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

Market Analysis

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Inside Market Analysis

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Share valuations are low, stockmarkets are recovering, money is flowing back into equities and the economic downturn wasn't anywhere near as bad as many feared! This is the perfect situation for shares to rally very strongly over the next year or longer. Remain fully invested in the recommended shares.

Investment Outlook.

In January this year we pointed out how the third biggest (and the most rapid) rally on the US stockmarket occurred during the Great Depression - when the market rose 372% (36% per annum) from 1932 to 1937.

We were always sceptical that the recent economic downturn would be "worse than the Great Depression" . . . but fear in the market had driven shares to a similar low extreme of valuation. In January we wrote "Share valuations are just too low to ignore. From these low levels, shares should yield far above average future returns *even in a Depression!*".

Stockmarkets (as we now know) continued to fall for another two months - but have rallied strongly since early March.

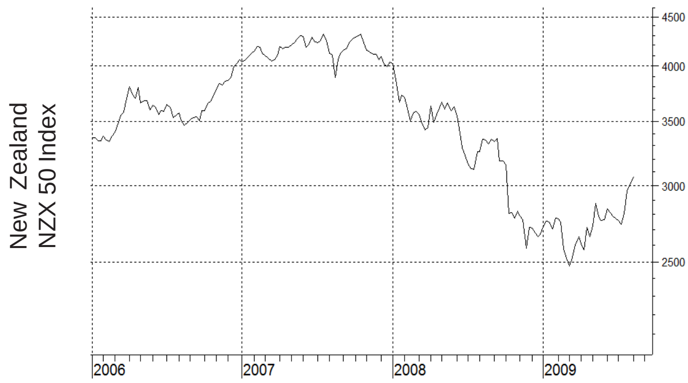
Commentators (i.e. those people with no shares and no net wealth, but who wish to share their superior insight with us little guys) have called this a *Fool's Rally*. A major correction (i.e. to allow people who sold out at the bottom to get back in the market) has been widely expected and predicted . . . although readers of this newsletter should know by now that the market does the *opposite* of what is widely expected.

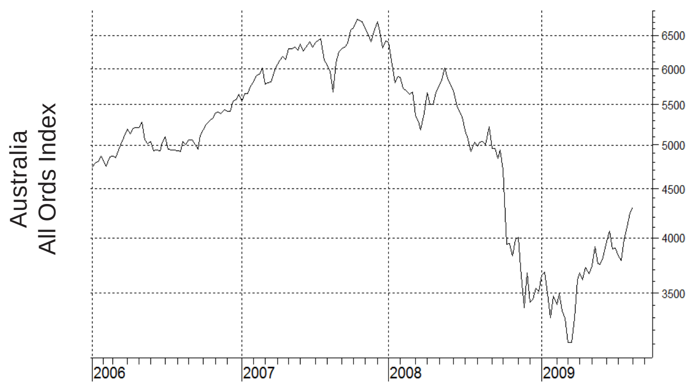
If investors are sitting with cash, waiting for a correction to buy back into shares, then every sign of weakness will be met by new buying and prices will keep on going up. Investors who sold out at the bottom will still be sitting on the sidelines looking for a buying opportunity as share prices continue to soar.

So, where to next for the stockmarket? Share prices are volatile, so some type of correction is always likely . . . but it is probably not a good idea to hold your breath waiting for a big dip! Around the world, money is flowing back into equity funds and stockmarkets. With the massive quantities of extra liquidity injected into financial markets by Central Banks, this flow into equities and other financial assets is likely to continue for some time. In fact, it *could* lead to significant inflation in financial asset prices - which *(Continued on Page 15)*

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**92%** (Bullish)	**80%** (Bullish)
New Zealand:	**89%** (Bullish)	**72%** (Bullish)





