | 5-0 | 2 | 1.6 | 1 | 0.4 | 131 | 4.2 | 9.87 | 896 | Brickworks Ltd | 1413 | +1.7 | +1.0 | 35 | 4-0 | 3 | 2.6 | 15 | 0.2 | 17 | 2.7 | 3.35 | 1,875 |
| Finbar Group | 82 | +0.6 | -2.7 | 38 | 5-0 | -1.9 | 5 | 0.6 | 37 | 9.8 | 9.49 | 112 | Equity Trustees | 3000 | +4.0 | -2.7 | 28 | 4-0 | 2 | 12.0 | 42 | 0.2 | 29 | 2.5 | 7.11 | 235 | |
| | | | | | | | | | | | | | Chal Financial | 594 | +7.3 | +2.6 | 21 | 4-0 | 11 | 4.2 | 30 | 0.4 | 14 | 2.1 | 1.28 | 3,542 | |
| | | | | | | | | | | | | | Envirogold Ltd | 22 | +13.4 | -0.7 | 13 | 4-0 | - | - | - | 0.9 | NE | Nil | N/A | 21 | |

Company Analysis: Probiotec

Probiotec (code PBP).

Probiotec is a small Australian Pharmaceutical company that is building on its contract manufacturing business to grow its high margin business in own brand products. Future growth is possible from the combination of Research & Development and acquisitions to expand the range of own brand products *and* the development of new export markets.

The shares qualify as a "Buy" under the *Most Insider Buying* section of our *Comprehensive Share Selection Criteria*.

Company History

This company was established in 1997 to produce food and pharmaceutical additives. Recent acquisitions include **Pharmaction** (renamed Probiotec Pharma) in 2003 and **Milton** (from **Agenix**) in 2005 which produces 240 products under the brands *Milton, Gold Cross, Skin Basics, Medislim* and *David Craig*.

Probiotec listed on the Australian stockmarket in late 2006 after an initial public offering of 17,000,000 shares at 100 cents. Most of this money went to the existing shareholders, but about a quarter was retained by the company to reduce debt and finance working capital.

Current Business

The company has four divisions:

The **Owned Pharmaceutical Products** division owns over 122 TGA approved branded OTC (over-the-counter) Pharmaceuticals and complementary products. \$2.24 million was spent on Research & Development over the last year on new product development which will see

products for bone health, eczema, acne, cold sores, weight loss, eye health and heart medication released over the next year.

Manufacturing and distributing its own branded products offers the highest profit margins and the best opportunities to grow profits. OTC products are sold (without prescription) through Pharmacies but the company is expanding its distribution to include health food stores, hospitals, medical practitioners and directly to customers via a new website.

Probiotec is also seeking to build an export market for its branded products and is seeking overseas distributors.

The **Contract Manufacturing** division manufactures short run prescription and OTC pharmaceuticals for larger international companies. This business provides a large percentage of group revenues but involves low profit margins.

The **Licensed Pharmaceutical Products** division manufactures and distributes over 60 proprietary products under licence from international brand owners.

An **Additives** division has developed a range of specialty additives for food, nutraceutical and animal nutrition which are manufactured and distributed. This contributes stable revenues and profits to the group.

Over the year to June 2008 the company invested \$2.5 million to upgrade its manufacturing facilities which gives it excess production capacity and allows for future volume growth.

In March 2007 the company (*Continued on Page 10*)

Probiotec*(Continued from Page 9)*

paid \$4.25 million in cash to acquire the intellectual property and business assets of *Lomotil*, *Lofenoxal* (both anti-diarrhoeal products) and *Vermox* (a de-worming product) from **Johnson & Johnson Pacific**. This had little impact on the results to June 2007 but is expected to be “materially earnings per share positive” in the current financial year.

Recent Results

The year to June 2007 - the first as a public listed company - saw revenues rise 30.2% to \$54.0 million, with profits up 2¾-fold to \$4,977,524 (10.7 cents per share). No dividend was paid, with funds currently being retained to finance future growth.

The net operating cash surplus was \$4.5 million.

Profits for the year to June 2008 are forecast by the company to be “at least 30%” higher.

Investment Criteria

At 133 cents, Probiotec shares trade on a moderate Price/Sales ratio of 1.15 and a low Price/Earnings ratio of 12 but do not yet pay a dividend. The predicted profit growth this year would reduce the P/E ratio to under 10. Strong revenue and profit growth - plus a re-rating from their low valuation - offers the potential for the share price to increase several fold in value over the next few years.

With an issued capital of 46,525,000 shares the market capitalisation is \$62 million, making this a *smaller* listed Australian company.

Management have a significant holding in Probiotec. The Chief Executive CW Stringer holds 7,945,662 shares or 17.1% of the company. The Chairman M Van Ryn has 332,502 shares and non-executive director GH Buckeridge owns 1,818,684 shares (3.9%). The other non-executive director has just 5,000 shares. Large shareholdings in the company help to align management interests with those of shareholders.

There have been seven *insider* buys (and no sells) on-market over the last year which rates Probiotec as a “Buy” under our *Comprehensive Share Selection Criteria*. The Chairman M Van Ryn bought almost all of his 332,502 shares on-market in six trades from January

to July 2007 at prices between 95 cents and 128 cents. GH Buckeridge made the best trade - buying 37,402 shares on-market at 88 cents in April. *Insiders* are the most knowledgeable shareholders, so on-market buying (or selling) by this group is often a good indicator of *future* share price performance.

No stockbrokers follow Probiotec closely enough to publish profit forecasts and there are no significant institutional shareholders. Shares that are *neglected* by stockbrokers and institutional investors tend to be *undervalued* relative to more widely followed shares.

Technically, the shares are in an uptrend, with a Relative Strength rating of +4.4%, ranked 27 (on a scale of 0-99). The shares initially traded on the market at around a 15% premium to their 100 cent offering price, but dipped to a low of 88 cents in April. Since then the shares have trended higher, hitting a new high last week.

Summary and Recommendation

Probiotec is a small company which is seeking to both expand its revenues *and* change its product mix towards its high margin own brand products. Research and Development, plus acquisitions, should build revenues, while success at building export markets could generate significant growth in both revenues and profits.

Probiotec is a small emerging growth company and such companies involve high risks, but can also yield far above average capital appreciation. Higher risk investors, with a diversified portfolio, could consider an investment in Probiotec shares.

Probiotec

Company Analysis: Hansen Technologies

Hansen Technologies (code HSN).

A lot of investors (and newsletter writers and fund managers) say they are “contrarian investors, seeking under-valued, out-of-favour shares” . . . only to buy property shares during the property boom, technology shares during the technology boom and mining shares during the mining boom because “that is where the action is”.

Hansen Technologies was a good example of the short term potential and long term risks of investing with a boom . . . and we now think it will *become* a good example of true “contrary investing”. Technology shares

have recovered somewhat over recent years but are still generally out-of-favour with investors - all the *action* is in mining and commodities and energy - but the best value and the best future investment returns are probably to be found in shares like Hansen Technologies which trades at a low valuation and is generally *neglected* by investors, brokers and fund managers.

Company History and Recent Results

Founded in 1971, Hansen Technologies listed on the Australian stockmarket near the end of the Technology boom, in May 2000, after offering 24.0 million shares to investors at 100 cents.

Within just four months the shares were up almost 2½-fold in value but unfortunately shares bought in a boom seldom offer good long term investment value. Hansen Technologies suffered operating losses in the years to June 2002 and 2003 - with the shares losing almost 90% of their peak value to trade as low as 15 cents.

The business did little better in the June years to 2004, 2005 and 2006 - producing just an inadequately low profit. Over the last year, however, things have improved significantly.

Hansen Technologies has developed a proprietary billing solution for energy and telecommunication utilities and is experiencing “strong demand” from both new and existing customers in Australia and the UK.

For the year to June 2007, revenues were only 2.6% higher at \$52.6 million, but several difficult years have forced the company to review its business and cut costs, so profits jumped 4½-fold to \$3,307,000 (2.2 cents per share). A 1.0 cent dividend was declared.

The cash operating surplus more than *doubled* to a very healthy \$8.2 million - which in turn boosted the cash on hand to \$12.0 million (7.9 cents per share).

In August 2007 the company also announced the sale of its under-performing NSW based IT outsourcing business **Hansen Professional Services** for \$10.5 million (realising an after tax gain of \$9.4 million). This will lift its cash on hand to around \$22.5 million (14.9 cents per share). The company is virtually debt free, so is planning to distribute \$4.5 million to shareholders in December via a 3.0 cents per share capital repayment - subject to a favourable ruling from the Australian Taxation Office and approval by shareholders at the AGM this month.

That repayment would still leave around \$18 million in cash (12 cents per share), very strong operating cashflows and the likelihood of continued strong demand for the company's software. The directors believe the company has “sustainable profitable growth”, “significant project work load” plus a “solid pipeline of opportunities”.

For the period to December 2007, the company is predicting lower overall revenues (owing to the sale of the IT outsourcing business) but revenues 14% higher from its on-going businesses. Group profits will be around 20% higher at \$3.6 million (2.4 cents per share), plus there could be a further \$1 million received from settling a licensing dispute. Hansen Technologies expects to reinstate the payment of interim dividends.

Investment Criteria

At 38 cents, Hansen Technologies shares trade at a Price/Earnings ratio of 1.08, a low Price/Earnings ratio of 17 and offer a Dividend Yield of 2.6%. We often like to buy shares with P/S ratios under 1.00, but software companies can produce high profit margins so often trade at P/S ratios of 2.0-4.0.

The IT outsourcing division contributed about 45% of revenues but only 25% of profits in the year to June 2007, but only the NSW part of this division is being sold, with the company retaining its Melbourne based data centre facilities management and IT outsourcing services. So the sale of the NSW business should not

have a major impact on the value of the shares.

The issued capital of 150,790,000 ordinary shares gives a total market capitalisation of \$57 million.

Management still retain a large investment in this company. The Chairman K Hansen holds 93,757,267 shares (62.2% of the company) while the Managing Director A Hansen has 11,421,522 shares (7.6%). The two non-executive directors own 210,049 and 224,105 shares. The Chief Financial Officer has 750,426 shares and the Chief Operations Officer 189,221 shares.

The only downside to these large management shareholdings is that the shares are not too actively traded on the stockmarket.

Insiders have made two small buys over the last year, acquiring shares at 26½-27 cents in December 2006 and 33 cents in March 2007.

The shares are *neglected* with no brokers following Hansen Technologies and only one institutional shareholder (with 15.5% of the shares).

The shares hit their ultimate low in June last year and have generally been trending upwards in value over the last 17 months. Our Relative Strength rating is +10.9%, ranked 16 (on a scale of 0-99).

