

Market Analysis

Issue No. 440

www.stockmarket.co.nz

February 9, 2009

Inside Market Analysis

High growth Campbell Brothers dip to low P/E 4, 5	Australian Stockbrokers 8, 10
CPT Global approved as GSA contractor 6	Warrant / Option Analysis 11, 12
International All Sports receives takeover offer 6, 7	

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

The stockmarket remains volatile, but shares offer excellent value. Remain fully invested in the recommended shares.

Investment Outlook.

Most companies operate on net profit margins of 5-15% of revenues, so economic changes have a very rapid and leveraged impact upon corporate profitability. Revenues (i.e. income) *can* drop virtually overnight but it takes many months to reduce expenses (i.e. reduce purchase orders, lower production volumes, reduce stock levels, shed staff and exit property leases). So in the *early* stages of an economic downturn, businesses operate on reduced income but full expenses - which usually results in the lowest corporate profits and greatest losses of the whole economic cycle. As the recession continues, revenues remain low, but expenses are steadily reduced - so corporate profits tend to stabilise, and even improve, as the recession continues.

Low market asset values, high uncertainty and recent changes in International Accounting Standards will also result in massive *accounting* losses in this recession. Watch out for significant “mark to market” losses and goodwill impairment write-downs. These, however, are non-operating, non-cash items and should usually be ignored in assessing the value of a company's shares.

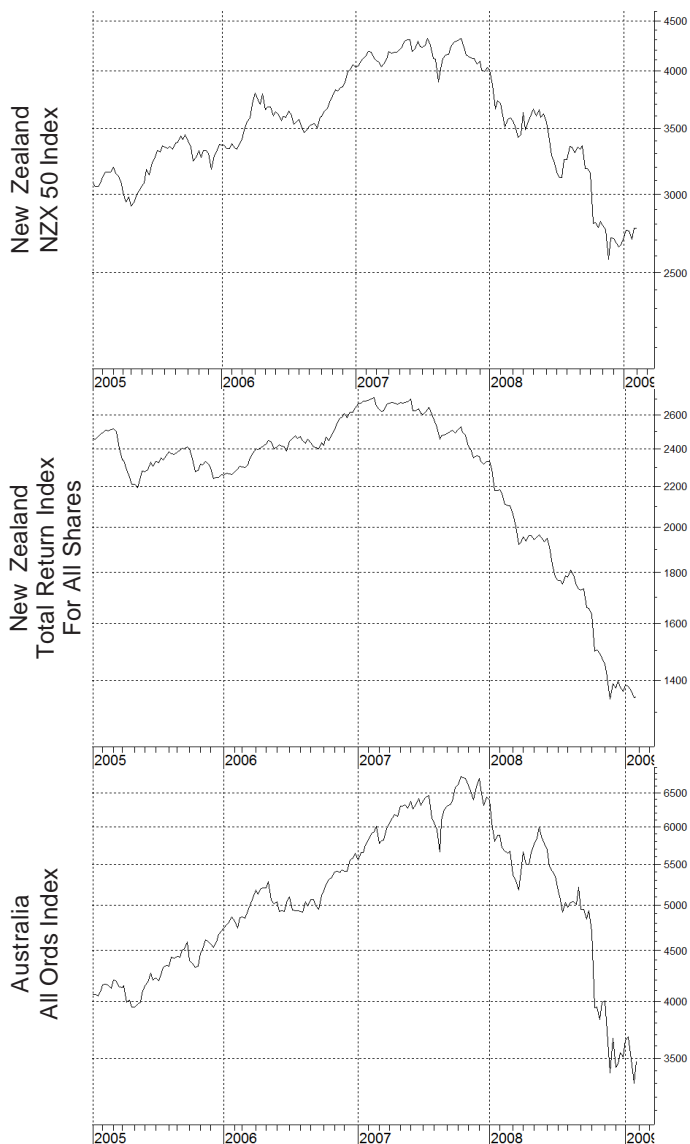
Ultimately recessions remove over-capacity and excess competition from markets. Booming economic conditions enable high cost, low quality businesses to survive and excess production and/or excess competition can depress profitability across the whole industry. The “creative destruction” of these inefficient businesses in a recession - freeing up their inputs, labour and markets - provides a more profitable environment for the efficient survivors.

Equity owners (i.e. shareholders) therefore suffer in the early stages of a recession when asset values fall and some companies may become worthless, but ultimately become the big winners as conditions improve and as the survivors expand their market share with less competition and higher profit margins. Fixed interest performs better in a recession (except for company failures, e.g. Finance companies recently) but with no recovery/growth potential, while real value is steadily eroded over the long term by inflation and/or currency devaluation.

Shares currently offer good value and although prices remain volatile, shares acquired now will ultimately prove to be outstanding investments.

Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	64% (Bullish)	63% (Bullish)
New Zealand:	52% (Neutral)	57% (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	PE Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	PE Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	PE Ratio	Gross Yield
AMP Limited	C	650	0.72	11	7.2	Jasons Media	B	70	1.02	14	3.2	Pumpkin Patch	C	93	0.42	6	14.4
AMP Onyx Mgmt	B	92	5.25	5	9.1	Just Water Int.	C	32	0.77	55	16.7	Pyne Gould Corp C	C	275	1.13	6	12.5
Abano Health.	A	485	0.90	14	5.5	Kermadec Prop.	B	50	3.56	6	17.3	Rakon Ltd	D	99	0.69	11	Nil
Affco Holdings	E	38	0.20	NE	Nil	Kingfish Ltd	C	76	N/A	NE	8.8	Renaissance	C	36	0.08	5	31.1
Air New Zealand	B	91	0.21	4	13.9	Kirkcaldie & St	B	250	0.55	22	6.0	Restaurant Brds	C	63	0.20	6	15.4
Akd Int Airport	B	190	6.62	21	6.4	Kiwi Property	B	103	4.97	7	8.9	Richina Pacific	C	36	0.11	3	4.2
Allied Farmers	D	70	0.13	39	Nil	Life Pharmacy	D	40	2.35	NE	Nil	Rubicon Limited	E	70	0.32	NE	Nil
Allied Work.	B	66	0.21	9	13.1	Lion Nathan Ltd	A	1000	2.55	21	3.9	Ryman Health.	C	137	9.03	9	3.6
Apple Fields	A	11	3.25	6	Nil	Livestock Imp.	B	195	0.49	4	19.1	Salvus Strat.	B	65	1.51	2	12.6
Barramundi Ltd	D	42	N/A	NE	Nil	Lombard Group	D	6.1	0.04	NE	Nil	Sanford Limited	B	555	1.40	26	5.9
Blis Technology	D	5.0	7.46	NE	Nil	Lytelton Port	A	240	2.94	24	3.2	Satara Co-op	B	90	0.25	11	5.0
Botry-Zen Ltd	E	1.5	7.50	NE	Nil	Mainfreight Grp	C	400	0.41	9	6.7	Savoy Equities	E	0.5	7.14	NE	Nil
Briscoe Group	C	8.0	0.42	8	14.9	Marlin Global	E	54	N/A	NE	Nil	Scott Tech. Ltd	C	75	0.63	6	17.9
Broadway Ind	C	25	0.10	5	8.0	Media Tech.	D	4.0	0.63	4	Nil	Sealegs Corp	E	10	1.26	NE	Nil
Burger Fuel	E	30	3.37	NE	Nil	Methven Limited	C	124	0.72	8	14.1	Seeka Kiwifruit	B	245	0.29	12	Nil
CDL Investments	C	23	1.62	5	14.9	Metro. LifeCare	D	250	3.76	NE	7.6	Skellerup Hold.	D	72	0.43	NE	6.2
Canty Bldg Soc.	A	385	1.27	23	3.1	Michael Hill	D	53	0.54	8	9.0	Sky City Ltd	C	308	1.64	13	10.4
Cavalier Corp	C	185	0.50	7	16.1	Mid-Cap Index	D	203	N/A	NE	Nil	Sky Network TV	B	430	2.54	17	4.9
Cavotec MSL	C	290	1.38	25	2.1	Millennium & C.	C	39	0.81	6	9.6	Smartpay NZ Ltd	D	0.8	0.06	NE	Nil
Cert Organics	E	2.0	0.65	NE	Nil	Mowbray Collect	D	125	2.85	58	Nil	Smiths City	D	33	0.07	5	13.6
Charlie's Group	E	13	1.26	NE	Nil	NZ Experience	C	20	0.78	6	22.4	Sol. Dynamics	D	27	0.23	NE	Nil
Col Motor Co	C	240	0.13	9	14.3	NZ Exchange Ltd	C	575	4.44	16	5.5	South Port NZ	A	210	3.58	22	6.8
Comvita	E	97	0.52	NE	Nil	NZ Finance Hold	C	35	1.00	7	4.3	Speirs Group	D	25	0.06	NE	Nil
Connexion	C	15	1.00	NE	Nil	NZ Farming Sys.	E	60	N/A	NE	Nil	Steel & Tube	B	306	0.54	12	9.3
Contact Energy	B	678	1.42	16	6.2	NZ Oil & Gas * N/R	134	N/A	22	Nil	Sthn Travel	C	20	0.09	5	22.4	
Cynotech Hold.	C	15	1.17	8	5.0	NZ Refining Co	A	710	5.04	15	9.5	Tag Pacific Ltd	D	15	0.09	1	6.3
Delegat's Group	B	202	1.23	11	4.4	NZ Wine Company	A	223	1.80	20	4.7	Taylor's Grp Ltd	B	118	0.41	12	15.2
Dominion Fin.	C	1.0	0.01	0149.3		NZ Windfarms	D	70	9.10	23	Nil	TeamTalk Ltd	A	207	1.37	11	14.4
Dorchester Pac	D	3.0	0.02	NE	Nil	NZ Wool Service	C	42	0.20	20	Nil	Telecom Corp	B	270	0.87	7	16.0
Eastern Hi-Fi	D	10	0.06	NE	Nil	NZSX 10 Fund	D	82	N/A	NE	Nil	Tenon Ltd	E	50	0.07	8	Nil
Ebos Group Ltd	B	440	0.23	12	7.8	NZSX 50 Port.	D	118	N/A	NE	Nil	Tourism Hold.	C	67	0.44	8	24.5
F & P Health.	C	329	4.68	48	5.0	NZX Aust MidCap	D	370	N/A	NE	Nil	Tower Limited	B	175	0.65	10	5.1
F & P Appliance	C	119	0.24	6	19.9	Nat Property Tr	B	39	2.19	3	12.8	Training Sol.	E	0.1	5.00	NE	Nil
Finzsoft Sol'ns	C	68	0.69	NE	6.6	New Image Group	D	18	1.49	NE	Nil	Trust Power Ltd	B	775	3.59	25	5.4
Fletcher Build.	C	552	0.39	6	13.0	Northland Port	A	269	9.53	13	6.1	Trust Power Ltd	B	680	3.15	22	6.2
Freightways Ltd	B	295	1.17	12	9.5	Nuplex Indust	C	255	0.14	4	17.6	Turners & Grow.	C	138	0.23	8	15.1
Genesis Res.	E	6.0	2.02	NE	Nil	Opus Int'l Cons	E	122	N/A	NE	Nil	Turners Auction	C	50	0.16	6	18.5
Goodman Prop.	B	95	6.72	8	10.4	Oyster Bay	C	266	1.51	9	Nil	VTL Group Ltd	D	1.5	0.01	0	Nil
Guinness Peat	D	83	0.31	3	3.1	Ozzy (Tortis)	D	262	N/A	NE	Nil	Vector Ltd	A	222	1.88	16	8.9
GuocoLeisure	D	38	0.80	29	13.8	PGG Wrightsons	C	128	0.30	5	18.7	WN Drive Tech.	E	12	8.35	NE	Nil
Hallenstein G.	C	216	0.64	6	24.2	Pac Edge Bio.	E	12	N/A	NE	Nil	Wakefield Hlth	B	865	1.74	15	3.5
Hellaby Hold.	C	120	0.12	3	11.7	Pike River Coal	E	100	N/A	NE	Nil	Warehouse GroupC	360	0.64	10	7.3	
Heritage Gold * N/R	2.2	N/A	NE	Nil	Plus SMS Hold.	E	1.8	1.29	NE	Nil	Widespread Part*N/R	10	N/A	NE	Nil		
Horizon Energy	A	320	2.85	14	7.7	Port Tauranga	B	581	5.23	18	6.4	Windflow Tech.	C	270	6.65	NE	Nil
ING Property	B	60	2.99	4	16.4	Postie Plus Grp	D	30	0.09	NE	Nil	Wool Equities	C	26	0.29	NE	Nil
ING Med. Prop.	B	117	6.73	19	8.4	Propertyfinance	D	10	0.08	NE	Nil	World Index Fd	D	112	N/A	NE	Nil
Infratil NZ	C	178	0.70	NE	5.2	Property F Ind.	B	112	7.58	13	7.9	Xero Ltd	C	80	N/A	NE	Nil
Inv Research Gr	E	3.0	1.15	NE	Nil	ProvencoCadmus	E	6.0	0.08	NE	Nil	Zintel Comm.	C	20	0.27	4	16.8
												Ave of 144 Cos	C	159	0.19	5	7.4
ABB Grain Ltd	A	632	0.48	22	3.3	Corp Express	B	349	0.52	10	6.2	Oil Search Ltd	B	432	5.64	9	2.5
AGL Energy Ltd	A	1370	1.12	19	3.9	Crown Ltd	B	522	1.62	26	10.3	Onesteel Ltd	B	218	0.26	8	9.9
AMP Ltd	B	509	0.67	10	7.9	DUET Group	B	210	1.37	26	12.9	Orica Ltd	A	1140	0.63	8	7.8
ANZ Bank	A	1230	0.61	8	11.1	David Jones	A	214	0.49	7	12.6	Origin Energy	B	1400	1.48	33	1.8
APA Group	A	288	1.53	20	3.7	Deutsche Div Tr	A	131	6.10	14	7.1	Paladin Energy	C	303	N/A	NE	Nil
APN News Media	A	157	0.58	5	20.1	Deutsche Ind Tr	A	196	6.49	12	8.1	Perpetual Ltd	A	2800	2.37	8	11.8
ASX Limited	A	2420	6.74	11	8.0	Dexus Property	B	73	3.15	5	16.4	Platinum Asset	A	306	6.06	11	7.8
AWB Limited	A	204	0.10	8	4.4	Djerriwarrah	B	321	N/A	10	8.1	Primary Health	A	467	2.67	NE	5.8
AXA Asia Pac	A	420	1.20	11	4.5	Downer EDI Ltd	B	337	0.20	7	7.6	Q.B.E. Insur.	A	2314	1.59	13	4.1
Adelaide Bright	B	160	0.98	8	8.4	Energy Resource A	1830	9.63	46	1.1	Qantas Airways	A	192	0.22	4	18.3	
Alumina Ltd	C	111	N/A	3	21.6	Equinox Min.	D	210	N/A	NE	Nil	Queensland Gas	B	575	N/A	19	Nil
Amcor Ltd	B	469	0.42	15	7.2	Fairfax Media	B	116	0.60	5	17.3	Ramsay Health	A	957	0.62	18	3.4
Ansell Ltd	B	950	1.03	13	2.8	Felix Resources	B	820	3.65	9	6.5	Reece Australia	B	1599	1.11	14	3.6
Aquarius Plat.	B	408	1.12	4	11.7	Flight Centre	B	635	0.43	4	13.5	Rio Tinto Ltd	C	4675	0.63	2	3.1
Aristocrat Leis	B	350	1.44	7	10.3	Fortescue Metal	E	232	N/A	NE	Nil	S/Tracks ASX200A	3220	N/A	NE	10.8	
Arrow Energy	C	222	N/A	NE	Nil	Foster's Group	B	525	2.21	90	5.0	SP Ausnet	A	104	2.06	14	11.1
Arciano Group	C	92	0.21	NE	50.0	GPT Group	C	61	1.38	1	45.1	Santos Ltd	A	1394	3.01	13	2.9
Austar United	C	81	2.03	5	Nil	GWA Internat'l	B	230	0.99	14	8.5	Seek Ltd	B	255	3.50	10	7.3
Aust Infra.	B	178	N/A	8	9.3	Goodman Fielder	B	142	0.70	68	9.5	Seven Network	A	590	N/A	9	5.8
Aust W'wide Exp	B	248	1.36	4	Nil	Goodman Group	B	57	1.13	2	55.3	Sigma Pharm.	B	110	0.32	12	6.4
Aust Foundation	B	393	N/A	9	5.3	Guinness Peat	B	63	0.27	3	3.6	Sims Metal Mgmt	B	1626	0.23	4	7.4
BHP Billiton	A	3223	1.82	7	2.3	Harvey Norman	B	198	1.47	6	7.1	Sino Gold Min.	C	486	N/A	NE	Nil
Bank of Q'land	A	738	0.50	9	9.9	Healthscope	A	436	0.72	17	4.5	Sonic Health	A	1359	1.90	18	3.8
Beach Petroleum	A	70	1.04	11	2.5	Henderson Group	B	159	2.98	10	8.7	Soul Pattinson	A	840	2.94	22	3.6
Bendigo Bank	A	947	0.90	13	6.1	IBA Health Grp	B	79	1.70	42	Nil	Spark Infrastru	B	132	6.20	51	11.5
Billabong Int'l	B	690	1.06	8	8.0	Iluka Resources	A	427	0.93	9	5.2	St George Bank	A	2210	1.06	10	9.6
Bluescope Steel	B	350	0.25	4	14.0	Incitec Pivot	B	192	0.80	4	6.8	Stockland	B	303	1.67	6	15.3
Boral Limited	B	291	0.33	7	11.7	Insurance Aust.	C	358	0.87	NE	6.3	Suncorp-Metway	B	713	0.52	12	15.0
Brambles Ltd	B	630	1.92	13	5.5	JB Hi-Fi Ltd	B	900	0.52	15	2.9	Tabcorp Holding	B	672	0.87	7	7.0
Brickworks Ltd	B	1050	2.52	14	3.7	James Hardie	C	348	0.98	NE	6.0	Tatts Group Ltd	A	273	1.12	13	3.5
C'wth Prop Off.	B	80	4.30	3	11.6	Leighton Hold	B	1675	0.46	8	8.7	Telstra	B	371	1.85	13	7.5
C.S.R. Ltd	B	141	0.45	2	10.6	Lend Lease Corp	B	565	0.15	9	13.6	Ten Network	B	87	0.80	9	15.5
CFS Retail Prop	B	168	7.09	6	7.1	Lihir Gold Ltd	C	317	N/A	NE	Nil	Toll Holdings	B	492	0.57	13	5.1
CSL Limited	B	3670	5.32	29	2.1	Macarthur Coal	B	291	1.54	8	5.8	Tower Australia	B	219	1.04	11	2.1
Cabcharge Ltd	B	550	3.83	11	5.8	Macquarie Infra	B	136	N/A	4	14.8	Transurban Grp	C	462	5.49	NE	12.3
Caltex Austrlia	B	900	0.13	5	8.9	Macquarie Air.	B	193	2.24	6	13.0	Transfield Serv	C	188	0.18	7	19.2
Centennial Coal	B	270	1.21	14	7.8	Macquarie Group	B	2339	0.45	4	14.7	TransPacific In	B	243	0.32	4	7.4
Centamin Egypt	B	110	N/A	NE	Nil	Metcash Ltd	B	410	0.31	16	5.1	United Group	B	722	0.34	9	8.0
Chal Infra Fund	C	191	1.63	NE	17.8	Milton Corp.	B	1440	N/A	10	6.1	Wes					

Recommended Investments

Cavalier Corporation is seeking shareholder approval for transactions relating to the rationalisation of the NZ wool scouring industry.

The transactions are a little complicated, but this is essentially what is happening:

1. Mr David Ferrier has arranged to purchase the two wool scouring plants and related businesses of **Godfrey Hirst NZ Ltd** and to supply that company with wool for at least six years.

2. Most of these assets will be on-sold to **Cavalier Wool Holdings** for \$13.1 million (to be funded by bank debt or shareholder loans) and Mr Ferrier's stake in Cavalier Wool Holdings will increase from 7.5% to 50.0%.

