

Market Analysis

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Inside Market Analysis

Melbourne IT makes global acquisition	5	Warrant / Option Analysis	8, 9, 10
MYOB distributes \$80 million, plans further \$50-70 million payout and higher dividends	5, 6	New Option Investments: Allied Brands, Electrometals, Whinnett Resources	11, 12

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

The stockmarket is looking beyond the *Credit Crunch*, knowledgeable *insiders* are buying and many shares offer exceptional value. Buy and remain fully invested in the recommended shares.

Investment Outlook.

In late January world stockmarket suffered a “selling panic” which this newsletter “considered an important *Buy* signal”. We discussed how the market usually hits its low either during the selling panic or can drift a little lower and hit its low within the next few weeks or months.

As the Selling Panic *Buy* Signal would suggest, world stockmarkets reached their lows in mid to late March and have since started to recover and in most cases are now *above* the levels hit in the January sell-off. Notice, of course, that this is happening even while the media reports “More bad news from the *Credit Crunch*” and “Further massive write-offs” virtually daily. The stockmarket, as you should know, *anticipates* future events, while the media reports company announcements relating to *past* periods (e.g. the March quarter - a period 6-19 weeks in the past).

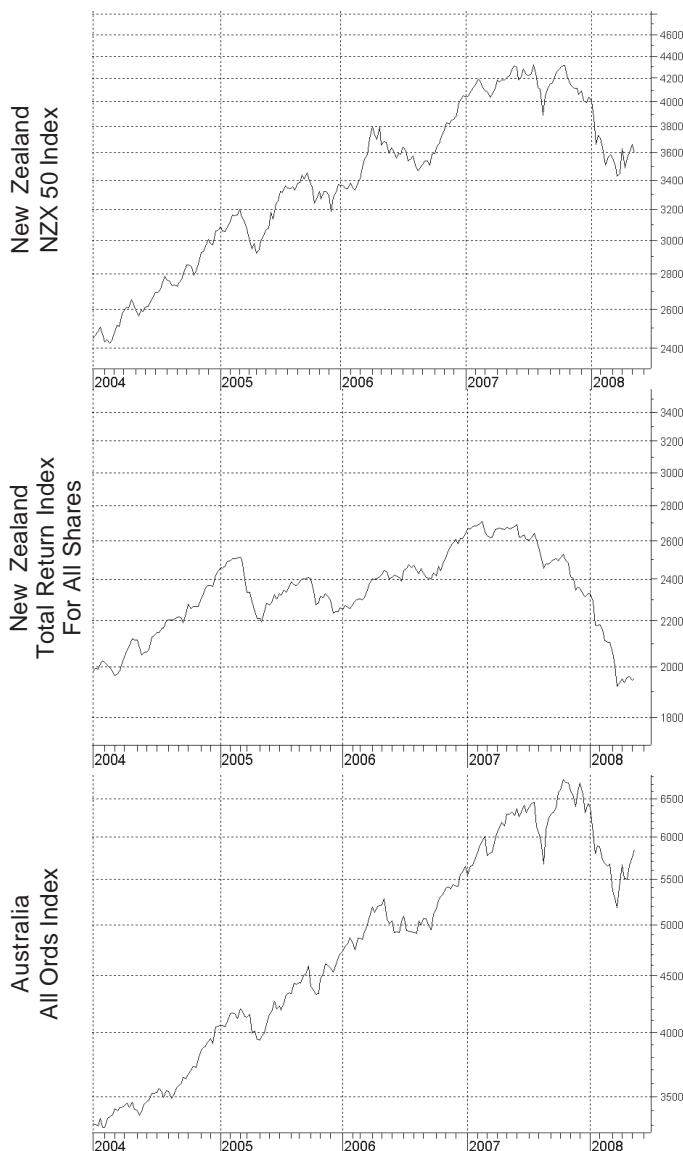
Here is what stockmarkets have done: The US market fell 2.8% from the January sell-off - and has since recovered 7.8% (all figures in local currency terms). The UK market slipped 6.9%, before recovering 12.9%. The Australian and NZ stockmarkets have lagged behind this recovery. Australian shares fell 10.6%, but are up 12.8% from those lows. The New Zealand NZX50 index slipped 7.1% and managed to recover just 5.8%. Our more broadly based TRI of all NZ shares shows an 11.9% decline to the end of March and just a 1.7% recovery since then.

The late January sell-off therefore clearly marks a change in the performance of world stockmarkets. Virtually all of the *current* decline occurred *during 2007 and January 2008* - while over the last 3½ months stockmarkets have generally drifted sideways and slightly upwards.

It is probably safe to say that the *Credit Crunch* crisis is dead - for the stockmarket, if not for the media - and investors will now need to worry about the *next* crisis. A major crisis occurs three or four times per
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Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	73% (Bullish)	70% (Bullish)
New Zealand:	62% (Bullish)	44% (Neutral)



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	
A2 Corporation	D	14	2.79	NE	Nil	Infratil NZ	B	230	1.52	31	8.1	Provencocadmus	E	39	0.32	NE	Nil	
AMP Onyx Mgmt	B	120	7.67	20	6.5	Jasons Media	C	80	1.11	22	5.6	Pumpkin Patch	C	175	0.80	11	7.7	
AMP Limited	C	910	1.00	16	5.2	Just Water Int.	C	67	1.62	NE	8.0	Pyne Gould Corp	C	345	1.77	11	9.1	
Abano Health	B	450	1.16	21	3.6	Kermadec Prop.	C	75	5.14	10	Nil	Rakon Ltd	D	313	3.60	36	Nil	
Affco Holdings	D	38	0.20	NE	Nil	Kingfish Ltd	B	106	N/A	2	8.4	Renaissance	C	61	0.14	8	18.4	
Air New Zealand	D	117	0.28	6	10.2	Kirkcaldie & St	B	285	0.63	25	5.2	Restaurant Brds	C	78	0.25	7	12.4	
Akd Int Airport	C	220	8.35	29	5.6	Kiwi Property	B	124	8.73	15	7.7	Richina Pacific	C	61	0.19	4	2.5	
Allied Work.	C	70	0.22	11	11.7	Life Pharmacy	D	50	3.00	NE	1.5	Rubicon Limited	E	91	0.41	NE	Nil	
Allied Farmers	C	137	0.24	NE	2.2	Lion Nathan Ltd	A	995	2.54	21	3.9	Ryman Health.	C	177	4.65	21	2.3	
Apple Fields	C	6.0	1.78	3	Nil	Livestock Imp.	A	255	0.64	8	14.6	Salvus Strat.	A	95	2.21	2	8.6	
Barramundi Ltd	D	73	N/A	3	Nil	Lombard Group	D	17	0.12	1	Nil	Sanford Limited	B	455	1.15	22	7.2	
Bliis Technology	E	6.0	9.52	NE	Nil	Lytelton Port	B	220	2.95	23	2.7	Satara Co-op	A	98	0.27	12	4.6	
Botry-Zen Ltd	E	3.5	N/A	NE	Nil	Mainfreight Grp	B	670	0.67	12	3.3	Savoy Equities	E	1.0	N/A	NE	Nil	
Briscoe Group	C	112	0.58	11	10.7	Marlin Global	E	74	N/A	NE	Nil	Scott Tech. Ltd	C	125	1.06	10	10.7	
Broadway Ind	C	70	0.29	13	2.9	Media Tech.	E	3.1	0.16	NE	Nil	Sealegs Corp	E	51	5.92	NE	Nil	
Burger Fuel	E	45	N/A	NE	Nil	Methven Limited	D	150	1.14	11	11.4	Seeka Kiwifruit	B	230	0.30	10	13.0	
CDL Investments	B	38	2.68	8	9.0	Metro. LifeCare	C	475	2.42	14	4.6	Skellerup Hold.	C	94	0.56	NE	4.8	
Cabletalk Group	E	2.0	0.02	NE	Nil	Michael Hill	C	84	0.92	15	4.6	Sky Network TV	D	450	2.83	15	3.3	
Cadmus Tech Ltd	E	9.5	1.02	NE	Nil	Mid-Cap Index	D	280	N/A	NE	Nil	Sky City Ltd	C	393	2.18	18	9.9	
Canty Bldg Soc.	C	465	1.02	16	4.8	Millennium & C.	B	73	1.52	11	5.1	Smartpay NZ Ltd	E	1.8	0.14	NE	Nil	
Cavalier Corp	B	260	0.80	11	10.9	Mowbray Collect	D	140	3.39	NE	2.7	Smiths City	C	46	0.09	6	12.0	
Cavotec MSL	C	460	2.20	40	1.3	Mr Chips Hold	A	260	1.34	23	2.3	Sol. Dynamics	E	39	0.33	NE	Nil	
Cert Organics	E	5.2	1.69	NE	Nil	NZ Exchange Ltd	C	800	6.17	22	3.9	South Port NZ	B	225	4.04	26	5.1	
Charlie's Group	E	18	1.88	NE	Nil	NZ Experience	B	33	1.29	9	13.6	Speirs Group	C	39	0.10	NE	11.5	
Col Motor Co	B	323	0.20	13	10.6	NZ Finance Hold	D	50	0.96	12	5.2	Steel & Tube	C	326	0.62	10	13.3	
Comvita	C	195	0.88	23	3.8	NZ Farming Sys.	C	165	N/A	NE	Nil	Sthn Travel	C	25	0.11	6	17.9	
Connexion	E	15	1.49	NE	Nil	NZ Invest Trst	B	1090	N/A	NE	0.8	Tag Pacific Ltd	D	27	0.16	2	3.5	
Contact Energy	A	902	2.60	22	4.5	NZ Oil & Gas	N/R	163	N/A	26	Nil	Taylor's Grp Ltd	C	150	0.55	10	11.9	
Cynotech Hold.	D	15	1.19	8	4.9	NZ Refining Co	A	792	5.62	17	8.5	TeamTalk Ltd	B	212	1.75	12	14.1	
Delegat's Group	B	185	1.39	12	3.6	NZ Wine Company	A	240	1.94	22	4.4	Telecom Corp	C	383	1.42	8	13.8	
Dominion Fin.	C	88	0.78	3	14.4	NZ Windfarms	D	100	N/A	NE	Nil	Tenon Ltd	D	80	0.10	8	Nil	
Dorchester Pac	C	40	0.15	5	33.6	NZ Wool Service	B	36	0.17	18	Nil	Tourism Hold.	C	183	0.95	13	9.0	
Eastern Hi-Fi	E	16	0.09	NE	Nil	NZSX 10 Fund	D	108	N/A	NE	Nil	Tower Limited	C	215	0.80	12	4.2	
Ebos Group Ltd	B	486	0.58	17	6.9	NZSX 50 Port.	D	159	N/A	NE	Nil	Training Sol.	E	0.1	5.00	NE	Nil	
F & P Appliance	D	261	0.52	12	10.3	NZX Aust MidCap	D	700	N/A	NE	Nil	Trust Power Ltd	B	808	4.07	26	5.0	
F & P Health.	D	258	3.70	23	7.2	Nat Property Tr	C	48	3.03	12	10.5	Turners & Grow.	A	220	0.37	12	9.5	
Finzsoft Sol'ns	D	90	1.00	41	7.5	New Image Group	E	13	1.03	NE	Nil	Turners Auction	B	86	0.28	10	10.8	
Fletcher Build.	C	829	0.70	9	8.1	Northland Port	A	289	N/A	13	5.7	Utilico Int'l	A	61	3.43	9	Nil	
Freightways Ltd	C	331	1.50	17	8.1	Nuplex Indust	B	640	0.35	20	6.6	VTL Group Ltd	C	2.5	0.02	0	Nil	
Genesis Res.	E	17	5.56	NE	Nil	Opus Int'l Cons	D	185	N/A	NE	Nil	Vector Ltd	B	201	1.49	20	9.7	
Goodman Prop.	B	137	N/A	7	7.4	Oyster Bay	A	260	2.44	59	2.9	Viking Capital	D	14	2.73	3	Nil	
Guinness Peat	C	178	0.67	7	1.4	Ozzy (Tortis)	D	385	N/A	NE	Nil	WN Drive Tech.	E	36	N/A	NE	Nil	
GuocoLeisure	D	76	1.60	59	6.9	PGG Wrightsons	B	207	0.56	22	8.7	Wakefield Hlth	B	765	1.63	28	3.3	
Hallenstein G.	C	348	1.04	10	15.0	Pac Edge Bio.	E	10	N/A	NE	Nil	Warehouse Group	B	535	0.94	14	4.9	
Hellaby Hold.	C	170	0.17	10	8.8	Pike River Coal	D	165	N/A	NE	Nil	Widespread Prop	N/R	1.3	N/A	NE	Nil	
Heritage Gold *	N/R	3.5	N/A	NE	Nil	Plus SMS Hold.	D	13	N/A	NE	Nil	Windflow Tech.	C	290	7.14	NE	Nil	
Horizon Energy	A	335	2.79	16	8.5	Port Taurangi	B	667	6.37	24	4.9	Wool Equities	D	25	0.28	NE	Nil	
ICP Biotech.	E	1.9	N/A	NE	Nil	Postie Plus Grp	C	45	0.13	7	19.9	World Index Fd	D	133	N/A	NE	Nil	
ING Property	C	93	6.65	14	11.3	Propertyfinance	D	22	0.08	NE	Nil	Xero Ltd	D	77	N/A	NE	Nil	
ING Med. Prop.	B	120	8.56	16	7.9	Property F Ind.	B	127	8.59	14	6.9	Zintel Comm.	C	19	0.24	4	15.7	
													Ave of 150 Cos	C	200	0.32	10	5.1
ABB Grain Ltd	A	976	0.96	NE	1.5	Cons Media Hold	C	382	5.29	37	14.4	Nufarm Limited	A	1800	1.75	29	1.8	
AGL Energy Ltd	B	1323	1.52	14	2.7	Corp Express	B	553	0.82	15	3.9	Oil Search Ltd	A	574	7.50	12	1.9	
AMP Ltd	B	747	0.98	15	5.4	DUET Group	A	338	2.42	75	7.3	Onesteel Ltd	B	628	1.27	26	2.9	
ANZ Bank	C	2300	3.77	10	5.9	David Jones	B	354	0.81	15	6.2	Orica Ltd	A	2840	1.58	18	3.1	
APA Group	B	335	2.71	22	6.0	Deutsche Div Tr	A	131	6.10	14	7.1	Origin Energy	A	1457	2.03	35	1.4	
APN News Media	C	409	1.52	12	7.7	Dexus Property	B	167	6.87	4	6.8	Oxiana Ltd	B	348	N/A	NE	2.3	
ASX Limited	C	3546	N/A	21	4.6	Downer EDI Ltd	A	717	0.42	14	2.9	Paladin Energy	C	535	N/A	NE	Nil	
AWB Limited	B	366	0.26	12	5.5	Dyno Nobel Ltd	A	321	1.65	67	0.9	Pan Australian	B	120	N/A	NE	Nil	
AXA Asia Pac	C	575	1.65	15	3.3	Energy World	B	124	N/A	25	Nil	Paperlin X Ltd	A	258	0.15	14	4.3	
Adelaide Bank	B	1558	4.93	18	4.2	Energy Resource	A	2190	N/A	55	0.9	Perpetual Ltd	A	5600	4.95	13	6.4	
Adelaide Bright	B	357	2.18	17	3.8	Equinox Min.	C	512	N/A	NE	Nil	Platinum Asset	B	433	7.20	16	Nil	
Alumina Ltd	A	631	N/A	14	3.8	Fairfax Media	B	342	2.32	19	5.8	Portman Limited	A	1650	6.01	25	Nil	
Amcor Ltd	B	654	0.58	11	5.2	Felix Resources	A	1581	N/A	63	0.4	Primary Health	B	600	3.78	19	7.5	
Aneka Tambang	C	320	N/A	NE	3.4	Flight Centre	A	1896	1.55	15	3.5	Q.B.E. Insur.	B	2540	1.74	14	3.7	
Ansell Ltd	A	1147	1.33	17	2.1	Fortescue Metal	C	918	N/A	NE	Nil	Qantas Airways	B	341	0.45	9	8.8	
Aquarius Plat.	A	1765	5.41	20	2.8	Foster's Group	B	503	2.08	13	4.7	Queensland Gas	B	545	N/A	NE	Nil	
Aquila Res.	C	1330	N/A	NE	Nil	Futuris Corp.	B	180	0.43	13	5.3	Ramsay Health	B	1255	1.03	20	2.3	
Argo Investment	B	740	N/A	24	3.6	GPT Group	B	317	7.18	5	8.7	Reece Australia	A	2295	1.74	22	2.3	
Aristocrat Leis	B	722	2.97	14	5.0	Goodman Fielder	B	180	0.98	10	7.5	Rio Tinto Ltd	A	14652	1.98	7	1.0	
Arrow Energy	C	304	N/A	NE	Nil	Goodman Group	B	440	8.71	12	7.2	Riversdale Min.	B	840	N/A	NE	Nil	
Ausenco Ltd	A	1605	3.60	32	1.9	Guinness Peat	B	147	0.62	7	1.6	SP Ausnet	B	126	2.59	15	8.9	
Aust W/wide Exp	B	405	N/A	51	Nil	Gunns Ltd	B	308	1.62	13	4.5	Sally Malay Min	A	548	3.40	12	2.2	
Aust Foundation	B	549	N/A	20	3.8	Harvey Norman	C	365	2.91	12	3.0	Santos Ltd	A	1815	3.92	17	2.2	
Australand Prop	B	169	1.48	6	9.8	Healthscope	A	523	0.91	15	3.3	Seek Ltd	B	548	9.92	28	2.5	
Aust Infra.	B	299	N/A	7	5.2	Henderson Group	B	274	5.14	18	5.1	Seven Network	B	892	0.77	1	3.3	
Austar United	C	133	3.35	8	Nil	ING Indust Tr	B	207										