Summary and Recommendation

Hansen Technologies has been a long term under-performer but is now experiencing strong demand for its billing software solutions. The company is in a very strong financial position, with surplus cash in the bank, no debt and strong cashflows. The shares look to be under-valued *and* likely to experience good growth - so will likely perform well in the future.

The *tight scrip* situation is both a problem and a potential source of rapid capital appreciation. It is a problem as it is difficult to buy large volumes of Hansen Technologies shares and these shares are just too inactively traded for this newsletter to even consider them as a formal “Buy” recommendation. The tight scrip situation, however, can result in the shares appreciating rapidly and significantly in value *if* the company continues to perform well and is “discovered” by brokers or institutional investors. Any significant buying could push the price sharply higher.

Investors may wish to consider a small investment in Hansen Technologies shares but patience may be required to pick shares up when they become available over the next few months.

Hansen Technologies



A Brief History of Major Recent Crises

As this newsletter has pointed out many times, some sort of financial, banking, economic and/or stockmarket crisis is likely to happen 3-4 times every year. All are important and have the potential to become worse - but somehow the world muddles through most (like the current *Credit Crunch?*) and they are quickly forgotten.

The following history of "crises" is therefore not complete. 24 hour financial news channels will make every profit downgrade, stockmarket fluctuation or quarter point interest rate rise seem like the end of the world! Here is what *we* considered important. Major crises that *could* have seriously impacted on the global economy:

The 1972-73 Oil Embargo

OPEC was formed in 1960 by five petroleum exporting countries and by 1971 membership had grown to 11 countries. During this period oil prices were controlled by the United States (through the Texas Railroad Commission) which set production volumes. That is, maintaining excess production capacity enabled the US to control the price of oil at around US\$2-3 per barrel. The US removed these production controls in March 1971.

In October 1973, Syria and Egypt attacked Israel - which was supported by the United States and many other western countries. Arab nations imposed an oil embargo on the United States and the Netherlands, increased prices to other western countries and cut oil production by five million barrels per day (about 7% of world production). By 1974 oil was trading around US\$11½-12.

The oil embargo disrupted normal economic activity, while the 4-fold increase in price resulted in hyper-inflation and a recession. The United States stockmarket fell 40% - which was getting off lightly!! The United Kingdom stockmarket fell 70%.

The world was more dependent upon energy and oil in 1972-73 than it is today, so the embargo was a major shock. The oil shortage and higher oil price also triggered a major economic recession and an extended period of hyper-inflation. It also coincided with a period of labour and political unrest (especially in the UK). This is probably the most serious economic and financial crisis and even today we are not sure how the world survived - or how the global economy has performed so very strongly over the subsequent 33 years?

The oil embargo lasted six months, but oil remained at its high level. In the UK, labour and political unrest led to major confrontations between the government and the miners union - but eventually resulted in major labour market deregulation. As is often the case, a real crisis forced change which was extremely painful but yielded long term benefits. Inflation was eventually controlled - after two decades of relatively high interest

rates (and the emergence of computer technology to lift labour productivity in the 1990's).

The 1979/1981 Oil Crisis

Oil prices were relatively stable around US\$13-14 from 1973-1979 - dropping in *real* terms owing to the high inflation following the 1972-73 crisis.

1979/81 wasn't a single crisis, but a series of unfortunate events with one crisis followed by another and another and another: The Iranian revolution temporarily cut oil production from November 1978 until mid-1979. In March 1979, there was a meltdown at the Three Mile Island nuclear reactor in the United States. The Soviet Union invaded Afghanistan in December 1979 and in September 1980 Iraq invaded Iran. By year end the total production of Iran and Iraq was down 5½ million barrels per day to just one million. Oil rose to around US\$35.

27 years later, oil production in both countries remains *below* their pre-war levels.

Higher oil costs eroded incomes and profits (in oil consuming nations), boosted inflation and resulted in a global recession plus a significant increase in interest rates.

At this time it looked as though *everything* was going wrong - as it was! The world economy was on an endless downwards spiral of stagflation - slow growth, recession, high unemployment, high inflation and high interest rates. The Middle East was in turmoil and the Soviet Union was positioning itself to take control of the region and its oil. Nuclear energy - a possible alternative to oil - was publicly discredited and further development would be blocked by environmentalists for the next quarter century.

The economic storm clouds weren't on the horizon. It was overcast - with not a silver lining in sight.

This may sound familiar today, but the popular investment advice at that time was (1) sell shares short, (2) buy gold (which had peaked at US\$890 in January 1980) and/or commodity futures and (3) invest in Canadian oil sands. An inconvenient truth? The western world didn't come to an end - but investment portfolios following that strategy quickly did (i.e. would have become close to worthless!).

The Third World Debt Crisis, 1982 onwards

While the developed world suffered during the 1970's and early 1980's, the oil producing countries were at least enjoying a massive inflow of cash from their much more valuable oil exports!! Being cautious investors they deposited that money in fixed interest investments with major western banks. The banks recycled these petro-dollars back into the world economy via riskless sovereign country loans to the cash hungry developing world, often to finance large scale infrastructure projects.

The 1979/81 Oil Crisis triggered the Third World

November 12, 2007.

Debt Crisis. The global recession depressed the demand for exports from developing nations (i.e. lowered their income) while the increase in interest rates significantly raised the cost of servicing these loans. In 1982, Mexico went to the brink of defaulting on its loans - which could have resulted in major bank failures in the United States.

At the end of 1982, nine major US banks had lent an amount equivalent to almost three times their capital and reserves to developing countries. Current "mark to market" accounting standards could have seen these banks insolvent. US Federal Deposit Insurance helped prevent a run on the banks.

This crisis was managed through a wide range of creative solutions including debt-for-equity swaps but mainly interest and capital repayments were rescheduled and deferred and partially forgiven over a period of time (i.e. the banks suffered major losses but were allowed to spread them over the next decade or so, rather than recognise them with immediate write-downs).

The current Sub-Prime Mortgage crisis will diminish the value of some otherwise financially strong banks, investment banks and hedge funds, but is nothing compared with the size of defaulting third world loans and the potential impact on banks (and all the financial markets) during the early 1980's!

US Bank, Savings & Loan Failures, 1985-1992

These problems resulted from the three previous crises and the resulting financial deregulation and illustrate the extremely weak state of the financial system during the 1980's. If the banking system and financial markets were going to collapse, it would have been during this period.

After the Second World War, the Savings & Loans industry expanding rapidly, lending money on 20-30 year *fixed* rate mortgages. When interest rates rose in the 1970's and 1980's in response to inflation the S&Ls cost of borrowing increased while they still received the low interest income on loans made during the 1950's and 1960's. By 1980, the S&L industry had a *negative* net worth of \$18 billion (i.e. equivalent to about \$45-50 billion in today's money - and financial markets were much smaller, so \$18 billion was a significant sum at that time) and 85% of S&Ls were still losing money! To improve this situation the government deregulated the industry, enabling S&Ls to make commercial loans. Many began financing commercial real estate and oil. How could that go wrong? Inflation and an energy shortage was going to push up real assets like property and energy costs forever. When real estate and the oil business suffered a downturn, the insolvent S&Ls suffered further losses.

With the banking sector weakened by non-performing third world debts, banks (covered by the Federal Deposit Insurance) started to fail at an alarming rate from 1983. 79 banks, with \$3 billion in assets failed in 1984, while Continental Illinois National Bank (with \$34 billion in assets) would have failed but was considered too big to be allowed to fail. Instead it was provided with \$2 billion of emergency assistance and all deposits were guaranteed (above the normal \$100,000 limit) to prevent a run on the bank which could have spread across the industry.

Another 120 US banks failed in 1985, 138 in 1986

and 184 in 1987 with assets of about \$7-9 billion annually. 200 banks, with a total of \$36 billion in assets, failed in 1988. 206 banks (\$29 billion in assets) failed in 1989. 168 banks failed in 1990 and 124 banks in 1991.

Throughout this period from 1985-1992 the whole US banking system - probably the financial system of the world - was kept afloat by the Federal Deposit Insurance Corporation (which was itself insolvent at times!). If the (financial) world was ever going to end - this is when it would have happened.

Somehow stockmarkets just kept on rising through the 1980's (with a very short, sharp dip in October 1987) and the 1990's - only ending after investors became too optimistic about the investment merits of Technology companies!

What Saved the World from these Series of Crises?

How did the world recover from this series of major crises? Firstly, economic, financial and political systems are flexible and adaptable. Sometimes it requires a serious crisis to make necessary but painful changes. The oil shocks and resulting recessions and unemployment ended a period of cosy post-war growth and protectionism. Countries were forced to deregulate their labour markets, deregulate industries, remove import protection and embrace (if at times slowly) an open, competitive, global market.

Secondly, technology - especially the development of computers and the internet - changed the world economy. Labour productivity increased significantly during the 1980's - as a result of previous deregulation and the use of computers - boosting the economic growth and wealth of developed nations. Computers are directly responsible for transforming the banking industry and its turn around and prosperity since the early 1990's. The growth in globalisation and international trade finally ended inflation, with cheaper production in Asia replacing more expensive manufacturing in North America and Europe.

Summary

The founder of this newsletter has lived through all of the crises described above with virtually all of his personal net worth (albeit that being only a few hundred dollars in 1971) invested in the stockmarket. Having experienced those situations first hand, living through the days, months and sometimes years of these crises and with a significant personal financial stake in the outcome - it is often difficult to get too concerned about the *minor* crises like the October 1987 stockmarket crash, the 1997 Asian Crisis, 9/11 (what year was that again?), the current *Credit Crunch* or any of the other 3-4 annual crises.

Investors might also note that the last 35 years - despite all of its major problems - has been a golden age for both global economic growth and stockmarket returns. Share prices fell on every crisis - and with economies spiralling downwards with no end in sight it was widely believed that shares were a bad investment and would never recover. Interest rates have been everywhere from 1% to 22%. Economies survived and grew rapidly. Companies may have struggled, but overall corporate profits have grown very strongly! Stockmarkets recovered and have provided significant returns.