3. One wool scouring plant will be decommissioned and some minor assets sold to **NZ Wool Services International**. This will reduce the number of companies in this business (Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Code	Recommendation - Date -	Price	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 %
<u>NZ Shares</u>													
HOLD	CDL Investments Ltd	CDI	12/01/99	25	C	218.9	1.4	1.62	5	14.9	23	17.9	+64%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	C	67.1	0.8	0.50	7	16.1	185	230.0	+166%
HOLD	Colonial Motor Company	CMO	10/11/92	150	C	27.9	0.5	0.13	9	14.3	240	338.8	+286%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	A	102.3	0.7	2.94	24	3.2	240	68.4	+106%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	D	382.5	1.0	0.54	8	9.0	53	25.4	+1468%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	350	C	81.7	0.6	0.14	4	17.6	255	240.0	+41%
HOLD	Postie Plus Group	PPG	08/05/06	71	D	40.0	1.5	0.09	NE	Nil	30	8.5	-46%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	C	42.7	1.5	0.08	5	31.1	36	53.9	+6%
HOLD	Smiths City Group	SCY	09/10/06	64	D	53.0	1.6	0.07	5	13.6	33	10.0	-33%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.8	3.58	22	6.8	210	103.8	+161%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	B	88.2	0.8	0.54	12	9.3	306	212.0	+255%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	0.8	0.41	12	15.2	118	86.0	+100%
<u>Australian Shares (in Aust cents)</u>													
BUY	AJ Lucas Group	AJL	13/05/03	120	B	59.3	0.7	0.50	16	1.9	359	30.5	+225%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	B	89.3	1.7	0.72	2	23.5	17	17.5	-53%
HOLD	Breville Group Ltd	BRG	13/11/06	171	B	129.5	1.0	0.20	4	16.2	65	10.5	-56%
BUY	Campbell Brothers Ltd	CPB	12/10/99	406*	B	52.1	0.3	0.79	8	8.3	1150	407.6	+284%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	C	76.8	1.6	0.03	NE	Nil	20	32.4	-55%
BUY	Challenger Wine Trust	CWT	12/01/09	30	B	170.3	1.2	1.72	4	28.5	33	Nil	+10%
HOLD	Circadian Technologies	CIR	10/02/04	188	C	40.1	1.0	3.30	NE	Nil	67	65.0	-30%
BUY	Clarius Group Ltd	CND	08/04/03	86	B	57.4	1.3	0.06	2	47.8	34	68.5	+19%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.9	1.3	0.24	6	17.5	29	1.8	-66%
BUY	Devine Ltd	DVN	13/11/06	94	A	285.7	1.1	0.26	5	15.4	52	16.0	-28%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	102.8	2.5	0.12	3	Nil	9	Nil	-82%
HOLD	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.8	0.9	1.37	6	11.2	116	6.5	-53%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	A	232.9	0.6	0.93	9	5.2	427	64.0	+4%
BUY	Integrated Research	IRI	14/01/08	40	B	166.5	1.5	1.05	7	12.8	24	3.0	-34%
HOLD	Int'l AllSports	IAS	11/02/03	180	C	66.4	1.5	0.41	NE	Nil	28	4.0	-82%
BUY	M2 Telecommunications	MTU	09/10/06	33	B	78.9	1.1	0.34	7	10.8	47	8.0	+65%
HOLD	Mercury Brands Ltd	MCB	08/02/05	93	D	62.2	7.4	0.02	NE	Nil	1	7.0	-91%
HOLD	Mercury Mobility ¹	MMY			C	105.0	2.1	1.47	NE	Nil	9	Nil	
HOLD	Melbourne IT	MLB	10/02/04	53	B	76.8	0.6	0.83	9	7.8	166	43.0	+294%
BUY	Photon Group Ltd	PGA	10/11/08	140	B	102.8	0.8	0.15	4	25.0	114	Nil	-19%
BUY	Probiotec Ltd	PBP	11/02/08	116	A	46.6	0.7	0.96	10	1.9	135	2.5	+19%
BUY	Prophecy International	PRO	08/09/08	26	A	45.1	1.3	3.01	9	10.3	39	Nil	+50%
HOLD	Ross Human Directions	RHD	14/08/01	92	A	83.5	1.8	0.03	3	21.2	17	32.5	-47%
BUY	Skilled Group Ltd	SKE	12/03/02	126	B	122.0	0.8	0.08	4	19.2	120	121.5	+92%
HOLD+	Technology One Ltd	TNE	11/11/03	44	B	298.9	0.9	1.94	12	5.8	72	17.2	+102%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	187.3	1.0	2.11	5	5.2	77	3.9	+80%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	25.7	0.4	0.70	15	5.0	962	126.5	+324%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +93.9%. This is equal to an average annual rate of +15.4%, 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 144 closed out) is +27.3%, compared with a market gain of +4.7% (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 in Mercury Mobility distributed to shareholders.

Recommended Investments

(Continued from Page 3)

from three to two, wool scouring plants from six to five, and over-capacity within the wool scouring industry from 31% to 16%.

4. Cavalier Wool Holdings (in which Cavalier Corporation's interest will fall from 92.5% to 50.0%) is expected to experience an 84% rise in revenues, a 103% increase in earnings and 156% improvement in after tax net profits to \$7.2 million. So Cavalier Corporation's share of profits from this business will increase around 38% to \$3.6 million despite its smaller percentage shareholding.

Ferrier is believed to have paid around \$26 million for the Godfrey Hirst wool scouring business and related expenses of the transaction, so will receive back \$13.1 million from Cavalier Wool Holdings (if this can be fully bank funded, otherwise he and Cavalier Corporation will each need to contribute 50% of the balance as shareholder loans) *plus* increase his stake in the company from 7.5% to 50.0% - effectively paying \$12.9 million for the extra 42.5% of Cavalier Wool Holdings. The independent report values 100% of this business at about \$45.2 million, so there is *perhaps* a \$6½ million profit for Ferrier from these transactions.

We are always a little dubious of independent valuations, so another way to look at this is that Ferrier is investing in the wool scouring business at a Price/Earnings ratio of 4.2. That's a low valuation to be buying into a business, but in today's market there is no shortage of quality businesses trading on a P/E ratio of around 4.

Cavalier Corporation shareholders will benefit from an on-going \$1 million improvement in profits from the company's investment in Cavalier Wool Holdings. At a P/E ratio of 6-7 this would give a similar \$6½ million valuation "profit" to the Cavalier Corporation shareholders. The profit forecast for Cavalier Wool Holdings also reflects a *lower* contract price at which it will provide its services to Godfrey Hirst *and* Cavalier's carpet businesses - so there will also be some ongoing cost reduction for Cavalier Corporation's carpet division.

These transactions will add around 5% to Cavalier Corporation's annual profits, so adds some value for shareholders who should therefore vote to approve this transaction.

Nuplex Industries has slightly lowered its first half earnings (before interest, depreciation and tax) forecast from \$45-50 million to \$42.5 million - owing to restructuring costs and non-recurring items of \$2.1 million and bad and doubtful debt provisions of \$3.2 million.

The second half forecast has also been lowered, with earnings down from a previous forecast of \$60 million to "a result similar to the first half".

South Port NZ lifted revenues 38.8% for the six months to 31 December 2008, with trading profits up 128.9% to \$2,003,000 (7.6 cents per share). In addition there was an extraordinary gain of \$290,000 from an interim winding up dividend from Hardwood Forests.

The interim dividend will be raised 63.6% to 4.5 cents (plus full imputation tax credits). The net operating cash surplus was 159.6% higher at \$2.5 million.

Overall port volumes rose only 1.9% to 1,072,000 tonnes. There was a decline in aluminium exports (which

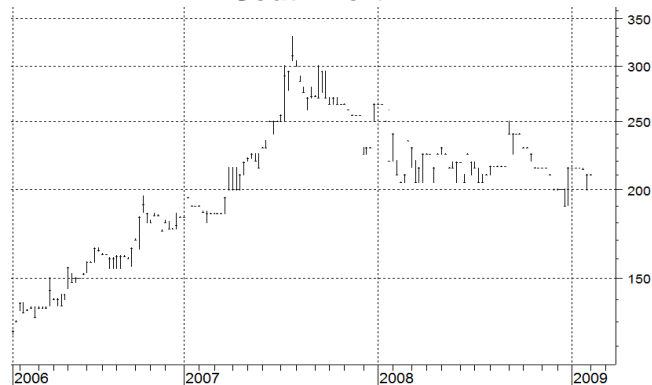
have a lower value to South Port NZ) owing to electricity shortages and a transformer failure halting a production line, but increases in general export and import cargoes (which earn higher revenues per tonne for the company).

The company describes the outlook for the second half as "unclear", but that it is "in a sound position to weather the tougher economic environment".

The company notes that **Mediterranean Shipping Company's** weekly service since May 2008 has "gained significant cargo" and "generated additional activity within the port" - including exports from **Fonterra's** Edendale plant. South Port's new 5900m² warehouse on the Island Harbour will be completed this month - increasing rental revenues and profits - and will initially be used to store manufactured dairy products for Fonterra. **Open Country Dairy's** Awarua milk powder plant was commissioned in August 2008, with South Port providing full warehouse facilities for this new business.

NZ Aluminium Smelters has renewed the lease agreement for the *Tiwai Wharf* and associated infrastructure, which expired in April 2008, for a further 35 years - but negotiations are continuing over the new level of charges.

South Port NZ



Australian Shares

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

Atlas South Sea Pearl predicts earnings of \$3.9 million for the year to December 2008, but currency losses of \$2.76 million on Japanese Yen loans and hedging contracts plus unrealised exchange losses of \$1.99 million will reduce this to a *loss* of around \$500,000 (*minus* 0.5-0.6 cents per share).

There will also be unrealised gains of \$1.17 million on Indonesian Rupiah receivables but, owing to the vagaries of International Accounting Standards this will be taken into equity reserves in the 2008 period and profit in the current year when realised!

Annual revenues were \$11.8 million, 25% below budget, but in line with recent guidance from the company. Lower demand has reduced pearl prices by around 50% (in Japanese Yen), but partially offset by the strong decline in the Australian dollar.

The company believes that current "difficult economic times will create significant opportunities in the long term as a result of restructuring taking place within the industry". There is nothing like a recession to force the higher cost, lower quality producers out of the market which will ultimately benefit a low cost, high quality producer like Atlas South Sea Pearl.

Breville Group expects its first half trading profits to be 5-10% below the same period last year but, in

addition, there will be a currency loss of \$1.6 million (before tax) and interest rate swap *mark to market* costs of \$2.7 million (before tax), compared with gains on these items last year. That could result in the bottom line profit being 32-37% lower at \$10.2-11.0 million.

Campbell Brothers shares have tumbled further after a broker research analyst wrote a negative report on mineral services companies. Campbell Brothers has previously predicted 70% profit growth to \$120 million (230 cents per share) and still expects to achieve a result around that range.

So at 1150 cents, Campbell Brothers shares trade on a prospective Price/Earnings ratio of only 5.

Once upon a time (and with that opening you know we are about to relate a fairy story, dealing with the long forgotten distant past, in fact, the period before the current dark age that began in 2008) growth shares were sometimes valued at a P/E approximately equal to their growth rate. So a company growing at 10% per annum might be valued at a P/E of 10, one growing at 30% might be valued at a P/E of 30 and one growing at 70% might be worth a P/E of 70. We were always a little sceptical (i.e. read "very sceptical") of such high valuations, but on this basis Campbell Brothers shares might once have justified a valuation of around \$160 (or 14 times their current valuation).

Today a company growing at 60-70% trades on a Price/Earnings ratio of only 5. That is just crazy.

Nine brokers publish profit forecasts for Campbell Brothers and their median estimate for the current year is 68.9% growth (and no prizes for guessing how they came up with *that* figure). Left to their own devices, the brokers estimate March 2010 profits somewhere in the range of a 28% *decline* to a further 13% growth, with a median estimate of a slight 7% dip in profits. We are also a bit sceptical of (i.e. read "totally disbelieve") broker profit forecasts, but even if Campbell Brothers generated no growth or low growth over the medium to long term then this is still a very nice cash generating business and the shares should trade on a P/E of 10-15 or \$23-35 per share. The company's operating cash surplus would be significantly higher if it wasn't investing so heavily in new facilities and the necessary working capital to finance the historical rapid growth in its business.

The Campbell Brothers situation has also yielded the ultimate contrary opinion "Buy" indicator... subscribers asking "Should I sell CPB (even though I know they are under-valued) and buy them back at the bottom". During the 1986/87 boom we pointed out that investors were buying shares, knowing they were over-valued but expecting them to be higher next week or next month. In the 1999/2000 Technology boom investors similarly bought excessively over-valued Internet shares, unable to stand missing out on the potential gains from their expectation that the shares would just keep on going up. Today, people want to sell extremely under-valued, high quality, growth shares on the expectation that they will become even cheaper? We just *know* how that one is going to work out!

