Twenty Seven Years of Independent Information and Unbiased Advice on the Australian and NZ Stockmarkets

Market Analysis

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

Major booms and busts are driven by widely held views of reality which, only with hindsight become recognised as delusions! Ignore the front page "doom and gloom", valuations are just too low not to be buying and holding shares.

Investment Outlook.

A woman once subscribed to this newsletter and came to see your Editor for some advice. Having mastered the jargon she states her investment criteria "I'm looking for shares trading on a P/E of 5 and a Yield of 10%" . I smiled understandingly but said nothing. "What's wrong?" asked the woman and your Editor explained "Such valuations aren't very common. A company on a P/E of 10 and Yield of 5% would usually be good value".

That was about 25 years ago and share valuations have been higher over most of the last 2½ decades. Often investors have needed to pay higher valuations to buy good quality company shares. Even after 3½ decades of investing, however, the stockmarket can still come up with something new and surprising. Even a year ago who could imagine this newsletter would now be recommending a share on a P/E of *under* 5 and a Yield of 20%?

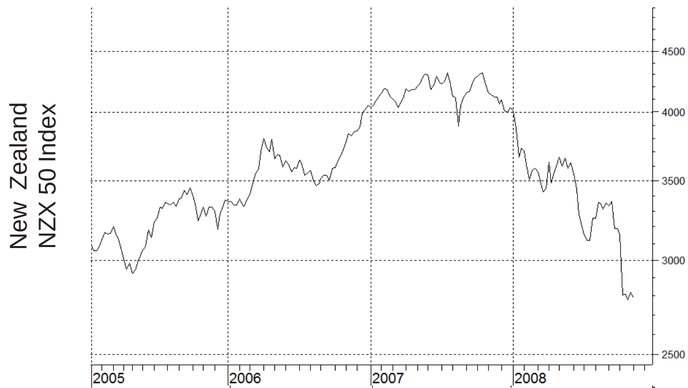
Predicting global macro-economic trends is very difficult. Just a few months ago oil was heading towards US$200, commodity and food prices were rising and inflation was out of control. Now people worry about deflation (i.e. falling prices). Problems with the appreciating Australian and New Zealand dollars have been replaced by problems with the *depreciating* Australian and New Zealand dollars!

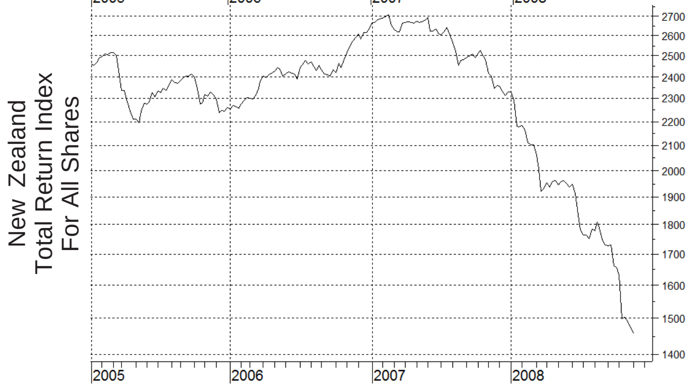
Major booms and busts are driven by widely held views of reality which only with the aid of hindsight come to be recognised as delusions!

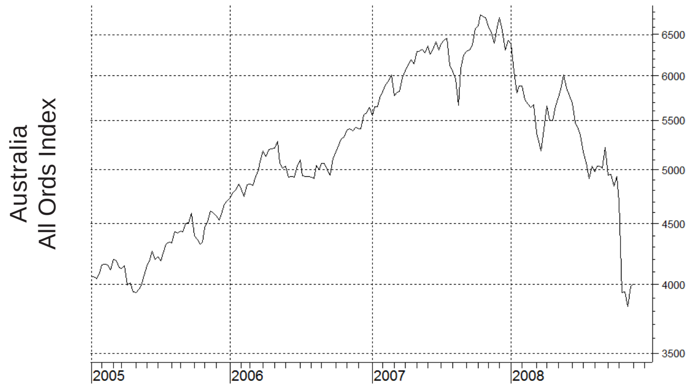
How can the extremes of high and low valuations in a boom and bust be explained? Quite simply. In a boom (like the Investment boom or the Technology boom or the Resource boom) high valuations appear justified based upon the widely held view that things will get better and better, that profits and dividends will grow strongly to justify ever higher valuations. In a bust, low share valuations are justified by the widely held view that things will get worse, corporate profits will fall and dividends will be cut. Oh, yes, and the banks *(Cont'd on Page 16)*

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**81%** (Bullish)	**52%** (Neutral)
New Zealand:	**44%** (Neutral)	**43%** (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
A2 Corporation	D	10	5.41	NE	Nil
AMP Onyx Mgmt	B	101	5.76	6	8.3
AMP Limited	C	625	0.69	11	7.5
Abano Health.	B	460	0.86	14	5.8
Affco Holdings	C	45	0.24	NE	Nil
Air New Zealand	C	92	0.21	4	13.8
Akd Int Airport	B	175	6.09	19	7.0
Allied Work.	C	70	0.22	10	12.4
Allied Farmers	C	120	0.20	61	Nil
Apple Fields	B	3.1	0.92	2	Nil
Barramundi Ltd	E	47	N/A	NE	Nil
Blis Technology	E	4.2	6.27	NE	Nil
Botry-Zen Ltd	E	1.9	9.50	NE	Nil
Briscoe Group	D	78	0.41	7	15.3
Broadway Ind	D	25	0.10	5	8.0
Burger Fuel	D	45	5.06	NE	Nil
CDL Investments	D	27	1.90	5	12.7
Cabletalk Group	D	1.0	0.01	NE	Nil
Cadmus Tech Ltd	D	9.5	1.02	NE	Nil
Canty Bldg Soc.	B	430	1.38	25	2.8
Cavalier Corp	A	230	0.62	9	13.0
Cavotec MSL	C	360	1.72	31	1.7
Cert Organics	E	1.6	0.52	NE	Nil
Charlie's Group	E	14	1.36	NE	Nil
Col Motor Co	B	280	0.15	11	12.3
Comvita	E	150	0.81	NE	Nil
Connexion	C	15	1.00	NE	Nil
Contact Energy	B	741	1.55	18	5.6
Cynotech Hold.	C	14	1.09	7	5.3
Delegat's Group	A	210	1.27	11	4.3
Dominion Fin.	C	1.0	0.01	0	149.3
Dorchester Pac	D	15	0.08	NE	Nil
Eastern Hi-Fi	D	10	0.06	NE	Nil
Ebos Group Ltd	B	424	0.22	12	8.1
F & P Appliance	C	147	0.30	8	16.1
F & P Health.	B	299	4.26	43	5.5
Finzsoft Sol'ns	D	68	0.69	NE	6.6
Fletcher Build.	C	568	0.40	6	12.6
Freightways Ltd	B	304	1.21	12	9.2
Genesis Res.	E	12	4.11	NE	Nil
Goodman Prop.	C	103	7.29	9	9.6
Guinness Peat	D	101	0.38	4	2.6
GuocoLeisure	E	40	0.84	31	13.1
Hallenstein G.	C	229	0.68	6	22.8
Hellaby Hold.	B	165	0.16	4	8.5
Heritage Gold *	N/R	1.3	N/A	NE	Nil
Horizon Energy	A	315	2.80	14	7.8
ING Property	C	62	3.08	4	15.9
ING Med. Prop.	B	106	6.10	17	9.2
Infratil NZ	C	183	0.72	NE	5.1

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
Inv Research Gr	E	7.0	2.69	NE	Nil
Jasons Media	C	75	1.09	15	3.0
Just Water Int.	C	40	0.97	69	13.4
Kermadec Prop.	C	49	3.49	6	17.7
Kingfish Ltd	C	86	N/A	NE	7.8
Kirkcaldie & St	B	240	0.53	21	6.2
Kiwi Property	B	105	5.07	7	8.7
Life Pharmacy	D	46	2.70	NE	Nil
Lion Nathan Ltd	B	1000	2.55	21	3.9
Livestock Imp.	A	269	0.67	6	13.9
Lombard Group	D	6.1	0.04	NE	Nil
Lyttelton Port	A	225	2.76	22	3.4
Mainfreight Grp	C	515	0.53	12	5.2
Marlin Global	E	59	N/A	NE	Nil
Media Tech.	E	4.0	0.63	4	Nil
Methven Limited	C	145	0.84	10	12.0
Metro. LifeCare	D	380	5.71	NE	5.0
Michael Hill	D	67	0.68	10	7.1
Mid-Cap Index	D	232	N/A	NE	Nil
Millennium & C.	C	53	1.10	8	7.0
Mowbray Collect	D	125	2.85	58	Nil
Mr Chips Hold	A	274	1.18	13	2.2
NZ Experience	C	15	0.59	4	29.9
NZ Exchange Ltd	C	605	4.67	17	5.2
NZ Farming Sys.	E	110	N/A	NE	Nil
NZ Finance Hold	D	30	0.86	6	5.0
NZ Invest Trust	B	1090	N/A	NE	0.8
NZ Oil & Gas *	N/R	129	N/A	21	Nil
NZ Refining Co	B	665	4.72	14	10.1
NZ Windfarms	D	78	N/A	25	Nil
NZ Wine Company	A	225	1.82	20	4.6
NZ Wool Service	C	42	0.20	20	Nil
NZSX 10 Fund	D	80	N/A	NE	Nil
NZSX 50 Port.	D	132	N/A	NE	Nil
NZX Aust MidCap	E	415	N/A	NE	Nil
Nat Property Tr	B	45	2.53	4	11.1
New Image Group	E	15	1.24	NE	Nil
Northland Port	A	290	N/A	14	5.7
Nuplex Indust	B	520	0.28	9	8.7
Opus Int'l Cons	E	140	N/A	NE	Nil
Oyster Bay	A	280	1.59	9	Nil
Ozzy (Tortis)	D	286	N/A	NE	Nil
PGG Wrightsons	C	175	0.42	7	13.6
Pac Edge Bio.	E	10	N/A	NE	Nil
Pike River Coal	E	115	N/A	NE	Nil
Plus SMS Hold.	E	2.0	1.44	NE	Nil
Port Tauranga	A	665	5.99	21	5.6
Postie Plus Grp	C	33	0.10	NE	Nil
Propertyfinance	D	10	0.08	NE	Nil
Property F Ind.	C	106	7.17	12	8.3

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
ProvencoCadmus	E	13	0.16	NE	Nil
Pumpkin Patch	C	100	0.46	6	13.4
Pyne Gould Corp	B	345	1.42	8	10.0
Rakon Ltd	D	186	1.30	21	Nil
Renaissance	C	47	0.11	6	23.8
Restaurant Brds	D	61	0.19	5	15.9
Richina Pacific	D	23	0.07	2	6.5
Rubicon Limited	D	83	0.37	NE	Nil
Ryman Health.	C	150	9.88	10	3.3
Salvus Strat.	B	78	1.82	2	10.5
Sanford Limited	A	555	1.40	26	5.9
Satara Co-op	B	90	0.25	11	5.0
Savoy Equities	E	0.2	2.86	NE	Nil
Scott Tech. Ltd	B	100	0.85	8	13.4
Sealegs Corp	E	18	2.27	NE	Nil
Seeka Kiwifruit	B	250	0.29	12	Nil
Skellerup Hold.	C	81	0.48	NE	5.5
Sky Network TV	C	371	2.19	15	5.6
Sky City Ltd	B	312	1.66	14	10.3
Smartpay NZ Ltd	D	0.7	0.05	NE	Nil
Smiths City	C	37	0.08	5	12.2
Sol. Dynamics	C	40	0.34	NE	Nil
South Port NZ	A	215	3.67	22	6.6
Speirs Group	B	50	0.11	NE	Nil
Steel & Tube	A	295	0.52	12	9.6
Sthn Travel	C	20	0.09	5	22.4
Tag Pacific Ltd	D	20	0.12	2	4.7
Taylors Grp Ltd	C	127	0.44	13	14.1
TeamTalk Ltd	B	195	1.29	11	15.3
Telecom Corp	C	226	0.73	6	19.2
Tenon Ltd	D	60	0.08	10	Nil
Tourism Hold.	C	90	0.58	11	18.2
Tower Limited	C	155	0.57	8	5.8
Training Sol.	E	0.1	5.00	NE	Nil
Trust Power Ltd	B	760	3.52	24	5.5
Turners & Grow.	B	175	0.29	10	11.9
Turners Auction	C	70	0.22	8	13.2
Utilico Int'l	B	61	3.43	9	Nil
VTL Group Ltd	C	1.5	0.01	0	Nil
Vector Ltd	B	199	1.68	14	9.9
WN Drive Tech.	E	21	N/A	NE	Nil
Wakefield Hlth	B	780	1.57	14	3.8
Warehouse Group	C	390	0.69	11	6.7
Widespread Port*	N/R	11	N/A	NE	Nil
Windflow Tech.	C	295	7.26	NE	Nil
Wool Equities	C	26	0.29	NE	Nil
World Index Fd	D	107	N/A	NE	Nil
Xero Ltd	D	79	N/A	NE	Nil
Zintel Comm.	C	21	0.29	5	16.0
Ave of 149 Cos	**C**	169	0.19	5	6.6

ABB Grain Ltd	A	822	0.81	NE	1.8
AGL Energy Ltd	A	1550	1.27	22	3.4
AMP Ltd	B	544	0.72	11	7.4
ANZ Bank	A	1629	2.67	7	8.3
APA Group	A	315	1.67	22	3.4
APN News Media	A	289	1.08	8	10.9
ASX Limited	A	3465	9.65	16	5.6
AXA Asia Pac	A	410	1.17	11	4.6
Adelaide Bright	B	232	1.42	11	5.8
Alumina Ltd	C	223	N/A	5	10.8
Amcor Ltd	B	639	0.58	21	5.3
Ansell Ltd	A	1320	1.44	17	2.0
Aristocrat Leis	B	368	1.51	7	9.8
Arrow Energy	C	279	N/A	NE	Nil
Asciano Group	C	185	0.42	NE	24.9
Austar United	C	86	2.17	5	Nil
Aust W'wide Exp	C	260	1.43	4	Nil
Aust Foundation	B	456	N/A	11	4.6
BHP Billiton	B	2793	1.58	6	2.6
Bank of Q'land	A	1300	0.99	11	5.3
Beach Petroleum	A	103	1.53	16	1.7
Bendigo Bank	A	1360	1.30	18	4.3
Billabong Int'l	A	1131	1.73	13	4.9
Bluescope Steel	B	429	0.31	5	11.4
Boral Limited	B	467	0.53	11	7.3
Brambles Ltd	B	840	2.56	18	4.1
Brickworks Ltd	B	1150	2.73	14	3.3
C'wth Prop Off.	B	119	6.43	5	7.7
C.S.R. Ltd	B	207	0.63	3	7.2
CFS Retail Prop	B	186	7.85	6	6.5
CSL Limited	B	3685	5.35	29	2.1
Caltex Austrlia	B	998	0.15	6	8.0
Campbell Bros	B	2385	1.63	17	4.0
Centennial Coal	B	316	1.41	17	6.6
Chal Financial	C	186	0.44	NE	6.7
Coal & Allied	B	9650	5.91	40	1.4
CocaCola Amatil	A	852	1.45	23	3.8
Cochlear Ltd	A	5780	5.33	28	2.6
Com'wealth Bank	A	4007	1.45	11	6.6
Computershare	A	786	2.67	15	2.7
ConnectEast Grp	B	84	N/A	NE	10.1
Cons Media Hold	A	206	N/A	1	8.0