Recommended Investments

Australian Shares

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

Atlas South Sea Pearl has declared a steady interim dividend of 2.0 cents, but the shares will not trade ex-dividend until the 26 June and the dividend will be paid in mid-July.

95,000 pearls, worth over \$6 million, were harvested in February and, together with 40,000 pearls from the 2007 harvest, are now being marketed. The company will make further harvests in June and September and

expects total pearl production of over 200,000 pearls.

Future harvests will increase as over 400,000 oysters were seeded in 2007 and a similar number will be seeded this year. New growout sites in Bali will further spread the risk of pollution or disease.

Difficulties obtaining land and sea leases have delayed the Malaysian expansion, but equipment and oysters are ready to be shipped from Indonesia once the necessary approvals are received.

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation		Perform- mance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
			- Date -	Price									
NZ Shares													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	B	218.9	1.2	2.68	8	9.0	38	17.9	+124%
BUY	Cavalier Corporation	CAV	05/12/95	156*	B	65.5	0.8	0.80	11	10.9	260	216.0	+205%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.20	13	10.6	323	326.8	+333%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.3	0.7	2.95	23	2.7	220	64.8	+90%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	C	382.8	0.9	0.92	15	4.6	84	23.4	+2048%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	350	B	79.9	0.5	0.35	20	6.6	640	217.0	+145%
HOLD+	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.4	0.13	7	19.9	45	8.5	-25%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	C	42.7	1.3	0.14	8	18.4	61	50.9	+32%
HOLD+	Smiths City Group	SCY	09/10/06	64	C	53.0	1.5	0.09	6	12.0	46	7.0	-17%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.8	4.04	26	5.1	225	97.0	+168%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	C	88.2	0.8	0.62	10	13.3	326	202.0	+262%
HOLD	Taylors Group Ltd	TAY	09/11/99	102	C	24.3	0.8	0.55	10	11.9	150	80.0	+125%
Australian Shares (in Aust cents)													
HOLD	AJ Lucas Group	AJL	13/05/03	120	A	54.2	0.6	1.35	46	0.5	540	26.0	+372%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	A	89.3	1.2	1.87	5	9.1	44	15.5	-18%
HOLD+	Austin Group Ltd	ATG	08/02/05	93	D	62.2	2.8	0.09	NE	Nil	8	7.0	-84%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	406*	A	51.6	0.3	2.35	29	2.4	2900	297.6	+688%
HOLD+	Cellnet Group Ltd ¹	CLT	12/02/02	147*	D	74.3	1.4	0.03	NE	Nil	32	32.4	-42%
HOLD	Circadian Technologies	CIR	10/02/04	188	C	40.1	0.9	N/A	NE	Nil	103	65.0	-11%
BUY	Clarius Group Ltd	CND	08/04/03	86	B	53.4	0.8	0.29	6	11.6	164	61.5	+162%
BUY	Computershare Ltd	CPU	12/08/03	189	B	590.9	0.4	3.21	19	1.9	897	61.5	+407%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	35.6	0.8	0.84	12	7.9	98	Nil	+11%
BUY	Devine Ltd	DVN	13/11/06	94	A	284.2	0.8	0.45	12	7.8	102	12.0	+21%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	68.4	1.3	0.71	14	Nil	48	Nil	-2%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	A	33.1	0.8	3.20	16	4.1	257	Nil	-1%
HOLD	Housewares Int'l	HWI	13/11/06	171	C	125.0	0.8	0.53	12	Nil	156	8.5	-4%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	A	232.9	0.6	0.83	8	5.8	382	64.0	-5%
BUY	Integrated Research	IRI	14/01/08	40	B	166.3	1.3	1.69	11	8.1	37	1.5	-4%
HOLD+	Int'l AllSports	IAS	11/02/03	180	C	66.4	1.6	0.02	NE	Nil	29	4.0	-82%
HOLD	Keycorp Ltd	KYC	10/08/04	123*	D	82.2	1.7	0.20	NE	Nil	23	Nil	-81%
BUY	M2 Telecommunications	MTU	09/10/06	33	B	60.2	1.1	0.77	14	5.4	56	5.0	+85%
HOLD	Mercury Mobility Ltd ¹	MMY			C	105.0	2.3	N/A	NE	Nil	14	Nil	
HOLD	Melbourne IT	MLB	10/02/04	53	A	76.8	0.5	1.58	17	4.1	316	36.0	+564%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	B	385.3	0.8	2.75	29	3.2	132	33.3	+96%
BUY	Probiotec Ltd	PBP	11/02/08	116	A	46.5	0.9	0.91	10	Nil	106	1.0	-8%
BUY	Ross Human Directions	RHD	14/08/01	92	B	82.9	1.2	0.11	8	8.3	48	31.0	-14%
HOLD+	Skilled Group Ltd	SKE	12/03/02	126	B	104.6	0.6	0.24	12	6.8	325	107.5	+243%
HOLD+	Technology One Ltd	TNE	11/11/03	44	B	297.7	0.9	3.27	17	4.4	86	13.1	+125%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	162.1	0.9	3.88	9	3.1	108	0.9	+142%
HOLD	The Reject Shop Ltd	TRS	11/01/05	257	B	25.6	0.4	0.91	21	3.1	999	107.5	+331%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +172.3%.

This is equal to an average annual rate of +30.1%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 38 current and 141 closed out) is +32.3%, compared with a market gain of +6.6% (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 return includes 1½ shares of Mercury Mobility distributed to shareholders.

Recommended Investments

(Continued from Page 3)

Austin Group predicts a “return to profitability” in the second half of the year to June 2009. The company reported it was cash flow positive in February and the directors confirm that this is still the case and expect the business to continue to generate positive cash flows. This is important as companies fail owing to *negative* cash flows (i.e. an inability to pay their debts as they fall due), so positive cash flows indicate the business will at least *survive* while management seek to turn around its performance.

Sales revenues are predicted at around \$43 million for both the June 2008 and June 2009 financial years, but with a 3.5% improvement in margins, owing to the company's reduced costs, adding \$1.5 million to earnings in the 2009 year.

Austin Group



Cellnet Group's logistical and distribution agreement with **Telecom New Zealand** has been extended for a final period of five months to 30 September 2008, after which it will not be renewed. This will reduce annual revenues by around A\$148 million and net profit by around A\$1.25 million.

Circadian Technologies has sold its 36,012,701 **Metabolic Pharmaceuticals** shares (12% of the company) to **Edward St Consulting** at 4.8 cents or a total of \$1,728,610.

Circadian Technologies is also one of three parties to participate in the placement of 37.5 million shares (plus 18.75 million options) by **Antisense Therapeutics** at 6 cents to raise \$2.25 million.

Circadian Technologies



Ellex Medical Lasers has downgraded its revenue and profit forecasts from 15-20% revenue growth and “materially higher” second half earnings to around 15% revenue growth and “modest growth in pre-tax earnings”.

The third quarter “started positively” but “subdued

economic conditions” in the US and financial market uncertainty resulted in customers deferring purchase decisions. There was also “unexpectedly strong competitive pressures” which depressed profit margins. The company is now “seeing improved performance in the fourth quarter”.

Ellex Medical Lasers is developing new technologies and products to grow to become a market leader in ophthalmic lasers and related products. Despite having meaningful revenues, generating operating cash surpluses and profits the stockmarket has been very harsh on the shares following the relatively mild growth downgrade. The shares had already fallen significantly to around 60 cents with the general stockmarket weakness and slowing global economy, but were marked down to around 37½ cents (i.e. down 62% from their February 2007 peak of 99 cents) in response to the latest news, before recovering slightly to around 48 cents.

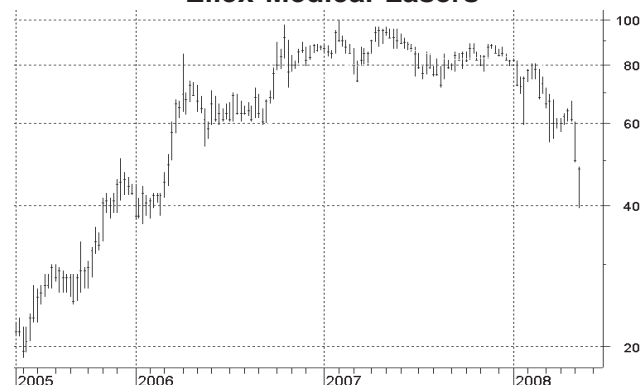
At 48 cents, Ellex Medical Lasers shares trade on a Price/Sales ratio of only 0.71 and a Price/Earnings ratio of 14. That is a reasonable valuation for a low growth, low-technology business, but Ellex Medical Lasers has better than average growth prospects and the potential to earn higher than normal profit margins. Current profits would be much higher except that the company is investing heavily in Research & Development to create new products *and* in marketing to build its markets. At current valuations the company would be a very attractive acquisition for a global competitor seeking to rationalise the sector (i.e. to remove some of that competitive pressure depressing profit margins), gain market share and access to the company's Research & Development and new products.

Although we believe the market's current valuation of Ellex Medical Lasers is irrational - this situation is not unusual. Long term readers of this newsletter will remember that the stockmarket marked down **JNA Telecommunications** shares 70% in 1995/96 - only for them to recover 8½-fold to 375 cents when they were taken over three years later.