Oh, and if we have to tell you whether we consider a high quality company like Campbell Brothers a "Buy" or a "Sell" on a P/E of 5, then you probably have no place investing in the stockmarket!

Campbell Brothers



Challenger Wine Trust has announced plans to suspend future distributions (subject to review) in the short term and to pursue assets sales to strengthen its balance sheet.

The trust's *operations* remain sound, with rental income up 5.3% to \$16.6 million for the six months to 31 December 2008 and *trading* profits up 5.6% to \$8,421,000 (4.9 cents per unit). The trust has paid two quarterly distributions totalling 4.7 cents (up 0.4%). The operating cash surplus rose 5.8% to \$10.0 million.

Challenger Wine Trust has stable income from long term leases and steady expenses from its (hedged) borrowings, so will continue to generate annual *trading* profits of around \$16-17 million (9-10 cents per share) and operating cash surpluses of around \$20 million (11½-12 cents per share).

Over-supply in the 2009 Australian grape harvest is expected to lower grape prices and put pressure on asset values, but this does not directly impact upon *trading* results. 94% of leases expire in 2011 or beyond, when the trust expects "improved profitability for the industry", so there may be little long term impact on rental rates when the leases are renewed. The June 2008 year was the first time ever that Australia experienced a net decrease in land area planted in vines, with further reduction expected this year owing to lack of water and lower profitability in the industry. Grape yields decline as vines become older, so the trust predicts a "potential under supply in the future".

The trust's problems are all to do with asset values and loan covenants. The market value of properties fell \$5.6 million over the last six months and lower grape prices this year will likely put further pressure on property values.

The trust also previously hedged all of its interest rate risk over future periods equal to property leases - which does actually reduce *operating* risk (by fixing interest rate costs to lease income) and will result in stable profits and net cashflows over future years.

"Mark to market" accounting, however, records a \$21.7 million *loss* on these interest rate swaps. That is what it would cost to close out those contracts *now* (in which case the trust would enjoy the benefit of lower annual interest rates and an equivalent \$21.7 million in higher profits and cashflows over future years). Held to maturity these "mark to market" losses will reduce to zero over the term of the contracts.

Challenger Wine Trust has two loan facilities. The first loan covenant requires debts to be less than 57% of asset values, and the current (Continued on Page 6)

Recommended Investments

(Continued from Page 5)

level is 49.6%. The second covenant requires debt *plus* the mark to market value of hedge contracts to be less than 60% of assets, with the current figure being 55.5%. A 13% decline in asset values would technically breach the first loan covenant while only a 7.6% decline in assets values would breach the second covenant.

Applying its \$20 million in annual operating cash surpluses to debt repayment (instead of distributions to investors) should prevent any potential breach of covenants and the trust could repay 12½% of its debt over the next year and (with interest savings on the reduced debt) could be debt free in just 6½ years!

The company will also pursue asset sales to reduce debt. Two small properties, where leases are expiring, will be sold for \$600,000 in March and \$1,950,000 in May, and the trust will look at other possible sales.

If debt-free, with no interest expenses, the trust would generate annual profits around \$29-30 million (17-18 cents per share) and an annual net operating cash surplus of around \$32-33 million (19 cents per share), which would support annual distributions of around 17 cents. So debt repayment now increases future profits that will be available for distribution.

Clearly we would like to be receiving a high cash income yield from this investment, so we can use that cashflow to acquire more under-valued shares in the current environment, but the trust's operating income, expenses, profits and net cashflow remain stable and unchanged. The trust, however, will prudently seek to reduce debt levels in the short term to improve its financial position in a period when asset values are uncertain. This remains a sound business, generating predictable trading profits and large cash surpluses and it is these factors - not fluctuating asset values - that generate real investment wealth. So we continue to see Challenger Wine Trust as a very attractive investment and rate the units as a "Buy".

CPT Global has been approved by the **General Services Administration**, a US Federal Government procurement agency, which will enable the company to provide IT services for any of the 14,000 government agencies under one master contract agreement. The "GSA admission process was very onerous" but significantly expands the group's prospective client base.

The company also reports several major international clients in Finance, Telecommunications and Supermarkets in the United States and Europe have extended *Risk Reward* contracts for a further 12 months. It has also signed three new *Risk Reward* contracts with Fortune 100 Financial Institutions in the United States.

Under its *Risk Reward* contracts, CPT Global does not charge the client a fee, but works for a *share* of IT cost savings that it can generate for the customer. Those savings tend to increase over time, so in the first year CPT Global earns only small revenues and probably breaks-even on these contracts. Its revenue share (and the profit margin on that revenue) tends to progressively increase year after year, so ultimately these contracts become a source of high profit margin revenue for CPT Global. A lot of companies *talk* about "partnerships with clients" but this innovative pricing structure is the only

true way to *align* and *maximise* the interests of both parties and to build true long term partnership relationships.

As a very *small* company, CPT Global's share price has been marked down significantly over the last year. Financial risks are low as the company has just \$1.5 million in interest bearing debts. Profits fell 45% in the year to June 2008 owing to the company's growth plans, with expenses increasing as the company sought to expand in the United States and Europe, while new business growth slowed owing to the *Credit Crunch* which distracted its potential customers in Finance and other industries. Now CPT Global could benefit as potential clients use the company's services to achieve cost savings within their businesses. The drop in the Australian dollar will also significantly increase the value of its international revenues and profits.

At 29 cents, CPT Global shares trade on a Price/Earnings ratio of 6 times last year's depressed profits and offer a Dividend Yield of 17.5%. Smaller companies can involve higher than normal risks and current trading conditions are probably still difficult. CPT Global, however, has a strong niche business and innovative services, with a sound balance sheet to support ambitious growth plans. A credit crunch and recession may slow things down, but this is the sort of company that should be able to become very successful over the medium to long term. "Buy".

CPT Global



Devine is predicting its first half profit will be around 15% higher at \$11.6 million, but will cut its interim dividend 25.0% to 3.0 cents "owing to the significant tightening in credit markets" and its "future capital requirements". The full year profit to June 2009 is expected to be 22-28% lower at \$23-25 million (8.0-8.8 cents per share).

Fiducian Portfolio Services reports revenues for the six months to 31 December down 20.3% to \$12.0 million. Profits were 35.3% lower at \$2,011,000 (6.2 cents per share) and the interim dividend will be cut 37.5% to 3.75 cents.

Clearly we bought into Fiducian Portfolio Services too early last year and under-estimated the depth of the stockmarket downturn and its impact upon the company's cyclical investment management business and share price. It is, however, a sound business with good long term growth potential, so remains a "Hold" pending a recovery in the stockmarket.

Iuka Resources has discovered another heavy mineral deposit in the Murray Basin. The *Endeavour* deposit, 9 km east of the *West Balranald* deposit, has an Inferred Resource of 1.95 million tonnes of heavy minerals.

The deposit is 12 km long, 80-100 metres wide and 4-7 metres high but relatively deep, beneath 60-71 metres of overburden and below the 15 metre water table.

International All Sports has become the target of a hostile takeover offer from **Centrebet International** which will offer 28 cents cash per share, subject to receiving at least 50% acceptances *and* the setting aside of confidentiality and standstill agreements (*and* a dozen other conditions!!). If the company receives 90% acceptances, the offer would increase to 33 cents.

The management of International All Sports are opposed to this bid, and as the Managing Director, MJ Read, owns 17.8 million shares (26.8% of the company), there is no possibility of Centrebet International achieving 90% acceptances under the current circumstances.

International All Sport will also not set aside the confidentiality and standstill agreements that Centrebet signed during the sale process when interested parties reviewed and provided indicative offers for the Australian subsidiary, IASBet.com. Centrebet has made an application to the Takeovers Panel, arguing the contracts are “anti-competitive and frustrate the making of a genuine takeover” and will seek to have the contracts declared “void and unenforceable”. Unless that happens, they cannot even proceed with the partial bid at 28 cents.

This is all going nowhere fast! A hostile takeover offer for a company is like a hostile takeover of a ship by pirates. To be successful requires *acting fast and gaining control* before management can rally its forces, build up defences and repel boarders! If you are going to sail alongside and discuss things, it's a friendly, negotiated takeover and (if your offer is attractive enough) management and shareholders will welcome you aboard!

Although each situation is different, a successful *hostile* takeover usually requires a sufficiently attractive *unconditional* offer, quickly mailed to shareholders and/or *buying shares on-market* to gain an influential stake and hopefully a controlling 50.1% shareholding.

Even if Centrebet can avoid its confidentiality and standstill obligations, its *best* way to achieve a 50.1% shareholding (and pressure management, to push towards 90% and compulsory acquisition to 100%) would be an *unconditional* off-market cash offer and/or buying on-market at 28 cents. That partial offer could always be raised slightly if necessary (i.e. to 30-31 cents) without increasing the total price of 33 cents per share for full control.

The International All Sports board considers the takeover “significantly under-values” the shares and that earnings (before interest and tax) for the six months to December 2008 will “show more than a 100% increase” over the same period in the previous year. That 100% increase in earnings could equal a 3-7 fold increase in net profits to around \$1.0-2.5 million (1½-3½ cents per share).

For the December 2008 quarter, International All Sports reported Receipts 1% higher at \$385.3 million and a cash operating surplus 27% lower at \$2.6 million. Total cash on hand is 7% lower at \$26.4 million, but \$18.8 million is customer balances, leaving \$7.7 million (11.6 cents per share) owned by the company.

Although International All Sports has been a long term under-performer in our portfolio, we were attracted

to the company (and have stuck with it) as it is well placed to benefit from the use of technology (i.e. the internet), which gives it a long term advantage relative to traditional TAB betting. The media now reports “a rapid move away from betting in TABs and to a market increasingly dominated by phone and internet betting”. The most recent published industry figures, for the year to June 2007 (i.e. a period ending over 1½ years ago, so not that recent!), show 17% of the industry turnover was via phone or internet.

International All Sports is also a \$19 million micro-cap player in an industry dominated by multi-billion dollar TAB companies, so a small shift in the market could potentially have a massive impact upon the value of this small business.

Mercury Brands will seek to raise up to \$2,998,000 (before costs) from a 4 for 1 cash issue at 1.2 cents. Good luck with that! There are now sellers in the market at 1.1 cents and not too many buyers.

The issue is renounceable - so investors can, in theory, sell their rights to the new shares... but we doubt the rights will have any value! The issue is not underwritten and will probably be heavily under-subscribed and perhaps even cancelled.

Unfortunately, this investment is virtually worthless so we do not wish to throw further good money after bad and recommend not taking up shares in this offer. We shall simply “Hold” our existing shares... which are not even worth selling.

Mercury Mobility reports December 2008 quarter Receipts of \$1.8 million, down from \$1.9 million in the December 2007 quarter. The net operating surplus rose from just \$34,000 to \$264,000 in the latest period, but quarterly surpluses/deficits are volatile. Cash on hand is \$1.4 million, down on the \$2.7 million held a year earlier.

The company has doubled the number of carrier distributors, which it says is a “key driver of future growth” and can “rapidly add new products and lines of business”... but this has not yet had any significant impact upon revenues, cash flows and potential profitability.