Performance Forecasts

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

Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	B	736	4.33	21	6.1
AMP Onyx Mgmt	C	79	4.75	5	10.6
Abano Health.	A	570	0.71	14	5.5
Affco Holdings	E	42	0.22	NE	Nil
Air New Zealand	B	118	0.27	6	10.8
Akd Int Airport	C	174	6.06	19	7.0
Allied Farmers	E	35	0.06	20	Nil
Allied Work.	A	79	0.27	10	12.3
Apple Fields	D	4.0	1.18	2	Nil
Barramundi Ltd	C	62	N/A	NE	Nil
Blis Technology	D	8.3	N/A	NE	Nil
Botry-Zen Ltd	D	2.3	N/A	NE	Nil
Briscoe Group	B	115	0.63	21	5.8
Broadway Ind	C	30	0.13	5	6.7
Burger Fuel	E	27	3.03	NE	Nil
CDL Investments	E	25	N/A	36	Nil
CER Group Ltd	E	1.0	0.53	NE	Nil
Canty Bldg Soc.	C	300	0.99	18	4.0
Cavalier Corp	A	228	0.61	9	13.1
Cavotec MSL	D	290	0.63	10	Nil
Charlie's Group	E	9.0	0.87	NE	Nil
Col Motor Co	B	235	0.13	9	14.6
Comvita	C	110	0.43	41	Nil
Connexion	D	10	0.67	NE	Nil
Contact Energy	C	650	1.36	16	6.4
Cynotech Hold.	C	14	0.84	6	13.3
Delegat's Group	B	220	1.34	12	4.1
Dominion Fin.	B	1.0	0.01	0	149.3
Dorchester Pac	D	6.1	0.09	NE	Nil
Eastern Hi-Fi	D	8.0	0.08	NE	Nil
Ebos Group Ltd	B	535	0.28	15	6.4
F & P Health.	C	329	3.65	27	5.6
F & P Appliance	D	84	0.25	NE	Nil
Finzsoft Sol'ns	E	25	0.26	NE	Nil
Fletcher Build.	C	732	0.52	8	9.8
Freightways Ltd	B	323	1.28	13	8.7
Genesis Res.	C	10	2.27	NE	Nil
Goodman Prop.	C	100	6.52	NE	10.4
Guinness Peat	E	76	0.34	NE	3.3
GuocoLeisure	C	43	0.91	33	12.2
Hallenstein G.	B	279	0.83	8	18.7
Hellaby Hold.	B	120	0.12	3	11.7
Heritage Gold *	N/R	2.1	N/A	NE	Nil
Horizon Energy	C	296	2.44	14	8.6
ING Property	C	74	3.64	NE	10.8
ING Med. Prop.	C	118	6.79	19	8.3
Infratil NZ	C	182	0.55	NE	5.1
Inv Research Gr	D	1.7	0.65	NE	Nil
Jasons Media	B	75	1.09	15	3.0
Just Water Int.	C	38	0.92	66	14.1
Kermadec Prop.	D	45	2.67	NE	11.1
Kingfish Ltd	B	92	N/A	NE	4.9
Kirkcaldie & St	B	225	0.50	20	6.6
Kiwi Property	D	99	4.23	NE	9.2
Life Pharmacy	D	60	5.54	NE	Nil
Lion Nathan Ltd	A	1469	3.75	31	2.7
Livestock Imp.	B	230	0.51	3	27.2
Lombard Group	E	6.1	0.80	NE	Nil
Lyttelton Port	C	240	2.94	24	3.2
Mainfreight Grp	C	485	0.38	13	5.7
Marlin Global	D	82	N/A	NE	Nil
Media Tech.	E	2.0	0.31	2	Nil
Methven Limited	B	143	0.69	9	12.3
Metro. LifeCare	C	230	3.46	NE	8.3
Michael Hill	B	70	0.71	11	6.8
Mid-Cap Index	C	212	N/A	NE	Nil
Millennium & C.	D	35	0.99	7	5.1
Mowbray Collect	E	85	2.27	NE	Nil
NZ Experience	C	25	0.98	7	17.9
NZ Exchange Ltd	A	761	6.35	20	4.1
NZ Finance Hold	D	22	0.43	NE	Nil
NZ Farming Sys.	E	52	N/A	NE	Nil
NZ Oil & Gas *	N/R	163	N/A	26	Nil
NZ Refining Co	B	680	4.10	13	9.9
NZ Wine Company	B	165	1.33	15	6.3
NZ Windfarms	C	80	N/A	26	Nil
NZ Wool Service	C	35	0.17	17	Nil
NZSX 10 Fund	D	86	N/A	NE	Nil
NZSX 50 Port.	D	126	N/A	NE	Nil
NZX Aust MidCap	C	475	N/A	NE	Nil
Nat Property Tr	D	43	2.50	NE	11.7
New Image Group	C	60	4.96	NE	Nil
Northland Port	B	200	7.09	9	8.2
Nuplex Indust	C	200	0.57	2	2.8
Opus Int'l Cons	E	130	N/A	NE	Nil
Oyster Bay	D	245	1.39	8	Nil
Ozzy (Tortis)	C	322	N/A	NE	Nil
PGG Wrightsons	D	92	0.22	4	26.0
Pac Edge Bio.	E	12	N/A	NE	Nil
Pike River Coal	D	114	N/A	NE	Nil
Plus SMS Hold.	D	0.5	0.36	NE	Nil
Port Tauranga	B	663	5.97	21	5.6
Postie Plus Grp	C	37	0.11	NE	Nil
Propertyfinance	D	10	0.16	NE	Nil
Property F Ind.	C	109	7.13	NE	6.6
ProvencoCadmus	E	3.5	0.04	NE	Nil
Pumpkin Patch	A	174	0.79	11	7.7
Pyne Gould Corp	B	150	0.62	3	22.9
Rakon Ltd	E	136	1.25	39	Nil
Renaissance	C	31	0.07	4	14.4
Restaurant Brds	B	103	0.32	12	10.1
Rubicon Limited	D	91	0.41	NE	Nil
Ryman Health.	B	185	9.97	14	2.3
Salvus Strat.	A	75	1.75	2	10.9
Sanford Limited	C	520	1.32	25	6.3
Satara Co-op	D	64	0.17	5	Nil
Savoy Equities	E	2.5	N/A	NE	Nil
Scott Tech. Ltd	B	110	0.93	9	12.2
Sealegs Corp	E	22	1.49	NE	Nil
Seeka Kiwifruit	B	260	0.30	8	6.9
Skellerup Hold.	D	57	0.34	NE	7.9
Sky City Ltd	C	339	1.80	15	9.5
Sky Network TV	B	466	2.75	19	4.5
Smartpay NZ Ltd	E	1.5	0.11	NE	Nil
Smiths City	C	34	0.08	18	5.9
Sol. Dynamics	C	40	0.34	NE	Nil
South Port NZ	C	236	4.03	25	6.0
Speirs Group	D	36	0.08	NE	Nil
Steel & Tube	C	320	0.56	13	8.9
Sthn Travel	D	15	0.07	4	29.9
Tag Pacific Ltd	C	16	0.10	1	5.9
Taylors Grp Ltd	A	179	0.62	18	10.0
TeamTalk Ltd	A	195	1.29	11	15.3
Telecom Corp	B	277	0.89	7	15.6
Tenon Ltd	B	97	0.13	16	Nil
Tourism Hold.	C	60	0.39	7	27.4
Tower Limited	A	174	0.64	10	5.1
Training Sol.	E	0.1	5.00	NE	Nil
Trust Power Ltd	B	761	3.05	23	6.5
Turners & Grow.	C	155	0.27	12	9.6
Turners Auction	B	80	0.28	20	5.4
VTL Group Ltd	C	1.5	0.01	0	Nil
Vector Ltd	C	206	1.74	15	9.6
WN Drive Tech.	E	13	3.69	NE	Nil
Wakefield Hlth	A	875	1.44	12	4.3
Warehouse Group	B	399	0.70	11	6.5
Widespread Port*	N/R	20	N/A	NE	Nil
Windflow Tech.	D	178	4.38	NE	Nil
Wool Equities	D	8.9	0.10	NE	Nil
World Index Fd	D	105	N/A	NE	Nil
Xero Ltd	C	149	N/A	NE	Nil
Zintel Comm.	A	21	0.27	5	21.3
Ave of 142 Cos	**C**	168	0.22	5	6.5

Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
ABB Grain Ltd	A	890	0.68	31	2.4
AGL Energy Ltd	B	1425	1.16	20	3.7
AMP Ltd	B	588	4.07	20	6.5
ANZ Bank	A	1938	0.97	12	7.0
APA Group	A	269	1.43	19	4.0
APN News Media	B	180	0.74	NE	12.5
ASX Limited	A	3530	9.83	17	5.5
AXA Asia Pac	C	433	1.22	NE	4.3
Adelaide Bright	B	245	1.32	11	6.1
Alumina Ltd	B	177	N/A	12	6.8
Amalgamated Hld	B	482	1.00	6	6.2
Amcor Ltd	B	505	0.46	16	6.7
Andean Res.	C	188	N/A	NE	Nil
Aneka Tambang	C	100	N/A	NE	12.0
Ansell Ltd	B	940	1.02	12	2.8
Aquarius Plat.	B	574	1.61	6	8.3
Aquila Res.	C	593	N/A	NE	Nil
Argo Investment	C	659	N/A	NE	4.1
Aristocrat Leis	B	493	2.08	22	4.9
Arrow Energy	C	399	N/A	NE	Nil
Asciano Group	C	156	0.44	NE	29.5
Austar United	C	107	N/A	NE	Nil
Australand Prop	B	45	1.00	5	24.4
Aust United In	A	700	N/A	16	3.6
Austal Limited	B	267	0.80	10	4.9
Aust Infra.	B	148	N/A	8	11.2
Aust W'wide Exp	C	251	1.38	4	Nil
Aust Foundation	B	510	N/A	48	4.1
BHP Billiton	C	3800	2.14	8	1.9
Bank of Q'land	A	1103	0.75	13	6.6
Beach Petroleum	A	81	1.20	13	2.2
Bendigo Bank	A	813	0.77	11	7.1
Billabong Int'l	C	927	1.49	11	6.0
Bluescope Steel	B	322	0.29	5	15.2
Boart Longyear	B	36	0.21	2	9.1
Boral Limited	A	505	0.57	12	6.7
Bradken Ltd	A	618	0.64	12	6.0
Brambles Ltd	B	600	1.83	13	5.8
Brickworks Ltd	A	1345	3.22	18	2.9
Bunnings W/hse	B	176	8.09	NE	7.5
C'wth Prop Off.	B	89	4.78	4	10.4
C.S.R. Ltd	A	200	0.56	15	3.8
CFS Retail Prop	B	171	7.20	6	7.0
CSL Limited	B	3141	4.56	25	2.5
Cabcharge Ltd	B	521	3.63	11	6.1
Caltex Austrlia	A	1211	0.14	18	3.0
Campbell Bros	A	2390	1.38	12	4.2
Centennial Coal	A	295	1.32	16	7.1
Centamin Egypt	B	186	N/A	NE	Nil
Chal Financial	B	265	0.63	NE	4.7
Chal Infra Fund	C	158	1.35	NE	21.5
Clough Limited	A	79	0.88	8	1.3
Coal & Allied	A	10450	3.33	11	5.3
CocaCola Amatil	B	942	1.69	17	4.1
Cochlear Ltd	A	5780	5.33	28	2.6
Com'wealth Bank	A	4445	1.60	12	6.0
Computershare	A	992	3.37	19	2.1
ConnectEast Grp	C	38	N/A	NE	22.7
Cons Media Hold	A	280	N/A	2	5.9
Corp Express	B	383	0.47	10	6.9
Crane Group	A	1112	0.26	10	6.4
Crown Ltd	B	723	2.25	36	7.5
DUET Group	B	157	1.06	20	17.2
David Jones	A	481	1.11	16	5.6
Deutsche Ind Tr	C	196	6.49	12	8.1
Deutsche Div Tr	C	131	6.10	14	7.1
Dexus Property	C	72	3.13	5	16.5
Djerriwarrh	B	415	N/A	NE	6.3
Downer EDI Ltd	A	650	0.39	13	3.9
East'n Star Gas	C	103	N/A	NE	Nil
Energy World	B	59	9.51	42	Nil
Energy Resource	A	2534	9.59	22	1.1
Envestra	B	50	1.28	3	19.2
Equinox Min.	C	295	N/A	NE	Nil
Extract Res.	C	813	N/A	NE	Nil
Fairfax Media	B	147	0.82	6	13.6
Felix Resources	A	1690	7.52	18	3.1
Flight Centre	B	977	0.67	7	8.8
Fortescue Metal	C	441	N/A	NE	Nil
Foster's Group	B	534	2.25	92	4.9
G.U.D. Holdings	A	853	1.10	15	7.0
GPT Group	C	54	2.61	NE	33.1
GWA Internat'l	B	287	1.24	18	6.8
Gloucester Coal	A	639	3.29	22	3.3
Goodman Fielder	B	139	0.69	67	9.7
Goodman Group	B	49	0.97	1	64.3
Graincorp	C	863	0.36	NE	Nil
Guinness Peat	C	61	0.30	NE	3.4
Gunns Ltd	B	96	0.47	6	10.4
Harvey Norman	B	317	2.36	9	4.4
Healthscope	A	432	0.71	16	4.5
Henderson Group	C	225	N/A	NE	5.5
I-SOFT Group	C	74	1.70	43	Nil
ING Office Fund	B	52	3.32	3	20.9