Vision Systems was also marked down over 80% from its 2001 high to its 2004 low - before recovering 6½-fold over the next 2½ years.

It is always difficult to pick the bottom of a share price decline - so the safest option is often to wait until the price starts to recover and buy in the early stages of the recovery. Nevertheless, Ellex Medical Lasers is an attractive growth business and its shares are clearly under-valued, so we shall continue to rate them as a “Buy”.

Ellex Medical Lasers



Iluka Resources has placed the 15.1 million shares not taken up by investors in its 4 for 7 cash issue with institutional investors at \$4.00 per share, \$1.45 above the offer price of \$2.55. Investors who did not take up their entitlement in the cash issue will therefore receive a cash payment of \$1.45 for each new share.

As previously announced, Iluka Resources plan to carry out a “systematic, staged exploration program” over its 92,000 km² of tenements, seeking other minerals such as Uranium and Gold. The company's 1960 km² *Neale Embayment* tenement in Western Australia is located 60 km north east of the 4 million ounce *Tropicana* gold deposits and 15-20 km north east of “encouraging” rock chips reported by **Independence Group** at the *Black Dragon* and *Voodoo Child* prospects. Iluka Resources has completed 31 of a planned 42 regional auger gold-in-calcrete soil transverses, with 50 of these 1673 samples indicating statistically significant gold. A further 1200 infill soil samples, targeting the most prospective areas will be completed by mid June.

The company is also targeting Uranium at specific tenements in the *Eucla Basin*. Re-analysis of previous drilling and of a 4410 km Airborne Electromagnetic survey completed in March has identified “a number of uranium mineralisation target areas” and the first two prospects will be drilled in the near future.

International All Sports reports March quarter revenues of \$414.4 million, 45% higher than in the March 2007 quarter. The net cash surplus, however, fell 96% to only \$108,000. Cash on hand was \$27.8 million, up from \$26.1 million a year ago.

International All Sports



Keycorp has signed an agreement to supply **American Express Services Europe Ltd** with *MULTOS* smartcard chips for their card products. The size, term and value of the deal are not disclosed.

Keycorp will sell “unmarketable parcels” of shares held by investors (i.e. 2380 shares or less) with the company paying the brokerage fees and distributing the proceeds to investors. If you own 2380 shares or less and do NOT want to have the shares sold you must complete the “Share Retention Form” and return it to the company before 12 June.

The sale of small shareholdings will reduce the company's share registry and related costs - but being sold out of the shares when the price is low is probably not in the interests of the individual shareholders, so small shareholders should probably reject the company's offer to sell their shares!

Mercury Mobility's quarterly cashflow statement

shows receipts of \$1.27 million, down from \$1.9 million in the December 2007 quarter and \$2.2 million in the September quarter. There was a cash operating *deficit* of \$1.1 million, compared with a small \$34,000 surplus in the December quarter.

Cash on hand has fallen from \$3.5 million in September 2007 to \$2.7 million in December to just \$1.37 million in March.

The company, however, goes to great lengths to point out that this was “largely impacted by irregular delays with collection of debtors” and - four days later - that it has collected \$962,000 of the \$1.69 million of debtors outstanding at 31 March.

Mercury Mobility believes it is “well poised to lead the monetisation of content globally”, has recently launched its new *YouMeNow* mobile video and content community and is in final discussions with two new carrier customers.

Melbourne IT has borrowed US\$55 million (on a five year loan, at a floating interest rate currently around 4.5%) to acquire the global *Digital Brand Management Services* business of **VeriSign Inc** for US\$50 million. A further US\$2.8 million will be spent on integration and transition costs and US\$1.5 million to establish a “world class data centre facility and digital brand support services”. This acquisition approximately *quadruples* the company's Brand Management customers to around 2500 and *triples* the number of brands managed for those customers to around 450,000 - making it the largest global digital brand services business. The division will have 200 staff in 14 offices globally and be able to provide 24 hour support services.

The business being acquired generated revenues of about US\$29 million in 2007 and pre-tax earnings of around US\$4 million. Cost synergies of around US\$1.5 million are expected. This expanded division will contribute an estimated US\$45 million in revenues this year, with 50% earned in Europe, 40% in the United States and 10% from the Asia Pacific region.

Melbourne IT



M.Y.O.B. has sold its remaining small and unprofitable UK and Ireland *UK Business Division* for £1.7 million in cash.

The shares are now trading ex-entitlement to the \$80 million repayments (i.e. 18.03 cents per share capital repayment and 2.76 cents special franked dividend) and with the sale of UK businesses for £37.2 million (about A\$81 million) the company is now looking at a further capital repayment of \$50-70 million (13-18 cents per share). In addition, MYOB will raise its regular annual dividends about 60%. (Continued on Page 6)

Recommended Investments

(Continued from Page 5)

lifting the payout ratio from 50% of profits to around 80% of profits.

First quarter earnings are ahead about 15% and the company is forecasting "low double digit growth in revenues over the next few years" and "reasonable double digit" earnings growth.

Skilled Group is to sell its non-core emergency services vehicle manufacturing business, **SEM Fire and Rescue**, to a consortium led by **Turnberry Funds Management** for \$11 million in cash plus up to another \$1 million based on the business' performance in 2009. The business generates annual earnings of \$2 million.

The group has also slightly downgraded its revenue and earnings forecast for the year to June 2008. Revenues were predicted at \$98-103 million but are now expected to be around \$92-97 million. Earnings (before depreciation, interest and tax) forecasts have been lowered from \$35-38 million to \$31-35 million.

This downgrade reflects inclement weather in Queensland and New South Wales, delays in major infrastructure projects, the end of some government projects and difficulties with foreign worker visa regulations. The company believes its outlook for the year to June 2009 "remains positive", with 35% of revenues earned in the booming oil & gas, mining and resources sectors.

Skilled Group



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

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

Company	STRENGTH RATING				Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0													
Richina Pacific	61	+9.7	+3.0	3	0-0	-0.7	16	1.2	4	2.5	0.19	92	
PGGWrightsons	207	+2.0	-1.4	5	8-0	3	1.4	6	0.8	22	8.7	0.56	582
Livestock Imp.	255	+0.8	-0.4	6	0-0	-0.8	10	0.7	8	14.6	0.64	75	

BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0													
Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
Richina Pacific	61	+9.7	+3.0	3	0-0	-0.7	16	0.9	4	2.5	0.19	92	
Livestock Imp.	255	+0.8	-0.4	6	0-0	-0.8	10	0.5	8	14.6	0.64	75	

INCOME SHARES: Highest Yields, Capitalisation>NZ\$100million													
Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
Hallenstein G.	348	-6.6	+0.9	42	2-3	4	3.1	32	0.4	10	15.0	1.04	208
Telecom Corp	383	-6.4	+0.1	40	4-19	10	2.1	26	0.5	8	13.8	1.42	6,877
ING Property	93	-9.0	-0.4	53	1-0	3	0.7	5	0.5	14	11.3	6.65	504
Cavalier Corp	260	-7.4	+2.0	46	0-0	4	2.6	23	0.6	11	10.9	0.80	170
Briscoe Group	112	-8.5	-0.9	49	4-0	5	2.0	19	0.6	11	10.7	0.58	238
F & P Appliance	261	-15.4	+0.7	72	2-7	6	1.1	9	0.7	12	10.3	0.52	740
Air New Zealand	117	-18.8	-2.9	81	9-3	5	0.7	12	0.7	6	10.2	0.28	1,230
Sky City Ltd	393	-10.4	+0.8	61	1-8	8	4.7	26	0.7	18	9.9	2.18	1,771
Vector Ltd	201	-10.5	+2.0	62	1-0	4	1.1	5	0.7	20	9.7	1.49	2,010
Turners & Grow.	220	-1.1	+1.0	14	0-2	2	0.7	6	0.5	12	9.5	0.37	203

INSIDER BUYING: Most Insider Buying, Relative Strength>0													
Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
PGGWrightsons	207	+2.0	-1.4	5	8-0	3	1.4	6	0.5	22	8.7	0.56	582
NZFarming Sys.	165	+0.3	+3.3	9	7-0	-	-	0.6	NE	Nil	N/A	280	
Plus SMS Hold.	13	+13.9	+8.5	2	5-0	-	3.6	-	2.2	NE	Nil	N/A	44
Pike River Coal	165	+14.1	+11.1	1	2-0	1	2.1	-	0.8	NE	Nil	N/A	433
Mr Chips Hold	260	+29.1	+6.2	0	2-0	-	3.5	15	0.4	23	2.3	1.34	63
Contact Energy	902	+0.8	+5.5	7	1-0	6	1.8	8	0.5	22	4.5	2.60	5,202
NZ Refining Co	792	+0.4	+2.3	8	1-0	2	3.1	18	0.4	17	8.5	5.62	1,901
NZ Oil & Gas	163	+18.4	+8.1	1	1-0	-	4.5	17	0.5	26	Nil	N/A	209

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0													
Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
Blis Technology	6	-9.4	+0.8	53	0-0	-	13.3	-	1.7	NE	Nil	9.52	9
Kiwi Property	124	-6.8	+0.5	42	0-0	4	0.7	5	0.5	15	7.7	8.73	885
Property F Ind.	127	-4.0	+1.9	27	0-0	4	0.9	6	0.5	14	6.9	8.59	267
ING Med. Prop.	120	-3.3	+1.9	24	4-0	5	0.9	5	0.5	16	7.9	8.56	167
Akd Int Airport	220	-11.7	-1.6	67	0-1	8	1.4	5	0.6	29	5.6	8.35	2,688
AMP Onyx Mgmt	120	-2.7	+2.8	20	1-0	4	0.9	4	0.4	20	6.5	7.67	826
Windflow Tech.	290	-4.7	+0.3	33	2-0	-	4.2	-	0.3	NE	Nil	7.14	24
ING Property	93	-9.0	-0.4	53	1-0	3	0.7	5	0.4	14	11.3	6.65	504
Port Tauranga	667	-2.7	+1.9	19	3-0	4	1.3	6	0.4	24	4.9	6.37	894
NZ Exchange Ltd	800	-9.5	+3.1	56	0-1	2	6.7	30	0.6	22	3.9	6.17	194

Company	STRENGTH RATING				Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
Sealegs Corp	51	-11.0	+1.4	65	0-1	-	20.2	-	1.3	NE	Nil	5.92	32
Kermadec Prop.	75	-10.2	-0.2	61	4-0	-	0.7	7	0.7	10	Nil	5.14	46
Ryman Health.	177	-9.5	+2.1	55	3-4	4	0.7	3	0.5	21	2.3	4.65	885
Trust Power Ltd	808	-3.9	+2.1	26	0-1	3	1.9	7	0.5	26	5.0	4.07	2,547
South Port NZ	225	-6.1	+1.1	38	0-0	1	2.3	9	0.5	26	5.1	4.04	59
F & P Health.	258	-9.6	-0.7	57	0-20	6	6.8	30	0.5	23	7.2	3.70	1,319
Rakon Ltd	313	-18.9	+2.2	82	0-2	4	3.8	11	0.8	36	Nil	3.60	382
Mowbray Collect	140	-6.9	-0.3	43	0-4	-	4.0	-	0.3	NE	2.7	3.39	15
Nat Property Tr	48	-11.1	-0.4	66	0-0	4	0.4	3	0.6	12	10.5	3.03	62
Life Pharmacy	50	-12.3	+1.8	68	0-1	-	0.7	-	1.0	NE	1.5	3.00	15

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield<Twice Average													
Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
Charlie's Group	18	-58.3	+0.0	98	1-0	-	3.4	0	1.1	NE	Nil	1.88	50
Comvita	195	-23.2	-0.8	91	2-0	-	1.2	5	0.5	23	3.8	0.88	35
Cert Organics	5	-22.6	-5.5	90	0-1	-	1.2	-	2.3	NE	Nil	1.69	14
Guoco Leisure	76	-22.1	-6.2	89	0-0	-	0.7	1	0.5	59	6.9	1.60	1,040
Pumpkin Patch	175	-21.9	-0.4	88	5-5	4	2.6	25	0.6	11	7.7	0.80	292
NZ Finance Hold	50	-21.5	-0.2	87	2-1	-	1.8	15	0.5	12	5.2	0.96	38
Provenco Cadmus	39	-20.5	-0.7	86	0-0	2	0.9	-	0.7	NE	Nil	0.32	54
Heritage Gold	4	-20.0	-0.9	86	0-0	-	0.8	-	2.5	NE	Nil	N/A	7
Wool Equities	25	-19.6	-0.0	84	0-0	-	0.5	-	0.7	NE	Nil	0.28	6
Metro Life Care	475	-19.5	-1.3	84	0-0	1	1.5	11	0.2	14	4.6	2.42	415
Cadmus Tech Ltd	10	-19.1	+1.6	83	0-0	-	1.6	-	1.2	NE	Nil	1.02	26
Rakon Ltd	313	-18.9	+2.2	82	0-2	4	3.8	11	0.8	36	Nil	3.60	382
Burger Fuel	45	-18.6	-2.0	80	0-0	-	-	-	0.8	NE	Nil	N/A	24
A2 Corporation	14	-17.9	-0.9	78	0-0	-	-	-	1.5	NE	Nil	2.79	21
ICP Biotech.	2	-17.4	-8.9	78	0-0	-	-	-	2.8	NE	Nil	N/A	10
Barramundi Ltd	73	-16.1	+3.7	74	0-0	-	0.6	18	0.8	3	Nil	N/A	73
Delegat's Group	185	-15.3	-0.0	71	0-0	2	1.5	12	0.6	12	3.6	1.39	186