Skilled Group has *upgraded* its profit forecasts for the current year! The first half profit is now expected to be around 45% higher at \$21 million. The full year forecast has been increased \$3 million, from \$31-38 million to \$34-41 million - compared with the June 2008 profit of \$39.3 million.

So the company expects profits somewhere between a 13% *decline* and a 4% increase, yet Skilled Group shares have fallen 74% over the last year to 120 cents. That has taken the shares from a *fair* valuation (i.e. P/E of 17, Yield of 4.7%) to today's *fear* valuation (i.e. P/E of 4, Yield of 19.2%) as investor's have become excessively pessimistic. Needless to say, we think the shares are very under-valued and rate them a “Buy”.

Technology One continues to forecast a 10-15% increase in current year profits to 30 September 2009, but expenses will be higher in the first half and depress profit growth in that period.

Prophecy International will this month report about a 30% increase in first half profits to around \$1.3 million (2.8 cents per share). Its cash has also increased around 15% over the last year to \$5.4 million (11.8 cents per share). A steady 2.0 cents dividend is likely.

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

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

Company	Share Price	Cur. rent	4-WkRk Chg. 0-99	Rank	Buy-Sell	Following	Price to NTA	Return on Equity	Volatility	Price/Dividend	Dividend Yield	Price/Sales	Market Cap'n
---------	-------------	-----------	------------------	------	----------	-----------	--------------	------------------	------------	----------------	----------------	-------------	--------------

UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, RelStrength>0
None

BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0
None

INCOME SHARES: Highest Yields, Capitalisation>NZ\$100million

Hallenstein G.	216	-14.1	+0.8	60	3-0	4	2.0	32	0.4	6	24.2	0.64	129
F&P Appliance	119	-18.8	+2.2	73	0-0	5	0.5	8	0.8	6	19.9	0.24	339
PGGWrightsons	128	-21.8	-0.7	82	13-0	4	0.8	15	0.6	5	18.7	0.30	370
INGProperty	60	-11.1	+2.6	49	5-0	3	0.4	10	0.6	4	16.4	2.99	309
CavalierCorp	185	-15.4	-1.6	63	0-0	4	1.5	21	0.6	7	16.1	0.50	124
TelecomCorp	270	-13.3	+5.1	57	6-9	11	1.8	26	0.6	7	16.0	0.87	4,930
Turners&Grow.	138	-15.2	-0.8	62	0-0	2	0.4	6	0.5	8	15.1	0.23	128
BriscoeGroup	80	-10.5	+2.5	44	0-0	4	1.4	19	0.6	8	14.9	0.42	170
PumpkinPatch	93	-21.1	+1.6	80	3-1	4	1.4	25	0.8	6	14.4	0.42	155
AirNewZealand	91	-13.0	+3.2	56	6-1	5	0.6	14	0.7	4	13.9	0.21	962

INSIDER BUYING: Most Insider Buying, Relative Strength>0

CynotechHold.	15	+2.1	+1.6	3	2-0	-	1.2	16	1.3	8	5.0	1.17	14
AppleFields	11	+27.0	+7.4	0	1-0	-	2.5	41	2.6	6	Nil	3.25	9
F&PHealth.	329	+5.1	+1.3	1	2-1	6	8.6	18	0.4	48	5.0	4.68	1,676

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0

NorthlandPort	269	-2.2	-0.2	14	0-0	-	0.7	6	0.4	13	6.1	9.53	117
NZWindfarms	70	-14.0	+0.7	59	0-0	-	0.7	3	1.0	23	Nil	9.10	55
RymanHealth.	137	-8.7	+0.0	38	1-0	4	1.8	20	0.6	9	3.6	9.03	682
WDriveTech.	12	-28.1	-4.4	89	0-0	-	2.3	-	1.1	NE	Nil	8.35	54
PropertyFInd.	112	-4.3	+1.8	20	0-0	3	0.8	6	0.5	13	7.9	7.58	236
BlisTechnology	5	-5.4	+3.9	24	0-0	-	3.1	-	1.7	NE	Nil	7.46	7
INGMed. Prop.	117	-1.1	+2.2	11	3-0	2	1.0	5	0.4	19	8.4	6.73	164
GoodmanProp.	95	-10.4	+0.1	43	0-0	3	0.7	9	0.5	8	10.4	6.72	792
WindflowTech.	270	-7.5	+0.2	33	0-0	-	3.9	-	0.3	NE	Nil	6.65	23
AkdIntAirport	190	-8.7	+2.9	38	2-1	7	1.2	6	0.5	21	6.4	6.62	2,322
AMPOnyxMgmt	92	-6.8	+0.2	30	2-0	3	0.6	12	0.4	5	9.1	5.25	633

Company	Share Price	Cur. rent	4-WkRk Chg. 0-99	Rank	Buy-Sell	Following	Price to NTA	Return on Equity	Volatility	Price/Dividend	Dividend Yield	Price/Sales	Market Cap'n
---------	-------------	-----------	------------------	------	----------	-----------	--------------	------------------	------------	----------------	----------------	-------------	--------------

PortTauranga	581	-4.3	-1.6	21	0-0	4	1.2	7	0.4	18	6.4	5.23	778
NZRefiningCo	710	-5.7	+2.4	25	1-0	2	2.8	18	0.4	15	9.5	5.04	1,704
KiwiProperty	103	-7.0	+1.3	31	3-0	3	0.8	11	0.5	7	8.9	4.97	857
NZExchangeLtd	575	-13.0	+0.6	56	0-0	2	4.8	30	0.6	16	5.5	4.44	140
Metro. LifeCare	250	-22.0	-3.7	84	0-0	-	0.4	-	0.3	NE	7.6	3.76	219
TrustPowerLtd	775	-3.8	+1.3	19	0-1	4	1.9	8	0.5	25	5.4	3.59	2,444
SouthPortNZ	210	-3.8	+0.4	19	0-0	1	2.0	9	0.5	22	6.8	3.58	55
KermadecProp.	50	-13.9	+2.6	58	0-0	-	0.5	7	0.7	6	17.3	3.56	39
BurgerFuel	30	-18.1	-4.1	71	0-0	-	3.4	-	0.9	NE	Nil	3.37	16

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield<Twice Average

Charlie'sGroup	13	-58.3	-0.0	98	1-0	-	2.5	-	1.2	NE	Nil	1.26	38
SealegsCorp	10	-39.8	-0.9	96	0-0	-	4.0	-	1.7	NE	Nil	1.26	7
PlusSMSHold.	2	-37.3	+0.1	93	1-3	-	1.0	-	3.2	NE	Nil	1.29	7
RakonLtd	99	-32.3	-3.1	91	1-3	4	0.9	8	0.9	11	Nil	0.69	121
NZFarmingSys.	60	-31.1	-3.2	91	14-0	-	0.7	-	0.7	NE	Nil	N/A	147
WDriveTech.	12	-28.1	-4.4	89	0-0	-	2.3	-	1.0	NE	Nil	8.35	54
CertOrganics	2	-27.3	+6.7	89	0-1	-	0.5	-	2.9	NE	Nil	0.65	5
GuocoLeisure	38	-26.2	+3.4	87	10-0	-	0.3	1	0.6	29	13.8	0.80	520
Comvita	97	-23.2	-3.2	84	2-0	-	0.4	-	0.6	NE	Nil	0.52	27
Metro. LifeCare	250	-22.0	-3.7	84	0-0	-	0.4	-	0.3	NE	7.6	3.76	219
PikeRiverCoal	100	-21.9	+0.0	83	1-0	4	1.3	-	0.8	NE	Nil	N/A	262
PumpkinPatch	93	-21.1	+1.6	80	3-1	4	1.4	25	0.7	6	14.4	0.42	155
HeritageGold	2	-19.1	+7.9	75	0-0	-	0.5	-	2.7	NE	Nil	N/A	6
NZFAustMidCap	370	-18.8	+1.7	73	0-0	-	-	-	0.5	NE	Nil	N/A	31
Michael Hill	53	-18.6	-0.8	72	0-0	3	2.2	28	0.4	8	9.0	0.54	203
BurgerFuel	30	-18.1	-4.1	71	0-0	-	3.4	-	0.8	NE	Nil	3.37	16
BarramundiLtd	42	-17.9	+1.0	70	0-0	-	0.5	-	0.8	NE	Nil	N/A	42

INSIDER SELLING: Most Insider Selling, Relative Strength<0

MainfreightGrp	400	-16.7	-0.6	67	0-9	5	1.5	16	0.5	9	6.7	0.41	386
WarehouseGroup	360	-7.9	+0.1	35	0-3	8	3.3	34	0.5	10	7.3	0.64	1,119
TelecomCorp	270	-13.3	+5.1	57	6-9	11	1.8	26	0.5	7	16.0	0.87	4,930
PlusSMSHold.	2	-37.3	+0.1	93	1-3	-	1.0	-	3.0	NE	Nil	1.29	7
RakonLtd	99	-32.3	-3.1	91	1-3	4	0.9	8	0.9	11	Nil	0.69	121

Australian Stockbrokers

New Zealand investors can buy and sell Australian shares through any NZ stockbroker. This is perhaps the easiest way for smaller investors, but as your portfolio grows you can get better rates - and better services - dealing directly with an Australian broker.

Unfortunately, while there are many Australian stockbrokers, the majority will only act for Australian residents and (to the best of our knowledge) only two currently will open accounts for NZ residents.

(All amounts below are in Australian dollars.)

New Zealand Stockbrokers

ASB Securities (www.asbsecurities.co.nz) is a wholly owned subsidiary of ASB Bank, which is wholly owned by the Commonwealth Bank of Australia.

ASB Securities charges Australian brokerage at 0.3% of the value of the transaction, with a minimum of \$30.00.

A \$10,000 trade will therefore cost \$30, a \$30,000 trade \$90 and a \$100,000 trade \$300.

Direct Broking (www.directbroking.co.nz) is a wholly owned subsidiary of ANZ National Bank, which in turn is owned by ANZ Banking Group.

Direct Broking's Australian brokerage fees are a little strange. The company charges \$29 on trades up to \$30,000 and on large trades, \$29 plus 0.3% on the balance above \$30,000.

So a \$10,000 trade costs \$29, a \$30,000 trade \$29 and a \$100,000 would cost \$300. However, splitting a \$100,000 trade into four trades of less than \$30,000 each would cost only \$116 in total!

This is a very attractive option for NZ based investors, provided larger trades are broken into smaller trades of less than \$30,000 each. ASB Securities had similar pricing up until several years ago but then "simplified" (i.e. significantly increased) fees on trades valued between \$10,000 and \$30,000.