Iluka Resources	D	325	2.16	20	Nil
Incitec Pivot	C	283	1.18	6	4.6
Independ. Group	B	533	4.18	12	2.3
Infigen Energy	B	124	2.01	34	11.7
Insurance Aust.	C	382	0.92	NE	5.9
Invocare Ltd	A	547	2.21	20	4.3
Iress Mkt Tech	A	790	5.83	27	3.9
JB Hi-Fi Ltd	A	1605	0.93	26	1.6
James Hardie	C	500	1.25	11	Nil
Kardoon Gas	B	1036	N/A	NE	Nil
Kingsgate Cons.	C	659	7.98	NE	Nil
Leighton Hold	A	3000	0.82	14	4.8
Lend Lease Corp	B	850	0.23	13	9.1
Lihir Gold Ltd	C	268	5.54	4	Nil
Macarthur Coal	A	777	4.12	23	2.2
Macquarie C'Wde	A	50	2.00	4	30.0
Macquarie Air.	A	238	0.82	2	11.3
Macquarie Group	A	4396	2.42	15	4.2
Macquarie Infra	B	140	N/A	4	14.3
Metcash Ltd	B	422	0.29	15	5.7
Milton Corp.	B	1660	N/A	30	4.7
Minara Resource	C	112	3.06	NE	Nil
Mineral Res.	A	441	2.21	12	4.4
Mirvac Group	B	118	0.53	2	27.0
Monadelphous Gr	A	1113	0.98	13	6.5
Mt Gibson Iron	A	116	2.14	8	Nil
Murchison Metal	C	187	N/A	NE	Nil
Nat'l Aust Bank	A	2550	0.96	9	7.6
Navitas Ltd	A	315	2.29	22	4.5
New Hope Corp.	B	518	N/A	46	1.1
Newcrest Mining	B	3025	5.80	NE	0.3
News Corp.	B	1490	1.28	8	0.8
Nufarm Limited	B	1104	1.07	18	2.9
OM Holdings	A	180	1.50	7	3.6
OZ Minerals Ltd	B	108	3.83	NE	4.6
Oil Search Ltd	B	550	5.40	18	2.0
Onesteel Ltd	B	287	0.37	11	7.5
Orica Ltd	B	2225	1.22	15	4.0
Origin Energy	B	1447	1.53	34	1.7
Pacific Brands	B	115	0.30	5	14.8
Paladin Energy	E	458	N/A	NE	Nil
Panaust Ltd	E	39	3.91	NE	Nil
Perpetual Ltd	C	3406	2.88	10	9.7
Platinum Asset	B	433	8.58	15	5.5
Premier Invest	B	598	8.38	13	4.8
Primary Health	B	551	3.15	NE	4.9
Q.B.E. Insur.	C	2105	N/A	17	6.0
Qantas Airways	C	242	0.28	5	14.5
REA Group Ltd	B	571	4.67	33	Nil
Ramsay Health	A	1091	0.71	21	3.0
Reece Australia	B	2040	1.41	18	2.8
Rio Tinto Ltd	B	6057	0.43	6	3.1
Riversdale Min.	C	628	N/A	NE	Nil
S/Tracks ASX200	B	4009	N/A	NE	8.7
SP Ausnet	B	76	1.38	11	15.6
Salmat Ltd	B	374	0.73	27	4.9
Santos Ltd	B	1469	3.32	16	2.9
Seek Ltd	A	445	6.10	17	4.2
Seven Network	B	635	N/A	9	5.4
Sigma Pharm.	B	125	0.35	14	5.6
Silex Systems	C	669	N/A	NE	Nil
Sims Metal Mgmt	A	2656	0.38	7	4.5
Sino Gold Min.	D	556	8.19	NE	Nil
Sonic Health	B	1222	1.71	17	4.3
Soul Pattinson	A	1145	4.01	30	2.6
Spark Infrastru	B	106	4.68	NE	17.5
Spotless Group	B	250	0.22	21	4.2
St George Bank	A	2210	1.06	10	9.6
Stockland	B	315	1.74	7	14.8
Straits Res.	A	224	2.99	14	4.3
Suncorp-Metway	B	790	0.61	14	13.5
Tabcorp Holding	B	711	1.02	8	9.1
Tatts Group Ltd	B	255	1.05	13	3.7
Telstra	B	352	1.75	12	8.0
Ten Network	A	136	1.25	14	9.9
Toll Holdings	B	696	0.80	18	3.6
Tower Australia	B	244	1.16	12	1.8
Transurban Grp	C	422	5.02	NE	13.5
Transfield Serv	B	280	0.27	10	12.9
United Group	A	1150	0.54	14	5.0
Virgin Blue	B	29	0.15	4	7.0
Wesfarmers Ltd	B	2468	0.62	20	8.1
Westfield Group	B	1250	2.41	4	8.5
Western Areas	C	603	N/A	NE	Nil
Westpac Banking	A	2283	1.81	16	6.2
West Aust News	A	615	3.12	15	5.4
Whitehaven Coal	A	315	4.81	24	0.5
Woodside Petrol	A	4375	5.10	17	3.1
Woolworths Ltd	A	2670	0.69	20	3.4
Worley Group	A	2555	1.32	18	3.3
Wotif.com Hold.	A	453	N/A	27	3.3
Zimplats Hold.	B	805	2.83	7	Nil
Ave of 1923 Cos	**C**	135	0.24	10	6.3