Australian 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 | 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 |
|--------------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|----------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| A1 Minerals | 34 | 25 | 1-0 | 14.0 | 13.1 | +7 | 0.57 | 2.15 | 1.00 | +15 | Copper Range Ltd | 19 | 30 | 2-10 | 6.8 | 7.3 | -7 | 0.75 | 1.66 | 1.00 | +27 |
| AIM Resources | 23 | 10 | 1-7 | 15.0 | 15.3 | -2 | 0.90 | 1.35 | 1.00 | +7 | Coretrack Ltd | 25 | 20 | 2-3 | 14.0 | 16.1 | -13 | 1.04 | 1.31 | 1.00 | +15 |
| AXG Mining | 22 | 20 | 2-9 | 10.0 | 15.3 | -34 | 1.17 | 1.22 | 1.00 | +13 | Cortona Resources | 49 | 20 | 0-4 | 26.0 | 29.5 | -12 | 0.55 | 1.66 | 1.00 | -17 |
| Accent Resources | 22 | 20 | 1-10 | 8.3 | 10.8 | -23 | 0.83 | 1.58 | 1.00 | +15 | Costarella Design | 7 | 20 | 2-10 | 1.6 | 1.7 | -4 | 0.73 | 1.92 | 1.00 | +50 |
| Acclim Exploration | 3 | 5 | 0-7 | 0.4 | 0.2 | +117 | 0.67 | 4.13 | 1.00 | +174 | Cougar Energy | 8 | 5 | 1-1 | 3.8 | 4.9 | -23 | 1.14 | 1.43 | 1.00 | +7 |
| Actinogen Ltd | 30 | 50 | 4-8 | 6.5 | 4.5 | +46 | 0.25 | 3.21 | 1.00 | +15 | Coziron Resources | 16 | 20 | 0-8 | 2.1 | 3.7 | -43 | 0.91 | 2.40 | 1.00 | +62 |
| Activex Ltd | 12 | 20 | 1-3 | 3.5 | 2.7 | +29 | 0.82 | 2.21 | 1.00 | +71 | Cudeco Ltd | 397 | 20 | 0-7 | 370.0 | 377.8 | -2 | 0.54 | 1.05 | 1.00 | -3 |
| Adelaide Energy | 16 | 25 | 1-7 | 4.7 | 3.7 | +28 | 0.72 | 2.19 | 1.00 | +51 | DMC Mining | 21 | 20 | 1-7 | 7.0 | 7.0 | +1 | 0.55 | 2.17 | 1.00 | +17 |
| Adv Ocular Systems | 3 | 110 | 0-7 | 1.5 | 0.0 | +999 | 0.96 | 3.90 | 1.00 | +999 | Dart Mining NL | 17 | 20 | 2-6 | 6.5 | 8.4 | -23 | 0.83 | 1.51 | 1.00 | +19 |
| Advanced Healthcare | 2 | 12 | 0-1 | 0.1 | 0.0 | +999 | 0.69 | 9.99 | 1.00 | +999 | Dia-B Tech Ltd | 7 | 20 | 3-1 | 2.5 | 2.6 | -5 | 0.88 | 1.58 | 1.00 | +46 |
| Agenix Ltd | 17 | 30 | 3-7 | 8.0 | 9.6 | -16 | 0.97 | 1.33 | 1.00 | +26 | Drake Resources | 21 | 20 | 2-1 | 7.5 | 8.3 | -10 | 0.59 | 1.88 | 1.00 | +14 |
| Alara Uranium | 20 | 25 | 1-7 | 4.6 | 4.9 | -6 | 0.58 | 2.38 | 1.00 | +28 | Dyesol Ltd | 150 | 20 | 1-0 | 137.5 | 131.4 | +5 | 0.78 | 1.14 | 1.00 | +5 |
| Alexander Securities | 3 | 4 | 4-7 | 0.8 | 1.7 | -54 | 0.88 | 1.27 | 1.00 | +13 | Dynasty Metals Aust | 25 | 20 | 0-3 | 6.0 | 7.2 | -17 | 1.00 | 2.57 | 1.00 | +27 |
| Alloy Resources | 15 | 20 | 1-4 | 5.5 | 3.8 | +45 | 0.75 | 2.17 | 1.00 | +53 | Eagle Bay Resources | 7 | 15 | 1-7 | 2.2 | 1.2 | +89 | 0.70 | 2.45 | 1.00 | +73 |
| Amcom Telecom. | 20 | 17 | 2-1 | 5.4 | 7.3 | -26 | 0.47 | 2.07 | 1.00 | +7 | Eagle Eye Metals | 10 | 20 | 2-7 | 3.5 | 2.3 | +54 | 0.65 | 2.06 | 1.00 | +42 |
| Arafura Resources | 113 | 20 | 0-7 | 96.0 | 94.1 | +2 | 1.16 | 1.19 | 1.00 | +5 | Eden Energy | 46 | 20 | 1-10 | 25.0 | 32.0 | -22 | 0.88 | 1.32 | 1.00 | -1 |
| Aragon Resources | 24 | 25 | 2-10 | 11.0 | 5.6 | +95 | 0.24 | 3.08 | 1.00 | +15 | Electrometals Tech. | 7 | 14 | 3-5 | 3.1 | 3.0 | +3 | 0.79 | 1.55 | 1.00 | +30 |
| Artemis Resources | 26 | 25 | 1-10 | 5.8 | 9.5 | -39 | 0.58 | 1.99 | 1.00 | +10 | Elemental Minerals | 14 | 20 | 1-2 | 4.0 | 3.5 | +14 | 0.81 | 2.19 | 1.00 | +59 |
| Asturton Minerals | 5 | 7 | 2-3 | 3.8 | 2.7 | +43 | 0.95 | 1.47 | 1.00 | +35 | Ellendale Resources | 10 | 20 | 4-6 | 2.7 | 4.9 | -45 | 0.80 | 1.40 | 1.00 | +21 |
| Astro Diamond Mines | 3 | 5 | 5-0 | 3.5 | 1.9 | +85 | 0.90 | 1.25 | 1.00 | +24 | Emerald Oil & Gas | 19 | 20 | 0-6 | 7.5 | 6.3 | +19 | 1.24 | 1.99 | 1.00 | +109 |
| Astro Mining | 3 | 5 | 5-0 | 1.0 | 1.9 | -47 | 0.90 | 1.25 | 1.00 | +16 | Emerging Leaders | 107 | 100 | 0-7 | 9.5 | 11.1 | -14 | 0.04 | 9.67 | 1.00 | +4 |
| Astro Mining NL | 3 | 75 | 2-1 | 0.5 | 0.0 | +999 | 0.90 | 2.86 | 1.00 | +378 | Empire Beer Group | 16 | 35 | 1-0 | 1.0 | 0.6 | +61 | 0.59 | 4.10 | 1.00 | +132 |
| Athena Resources | 43 | 20 | 2-0 | 18.5 | 30.3 | -39 | 0.98 | 1.28 | 1.00 | -5 | Empire Resources | 19 | 25 | 1-7 | 6.5 | 6.2 | +5 | 0.82 | 1.87 | 1.00 | +40 |
| Atlas Gold | 242 | 20 | 0-3 | 209.0 | 222.3 | -6 | 0.69 | 1.09 | 1.00 | -23 | Eneabba Gas | 17 | 30 | 1-7 | 4.5 | 5.5 | -18 | 0.94 | 1.80 | 1.00 | +56 |
| Audax Resources | 24 | 20 | 1-1 | 8.5 | 9.9 | -14 | 0.84 | 1.81 | 1.00 | +19 | Energy Metals | 458 | 30 | 0-7 | 420.0 | 429.2 | -2 | 0.67 | 1.07 | 1.00 | -3 |
| Aura Energy | 33 | 20 | 1-1 | 15.0 | 17.2 | -13 | 0.79 | 1.66 | 1.00 | +6 | Enjeri Ltd | 3 | 20 | 0-2 | 0.1 | 0.0 | +999 | 1.13 | 9.99 | 1.00 | +999 |
| Aurium Resources | 15 | 20 | 2-6 | 4.5 | 6.0 | -25 | 0.76 | 1.66 | 1.00 | +23 | Entek Energy | 21 | 20 | 2-1 | 8.0 | 10.2 | -22 | 0.79 | 1.58 | 1.00 | +15 |
| Ausquest Ltd | 20 | 20 | 2-0 | 7.3 | 9.9 | -26 | 0.85 | 1.55 | 1.00 | +17 | Enterprise Energy | 7 | 20 | 0-1 | 0.3 | 0.0 | +999 | 0.92 | 9.99 | 1.00 | +999 |
| Aust Oil Company | 13 | 20 | 2-1 | 4.5 | 5.1 | -12 | 0.91 | 1.62 | 1.00 | +38 | EnviroGold Ltd | 22 | 20 | 0-1 | 2.5 | 2.9 | -14 | 0.68 | 5.51 | 1.00 | +31 |
| Aust Renewable Fuels | 7 | 60 | 1-5 | 0.5 | 1.3 | -62 | 1.45 | 1.75 | 1.00 | +394 | Eromanga Hydrocarb. | 19 | 10 | 1-8 | 12.5 | 13.4 | -7 | 1.17 | 1.27 | 1.00 | +11 |
| Aust Water Solutions | 1 | 3 | 0-4 | 0.4 | 0.0 | +999 | 1.24 | 3.85 | 1.00 | +999 | Erogon Energy Ltd | 40 | 20 | 1-5 | 18.0 | 25.5 | -29 | 0.91 | 1.41 | 1.00 | -4 |
| Australasia Gold | 14 | 20 | 0-7 | 4.0 | 1.9 | +114 | 0.85 | 2.98 | 1.00 | +168 | Eureka Energy | 23 | 20 | 0-4 | 11.0 | 6.9 | +59 | 1.04 | 2.38 | 1.00 | +145 |
| Auth Investments | 3 | 25 | 2-4 | 1.0 | 0.5 | +113 | 1.00 | 1.92 | 1.00 | +152 | Excalibur Mining | 3 | 3 | 0-1 | 1.8 | 0.5 | +300 | 0.72 | 5.29 | 1.00 | +999 |
| Avantogen Ltd | 5 | 25 | 0-1 | 0.5 | 0.0 | +999 | 1.46 | 9.99 | 1.00 | +999 | EyeCare Partners | 19 | 20 | 2-10 | 6.0 | 4.1 | +48 | 0.21 | 3.40 | 1.00 | +12 |
| BQT Solutions | 17 | 8 | 1-10 | 8.0 | 10.9 | -27 | 0.83 | 1.37 | 1.00 | -2 | Fairstar Resources | 57 | 25 | 1-9 | 23.0 | 40.5 | -43 | 1.02 | 1.28 | 1.00 | -9 |
| Balkans Gold | 17 | 25 | 1-9 | 4.0 | 5.5 | -27 | 0.83 | 1.83 | 1.00 | +38 | Fall River Res. | 5 | 10 | 1-5 | 2.0 | 1.2 | +65 | 0.85 | 2.09 | 1.00 | +79 |
| Baraka Petroleum | 10 | 25 | 0-10 | 2.7 | 0.4 | +528 | 0.72 | 3.78 | 1.00 | +240 | Fall River Resources | 5 | 25 | 0-0 | 0.4 | 1.2 | -67 | 0.85 | 2.09 | 1.00 | +999 |
| Bass Metals | 41 | 40 | 2-5 | 20.0 | 17.8 | +12 | 0.64 | 1.71 | 1.00 | +18 | Fat Prophets Aust. | 106 | 100 | 0-5 | 8.3 | 8.4 | -1 | 0.02 | 12.53 | 1.00 | +6 |
| Beacon Minerals | 21 | 20 | 2-9 | 9.5 | 14.6 | -35 | 1.13 | 1.24 | 1.00 | +13 | Ferrowest Ltd | 59 | 25 | 2-6 | 36.0 | 46.5 | -23 | 1.13 | 1.17 | 1.00 | +2 |
| Benitec Ltd | 12 | 15 | 3-4 | 5.5 | 9.8 | -44 | 1.61 | 1.08 | 1.00 | +19 | Financial Resources | 11 | 20 | 0-6 | 3.5 | 0.3 | +999 | 0.66 | 5.09 | 1.00 | +401 |
| Benitec Ltd | 12 | 32 | 0-4 | 1.2 | 1.3 | -6 | 1.61 | 2.56 | 1.00 | +999 | First Capital Group | 5 | 25 | 2-0 | 0.5 | 0.4 | +18 | 0.77 | 2.50 | 1.00 | +126 |
| Bionomics Ltd | 34 | 22 | 1-2 | 18.5 | 15.2 | +21 | 0.53 | 1.97 | 1.00 | +16 | Fission Energy | 14 | 20 | 3-3 | 4.6 | 2.9 | +57 | 0.36 | 2.63 | 1.00 | +19 |
| Bioprospect Ltd | 4 | 5 | 2-4 | 2.0 | 2.4 | -18 | 1.16 | 1.31 | 1.00 | +27 | Flinders Resources | 1 | 10 | 0-10 | 0.2 | 0.0 | +999 | 0.63 | 7.99 | 1.00 | +999 |
| Black Fire Energy | 15 | 20 | 2-7 | 5.0 | 3.5 | +42 | 0.46 | 2.36 | 1.00 | +23 | Fox Invest Ltd | 111 | 130 | 0-7 | 3.0 | 6.4 | -53 | 0.34 | 6.47 | 1.00 | +36 |
| Black Range Minerals | 15 | 5 | 3-3 | 12.5 | 12.4 | +1 | 0.87 | 1.16 | 1.00 | +4 | Frontier Resources | 16 | 20 | 0-0 | 0.6 | 6.4 | -91 | 0.78 | 6.47 | 1.00 | +999 |
| Blackham Resources | 80 | 20 | 1-0 | 64.0 | 62.7 | +2 | 1.03 | 1.24 | 1.00 | +5 | Gawler Resources | 33 | 20 | 1-4 | 9.1 | 14.8 | -39 | 0.20 | 2.22 | 1.00 | -9 |
| Boulder Steel | 31 | 20 | 1-0 | 14.5 | 15.0 | -3 | 0.76 | 1.76 | 1.00 | +11 | Genesis Biomedical | 3 | 3 | 3-0 | 1.0 | 1.4 | -28 | 0.65 | 1.60 | 1.00 | +11 |
| Bounty Industries | 7 | 20 | 4-1 | 1.5 | 1.0 | +51 | 0.46 | 2.44 | 1.00 | +33 | Geodynamics Ltd | 185 | 150 | 0-2 | 41.0 | 38.7 | +6 | 4.07 | 4.28 | 1.00 | +21 |
| Bow Energy | 18 | 20 | 0-4 | 5.0 | 2.7 | +88 | 0.85 | 3.35 | 1.00 | +192 | Gippsland | 9 | 9 | 0-1 | 1.3 | 0.7 | +83 | 0.55 | 7.80 | 1.00 | +288 |
| Bowen Energy | 22 | 20 | 2-0 | 7.2 | 6.7 | +7 | 0.36 | 2.50 | 1.00 | +11 | Gladiator Resources | 12 | 20 | 1-7 | 3.7 | 3.5 | +6 | 0.85 | 1.93 | 1.00 | +54 |
| Buka Gold | 48 | 65 | 0-7 | 5.7 | 15.5 | -63 | 1.37 | 1.88 | 1.00 | +94 | Gleneagle Gold | 19 | 20 | 1-2 | 4.6 | 3.5 | +31 | 0.40 | 3.33 | 1.00 | +25 |
| Burley Gold Ltd | 19 | 20 | 1-7 | 5.0 | 8.2 | -39 | 0.91 | 1.64 | 1.00 | +21 | Global Masters Fund | 88 | 100 | 0-0 | 0.1 | 3.5 | -97 | 0.09 | 3.30 | 1.00 | +999 |
| Burleson Energy | 16 | 25 | 2-9 | 6.0 | 4.5 | +33 | 0.56 | 2.05 | 1.00 | +27 | Gold Aura | 8 | 13 | 1-4 | 3.5 | 1.2 | +195 | 0.63 | 2.74 | 1.00 | +75 |
| C @ Ltd | 3 | 20 | 0-4 | 0.1 | 0.0 | +999 | 0.98 | 7.67 | 1.00 | +999 | Gold Company Ltd | 137 | 20 | 3-7 | 116.0 | 134.4 | -14 | 2.05 | 1.01 | 1.00 | -0 |
| CO2 Group | 38 | 12 | 3-11 | 28.0 | 31.4 | -11 | 0.81 | 1.15 | 1.00 | +1 | Golden West Res | 240 | 20 | 0-1 | 205.0 | 220.1 | -7 | 0.60 | 1.09 | 1.00 | -54 |
| Cadence Capital | 110 | 116 | 0-4 | 2.2 | 5.0 | -56 | 0.25 | 9.92 | 1.00 | +24 | Gondwana Resources | 2 | 1 | 1-7 | 1.1 | 1.4 | -19 | 1.02 | 1.33 | 1.00 | +3 |
| Cape Lambert Iron | 40 | 30 | 0-11 | 19.0 | 17.4 | +9 | 0.83 | 1.84 | 1.00 | +25 | Gondwana Resources | 2 | 1 | 0-1 | 0.3 | 1.3 | -76 | 1.02 | 1.59 | 1.00 | -100 |
| Cardia Technologies | 6 | 10 | 0-1 | 0.8 | 0.0 | +999 | 0.89 | 9.99 | 1.00 | +999 | Gondwana Resources | 2 | 5 | 0-7 | 0.5 | 0.2 | +231 | 1.02 | 3.08 | 1.00 | +466 |
| Catalyst Metals | 19 | 20 | 1-1 | 3.9 | 6.8 | -42 | 0.87 | 1.92 | 1.00 | +24 | Gondwana Resources | 2 | 1 | 2-7 | 1.1 | 1.4 | -24 | 1.02 | 1.24 | 1.00 | +6 |
| Central Petroleum | 21 | 25 | 2-7 | 11.0 | 9.0 | +22 | 0.70 | 1.67 | 1.00 | +23 | Great Gold Mines | 4 | 20 | 4-5 | 3.2 | 1.1 | +204 | 0.70 | 1.76 | 1.00 | +48 |
| Centrex Metals | 46 | 20 | 1-1 | 31.0 | 28.9 | +7 | 0.85 | 1.46 | 1.00 | +11 | Great Gold Mines | 4 | 125 | 2-10 | 0.2 | 0.0 | +850 | 0.70 | 3.31 | 1.00 | +234 |
| Chameleon Mining | 9 | 20 | 0-1 | 3.0 | 0.0 | +999 | 0.66 | 9.99 | 1.00 | +999 | Great Gold Mines | 4 | 10 | 5-3 | 1.6 | 1.9 | -17 | 0.70 | 1.46 | 1.00 | +22 |
| Chemgenex Pharm. | 100 | 125 | 2-4 | 24.0 | 28.2 | -15 | 0.51 | 2.21 | 1.00 | +19 | Greater Pacific Gold | 2 | 3 | 0-6 | 0.9 | 0.4 | +135 | 1.04 | 2.59 | 1.00 | +245 |
| Chemgenex Pharm. | 100 | 75 | 4-2 | 60.0 | 57.4 | +4 | 0.51 | 1.50 | 1.00 | +7 | Green Rock Energy | 12 | 10 | 0-5 | 3.8 | 4.3 | -11 | 1.15 | 2.09 | 1.00 | +45 |
| Cheviot Bridge | 12 | 40 | 0-1 | 0.1 | 0.0 | +999 | 0.49 | 9.99 | 1.00 | +999 | Greenvale Mining | 95 | 30 | 4-1 | 74.0 | 79.8 | -7 | 0.85 | 1.14 | 1.00 | +2 |
| Chrome Corporation | 11 | 2 | 1-10 | 2.5 | 9.0 | -72 | 1.06 | 1.14 | 1.00 | -37 | Gt Australian Res | 29 | 20 | 1-1 | 13.0 | 13.3 | -2 | 0.72 | 1.82 | 1.00 | +13 |
| Citrofresh International | 3 | 2 | 4-6 | 2.1 | 2.6 | -20 | 0.84 | 1.19 | 1.00 | +4 | Gt Bendigo Gold | 22 | 20 | | | | | | | | |