INSIDER SELLING: Most Insider Selling, Relative Strength<0													
Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
F & P Health.	258	-9.6	-0.7	57	0-20	6	6.8	30	0.4	23	7.2	3.70	1,319
Telecom Corp	383	-6.4	+0.1	40	4-19	10	2.1	26	0.5	8	13.8	1.42	6,877
Sky City Ltd	393	-10.4	+0.8	61	1-8	8	4.7	26	0.6	18	9.9	2.18	1,771
Michael Hill	84	-6.3	-3.2	39	2-9	4	4.4	29	0.4	15	4.6	9.02	322
Dominion Fin.	88	-22.2	-3.4	90	2-7	-	1.0	34	0.7	3	14.4	0.78	54
F & P Appliance	261	-15.4	+0.7	72	2-7	6	1.1	9	0.7	12	10.3	0.52	740
Mowbray Collect	140	-6.9	-0.3	43	0-4	-	4.0	-	0.3	NE	2.7	3.39	15
Mainfreight Grp	670	-3.1	+4.8	22	3-6	4	4.2	36	0.5	12	3.3	6.67	647
Turners & Grow.	220	-1.1	+1.0	14	0-2	2	0.7	6	0.4	12	9.5	0.37	203
Rakon Ltd	313	-18.9	+2.2	82	0-2	4	3.8	11	0.8	36	Nil	3.60	382

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

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

Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Price to Buy/Sell	Return on Equity	Vola- tility	Price Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Price to Buy/Sell	Return on Equity	Vola- tility	Price Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																								
Matilda Mineral	37	-15.6	+0.9	57	2-0	- 1.7	- 0.9	NE	Nil	N/A	28	MacarthurCook	90	-39.4	-5.4	97	6-2	1 2.9	41	0.5	7	3.3	1.03	20
Seek Ltd	548	-15.8	-1.3	57	1-1	14 15.2	54	0.5	28	2.5	9.92	1,557	A-CapResources	26	-38.2	+1.3	97	2-1	- 13.0	- 1.2	NE	Nil	N/A	29
KeyBridge Cap'l	95	-24.3	+1.3	79	3-0	- 0.6	2 0.9	39	Nil	9.77	161	Portland Ortho.	5	-38.2	-1.1	97	0-0	- 5.1	- 1.6	NE	Nil	1.32	8	
NorwoodAbbey	2	-32.7	-2.1	93	0-0	- 1.6	- 2.9	NE	Nil	9.77	5	Adv. Ocular	1	-37.9	-2.1	96	0-0	- -	- 3.1	NE	Nil	1.94	6	
Ramelius Res.	93	-16.1	+2.8	58	0-1	- -	- 0.8	21	0.5	9.76	145	QuiktrakNetwks	2	-37.6	-1.6	96	3-0	- -	- 2.8	NE	Nil	3.19	12	
Brain Resource	32	-9.2	-3.4	35	0-0	- 10.7	- 0.9	NE	Nil	9.70	29	Carpathian Res.	9	-37.2	+0.2	96	1-0	- -	- 1.4	NE	Nil	5.40	15	
Bunnings W/hse	192	-7.6	+0.2	30	0-0	5 0.8	6 0.3	15	6.8	9.68	579	Engin Ltd	4	-37.2	+1.9	96	0-0	- 1.4	- 2.0	NE	Nil	0.90	27	
Phylogica Ltd	9	-33.2	-0.7	93	3-0	- -	- 1.3	NE	Nil	9.68	11	Fairstar Res.	17	-37.0	+0.1	96	3-0	- -	- 1.1	NE	Nil	N/A	16	
Biodiem Ltd	24	-14.6	+6.7	53	0-0	- 2.4	- 0.9	NE	Nil	9.68	13	NGM Resources	9	-37.0	-0.3	96	4-0	- -	- 1.3	NE	Nil	N/A	11	
Bonaparte Diam.	10	-2.4	+8.8	18	3-0	- -	- 1.2	NE	Nil	9.67	16	Inventus Ltd	11	-35.9	-2.3	96	2-0	- 2.6	14	1.0	19	Nil	0.38	12
Hastings Hi-Yld	161	-8.7	+0.3	34	3-0	- 0.9	7 0.6	12	10.5	9.60	202	AustralAfrica	1	-35.8	-4.8	96	0-0	- -	- 3.5	NE	Nil	0.36	5	
Kingsgate Cons.	543	-5.8	+3.4	24	0-0	4 2.6	- 0.4	NE	Nil	9.57	503	Drillsearch	4	-35.8	+2.5	96	6-1	- 0.6	10	1.8	6	Nil	1.24	22
Kal-Boulder Res	8	-15.2	-10.0	55	0-0	- -	- 1.5	NE	Nil	9.52	13	AEDO Oil Ltd	227	-35.6	+3.5	95	0-4	2 0.6	- 0.6	NE	Nil	N/A	342	
Pryme Oil & Gas	18	-28.0	-4.6	87	1-0	- 0.9	- 1.0	NE	Nil	9.47	16	QuayMagnesium	6	-35.4	+1.1	95	2-0	- 0.4	28	1.5	1	Nil	1.72	10
Mint Wireless	9	-27.6	+4.1	86	2-0	- 2.3	- 1.5	NE	Nil	9.47	12	Cardia Tech.	3	-35.2	-0.5	95	1-2	- 0.9	25	2.1	4	Nil	1.59	7
Golden Gate Pet	25	-13.0	+2.3	48	0-0	- -	- 1.1	NE	Nil	9.47	44	Blina Diamonds	9	-34.9	-2.8	95	0-0	- -	- 1.6	NE	Nil	N/A	16	
Charter Hall GR	135	-16.9	+0.3	60	4-7	5 1.1	10 0.4	11	7.7	9.34	590	Customers Ltd	7	-34.9	-2.2	95	6-0	1 -	- 1.5	NE	Nil	2.14	91	
Anzon Australia	120	-1.5	-4.1	16	1-0	3 -	- 0.8	39	Nil	9.13	443	Atom Energy Ltd	11	-34.9	+0.2	95	1-0	- -	- 1.2	NE	Nil	N/A	9	
Strike Oil Ltd	33	-1.9	+0.5	17	1-0	- -	- 0.9	NE	Nil	9.12	93	Golden State	10	-34.7	+4.2	95	4-1	- -	- 1.9	NE	Nil	N/A	19	
Carindale Prop	395	-8.8	+0.5	34	0-0	2 -	- 0.3	5	6.3	9.10	277	Arasor Int'l	39	-34.7	-2.3	95	8-0	1 0.8	- 0.7	NE	Nil	0.41	48	
Tanami Gold NL	8	-13.3	-4.2	49	11-0	1 -	- 1.6	NE	Nil	9.05	61	Contact Res.	16	-34.7	-3.4	95	0-0	- -	- 0.9	NE	Nil	N/A	10	
Amazing Loans	12	-27.2	+0.1	86	0-0	- -	- 1.1	14	43.5	8.91	46	Greater Pacific	1	-34.4	-2.5	95	0-0	- -	- 3.7	NE	Nil	N/A	8	
Transurban Gip	655	-5.8	+0.9	24	8-2	11 2.0	- 0.2	NE	8.2	8.87	6,998	Early Learning	27	-34.4	-0.5	94	0-0	- -	- 0.9	NE	Nil	3.57	12	
ING Indust Trt	207	-9.4	+2.7	36	2-0	6 0.9	15 0.4	6	8.0	8.85	2,292	Liontown Res.	13	-34.3	-0.9	94	4-0	- -	- 1.2	NE	Nil	N/A	10	
Nanosonics Ltd	26	-29.7	-3.0	89	0-0	- 1.7	- 1.1	NE	Nil	8.82	25	Toro Energy Ltd	26	-34.3	+2.3	94	0-0	- -	- 1.2	NE	Nil	N/A	38	
ChalK Japan Tr	85	-14.1	+3.1	51	0-0	- -	- 0.8	1	5.0	8.73	128	QLtd	2	-34.1	-2.8	94	1-0	- 1.8	24	2.7	8	Nil	1.15	12
Goodman Group	440	-14.8	+2.7	53	4-0	7 2.2	19 0.4	12	7.2	8.71	7,261	TNG Limited	15	-33.9	-4.6	94	0-5	- -	- 1.2	NE	Nil	N/A	27	
Natural Fuel	10	-32.8	+2.8	93	6-0	- 0.6	- 1.2	NE	Nil	8.70	34	Planet Gas Ltd	8	-33.7	-0.3	94	0-0	- 0.8	- 1.3	NE	Nil	N/A	15	
FCPB Invest.	3	-21.0	-3.0	72	1-0	- 1.3	- 2.8	NE	Nil	8.62	8	Ord River Res.	20	-33.7	-1.9	94	0-0	- -	- 0.8	NE	Nil	N/A	31	
IGDX Holdings	39	-11.7	-3.2	43	0-1	- 7.8	27 0.8	29	Nil	8.57	87	Korab Resources	12	-33.6	-1.5	94	1-0	- -	- 1.1	NE	Nil	N/A	8	
Novogen Ltd	151	-10.5	+9.2	40	1-0	- 3.0	- 0.6	NE	Nil	8.52	147	Zingmobile Grp	14	-33.5	-4.9	94	0-0	- -	- 1.1	4	Nil	0.67	8	
Freshtel Hold.	22	-25.2	-1.4	81	0-0	- 2.8	- 0.8	NE	Nil	8.49	40	Destra Corp Ltd	10	-33.5	-3.2	94	4-0	- -	- 1.3	2	Nil	0.48	32	
Spark Infrastru	180	-5.8	-0.6	24	0-0	8 -	- 0.6	70	8.5	8.45	1,816	Hydrotech Int'l	10	-33.3	+0.5	94	1-0	- 3.3	- 1.3	NE	Nil	N/A	16	
Olympia Res.	7	-0.8	+3.6	15	0-1	- -	- 1.8	NE	Nil	8.43	10	Buka Gold Ltd	11	-33.3	-11.1	94	2-0	- -	- 1.5	NE	Nil	0.74	6	
Proteome Syst	14	-20.8	+2.5	71	0-0	- 4.7	- 1.3	NE	Nil	8.43	22	Phylogica Ltd	9	-33.2	-0.7	93	3-0	- -	- 1.2	NE	Nil	9.68	11	
ING Real Estate	72	-22.0	-1.9	74	3-0	2 0.6	16 0.5	4	15.0	8.21	339	MKY Corporation	2	-33.1	+0.1	93	0-0	- 2.0	- 2.4	NE	Nil	N/A	9	
Dwyka Resources	61	-20.7	-1.4	71	0-0	- -	- 0.7	NE	Nil	8.16	68	Ansearch Ltd	2	-33.1	-2.1	93	3-1	- 2.3	- 2.5	NE	Nil	1.45	12	
Euro Inv Gbl Pr	79	-10.5	+2.7	40	0-0	- 0.9	35 0.6	3	13.7	8.10	25	Segue Resources	10	-33.0	+4.3	93	2-0	- -	- 1.5	NE	Nil	4.90	6	
Pipe Networks	443	-0.5	+1.8	14	2-2	4 4.7	11 0.4	41	1.1	8.10	197	INSIDER SELLING: Most Insider Selling, Relative Strength < 0												
Internoco Ltd	3	-19.0	-6.1	67	1-0	- -	- 2.3	NE	Nil	8.06	26	Jupiter Mines	24	-11.4	+5.2	43	0-9	- -	- 0.9	NE	Nil	N/A	30	
North Aust Diam	2	-25.8	+2.4	82	1-0	- -	- 2.9	NE	Nil	8.00	16	Fleetwood Corp	940	-7.3	+0.2	29	0-7	4 5.2	29	0.2	18	2.4	1.51	470
Mirvac REIT	104	-12.2	-1.1	45	0-0	1 0.7	18 0.4	4	10.0	8.00	649	Roc Oil Company	226	-18.0	+2.6	64	1-8	7 -	- 0.6	7	Nil	2.84	675	
Aurora Oil Gas	40	-19.7	+5.5	68	1-0	- -	- 1.1	NE	Nil	7.95	64	MEO Australia	33	-42.4	+0.4	98	0-6	- -	- 0.9	NE	Nil	N/A	103	
B & B Wind Part	163	-5.3	+4.4	23	0-0	5 8.1	6 0.5	127	7.7	7.92	938	Hunter Hall Int	1280	-15.1	-0.5	54	4-10	- 6.8	42	0.3	16	5.6	5.09	322
Neptune Marine	60	-20.7	-0.8	71	1-1	1 6.0	- 0.8	NE	Nil	7.91	123	CBH Resources	34	-16.5	+0.7	59	0-5	2 1.5	21	1.0	7	Nil	1.05	283
Praemium Ltd	40	-24.1	-1.8	78	7-0	- 4.4	- 0.7	NE	Nil	7.83	39	Hydromet Corp.	12	-8.1	-2.8	32	0-5	- 2.3	14	1.1	16	0.9	1.85	36
PPK Group Ltd	78	-2.4	-0.4	18	1-0	- 1.1	10 0.4	10	8.3	7.82	48	TNG Limited	15	-33.9	-4.6	94	0-5	- -	- 1.1	NE	Nil	N/A	27	
ING Office Fund	142	-11.4	+3.7	43	1-0	7 0.8	26 0.4	3	8.1	7.78	1,729	IBA Health Grp	67	-23.5	+2.5	77	1-6	3 -	- 0.6	10	2.3	3.08	230	
Connixion Ltd	9	-13.3	-1.7	49	1-0	- 9.0	- 1.4	NE	Nil	7.76	11	AEDO Oil Ltd	227	-35.6	+3.5	95	0-4	2 0.6	- 0.6	NE	Nil	N/A	342	
Aust Zircon NL	18	-21.6	+2.4	73	0-0	- -	- 1.0	NE	Nil	7.74	40	JB Hi-Fi Ltd	1088	-15.3	-2.3	55	1-5	13 16.5	58	0.3	28	1.0	0.89	1,138
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												Nomad Building	189	-14.7	-0.6	53	3-7	- -	- 0.5	13	4.0	1.05	220	
Antares Energy	8	-47.1	-3.9	99	2-0	1 -	- 1.3	NE	Nil	3.39	13	Caspian Oil & G	6	-22.5	-0.9	75	0-3	- -	- 1.5	NE	Nil	N/A	60	
Agri Energy Ltd	3	-46.6	+1.4	99	0-0	- 0.1	- 2.1	NE	Nil	N/A	6	Bank of Q'land	1528	-6.6	+2.8	27	0-3	16 2.0	15	0.3	13	4.5	1.16	1,730
SCV Group Ltd	21	-44.8	-1.9	98	1-0	- -	- 1.0	6	Nil	0.32	8	Southern Gold	22	-21.4	-0.6	73	0-3	- -	- 1.0	NE	Nil	N/A	16	
Hyro Limited	4	-44.1	-5.1	98	5-0	- 0.5	- 2.0	NE	Nil	0.48	11	PMP Limited	127	-9.4	-4.4	36	0-3	8 1.5	18	0.5	8	2.4	0.29	380
Bluefreeway Ltd	24	-43.7	-0.9	98	0-0	- -	- 0.8	5	Nil	0.61	14	CO2 Group Ltd	40	-9.9	-6.5	37	0-3	- 8.0	- 0.8	NE	Nil	N/A	91	
Apollo Life Sci	4	-43.2	-7.8	98	0-0	- 4.0	- 1.7	NE	Nil	N/A	8	Arrow Energy	304	-2.4	+8.4	18	0-3	3 -	- 0.5	707	Nil	N/A	1,697	
MEO Australia	33	-42.4	+0.4	98	0-6	- -	- 1.0	NE	Nil	N/A	103	Atlas SS Pearl	44	-1.8	+4.4	17	0-3	- -	- 0.5	5	9.1	1.87	39	
Gulf Mines Ltd	13	-42.1	-3.3	98	8-0	- -	- 1.4	NE	Nil	N/A	15	Vision Group	194	-18.5	-3.8	65	1-4	5 -	- 0.4	9	6.2	1.28	127	
Camavale Res.	19	-41.3	-3.9	98	0-0	- -	- 1.3	NE	Nil	N/A	10	Gosford Quarry	55	-7.3	+3.7	29	1-4	- 0.9	2	0.6	48	Nil	1.21	32
MXL Limited	1	-40.3	-3.1	97	1-0	- -	- 3.4	NE	Nil	3.70	6	Macmin Silver	13	-18.9	-1.1	66	2-5	- -	- 1.0	NE				