Recommended Investments

<u>CDL Investments</u> suffered an 80.1% drop in revenues for the six months to 30 June 2009. The company sold just three residential sections during the period, compared with 20 in the first half of 2008 and 108 in the first half of 2007. As a result the company suffered a small *loss* of $31,000 (compared with a small profit of $1,481,000 in the first half of 2008 and a profit of $7.6 million in the first half of 2007).

There was a cash operating *deficit* of $1.1 million, a slight improvement on the *deficit* of $1.5 million a year earlier.

CDL Investments is, however, debt free and has $4.0 million in cash and has reduced development expenditure in line with the lower demand for properties. So there is no risk of failure and the company can just hold its valuable undeveloped land bank *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Initial Recommendation 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 %
	<u>NZ Shares</u>												
HOLD	CDL Investments Ltd	CDI	12/01/99	25	E	243.4	1.4	14.04	36	Nil	25	17.9	+72%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	A	67.1	0.8	0.61	9	13.1	228	230.0	+194%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.13	9	14.6	235	344.8	+287%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.3	0.7	2.94	24	3.2	240	69.9	+107%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.5	0.8	0.71	11	6.8	70	26.4	+1828%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	131*	C	163.4	0.7	0.57	2	2.8	200	89.6	+121%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.3	0.11	NE	Nil	37	8.5	-36%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	44.9	1.6	0.07	4	14.4	31	53.9	-0%
HOLD	Smiths City Group	SCY	09/10/06	64	C	53.0	1.5	0.08	18	5.9	34	11.0	-30%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	0.7	4.03	25	6.0	236	108.3	+187%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	C	88.2	0.7	0.56	13	8.9	320	222.0	+271%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	A	24.3	0.7	0.62	18	10.0	179	92.0	+166%
	<u>Australian Shares</u> (in Aust cents)												
BUY	AJ Lucas Group	AJL	13/05/03	120	B	59.3	0.7	0.47	15	2.1	338	35.5	+211%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	C	120.1	2.3	0.52	NE	22.2	9	17.5	-64%
HOLD	Breville Group Ltd	BRG	13/11/06	171	A	129.5	0.8	0.31	6	10.2	103	14.5	-32%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	406*	A	53.0	0.3	1.38	12	4.2	2390	457.6	+601%
HOLD	Cellnet Group Ltd [1]	CLT	12/02/02	147*	C	76.8	1.4	0.05	NE	Nil	28	32.4	-53%
BUY	Challenger Wine Trust	CWT	12/01/09	30	C	170.3	1.2	1.69	NE	21.5	33	2.4	+18%
HOLD	Charter Hall Group	CHC	06/04/09	30*	A	532.3	1.1	2.19	3	26.8	47	Nil	+57%
HOLD	Circadian Technologies	CIR	10/02/04	188	D	40.1	0.9	3.69	NE	Nil	75	65.0	-26%
BUY	Clarius Group Ltd	CND	08/04/03	86	A	57.4	1.0	0.11	3	25.0	64	68.5	+54%
BUY	CPT Global Ltd	CGO	10/03/08	88	A	36.9	1.0	0.46	12	9.1	55	4.3	-33%
HOLD+	Devine Ltd	DVN	13/11/06	94	C	285.7	1.1	0.24	4	16.3	49	19.0	-28%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	C	102.8	1.8	0.22	6	Nil	17	Nil	-66%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	A	32.8	0.9	1.77	8	8.7	150	10.3	-38%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	D	380.7	0.6	2.16	20	Nil	325	64.0	-17%
BUY	Integrated Research	IRI	14/01/08	40	A	166.5	1.1	1.85	12	7.2	42	4.5	+15%
HOLD-	Int'l AllSports	IAS	11/02/03	180	C	66.4	1.1	0.86	NE	Nil	59	4.0	-65%
BUY	M2 Telecommunications	MTU	09/10/06	33	A	78.9	0.9	0.58	12	6.3	80	10.5	+174%
HOLD	Mercury Brands Ltd	MCB	08/02/05	93	D	310.9	6.8	0.02	NE	Nil	1	7.0	-91%
HOLD	Mercury Mobility [1]	MMY			C	105.0	3.2	0.81	NE	Nil	5.0	Nil	
HOLD	Melbourne IT	MLB	10/02/04	53	B	78.0	0.6	0.82	9	7.7	195	51.0	+364%
HOLD+	Photon Group Ltd	PGA	10/11/08	140	B	102.8	0.6	0.29	7	13.3	215	6.0	+58%
HOLD+	Probiotec Ltd	PBP	11/02/08	116	B	46.6	0.6	1.52	16	1.2	214	3.8	+88%
BUY	Prophecy International	PRO	08/09/08	26	A	45.1	1.1	4.24	13	7.3	55	2.0	+119%
HOLD	Ross Human Directions	RHD	14/08/01	92	B	83.5	1.6	0.04	4	17.5	20	33.3	-42%
BUY	Skilled Group Ltd	SKE	12/03/02	126	B	122.0	0.7	0.11	5	13.6	169	130.5	+138%
HOLD+	Technology One Ltd	TNE	11/11/03	44	A	298.9	0.8	2.30	15	4.8	85	17.2	+132%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	A	187.3	0.8	3.04	8	3.6	111	5.2	+158%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	25.7	0.3	0.95	20	3.7	1300	158.5	+468%
BUY	Village Roadshow PREF	VRLPA	10/08/09	77	B	224.9	0.8	0.13	3	25.3	77	Nil	

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +139.0%. This is equal to an average annual rate of +21.6%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 40 current and 144 closed out) is +29.2%, compared with a market gain of +4.8% (by the SRC Total Return Index).

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

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

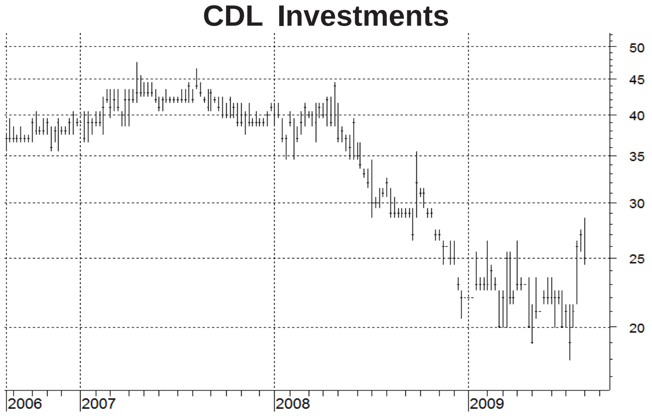
(1) Cellnet Group return includes 1½ shares in Mercury Mobility distributed to shareholders.