| 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 |
|------------------------|-------------|-----------------------|-----------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|-----------------------|-------------|-----------------------|-----------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| IC2 Global | 17 | 2 | 1-7 | 1.0 | 15.3 | -93 | 0.98 | 1.10 | 1.00 | -67 | Nithn Uranium | 63 | 25 | 2-1 | 40.0 | 51.0 | -22 | 1.29 | 1.15 | 1.00 | +2 |
| IC2 Global | 17 | 15 | 1-7 | 5.5 | 9.0 | -39 | 0.98 | 1.50 | 1.00 | +13 | Nuenco NL | 6 | 66 | 0-1 | 3.5 | 0.0 | +999 | 0.59 | 9.99 | 1.00 | +999 |
| IC2 Global | 17 | 200 | 1-7 | 3.5 | 0.6 | +448 | 0.98 | 2.63 | 1.00 | +380 | Nuenco NL | 6 | 6 | 0-1 | 0.1 | 0.5 | -81 | 0.59 | 7.17 | 1.00 | -18 |
| IFC Capital | 24 | 30 | 0-10 | 5.0 | 4.8 | +5 | 0.72 | 2.67 | 1.00 | +57 | Nuenergy Capital | 15 | 20 | 2-6 | 2.5 | 8.9 | -72 | 1.16 | 1.30 | 1.00 | +19 |
| IM Medical | 5 | 4 | 1-1 | 3.0 | 2.4 | +27 | 1.06 | 1.59 | 1.00 | +42 | Nupower Resources | 41 | 20 | 0-7 | 27.5 | 22.6 | +22 | 0.78 | 1.71 | 1.00 | +29 |
| Imagine UN | 7 | 125 | 1-1 | 0.1 | 0.0 | +152 | 1.06 | 3.42 | 1.00 | +999 | Nusep Ltd | 23 | 50 | 0-4 | 2.5 | 0.3 | +688 | 0.79 | 5.73 | 1.00 | +999 |
| Impedimed Ltd | 85 | 72 | 4-11 | 30.0 | 34.2 | -12 | 0.10 | 2.47 | 1.00 | +4 | Nylex Ltd | 237 | 184 | 2-0 | 3.5 | 98.9 | -96 | 0.47 | 1.97 | 1.00 | -11 |
| India Resources | 20 | 20 | 2-1 | 7.5 | 8.6 | -13 | 0.70 | 1.72 | 1.00 | +17 | Nylex Ltd | 237 | 184 | 2-0 | 82.0 | 98.9 | -17 | 0.47 | 1.97 | 1.00 | +6 |
| Industrial Minerals | 39 | 20 | 2-1 | 30.0 | 23.8 | +26 | 0.60 | 1.50 | 1.00 | +13 | Oil Basins Ltd | 11 | 20 | 1-10 | 2.7 | 0.2 | +999 | 0.24 | 7.33 | 1.00 | +48 |
| Integra Mining | 52 | 20 | 1-12 | 35.0 | 37.5 | -7 | 0.82 | 1.30 | 1.00 | +3 | Olympia Resources | 7 | 35 | 2-1 | 0.7 | 0.1 | +492 | 0.53 | 3.92 | 1.00 | +117 |
| Intermet Resources | 22 | 20 | 0-0 | 2.7 | 37.5 | -93 | 1.06 | 1.30 | 1.00 | +999 | Olympia Resources | 7 | 20 | 2-7 | 2.0 | 0.7 | +176 | 0.53 | 2.76 | 1.00 | +55 |
| Iron Mountain Mining | 39 | 20 | 4-2 | 21.0 | 33.0 | -36 | 1.15 | 1.10 | 1.00 | +2 | Olympia Resources | 7 | 25 | 0-1 | 0.2 | 0.0 | +999 | 0.53 | 9.99 | 1.00 | +999 |
| JV Global | 18 | 20 | 0-11 | 5.0 | 4.0 | +25 | 0.65 | 2.66 | 1.00 | +46 | On Q Group | 23 | 30 | 0-6 | 8.5 | 3.9 | +117 | 0.90 | 2.83 | 1.00 | +180 |
| Jaguar Minerals | 12 | 20 | 0-10 | 1.5 | 0.5 | +205 | 0.47 | 4.98 | 1.00 | +101 | Orchid Capital | 4 | 5 | 4-3 | 1.1 | 2.3 | -53 | 0.95 | 1.25 | 1.00 | +14 |
| Jupiter Energy | 15 | 8 | 2-7 | 9.5 | 11.3 | -16 | 1.06 | 1.21 | 1.00 | +6 | ORT | 1 | 6 | 0-3 | 0.3 | 0.0 | +999 | 0.98 | 7.69 | 1.00 | +999 |
| Jutt Holdings | 22 | 20 | 1-8 | 4.2 | 6.0 | -30 | 0.34 | 2.80 | 1.00 | +6 | ORT | 1 | 14 | 0-3 | 0.1 | 0.0 | +999 | 0.98 | 9.35 | 1.00 | +999 |
| KTL Technologies | 4 | 5 | 1-6 | 1.1 | 1.6 | -32 | 1.16 | 1.52 | 1.00 | +45 | Orient Resources | 8 | 20 | 0-1 | 0.5 | 0.0 | +999 | 0.93 | 9.99 | 1.00 | +999 |
| Kairiki Energy | 21 | 5 | 1-1 | 16.0 | 16.4 | -2 | 0.63 | 1.28 | 1.00 | +0 | Oropa Ltd | 6 | 50 | 0-1 | 3.5 | 0.0 | +999 | 0.94 | 9.99 | 1.00 | +999 |
| Kalgoorlie-Boulder | 13 | 20 | 0-8 | 3.7 | 2.7 | +35 | 1.04 | 2.33 | 1.00 | +146 | Oropa Ltd | 6 | 20 | 2-2 | 1.4 | 1.5 | -5 | 0.94 | 1.81 | 1.00 | +83 |
| Kangaroo Metals | 10 | 20 | 1-9 | 2.5 | 1.7 | +45 | 0.67 | 2.42 | 1.00 | +60 | Oroya Mining | 2 | 5 | 1-8 | 0.8 | 0.2 | +267 | 0.68 | 2.63 | 1.00 | +91 |
| Karmelsonix Ltd | 19 | 10 | 0-7 | 10.0 | 10.7 | -6 | 1.25 | 1.52 | 1.00 | +14 | Oz Brewing | 11 | 20 | 5-1 | 3.1 | 6.3 | -51 | 0.78 | 1.34 | 1.00 | +16 |
| Key Petroleum | 24 | 35 | 1-4 | 10.0 | 4.3 | +133 | 0.63 | 2.61 | 1.00 | +63 | Pacmag Metals | 45 | 18 | 0-4 | 35.0 | 27.4 | +28 | 0.65 | 1.63 | 1.00 | +63 |
| L & M Petroleum | 9 | 25 | 0-11 | 3.0 | 0.2 | +999 | 0.68 | 4.12 | 1.00 | +271 | Palace Resources | 9 | 20 | 4-7 | 2.9 | 5.7 | -49 | 0.97 | 1.26 | 1.00 | +22 |
| LV Living | 1 | 5 | 0-1 | 0.2 | 0.0 | +999 | 0.84 | 1.00 | 1.00 | +999 | Papyrus Australia | 83 | 20 | 0-4 | 60.0 | 63.0 | -5 | 0.65 | 1.31 | 1.00 | -9 |
| Labtech Systems | 22 | 20 | 5-7 | 14.0 | 13.8 | +1 | 0.59 | 1.36 | 1.00 | +8 | Paradigm Gold | 15 | 25 | 0-6 | 4.0 | 1.8 | +123 | 1.04 | 2.91 | 1.00 | +330 |
| Labtech Systems | 22 | 20 | 5-7 | 10.0 | 13.8 | -28 | 0.59 | 1.36 | 1.00 | +6 | Peak Resources | 15 | 25 | 1-10 | 5.5 | 2.1 | +162 | 0.50 | 2.91 | 1.00 | +47 |
| Lefroy Resources | 16 | 25 | 1-7 | 3.7 | 5.2 | -29 | 0.92 | 1.79 | 1.00 | +48 | Peel Exploration | 25 | 20 | 3-0 | 18.0 | 13.8 | +31 | 0.65 | 1.51 | 1.00 | +15 |
| Legend Mining | 6 | 4 | 0-8 | 5.3 | 2.1 | +148 | 0.67 | 2.19 | 1.00 | +114 | Pegasus Metals | 13 | 20 | 2-4 | 3.6 | 3.9 | -8 | 0.69 | 1.90 | 1.00 | +31 |
| Lincoll Minerals | 21 | 30 | 2-7 | 6.0 | 9.5 | -37 | 0.87 | 1.53 | 1.00 | +24 | Pelican Resources | 19 | 20 | 1-1 | 8.0 | 8.5 | -6 | 1.12 | 1.62 | 1.00 | +43 |
| Lindian Resources | 37 | 30 | 2-1 | 17.0 | 19.4 | -12 | 0.77 | 1.55 | 1.00 | +12 | Pensinsula Minerals | 5 | 10 | 2-7 | 2.4 | 2.2 | +10 | 0.88 | 1.58 | 1.00 | +39 |
| Lion Energy | 15 | 35 | 3-9 | 4.0 | 6.4 | -37 | 0.79 | 1.53 | 1.00 | +29 | Peplin Ltd | 94 | 84 | 2-7 | 33.0 | 33.3 | -1 | 0.38 | 2.20 | 1.00 | +9 |
| Lion Selection | 177 | 151 | 1-5 | 54.0 | 43.6 | +24 | 0.23 | 3.48 | 1.00 | +11 | Perseus Mining | 146 | 20 | 1-4 | 124.0 | 127.8 | -3 | 0.57 | 1.14 | 1.00 | -1 |
| Lodestone Exploration | 4 | 5 | 0-8 | 1.1 | 0.5 | +115 | 0.61 | 3.54 | 1.00 | +92 | PharmAust Ltd | 6 | 30 | 0-0 | 0.1 | 127.8 | -100 | 0.84 | 1.14 | 1.00 | +999 |
| Lumacom Ltd | 2 | 7 | 1-1 | 0.3 | 0.0 | +737 | 0.69 | 3.97 | 1.00 | +264 | PharmaNet Group | 1 | 5 | 1-1 | 0.3 | 0.0 | +999 | 0.63 | 4.38 | 1.00 | +242 |
| M2M Corporation | 3 | 20 | 2-3 | 0.4 | 0.3 | +46 | 0.77 | 2.47 | 1.00 | +125 | Phosphagenics | 24 | 20 | 1-6 | 11.0 | 7.0 | +58 | 0.35 | 2.70 | 1.00 | +20 |
| MGM Wireless | 14 | 20 | 3-0 | 7.5 | 5.1 | +48 | 0.61 | 1.80 | 1.00 | +25 | Polaris Metals NL | 69 | 20 | 1-1 | 46.5 | 51.1 | -9 | 0.79 | 1.32 | 1.00 | -3 |
| Macmin Silver | 28 | 25 | 0-11 | 10.5 | 8.0 | +31 | 0.60 | 2.46 | 1.00 | +32 | Portland Orthopaedics | 20 | 25 | 1-0 | 4.5 | 2.1 | +115 | 0.44 | 3.96 | 1.00 | +51 |
| Magellan Financial | 170 | 120 | 1-7 | 100.0 | 62.8 | +59 | 0.14 | 2.70 | 1.00 | +18 | Poseidon Nickel | 125 | 81 | 2-0 | 65.0 | 96.6 | -33 | 1.43 | 1.17 | 1.00 | +8 |
| Magna Mining NL | 2 | 10 | 2-0 | 0.7 | 0.1 | +389 | 0.71 | 2.71 | 1.00 | +126 | Poseidon Nickel | 125 | 92 | 4-0 | 70.0 | 111.1 | -37 | 1.43 | 1.07 | 1.00 | +7 |
| Magnesium Int'l | 6 | 10 | 4-6 | 4.5 | 6.2 | -27 | 3.14 | 1.00 | 1.00 | +21 | Prairie Downs Metals | 133 | 25 | 0-6 | 108.0 | 108.9 | -1 | 0.80 | 1.22 | 1.00 | +0 |
| Malachite Resources | 40 | 20 | 0-9 | 20.0 | 21.7 | -8 | 0.64 | 1.75 | 1.00 | +0 | Primary Resources | 19 | 20 | 2-9 | 7.5 | 9.4 | -20 | 0.78 | 1.51 | 1.00 | +16 |
| Mamba Minerals | 35 | 20 | 2-4 | 15.0 | 21.7 | -31 | 0.71 | 1.43 | 1.00 | +0 | Prime Minerals | 80 | 20 | 1-11 | 58.0 | 64.5 | -10 | 0.87 | 1.20 | 1.00 | -1 |
| Mantle Mining Corp | 20 | 25 | 1-5 | 4.0 | 6.6 | -39 | 0.80 | 1.94 | 1.00 | +30 | Progen Pharms | 272 | 840 | 2-6 | 75.0 | 65.4 | +15 | 0.80 | 1.90 | 1.00 | +62 |
| Mantra Resources | 137 | 20 | 1-7 | 118.0 | 119.6 | -1 | 0.83 | 1.14 | 1.00 | +0 | Proto Resources | 82 | 20 | 3-9 | 56.0 | 71.1 | -21 | 0.91 | 1.11 | 1.00 | -2 |
| Marengo Mining | 38 | 20 | 0-3 | 17.0 | 18.4 | -8 | 0.63 | 2.04 | 1.00 | -10 | Pryme Oil & Gas | 38 | 40 | 0-7 | 10.0 | 5.1 | +97 | 0.48 | 4.05 | 1.00 | +64 |
| Marginbet Ltd | 9 | 20 | 2-10 | 2.4 | 0.5 | +415 | 0.33 | 4.06 | 1.00 | +38 | Pure Health | 18 | 20 | 0-1 | 2.0 | 0.4 | +361 | 0.60 | 9.99 | 1.00 | +999 |