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	13	25	0-6	2.0	0.4	+382	0.69	4.82	1.00	+331	Con Global Invest.	4	20	1-8	1.0	1.3	-22	1.46	1.51	1.00	+188
AIM Resources	8	10	1-1	3.8	2.6	+46	0.84	2.04	1.00	+58	Con Tin Mines	14	20	5-7	5.0	7.9	-36	0.63	1.40	1.00	+11
AXGMining	5	20	2-3	1.5	1.5	+0	1.07	1.64	1.00	+95	ContactResources	16	20	0-1	1.7	0.3	+437	0.75	9.35	1.00	+999
Accent Resources	41	20	1-4	24.0	26.8	-10	1.03	1.36	1.00	+6	Convergent Minerals	12	20	3-7	5.0	7.4	-33	1.01	1.29	1.00	+23
Acclaim Exploration	2	5	0-1	0.1	0.0	+999	0.75	9.99	1.00	+999	Cool or Cosy	5	20	0-0	0.1	7.4	-99	0.97	1.29	1.00	+999
Actinogen Ltd	9	50	4-2	2.0	1.4	+40	0.65	2.01	1.00	+54	Copper Range Ltd	9	30	2-4	4.0	1.7	+137	0.77	2.07	1.00	+77
Activex Ltd	9	20	0-9	0.6	0.4	+63	0.72	3.88	1.00	+226	Coretrack Ltd	11	20	1-9	3.3	4.7	-30	1.10	1.55	1.00	+54
Adelaide Energy	12	25	1-1	3.6	1.8	+104	0.83	2.54	1.00	+123	Costarella Design	4	20	2-4	0.2	1.2	-83	1.09	1.63	1.00	+100
Adv Ocular Systems	1	110	0-1	0.1	0.0	+999	1.29	9.99	1.00	+999	Cougar Energy	8	5	0-7	3.7	4.0	-6	1.04	1.72	1.00	+15
Adv Ocular Systems	1	5	0-2	0.1	0.0	+999	1.29	6.23	1.00	+999	Coziron Resources	14	20	0-2	3.0	0.6	+381	0.93	5.34	1.00	+999
Agenix Ltd	9	30	3-1	3.1	3.4	-10	0.97	1.51	1.00	+55	Cudeco Ltd	436	20	0-1	400.0	416.1	-4	0.49	1.05	1.00	-36
Alara Uranium	9	25	1-1	1.7	0.9	+83	0.85	2.72	1.00	+167	DMC Mining	73	20	1-1	45.0	57.9	-22	1.34	1.19	1.00	-10
Alexander Securities	1	4	4-1	3.5	0.8	+361	1.05	1.29	1.00	+54	Dart Mining NL	15	20	2-0	1.9	7.8	-76	1.07	1.43	1.00	+21
All Brands	49	60	2-7	11.0	17.5	-37	0.58	1.90	1.00	+15	Desert Energy	26	25	1-11	12.5	11.7	+7	0.74	1.68	1.00	+21
Alloy Resources	5	20	0-10	1.2	0.3	+360	0.99	3.00	1.00	+466	Dia-B Tech Ltd	3	20	2-7	1.0	0.1	+939	0.64	2.96	1.00	+121
Amcom Telecom.	21	17	1-7	4.6	6.7	-32	0.31	2.65	1.00	+2	Drake Resources	14	20	1-7	4.0	4.7	-15	0.85	1.84	1.00	+41
Anchor Resources	11	25	1-10	1.5	0.5	+229	0.41	4.21	1.00	+62	Dyesol Ltd	87	20	0-6	64.0	67.3	-5	0.71	1.29	1.00	-6
Arafura Resources	106	20	0-1	81.0	86.1	-6	0.98	1.23	1.00	-44	Eagle Bay Resources	3	15	1-1	1.0	0.1	+581	0.88	3.05	1.00	+329
Aragon Resources	19	25	2-4	6.0	9.8	-39	0.96	1.45	1.00	+23	Eagle Eye Metals	5	20	2-1	0.8	0.9	-14	0.94	1.92	1.00	+106
Archer Exploration	11	25	1-9	2.5	0.9	+166	0.57	3.04	1.00	+76	Eagle Nickel	26	30	4-1	10.0	4.5	+121	0.09	4.96	1.00	+11
Artemis Resources	15	25	1-4	3.0	3.3	-10	0.77	2.25	1.00	+60	Eastland Medical	14	20	3-0	6.5	6.9	-6	0.87	1.44	1.00	+25
Asburton Minerals	3	7	1-9	1.0	0.4	+127	0.75	2.29	1.00	+83	Eden Energy	41	20	1-4	22.0	24.5	-10	0.67	1.55	1.00	+2
Astro Diamond Mines	1	5	4-6	3.5	0.8	+338	1.01	1.29	1.00	+49	Eldore Mining Corp	5	4	1-7	1.5	2.1	-29	0.73	1.74	1.00	+10
Astro Mining	1	5	4-6	0.4	0.8	-50	1.01	1.29	1.00	+35	Electrometals Tech.	9	14	2-11	2.4	4.1	-42	0.88	1.48	1.00	+26
Astro Mining NL	1	75	1-7	0.4	0.0	+999	1.01	3.37	1.00	+999	Elemental Minerals	6	20	0-8	1.5	0.3	+423	0.96	3.36	1.00	+530
Athena Resources	15	20	1-6	2.1	5.0	-58	0.82	1.89	1.00	+29	Ellendale Resources	5	20	4-0	3.7	1.3	+177	0.70	1.78	1.00	+48
Atom Energy	11	38	2-5	1.3	2.9	-55	0.89	1.80	1.00	+69	Emerald Oil & Gas	20	20	0-0	1.0	1.3	-25	0.98	1.78	1.00	+999
Atticus Resources	21	20	4-4	8.0	11.3	-29	0.54	1.52	1.00	+7	Emerging Leaders	101	100	0-1	2.5	2.5	-0	0.13	9.99	1.00	+19
Audax Resources	19	20	0-7	4.2	5.4	-23	0.97	2.24	1.00	+51	Empire Beer Group	14	35	0-6	0.2	0.1	+183	0.63	6.60	1.00	+580
Augur Resources	6	20	2-1	1.5	1.2	+29	0.82	2.06	1.00	+83	Empire Resources	18	25	1-1	2.8	4.8	-41	0.85	2.14	1.00	+49
Aura Energy	28	20	0-7	10.5	10.7	-2	0.72	2.19	1.00	+16	Eneabba Gas	11	30	1-1	1.2	2.4	-51	1.21	1.92	1.00	+173
Aurium Resources	7	20	2-0	2.1	2.4	-11	1.05	1.64	1.00	+78	Energy Metals	90	30	0-1	76.0	60.2	+26	1.20	1.49	1.00	+612
Ausquest Ltd	48	20	1-6	28.0	32.6	-14	0.83	1.37	1.00	+0	Entek Energy	18	20	1-7	7.0	4.3	+64	0.50	2.53	1.00	+32
Aust Oil Company	12	20	1-7	3.0	4.5	-34	1.02	1.67	1.00	+51	Envirogold	11	25	1-7	2.2	0.9	+149	0.59	3.11	1.00	+82
Aust Renewable Fuels	5	60	0-11	0.3	0.3	-11	1.50	2.26	1.00	+999	Eromanga Hydrocar.	15	10	1-2	7.4	7.8	-5	0.97	1.55	1.00	+17
Austindo Resources	1	2	4-1	0.3	0.3	+4	0.70	1.58	1.00	+26	Erongo Energy Ltd	8	20	0-11	1.2	1.3	-5	1.03	2.34	1.00	+186
Australasia Gold	9	20	0-1	0.1	0.0	+999	0.74	9.99	1.00	+999	Excalibur Mining	3	3	1-7	2.0	1.4	+44	0.96	1.57	1.00	+41
Auth Investments	5	25	1-10	1.0	0.9	+11	1.01	1.96	1.00	+146	Excalibur Mining	3	6	4-7	1.1	1.9	-41	0.96	1.26	1.00	+22
BMA Gold	2	3	4-5	1.0	0.9	+7	0.81	1.35	1.00	+20	Eyecare Partners	19	20	2-4	3.6	3.7	-3	0.25	3.39	1.00	+11
BQT Solutions	5	8	1-4	1.0	1.5	-35	0.99	1.83	1.00	+60	Fairstar Resources	17	25	1-3	4.0	6.0	-33	1.06	1.74	1.00	+57
Balkans Gold	10	25	1-3	1.5	2.1	-28	1.05	2.00	1.00	+127	Fall River Res.	2	10	0-11	1.5	0.0	+999	0.99	3.16	1.00	+712
Baraka Petroleum	3	25	0-4	0.2	0.0	+999	0.83	9.99	1.00	+999	Ferrowest Ltd	28	25	2-0	16.5	17.6	-6	1.17	1.30	1.00	+23
Barra Resources	22	65	2-7	6.0	6.0	+0	0.82	1.82	1.00	+57	Fission Energy	20	20	2-9	6.6	10.8	-39	0.78	1.47	1.00	+11
Bass Metals	23	40	1-11	7.5	5.1	+48	0.64	2.25	1.00	+46	Flinders Resources	14	10	0-4	5.0	7.7	-35	2.27	1.43	1.00	+37
Bauxite Resources	50	20	0-8	27.0	31.4	-14	0.73	1.55	1.00	-9	Fox Invest Ltd	71	130	0-1	1.0	0.0	+999	0.37	9.99	1.00	+999
Beacon Minerals	12	20	2-3	5.0	4.0	+24	0.76	1.81	1.00	+39	GB Energy	10	20	3-4	3.0	3.8	-22	0.73	1.65	1.00	+28
Benitec Ltd	9	15	2-10	4.5	3.6	+24	0.77	1.62	1.00	+32	GBM Resources	14	25	2-1	2.2	1.5	+42	0.45	3.11	1.00	+40
Bionomics Ltd	33	22	0-8	20.0	12.7	+58	0.56	2.27	1.00	+47	Genesis Biomedical	1	3	2-6	0.7	0.3	+151	0.65	2.13	1.00	+52
Bioprospect Ltd	2	5	1-10	1.0	0.4	+173	0.69	2.37	1.00	+73	Gladiator Resources	7	20	1-1	2.5	0.8	+206	0.98	2.41	1.00	+215
Black Fire Energy	9	20	2-1	3.0	2.1	+40	0.75	2.02	1.00	+57	Gleneagle Gold	3	20	0-8	0.1	0.5	-80	1.85	1.91	1.00	+999
Black Range Minerals	7	5	2-9	4.7	4.9	-3	0.82	1.33	1.00	+9	Global Geoscience	8	25	4-3	2.0	2.7	-26	0.74	1.60	1.00	+35
Blackham Resources	30	20	0-6	7.5	14.5	-48	1.28	1.68	1.00	-13	Global Nickel Inv.	9	20	1-3	2.0	1.6	+23	0.93	2.18	1.00	+114
Boss Energy	14	20	2-6	4.2	9.3	-55	1.28	1.24	1.00	+24	Gold Aura	3	13	0-10	0.7	0.0	+999	0.55	6.85	1.00	+432
Boulder Steel	18	20	0-6	3.3	2.8	+17	0.71	3.25	1.00	+77	Gold Company Ltd	80	20	3-1	55.0	68.3	-19	0.93	1.13	1.00	-2
Bounty Industries	9	20	3-7	0.6	3.1	-80	0.72	1.67	1.00	+28	Golden West Res	176	200	2-7	23.0	91.5	-75	0.84	1.48	1.00	+10
Bowen Energy	29	20	1-6	10.0	14.6	-31	0.76	1.63	1.00	+3	Gondwana Resources	2	1	1-1	1.5	1.7	-12	1.49	1.23	1.00	+8
Brumby Resources	19	15	1-8	7.5	12.4	-40	1.25	1.30	1.00	+11	Gondwana Resources	2	1	2-1	1.1	1.9	-42	1.49	1.13	1.00	+0
Buka Gold	11	65	0-1	0.1	0.0	+999	1.46	9.99	1.00	+999	Gondwana Resources	2	5	0-1	0.5	0.0	+999	1.49	6.34	1.00	+999
Burely Gold Ltd	6	20	1-1	1.2	0.6	+94	0.91	2.62	1.00	+207	Grand Gulf Energy	5	6	0-9	1.5	0.7	+111	0.70	2.97	1.00	+98
Burleson Energy	13	25	2-3	3.6	3.0	+22	0.64	2.16	1.00	+42	Greater Pacific Gold	1	3	0-0	0.1	0.7	-86	1.07	2.97	1.00	+999
CO2 Group	40	12	3-5	30.5	32.4	-6	0.74	1.18	1.00	+2	Greenvale Mining	51	30	3-7	20.0	36.8	-46	0.81	1.25	1.00	-1
Cape Lambert Iron Ore	64	30	0-5	37.0	35.6	+4	0.81	1.73	1.00	+12	Gt Australian Resources	12	20	0-7	3.2	1.1	+184	0.84	3.26	1.00	+233
Capital Mining	20	20	2-5	5.5	11.5	-52	0.93	1.40	1.00	+11	Gt Bendigo Gold Mines	16	20	1-7	9.0	8.5	+6	1.21	1.43	1.00	+46
Carnavale Resources	19	20	1-1	6.0	6.6	-9	0.83	1.97	1.00	+34	Gt Western Explor.	6	30	4-1	2.1	1.3	+61	0.69	1.87	1.00	+51
Catalyst Metals	12	20	0-7	1.6	1.6	+1	0.92	2.88	1.00	+174	Gulf Mines	13	30	1-5	3.5	1.4	+157	0.66	2.86	1.00	+95
Central Asia Res.	17	25	1-4	3.0	4.3	-31	0.81	2.10	1.00	+49	Gulf Resources	20	20	3-1	6.1	12.2	-50	0.87	1.35	1.00	+9
Central Petroleum	17	25	2-1	9.1	5.4	+69	0.73	1.87	1.00	+42	Gulfx Ltd	7	20	1-7	1.1	1.9	-42	1.13	1.		