Recommended Investments

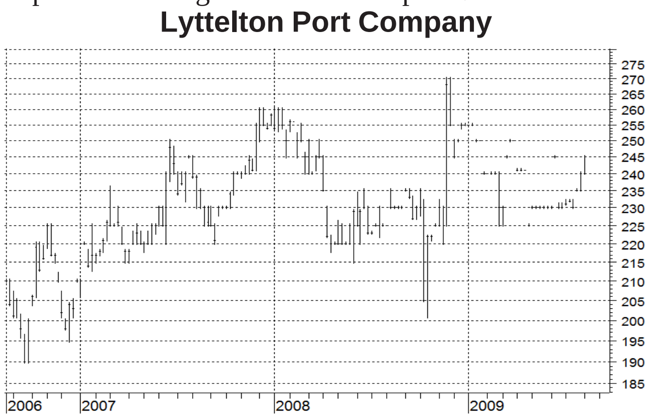
(Continued from Page 3)

until the market improves.

The company expects "some sales activity" in the second half of this year which will result in a small annual profit.

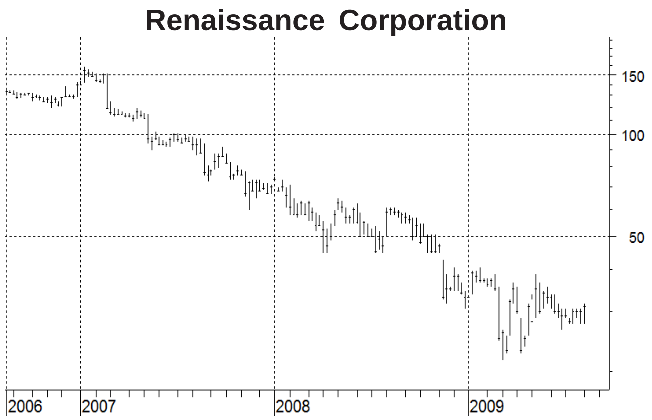


Lyttelton Port Company has lodged a resource consent application to expand its coal yard to handle the expected future growth in coal exports.



Renaissance Corporation reports a 0.5% decline in revenues to $94.6 million for the six months to 30 June, but profits fell 87.1% to just $189,000 (0.4 cent per share).

There was, however, a net operating cash surplus of $2.9 million, compared with a *deficit* of $8.1 million in the same period the previous year.



Margins were reduced and the company incurred costs opening a new *MagnumMac* store in Christchurch which began trading in July (so contributed no revenues to the first half result). Trading conditions are expected to remain difficult and much of the company's result depends upon trading in the December quarter, but it expects to earn an annual net profit of around $1.2-1.4 million (2.7-3.1 cents per share).

Australian Shares

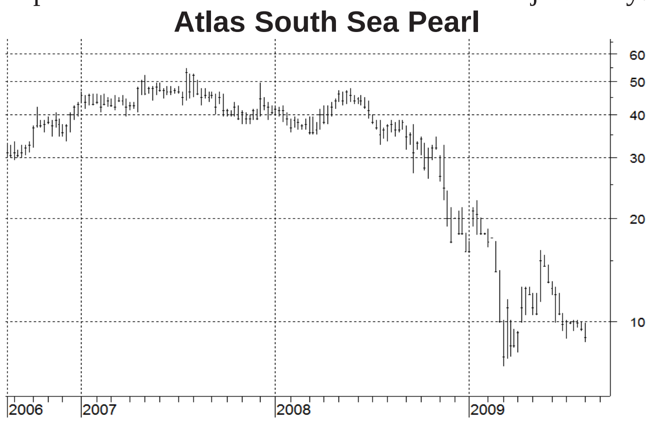
(This section is in Australian currency, unless stated.)

Atlas South Sea Pearl estimates its first half revenues to 30 June will be about 60% *lower* at $3.1 million, while pre-tax profits will fall 66% to around $2.04 million. That result includes a foreign exchange gain of $1.5 million - so the business is operating at around a break-even level in the current downturn.

The company reports that pearl prices have fallen about 40% over the last year, while the industry has suffered a 60% reduction in sales volumes!

Atlas South Sea Pearl reports that "no further debts have been incurred in 2009" and that it has a "strong balance sheet" after raising $2.9 million in its cash issue in April. The company has achieved "reductions in operating costs and realised savings from improvements in efficiencies in pearl farm operations" while meeting its targets with the number of oysters seeded and quantity of oysters on hand.

While "the outlook for the pearl market remains uncertain for the remainder of 2009" it is widely expected that "global pearl production will be reduced over the next two years" (i.e. as higher cost, less efficient competitors go out of business). Atlas South Sea Pearl aims to maintain production levels and will seek to sell pearls through wholesale markets as well as to further expand the manufacture and sale of wholesale jewellery.



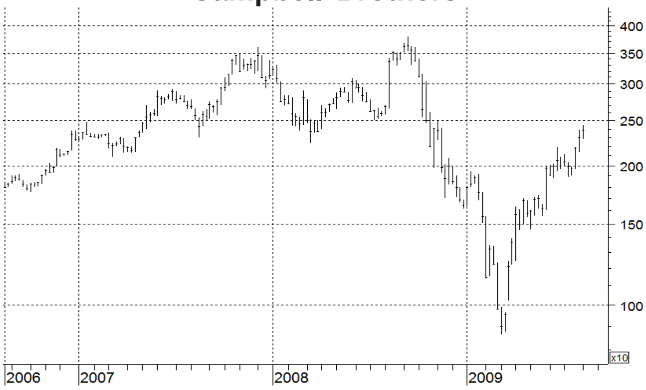
Campbell Brothers reports "very challenging" trading during April and May, but a stronger performance in June. As a result the company expects its first half profits to 30 September to be down 30-40% to around $35-40 million (66-75 cents per share).

The company, however, has sought to reduce costs and expenditure in line with market conditions. Staff numbers have been cut 32% and capital expenditure reduced by 74%. Working capital has been reduced, with a focus on stock levels and debtors.