Crown Ltd	B	698	2.17	35	7.7
DUET Group	B	236	1.54	29	11.4
David Jones	A	306	0.70	13	7.2
Deutsche Div Tr	A	131	6.10	14	7.1
Dexus Property	B	88	3.82	6	13.5
Downer EDI Ltd	B	447	0.27	9	5.7
Energy Resource	B	1441	7.59	36	1.4
Fairfax Media	B	190	0.98	7	10.5
Felix Resources	B	1133	5.04	12	4.7
Flight Centre	A	1200	0.82	8	7.2
Fortescue Metal	E	260	N/A	NE	Nil
Foster's Group	B	594	2.50	NE	4.4
Futuris Corp.	B	130	0.31	13	7.3
GPT Group	C	90	2.04	1	30.6
Goodman Group	C	102	2.02	3	30.9
Goodman Fielder	B	160	0.79	77	8.4
Guinness Peat	B	90	0.38	4	2.5
Harvey Norman	B	295	2.19	9	4.7
Healthscope	A	490	0.80	19	4.0
Henderson Group	B	147	2.76	10	9.5
ING Office Fund	B	99	5.71	5	10.9
Incitec Pivot	B	388	2.85	19	67.0
Insurance Aust.	C	404	0.98	NE	5.6
JB Hi-Fi Ltd	B	1000	0.58	16	2.6
James Hardie	B	479	1.34	NE	4.4
Leighton Hold	B	2635	0.72	12	5.5
Lend Lease Corp	B	715	0.20	11	10.8
Lihir Gold Ltd	D	207	6.94	NE	Nil
Macarthur Coal	C	613	3.25	18	2.8
Macquarie Air.	B	220	2.56	6	11.4
Macquarie Infra	B	195	N/A	6	10.3
Macquarie Group	B	3014	0.59	5	11.4
Metcash Ltd	A	410	0.31	16	5.1
Midwest Corp	C	636	N/A	NE	Nil
Milton Corp.	A	1770	N/A	12	5.0
Mirvac Group	B	117	0.52	2	27.3
Nat'l Aust Bank	A	2215	1.98	15	7.5
New Hope Corp.	B	330	N/A	39	1.4
Newcrest Mining	B	2169	4.16	73	0.5
News Corp.	B	1220	1.04	6	1.0
Nufarm Limited	B	1000	0.97	16	3.2
OZ Minerals Ltd	C	95	N/A	NE	8.5

Oil Search Ltd	B	460	6.01	9	2.3
Onesteel Ltd	C	364	0.43	13	5.9
Orica Ltd	B	1740	0.99	11	5.1
Origin Energy	B	1707	1.81	40	1.5
Paladin Energy	D	245	N/A	NE	Nil
Perpetual Ltd	A	3620	3.06	10	9.1
Platinum Asset	A	388	7.69	13	6.2
Portman Limited	B	2120	7.72	32	Nil
Primary Health	A	429	2.45	NE	6.3
Q.B.E. Insur.	A	2790	1.91	15	3.4
Qantas Airways	B	279	0.33	5	12.5
Queensland Gas	B	575	N/A	19	Nil
Ramsay Health	A	1100	0.72	21	3.0
Reece Australia	A	1710	1.18	15	3.3
Rio Tinto Ltd	B	7227	0.98	3	2.0
SP Ausnet	A	112	2.21	15	10.4
Santos Ltd	B	1381	2.98	13	2.9
Seven Network	B	561	N/A	8	6.1
Sigma Pharm.	A	138	0.40	15	5.1
Sims Group Ltd	B	1500	0.21	4	8.0
Sonic Health	A	1352	1.89	18	3.8
Soul Pattinson	B	883	2.47	21	3.2
Spark Infrastru	B	152	7.14	59	10.0
St George Bank	A	2825	1.62	13	5.9
Stockland	B	385	2.12	8	12.1
Suncorp-Metway	B	885	0.64	15	12.1
Tabcorp Holding	B	702	0.91	7	6.7
Tatts Group Ltd	B	269	1.10	13	3.5
Telstra	B	430	2.14	14	6.5
Ten Network	B	140	1.29	20	9.3
Toll Holdings	B	686	0.79	17	3.6
Transurban Grp	C	575	6.83	NE	9.9
TransPacific In	B	415	0.55	7	4.4
United Group	B	1020	0.48	13	5.7
Wesfarmers Ltd	B	2250	0.54	17	8.9
Westfield Group	B	1420	2.74	4	7.5
West Aust News	B	630	2.79	12	8.4
Westpac Banking	A	2100	4.22	13	5.5
Woodside Petrol	A	3980	6.96	19	3.2
Woolworths Ltd	A	2900	0.75	22	3.2
Worley Group	A	1525	0.79	11	5.6
Ave of 1958 Cos	**C**	124	0.17	9	5.8

Recommended Investments

Colonial Motor Company reports first quarter revenues and profits below 2007 but similar to that experienced in 2006.

The company has acquired a property adjacent to its **Southpac Trucks** in Wiri Station Road, South Auckland, which will eventually allow that business to operate from a single site and give up a leased property.

Lyttelton Port Company and its second largest shareholder, **Port of Otago**, have signed a Memorandum of Understanding to *explore* the potential for a merger of the two port operations. Integrating the operations could avoid duplication of future capital expenditure, increase productivity and lead to the joint development of new services. Modern, new age, environmentally aware groups will appreciate the "reduced environmental impacts" of "co-ordinated road *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation Code	- Date -	Price	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 %
	NZ Shares												
HOLD	CDL Investments Ltd	CDI	12/01/99	25	D	218.9	1.4	1.90	5	12.7	27	17.9	+80%
BUY	Cavalier Corporation	CAV	05/12/95	156*	A	67.1	0.8	0.62	9	13.0	230	227.0	+193%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.15	11	12.3	280	338.8	+313%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	A	102.3	0.7	2.76	22	3.4	225	68.4	+96%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	D	382.5	0.9	0.68	10	7.1	67	25.4	+1748%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	B	81.7	0.5	0.28	9	8.7	520	240.0	+117%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.5	0.10	NE	Nil	33	8.5	-42%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	C	42.7	1.4	0.11	6	23.8	47	53.9	+19%
HOLD	Smiths City Group	SCY	09/10/06	64	C	53.0	1.5	0.08	5	12.2	37	10.0	-27%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.8	3.67	22	6.6	215	103.8	+166%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	A	88.2	0.8	0.52	12	9.6	295	212.0	+247%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	C	24.3	0.8	0.44	13	14.1	127	86.0	+109%
	Australian Shares (in Aust cents)												
HOLD+	AJ Lucas Group	AJL	13/05/03	120	B	59.3	0.6	0.68	21	1.4	484	30.5	+329%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	B	89.3	1.4	1.13	3	15.1	27	17.5	-40%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	406*	B	52.1	0.3	1.63	17	4.0%	2385	357.6	+576%
HOLD	Cellnet Group Ltd [1]	CLT	12/02/02	147*	C	76.8	1.4	0.05	NE	Nil	29	32.4	-45%
HOLD	Circadian Technologies	CIR	10/02/04	188	C	40.1	1.0	3.25	NE	Nil	66	65.0	-30%
BUY	Clarius Group Ltd	CND	08/04/03	86	B	57.4	1.0	0.13	4	21.9	73	68.5	+65%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.9	1.1	0.36	10	11.4	44	1.8	-48%
BUY	Devine Ltd	DVN	13/11/06	94	A	285.7	1.0	0.32	6	12.3	65	16.0	-14%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	68.5	1.8	0.26	7	Nil	19	Nil	-61%
HOLD	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.8	0.8	2.12	9	7.2	180	6.5	-28%
HOLD	Housewares Int'l	HWI	13/11/06	171	A	129.5	1.1	0.18	4	18.1	58	10.5	-60%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	A	232.9	0.6	0.84	8	5.7	385	64.0	-5%
BUY	Integrated Research	IRI	14/01/08	40	B	166.5	1.4	1.11	7	12.0	25	3.0	-30%
HOLD	Int'l AllSports	IAS	11/02/03	180	D	66.4	1.8	0.26	NE	Nil	18	4.0	-88%
BUY	M2 Telecommunications	MTU	09/10/06	33	A	78.9	1.0	0.41	9	8.8	57	8.0	+97%
HOLD	Mercury Brands Ltd	MCB	08/02/05	93	C	62.2	4.0	0.05	NE	Nil	4	7.0	-89%
HOLD	Mercury Mobility [1]	MMY			C	105.0	4.0	1.95	NE	Nil	13	Nil	
HOLD	Melbourne IT	MLB	10/02/04	53	B	76.8	0.6	1.04	12	6.2	209	43.0	+375%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	B	385.3	0.8	2.14	23	4.2	102	46.1	+76%
BUY	Photon Group Ltd	PGA	10/11/08	140	B	102.8	0.7	0.19	5	20.4	140	Nil	+0%
BUY	Probiotec Ltd	PBP	11/02/08	116	A	46.6	0.8	0.91	9	2.0	128	2.5	+13%
BUY	Prophecy International	PRO	08/09/08	26	A	45.1	1.4	2.47	7	12.5	32	Nil	+23%
HOLD	Ross Human Directions	RHD	14/08/01	92	A	83.5	1.6	0.05	5	15.6	23	32.5	-40%
HOLD+	Skilled Group Ltd	SKE	12/03/02	126	B	122.0	0.7	0.14	7	10.5	220	121.5	+171%
HOLD+	Technology One Ltd	TNE	11/11/03	44	B	297.7	0.9	2.89	15	4.9	76	13.1	+103%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	187.3	0.9	2.49	6	4.4	91	0.9	+104%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	25.7	0.4	0.71	15	4.9	980	126.5	+331%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +130.9%. This is equal to an average annual rate of +21.3%, 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 143 closed out) is +29.4%, compared with a market gain of +5.1% (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 in Mercury Mobility distributed to shareholders.

Recommended Investments

(Continued from Page 3)

and rail use", while old fashioned greedy capitalist shareholders will remember the adage that "Business thrives on competition" - especially *taking over or merging with the competition* to increase the pricing power of both businesses!

The proposed merger structure would involve the infrastructure assets (i.e. land and wharves) remaining in "local control" and separated from the "operations and commercial activities" of a business operating over both ports.

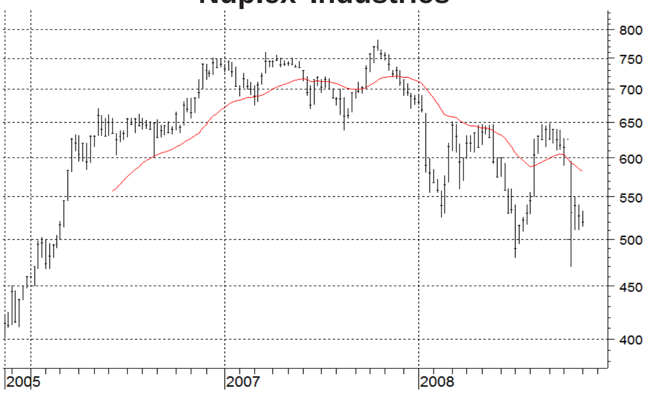
This could all make sense, provided the Christchurch City Council (which owns 75% of Lyttelton Port Company) does not seek to disadvantage the public minority shareholders as it did in previous failed plans with a foreign port operator.

Lyttelton Port Company

Nuplex Industries reports a "softening of demand" across most of its businesses, but with earlier efforts to reduce costs, the first quarter earnings are close to last year".

Nuplex Industries reports that a fire at its Vietnamese manufacturing plant, "while substantial", was restricted to raw material pumps, a maintenance shed, the masterbatch manufacturing facility and inventory. The more valuable investment in resin manufacturing facilities was undamaged, but capacity will be reduced for three months owing to the loss of support equipment. The company is fully insured for the estimated US$2 million of damage.

Nuplex Industries



Postie Plus Group reported revenues 3.7% lower at $131.3 million for the year to 31 July 2008, but there was a *trading loss* of $5,751,000 (*minus* 14.4 cents per share), plus *losses* of $5,101,000 from discontinued businesses. No dividends were paid for the year.

There was a net operating cash surplus of $5.3 million (plus another $3.5 million from the sale of businesses), compared with a *deficit* of $5.1 million the previous year. That has at least allowed the $6.8 million repayment of interest bearing debts, down to $9.5 million.

The company is looking for a "modest full year profit" in the new financial year. The first quarter sales figures will be reported later this month.

OneSteel has withdrawn its planned takeover of **Steel & Tube Holdings**. The NZ Takeovers Code allows a bidder to announce *plans* for a takeover but to choose not to proceed at any time before the offer documents are actually mailed to shareholders. Does anyone else see how this "investor protection" could be used to manipulate share prices?

While uncertain about trading in the second half, Steel & Tube Holdings has announced first quarter profits *up* by $8.1 million on the same period in 2007. That "momentum of earnings" continued in October and is "likely" over the first half year. This is a *very* significant improvement, given that the company's profit was only $8.6 million for the half year to December 2007 and $22.5 million for the full year to June 2008 so averaged just $5.6 million per quarter last year!

Steel & Tube Holdings

Australian Shares

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

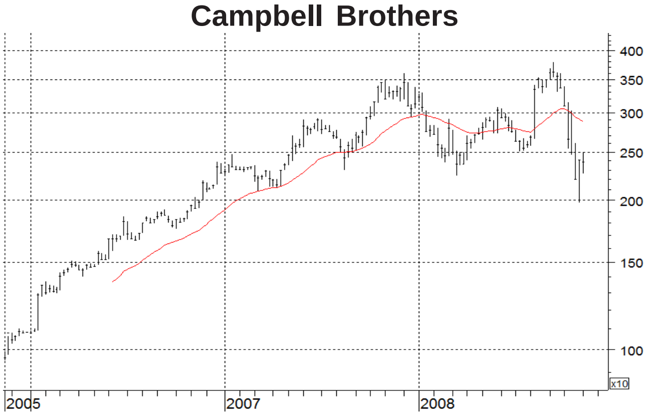
AJ Lucas Group reports September quarter revenues up 91% to $168.6 million and earnings up 73% to $16.8 million. These figures include just six weeks contribution from **Mitchell Drilling** and the company is on target to achieve its forecast of at least $600 million in revenues and $80 million in earnings this year.

The Pipelines Division reports winning $72 million in new contracts, record tender activity and is a member of different consortiums planning desalination projects in Perth (valued at $1,000 million), Adelaide ($1,000 million) and Melbourne ($3,100 million).

Coal seam gas assets - with a book value of $23.8 million - have been independently valued at over $300 million. That is 440 cents per share!

Campbell Brothers has upgraded its forecast 60% growth in profits this year and now expects to report a 75% increase for the half year ended 30 September and a 70% increase for the full year to 31 March 2009.