Company	Share Price	Yr/Mth Exercise Price	to Expire	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 Expire	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
ISSGroup	51	44	0-3	5.6	12.0	-53	0.80	3.10	1.00	-11	On Q Group	7	30	0-0	3.0	1.8	+65	1.09	1.85	1.00	+999
Imagine UN	2	125	0-7	0.1	0.0	+999	0.07	9.99	1.00	+999	Orchid Capital	2	5	3-9	0.5	0.3	+73	0.43	2.58	1.00	+31
Impedimed Ltd	80	72	4-5	24.0	35.7	-33	0.33	1.88	1.00	+4	Ord River Resources	20	65	1-7	3.6	1.6	+121	0.73	2.77	1.00	+126
India Resources	13	20	1-7	2.0	3.7	-45	0.82	1.95	1.00	+43	Orion Petroleum	16	30	2-4	4.5	2.9	+57	0.53	2.48	1.00	+39
Industrial Minerals	35	20	1-7	15.0	20.4	-27	0.81	1.48	1.00	+1	Oropa Ltd	5	20	1-8	1.5	0.4	+235	0.82	2.49	1.00	+149
Integra Mining	58	20	1-6	42.0	41.4	+1	0.75	1.35	1.00	+5	Oroya Mining	2	5	1-2	0.6	0.6	+8	1.03	1.97	1.00	+106
Iron Mountain Mining	31	20	3-8	14.0	26.6	-47	1.38	1.08	1.00	+3	Oz Brewing	4	20	4-7	2.2	2.9	-25	1.30	1.16	1.00	+45
JV Global	12	20	0-5	1.0	0.1	+999	0.44	9.84	1.00	+345	Palace Resources	5	20	4-1	1.0	1.6	-38	0.84	1.56	1.00	+46
Jaguar Minerals	9	20	0-4	1.0	0.0	+999	0.64	7.93	1.00	+999	Peak Resources	11	25	1-4	2.0	2.0	+0	0.90	2.19	1.00	+103
Jupiter Energy	8	8	2-1	3.0	4.8	-38	1.09	1.35	1.00	+17	Peel Exploration	15	20	2-6	5.0	6.6	-24	0.78	1.61	1.00	+23
Jutt Holdings	7	20	1-2	1.7	0.8	+108	0.93	2.44	1.00	+177	Pegasus Metals	6	20	1-10	1.3	0.3	+331	0.58	3.30	1.00	+100
K2 Energy	13	20	1-4	2.5	4.4	-43	1.04	1.75	1.00	+55	Pelican Resources	16	20	0-7	3.5	4.6	-24	1.17	2.07	1.00	+93
K2 Energy	13	20	0-7	2.5	2.2	+13	1.04	2.52	1.00	+174	Pensinsula Minerals	4	10	2-1	1.7	0.9	+98	0.87	1.90	1.00	+78
KTL Technologies	2	5	1-0	0.9	0.3	+183	0.91	2.48	1.00	+168	Perseus Mining	118	20	0-10	96.0	99.3	-3	0.60	1.19	1.00	-2
Kairiki Energy	19	5	0-7	13.5	13.7	-2	0.76	1.34	1.00	+0	PharmaNet Group	1	5	0-7	0.1	0.0	+999	0.86	6.22	1.00	+999
Kalgoorlie-Boulder Res	8	20	0-2	0.5	0.1	+669	1.17	5.98	1.00	+999	Phosphagenics	15	20	1-0	4.0	1.1	+264	0.37	4.82	1.00	+59
Kangaroo Metals	11	20	1-3	3.0	2.6	+14	0.96	2.02	1.00	+90	Polaris Metals NL	60	20	0-7	35.0	41.2	-15	0.83	1.43	1.00	-14
Karmelsonix Ltd	14	10	0-1	4.0	4.4	-9	1.21	2.78	1.00	+0	Portland Orthopaedics	5	25	0-6	1.0	0.0	+999	0.63	9.68	1.00	+999
Key Petroleum	23	35	0-10	7.0	9.5	-26	1.53	1.58	1.00	+111	Poseidon Nickel	77	92	3-6	25.0	54.9	-54	1.12	1.20	1.00	+13
L & M Petroleum	9	25	0-5	0.6	0.1	+722	0.84	5.67	1.00	+999	Poseidon Nickel	77	81	1-6	25.0	40.0	-38	1.12	1.47	1.00	+24
Labtech Systems	20	20	5-1	11.0	12.2	-10	0.66	1.34	1.00	+10	Prairie Downs Metals	95	25	0-0	68.0	40.0	+70	0.96	1.47	1.00	-100
Labtech Systems	20	20	5-1	7.0	12.2	-43	0.66	1.34	1.00	+7	Prima Biomed	1	2	3-7	0.6	0.8	-23	1.22	1.19	1.00	+27
Laserbond	15	25	1-3	1.0	0.0	+999	0.18	9.99	1.00	+55	Primary Resources	20	20	2-3	6.9	8.5	-19	0.69	1.70	1.00	+16
Lefroy Resources	9	25	1-1	1.1	0.7	+56	0.83	2.85	1.00	+182	Prime Minerals	40	20	1-5	15.0	23.7	-37	0.66	1.55	1.00	-9
Legend Mining	3	4	0-2	1.9	0.1	+999	0.78	6.89	1.00	+999	Progen Pharm	147	840	2-0	10.0	1.4	+603	0.53	4.23	1.00	+140
Liberty Resources	7	25	0-10	1.0	0.1	+891	0.72	4.44	1.00	+383	Proto Resources & Invt	25	20	3-3	12.5	18.9	-34	1.11	1.18	1.00	+8
Lincoln Minerals	19	30	2-1	6.0	8.1	-26	0.93	1.59	1.00	+36	Pryme Oil & Gas	18	40	0-1	0.1	0.0	+999	0.72	9.99	1.00	+999
Lindian Resources	22	30	1-7	6.8	13.9	-51	1.53	1.27	1.00	+38	Pulse Health	10	20	0-1	0.5	0.0	+999	0.53	9.99	1.00	+999
Lion Energy	10	35	3-3	1.5	1.4	+5	0.58	2.32	1.00	+49	Pure Energy Res	95	30	0-7	61.0	66.7	-9	0.84	1.40	1.00	-7
Lion Selection	156	151	0-11	33.0	25.1	+31	0.29	4.31	1.00	+20	QRScience Holdings	14	45	4-1	3.0	7.1	-58	0.99	1.34	1.00	+36
Lodestone Exploration	2	5	0-2	0.5	0.0	+999	0.86	9.54	1.00	+999	Qld Gold & Minerals	8	20	0-1	1.0	0.0	+999	0.85	9.99	1.00	+999
Lumacom Ltd	1	7	0-7	0.1	0.0	+999	0.84	6.55	1.00	+999	Quantum Resources	1	10	2-5	1.0	0.0	+999	0.59	3.35	1.00	+135
M2M Corporation	3	20	1-9	0.4	0.2	+97	0.98	2.32	1.00	+242	Quantum Resources	1	10	3-11	1.0	0.1	+736	0.59	2.40	1.00	+69
MGM Wireless	5	20	2-6	1.5	0.6	+139	0.69	2.33	1.00	+79	Quantum Resources	1	5	4-6	1.5	0.3	+342	0.59	1.90	1.00	+41
Macmin Silver	13	25	0-5	1.2	0.1	+704	0.63	6.40	1.00	+490	Queensland Ores	15	35	0-6	1.4	0.1	+999	0.59	6.92	1.00	+489
Magellan Financial Grp	75	300	8-1	5.5	30.6	-82	0.56	1.53	1.00	+19	Quest Investments	17	15	0-7	1.2	6.4	-81	1.07	1.94	1.00	-8
Magellan Financial Grp	75	120	1-1	14.0	7.9	+78	0.56	3.38	1.00	+71	Ramelius Resources	93	100	1-1	36.0	33.9	+6	0.90	1.88	1.00	+42
Magna Mining NL	2	10	1-6	0.2	0.0	+999	0.56	5.04	1.00	+244	Range Resources	15	100	2-4	6.1	0.4	+999	0.60	3.32	1.00	+131
Magnesium Int'l	4	10	4-0	2.3	4.0	-42	3.17	1.00	1.00	+32	Range River Gold	2	25	0-4	0.1	0.0	+999	0.92	8.51	1.00	+999
Malachite Resources	24	20	0-3	4.0	5.1	-21	0.64	3.54	1.00	+9	Reco Financial Services	1	10	0-7	0.3	0.0	+999	1.32	3.31	1.00	+999
Mamba Minerals	15	20	1-10	3.1	6.7	-54	0.96	1.57	1.00	+27	Red Emperor Res.	15	25	1-3	7.0	3.7	+91	0.85	2.12	1.00	+83
Mantle Mining Corp	33	25	0-11	14.5	18.6	-22	1.32	1.45	1.00	+22	Red Fork Energy	60	20	0-11	41.0	41.0	+0	0.57	1.44	1.00	+3
Mantra Resources	209	20	1-1	195.0	190.6	+2	0.74	1.10	1.00	+3	Red River Resources	16	20	1-10	7.0	8.2	-15	1.07	1.46	1.00	+33
Marmota Energy	9	25	0-1	0.1	0.0	+999	0.39	9.99	1.00	+999	Red Sky Energy	4	30	1-2	0.3	0.3	+2	1.15	2.39	1.00	+467
Maximus Resources	29	20	1-1	12.5	16.0	-22	1.06	1.51	1.00	+11	Redbank Mines	4	28	0-0	0.3	0.3	+2	0.89	2.39	1.00	+999
Maximus Resources	29	20	0-1	8.4	9.5	-12	1.06	2.80	1.00	-22	Regal Resources	4	20	0-6	0.1	0.0	+999	0.76	7.18	1.00	+999
Medic Vision Ltd	7	20	3-8	2.2	2.1	+5	0.69	1.77	1.00	+37	Regis Resources	28	100	4-5	3.5	10.0	-65	0.75	1.58	1.00	+35
Metal Storm	6	0	1-3	1.8	5.9	-69	0.49	1.02	1.00	-59	Regis Resources	28	5	5-8	16.0	25.0	-36	0.75	1.08	1.00	-5
Metals Australia	6	5	1-4	3.1	2.4	+28	0.78	1.79	1.00	+30	Regis Resources	28	50	5-8	3.5	16.5	-79	0.75	1.32	1.00	+12
Metals X Ltd	43	20	0-7	23.0	24.5	-6	0.76	1.68	1.00	+0	Regis Resources	28	200	3-11	3.5	5.1	-32	0.75	1.88	1.00	+67
Metminco Ltd	32	25	4-6	12.0	22.7	-47	0.79	1.24	1.00	+3	Regis Resources NL	28	20	3-11	35.0	18.7	+88	0.75	1.29	1.00	+19
Metroland Australia	12	26	1-0	0.8	0.6	+45	0.61	3.86	1.00	+133	Regis Resources NL	28	10	4-5	10.0	22.4	-55	0.75	1.17	1.00	-7
Midas Resources	7	10	1-4	1.0	2.9	-65	1.12	1.62	1.00	+42	Republic Gold	11	3	0-6	7.4	8.3	-11	1.59	1.22	1.00	-11
Millepede Int'l	2	5	3-10	3.5	1.5	+140	1.30	1.16	1.00	+46	Reward Minerals	167	20	1-1	148.0	149.1	-1	1.07	1.11	1.00	+1
Mindax Ltd	25	20	0-1	6.7	6.6	+2	1.34	2.98	1.00	+120	Rey Resources	27	30	1-10	14.0	14.4	-3	1.05	1.44	1.00	+31
Minemakers Ltd	230	30	0-7	190.0	201.9	-6	1.34	1.13	1.00	-7	Rialto Energy Ltd	37	60	3-1	15.0	19.7	-24	0.92	1.40	1.00	+26
Mining Projects Group	1	1	1-2	0.3	0.3	-12	1.06	1.66	1.00	+42	Richfield Group	5	1	0-12	4.0	4.5	-11	1.67	1.12	1.00	-4
Moby Oil & Gas	8	30	0-1	0.1	0.0	+999	0.86	1.00	1.00	+999	Rockeby Biomed	1	5	1-0	0.3	0.0	+999	0.59	6.26	1.00	+489
Montec International	3	10	0-1	0.1	0.0	+999	1.07	9.99	1.00	+999	Rocklands Richfield	15	30	1-6	4.0	4.3	-7	0.96	1.87	1.00	+73
Monteray Group	2	10	0-7	3.5	0.0	+999	0.74	7.08	1.00	+999	Rockstead Financial	3	25	1-6	0.6	0.2	+166	1.15	2.18	1.00	+372
Monteray Group	2	10	0-7	0.1	0.0	+999	0.74	7.08	1.00	+999	Royal Resources	32	20	1-2	15.0	17.4	-14	0.90	1.57	1.00	+8
Montezuma Mining Co	14	20	3-3	5.0	7.2	-30	0.81	1.46	1.00	+20	Sabre Resources	22	35	1-8	10.5	8.0	+31	0.93	1.73	1.00	+55
Morning Star Gold	25	25	0-7	5.5	4.8	+16	0.56	3.29	1.00	+41	Safety Medical Prod	15	100	2-7	1.0	2.0	-50	0.84	2.09	1.00	+109
Mosaic Oil NL	16	18	1-0	3.6	2.8	+28	0.53	3.04	1.00	+39	Safety Medical Prod	15	20	0-7	5.5	2.5	+119	0.84	2.85	1.00	+148
Mt Magnet South	15	25	2-3	3.9	6.5	-40	0.93	1.56	1.00	+34	Sapex Ltd	43	25	3-8	21.0	32.5	-35	0.90	1.20	1.00	+2
Multi Channel Solutions	2	7	0-7	1.2	0.1	+999	1.12	3.10	1.00	+999	Saracen Mineral Hold.	23	10	5-1	20.0	17.7	+13	0.59	1.23	1.00	+5
Murchison Holdings	160	100	0-7	45.0	65.1	-31	0.36	2.40	1.00	-15	Saracen Mineral Hold										