Australian Stockbrokers

Commonwealth Securities (www.comsec.com.au) is a subsidiary of the

(Continued on Page 10)

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

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

STRENGTH_RATING														STRENGTH_RATING																											
Company	Share	Cur-Price	4-WkChg.	WkRank	0-99	InsiderBuy	Following	Price to NTA	Return on Equity	Vola-ity	PriceDivi-ty	PriceSales Ratio	Market Cap'n	Company	Share	Cur-Price	4-WkChg.	WkRank	0-99	InsiderBuy	Following	Price to NTA	Return on Equity	Vola-ity	PriceDivi-ty	PriceSales Ratio	Market Cap'n														
OVER-VALUEDSHARES: HighestPrice/Sales Ratios, Relative Strength < 0														INSIDER SELLING: Most Insider Selling, Relative Strength < 0																											
AcruxLtd	44	-27.4	+0.8	54	0-1	2	2.1	-	0.5	NE	Nil	9.95	70	IMDGroup	29	-45.3	-0.5	93	7-0	4	2.0	86	0.6	2	14.0	0.35	52	ABC Learning	54	-30.6	+3.9	62	0-8	-	-	-	0.5	2	31.5	0.15	253
FoxInvestLtd	52	-8.4	-0.7	16	0-0	-	0.7	-	0.6	NE	Nil	9.68	10	NKWEPlatinum	14	-45.2	+1.3	93	0-0	-	-	-	0.8	NE	Nil	N/A	25	Computershare	663	-10.7	-0.8	19	2-10	14	-	-	0.3	13	3.2	2.25	3,684
EnergyResource	1830	-0.8	+8.3	7	0-0	11	5.8	13	0.5	46	1.1	9.63	3,491	TerraminAust	35	-45.2	-0.4	93	2-0	2	-	-	0.7	NE	Nil	N/A	29	SonicHealth	1359	-2.3	+0.8	8	0-5	14	-	-	0.3	18	3.8	1.90	4,532
CellAquacult.	10	-13.7	-1.1	25	0-0	-	-	-	1.0	NE	Nil	9.62	15	TamayaRes.	1	-45.1	+2.5	93	1-0	-	-	-	2.5	2	Nil	0.31	15	FleetwoodCorp	339	-31.6	-2.2	64	0-5	5	1.8	28	0.2	6	6.8	0.55	169
HealthLinxLtd	6	-0.5	+4.8	6	1-0	-	6.3	-	1.1	NE	Nil	9.55	5	MintailsLtd	4	-45.1	-4.5	93	8-0	-	-	-	1.9	NE	Nil	1.14	19	Domino'sPizza	295	-7.6	+2.2	14	0-5	8	5.3	32	0.3	16	3.7	0.84	192
MarengoMining	5	-37.3	-1.2	77	5-0	-	-	-	1.7	NE	Nil	9.41	13	RangeResources	3	-45.1	-0.8	93	0-0	-	-	-	1.3	NE	Nil	N/A	5	HunterHallInt	349	-33.2	-1.3	68	10-15	-	1.8	33	0.4	5	22.1	1.75	89
PremiumInvest.	49	-19.7	-0.5	36	0-0	-	0.6	-	0.4	NE	16.5	9.40	108	AuroxResources	12	-44.9	+0.2	93	7-0	-	-	-	1.0	NE	Nil	N/A	9	HitechEnergy	4	-13.4	+3.6	24	0-4	-	-	-	1.2	360	Nil	N/A	16
BrockmanRes.	102	-26.0	+10.5	50	1-1	-	-	-	0.9	53	Nil	9.20	61	StrikeRes.	30	-44.8	+1.6	92	2-0	-	-	-	0.7	NE	Nil	N/A	22	LincEnergyLtd	121	-23.4	-7.2	44	1-5	-	-	-	0.6	NE	Nil	N/A	387
CeltexLtd	3	-43.6	-7.6	91	0-0	-	-	-	1.5	NE	Nil	9.09	6	SavourGroup	22	-44.8	-1.6	92	9-0	-	1.2	29	0.8	4	Nil	0.47	31	SimsMetalMgmt	1626	-24.7	+4.6	47	3-7	11	2.0	50	0.3	4	7.4	0.23	2,935
MetalStormLtd	5	-3.0	+4.2	9	1-0	-	-	-	1.3	NE	Nil	9.07	29	FerrausLtd	20	-44.5	+1.6	92	1-0	-	-	-	1.0	NE	Nil	N/A	19	Slater&Gordon	149	-0.1	+3.0	6	0-3	2	2.2	22	0.5	10	3.4	1.90	152
AstronLtd	148	-7.7	+0.5	14	0-0	-	0.5	-	0.8	NE	13.5	9.04	96	TerritoryRes.	15	-44.2	+0.2	91	3-0	-	-	-	0.9	NE	Nil	N/A	29	InvocareLtd	460	-7.3	+1.8	14	0-3	11	12.1	73	0.3	17	4.9	2.02	461
SunvestCorp	50	-8.7	-7.8	16	0-0	-	0.6	6	0.5	13	Nil	8.93	9	LeynshRes.	7	-44.2	+1.5	91	0-0	-	-	-	1.4	NE	Nil	N/A	15	CVC Limited	40	-23.5	-4.5	44	0-3	-	0.2	0	0.5	60	15.0	2.22	69
EsplanadeProp.	8	-20.6	+1.3	38	1-3	-	0.5	-	1.3	NE	19.3	8.92	17	NimrodRes.	7	-43.7	+1.8	91	0-0	-	-	-	1.0	NE	Nil	N/A	6	StBarbaraLtd	30	-12.1	+7.7	22	0-3	5	1.5	-	1.0	NE	Nil	2.43	348
WAMCapitalLtd	85	-15.4	+1.0	28	0-0	-	0.7	-	0.4	NE	9.5	8.86	90	CeltexLtd	3	-43.6	-7.6	91	0-0	-	-	-	1.4	NE	Nil	9.09	6	PMP Limited	38	-33.5	-5.6	69	0-3	8	0.4	12	0.6	4	11.8	0.09	129
WilsonInvFund	50	-16.3	+0.5	30	0-0	-	0.6	6	0.4	9	10.0	8.68	61	RMAEnergyLtd	5	-43.4	-3.5	90	0-0	-	-	-	1.2	NE	Nil	N/A	12	SilxSystems	343	-22.7	+4.1	42	0-3	-	7.0	-	0.4	NE	Nil	N/A	498
Pac.Magnesium	6	-37.3	+0.2	78	0-0	-	-	-	1.7	NE	Nil	8.66	8	TING Limited	2	-43.4	+1.5	90	5-4	-	-	-	1.8	NE	Nil	N/A	6	AtlasSS Pearl	17	-27.8	-2.8	55	0-3	-	-	-	0.5	2	23.5	0.72	15
GyphonMineral	9	-40.6	+1.4	86	2-0	-	-	-	1.2	NE	Nil	8.61	7	HeraldResource	59	-43.2	-0.4	90	1-0	-	-	-	0.7	NE	Nil	N/A	119	TapOil	88	-22.8	+7.9	42	0-3	5	0.9	-	0.6	NE	Nil	1.62	138
ImperialCorp.	1	-24.6	+2.4	47	0-0	-	-	-	3.6	NE	Nil	8.57	10	FoxResources	11	-43.1	+2.2	90	3-2	-	0.6	-	1.1	NE	Nil	0.39	18	ASX Limited	2420	-8.2	-1.9	15	0-3	14	9.5	84	0.4	11	8.0	6.74	4,142
MontoMinerals	6	-20.2	+3.7	37	0-0	-	-	-	1.0	NE	Nil	8.57	19	MurchisonMetal	57	-42.8	+1.8	89	1-1	3	-	-	0.8	NE	Nil	N/A	195	HydrometCorp.	5	-22.9	+4.2	43	1-4	-	1.0	18	1.1	6	4.0	0.43	17
CueEnergyRes.	13	-21.4	+3.1	40	0-0	-	1.4	-	1.0	NE	Nil	8.44	82	TianshanGold.	6	-42.5	+1.8	89	0-0	-	-	-	1.2	NE	Nil	N/A	12	B&B WindPart	88	-19.1	+3.8	35	0-2	3	5.5	23	0.5	24	16.5	1.43	592
AlchemiaLtd	14	-32.3	+0.1	66	4-0	-	2.0	-	0.9	NE	Nil	8.38	22	TigerResources	9	-42.4	+0.0	89	1-0	-	-	-	1.1	NE	Nil	N/A	16	RiversdaleMin.	232	-39.9	+1.6	85	0-2	3	1.1	-	0.8	NE	Nil	6.22	434
PrimeagAust.	108	-16.0	+0.5	30	5-1	-	0.8	1	0.5	83	Nil	8.37	163	MacarthurCoal	291	-42.2	-1.1	89	3-1	11	0.9	11	0.4	8	5.8	1.54	617	LivingCellT.	9	-30.0	-3.0	61	0-2	-	1.8	-	0.8	NE	Nil	N/A	21
HelixResources	7	-32.0	+3.3	65	6-0	-	-	-	1.3	NE	Nil	8.33	8	GMEResources	6	-42.1	+2.8	88	3-0	-	-	-	1.0	NE	Nil	N/A	13	FortescueMetal	232	-39.0	+1.0	83	0-2	8	-	-	0.7	NE	Nil	N/A	6,492
PatrysLtd	6	-39.0	-1.5	83	0-0	-	0.5	-	1.3	NE	Nil	8.22	9	SamsonOil/Gas	3	-42.1	+0.6	88	2-0	-	-	-	1.4	NE	Nil	0.58	7	StraitsRes.	108	-44.5	+2.1	92	0-2	1	-	-	0.6	NE	Nil	0.17	252
NewHopeCorp.	335	-8.2	+2.0	15	8-0	4	3.3	11	0.4	30	1.7	8.21	2,709	SwickMinServ	22	-42.0	-2.6	88	6-0	1	0.5	16	0.7	3	Nil	0.40	34	BankofQ'land	738	-21.2	-5.6	39	1-4	16	1.2	14	0.3	9	9.9	0.50	1,107
KarmelsonixLtd	2	-41.8	+3.5	88	2-0	-	2.1	-	2.0	NE	Nil	8.08	8	GujaratNREMin	35	-41.9	-2.9	88	10-0	-	35.0	-	0.7	31	Nil	5.37	247	HydrometCorp.	5	-22.9	+4.2	43	1-4	-	1.0	18	1.1	6	4.0	0.43	17
MineralCommod.	5	-35.4	+4.9	73	5-0	-	-	-	1.6	NE	Nil	8.06	6	RusinaMining	4	-41.9	+0.1	88	3-0	-	-	-	1.7	NE	Nil	N/A	7	B&B WindPart	88	-19.1	+3.8	35	0-2	3	5.5	23	0.5	24	16.5	1.43	592
BionomicsLtd	18	-19.1	-1.9	35	0-0	-	3.6	-	0.8	NE	Nil	8.04	42	KarmelsonixLtd	2	-41.8	+3.5	88	2-0	-	2.1	-	1.8	NE	Nil	8.08	8	RiversdaleMin.	232	-39.9	+1.6	85	0-2	3	1.1	-	0.8	NE	Nil	6.22	434
AuroraSandDiv	113	-1.8	-2.1	8	0-0	-	0.9	8	0.3	11	7.0	7.97	41	GrangeResource	40	-41.8	+2.0	88	5-0	-	-	-	0.6	NE	Nil	N/A	42	LivingCellT.	9	-30.0	-3.0	61	0-2	-	1.8	-	0.8	NE	Nil	N/A	21
ClimeCapital	72	-11.2	-1.5	20	0-0	-	0.7	-	0.4	NE	Nil	7.87	27	WestemPlains	22	-41.6	+0.6	87	1-0	-	-	-	1.1	NE	Nil	N/A	6	FortescueMetal	232	-39.0	+1.0	83	0-2	8	-	-	0.7	NE	Nil	N/A	6,492
CellestisLtd	154	-14.4	-2.3	26	0-0	-	9.6	15	0.5	66	Nil	7.85	148	ABC Learning	54	-30.6	+3.9	62	0-8	-	-	-	0.5	2	31.5	0.15	253	StraitsRes.	108	-44.5	+2.1	92	0-2	1	-	-	0.6	NE	Nil	0.17	252
Anaeco Limited	12	-18.0	+7.8	33	0-0	-	-	-	1.2	NE	Nil	7.72	13	Computershare	663	-10.7	-0.8	19	2-10	14	-	-	0.3	13	3.2	2.25	3,684	ABC Learning	54	-30.6	+3.9	62	0-8	-	-	-	0.5	2	31.5	0.15	253
RIM CapitalLtd	25	-9.7	+2.4	18	3-0	-	1.9	29	0.6	7	Nil	7.72	22	SonicHealth	1359	-2.3	+0.8	8	0-5	14	-	-	0.3	18	3.8	1.90	4,532	ABC Learning	54	-30.6	+3.9	62	0-8	-	-	-	0.5	2	31.5	0.15	253
PanaustLtd	15	-45.7	+1.2	94	0-1	3	0.9	-	1.1	NE	Nil	7.63	208	FleetwoodCorp	339	-31.6	-2.2	64	0-5	5	1.8	28	0.2	6	6.8	0.55	169	ABC Learning	54	-30.6	+3.9	62	0-8	-	-	-	0.5	2	31.5	0.15	253
SynergyEquity	1	-25.7	+1.1	49	2-0	-	-	-	3.5	NE	Nil	7.50	5	Domino'sPizza	295	-7.6	+2.2	14	0-5	8	5.3	32	0.3	16	3.7	0.84	192	ABC Learning	54	-30.6	+3.9	62	0-8	-	-	-	0.5	2	31.5	0.15	253
BunningsW/hse	161	-4.7	+0.7	11	2-0	5	0.8	0	0.3	700	8.2	7.40	485	HunterHallInt	349	-33.2	-1.3	68	10-15	-	1.8	33	0.4	5	22.1	1.75	89	ABC Learning	54	-30.6	+3.9	62	0-8	-	-	-	0.5	2	31.5	0.15	253
SmartTrans	1	-29.2	+2.9	58	0-0	-	-	-	2.3	NE	Nil	7.37	8	HitechEnergy	4	-13.4	+3.6	24	0-4	-	-	-	1.2	360	Nil	N/A	16	ABC Learning	54	-30.6	+3.9	62	0-8	-	-	-	0.5	2	31.5	0.15	253
KFMDivInfra.	50	-18.0	+0.1	33	0-0	-	0.5	13	0.5	4																															