Of course, *nothing* can please investors in the current environment, so despite this upgrade the shares have fallen 10% over the last month. Achieving its current growth forecast will put this high quality, high growth company's shares on a Price/Earnings ratio of just 10 - the sort of valuation appropriate for a "no-growth" business!



Cellnet Group is to discontinue its IT distribution operations, except for the server and print segments, and focus upon its Telco and Retail distribution business. This will result in a one-off restructuring charge of $2.5 million, including some redundancies and closing warehouses in Victoria, South Australia and Western Australia. Annual revenues will decline by around $95 million, but with the reduction in overheads the bottom line profit will improve. The reduction in stock and debtors will also release $10 million of cash and the company is already "virtually debt free". This surplus cash may be used to grow the "remaining businesses either organically or through acquisition" which "considering the current state of the markets, may be opportune" or used to fund a capital return or share buy back.

The remaining businesses "continue to perform" with "the ability, resources and opportunity to grow its market share substantially" in the distribution of mobile phone accessories. The company has established facilities in China and new product packaging to decrease costs and improve efficiencies.

Circadian Technologies' licensee, US based **ImClone Systems Inc**, has chosen the human therapeutic antibody IMC-3C5 for pre-clinical development to neutralise VEGFR-3 to inhibit the growth of cancer tumours. ImClone has exclusive rights to develop the VEGFR-3 antibody, with Circadian Technologies earning annual license fees and royalties on potential future product sales.

Clarius Group has warned that its first half profit could be down 35-40%, owing to the current economic slowdown and a reduction in permanent recruitment. The company is trading profitably, but this lower level of activity may continue for the full year.

The company will seek to improve cashflow by introducing online time sheets and shortening its customer billing cycle in the second half of this year.

The new Managing Director has resigned, after only a year, with the Chairman (who founded the company in 1984 and was Managing Director for 17 years) becoming Executive Chairman and leading the company until a new Managing Director can be found.

Devine is predicting its half year profit to December 2008 will be 15-20% higher than last year, with the full year result likely to be ahead by around 15%.

Ellex Medical Lasers will preview its new multi-colour photocoagulation laser the *Integre Pro* at the **American Academy of Ophthamology** exhibition in Atlanta on 8-11 November.

This high-power yellow and red wavelength laser allows a full range of treatments available from three-wavelength photocoagulators while replacing the need for the green laser.

The company is also reviewing its forward exchange hedging which is offsetting the benefit of the lower Australian dollar. The company has hedged Yen 600 million at JPY 90.40-97.70 to the Australian dollar and hedged US$800,000 at US$0.82-0.90.

Fiducian Portfolio Services reports September quarterly receipts of $6,864,000 - down 8% on the same period in 2007. The quarterly cash operating surplus was 25% lower at $1,199,000. The cash on hand is down 23% to $7,602,000 (23.2 cents per share).

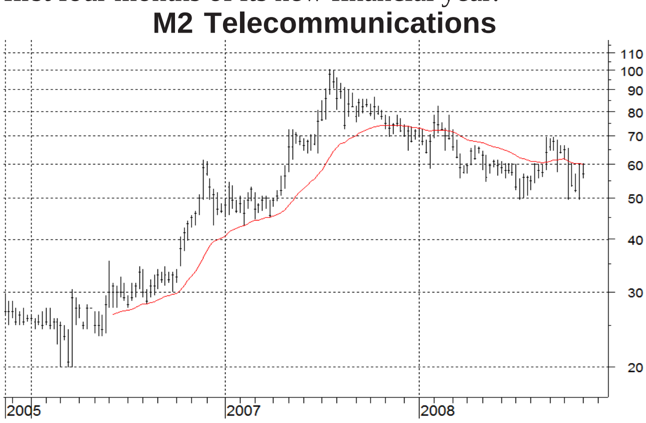
Iluka Resources has upgraded its 2009 profit forecast from $20 million to $50 million (13 cents per share), mainly owing to the sharp fall of the Australian dollar against the US dollar, plus higher zircon prices.

The company has announced plans to close one of its four synthetic rutile kilns in Western Australia in mid-2009. The kiln, originally commissioned in 1991, would require major maintenance and, with insufficient suitable and economic ilmenite feedstock available, will be closed. Total rutile production is expected to remain similar, owing to improved throughput at the other kilns.

International All Sports reports September quarter receipts 4% higher than a year earlier at $214.1 million, but a quarterly operating cash *deficit* of $1.9 million, compared with a surplus of $879,000 previously. Total cash on hand is $25.7 million, of which $18.0 million is customer balances.

Over the last year the company "has conducted an exhaustive" search for potential buyers of its business, following unsolicited approaches from potential buyers. The company received further "indicative expressions of interest" but "the price offered or conditions sought by prospective purchasers" were considered not to be in the best interests of shareholders.

M2 Telecommunications briefly reports "continued growth in revenues and all other fundamentals" over the first four months of its new financial year.



Mercury Mobility's quarterly cash flow report shows receipts 52% lower at *(Continued on Page 6)*

Recommended Investments

(Continued from Page 5)

$1,067,000 (compared with the September 2007 quarter, its first as a separate company) and cash operating *deficit* of $400,000 (compared with a $666,000 surplus). Cash on hand is $1,124,000. The company is debt free and does not anticipate any requirement to borrow as it has reached a cashflow breakeven point.

The company reports "improved profit and loss performance" for the September 2008 quarter, but there was still an operating earnings *loss* of $59,965 plus one-off cost of $125,138. It believes a "key driver" of future growth is the number of carrier distributors which has risen from three to five since June 2008, "without any increase in overheads". The reduction in system development and staff numbers has reduced overheads 25%. Mercury Mobility operates and exports globally, so the lower exchange rate "has provided significant foreign exchange benefits".

Mercury Mobility has entered markets in Sweden, Latvia, Lithuania and Russia, plus signed contracts to distribute mobile phone content in the United States, South America and possibly China.

M.Y.O.B. has received an Australian Tax Office ruling and shareholder approval for its 12.5 cents capital repayment and 0.35 special dividend, with the shares now trading ex-entitlement and the payment to be made to shareholders on 19 November.

Manhattan Software, a joint venture between **Archer Capital** and **HarbourVest Partners LLC**, is making a cash takeover offer for MYOB. This company is offering 102.15 cents in cash (subject to a minimum 50.1% acceptance of its offer), increasing to 112.15 cents if it reaches 90% acceptances. It claims institutional shareholders owning 34% of MYOB have indicated they will accept the takeover. Takeover documentation should be mailed this week, with the offer open for at least one month.

MYOB believes this an "opportunistic" attempt to buy the company at a small premium and "is in preliminary discussions with parties interested in presenting alternative proposals" which "could lead to a more favourable offer". It is never a good idea to rush to accept conditional takeover offers as that will prevent the acceptance of potential rival bids or selling on-market. Investors should "Hold" pending developments, which could include parties buying on-market, a rival takeover offer or an increased offer from Manhattan Software.

M.Y.O.B.

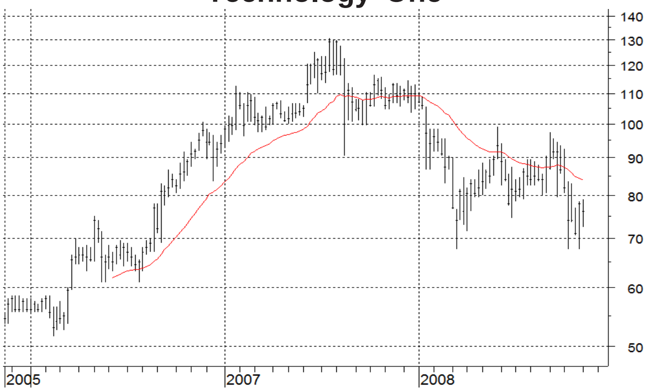
Probiotec reports revenues for the first four months of the current year are up 32.3% to $29.7 million and predicts full year profits will be 20% higher. It also predicts "organic growth, both domestically and internationally, will be double digit for the foreseeable future".

Skilled Group has yet to notice any "significant slowdown in demand" for its services and is sticking with its previous profit forecasts. Earnings (before interest, depreciation and tax) for the full year to June 2009 are expected to be $100-110 million, with a net profit of $31-38 million (25-31 cents per share).

Demand from the building sector, NSW councils and smaller mining companies were down, but the company expects increased demand for its infrastructure services business following the government's commitment to many big projects.

Technology One will release its annual profit result for the year to 30 September 2008 on 17 November and this "will show continuing growth" and "substantial new business". The company had previously indicated that its Research & Development spend would drop (from about $13.8 million in 2007) with more emphasis on marketing, but has announced plans to recruit 200 new staff and spend $27 million on R&D over the current year (i.e. to September 2009).

Technology One



The Reject Shop - unlike some other retailers - is continuing with its store expansion, opening 20 new stores this year and refurbishing others. Also it appears to be managing the rapid fall in the exchange rate and maintaining profit margins. First quarter revenues are "ahead of plan" and it continues to predict an $18.6-18.8 million profit for the full year to June 2009.

The Reject Shop

Share Recommendation: Buy Photon Group

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

Photon Group (code PGA).

Photon Group is one of the largest marketing services businesses in the world - and specialises in the faster growing "non-traditional" sectors of this industry. A year ago who could guess that you would be able to buy shares in a good quality, growing company at a Price/ Earnings ratio of less than five and a Dividend Yield of over 20%?

Of course, no company is without risk. Photon Group has moderately high - although soundly structured - debts. It has also been perhaps a little too generous with dividends over recent years and in future may need to retain some more cash within the company. Traditional advertising and marketing (i.e. TV, radio, newspaper) businesses have been cyclical - so can perform poorly in an economic slowdown - although Photon Group's non-traditional businesses have so far experienced increased demand as the global economy rapidly slowed.

Earnings per share rose 29% last year and are predicted to rise 10% this year, yet the share price is down 75% over the last twelve months . . . which would appear to more than fully *discount* any potential risks. On the upside, a stockmarket recovery could see Photon Group's shares rise 2-3 fold, while internal growth in revenues and profits *could* boost that to a 4-6 fold gain over the next 3-4 years. Oh, and did we mention the 20% dividend yield?

Company History

Photon Group was founded in 2000 to acquire specialist advertising and marketing services businesses. In April 2004 when the company went public, offering 10,000,000 new shares to the public at 180 cents to raise $18.0 million in new equity, it owned 13 operating companies. That has since expanded to 46 companies through further acquisitions, making Photon Group about the 15th largest marketing services company in the world.

To date growth has mainly been through acquisition, with companies usually acquired for an initial cash deposit plus some Photon Group shares plus an earn-out based upon a share of future profits. These acquisition costs have been mainly debt funded, with share placements and a cash issue raising additional equity to periodically reduce debt levels.

In May 2005 the company placed 5,655,939 shares with institutional investors at 280 cents, raising $15.8 million in new equity. In September 2006 it placed 9,000,000 shares with institutions at 550 cents, raising $49.5 million. Just recently, in July 2008 the company made a 1 for 3 cash issue to shareholders at 300 cents per share, raising a further $76.6 million in cash.

Current Business

Following the recent cash issue, Photon Group has interest bearing debts of $280 million. The group has credit facilities totalling $346 million, so undrawn credit capacity "exceeds the present value of all expected future earn-out liabilities" and these *could* be funded from future profits - although that could require a lower dividend payout ratio. Bank facilities were extended in June and now mature in July 2009, October 2010 and October 2011. 38% of debt is in Pounds Sterling or US Dollars, providing a natural hedge against the earnings of its recently acquired international businesses.

The Group's operating companies fall into five divisions:

Strategic Intelligence: These businesses - involved in media planning, brand insights, new product ideas and measuring marketing effectiveness - generated around 14% of group revenues and 12% of earnings in the year to June 2008.

Internet Marketing & Communications: Businesses providing marketing in the interactive, digital and mobile sectors. Last year this provided 10% of revenues and 25% of earnings.

Integrated Communications & Digital: These businesses are involved in brand strategies using traditional media, point of sale and customer incentives, providing 23% of group revenues and 16% of profits.

Specialised Communications: This covers public relations, corporate communications and event management, generating 19% of 2008 revenues and 20% of earnings.

Experiential & Field Marketing: This includes point of sales marketing and experiental marketing (e.g. in store samples), generating 34% of group revenues and 27% of profits.

Recent Results

For the year to June 2004, revenues rose 56.6% to $34.3 million with a maiden profit of $1,286,981 (2.6 cents per share). A 2.0 cents dividend was paid. The net operating cash surplus was 13% higher at $3.6 million.

To June 2005, revenues were 135.8% higher at $81.0 million and profits up 3½-fold to $4,572,000. The issued capital had increased only 15.0%, so earnings per share more than *tripled* to 8.1 cents. The annual dividend rate was raised 4-fold to 8.0 cents. The cash operating surplus also rose more than 3½-fold to $13.1 million.

The year to June 2006 involved some significant accounting changes - boosting reported revenues and profits. Overall reported revenues more than *doubled* to $169.5 million while reported profits soared 181.4% to $12,867,000 (21.7 cents per share). Adjusted for the accounting change, revenues were 55% higher and profits up 49%. The annual dividend was increased 150.0% to 20.0 cents. The operating cash surplus slipped slightly, down 7% to $12.2 million.

In the June 2007 year, revenues were 81.3% higher at $307.3 million. Profits increased 36.2% to $17,531,000 but owing to the increase *(Continued on Page 8)*

BUY Photon Group

(Continued from Page 7)

in the issued capital, earnings per share were just 9.0% higher at 23.6 cents. The dividend was raised 15.0% to 23.0 cents, while the net operating cash surplus improved significantly, up 133% to $27.3 million.

For the year to June 2008, revenues were 86.9% higher at $574.4 million although profits grew only 29.2% to $22,646,000 (29.6 cents per share). The annual dividend was increased 20.8% to 28.5 cents. The net operating cash surplus was 11% lower at $24.4 million.

Despite the current sharp global economic downturn, Photon Group's business has performed well in the quarter to September 2008. Earnings (before interest, tax and depreciation) increased 150% - boosted by the large number of acquisitions last year. Adjusted for these acquisitions, the actual businesses are generating earnings 15-20% ahead of the September 2007 quarter. The group reports some weakness in promotional advertising, research and experiential marketing but this is "more than offset by strong growth" in field marketing, internet marketing and public relations.

Earnings for the full year to June 2009 are forecast to rise 40%. The issued capital has increased 33.3% owing to the July 2008 cash issue, with the company forecasting earnings per share growth of "approximately 10%" (i.e. to around 32½ cents).

Investment Criteria

At 140 cents, Photon Group shares trade on a Price/Sales ratio of 0.19, a very low Price/Earnings ratio of less than 5 and offer an extremely high Dividend Yield of 20.4%. Compare this with the rather high valuation (i.e. a P/E of 69 and a Yield of 1.1%) at the company's Initial Public Offering in 2004. Clearly the shares are either very undervalued or the stockmarket has serious doubts about the future of this company or - have we ever mentioned this before? - perhaps the stockmarket is more than a little manic depressive.