Company	Yr/Mth			Black-Option	Share	Option	Options	Break-		Company	Yr/Mth			Black-Option	Share	Option	Options	Break-			
	Share	Exercise	to								Price	Valuation	Under-							Price	Exercise
TalismanMining	66	20	2-7	46.0	57.5	-20	1.32	1.10	1.00	+0	VentureMinerals	45	25	0-1	16.5	19.7	-16	0.57	2.26	1.00	-57
TargetEnergy	17	25	1-6	6.2	4.5	+39	0.77	2.07	1.00	+54	VerusInvestments	3	10	2-1	1.5	1.1	+38	1.07	1.63	1.00	+85
TasmanResourcesNL	13	20	1-7	4.2	3.3	+27	0.72	2.14	1.00	+48	VictoriaPetroleum	22	25	1-8	6.5	7.6	-15	0.73	1.90	1.00	+26
TawanaResources	6	10	2-10	3.0	2.7	+9	0.85	1.52	1.00	+31	ViewResources	13	20	0-1	2.1	0.0	+999	0.74	9.99	1.00	+999
Telezon	12	20	0-1	2.0	0.1	+999	1.00	9.08	1.00	+999	ViraxHoldingsLtd	4	20	1-7	1.0	0.0	+999	0.64	3.94	1.00	+220
TerrainMinerals	8	25	2-2	1.4	1.0	+40	0.64	2.55	1.00	+70	VitalMetals	61	80	0-3	10.5	2.8	+281	0.64	5.93	1.00	+384
TerritoryUranium	13	70	2-1	3.0	1.8	+64	0.89	2.11	1.00	+129	VortexPipes	10	15	0-1	0.3	0.1	+295	1.02	9.71	1.00	+999
TexonPetroleum	59	50	0-11	23.0	20.9	+10	0.69	2.14	1.00	+26	WAMActive	95	100	1-1	4.7	5.2	-9	0.09	9.99	1.00	+10
ThundelaraExploration	42	19	1-1	24.5	25.7	-5	0.72	1.53	1.00	+3	WCPDiversifiedInv.	8	2	2-1	5.2	6.3	-18	0.55	1.25	1.00	-5
TidewaterInvestments	50	125	1-0	0.1	0.2	-53	0.41	7.30	1.00	+150	WCPResources	8	4	2-1	3.5	4.9	-28	0.55	1.53	1.00	-3
TorrensEnergy	44	25	1-10	19.0	29.5	-36	1.01	1.32	1.00	+0	WersternMetals	9	35	1-11	3.1	1.4	+115	0.89	2.09	1.00	+116
TraffordResources	70	25	0-5	44.0	45.9	-4	0.83	1.51	1.00	-4	WestAustMetals	21	5	0-3	16.0	16.1	-1	0.79	1.31	1.00	+0
TransitHoldings	16	25	1-7	5.0	6.6	-24	1.10	1.57	1.00	+52	WesternUranium	9	20	2-1	1.0	2.1	-52	0.74	2.06	1.00	+50
TransolCorporation	2	2	3-0	1.3	1.5	-14	1.03	1.25	1.00	+14	WestoniaMines	4	10	2-1	2.0	1.1	+79	0.85	1.86	1.00	+67
TranszactFinancial	16	30	1-11	1.9	2.1	-11	0.54	2.76	1.00	+46	WestralianGas&Power	7	25	1-4	1.2	2.3	-48	1.42	1.62	1.00	+178
TrojanEquity	78	100	0-1	1.5	0.0	+999	0.34	9.99	1.00	+999	WestsideCorporation	45	50	0-10	10.0	13.5	-26	0.88	2.13	1.00	+41
U308Limited	24	25	1-1	5.7	9.2	-38	0.93	1.82	1.00	+26	WhinnenResources	30	20	0-8	9.0	14.6	-38	1.03	1.71	1.00	-5
UnilifeMedicalSol	25	50	0-1	0.5	0.0	+999	0.63	9.99	1.00	+999	WindyKnobResources	10	20	1-7	17.0	2.4	+597	0.89	1.96	1.00	+136
UnionResources	2	10	0-10	0.2	0.0	+999	0.68	6.20	1.00	+898	XceedCapital	13	20	1-8	2.1	4.2	-50	0.88	1.81	1.00	+41
UnionResources	2	10	0-10	0.2	0.0	+999	0.68	6.15	1.00	+877	XenolithGold	7	8	3-1	3.5	3.7	-5	0.77	1.47	1.00	+17
UnitedMineralsCorp	161	20	0-2	141.5	141.3	+0	1.09	1.14	1.00	+2	YellowRockRes	14	20	1-6	4.0	5.3	-24	0.96	1.72	1.00	+43
UnitedUranium	14	20	1-1	2.2	4.4	-50	0.99	1.91	1.00	+53	ZamiaGoldMines	16	20	1-1	4.8	5.9	-18	1.03	1.79	1.00	+50
UranLtd	21	20	0-12	10.0	8.9	+12	1.02	1.73	1.00	+44	ZedexMinerals	17	20	0-6	3.5	1.7	+107	0.52	4.44	1.00	+91
UraniumOil&Gas	8	20	2-2	2.2	1.1	+98	0.65	2.40	1.00	+65	ZincCoAustralia	12	25	1-6	3.5	2.8	+24	0.91	1.99	1.00	+83
UraniumsaLtd	14	25	1-8	3.0	4.6	-35	0.98	1.73	1.00	+56											

Option Investments

If, as this newsletter expects, shares are near their lows and likely to recover in value over the next 6-24 months then share options could be best way to leverage these gains and boost portfolio returns. There are, however, significant risks investing in options . . .

Virtually all options trade at a premium to their intrinsic value. Often the shares trade *below* the exercise price of the option, so the share price needs to appreciate a certain amount *before* the options will have any value at their final exercise/expiry date. Even when the share price is *above* the exercise price of the option, the option will usually trade at a small premium. In either case, a share price must usually appreciate at a certain rate before the option will start to appreciate in value. We call this the “Break-Even Rate” and it is calculated and shown for each option in the table above. The *Break-Even Rate* for Electrometals Technologies options, for example, is 26% per annum. So even if the shares are at their low now and recover by 20% per annum over the next 2 years and 11 months then the options would expire worthless (i.e. fall 100% in value). So options will only become valuable when a particular share price recovers very strongly in value.

Options are also risky owing to their limited life until expiry. If the stockmarket recovery is delayed, or a particular share suffers a setback, it could still become a very profitable investment over the years ahead. Options, however, expire at a certain date - so can only become valuable *if* the share price appreciates *before* that expiry date. If the shares double or triple the month *following* the expiry date it is too late for the option investor!

There are three important ways to control the risks involved in option investment:

Firstly, options are volatile and risky securities so limit the amount invested in any one option and the total amount of a portfolio invested in options. Perhaps invest

no more than 1% of a portfolio in any option and no more than 5% of the portfolio in all options. Sometimes *all* of your options will expire worthless.

Secondly, successful option investment relies on one (or a few) big winners boosting your return from these volatile investments. Risks are limited to 100% (i.e. an option can only become worthless), but there is no limit to the potential gains on a very successful holding (i.e. it could appreciate 500% or 2000%). So it is important to *diversify* across many option investments, knowing that *many* could become worthless but that one or two may become very valuable and more than offset those limited losses. \$500 invested in five different options is a better strategy than investing \$2500 in just one option.

Thirdly, an option investment strategy requires *time diversification*. When the stockmarket turns down - or fails to recover quickly enough - it is possible for *all* of your current options to expire worthless! This is why it is important to limit the amount of a portfolio invested in options, but also requires that an option investment strategy be applied consistently over time. Total losses on options in one period should not prevent a small percentage of a portfolio again being invested in options - just as large gains on many options over a period should not result in a larger percentage of the portfolio being invested in these risky securities in the future.

Many investors may decide that option investment is just not an appropriate strategy for their portfolio.

An option investment strategy is, however, superior to the use of margin loans to increase portfolio volatility and leverage long term investment returns. Investors seeking long term capital appreciation *and* prepared to accept the higher volatility and risks of option investment (i.e. investors with long term investment horizons and/or adding to their portfolio with new savings) *could* consider investing around 5% of their portfolio in these securities.

Three New Speculative Option Investments

Allied Brands (codes ABQ and ABQO).

Allied Brands is a small franchise company that appears to be growing strongly.

The company owned the *Baskin-Robbins* chain of 81 ice-cream stores but has been expanding rapidly through acquisition of new businesses and new franchised stores:

In January 2007 the company acquired *Cookie Man* with 49 outlets in Australia and one in Singapore, plus a three year option to acquire existing operations in India (which has 33 stores) and China. The company also plans to launch the franchise in three new countries during 2008, with negotiations at "an advanced stage" with potential operators in the United Kingdom, Malaysia, Cyprus and the Middle East.

In July 2007 it acquired *Kenny Cardiology*, a greeting card franchise with 33 Australian stores. This franchise will expand into New Zealand with six stores expected to open prior to Christmas 2008 and to have up to 30 stores in NZ within three years. The number of Australian stores should increase to around 55 by the end of 2008.

In December 2007 the franchise business of *Awesome Water* was purchased for \$7.1 million (i.e. \$3.65 million in cash plus 5,307,692 shares at 65 cents, plus up to another \$5 million worth of shares under an earn out). This business had 57 franchisees distributing and servicing water coolers for 27,000 customers.

The *Cookie Man* and *Awesome Water* business also expect to open in NZ in the second half of 2008.

Revenues increased 2¾-fold to \$14.9 million for the six months to 31 December 2007, with profits *quadrupling* to \$2,262,306 (2.4 cents per share).

13 new stores were opened in the first half, with contracts for another 27 new stores, most of which should be opened by 30 June 2008.