Campbell Brothers has also developed a five year strategic plan and will focus upon growth in the testing market for Minerals, Environmental, Life Sciences, Agriculture and some of the Industrial sectors of the A$95 billion global Testing, Inspection and Certification market. It is also planning to expand from just a *testing* business to a *testing and inspection* business over that period.

Despite weakness in the current resource downturn, Campbell Brothers is targeting double digit annual growth over the next five years. The shares, however, have recovered very strongly over the last several months so we are downgrading them to a "Hold".

Campbell Brothers



Challenger Wine Trust increased revenues 2.3% to $33.5 million over the year to 30 June 2009. Trading profits were up 0.8% to $16,137,000 (9.5 cents per share). The $39.7 million *decline* in the market value of properties and interest rate swaps, however, reduced the bottom line result to a *loss* of $24,331,000. A final 1.2 cents per unit quarterly distribution takes the annual payout to 7.1 cents per unit.

The net operating cash surplus was 15% lower at $15.0 million - before paying $4.4 million to cover losses on interest rate swaps that were closed.

All of the trust's tenants paid their rent in full, but there may be some problem this year with listed **Australian Vintage** which leases one-third of the trust's assets. The trust is presently reviewing "rental support options" with Australian Vintage.

The trust expects "ongoing pressure on the vineyard sector over the next two to three years" with the Australian grape market moving "towards longer term supply/demand balance" over that period as further Australian vineyards are removed.

The trust is not directly exposed to this downturn, with its properties on leases averaging 5.0 years. No leases expire during the current financial year to June 2010, with 15.1% of leases expiring in the June 2011 year and just 4.2% in the year to June 2012. The industry should be in recovery by the time most leases come up for renewal and annual rentals are re-negotiated.

The trust is, however, impacted by depressed vineyard asset values which puts pressure on its bank covenants. There could also be cashflow problems if wine company tenants cannot pay lease rentals on time. Nevertheless, these problems have depressed the unit price to only about 3½ times its annual net income and half of the currently depressed market value of its net assets. In the short term the trust may need to divert its $14-17 million net operating cash flows from paying distributions to investors to repaying debts - or in an extreme case, raising some additional equity - but strengthening the balance sheet should help to re-rate the value of the units.

Successful asset sales would reduce debt levels and improve the trust's balance sheet and loan covenant ratios.

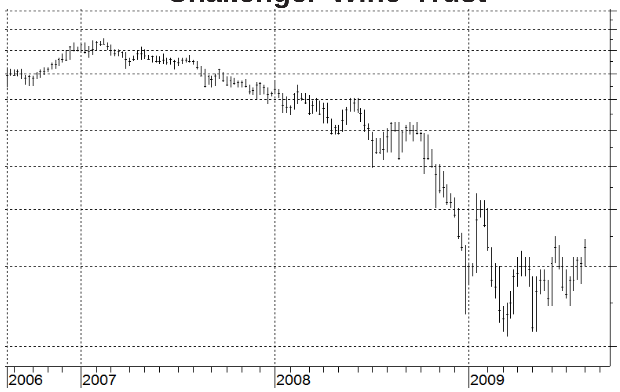
Challenger Wine Trust is continuing to negotiate to sell properties to reduce debt and future distributions will be subject to financial conditions. Having already reduced distributions (from around 100% of earnings, to 50%) the trust will move from quarterly distributions to half yearly distributions in the immediate future.

The net independent value of the trust's assets declined from $161.0 million (94 cents per unit) at June 2008 to $112.9 million (66 cents per unit) at June 2009 - owing to the fall in property values and the mark to market losses on interest rate swaps (i.e. as interest rates fell sharply). At 33 cents the units trade at a 50% discount to the current market value of the trust's net assets!

The June quarter distribution - payable 17 August - of 1.2 cents will consist of 0.555 cents of Australian income subject to foreign withholding tax (at 22½% for NZ investors) and 0.645 cents of other income not subject to foreign withholding taxes.

All equity investments involve some risk and while Challenger Wine Trust faces some uncertainty in the short to medium term, this a relatively low risk business that is well financed and owns income producing assets, on long leases, generating strong cash flows. As part of a diversified portfolio, the units are an attractive investment. Over the next 2-3 years the vineyard assets will recover in value, with the trust being able to return to annual distributions of around 9 cents (i.e. yielding 27% on the current unit price) and the unit will likely be re-rated to around 75-85 cents (i.e. up 125-160%). "Buy".

Challenger Wine Trust



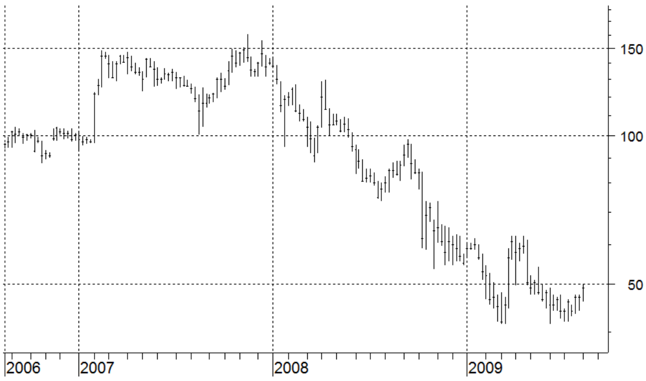
(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Devine is restructuring its Housing and Land Divisions into one national division to oversee its operations in Queensland, Victoria and New South Wales, which will "cut costs by eliminating duplication".