| Mavuzi Resource | 45 | 20 | 2-7 | 21.5 | 29.6 | -27 | 0.52 | 1.44 | 1.00 | -3 | Pulse Energy Res | 73 | 30 | 1-1 | 42.5 | 47.3 | -10 | 0.79 | 1.46 | 1.00 | -1 |
| Maximus Resources | 25 | 20 | 0-7 | 8.0 | 9.1 | -13 | 0.88 | 2.10 | 1.00 | +21 | QRScience Holdings | 22 | 45 | 4-7 | 5.0 | 10.6 | -53 | 0.73 | 1.46 | 1.00 | +20 |
| Mec Resources | 12 | 20 | 0-0 | 0.4 | 9.1 | -96 | 0.90 | 2.10 | 1.00 | +999 | Qld Gold & Minerals | 17 | 20 | 0-7 | 3.0 | 2.4 | +23 | 0.63 | 3.45 | 1.00 | +68 |
| Medic Vision Ltd | 14 | 20 | 4-2 | 6.0 | 7.1 | -15 | 0.70 | 1.48 | 1.00 | +16 | Quantum Resources | 3 | 10 | 2-11 | 2.0 | 0.2 | +747 | 0.58 | 2.58 | 1.00 | +71 |
| Medical Therapies | 14 | 20 | 0-1 | 0.2 | 0.1 | +41 | 0.92 | 8.92 | 1.00 | +999 | Quantum Resources | 3 | 10 | 4-5 | 1.0 | 0.5 | +106 | 0.58 | 2.02 | 1.00 | +40 |
| Metal Storm | 11 | 0 | 1-9 | 4.0 | 10.4 | -61 | 0.43 | 1.01 | 1.00 | -41 | Quantum Resources | 3 | 5 | 5-0 | 1.0 | 1.0 | +1 | 0.58 | 1.64 | 1.00 | +19 |
| Metals Australia | 10 | 5 | 1-10 | 5.8 | 6.7 | -13 | 0.89 | 1.35 | 1.00 | +4 | Queensland Ores | 32 | 35 | 1-0 | 10.0 | 7.5 | +32 | 0.62 | 2.59 | 1.00 | +41 |
| Metals X Ltd | 44 | 20 | 1-1 | 24.0 | 26.1 | -8 | 0.68 | 1.57 | 1.00 | +1 | Quest Investments | 10 | 15 | 1-1 | 3.6 | 2.4 | +51 | 0.85 | 2.21 | 1.00 | +77 |
| Metroland Australia | 16 | 26 | 1-6 | 1.2 | 1.4 | -12 | 0.43 | 3.78 | 1.00 | +42 | Ramelius Resources | 180 | 100 | 1-7 | 113.0 | 129.5 | -13 | 1.29 | 1.24 | 1.00 | +11 |
| Midas Resources | 13 | 10 | 1-10 | 5.5 | 7.4 | -25 | 1.01 | 1.40 | 1.00 | +12 | Ramelius Resources | 180 | 20 | 0-1 | 160.5 | 160.1 | +0 | 1.29 | 1.12 | 1.00 | +3 |
| Millepde International | 3 | 15 | 0-3 | 3.5 | 0.0 | +999 | 1.29 | 5.11 | 1.00 | +999 | Range River Gold | 4 | 25 | 0-10 | 0.9 | 0.1 | +999 | 0.90 | 3.86 | 1.00 | +739 |
| Millepde Int'l | 3 | 5 | 4-4 | 0.9 | 2.7 | -66 | 1.29 | 1.11 | 1.00 | +14 | Reco Financial Serv | 1 | 10 | 1-1 | 0.8 | 0.0 | +999 | 0.84 | 3.77 | 1.00 | +559 |
| Mindax Ltd | 18 | 20 | 0-7 | 4.1 | 5.0 | -18 | 1.01 | 2.22 | 1.00 | +65 | Record Realty | 78 | 100 | 0-4 | 0.9 | 0.1 | +711 | 0.21 | 9.99 | 1.00 | +121 |
| Minemakers Ltd | 27 | 30 | 1-1 | 7.8 | 9.0 | -13 | 0.85 | 1.99 | 1.00 | +36 | Red Fork Energy | 66 | 20 | 1-5 | 45.0 | 47.8 | -6 | 0.60 | 1.35 | 1.00 | -1 |
| Mineral Securities | 170 | 115 | 0-2 | 58.0 | 56.5 | +3 | 0.46 | 2.97 | 1.00 | +11 | Red River Resources | 50 | 20 | 2-4 | 32.5 | 38.0 | -15 | 0.97 | 1.22 | 1.00 | +2 |
| Mining Projects Group | 1 | 1 | 1-8 | 0.5 | 0.5 | +9 | 0.99 | 1.51 | 1.00 | +30 | Red Sky Energy | 12 | 30 | 1-8 | 1.6 | 0.7 | +127 | 0.53 | 3.48 | 1.00 | +79 |
| Moby Oil & Gas | 14 | 30 | 0-7 | 1.2 | 0.1 | +999 | 0.48 | 7.74 | 1.00 | +295 | Redbank Mines | 10 | 28 | 0-6 | 1.2 | 0.4 | +221 | 1.02 | 3.61 | 1.00 | +825 |
| Monax Mining | 51 | 120 | 0-1 | 2.5 | 0.0 | +999 | 0.97 | 9.99 | 1.00 | +999 | Regal Resources | 12 | 20 | 1-0 | 1.7 | 1.2 | +38 | 0.65 | 3.17 | 1.00 | +89 |
| Montec International | 2 | 10 | 0-7 | 0.2 | 0.0 | +345 | 1.08 | 3.60 | 1.00 | +999 | Regis Resources | 10 | 5 | 6-2 | 7.5 | 7.5 | -0 | 0.57 | 1.23 | 1.00 | +4 |
| Monteray Group | 3 | 10 | 1-1 | 0.4 | 0.1 | +349 | 0.69 | 3.78 | 1.00 | +215 | Regis Resources NL | 10 | 20 | 4-5 | 3.9 | 3.4 | +15 | 0.57 | 1.77 | 1.00 | +22 |
| Monteray Group | 3 | 10 | 1-1 | 3.5 | 0.1 | +999 | 0.69 | 3.78 | 1.00 | +301 | Regis Resources NL | 10 | 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 |
|----------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| Saracen Mineral Hold | 46 | 13 | 2-0 | 14.0 | 34.6 | -60 | 0.60 | 1.29 | 1.00 | -23 |
| Segue Resources | 11 | 100 | 2-7 | 5.0 | 6.2 | -19 | 1.69 | 1.23 | 1.00 | +144 |
| Select Vaccines | 3 | 20 | 0-6 | 0.2 | 0.0 | +999 | 0.81 | 7.68 | 1.00 | +999 |
| Shieldliner Ltd | 12 | 15 | 0-7 | 6.3 | 3.1 | +106 | 1.06 | 2.24 | 1.00 | +167 |
| Sierra Mining | 20 | 20 | 3-1 | 7.0 | 10.9 | -36 | 0.75 | 1.46 | 1.00 | +10 |
| Souls Private Equity | 23 | 30 | 2-1 | 3.5 | 1.5 | +132 | 0.21 | 5.60 | 1.00 | +22 |
| Sovereign Metals | 45 | 20 | 2-7 | 27.5 | 32.6 | -16 | 0.83 | 1.27 | 1.00 | +2 |
| Stirling Minerals | 20 | 20 | 2-7 | 4.2 | 7.4 | -43 | 0.48 | 1.99 | 1.00 | +8 |
| Stirling Products | 6 | 20 | 0-1 | 0.1 | 0.0 | +999 | 0.62 | 9.99 | 1.00 | +999 |
| Stonehenge Metals | 41 | 25 | 2-1 | 20.0 | 23.2 | -14 | 0.64 | 1.55 | 1.00 | +5 |
| Strathfield Group | 4 | 7 | 0-4 | 0.2 | 0.0 | +999 | 0.50 | 9.73 | 1.00 | +529 |
| Strike Resources | 238 | 20 | 0-7 | 229.0 | 218.8 | +5 | 0.62 | 1.09 | 1.00 | +8 |
| Style Plantation | 80 | 20 | 1-2 | 60.0 | 61.6 | -3 | 0.45 | 1.30 | 1.00 | +0 |
| Sub-Sahara Res | 8 | 15 | 1-7 | 3.6 | 0.7 | +414 | 0.47 | 3.50 | 1.00 | +68 |
| Sun Resources NL | 10 | 20 | 1-1 | 1.5 | 0.4 | +284 | 0.50 | 4.48 | 1.00 | +103 |
| Sundance Energy | 52 | 38 | 0-0 | 14.0 | 14.0 | -0 | 0.63 | 3.71 | 1.00 | +0 |
| Sunnycove Mgmt | 85 | 150 | 1-6 | 9.1 | 3.5 | +163 | 0.36 | 4.95 | 1.00 | +52 |
| Swish Group | 1 | 2 | 2-2 | 0.3 | 0.3 | +10 | 0.85 | 1.80 | 1.00 | +54 |
| Synergy Metals | 4 | 3 | 3-9 | 2.4 | 2.7 | -10 | 0.94 | 1.22 | 1.00 | +11 |
| Talisman Mining | 121 | 20 | 3-1 | 100.0 | 111.5 | -10 | 1.26 | 1.06 | 1.00 | -0 |
| Target Energy | 28 | 25 | 1-12 | 11.0 | 14.1 | -22 | 0.81 | 1.56 | 1.00 | +14 |
| Tasman Resources | 28 | 20 | 2-1 | 12.5 | 16.0 | -22 | 0.80 | 1.47 | 1.00 | +7 |
| Tawana Resources | 16 | 100 | 0-5 | 0.7 | 0.0 | +999 | 0.89 | 7.03 | 1.00 | +999 |
| Telezon | 24 | 20 | 0-7 | 9.2 | 7.5 | +23 | 0.79 | 2.31 | 1.00 | +45 |
| Terrain Minerals | 20 | 25 | 2-8 | 6.8 | 6.7 | +1 | 0.55 | 1.96 | 1.00 | +19 |
| Territory Uranium | 30 | 70 | 2-7 | 6.5 | 6.5 | +0 | 0.65 | 2.11 | 1.00 | +44 |
| Texon Petroleum | 68 | 50 | 1-5 | 27.0 | 24.5 | +10 | 0.33 | 2.47 | 1.00 | +9 |
| Thundelarra Exp | 46 | 19 | 1-7 | 30.0 | 30.2 | -1 | 0.66 | 1.44 | 1.00 | +4 |
| Tidewater Invest | 75 | 125 | 1-6 | 0.5 | 4.1 | -88 | 0.37 | 4.58 | 1.00 | +41 |
| Tiger Resources | 39 | 45 | 0-4 | 11.0 | 3.6 | +208 | 0.63 | 4.59 | 1.00 | +208 |
| Tomahawk Energy | 29 | 20 | 1-1 | 9.5 | 13.9 | -32 | 0.85 | 1.69 | 1.00 | +3 |
| Tomahawk Energy | 29 | 20 | 1-10 | 10.0 | 16.3 | -39 | 0.85 | 1.47 | 1.00 | +3 |
| Torrens Energy | 55 | 25 | 2-4 | 32.0 | 37.7 | -15 | 0.74 | 1.34 | 1.00 | +2 |
| Trafford Resources | 118 | 25 | 0-11 | 89.5 | 96.3 | -7 | 1.26 | 1.19 | 1.00 | -3 |
| Transit Holdings | 48 | 25 | 2-1 | 26.0 | 33.5 | -22 | 0.98 | 1.29 | 1.00 | +3 |
| Transol Corporation | 3 | 2 | 3-6 | 1.8 | 1.9 | -7 | 1.03 | 1.19 | 1.00 | +11 |
| Trojan Equity | 101 | 100 | 0-7 | 6.0 | 6.8 | -11 | 0.14 | 9.99 | 1.00 | +9 |
| U308 Limited | 48 | 25 | 1-7 | 24.0 | 29.6 | -19 | 0.84 | 1.43 | 1.00 | +2 |
| Unilife Medical Sol | 34 | 50 | 0-7 | 9.0 | 2.0 | +354 | 0.57 | 4.60 | 1.00 | +164 |
| Union Resources | 2 | 10 | 1-4 | 0.4 | 0.1 | +342 | 0.89 | 2.82 | 1.00 | +273 |
| Union Resources | 2 | 10 | 1-4 | 4.0 | 0.1 | +999 | 0.89 | 2.80 | 1.00 | +361 |
| United Minerals Corp | 98 | 20 | 0-8 | 77.0 | 79.5 | -3 | 1.14 | 1.22 | 1.00 | -2 |
| United Uranium | 20 | 20 | 1-7 | 5.0 | 7.0 | -28 | 0.63 | 2.02 | 1.00 | +15 |
| Uran Ltd | 30 | 20 | 1-6 | 16.0 | 20.3 | -21 | 1.36 | 1.27 | 1.00 | +14 |
| Uranium Exploration | 26 | 20 | 0-4 | 10.0 | 7.7 | +30 | 0.69 | 2.77 | 1.00 | +54 |
| Uranium Oil & Gas | 15 | 20 | 2-8 | 5.5 | 5.4 | +3 | 0.62 | 1.84 | 1.00 | +22 |
| Uraniumsa Ltd | 16 | 25 | 2-2 | 6.0 | 4.2 | +42 | 0.63 | 2.11 | 1.00 | +36 |
| Venture Minerals | 39 | 25 | 0-7 | 20.0 | 16.7 | +20 | 0.79 | 1.99 | 1.00 | +31 |
| Verus Investments | 7 | 10 | 2-7 | 3.0 | 4.4 | -32 | 1.22 | 1.27 | 1.00 | +28 |