Based upon the performance of traditional advertising groups in the United Kingdom, Photon Group's business *could* be cyclical. Traditional advertising businesses (i.e. selling TV, radio, print advertising) have suffered a decline in revenues in an economic downturn, trading at around break-even or at a loss. In that situation the share price falls sharply as the stockmarket is uncertain about the survival or value of the business. In the following stockmarket recovery and economic upturn, however, such shares have increased 10, 50 or 100 fold in value from their lows!

Photon Group operates non-traditional marketing services and may perform differently in a downturn. Its services provide a more direct and immediate response, so - to date - demand has increased as companies seek to maintain revenues and sales as the economy weakens. Photon Group's share price, however, has *already* fallen sharply, *anticipating* a possible downturn in the business which is not apparent at this stage.

Nevertheless, the current dividend rate may not be prudent or sustainable in the immediate future. The company had a stated target payout ratio of 50-70%, but in recent years has distributed 92-97% of annual profits to shareholders as a dividend. The company also has reasonably high debt levels, so in future retaining some profits to pay earn-out liabilities and/or to repay debts may be prudent.

Photon Group is a marketing *services* group and this is a non-capital intensive business, requiring little in the way of real assets. As the business has grown by acquisition it has significant intangible assets (i.e. goodwill on acquisition) of $502 million far in excess of its Shareholders Equity of $266 million. A higher portion of *future* growth, however, should come internally from the growth of its businesses - and this internal growth would create shareholder wealth. Non-traditional marketing services are growing at double digit rates, so at 15-20% growth the business would *double* in size every 4-5 years! The impact of debt financing would *double* earnings per share every 3-4 years.

The issued capital has expanded to 102,782,853 shares, which at the current share price gives a market capitalisation of $144 million.

The management and directors have a significant investment in this business. Executive Chairman T Hughes owns 4,336,631 shares (4.2% of the company) while the Chief Executive Officer M Bailey has 4,531,724 shares (4.4%). Three other non-executive directors each own around 158,000 to 244,000 shares. Senior Executives A Kilgour has 1,249,841 shares and S Bailey has 2,196,312 shares, while a former employee and creative consultant S Reynolds owns 4,840,000 shares.

There have been eight *insider* buys on-market over the last year, all by the Executive Chairman. Mr Hughes purchased 25,000 shares at 474 cents in February, 14,940 shares at 470 cents, 34,398 shares at 450 cents, quickly followed by 60,179 shares at 400 cents in March, 35,000 shares at 364 cents and 100,000 shares at 350 cents in April and 26,485 shares at 293 in June. Last month he purchased 21,450 shares at 257 cents and 50,000 shares at 181 cents. In addition, he took up his entitlement to 1,034,676 shares at 300 cents in the July cash issue.

The company is moderately followed, with five brokers publishing profit forecasts. The founding investor, RG Capital Multimedia retains 13.6 million shares (13.5% of the company) and institutions have moderate investments totalling over 20% of the company.

Technically the shares are weak with a Relative Strength rating of -21.7%, although in the current market this is ranked 53 (on a scale of 0-99), so about average. In normal conditions we prefer *stronger* shares (i.e. those rising fastest) or *positive* strength ratings, although at a market bottom the very *weakest* shares, which have been most heavily sold off, can bounce back quickest.

Summary and Recommendation

Shares in Photon Group do involve risk. Historically, advertising and marketing services is a cyclical business, although Photon Group's niche in non-traditional marketing *may* not be cyclical. The company also has high debt levels and potential earn-out liabilities and although it recently raised additional capital and extended its debt facilities it would be prudent to divert cashflow from a very high dividend payout to debt reduction.

The company, however, offers the potential for far above average investment returns. The shares have lost over 75% of their value over the last year, perhaps significantly over-discounting any potential downturn, while the business still appears to be strong and growing. A stockmarket recovery could easily see the share price increase over 2-3 fold (i.e. to around 300-450 cents, still well short of its 2007 peak of 655 cents).

Medium to long term the business could continue to grow strongly, mainly from internal growth of existing businesses, doubling earnings per share every 3-4 years. So *growth* plus a *stockmarket recovery* could see the share price 4-6 fold higher (i.e. to around 600-900 cents) over the next 3-4 years. Or become a ten-bagger (i.e. increase 10-fold) over the next 6-8 years.

In addition, the shares offer a very high current income yield of over 20% and even a lower, more prudent, payout ratio should offer a double digit income yield.

Photon Group

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

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

Company	Share Price	STRENGTH RATING Cur-rent	STRENGTH RATING 4-Wk Chg.	STRENGTH RATING Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0													
Skellerup Hold.	81	+0.0	-2.8	14	4-0	2	2.3	2	1.2	148	5.5	0.48	107
Steel & Tube	295	+2.8	+1.2	7	0-0	6	1.0	8	0.8	12	9.6	0.52	260
Cavalier Corp	230	+0.2	+0.6	13	0-0	4	1.8	21	0.8	9	13.0	0.62	154
Livestock Imp.	269	+7.0	-12.4	4	2-0	-	0.5	10	0.6	6	13.9	0.67	89
Abano Health.	460	+1.4	-2.2	11	0-0	1	2.0	14	0.8	14	5.8	0.86	106
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0													
Livestock Imp.	269	+7.0	-12.4	4	2-0	-	0.5	10	0.5	6	13.9	0.67	89
Apple Fields	3	+5.4	+8.4	5	1-0	-	0.7	41	4.5	2	Nil	0.92	3
Steel & Tube	295	+2.8	+1.2	7	0-0	6	1.0	8	0.7	12	9.6	0.52	260
Abano Health.	460	+1.4	-2.2	11	0-0	1	2.0	14	0.7	14	5.8	0.86	106
Cavalier Corp	230	+0.2	+0.6	13	0-0	4	1.8	21	0.6	9	13.0	0.62	154
INCOME SHARES: Highest Yields, Capitalisation>NZ$100 million													
Hallenstein G.	229	-11.7	-0.2	66	4-1	5	2.1	32	0.4	6	22.8	0.68	137
Telecom Corp	226	-17.1	-4.7	80	8-14	11	1.5	26	0.6	6	19.2	0.73	4,126
F & P Appliance	147	-19.9	-2.9	82	2-0	6	0.6	8	0.8	8	16.1	0.30	418
ING Property	62	-15.6	-2.2	77	5-0	3	0.5	10	0.6	4	15.9	3.08	319
Briscoe Group	78	-15.1	-1.7	75	2-0	4	1.4	19	0.6	7	15.3	0.41	165
Air New Zealand	92	-15.8	-3.1	78	8-1	2	0.6	14	0.7	4	13.8	0.21	973
PGG Wrightsons	175	-7.9	-9.8	53	17-0	4	1.1	15	0.6	7	13.6	0.42	506
Pumpkin Patch	100	-17.9	-2.5	81	5-4	5	1.5	25	0.8	6	13.4	0.46	167
Guoco Leisure	40	-23.1	-6.2	86	9-0	-	0.4	1	0.8	31	13.1	0.84	547
Cavalier Corp	230	+0.2	+0.6	13	0-0	4	1.8	21	0.6	9	13.0	0.62	154
INSIDER BUYING: Most Insider Buying, Relative Strength>0													
Skellerup Hold.	81	+0.0	-2.8	14	4-0	2	2.3	2	0.8	148	5.5	0.48	107
Affco Holdings	45	+11.6	-9.9	1	3-0	-	0.9	0	0.7	188	Nil	0.24	227
Livestock Imp.	269	+7.0	-12.4	4	2-0	-	0.5	10	0.4	6	13.9	0.67	89
Apple Fields	3	+5.4	+8.4	5	1-0	-	0.7	41	3.6	2	Nil	0.92	3
Mr Chips Hold	274	+10.2	-4.2	2	1-0	-	3.1	25	0.4	13	2.2	1.18	67
Vector Ltd	199	+1.4	-2.5	10	1-0	4	1.0	7	0.7	14	9.9	1.68	1,990
New Image Group	15	+5.2	-7.6	6	1-0	-	65.2	-	1.6	NE	Nil	1.24	32
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0													
Ryman Health.	150	-5.0	-0.9	34	2-0	3	2.0	20	0.5	10	3.3	9.88	746
Goodman Prop.	103	-8.1	-0.5	54	0-0	4	0.8	9	0.5	9	9.6	7.29	859
Windflow Tech.	295	-3.6	-7.9	29	2-0	-	4.3	-	0.3	NE	Nil	7.26	25
Property F Ind.	106	-6.1	-0.4	42	0-0	4	0.7	6	0.5	12	8.3	7.17	223
Blis Technology	4	-15.9	-7.0	78	0-0	-	2.6	-	1.8	NE	Nil	6.27	6
ING Med. Prop.	106	-3.5	-0.7	28	4-0	4	0.9	5	0.5	17	9.2	6.10	148
Akd Int Airport	175	-8.4	-0.0	56	2-2	8	1.1	6	0.6	19	7.0	6.09	2,139
AMP Onyx Mgmt	101	-5.5	-0.5	40	3-0	4	0.7	12	0.4	6	8.3	5.76	695
Metro. LifeCare	380	-10.1	+0.0	62	0-0	1	0.6	-	0.2	NE	5.0	5.71	332
A2 Corporation	10	-9.6	+3.2	60	0-0	-	-	-	1.7	NE	Nil	5.41	26
Kiwi Property	105	-5.6	-0.3	41	3-0	4	0.8	11	0.5	7	8.7	5.07	874
Burger Fuel	45	-4.1	+0.5	30	0-0	-	5.1	-	0.8	NE	Nil	5.06	24
NZ Refining Co	665	-6.5	-0.2	44	1-0	2	2.6	18	0.4	14	10.1	4.72	1,596
NZ Exchange Ltd	605	-11.1	-2.0	66	0-0	2	5.1	30	0.6	17	5.2	4.67	147
Trust Power Ltd	760	-1.8	-0.8	23	0-2	4	1.9	8	0.5	24	5.5	3.52	2,397
Kermadec Prop.	49	-12.8	-3.0	70	2-0	-	0.4	7	0.7	6	17.7	3.49	38
ING Property	62	-15.6	-2.2	77	5-0	3	0.5	10	0.5	4	15.9	3.08	319
Mowbray Collect	125	-7.2	+7.7	48	0-6	-	3.1	5	0.3	58	Nil	2.85	14
Lyttelton Port	225	-1.2	-0.0	18	0-0	3	1.8	8	0.4	22	3.4	2.76	230
Life Pharmacy	46	-4.1	+5.2	31	0-1	-	0.7	-	0.9	NE	Nil	2.70	17
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield<Twice Average													
Charlie's Group	14	-58.3	-0.0	98	1-0	-	2.7	-	1.2	NE	Nil	1.36	41
Plus SMS Hold.	2	-33.4	-3.5	92	3-3	-	1.1	-	3.2	NE	Nil	1.44	8
Inv Research Gr	7	-30.4	+0.1	90	0-0	-	1.0	-	1.6	NE	Nil	2.69	5
Guoco Leisure	40	-23.1	-6.2	86	9-0	-	0.4	1	0.6	31	13.1	0.84	547
Wool Equities	26	-21.4	+1.4	85	0-0	-	0.5	-	0.6	NE	Nil	0.29	6
Sealegs Corp	18	-21.3	-9.1	84	0-0	-	7.1	-	1.5	NE	Nil	2.27	13
NZ Finance Hold	30	-19.9	-1.5	82	2-0	-	1.0	16	0.6	6	5.0	0.86	23
Warehouse Group	390	-16.2	+5.1	79	0-2	9	3.6	34	0.5	11	6.7	0.69	1,213
Blis Technology	4	-15.9	-7.0	78	0-0	-	2.6	-	1.7	NE	Nil	6.27	6
Guinness Peat	101	-15.4	-4.1	76	0-0	3	0.5	12	0.6	4	2.6	0.38	1,288
Rakon Ltd	186	-15.0	-3.4	74	0-2	2	1.7	8	0.8	21	Nil	1.30	227
Finzsoft Sol'ns	68	-14.6	-4.5	74	0-0	-	1.6	-	0.5	NE	6.6	0.69	6
WN Drive Tech.	21	-13.4	-2.8	72	0-0	-	4.0	-	0.9	NE	Nil	N/A	71
NZX Aust MidCap	415	-13.1	-5.1	72	0-0	-	-	-	0.5	NE	Nil	N/A	35
NZ Farming Sys.	110	-12.8	-8.9	70	17-0	-	1.2	-	0.6	NE	Nil	N/A	269
INSIDER SELLING: Most Insider Selling, Relative Strength<0													
Mowbray Collect	125	-7.2	+7.7	48	0-6	-	3.1	5	0.3	58	Nil	2.85	14
Mainfreight Grp	515	-4.6	-4.9	33	3-9	4	2.0	16	0.5	12	5.2	0.53	497
Telecom Corp	226	-17.1	-4.7	80	8-14	11	1.5	26	0.5	6	19.2	0.73	4,126
Michael Hill	67	-8.2	-1.9	54	1-5	4	2.8	28	0.4	10	7.1	0.68	256
Trust Power Ltd	760	-1.8	-0.8	23	0-2	4	1.9	8	0.5	24	5.5	3.52	2,397
Warehouse Group	390	-16.2	+5.1	79	0-2	9	3.6	34	0.5	11	6.7	0.69	1,213
Rakon Ltd	186	-15.0	-3.4	74	0-2	2	1.7	8	0.8	21	Nil	1.30	227
Lion Nathan Ltd	1000	-2.9	-2.6	25	0-2	-	6.4	30	0.2	21	3.9	2.55	5,342
Life Pharmacy	46	-4.1	+5.2	31	0-1	-	0.7	-	0.9	NE	Nil	2.70	17
Salvus Strat.	78	-6.3	-1.6	44	0-1	-	0.6	30	0.6	2	10.5	1.82	15