The company is predicting pre-tax profits of \$7.25 million for the year to June 2008. That should be around \$5.5 million after tax, or 5.5 cents per share. So at 49 cents the shares are trading on a prospective Price/Earnings ratio of under 9.

The issued capital consists of 99,992,551 shares, giving the company a market capitalisation of \$49 million. There are 29,372,394 listed options which give investors the right to buy shares at 60 cents until 28 December 2010. That is over two and a half years during which this business could expand and create significant value for shareholders (and option holders).

The options trade in small volumes, but with some patience investors should be able to build up a reasonable holding. The options trade at a discount to their fair value, offer a high leverage and have a reasonably achievable 15% break-even rate.

There have been six *insider* buys and two sells on-market over the last year. The Relative Strength rating is -5.9%, ranked 25. The shares have started to recover

over recent weeks and if profit growth and franchise store expansion continues the shares should appreciate strongly in value over the next few years!

Summary and Recommendation

Allied Brands is growing its business very rapidly, which could generate significant shareholder wealth. With over 2½ years until their final exercise/expiry date, the options offer an attractive way to invest in this company. High growth companies can offer high returns (and even higher returns with options) but can also involve higher than normal risk. This, however, appears to be a sound business, so the options are an attractive investment for higher risk investors. Buy.

Allied Brands



Electrometals Technologies (codes EMM and EMMO).

We reviewed Electrometals Technologies in April 2007 (*Market Analysis*, issue 418) owing to *insider* buying. That has increased, with seven *insider* buys over the last year.

The company is developing technologies to extract metals from industrial wastes or at mine sites. Most of its revenues come from major processing plant sales, but with a slowly growing income from maintenance and replacement parts. Unfortunately, its forward orders are at an all time low - which *may* impact upon revenues and profits in the short term.

An attractive expansion - providing recurring revenues and profits - *could* be a DBOO project (i.e. Develop, Build, Own and Operate) to extract metals from the waste products of another company.

With an issued capital of 204,357,579 shares the company has a market capitalisation of just \$18.4 million - but has around \$7.3 million in cash following a cash issue a year ago.

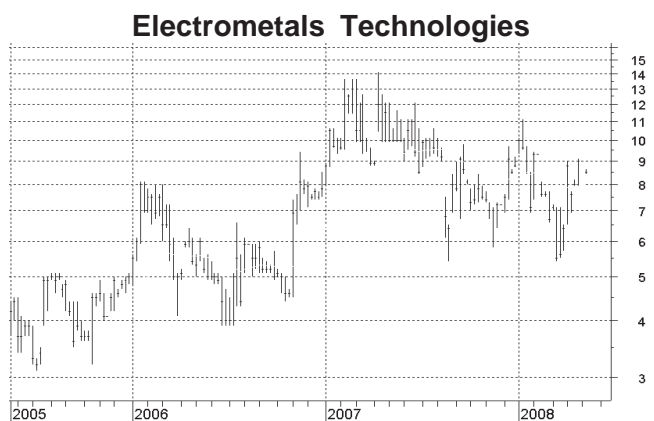
There are 33,255,577 options (to buy shares at 14 cents until 18 April 2011) which trade in reasonable quantities. These are relatively long dated options, giving the company almost three years in which to grow its business to create wealth for investors. The options, however, have a relatively high *Break-Even* rate of 26% per annum. So Electrometal Technologies options involve very high risks, but this is a micro-cap company

and its shares can be very volatile. Just moderate success at selling its technology to potential customers - or a DBOO project - could create significant shareholder wealth in a company this small.

Summary and Recommendation

Electrometal Technologies' business is a bit slow at the moment but the company is in a sound, cashed up, position and the *insiders* are optimistic. Micro-cap shares can be very volatile - so are an ideal (albeit high risk) potential option investment.

We consider this an attractive business - but very high risk - so a small option investment could be considered by higher risk investors.



Whinnen Resources (codes WWW and WWWO). This is a small, \$9.2 million *micro-cap* company with interests in Uranium exploration and, most recently, a Bauxite prospect in the Republic of Cameroon, West Africa.

Whinnen Resources has some early stage Uranium exploration interests which are not without potential and value . . . but let's skip to a more interesting development which *could* have a significant impact upon the company in the immediate future:

In April the company paid US\$500,000 for a six months option to acquire 85% of the *Fongo Tongo Bauxite Project*. Exploration by **Alcan International** in the 1980's indicated a bauxite resource of around 34 million tonnes at 47% alumina and a feasibility report suggested this could support a mine producing 1,000,000 tonnes of washed bauxite annually. At the current price of US\$45/tonne, that would generate annual revenues of US\$45 million.

If Whinnen Resources exercises this option, then within 60 days it will need to pay a further US\$1.15 million in cash and issue US\$2.0 million worth of Whinnen Resources shares and later, upon proving JORC compliant resources of at least 100 million tonnes at grades better than 40% alumina a further payment of US\$2.0 million in cash and a further US\$2.0 million worth of shares.

Whinnen Resources, of course, has little cash - just \$2.4 million. Bauxite exploration is relatively easy and cheap - as it is found near the surface and is soft. So Whinnen Resources could finance exploration to prove

up this bauxite project but certainly currently lacks the finance resources to develop a major mine or the 200 km slurry pipeline to carry bauxite to the Port of Douala for export to China.

Whinnen Resources will use the six month option to evaluate existing data, to re-sample from existing pits and trenches and to conduct relatively low cost drilling in existing and new locations. This could allow the company to prove significant value in the project before exercising its option and needing to make the first payment of cash and shares.

The company's own listed options (to buy shares at 20 cents until 31 January 2009) are an attractive way to invest in this high risk/high potential project. The shares trade around 30-32 cents, so the options are "in the money" with an intrinsic value of about 10-12 cents. The options last traded at 9 cents, but there are sellers in the market at around 10-12 cents.

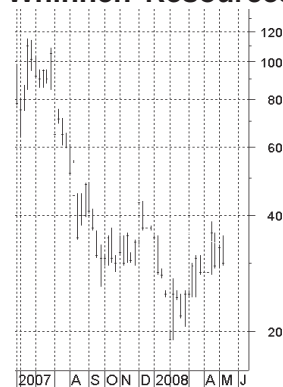
So investing in the options is no more expensive than buying the shares, except that we only need to put 10-12 cents at risk now - with the rest payable only if we choose to exercise the options in January when we shall have more information about the bauxite project. The company will make a decision about the Fongo Tongo Bauxite project in October/November - which, owing to the high leverage involved in the situation, could create significant shareholder wealth *if* this proves an attractive venture in which it chooses to become involved.

Summary and Recommendation

A \$9 million micro-cap company with an option to pay US\$8 million to invest in a project that could cost hundreds of millions of dollars to develop offers extremely high leverage! Options to buy shares in that company *minimises* our initial risk and *maximises* our potential returns. If Whinnen Resources can prove the economics of this project over the next 6-8 months then the options could increase many-fold in value - but there is always the risk it will abandon the project, the share price fall and the options become worthless.

Nevertheless, this is an excellent example of the limited 100% potential loss but the unlimited potential returns - so a small investment in this very high risk situation will certainly prove interesting!!

Whinnen Resources



Review of Existing Options

With the stockmarket sharply lower, it should not be surprising that some options have dropped significantly in value. That dip, however, could also offer an attractive opportunity to buy some new options at low prices.

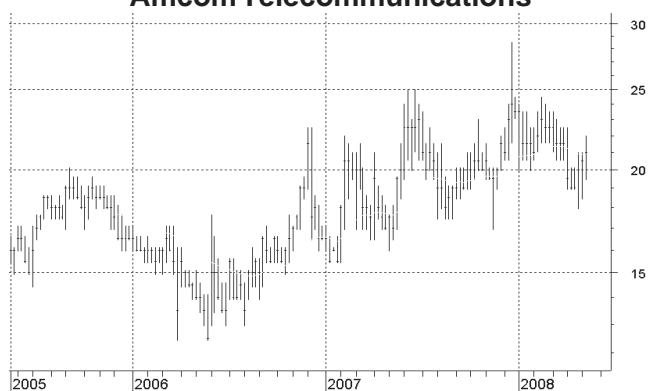
Amcom Telecommunications (codes AMM and AMMO). Amcom Telecommunications continues to predict strong revenue and profit growth, upgrading its forecast for net profit growth (from wholly owned businesses) from 25% to over 30% to around \$4.1 million. With profits from associates the total net profit should be around \$9.0 million (1.8 cents per share). Total revenues should be around 17% higher at around \$37 million.

The “buoyant Western Australian and South Australian economies” - driven by the strong resource sector - is creating new demand for Amcom Telecommunications' services and growth in recurring revenues. Earnings for the June 2009 year are expected to be “at least 25%” higher than the improved 2008 result.

Last week Amcom Telecommunication placed 30.0 million shares at 20 cents to raise \$6.0 million in new equity. This money, plus additional borrowings, will be use to take up a \$9.2 million placement (i.e. 5.7 million shares at 160 cents) from **iiNet** which is raising \$41 million to help finance its \$81 million cash takeover of **Westnet**, another national broadband provider. The Westnet transaction is expected to provide “a much stronger contribution” to iiNet's earnings in 2009.

The options give us the right to buy shares at 17 cents on 31 December 2009. At 21 cents the shares trade above that exercise price so have an intrinsic value of 4 cents (i.e. 21 minus 17). The attraction of the options is their leverage. Rather than investing 21 cents in the shares today an investor can pay around 5 cents to buy an option (i.e. either risking only one-quarter the capital or buying four times the number of options) and fully benefit from any increase in the share price over the next 19½ months until the final expiry. “Buy”.

Amcom Telecommunications



Greater Pacific Gold (codes GPN and GPNOA). Our Greater Pacific Gold options expire at the end of this month but have no value. The options allow us to buy shares at 3 cents but will expire worthless as the shares are worth only 0.8 cents.

Existing option holders will, however, be offered a new option (i.e. to buy shares at 2 cents until May 2011) in a cash issue at ¼ cent each. These new options will be very high risk - requiring the shares to appreciate by 41% per annum compounded over the next three years just to achieve a “break-even” (i.e. for the options to be worth at least ¼ cent).

So our current options will expire worthless this month and we shall NOT be taking up our entitlement to the new options.

Greater Pacific Gold



Metroland (codes MTD and MTDO). These options are probably worthless.

Style (code SYO and SYPO).

Style continues to under-perform its own growth forecasts. Revenues rose 70% to \$12.3 million for the six months to December 2007, but will likely be around \$22 million for the full year to June 2008 - down on its earlier forecast of \$30-35 million in revenues.

Severe snowstorms in China during February disrupted production and there were shipping delays as the Chinese Customs Agency re-evaluated the business after Anji Ya Feng Bamboo Products became a 100% owned subsidiary. It was also necessary to offer short term marketing incentives in the United States to rebuild sales after quality problems in the December quarter, with these marketing costs depressing profit margins in the March quarter.

The February snowstorms also damaged 80% of the Wanzai bamboo plantation, recently leased for 50 years at a cost of A\$10 million. This contract is being re-negotiated with the Wanzai Province Forest Authority and if agreement is not reached the company believes it can cancel the contract. The company has secured replacement long term supplies of bamboo at suitable prices and quality.

On the positive side, the company has installed and commissioned the additional new machinery at its Anji finishing factory - increasing production capacity and reducing maintenance and outage risks.

The shares and options have dropped significantly in value over the last three months. The greatest risk factor is that the options expire on 31 January 2009 - so if the business performs

(Continued on Page 14)

Option Review

(Continued from Page 13)

poorly over the next eight months then the options could become worthless. Even if the company makes progress, eight months may be too short a period to experience a major recovery in value of the shares and options.

Nevertheless, at current prices the options offer very high 2.42 times leverage - so are an attractive, albeit very high risk, option investment.

Style



Investment Outlook

(Continued from Page 1)

decade, but timing is variable and several *can* occur in quick succession.

This roller-coaster ride wearing a blindfold is what makes the stockmarket so interesting. Jumping off a roller-coaster is, of course, lethal (in this case, for your portfolio) leaving those who sit tight (perhaps terrified at times) to collect the rewards!

While the blindfold hides all the many twists and turns ahead, there is no question that knowledgeable *insiders* have recently been jumping aboard and that shares now offer better value than we have seen for decades.

Our long term stockmarket forecast is slightly Bullish (i.e. favourable) for the Australian stockmarket, but slightly Bearish (i.e. unfavourable) for the New Zealand stockmarket. Buy the recommended shares, sit tight and enjoy the ride!

Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Allied Farmers	2.50	06-06	16-06	Full
Kirkcaldie & Stains	5.00	23-05	02-06	Full
NZ Exchange	21.00	-	-	Full
NZ Finance	1.00	21-05	28-05	Full
Restaurant Brands	3.50	13-06	27-06	Full
Richina Pacific	1.50	-	-	Nil
<u>Australian Shares</u>				
Atlas South Sea Pearl	2.00	26-06	14-07	
M.Y.O.B. repayment	13-18	?	?	

Total Return Index for All Listed Shares			
Apr 14	1934.74	Apr 21	1969.46
Apr 15	1940.95	Apr 22	1964.43
Apr 16	1951.86	Apr 23	1966.30
Apr 17	1967.12	Apr 24	1962.29
Apr 18	1959.67	Apr 25	Holiday
Apr 28	1969.52	May 5	1958.12
Apr 29	1960.60	May 6	1954.89
Apr 30	1962.21	May 7	1954.36
May 1	1954.58	May 8	1958.46
May 2	1943.77	May 9	1955.73

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday June 9, 2008.

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

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