| 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 |
|----------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| Victoria Petroleum | 13 | 25 | 2-2 | 5.5 | 1.5 | +259 | 0.50 | 2.88 | 1.00 | +51 |
| View Resources | 31 | 20 | 0-7 | 15.0 | 13.0 | +15 | 0.68 | 2.10 | 1.00 | +23 |
| Virax Holdings Ltd | 9 | 20 | 2-1 | 2.6 | 0.7 | +254 | 0.46 | 3.38 | 1.00 | +54 |
| Visiomed Group | 2 | 12 | 0-4 | 0.1 | 0.0 | +999 | 0.79 | 9.99 | 1.00 | +999 |
| Vital Metals | 90 | 80 | 0-9 | 29.0 | 22.0 | +32 | 0.49 | 2.99 | 1.00 | +29 |
| WAM Capital | 178 | 180 | 0-1 | 0.6 | 1.4 | -58 | 0.14 | 9.99 | 1.00 | +42 |
| WCP Diversified Inv. | 11 | 2 | 2-7 | 6.8 | 9.0 | -24 | 0.75 | 1.15 | 1.00 | -7 |
| WCP Resources | 11 | 4 | 2-7 | 3.5 | 7.8 | -55 | 0.75 | 1.27 | 1.00 | -12 |
| Washington Res | 25 | 25 | 0-3 | 4.8 | 4.3 | +10 | 0.90 | 3.31 | 1.00 | +119 |
| Western Metals | 17 | 35 | 2-5 | 8.4 | 7.0 | +20 | 0.95 | 1.56 | 1.00 | +47 |
| West Aust Metals | 36 | 5 | 0-9 | 30.0 | 30.8 | -2 | 0.60 | 1.15 | 1.00 | -2 |
| Western Uranium | 16 | 20 | 2-7 | 10.0 | 7.2 | +39 | 0.81 | 1.56 | 1.00 | +29 |
| Westonia Mines | 11 | 10 | 2-7 | 5.5 | 4.9 | +12 | 0.64 | 1.65 | 1.00 | +16 |
| Westralian Gas & P | 14 | 25 | 1-10 | 5.7 | 9.5 | -40 | 1.68 | 1.22 | 1.00 | +55 |
| Westside Corporation | 55 | 50 | 1-4 | 20.0 | 21.0 | -5 | 0.72 | 1.91 | 1.00 | +21 |
| Whinnen Resources | 30 | 20 | 1-2 | 19.0 | 15.1 | +26 | 0.81 | 1.67 | 1.00 | +25 |
| Xceed Biotechnology | 15 | 20 | 2-2 | 4.1 | 4.5 | -10 | 0.64 | 1.97 | 1.00 | +26 |
| Xenolith Gold | 9 | 8 | 3-7 | 5.5 | 6.3 | -13 | 1.06 | 1.20 | 1.00 | +13 |
| Yellow Rock Res | 28 | 20 | 2-0 | 13.0 | 16.2 | -20 | 0.89 | 1.42 | 1.00 | +10 |
| Zamia Gold Mines | 13 | 20 | 1-7 | 3.5 | 2.3 | +54 | 0.57 | 2.66 | 1.00 | +45 |
| Zedex Minerals | 32 | 20 | 1-0 | 13.0 | 14.6 | -11 | 0.57 | 1.96 | 1.00 | +3 |