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	STRENGTH RATING			Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-tility	Price Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
		Cur-rent	4-Wk Chg.	Rank 0-99									
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0													
Primeag Aust.	129	-12.4	-6.1	31	5-1	-	-	-	0.5	99	Nil	N/A	194
Polartechnics	8	-29.2	-1.3	75	4-0	-	1.4	-	1.4	NE	Nil	N/A	19
Esplanade Prop.	9	-13.7	-3.2	34	2-3	-	0.4	-	1.4	NE	17.8	9.68	18
ASX Limited	3465	-7.2	+0.6	18	0-3	12	13.0	80	0.4	16	5.6	9.65	5,930
Pac Environment	40	-1.7	-4.4	9	1-0	-	-	-	0.9	NE	Nil	9.60	31
HealthLinx Ltd	6	-19.0	+3.5	46	1-0	-	6.3	-	1.2	NE	Nil	9.55	5
Helix Resources	8	-29.2	-9.2	75	6-0	-	-	-	1.4	NE	Nil	9.52	9
Smart Trans	2	-30.1	-3.9	77	0-0	-	-	-	2.2	NE	Nil	9.47	10
Cue Energy Res.	15	-15.0	-6.1	38	0-0	-	1.6	-	1.0	NE	Nil	9.42	91
Bass St Oil Coy	4	-30.0	-3.2	77	0-0	-	-	-	1.5	NE	Nil	9.37	6
Bluglass Ltd	18	-27.3	-7.7	69	1-0	-	2.3	-	0.9	NE	Nil	9.33	30
Amazing Loans	2	-44.4	+1.0	97	0-0	-	-	-	2.0	NE	Nil	9.17	63
IC2 Global Ltd	7	-4.0	-11.4	12	0-0	-	3.3	-	1.4	NE	Nil	9.15	5
Occupational Md	37	-8.4	-0.4	21	0-1	-	37.0	-	0.7	NE	Nil	9.02	15
Rubik Financial	9	-23.2	-1.0	58	0-0	-	0.6	-	0.9	NE	Nil	8.95	20
Magellan Fin Gp	55	-18.2	+3.2	44	4-0	-	-	-	0.7	13	Nil	8.79	80
KFM Div Infra.	60	-7.9	-1.3	19	0-0	-	0.6	12	0.6	5	7.5	8.78	122
Maximus Res	7	-30.1	-5.1	77	0-0	-	-	-	1.2	NE	Nil	8.78	11
Synergy Equity	1	-23.8	-1.7	59	2-0	-	-	-	3.6	NE	Nil	8.75	6
Clime Capital	80	-6.7	+1.1	17	1-2	-	0.7	-	0.4	NE	Nil	8.69	30
Universal Res.	3	-23.8	-9.8	59	0-1	-	-	-	2.2	NE	Nil	8.62	7
Monto Minerals	6	-32.8	+2.0	84	0-0	-	-	-	1.1	NE	Nil	8.57	19
Aust Enh Income	700	-6.9	-0.6	17	1-0	-	0.9	-	0.3	NE	10.0	8.57	23
Medusa Mining	65	-18.4	-5.8	45	0-0	-	-	-	0.6	NE	Nil	8.56	92
P-Sivida Ltd	149	-22.5	-6.8	55	0-0	-	-	-	0.6	NE	Nil	8.44	27
Jervois Mining	1	-16.2	-8.9	40	0-1	-	-	-	3.1	NE	Nil	8.18	19
Biodiem Ltd	12	-19.7	+0.0	48	0-0	-	1.2	-	0.9	NE	Nil	8.16	9
Carindale Prop	383	-1.5	+2.8	9	0-0	1	-	-	0.3	6	6.7	8.13	268
Goldstar Res.	4	-40.0	-3.8	94	0-0	-	-	-	1.4	NE	Nil	8.11	6
Contango Cap P.	44	-16.3	-3.1	41	10-0	-	0.6	-	0.7	NE	7.4	8.07	44
PPK Group Ltd	58	-12.0	-2.3	30	0-0	-	0.8	1	0.4	56	11.2	8.04	34
Hyperion Flag.	125	-8.7	+1.9	21	7-0	-	0.9	8	0.3	11	6.8	8.01	34
Aim Resources	2	-45.5	-0.1	98	1-0	-	-	-	2.2	NE	Nil	7.86	17
CFS Retail Prop	186	-0.1	-0.5	7	0-0	7	0.8	13	0.5	6	6.5	7.85	4,218
RIM Capital Ltd	25	-18.3	-6.8	45	4-0	-	2.3	35	0.7	7	Nil	7.72	22
Platinum Asset	388	-7.9	+4.3	19	1-0	5	-	-	0.5	13	6.2	7.69	2,177
Energy Resource	1441	-16.5	-6.4	41	0-0	9	4.6	13	0.5	36	1.4	7.59	2,749
Wotif.com Hold.	340	-5.5	+3.1	15	6-0	8	-	-	0.4	21	4.4	7.53	708
Bounty Oil Gas	3	-24.7	-8.7	62	0-0	-	-	-	2.0	NE	Nil	7.50	6
Sun Resources	5	-19.1	-5.3	47	0-0	-	-	-	1.4	NE	Nil	7.46	9
Forest Place Gr	139	-1.9	-2.7	9	1-0	-	0.6	25	0.5	3	Nil	7.44	115
Phylogica Ltd	6	-20.8	-0.2	51	2-0	-	-	-	1.3	NE	Nil	7.32	9
MMC Contrarian	48	-9.4	-0.5	23	2-0	-	0.7	-	0.4	NE	Nil	7.29	116
Pelican Res.	6	-30.3	+1.8	77	0-0	-	-	-	1.8	35	Nil	7.24	6
ING Priv Equity	52	-10.5	-4.3	26	3-0	-	0.5	2	0.5	20	15.3	7.20	32
Riversdale Min.	268	-17.6	-15.4	43	1-2	1	1.3	-	0.8	NE	Nil	7.18	502
Van Eyk Blue AP	844	-3.7	+0.0	12	0-0	-	0.9	5	0.3	19	8.2	7.18	46
Spark Infrastru	152	-5.1	-0.3	14	0-1	6	-	-	0.5	59	10.0	7.14	1,533
Metal Storm Ltd	4	-23.0	+1.0	57	1-0	-	-	-	1.6	NE	Nil	7.04	23
WCP Resources	4	-27.2	-5.0	69	0-0	-	-	-	1.8	NE	Nil	7.00	6
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield<Twice Average													
Tamaya Res.	1	-49.4	-3.1	98	4-0	-	0.1	4	2.7	2	Nil	0.31	15
Agenix Limited	2	-46.0	+1.4	98	4-2	-	0.9	-	2.1	NE	Nil	5.86	7
Aim Resources	2	-45.5	-0.1	98	1-0	-	-	-	2.0	NE	Nil	7.86	17
Tanami Gold NL	1	-45.4	-6.1	97	8-0	1	-	-	3.6	NE	Nil	1.43	14
Compass Res	40	-45.3	-5.1	97	4-0	-	-	-	0.7	NE	Nil	N/A	51
Amazing Loans	2	-44.4	+1.0	97	0-0	-	-	-	1.8	NE	Nil	9.17	63
Repcol Ltd	1	-43.3	+1.3	97	0-0	-	-	-	2.4	2	Nil	1.28	7
Bannerman Res.	49	-43.1	-8.4	96	10-1	-	-	-	0.7	NE	Nil	N/A	62
Karmelsonix Ltd	2	-42.8	-2.1	96	2-0	-	1.7	-	2.2	NE	Nil	6.54	6
Tri Origin Min.	8	-42.8	-7.2	96	0-0	-	-	-	1.1	NE	Nil	N/A	8
Indigo Pacific	9	-42.6	-2.8	96	0-0	-	0.2	6	1.0	3	Nil	0.73	7
TNG Limited	3	-42.5	-1.9	96	2-5	-	-	-	1.7	NE	Nil	N/A	9

Company	Share Price	STRENGTH RATING			Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-tility	Price Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
		Cur-rent	4-Wk Chg.	Rank 0-99									
Admiralty Res.	2	-42.1	-8.6	96	2-0	-	-	-	2.2	NE	Nil	N/A	17
Vital Metals	9	-41.8	-5.9	96	0-0	-	-	-	1.2	NE	Nil	N/A	6
Prairie Downs	11	-41.4	-7.7	95	0-0	-	-	-	1.4	NE	Nil	N/A	5
Metals Aust.	1	-41.3	-2.9	95	1-1	-	-	-	3.2	NE	Nil	5.79	7
E.R.G.	1	-41.1	-1.7	95	0-0	-	-	-	2.8	NE	Nil	1.88	8
BQT Solutions	12	-40.5	-1.6	95	0-0	-	12.0	-	0.8	NE	Nil	1.70	7
Regis Resources	8	-40.5	-4.3	95	6-0	-	-	-	1.3	NE	Nil	N/A	10
Range Resources	6	-40.4	-2.7	95	1-0	-	-	-	1.0	NE	Nil	N/A	11
Albidon Ltd	50	-40.3	-9.2	95	0-2	3	-	-	0.6	NE	Nil	N/A	78
Nimrodel Res.	10	-40.1	-6.1	94	0-0	-	-	-	0.9	NE	Nil	N/A	8
Goldstar Res.	4	-40.0	-3.8	94	0-0	-	-	-	1.3	NE	Nil	8.11	6
Jabiru Metals	18	-39.8	-3.5	94	1-1	-	-	-	1.2	NE	Nil	N/A	75
GME Resources	5	-39.6	-5.3	94	4-0	-	-	-	1.2	NE	Nil	N/A	12
ABM Resources	1	-39.5	-3.6	94	0-0	-	-	-	2.8	NE	Nil	N/A	6
Barra Resources	6	-39.3	-2.9	94	0-0	-	-	-	1.6	NE	Nil	0.74	11
Pacrim Energy	1	-39.3	+0.3	94	1-0	-	-	-	3.1	NE	Nil	N/A	7
Carnavale Res.	10	-39.2	-0.4	94	3-0	-	-	-	1.3	NE	Nil	N/A	5
Axiom Property	6	-38.8	-1.3	93	3-0	2	0.7	15	1.0	4	Nil	0.88	18
Dragon Mountain	10	-38.6	-4.4	93	3-0	-	-	-	1.0	NE	Nil	N/A	12
Early Learning	12	-38.5	-0.4	93	0-0	-	-	-	1.0	NE	Nil	1.59	5
Greenland Min.	25	-38.5	-2.8	93	10-0	-	-	-	1.2	NE	Nil	N/A	9
Panoramic Res.	120	-38.4	-2.4	93	2-0	5	1.3	30	0.7	4	10.0	0.97	230
Dwyka Resources	10	-38.3	-5.3	93	0-0	-	-	-	1.1	NE	Nil	1.28	11
Integra Mining	14	-38.2	-1.6	93	1-0	-	-	-	1.2	NE	Nil	N/A	41
Murchison Metal	71	-38.1	-9.1	93	0-1	4	-	-	0.8	NE	Nil	N/A	243
IM Medical Ltd	1	-38.0	-3.7	93	2-1	-	-	-	3.8	NE	Nil	5.56	6
Mundo Minerals	18	-37.9	-3.9	93	0-0	-	-	-	1.0	NE	Nil	N/A	18
Gryphon Mineral	12	-37.8	-3.7	93	3-1	-	-	-	1.1	NE	Nil	N/A	9
Ironbark Gold	8	-37.7	-7.0	92	0-0	-	-	-	1.3	NE	Nil	N/A	16
Black Range Min	2	-37.5	-5.5	92	0-0	-	-	-	2.4	NE	Nil	N/A	11
Macarthur Cook	23	-37.3	-4.3	92	7-0	11	0.7	74	0.6	1	Nil	0.26	6
Hyro Limited	3	-37.0	-2.3	92	6-0	-	0.4	-	1.9	NE	Nil	0.33	8
CopperCo Ltd	11	-36.8	-7.2	92	0-0	1	-	-	1.1	NE	Nil	N/A	43
Port Bouvard	20	-36.8	-1.7	91	4-0	-	0.2	2	0.7	8	Nil	1.11	26
Independ. Group	164	-36.7	-1.7	91	2-2	6	1.3	34	0.5	4	7.3	1.29	192
Copper Strike	7	-36.6	-6.9	91	0-0	-	-	-	1.2	NE	Nil	N/A	5
Image Resources	34	-36.5	-1.8	91	9-0	-	-	-	1.0	NE	Nil	N/A	25
Moly Mines Ltd	38	-36.5	-10.6	91	2-0	2	-	-	0.5	NE	Nil	N/A	24
INSIDER SELLING: Most Insider Selling, Relative Strength<0													
Computershare	786	-3.0	-1.9	11	2-13	12	-	-	0.3	15	2.7	2.67	4,367
ABC Learning	54	-42.0	+1.3	96	1-10	4	-	-	0.5	2	31.5	0.15	253
Fleetwood Corp	600	-9.3	-5.8	23	0-7	5	3.3	29	0.2	11	3.8	0.96	300
Hunter Hall Int	621	-22.3	-3.6	54	8-14	-	3.3	35	0.3	9	12.4	3.11	159
CGA Mining Ltd	110	-16.2	-6.6	40	0-5	-	-	-	0.5	NE	Nil	N/A	177
Sims Group Ltd	1500	-16.6	-9.6	41	2-7	11	2.3	61	0.3	4	8.0	0.21	2,708
Tatts Group Ltd	269	-8.6	+2.3	21	0-4	9	-	-	0.4	13	3.5	1.10	3,404
Straits Res.	145	-34.0	-10.1	86	0-4	1	-	-	0.6	NE	Nil	0.22	338
Domino’s Pizza	300	-5.0	-2.7	14	1-5	7	5.8	35	0.3	17	3.6	0.85	196
Roc Oil Company	71	-34.0	-4.8	87	4-8	6	-	-	0.7	2	Nil	0.89	212
ASX Limited	3465	-7.2	+0.6	18	0-3	12	13.0	80	0.4	16	5.6	9.65	5,930
Aequs Capital	20	-14.1	+1.6	35	0-3	-	1.3	13	0.6	10	7.5	0.90	7
Invocare Ltd	508	-11.3	-1.0	28	0-3	9	13.7	75	0.3	18	4.4	2.23	509
Silex Systems	362	-19.0	-10.6	46	0-3	-	7.4	-	0.4	NE	Nil	N/A	525
CVC Limited	82	-11.7	-2.0	29	0-3	-	0.4	0	0.4	122	7.3	4.55	141
Lifestyle Com.	5	-26.9	-5.4	68	0-3	-	-	-	1.4	11	Nil	1.75	16
Sonic Health	1352	-3.0	+1.0	11	0-3	13	-	-	0.3	18	3.8	1.89	4,509
Atlas SS Pearl	27	-11.6	-1.6	29	0-3	-	-	-	0.5	3	15.1	1.13	24
PMP Limited	102	-5.6	-0.4	15	0-3	7	1.2	12	0.5	10	4.4	0.25	346
Tap Oil	64	-31.0	-6.5	79	0-3	7	0.6	-	0.6	NE	Nil	1.17	99
Hydromet Corp.	6	-20.3	-3.0	50	1-4	-	1.2	18	1.2	7	3.4	0.49	19
TNG Limited	3	-42.5	-1.9	96	2-5	-	-	-	1.6	NE	Nil	N/A	9
ISS Group Ltd	37	-5.2	-10.3	14	0-2	-	5.2	54	0.6	10	4.8	1.98	36
Cullen Resource	6	-20.8	-11.7	51	0-2	-	-	-	1.6	NE	Nil	N/A	26
Slater & Gordon	135	-1.2	-1.1	8	0-2	2	2.1	23	0.5	9	3.7	1.72	137