Australian Stockbrokers

(Continued from Page 8)

Commonwealth Bank of Australia. We do not believe that NZ residents can currently open accounts with CommSec, but a year ago the company took over Sanford Securities and acquired many NZ based subscribers to this newsletter as clients.

Until the end of last month the company charged \$20 on trades up to \$10,000 and on larger trades 0.12%, with a minimum of \$30.

That rate is now only available to investors settling trades through a CommSec cash management account (CMA) . . . but that CMA is only available to Australian residents! Investors settling to other accounts (i.e. NZ residents, acquired from Sanford) will now be charged brokerage at 0.31% with a minimum of \$30.

When we called CommSec last month about this *tripling* of fees, they suggested by-passing their own rules by using a relative's address in Australia to open the CMA. That, of course, would also change the address where the *shares* are registered, but presumably once the CMA is open, you send a change of address back to your real NZ address?

Just to check whether this was possible, we applied for the CMA using an Australian address . . . and the account was opened! We, however, are not comfortable with this situation. Why invest your money with a company where employees will so easily break the rules? Isn't that what happened at Access Brokerage and Enron?

Australian residents (using the CMA) would pay \$20 on trades up to \$10,000 and 0.12% (with a minimum of \$30) on larger trades. A \$10,000 trade will cost \$20, a \$30,000 trade \$36 and a \$100,000 trade \$120.

NZ residents will now be paying 0.31% with a minimum of \$30. So a \$10,000 trade will cost \$30, a \$30,000 trade \$93 and a \$100,000 trade \$310.

E*Trade Securities (www.etrade.com.au) is a subsidiary of ANZ Banking Group. E*Trade will open accounts for NZ residents!

The brokerage charge is 0.11% with a minimum of \$33. A \$10,000 trade will cost \$33, a \$30,000 trade \$33 and a \$100,000 trade \$110.

National Australia Bank (www.trading.nab.com.au) offers an online stockbroking service which appears to be open to anyone, anywhere in the world.

Brokerage is 0.11% with a minimum of \$30. So a \$10,000 trade will cost \$30, a \$30,000 trade \$33 and a \$100,000 trade \$110.

International Brokers

Saxobank (www2.saxobank.com) is a Danish Bank offering international sharebroking and other trading. For Australian shares the brokerage fee is 0.15% with a minimum of \$25.

Interactive Brokers (www.interactivebrokers.com) is a US listed stockbroker offering international sharebroking and other trading services. The fees for Australian shares are extremely low at 0.08% with an A\$6 minimum.

So a \$10,000 trade would cost just \$8, a \$30,000 trade \$24 and a \$100,000 trade \$80.

Summary and Recommendation

For the New Zealand investor, Direct Broking offers very attractive rates, provided very large trades are split into smaller trades under \$30,000. This would appear to be an anomaly in their pricing - similar to the one that ASB Securities corrected a few years back by tripling the cost of a \$30,000 trade!

Orders placed with Direct Broking are "screened by an operator before being placed to the market" which *potentially* could result in a delay getting your trade processed. Hopefully that will take just seconds or minutes but sometimes every *second* counts when you want to complete a trade!

For investors seeking to deal directly with an Australian broker, we would recommend National Australia Bank or E*Trade Securities. Both offer straight through order processing (i.e. where your order goes straight to the market with no delay) and it can also be easier to transfer cash to and from an Australian bank account (i.e. to spend or to re-invest accumulated dividends).

Straight through order processing can be useful, if you see some shares on offer and want to grab them quickly before another investor. (But be careful. Did you really mean to buy a *million* shares at \$1 each? Where did that extra zero come from? Too late now!).

National Australia Bank also appears to be the only broker who will deal with non-Australian and non-New Zealand residents and foreign companies or foreign trusts - so ideal for when you have made your millions and retired to a sunny tax haven!

Saxobank and Interactive Brokers could appeal to both foreign (i.e. non-Australian, non-New Zealand) investors or local investors who also wish to trade on other global stockmarkets. Interactive Brokers has very low fees, but does not include the usual free services (such as share quotes) which are available as an optional extra for each market for a small monthly fee.

Our only concern with both these international brokers is that they will hold your Australian shares in their nominee account (i.e. not directly in your name under the CHESS system) and foreign withholding tax will be deducted on dividends, regardless of your personal tax residency! That is not a problem if you want to invest in the UK, US, Hong Kong, Japanese or French stockmarkets (where you will have to use this nominee holding and have withholding tax, if any, deducted) but not so attractive for Australian shares. Australian and New Zealand resident investors will enjoy better security and lower taxes owning Australian shares directly.

Total Return Index for All Listed Shares

Jan 12	1378.67	Jan 19	1363.54
Jan 13	1376.26	Jan 20	1360.73
Jan 14	1375.61	Jan 21	1353.54
Jan 15	1368.15	Jan 22	1352.09
Jan 16	1365.70	Jan 23	1344.79
Jan 26	1342.86	Feb 2	1348.87
Jan 27	1342.62	Feb 3	1342.60
Jan 28	1340.43	Feb 4	1342.65
Jan 29	1345.92	Feb 5	1329.14
Jan 30	1346.92	Feb 6	Holiday