New Zealand 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 |
|--------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| Burger Fuel W/wide | 70 | 100 | 1-3 | 1.0 | 4.2 | -76 | 0.33 | 5.1 | 1.00 | +34 |
| Infratil (B) | 292 | 175 | 1-7 | 135.0 | 140.1 | -4 | 0.22 | 2.1 | 1.00 | + |
| Infratil (C) | 292 | 425 | 4-7 | 62.0 | 57.3 | +8 | 0.22 | 3.1 | 1.00 | +12 |
| Kingfish | 127 | 100 | 0-1 | 32.0 | 27.7 | +15 | 0.23 | 4.6 | 1.00 | +59 |
| Salvus Strategic | 101 | 100 | 0-1 | 6.0 | 3.0 | +97 | 0.18 | 21.2 | 1.00 | +79 |

Review of Existing Options

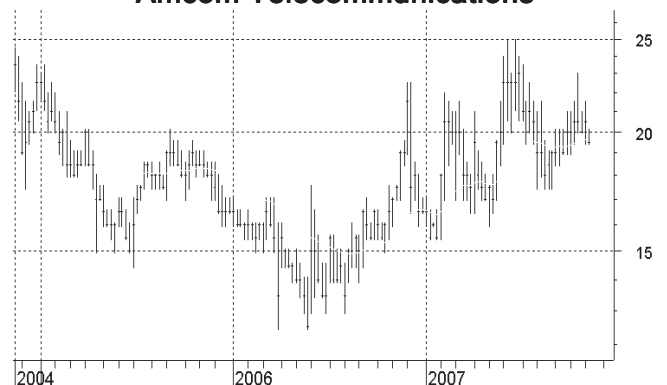
Current Action: Our Marengo Mining options expire in just three months, so we are looking for the opportunity to realise some further partial profits on any price strength to around 20-22 cents.

Amcom Telecommunications (codes AMM and AMMO). Amcom Telecommunications lifted revenues 17.6% to \$36.7 million for the year to June 2007. Profits were up 64.6% at \$7,900,000 (1.6 cents per share) and the annual dividend rate was 33.3% higher at 0.5 cents.

These options give us the right to buy shares at 17 cents on 31 December 2009. At 5.4 cents the options trade at a 26% discount to their fair value, offer a high 2.07 times leverage and have a low 7% per annum "Break-Even rate" (i.e. the shares need to rise by 7% p.a. to add further value to the options).

This is an attractive leveraged investment.

Amcom Telecommunications



Aurox Resources (codes AXO and AXOO).

Aurox Resources options finished trading around 109 cents - up 19½-fold on our initial cost of 5.6 cents in May 2005. Options are volatile and *wasting* investments that

can often expire worthless - so one very big winner like this more than makes up for a few that fail.

As we indicated in August, we like Aurox Resources' iron and vanadium projects, so we exercised our options to buy shares at 20 cents (rather than selling on-market to realise 109 cents per option). The shares have since dipped back a little to 120½ cents.

Greater Pacific Gold (codes GPN and GPNO).

The shares have fallen 46.2% to 2.1 cents over the last quarter, so the options are down 35.7% at 0.9 cents. This is a very volatile company - so could recover - but the options (to buy shares at 3.0 cents) have only six months until their final exercise/expiry date. That short period means there is a high probability that the options could expire worthless.

Greater Pacific Gold



Marengo Mining (codes MGO and MGGO).

Exploration continues to discover further high grade base metals at the company's *Yandera Copper-Molybdenum Project*. A Definitive Feasibility Study is now being undertaken by **GRD Minproc** and **URS Australia** which will be completed by mid-2009.