Australian Warrant / Option Analysis

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/ Under-Valued	Share Vola-tility	Option Lever-age	Options to Buy 1 Share	Break-Even Rate
AIM Resources	2	10	0-7	0.4	0.1	+509	1.13	3.35	1.00	+999
AXG Mining	2	20	1-9	0.5	0.1	+408	0.94	2.53	1.00	+278
Accent Resources	13	20	0-10	4.0	3.7	+9	1.13	1.97	1.00	+109
Actinogen Ltd	5	50	3-8	0.1	1.6	-94	1.05	1.52	1.00	+87
Activex Ltd	6	20	0-3	0.1	0.0	+254	1.16	5.44	1.00	+999
Adelaide Energy	5	25	0-7	0.3	0.0	+999	0.70	7.10	1.00	+999
Agenix Ltd	2	30	2-7	1.0	0.0	+999	0.65	3.62	1.00	+208
Alara Uranium	3	25	0-7	0.2	0.0	+999	1.09	4.28	1.00	+999
Alexander Securities	2	4	3-7	3.0	1.3	+129	1.16	1.23	1.00	+42
All Brands	30	60	2-1	7.0	7.6	-7	0.75	1.99	1.00	+47
Alloy Resources	4	20	0-4	0.1	0.0	+999	0.92	7.68	1.00	+999
Amcom Telecom.	12	17	1-1	1.1	0.8	+42	0.43	4.41	1.00	+52
Anaeco Ltd	9	50	1-6	2.3	0.9	+143	1.01	2.27	1.00	+223
Anaeco Ltd	9	100	3-6	1.6	2.2	-28	1.01	1.63	1.00	+100
Anchor Resources	9	25	1-4	1.0	0.0	+999	0.37	7.46	1.00	+123
Aragon Resources	6	25	1-10	1.6	2.4	-32	1.37	1.48	1.00	+125
Archer Exploration	5	25	1-3	1.5	0.2	+562	0.93	2.82	1.00	+326
Artemis Resources	8	25	0-10	0.2	1.3	-84	1.32	2.09	1.00	+328
Asburton Minerals	2	7	1-3	0.8	0.1	+731	0.61	3.74	1.00	+143
Astro Diamond Mines	0	5	4-0	0.5	0.1	+271	1.27	1.33	1.00	+107
Astro Mining	0	5	4-0	0.2	0.1	+48	1.27	1.33	1.00	+104
Astro Mining NL	0	75	1-1	0.5	0.0	+999	1.27	4.19	1.00	+999
Athena Resources	5	20	1-0	2.0	0.4	+444	0.99	2.70	1.00	+340
Atlantic Gold NL	11	18	0-11	1.0	1.4	-30	0.72	2.93	1.00	+82
Atom Energy	4	38	1-11	0.3	0.5	-39	1.09	2.02	1.00	+227
Atomic Resources	12	25	2-9	2.1	6.7	-69	1.16	1.33	1.00	+34
Atticus Resources	16	20	3-10	3.0	8.4	-64	0.74	1.45	1.00	+10
Audax Resources	5	20	0-1	0.1	0.0	+999	1.07	9.99	1.00	+999
Augur Resources	4	20	1-7	0.9	1.0	-11	1.20	1.78	1.00	+171
Aura Energy	22	20	0-1	4.4	3.8	+17	1.08	3.98	1.00	+246
Aurium Resources	2	20	1-6	2.4	0.1	+999	0.91	2.88	1.00	+385
Ausquest Ltd	15	20	1-0	4.4	4.8	-9	1.03	1.90	1.00	+63
Aust Oil Company	4	20	1-1	1.0	0.6	+72	1.27	2.07	1.00	+362
Aust Renewable Fuels	2	60	0-5	0.1	0.0	+999	1.32	7.45	1.00	+999
Austindo Resources	2	2	3-7	0.2	1.8	-89	1.58	1.06	1.00	-4
Auth Investments	6	25	1-4	1.0	0.2	+340	0.77	3.17	1.00	+212
Avanco Resources	5	20	1-7	6.9	1.0	+609	1.09	1.91	1.00	+197
BMA Gold	1	3	3-11	0.3	0.4	-20	1.25	1.23	1.00	+49
BQT Solutions	12	8	0-10	2.5	6.5	-62	1.18	1.53	1.00	-15
Balkans Gold	2	25	0-9	0.7	0.0	+999	1.36	2.89	1.00	+999
Barra Resources	6	65	2-1	2.5	0.3	+703	0.89	2.47	1.00	+220
Bass Metals	10	40	1-5	4.5	1.3	+248	0.98	2.25	1.00	+187
Bathurst Resources	20	25	2-1	15.0	9.3	+62	0.92	1.55	1.00	+39
Bauxite Resources	18	20	0-2	1.8	1.9	-6	0.97	4.14	1.00	+273
Beacon Minerals	6	20	1-9	0.9	0.9	+1	0.84	2.23	1.00	+104
Bellevue Resources	10	20	2-3	3.5	3.7	-5	0.97	1.59	1.00	+50
Benitec Ltd	4	15	2-4	1.8	1.0	+81	0.88	1.87	1.00	+79
Bionomics Ltd	28	22	0-2	10.0	6.6	+50	0.59	3.69	1.00	+123
Bioprospect Ltd	2	5	1-4	0.4	0.2	+64	0.78	2.58	1.00	+111
Black Fire Energy	5	20	1-7	2.5	1.5	+69	1.27	1.66	1.00	+159
Black Range Minerals	2	5	2-3	0.6	0.7	-11	0.96	1.64	1.00	+55
Boss Energy	8	20	2-0	5.0	4.3	+15	1.41	1.33	1.00	+77
Bounty Industries	8	20	3-1	1.2	3.0	-60	0.85	1.60	1.00	+37
Bowen Energy	17	20	1-0	3.6	6.5	-45	1.15	1.71	1.00	+43
Brainytoys Ltd	2	20	4-4	0.2	1.3	-85	1.53	1.14	1.00	+75
Brumby Resources	6	15	1-2	5.0	1.2	+309	1.04	2.07	1.00	+181
Burey Gold Ltd	2	20	0-7	0.5	0.0	+999	0.80	7.62	1.00	+999
Burleson Energy	7	25	1-9	0.5	0.5	+10	0.65	3.00	1.00	+104
CO2 Group	27	12	2-11	15.5	19.8	-22	0.84	1.25	1.00	+1
Capital Mining	7	20	1-11	1.2	2.1	-42	1.10	1.66	1.00	+87
Carnavale Resources	10	20	0-7	1.0	1.3	-21	1.06	2.70	1.00	+257
Carpentaria Exploration	4	30	1-7	0.3	0.4	-16	1.03	2.27	1.00	+259
Catalyst Metals	8	20	0-1	0.1	0.0	+999	0.89	9.99	1.00	+999
Central Asia Res.	3	25	0-10	1.0	0.0	+999	0.95	3.99	1.00	+999
Central Petroleum	10	25	1-7	5.0	2.3	+117	0.94	1.97	1.00	+100
Centrex Metals	19	20	0-1	2.0	1.3	+59	0.85	6.32	1.00	+699
Chemgenex Pharm.	56	75	3-2	36.0	20.0	+80	0.59	1.82	1.00	+24
Chemgenex Pharm.	56	125	1-4	19.0	3.5	+442	0.59	3.47	1.00	+109
Chrome Corporation	9	40	0-10	0.5	0.0	+999	0.69	5.36	1.00	+551

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/ Under-Valued	Share Vola-tility	Option Lever-age	Options to Buy 1 Share	Break-Even Rate
Chrome Corporation	9	2	0-10	0.4	6.6	-94	0.69	1.29	1.00	-78
Cityview Corp	1	15	1-0	0.3	0.1	+473	1.26	2.57	1.00	+999
Coal Fe Resources	5	20	1-1	0.3	2.0	-85	1.79	1.48	1.00	+264
Colltech Australia	1	4	0-11	1.0	0.1	+629	1.25	2.19	1.00	+479
Colonial Resources	7	20	2-1	0.5	0.6	-16	0.59	2.84	1.00	+69
Commoditel Ltd	2	2	0-7	0.2	1.1	-82	1.28	1.62	1.00	-36
Con Global Invest.	2	20	1-2	0.2	0.4	-50	1.73	1.66	1.00	+694
Con Tin Mines	4	20	5-1	0.5	2.8	-82	1.25	1.16	1.00	+39
Convergent Minerals	6	20	3-1	3.0	2.4	+26	1.06	1.45	1.00	+59
Copper Range Ltd	4	30	1-10	1.0	0.2	+372	0.91	2.47	1.00	+229
Coppermoly	5	30	2-5	2.5	1.0	+144	0.99	1.82	1.00	+117
Coretrack Ltd	10	20	1-3	2.7	4.0	-33	1.42	1.51	1.00	+101
Costarella Design	2	20	1-10	0.2	0.1	+62	0.96	2.39	1.00	+253
Cougar Energy	7	5	0-1	1.3	2.1	-39	1.23	2.81	1.00	-66
DMC Mining	15	20	0-7	4.0	6.0	-34	1.65	1.65	1.00	+124
Dart Mining NL	10	20	1-6	2.0	3.9	-49	1.20	1.58	1.00	+69
Desert Energy	11	25	1-5	3.5	2.3	+51	0.91	2.09	1.00	+96
Dia-B Tech Ltd	1	20	2-1	0.1	0.0	+226	0.92	2.63	1.00	+303
Drake Resources	8	20	1-1	1.0	1.3	-24	1.05	2.18	1.00	+159
Eagle Eye Metals	4	20	1-7	0.8	1.0	-19	1.38	1.63	1.00	+208
Eagle Nickel	9	30	3-7	8.0	3.4	+137	0.87	1.55	1.00	+49
Eastland Medical	12	20	2-6	7.5	2.5	+206	0.56	2.28	1.00	+42
Eden Energy	15	20	0-10	6.2	1.8	+238	0.62	3.28	1.00	+103
Eldore Mining Corp	2	4	1-1	0.9	0.4	+107	0.99	2.12	1.00	+129
Electrometals Tech.	3	14	2-5	0.2	0.7	-73	0.99	1.76	1.00	+92
Elemental Minerals	5	20	0-2	0.5	0.0	+999	1.08	9.00	1.00	+999
Empire Resources	5	25	0-7	1.0	0.0	+999	0.99	4.35	1.00	+999
Eneabba Gas	9	30	0-7	0.7	0.9	-19	1.26	2.64	1.00	+661
Entek Energy	8	20	1-1	0.6	0.2	+258	0.56	4.49	1.00	+154
Envirogold	9	25	1-1	1.5	0.6	+140	0.81	2.95	1.00	+186
Eromanga Hydrocarbons	14	10	0-8	15.0	7.1	+111	1.28	1.60	1.00	+145
Erongo Energy Ltd	5	20	0-5	0.7	0.0	+999	1.03	4.64	1.00	+999
Excalibur Mining	1	6	4-1	0.3	0.3	+13	1.03	1.45	1.00	+71
Excalibur Mining	1	3	1-1	0.3	0.1	+380	1.03	2.50	1.00	+318
Exoma Energy	5	20	2-4	0.5	1.0	-50	0.94	1.84	1.00	+92
Eyecare Partners	17	20	1-10	2.4	1.7	+40	0.24	4.77	1.00	+16
Fairstar Resources	6	25	0-9	1.2	0.5	+146	1.22	2.56	1.00	+630
Fall River Res.	1	10	0-5	1.5	0.0	+999	1.06	7.95	1.00	+999
Ferrowest Ltd	14	25	1-6	4.0	7.1	-44	1.40	1.41	1.00	+62
Fission Energy	12	20	2-3	2.8	3.8	-26	0.75	1.86	1.00	+33
GB Energy	9	20	2-10	2.6	2.2	+17	0.66	1.99	1.00	+38
GBM Resources	8	25	1-7	1.0	1.0	-0	0.81	2.41	1.00	+111
Genesis Biomedical	1	3	2-0	0.5	0.1	+566	0.71	2.56	1.00	+109
Geodynamics	99	200	0-3	5.0	0.5	+964	0.71	8.00	1.00	+999
Gladiator Resources	5	20	0-7	0.3	0.1	+132	1.11	3.40	1.00	+999
Gleneagle Gold	10	20	0-2	0.2	3.4	-94	3.34	1.69	1.00	+999
Global Geoscience	3	25	3-9	1.0	1.2	-19	1.10	1.42	1.00	+76
Global Nickel Inv.	5	20	0-9	0.6	0.3	+120	1.15	2.78	1.00	+660
Gold Aura	1	13	0-4	0.1	0.0	+999	0.83	1.00	1.00	+999
Gold Company Ltd	25	20	2-7	13.0	15.1	-14	0.88	1.37	1.00	+11
Golden State Res	6	20	0-7	0.9	0.1	+999	0.85	4.52	1.00	+827
Golden West Res	43	200	2-1	8.0	9.8	-19	1.03	1.80	1.00	+113
Goldsearch	2	10	0-11	0.5	0.0	+999	0.85	3.78	1.00	+545
Gondwana Resources	3	1	0-7	3.0	2.2	+36	1.60	1.27	1.00	+64
Gondwana Resources	3	1	1-7	0.6	2.5	-76	1.60	1.14	1.00	-28
Grand Gulf Energy	2	6	0-3	0.2	0.0	+999	0.82	9.76	1.00	+999
Greater Pacific Gold	1	2	2-6	0.2	0.2	+22	1.05	1.60	1.00	+81
Greenearth Energy	9	30	0-5	0.6	0.0	+999	0.72	8.25	1.00	+999
Greenvale Mining	8	30	3-1	2.5	4.3	-42	1.32	1.27	1.00	+61
Gt Australian Res	3	20	0-1	0.5	0.0	+999	0.97	9.99	1.00	+999
Gt Bendigo Gold Mines	6	20	1-1	0.5	0.5	-3	0.98	2.55	1.00	+237
Gt Western Explor.	2	30	3-7	0.2	0.1	+132	0.70	2.49	1.00	+113
Gulf Mines	9	30	0-11	1.0	0.3	+281	0.76	3.75	1.00	+285
Gulf Resources	6	25	1-1	1.5	0.4	+305	0.93	2.82	1.00	+294
Gulf Resources	6	20	2-7	1.9	1.8	+5	0.93	1.69	1.00	+65
Gulfx Ltd	5	20	1-1	1.8	0.5	+241	1.05	2.40	1.00	+289
Haddington Resources	10	35	1-6	3.0	1.3	+125	0.90	2.29	1.00	+144
Havilah Resources	40	160	1-5	4.0	1.5	+175	0.70	3.34	1.00	+171
Hawthorn Resources	1	20	3-5	0.3	0.2	+82	1.02	1.75	1.00	+141