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
AXG Mining	2	20	1-6	0.4	0.1	+213	1.03	2.45	1.00	+341	Eldore Mining Corp	1	4	0-10	1.4	0.0	+999	1.35	2.48	1.00	+999
Accent Resources	6	20	0-7	1.0	0.6	+59	1.35	2.49	1.00	+756	Electrometals Tech.	2	14	2-2	0.2	0.2	-8	1.01	2.02	1.00	+172
Actinogen Ltd	4	50	3-5	0.3	1.1	-72	1.03	1.63	1.00	+104	Empire Resources	3	25	0-4	0.6	0.0	+999	1.44	4.29	1.00	+999
Activex Ltd	6	20	0-0	0.1	1.1	-91	1.44	1.63	1.00	+999	Eneabba Gas	10	30	0-4	0.4	0.3	+49	1.18	3.95	1.00	+999
Adelaide Energy	4	25	0-4	0.5	0.0	+999	0.88	8.82	1.00	+999	Entek Energy	6	20	0-10	0.6	0.1	+399	0.73	4.22	1.00	+322
Agenix Ltd	2	30	2-4	1.0	0.0	+999	0.63	4.20	1.00	+247	Envirogold	4	25	0-10	0.3	0.0	+999	0.88	4.33	1.00	+974
Alara Uranium	5	25	0-4	0.1	0.0	+865	1.07	5.66	1.00	+999	Eromanga Hydrocarb.	20	10	0-5	16.0	11.3	+42	1.47	1.53	1.00	+107
All Brands	19	60	1-10	0.3	3.1	-90	0.84	2.17	1.00	+88	Erongo Energy Ltd	6	20	0-2	0.9	0.1	+999	1.46	5.00	1.00	+999
Alloy Resources	2	20	0-1	0.1	0.0	+999	0.70	9.99	1.00	+999	Excalibur Mining	1	6	3-10	0.4	0.6	-32	1.19	1.30	1.00	+58
Amcom Telecom.	11	17	0-10	0.4	0.3	+23	0.44	5.57	1.00	+83	Excalibur Mining	1	3	0-10	0.3	0.2	+67	1.19	2.21	1.00	+274
Anaeco Ltd	12	50	1-3	2.3	1.7	+37	1.13	2.11	1.00	+236	Exoma Energy	1	20	2-1	0.2	0.2	-10	1.44	1.60	1.00	+323
Anaeco Ltd	12	100	3-3	0.3	3.9	-92	1.13	1.49	1.00	+95	Eyecare Partners	16	20	1-7	2.0	1.2	+61	0.28	4.88	1.00	+22
Anchor Resources	6	25	1-1	0.5	0.0	+999	0.51	6.55	1.00	+280	Fairstar Resources	3	25	0-6	0.1	0.0	+286	1.29	3.75	1.00	+999
Aragon Resources	6	25	1-7	1.2	2.8	-57	1.75	1.33	1.00	+168	Fall River Res.	0	10	0-2	1.5	0.0	+999	0.96	9.99	1.00	+999
Archer Exploration	5	25	0-12	1.5	0.2	+882	0.93	3.24	1.00	+470	Ferrowest Ltd	9	25	1-3	3.0	3.6	-16	1.59	1.48	1.00	+160
Artemis Resources	3	25	0-7	0.3	0.1	+456	1.39	3.10	1.00	+999	Fission Energy	8	20	2-0	3.5	1.5	+128	0.77	2.13	1.00	+71
Asburton Minerals	1	7	1-0	0.1	0.0	+999	0.94	3.68	1.00	+843	GB Energy	7	20	2-7	2.6	0.8	+232	0.58	2.57	1.00	+57
Astro Diamond Mines NL	0	5	3-9	0.1	0.3	-60	1.53	1.19	1.00	+97	GBM Resources	5	25	1-4	1.0	0.4	+164	0.95	2.54	1.00	+244
Astro Mining	0	5	3-9	0.2	0.3	-20	1.53	1.19	1.00	+98	Genesis Biomedical	0	3	1-9	0.5	0.0	+999	0.84	2.78	1.00	+245
Astro Mining NL	0	75	0-10	0.5	0.0	+999	1.53	3.60	1.00	+999	Geodynamics	105	200	0-0	1.0	0.0	+999	0.80	2.78	1.00	+999
Athena Resources	3	20	0-9	0.8	0.0	+999	0.99	3.75	1.00	+999	Gladiator Resources	3	20	0-4	0.2	0.0	+999	1.07	6.36	1.00	+999
Atlantic Gold NL	6	18	0-8	0.5	0.2	+221	0.83	4.01	1.00	+441	Gleneagle Gold	7	20	-1-11	0.1	0.0	+999	3.50	6.36	1.00	-100
Atom Energy	4	38	1-8	0.2	0.3	-37	1.06	2.25	1.00	+291	Global Geoscience	3	25	3-6	1.0	1.2	-14	1.12	1.45	1.00	+84
Atomic Resources	9	25	2-6	0.2	4.0	-95	1.20	1.40	1.00	+54	Global Nickel Inv.	5	20	0-6	0.3	0.1	+175	1.17	3.54	1.00	+999
Atticus Resources	15	20	3-7	3.5	7.4	-53	0.77	1.48	1.00	+13	Gold Aura	1	13	0-1	0.1	0.0	+999	0.99	9.99	1.00	+999
Augur Resources	2	20	1-4	0.9	0.2	+315	1.30	2.06	1.00	+481	Gold Company Ltd	19	20	2-4	9.2	9.8	-6	0.90	1.48	1.00	+20
Aurium Resources	1	20	1-3	0.1	0.0	+999	1.01	3.31	1.00	+922	Golden State Res	7	20	0-4	0.6	0.0	+999	0.93	5.58	1.00	+999
Ausquest Ltd	11	20	0-9	2.0	1.7	+18	1.02	2.46	1.00	+168	Golden West Res	30	200	1-10	8.0	4.3	+86	1.06	2.00	1.00	+188
Aust Oil Company	4	20	0-10	1.0	0.3	+293	1.24	2.52	1.00	+730	Goldsearch	2	10	0-8	0.2	0.0	+665	1.06	3.64	1.00	+999
Aust Renewable Fuels	1	60	0-2	0.1	0.0	+999	1.53	9.99	1.00	+991	Gondwana Resources	1	1	0-4	3.0	0.3	+828	1.43	2.06	1.00	+999
Austindo Resources	2	2	3-4	0.3	2.0	-85	1.61	1.07	1.00	-6	Gondwana Resources	1	1	1-4	0.3	0.6	-47	1.43	1.37	1.00	+36
Auth Investments	3	25	1-1	1.0	0.0	+999	0.65	5.61	1.00	+554	Grand Gulf Energy	1	6	0-0	0.1	0.6	-82	1.10	1.37	1.00	+999
Avanco Resources	6	20	1-4	2.0	1.2	+67	1.11	1.97	1.00	+165	Greater Pacific Gold	1	2	2-3	0.2	0.2	+20	1.13	1.58	1.00	+93
BMA Gold	1	3	3-8	0.4	0.7	-45	1.23	1.22	1.00	+31	Greenearth Energy	14	30	0-2	0.6	0.0	+999	0.93	9.76	1.00	+999
Barra Resources	5	65	1-10	0.2	0.5	-62	1.17	2.01	1.00	+306	Greenvale Mining	5	30	2-10	2.5	2.5	-2	1.36	1.32	1.00	+92
Bass Metals	10	40	1-2	3.0	1.1	+173	1.05	2.34	1.00	+255	Gt Bendigo Gold Mines	4	20	0-10	0.5	0.1	+493	0.98	3.41	1.00	+680
Bathurst Resources	10	25	1-10	5.0	2.8	+79	0.97	1.80	1.00	+82	Gt Western Explor.	3	30	3-4	0.4	0.6	-35	1.06	1.62	1.00	+112
Beacon Minerals	1	20	1-6	0.5	0.1	+668	1.16	2.36	1.00	+529	Gulf Mines	4	30	0-8	0.2	0.0	+520	1.14	3.68	1.00	+999
Benitec Ltd	3	15	2-1	0.6	0.4	+44	0.90	2.11	1.00	+121	Gulf Resources	3	25	0-10	0.5	0.0	+999	0.93	4.19	1.00	+999
Bioprospect Ltd	1	5	1-1	0.4	0.1	+468	0.83	3.11	1.00	+248	Gulf Resources	3	20	2-4	1.0	0.4	+142	0.93	2.03	1.00	+130
Black Fire Energy	3	20	1-4	1.0	0.6	+60	1.38	1.80	1.00	+320	Haddington Resources	9	35	1-3	4.2	0.6	+569	0.91	2.67	1.00	+240
Black Range Minerals	3	5	2-0	1.0	1.7	-41	1.33	1.32	1.00	+38	Havilah Resources	30	160	1-2	3.0	0.8	+278	0.84	3.31	1.00	+327
Boss Energy	8	20	1-9	1.0	3.7	-73	1.37	1.42	1.00	+74	Hawthorn Resources	1	20	3-2	0.2	0.2	+28	1.11	1.70	1.00	+167
Bounty Industries	2	20	2-10	0.7	0.7	+1	1.26	1.47	1.00	+128	Hawthorn Resources	1	10	4-0	0.3	0.3	-11	1.11	1.43	1.00	+84
Bowen Energy	5	20	0-9	0.5	0.6	-10	1.30	2.35	1.00	+556	Hawthorn Resources	1	125	1-7	0.1	0.0	+999	1.11	3.47	1.00	+999
Brainytoys Ltd	1	20	4-1	0.1	0.6	-82	1.46	1.22	1.00	+109	Health Corporation	10	120	2-9	0.1	8.3	-99	2.27	1.08	1.00	+147
Brumby Resources	7	15	0-11	1.5	1.3	+15	1.06	2.22	1.00	+155	Helix Resources	7	30	0-4	0.9	0.1	+999	1.23	4.32	1.00	+999
Burely Gold Ltd	2	20	0-4	0.2	0.0	+999	1.33	5.65	1.00	+999	Hemisphere Resources	5	20	1-1	1.2	1.2	+4	1.40	1.82	1.00	+279
Burleson Energy	5	25	1-6	0.3	0.1	+352	0.68	3.76	1.00	+216	Hill End Gold	16	25	0-7	4.1	1.6	+163	0.77	3.42	1.00	+179
CO2 Group	20	12	2-8	8.0	12.7	-37	0.79	1.37	1.00	+0	Hydromet Corporation	5	17	1-4	0.2	0.3	-22	0.73	3.15	1.00	+153
Capital Mining	5	20	1-8	1.0	0.8	+19	1.08	1.94	1.00	+155	Impedimed Ltd	74	72	3-8	12.0	28.9	-59	0.47	1.85	1.00	+4
Camavale Resources	10	20	0-4	0.7	0.6	+15	1.12	3.56	1.00	+842	India Resources	2	20	0-10	0.1	0.0	+476	1.11	3.45	1.00	+999
Carpentaria Exploration	3	30	1-4	0.3	0.1	+124	1.13	2.47	1.00	+513	Industrial Minerals	8	20	0-10	4.0	2.6	+55	1.58	1.68	1.00	+274
Central Asia Res.	4	25	0-7	1.0	0.0	+999	0.96	4.76	1.00	+999	Intec Ltd	2	8	0-10	0.3	0.3	-4	1.68	1.82	1.00	+679
Central Petroleum	8	25	1-4	3.9	1.5	+165	1.01	2.10	1.00	+155	Integra Mining	24	20	0-9	9.0	8.4	+7	0.83	2.11	1.00	+31
Chemgenex Pharm.	36	75	2-11	36.0	8.6	+319	0.64	2.02	1.00	+47	Iron Mountain Mining	8	20	2-11	2.2	5.5	-60	1.59	1.15	1.00	+45
Chemgenex Pharm.	36	125	1-1	5.1	0.5	+916	0.64	4.47	1.00	+243	Iron Ore Holdings	18	100	2-2	2.1	6.0	-65	1.25	1.54	1.00	+123
Chrome Corporation	6	40	0-7	0.1	0.0	+999	0.87	5.88	1.00	+999	Jupiter Energy	2	8	1-4	0.5	0.2	+107	1.21	1.98	1.00	+267
Chrome Corporation	6	2	0-7	0.1	3.6	-97	0.87	1.49	1.00	-81	K2 Energy	2	20	0-7	0.2	0.0	+913	1.29	3.51	1.00	+999
Cityview Corp	1	15	0-9	0.3	0.0	+955	1.38	2.84	1.00	+999	KTL Technologies	1	5	0-3	0.1	0.0	+999	1.06	9.99	1.00	+999
Coal Fe Resources	5	20	0-10	0.3	1.4	-79	1.75	1.68	1.00	+437	Kangaroo Metals	8	20	0-6	2.0	0.0	+999	0.49	9.99	1.00	+903
Colltech Australia	2	4	0-8	1.0	0.5	+114	1.68	1.76	1.00	+452	Key Petroleum	7	35	0-1	0.1	0.0	+999	1.53	9.99	1.00	+999
Colonial Resources	6	20	1-10	0.1	0.5	-82	0.76	2.52	1.00	+103	Kingsrose Mining	13	20	3-10	3.8	8.6	-56	1.07	1.24	1.00	+17
Commoditel Ltd	2	2	0-4	0.2	0.9	-78	1.31	1.89	1.00	-47	Labtech Systems	10	20	4-4	7.9	6.2	+28	1.00	1.27	1.00	+27
Con Global Invest.	7	20	0-11	0.2	2.8	-93	1.91	1.46	1.00	+244	Labtech Systems	10	20	4-4	3.0	6.2	-51	1.00	1.27	1.00	+21
Con Tin Mines	2	20	4-10	0.5	1.4	-64	1.40	1.16	1.00	+62	Laserbond	9	25	0-6	1.0	0.0	+999	0.61	7.47	1.00	+735
Convergent Minerals	6	20	2-10	1.0	1.7	-40	0.93	1.66	1.00	+60	Lefroy Resources	4									