Marengo Mining will then need to raise around US\$942 million initially (plus another US\$198 million to increase production volumes) to establish a mining operation.

We originally bought these options at 10 cents in August 2005 and sold about one-third in May this year at around 21½ cents. The final exercise/expiry date is 28 February 2008 - so we would look to realise further profits on any strength. If the shares rise to around 40-42 cents we would look to sell some of our options at 20-22 cents.

Marengo Mining



Metroland Australia (codes MTD and MTDO).

Revenues increased 3-fold to \$27.5 million and profits more than quadrupled to \$3,006,000 (2.8 cents per share), but the annual dividend remained steady at 0.5 cents. This is a small property development company, so results fluctuate owing to the timing and profitability of individual development projects.

The options will allow us to buy shares at 26 cents on 28 May 2009. So the shares need to rise *very strongly* from 16 cents - but have 18 months - if the options are to have any value. That is *possible*, but the situation becomes more high risk as time ticks away! Hold.

ORT (codes ORT and ORTO).

These options became virtually worthless some time ago and will expire on 28 February 2008.

Stirling Products (codes STI and STIO).

These options also became worthless a while ago and will expire at the end of next month.

Options Offer Possible Entry to a High Risk, Potential High Growth Company

QRSciences Holdings (code QRS and QRSOA).

This company sought to commercialise the use of *Quadrupole Resonance* (QR) to detect chemicals (e.g. screening for explosives) but since listing on the Australian stockmarket five years ago the shares have fallen 85% in value *and* the issued capital has expanded 8½-fold as the company made a series of share placements and cash issues to raise (and spend) large amounts of cash. In July 2006, every ten old shares were consolidated to one new share. Overall this company has *destroyed* significant shareholder wealth!

But the company's future *may* be about to turn around and improve. As this is still an uncertain and risky situation, the options (to buy shares at 45 cents in December 2012) offer a way to gain an exposure to the company while minimising the amount of capital put at risk immediately.

Company History

This business listed on the Australian stockmarket in December 2002 via a reverse takeover by listed **Clearwater Group** (which changed its name to QRSciences Holdings in September 2003).

(Continued on Page 18)

QRSciences *(Continued from Page 17)*

The potential for an improvement in the company's fortunes and prospects for the immediate future result from its expansion to acquire the business and assets of **Baxall Australia** (renamed QRSciences Security) in February 2007 for \$4.3 million in cash plus a further payment in February 2008 (i.e. 25% in shares, 75% in cash) equal to four times earnings (before interest and tax) for the year to December 2007. This business sells surveillance and monitoring equipment (i.e. closed circuit television, security cameras, digital video recorders) and generated revenues of \$5 million in the year to December 2006. Revenues are expected to double to \$10 million this year and again to \$20 million in 2008.

QRSciences Security has recently won contracts to supply over \$4 million of security cameras, \$3-5 million worth of video cameras (to be delivered over three years) to a transport company and CCTV to over 30 shopping centres (worth \$500,000-750,000).

The company owns 27.4% of **Spectrum San Diego, Inc** (at a cost of US\$2.6 million) with US\$100,000 of convertible notes which could take its ownership to 28.7%. It also has an option to increase that to 100% (on undisclosed terms) until 18 February 2009. Spectrum has developed *CastScope*, a portable low dose X-ray to scan casts, bandages and artificial limbs which has been successfully tested at US airports. In October the company received a contract worth up to US\$37.2 million (A\$42 million). Delivery will be over 2008 and 2009, with service and maintenance through to 2012. This order should make Spectrum profitable from 2008. Further sales of this product are possible internationally and for non-aviation applications (i.e. scanning at courthouses, prisons, border crossings).

In August Spectrum was awarded a US\$1.6 million contract from the US Government to develop an ultra low dose vehicle scanner, *CarScan*, capable of detecting bombs, hidden persons, drugs and other contraband.

Since balance date, QRSciences Holdings has raised \$9.07 million from a cash issue to existing shareholders at 30 cents (plus an option for every new share).

Recent Results

For the year to June 2007, revenues rose 5.4-fold to \$14.3 million although the company traded at a 58.1% greater loss of \$10,736,000. Since balance date, however, the company reports it is trading "close to break-even" before interest and tax.

Investment Criteria

It is difficult to value QRSciences Holdings as the company has been unprofitable - and, in fact, has sustained significant losses in the past. The Price/Sales ratio is 1.39 - but the issued capital has increased since balance date (which would dilute this figure) although revenues also appear to be rising rapidly.

The issued capital is 85,244,000 shares, so the market capitalisation is around \$18.3 million, making this a *micro-cap* company.

The only reliable indicator of the possible value of the shares is insider buying. Over the last year there

have been nine insider buys (and no sells) on-market.

The Chairman K Russeth made four buys, purchasing 160,000 shares at 40 cents in May, 11,406 shares at 26-26½ cents and 105,373 shares at 25½ cents in September and 200,000 shares at 27-31½ cents in October to increase his holding to 2,150,336 shares (about 2.5% of the company).

RG Halverson purchased 100,000 shares at 36-39 cents in May and 68,131 shares at 25 cents in September to lift his holding to 290,131 shares.

RJ Schoer bought 15,000 shares at 35-37 cents in April and 54,372 shares at 25 cents in September, taking his shareholding to 324,372.

N Shank bought 91,497 shares on-market at 25 cents in September, to own 221,497 shares.

The shares are *neglected* by stockbrokers and there are only a few institutional shareholders. One institution owns 22.3% of the company and four others own a total of 14.1%.

QRSciences Holdings shares have performed *very poorly* over the last five years *and are still in a downtrend!* The Relative Strength rating is -15.8%, ranked 86. The shares hit a low of 23 cents in August, recovering to 49 cents in early October, but have since slipped back to a new low of 21 cents before closing at 22 cents.

Summary and Recommendation

We would recommend extreme caution investing in QRSciences Holdings. This company has been very successful (if that is the right word?) at *destroying* shareholder wealth!!

The share price continues to hit new lows - but *insiders* have been actively buying shares over recent months and the company does appear to be growing its revenues.

So there is *perhaps* recovery and growth potential, but this situation still looks extremely risky and we would be unwilling to make any significant investment in QRSciences Holdings shares at this stage.

The options, however, enable us to minimise an initial investment (i.e. only 5 cents to buy an option, compared with 22 cents at risk buying the shares) and *if the company is successful* then the share price should have risen above 45 cents by June 2012 and the options could have become extremely valuable. For example, if the shares recover to 100 cents (up 4½-fold) then the options would be worth 55 cents (up 11½-fold).

QRScience Holdings



Dividend \$

“Portfolio Investment Entities”

| Company | Cents per Share | Ex-Date | Pay-able | Tax Credit |
|-----------------------------|-----------------|---------|----------|------------|
| Allied Work Force | 2.80 | 22-11 | 30-11 | Full |
| Canterbury Building Society | 8.00 | 23-11 | 30-11 | Full |
| Cavalier Corporation | 3.00 | 30-11 | 07-12 | Full |
| Dairy Equity | 1.31 | 09-11 | 16-11 | Full |
| Dominion Finance | 5.00 | 09-11 | 16-11 | Full |
| F & P Appliances | 9.00 | 23-11 | 05-12 | 2.25 |
| Goodman Property Trust | 2.475 | - | - | PIE |
| ING Property Trust | 2.030 | 07-12 | 14-12 | 0.345 |
| Kermadec Property | 2.16 | 09-11 | 16-11 | PIE |
| Kircaldie & Stains | 5.00 | 07-12 | 17-12 | Full |
| Loan & Building | 8.00 | 23-11 | 30-11 | Full |
| Lyttelton Port Company | 2.70 | 31-10 | 14-11 | Full |
| Northland Port special | 10.00 | 09-11 | 16-11 | Nil |
| NZ Finance | 1.00 | 16-11 | 23-11 | Full |
| Oyster Bay | 5.00 | 02-11 | 15-11 | Full |
| Postie Plus Group | 2.50 | 09-11 | 11-12 | Full |
| Property For Industry | 1.625 | 08-11 | 19-11 | 0.165 |
| Restaurant Brands | 3.00 | 09-11 | 23-11 | Full |
| Scott Technology | 6.00 | 23-11 | 29-11 | Full |
| Trust Power | 15.00 | 30-11 | 14-12 | Full |
| Wakefield Healthcare | 8.00 | 30-11 | 07-12 | Full |
| <u>Australian Shares</u> | | | | |
| TFS Corporation | 2.50 | 12-11 | 30-11 | |

Both Goodman Property Trust and Kermadec Property have each registered as a “Portfolio Investment Entity” or “PIE”. These are taxed at the fund level with no further tax on distributions to their investors.

For a NZ resident investor, distributions are classed as “excluded distributions” for tax purposes and not subject to further tax at the personal level. Distributions paid to non-residents are not subject to NZ withholding tax (but may be subject to tax in the investor's country of residence).

A “Portfolio Investment Entity” will pay income tax on its income (although the tax on NZ dividend income will be largely covered by imputation tax credits received) while capital gains on NZ shares and Australian shares in the All Ordinaries index will be tax-free. Investments in smaller Australian shares and other international shares will be subject to income tax on the deemed 5% rate of return, regardless of actual gains or losses incurred.

All distributions to investors (either from income or capital gains) will be “excluded distributions” not subject to personal income tax.

This puts Investment Funds on a similar tax basis as individual NZ resident investors after 32 years!

Robert Muldoon introduced the capital gains tax in 1975, attacking finance companies and institutional investors as part of his negotiations with unions aimed at controlling wages and prices at a time when inflation was out of control. Whew! It took half a lifetime, but the Government has finally got *that* anomaly out of the tax system.

Total Return Index for All Listed Shares

| | | | | |
|--------|---------|---------|---------|--|
| | Oct 8 | 2523.30 | | |
| | Oct 9 | 2524.93 | | |
| | Oct 10 | 2525.66 | | |
| | Oct 11 | 2547.13 | | |
| | Oct 12 | 2529.45 | | |
| Oct 15 | 2529.94 | Oct 22 | Holiday | |
| Oct 16 | 2534.43 | Oct 23 | 2493.24 | |
| Oct 17 | 2524.58 | Oct 24 | 2509.16 | |
| Oct 18 | 2525.55 | Oct 25 | 2503.91 | |
| Oct 19 | 2496.70 | Oct 26 | 2482.62 | |
| Oct 29 | 2475.30 | Nov 5 | 2448.72 | |
| Oct 30 | 2480.79 | Nov 6 | 2417.86 | |
| Oct 31 | 2474.59 | Nov 7 | 2419.10 | |
| Nov 1 | 2476.28 | Nov 8 | 2419.87 | |
| Nov 2 | 2455.95 | Nov 9 | 2415.62 | |

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday December 10, 2007.

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

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