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
Hawthorn Resources	1	10	4-3	0.3	0.4	-16	1.02	1.46	1.00	+73
Hawthorn Resources	1	125	1-10	0.1	0.0	+999	1.02	3.45	1.00	+999
Health Corporation	8	120	3-0	0.1	7.0	-99	2.36	1.06	1.00	+147
Helix Resources	8	30	0-7	1.0	0.2	+352	1.01	3.63	1.00	+920
Hemisphere Resources	8	20	1-4	3.0	2.6	+14	1.25	1.67	1.00	+121
Hill End Gold	13	25	0-10	4.4	0.9	+366	0.69	3.51	1.00	+166
Hydromet Corporation	6	17	1-7	1.0	0.4	+162	0.64	3.09	1.00	+104
IC2 Global	7	15	0-7	0.5	0.8	-36	1.15	2.63	1.00	+344
IC2 Global	7	200	0-7	0.5	0.0	+999	1.15	5.73	1.00	+999
IC2 Global	7	2	0-7	0.4	4.7	-91	1.15	1.34	1.00	-82
IM Medical	1	4	0-1	0.1	0.0	+999	0.89	9.99	1.00	+999
Imagine UN	1	125	0-1	0.1	0.0	+999	1.75	9.99	1.00	+999
Impedimed Ltd	74	72	3-11	11.0	29.2	-62	0.42	1.89	1.00	+3
India Resources	1	20	1-1	0.2	0.0	+999	0.90	4.15	1.00	+999
Industrial Minerals	25	20	1-1	4.0	12.4	-68	1.05	1.59	1.00	-4
Intec Ltd	4	8	1-1	0.7	1.6	-55	1.63	1.47	1.00	+132
Integra Mining	14	20	0-12	5.1	2.3	+125	0.73	2.69	1.00	+91
Iron Mountain Mining	9	20	3-2	2.2	4.8	-54	1.07	1.35	1.00	+33
Iron Ore Holdings	19	100	2-5	5.1	2.9	+77	0.85	2.05	1.00	+103
Jupiter Energy	2	8	1-7	0.9	0.6	+52	1.18	1.74	1.00	+142
Jutt Holdings	2	20	0-8	2.4	0.1	+999	1.52	2.58	1.00	+999
Jutt Holdings	2	10	0-7	6.0	0.2	+999	1.52	2.51	1.00	+999
K2 Energy	3	20	0-10	0.2	0.1	+128	1.17	2.92	1.00	+999
K2 Energy	3	20	0-1	2.0	0.0	+999	1.17	9.99	1.00	+999
KTL Technologies	1	5	0-6	0.1	0.0	+821	1.08	4.13	1.00	+999
Kairiki Energy	8	5	0-1	2.0	2.6	-23	1.02	2.72	1.00	-56
Kangaroo Metals	8	20	0-9	2.0	0.3	+644	0.78	3.85	1.00	+349
Key Petroleum	14	35	0-4	1.5	1.6	-4	1.62	2.56	1.00	+999
Kingsrose Mining	12	20	4-1	4.0	6.6	-40	0.85	1.37	1.00	+19
Labtech Systems	13	20	4-7	6.5	7.3	-11	0.84	1.33	1.00	+18
Labtech Systems	13	20	4-7	5.0	7.3	-32	0.84	1.33	1.00	+16
Laserbond	11	25	0-9	1.0	0.1	+843	0.51	6.20	1.00	+215
Lefroy Resources	5	25	0-7	0.8	0.0	+999	0.55	9.99	1.00	+999
Liberty Resources	8	25	0-4	1.1	0.1	+999	1.10	4.60	1.00	+999
Lincoln Minerals	13	30	1-7	2.0	1.1	+85	0.59	3.11	1.00	+77
Lindian Resources	6	30	1-1	5.0	1.6	+209	1.55	1.70	1.00	+394
Lion Energy	6	35	2-9	0.7	0.4	+57	0.71	2.42	1.00	+97
Lion Selection	107	151	0-5	7.0	0.9	+716	0.35	9.99	1.00	+168
Lumacom Ltd	1	7	0-1	0.1	0.0	+999	1.05	9.99	1.00	+999
M2M Corporation	1	20	1-3	0.1	0.0	+999	1.02	3.56	1.00	+999
MGM Wireless	2	20	2-0	1.5	0.1	+938	0.86	2.48	1.00	+199
Macqarie Harbour Min	5	20	3-9	1.2	2.3	-49	1.10	1.34	1.00	+50
Magellan Financial Grp	55	300	7-7	15.0	23.6	-36	0.70	1.43	1.00	+26
Magellan Financial Grp	55	120	0-7	2.0	1.5	+30	0.70	4.62	1.00	+292
Magellan Financial Grp	55	130	2-7	10.5	12.8	-18	0.70	2.01	1.00	+44
Magna Mining NL	1	10	1-0	0.1	0.0	+999	0.77	6.26	1.00	+999
Magnesium Int'l	2	10	3-6	2.0	0.4	+355	0.81	1.79	1.00	+69
Mamba Minerals	7	20	1-4	1.7	0.9	+90	0.92	2.32	1.00	+147
Mantle Mining Corp	8	25	0-5	2.0	0.5	+300	1.31	3.04	1.00	+999
Mantra Resources	70	20	0-7	50.0	50.8	-2	0.85	1.36	1.00	+0
Maximus Resources	7	20	0-7	1.0	0.5	+104	1.13	2.91	1.00	+609
Medic Vision Ltd	6	20	3-2	1.0	2.8	-65	1.02	1.45	1.00	+46
Metal Storm	4	0	0-9	0.6	3.7	-84	0.61	1.04	1.00	-89
Metals Australia	1	5	0-10	0.4	0.0	+999	0.84	3.93	1.00	+575
Metals X Ltd	13	20	0-1	0.3	0.0	+665	0.78	9.99	1.00	+999
Metminco Ltd	20	25	4-0	8.0	12.0	-33	0.84	1.33	1.00	+13
Metroland Australia	6	26	0-6	0.3	0.0	+999	0.59	9.99	1.00	+999
Midas Resources	6	10	2-6	0.5	3.1	-84	1.20	1.33	1.00	+30
Midas Resources	6	10	0-10	1.0	1.4	-30	1.20	1.97	1.00	+130
Millepede Int'l	1	5	3-4	0.3	0.3	-10	0.96	1.57	1.00	+65
Minemakers Ltd	60	30	0-1	28.0	30.5	-8	1.46	1.91	1.00	-33
Mining Projects Group	0	1	0-8	0.1	0.0	+999	1.14	3.05	1.00	+999
Monteray Group	2	10	0-1	0.1	0.0	+999	0.81	9.99	1.00	+999
Monteray Group	2	10	0-1	0.5	0.0	+999	0.81	9.99	1.00	+999
Montezuma Mining Coy	5	20	2-9	2.0	3.5	-43	1.66	1.17	1.00	+71
Morning Star Gold	17	25	0-1	1.6	0.0	+999	0.50	9.99	1.00	+999
Mosaic Oil NL	8	18	0-6	0.8	0.1	+577	0.64	5.76	1.00	+401
Mt Magnet South	7	25	1-9	0.5	1.2	-59	0.96	2.01	1.00	+115
Multi Channel Solutions	1	7	0-1	1.2	0.0	+999	1.00	9.99	1.00	+999
Murchison Holdings	100	100	0-1	10.0	9.3	+8	0.68	5.99	1.00	+136
My Net Fone	8	25	0-5	0.1	0.1	+22	0.90	5.02	1.00	+999
Neptune Marine Serv	30	20	2-1	19.0	16.3	+17	0.70	1.55	1.00	+13

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
Newera Uranium	3	20	1-1	0.8	0.2	+254	1.29	2.23	1.00	+607
Nex Metals Explor.	20	25	3-0	4.0	8.8	-55	0.71	1.61	1.00	+13
Northern Mining	3	20	0-1	1.5	0.0	+999	1.32	9.99	1.00	+999
Norton Gold Fields	9	20	1-10	5.0	1.9	+167	0.77	2.13	1.00	+73
Nthn Uranium	16	25	1-1	2.5	4.5	-44	1.03	1.94	1.00	+70
Nuenergy Capital	4	20	1-6	0.2	0.2	+14	0.78	2.98	1.00	+194
Nylex Ltd	12	184	1-0	0.5	0.1	+489	1.06	3.44	1.00	+999
Nylex Ltd	12	184	1-0	0.7	0.1	+725	1.06	3.44	1.00	+999
Odin Energy	4	25	4-0	0.8	0.8	-5	0.82	1.73	1.00	+64
Oil Basins Ltd	5	20	0-10	0.3	0.3	-3	1.04	2.84	1.00	+437
Olympia Resources	2	35	1-1	0.1	0.0	+422	1.06	3.30	1.00	+999
Olympia Resources	2	20	1-7	0.1	0.2	-42	1.06	2.28	1.00	+304
Orchid Capital	1	5	3-3	0.5	0.1	+341	0.70	2.18	1.00	+75
Ord River Resources	6	65	1-1	1.0	0.0	+999	0.84	4.46	1.00	+932
Orion Petroleum	6	30	1-10	1.5	0.8	+82	0.99	2.06	1.00	+157
Oropa Ltd	3	20	1-2	2.8	0.0	+999	0.80	3.73	1.00	+469
Oroya Mining	1	5	0-8	0.3	0.1	+414	1.52	2.35	1.00	+999
Oz Brewing	3	20	4-1	1.0	2.0	-50	1.27	1.23	1.00	+57
Palace Resources	1	20	3-7	0.3	0.1	+193	0.85	2.04	1.00	+126
Paragon Care	3	2	3-6	0.7	1.4	-49	0.62	1.50	1.00	+2
Peak Resources	6	25	0-10	0.9	0.1	+702	0.88	3.70	1.00	+542
Peel Exploration	16	20	2-0	3.0	6.9	-56	0.87	1.63	1.00	+20
Pegasus Metals	3	20	1-4	0.2	0.0	+999	0.67	4.62	1.00	+379
Pelican Resources	6	20	0-1	0.1	0.0	+999	1.20	9.99	1.00	+999
Pensinsula Minerals	2	10	1-7	0.4	0.0	+999	0.73	3.36	1.00	+226
Perseus Mining	39	20	0-4	20.0	19.6	+2	0.74	1.92	1.00	+8
PharmaNet Group	0	5	0-1	0.1	0.0	+999	1.71	9.99	1.00	+999
Phosphagenics	9	20	0-6	1.5	0.0	+999	0.47	9.49	1.00	+502
Polaris Metals NL	13	20	0-1	2.0	0.1	+999	0.94	9.59	1.00	+999
Poseidon Nickel	25	92	3-0	12.0	10.4	+16	1.06	1.46	1.00	+61
Poseidon Nickel	25	81	1-0	8.0	3.1	+157	1.06	2.35	1.00	+256
Prima Biomed	1	2	3-1	0.3	0.3	+1	0.97	1.49	1.00	+47
Primary Resources	10	20	1-9	2.5	2.4	+2	0.88	1.95	1.00	+66
Prime Minerals	6	20	0-11	3.0	0.4	+707	0.96	2.87	1.00	+367
Progen Pharm.	64	840	1-6	0.1	0.4	-74	0.81	3.66	1.00	+456
Proto Resources & Inv.	8	25	5-1	1.3	7.4	-82	1.55	1.06	1.00	+25
Proto Resources & Inv	8	20	2-9	2.0	6.1	-67	1.55	1.17	1.00	+42
Pure Energy Res	140	30	0-1	100.0	110.1	-9	1.07	1.27	1.00	-59
QRScience Holdings	6	45	3-7	0.8	2.5	-68	1.16	1.38	1.00	+79
Quantum Resources	1	10	1-11	1.0	0.0	+999	0.73	3.97	1.00	+402
Quantum Resources	1	5	4-0	0.2	0.1	+250	0.73	2.07	1.00	+80
Quantum Resources	1	10	3-5	0.3	0.0	+999	0.73	2.59	1.00	+142
Quest Investments	10	15	0-1	1.2	0.1	+742	1.02	7.88	1.00	+999
Ramelius Resources	50	100	0-7	9.5	2.1	+354	0.72	4.23	1.00	+283
Ramelius Resources	50	150	1-7	13.0	4.7	+179	0.72	2.71	1.00	+111
Range Resources	6	100	1-10	1.5	0.1	+999	0.90	2.88	1.00	+368
Reco Financial Serv	1	10	0-1	0.1	0.0	+999	1.30	9.99	1.00	+999
Red Emperor Res.	12	25	0-9	2.5	3.0	-18	1.34	1.94	1.00	+202
Red Fork Energy	25	20	0-5	23.0	6.7	+242	0.59	2.96	1.00	+267
Red River Resources	7	20	1-4	1.4	1.3	+11	0.98	2.13	1.00	+131
Red Sky Energy	2	30	0-8	0.4	0.0	+999	1.28	3.44	1.00	+999
Regis Resources	8	200	3-5	0.5	0.9	-42	0.95	1.93	1.00	+154
Regis Resources	8	50	5-2	0.5	3.9	-87	0.95	1.36	1.00	+42
Regis Resources	8	100	3-11	0.5	2.0	-74	0.95	1.65	1.00	+89
Repcol Ltd	1	1	2-1	0.6	0.8	-20	1.40	1.23	1.00	+28
Reward Minerals	38	20	0-7	21.0	21.2	-1	1.10	1.59	1.00	+14
Rey Resources	10	30	1-4	3.0	3.0	-1	1.28	1.70	1.00	+145
Rialto Energy Ltd	13	60	2-7	3.0	4.5	-33	1.09	1.56	1.00	+84
Richfield Group	1	1	0-6	0.3	0.4	-15	1.03	2.17	1.00	+42
Rockeby Biomed	0	5	0-6	0.1	0.0	+999	1.45	4.10	1.00	+999
Rocklands Richfield	10	30	1-0	0.5	0.6	-17	0.81	3.13	1.00	+205
Rockstead Financial	1	25	1-0	0.4	0.0	+999	1.25	3.24	1.00	+999
Royal Resources	11	20	0-8	3.4	1.6	+119	1.00	2.67	1.00	+235
Sabre Resources	10	35	1-2	10.5	2.0	+429	1.20	1.97	1.00	+266
Safety Medical Prod	4	100	2-1	0.2	0.0	+665	0.83	3.22	1.00	+375
Safety Medical Prod	4	20	0-1	0.3	0.0	+999	0.83	9.99	1.00	+999
Saracen Mineral Hold.	7	10	4-7	20.0	3.0	+572	0.64	1.54	1.00	+40
Saracen Mineral Hold	7	13	1-0	14.0	0.5	+999	0.64	3.50	1.00	+315
Segue Resources	5	100	1-7	0.4	0.0	+999	0.73	4.60	1.00	+565
Segue Resources	5	33	1-7	0.5	0.1	+428	0.73	3.42	1.00	+235
Sierra Mining	10	20	2-1	1.2	3.6	-67	0.95	1.66	1.00	+43
Souls Private Equity	11	30	1-1	0.3	0.0	+999	0.35	9.79	1.00	+177

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/ Under-Valued	Share Vola-tility	Option Lever-age	Options to Buy 1 Share	Break-Even Rate
Sovereign Metals	5	20	1-7	5.0	0.7	+586	0.96	2.16	1.00	+176
Spitfire Resources	9	20	1-7	2.0	2.9	-30	1.13	1.67	1.00	+82
Stirling Minerals	4	20	1-7	1.8	0.1	+999	0.62	3.91	1.00	+192
Stonehenge Metals	4	25	1-1	1.0	0.1	+756	0.94	3.12	1.00	+463
Style Plantation	4	20	0-2	1.9	0.0	+999	1.29	7.40	1.00	+999
Sub-Sahara Resources	1	15	0-7	0.5	0.0	+999	0.76	10.03	1.00	+999
Sun Resources NL	5	20	0-1	0.2	0.0	+999	0.54	9.99	1.00	+999
Sunnycove Mgmt	4	150	0-6	1.0	0.0	+999	1.69	3.52	1.00	+999
Swish Group	1	2	1-2	0.2	0.0	+945	0.78	3.28	1.00	+256
Synergy Metals	2	3	2-9	0.5	0.4	+18	0.64	1.99	1.00	+33
Synergy Metals	2	4	0-11	0.1	0.1	+97	0.64	4.15	1.00	+179
TVN Corporation	1	1	0-1	0.1	0.0	+999	1.36	6.83	1.00	+999
Talisman Mining	15	20	2-1	7.0	6.8	+3	0.93	1.55	1.00	+33
Target Energy	4	25	0-12	0.9	0.0	+999	0.83	3.90	1.00	+541
Tasman Resources NL	3	20	1-1	1.0	0.1	+711	0.99	2.91	1.00	+468
Tawana Resources	5	10	2-4	2.0	2.3	-13	1.14	1.42	1.00	+49
Terrain Minerals	5	25	1-8	0.3	0.1	+211	0.67	3.49	1.00	+182
Territory Uranium	7	70	1-7	1.0	0.3	+265	0.99	2.59	1.00	+353
Texon Petroleum	37	50	0-5	6.0	7.5	-20	1.14	2.49	1.00	+160
Thundelarra Exploration	17	19	0-7	9.0	3.2	+181	0.73	2.93	1.00	+135
Tidewater Investments	31	125	0-6	0.1	0.0	+999	0.36	1.00	1.00	+999
Torrens Energy	17	25	1-4	3.0	5.6	-47	0.96	1.83	1.00	+45
Transit Holdings	9	25	1-1	3.0	1.7	+77	1.10	2.10	1.00	+185
Transol Corporation	1	2	2-6	1.0	0.3	+227	1.11	1.46	1.00	+79
Transzact Financial	18	30	1-5	1.8	2.1	-16	0.57	2.98	1.00	+52
U308 Limited	15	25	0-7	1.0	2.5	-61	1.07	2.52	1.00	+157
Union Resources	1	10	0-4	0.1	0.0	+999	0.82	9.99	1.00	+999
Union Resources	1	10	0-4	0.2	0.0	+999	0.82	9.99	1.00	+999
United Uranium	7	20	0-7	1.0	0.3	+220	0.97	3.48	1.00	+557
Uran Ltd	3	20	0-6	0.8	0.1	+529	1.51	2.87	1.00	+999
Uranium Oil & Gas	4	20	1-8	1.2	0.2	+622	0.69	3.15	1.00	+159
Uraniumsa Ltd	7	25	1-2	1.0	1.5	-32	1.23	1.94	1.00	+210
Vector Resources	7	20	3-7	2.4	4.8	-50	1.36	1.18	1.00	+39
Verus Investments	1	10	1-7	0.2	0.5	-62	1.82	1.36	1.00	+286
Victoria Petroleum	16	25	1-2	6.0	3.9	+55	0.86	2.15	1.00	+76
Virax Holdings Ltd	3	20	1-1	1.0	0.1	+686	1.05	2.81	1.00	+547
WAM Active	81	100	0-7	1.5	0.9	+63	0.22	9.99	1.00	+51
WCP Diversified Inv.	4	2	1-7	1.3	2.0	-34	0.74	1.55	1.00	-4
WCP Resources	4	4	1-7	0.5	1.2	-58	0.74	1.94	1.00	+17
Werstern Metals	3	35	1-5	0.5	0.0	+999	0.77	4.07	1.00	+501
Western Uranium	6	20	1-7	0.4	0.7	-42	0.82	2.45	1.00	+117
Westralian Gas & Power	4	25	0-10	0.2	0.0	+999	0.82	4.93	1.00	+999
Westside Corporation	34	50	0-4	4.0	3.0	+35	0.90	3.77	1.00	+301
Whinnen Resources	6	20	0-2	1.9	0.0	+999	1.33	5.62	1.00	+999
White Cliff Nickel	3	25	2-7	2.3	0.8	+197	1.15	1.62	1.00	+138
Windy Knob Resources	4	20	1-1	0.2	0.7	-73	1.37	1.92	1.00	+346
Xceed Capital	6	20	1-2	0.5	1.1	-55	1.22	1.94	1.00	+209
Xenolith Gold	5	8	2-7	3.0	1.6	+91	0.77	1.73	1.00	+41
Yellow Rock Res	9	20	1-0	1.4	1.4	-3	1.01	2.27	1.00	+152
Zamia Gold Mines	8	20	0-7	1.2	0.7	+79	1.13	2.81	1.00	+494
Zinc Co Australia	3	25	1-0	0.5	0.1	+261	1.18	2.63	1.00	+750

Review of Existing Options

The recent weak stockmarket has been very harsh on our option investments. Options are limited life, leveraged investments. A fall in the share price will result in a much larger decline in the value of an option. While share prices will probably recover over time, options do not have this luxury, having only a limited life after which they expire worthless.

Allied Brands (codes ABQ and ABQO).
The shares slipped 23% to 30 cents over the last quarter, with the options down 30% to 7 cents.

Revenues for the year to 30 June 2008 were up 255.3% to $39.7 million with profits up 187.2% to $5,705,343 (5.7 cents per share). A 1.0 cent dividend will be paid in January.

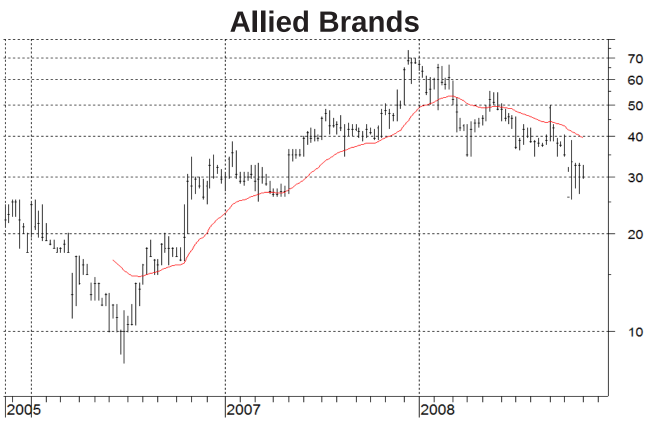
The business generated a net operating cash surplus of $1.9 million, up from a *deficit* of $463,619 in the previous year.

At 30 cents the shares trade on a Price/Earnings ratio of 5 and a Dividend Yield of 3.3%.

The directors expect "all existing brands to show continued strong organic growth" and "achieve significant cost savings by utilising shared resources". Store and franchise numbers are expected to grow 20% this financial year, with a similar growth in profits.

Its *Kenny's Cardiology* franchise opened four stores in New Zealand in August, while *Cookie Man* is "close to finalising licencing arrangements" in the UK, Malaysia, Middle East, Greece and Cyprus.

This is a sound business with good growth potential. Unfortunately the shares are now trading at only half of the 60 cents exercise price of our options. Fortunately there is still 25 months until the final exercise/expiry date of the options - so time for the business to grow and create value and for the stockmarket to recover. Nevertheless, 47% per annum is a steep recovery. Hold.



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Review of Options

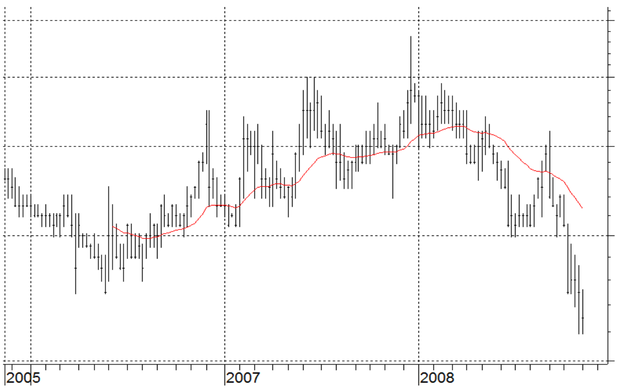
(Continued from Page 13)

Amcom Telecommunications (codes AMM and AMMO).
Revenues rose 21.2% to $44.5 million for the year to June 2008, with profits ahead 27.6% at $10,143,000. Earnings per share rose 11.9% to 2.0 cents and the dividend was increased 40.0% to 0.7 cents.

The net operating cash surplus rose 67% to $19.5 million.

Futuris Corporation, which owned 50.1% of Amcom Telecommunications, decided to sell these shares to reduce its debts. Futuris placed 170 million shares with institutions at 17 cents, while Amcom was to repurchase the remaining 99.2 million shares at 19.7 cents or $19.6 million. That buy-back was subject to shareholder approval - which was not received. Futuris therefore still retains these 99.2 million shares which it intends to "divest as promptly as shareholder value considerations permit". That *overhang* of shares could help depress Amcom Telecommunications' share price in the short term.

Over the last quarter the shares have fallen 29% to 12 cents, depressing the options 56% to only 1.1 cents. The share price is well below the option exercise price of 17 cents, so the options *may* expire worthless. There is, however, still 13 months until the final exercise/expiry date. *If* Futuris sells its Amcom shares and *if* Amcom continues to grow its business and *if* the stockmarket recovers over the next year, *then* we may be able to realise some value on these options.



Electrometals Technologies (codes EMM and EMMO).
The company experienced a drop in revenues, down 49.7% to $2.9 million, over the half year to June 2008. That resulted in a *loss* of $1,173,933 (*minus* 0.6 cents per share), compared with a profit of $700,857 the previous year.

That has helped depress the shares 50% to 3 cents over the last quarter, while the options dropped 90% to 0.2 cents. The option exercise price is 14 cents, so the break-even rate is a very difficult to achieve 92% per annum. So the options are probably worthless . . . although there is still 25 months until the final exercise/expiry date and micro-cap shares can be extremely volatile at times!

Whinnen Resources (codes WWW and WWWO).
Over the last quarter the shares fell another 67% to just 6 cents. That is far below the option exercise price of 20 cents *and* the options will expire on 31 January 2009, so the options are virtually worthless.

Company Analysis: Challenger Wine Trust

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

Challenger Wine Trust (code CWT).

Challenger Wine Trust is a specialist property trust investing in vineyard properties on long term leases to wine companies and contract grape growers.

The trust provides very reliable quarterly income distributions, and at current prices offers a very high yield . . . plus potential tax benefits to NZ residents under the "fair dividend" tax system.

The trust holds investments in 24 vineyards and two wineries valued at $137.6 million, vines valued at $130.3 million and tradeable water rights with a book value of $21.8 million but assessed at a value of $30.2 million. This $298.1 million of assets are rented out with an average remaining lease term of 5.7 years.

In May 2008 the trust re-financed its debt facilities totalling $166.3 million, of which $155.0 million has been drawn down. These facilities are not due for repayment (or, more likely, re-financed) until 2011 and 2012. Interest rates are fixed at 7.9%.

Rental income for the year to 30 June was $31.6 million, with an operating profit of $16,010,000 or a net profit (after a decline in asset values) of $13,534,000 (8.0 cents per share).

The annual distribution for 2008 was 9.4 cents, with the trust now predicting a 9.5 cents distribution for 2009.

Around 70-80% of the trust's quarterly distributions are untaxed Australian income, which is taxable to Australian investors and subject to 30% withholding tax to foreign investors. A further 5-10% is Australian interest subject to 10% foreign withholding tax, another 5-10% foreign income and the last 5-10% "tax deferred" income.

NZ$10,000 invested by a NZ resident investor would be taxed on a 5% "fair dividend" of only $500 annually. At a 39% tax rate that is a NZ tax liability of $195. The investor, however, would receive around $1657 in cash annually and a withholding tax credit of $502 which can be claimed as a credit on a NZ Income Tax Return. So this will produce a net cash income of $1657 plus a tax benefit of around $307 (i.e. the $502 foreign withholding tax credit, less the NZ "fair dividend" tax). That is a 16.6% cash yield and a further 3.1% yield from the surplus tax credits.

The net asset value per unit (based upon the assessed value of water rights) is 94 cents per unit, so at 44 cents the units are trading at a 53% discount. The units are currently very under-valued.

Summary and Recommendation

While we are not formally recommending Challenger Wine Trust units, this is a relatively safe property investment trust with reliable cashflows and distributions. This is mainly an income investment, but providing a pre-tax 21.6% income for Australian residents and an effective 19.7% after tax income to NZ investors (owing to the "loopholes" in the poorly designed "fair dividend" tax rules).

Medium term the units should be re-rated back around at least 70-80 cents (i.e. a 60-80% capital gain) and this type of reliable income investment should become more attractive as interest rates decline. Medium to longer term, agricultural land values and water rights will likely appreciate in value, with the trust's approximately 50% debt financing leveraging the growth in both rental incomes and capital values.

An investment in Challenger Wine Trust units would therefore be an attractive, low risk investment, especially for a NZ investor seeking a high income and some growth in capital values. So this would be suitable (within a diversified portfolio) for a retired person requiring high current income, plus some growth in both income and capital, from a relatively secure investment.

Investment Outlook

(Continued from Page 1)

will call in their loans and force companies into receivership. For some reason, even the cash rich, debt-free companies trade at low valuations.

If central bankers and investment bankers and hedge fund managers can't predict global macro-economic trends with any degree of success, then perhaps the investor should return to basics. Even when the global economy is booming and an endless *Golden Age* promises unlimited growth and prosperity for all, a share trading on a P/E of 50-100 with a Yield of 0.5-1.0% must still look expensive. In a depression, even as the world is about to end, doesn't a share on a P/E of 5 and offering a Yield over 10% look at least a little attractive? Today, share valuations are perhaps lower than they have even been at any stage over the last 20-30 years.

Junk emails circulate making fun of the stockmarket. Halloween parties feature coffins labelled "Capitalism". Your friends (who have probably never owned a share) tell you to "Get out of the market". This is the popular reality that the stockmarket is heading ever lower and a bad place to invest your money, but this newsletter sees this excessively pessimistic sentiment as the delusion.

Shares are so under-valued! How can we turn down such bargains just because the mob wants to sell and get out? So we are buying (yes, that is right, buying) and putting those low valuations to work in our investment portfolios where they must eventually create significant future wealth!

Dividend$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Allied Workforce	3.50	21-11	28-11	Full
Kermadec Property	2.02	07-11	14-11	0.15
Kirkcaldie & Stains	3.00	05-12	15-12	Full
Lyttelton Port Company	3.60	31-10	12-11	Full
Methven Ltd	6.25	19-12	31-12	Full
Oyster Bay	20.00	31-10	14-11	Nil
Restaurant Brands	3.00	07-11	21-11	Full
TrustPower	16.00	26-11	12-12	Full
Wakefield Health	10.00	28-11	05-12	Full
Australian Shares				
CPT Global	1.75	28-10	14-11	
M.Y.O.B. repayment	12.50	12-11	19-11	
M.Y.O.B. special	0.35	12-11	19-11	
Probiotec	1.50	28-08	20-11	
Skilled Group	14.00	16-09	14-10	
TFS Corporation	3.00	10-11	28-11	

Total Return Index for All Listed Shares

Oct 13	1490.15	Oct 20	1512.95
Oct 14	1546.17	Oct 21	1518.38
Oct 15	1539.07	Oct 22	1519.43
Oct 16	1499.02	Oct 23	1500.45
Oct 17	1502.77	Oct 24	1490.53
Oct 27	Holiday	Nov 3	1480.61
Oct 28	1464.90	Nov 4	1475.68
Oct 29	1467.73	Nov 5	1477.00
Oct 30	1468.91	Nov 6	1466.29
Oct 31	1475.21	Nov 7	1456.44

Next Issue:

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

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