Devine

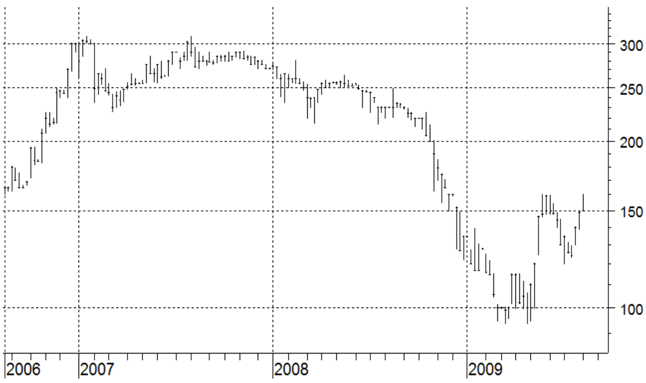


Fiducian Portfolio Services reports June 2009 quarter receipts of $5,469,000 - down 23% on the same period the previous year. Annual receipts are 22% lower at $24.0 million.

The June 2009 quarterly net operating cash surplus of $876,000 was down 46% on the June 2008 quarter, while the annual net operating cash surplus was also 46% lower at $3.2 million.

Cash on hand is $7.8 million (24 cents per share).

Fiducian Portfolio Services



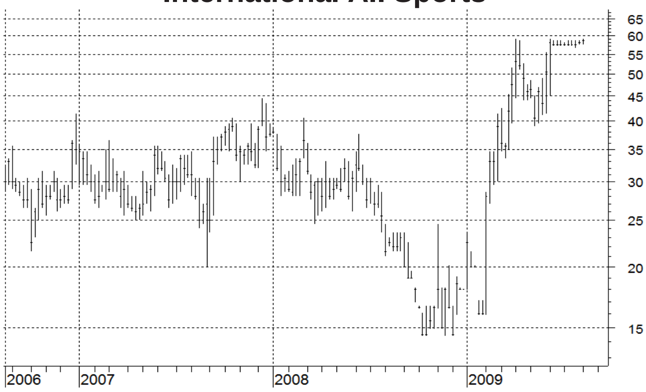
Integrated Research announced its June 2009 result would show "significant growth in profits" immediately prior to our July newsletter - which we estimated could put the annual profit at $7.9-8.9 million. The company then confirmed its own profit estimate in the range $7-8 million (4.2-4.8 cents per share). The actual result will be released this week on 13 August.

Integrated Research

International All Sports will hold a shareholders meeting on 14 September to approve the scheme of arrangement under which **Sportsbet** will acquire the company for 60 cents per share in cash. The scheme will become effective - and payment will be made - on 1 October.

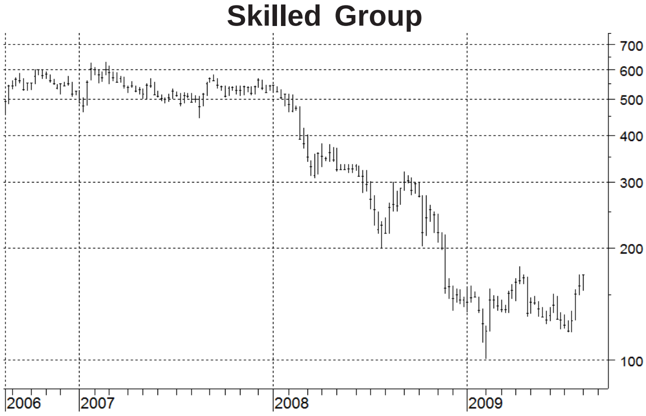
Investors not wanting to wait two months for payment *could* sell the shares on-market now for about 58 cents.

International All Sports



Skilled Group is restructuring its business into three divisions: *Staffing Services*, *Engineering & Marine Services* and *Business Services*. This is expected to generate further annual cost savings of around $4 million annually, in addition to the $40 million annual cost savings (mainly from downsizing overheads in line with current market demand) achieved in the year to June 2009.

Skilled Group



Share Recommendation: Buy Village Roadshow "A" Class Preference shares

BUY Village Roadshow "A" Class Preference shares (code VRLPA).

Village Roadshow is a diversified entertainment company involved in five businesses: Theme Parks, Film Production, Film Distribution, Cinema Exhibition and Radio. The "A" Class Preference shares offer a very high income yield and (like the ordinary shares) will participate fully in any recovery and growth by the company.

Company History

The company was formed in 1986 as **De Laurentiis Entertainment** to produce and finance motion pictures. The company listed on the Australian stockmarket following a public offer of 55.0 million shares at 50 cents in January 1987.

In September 2007 the group merged its film production business, **Village Roadshow Pictures Group**, with **Concord Music Group** to form **Village Roadshow Entertainment Group**. This business is 39.9% owned by Village Roadshow, 48.0% by Concord Entertainment and 12.1% by the private equity group **Tailwind Capital**.

Film distribution is conducted through **Roadshow Distributors Group** - a 50% joint venture with **Amalgamated Holdings** for 20 years until August 2007 when Village Roadshow acquired full ownership of this business.

In 1992, the company expanded into Theme Parks through a joint venture with **Warner Bros. Inc** to acquire **Sea World Property Trust** and this venture expanded with the acquisition and development of other parks. In May 2006 the group bought out Warner Bros for $254 million taking full ownership of the *Warner Bros Movie World*, *Sea World*, *Wet 'n' Wild Water World*, *Australian Outback Spectacular*, *Paradise Country*, *Sea World Aviation* and *Warner Roadshow Studios*. In September 2006 the company increased its ownership in the **Sea World Nara Resort Hotel** from 50% to 100% at a cost of $20 million.

A 14.9% shareholding was purchased in listed **Sydney Attractions Group** (i.e. the *Sydney Aquarium*, *Oceanworld Manly*, the *Sydney Tower*, *Skywalk* and *Sydney Wildlife World*) in January 2005 and a full takeover, valuing the company at $140 million, was completed in February 2008. Plans to acquire **Aussie World** in the Sunshine Coast and expand it into a water park for a total investment of $60-70 million were announced in May 2008. The group expanded into the United States with the acquisition of **Hawaiian Waters** in May 2008 (for US$27 million) and the **Phoenix Water Park** in July 2008 (for a total investment of US$25 million, including major expansion in 2009 and 2010). **Kelly Tarlton's Antarctic Encounter and Underwater World** in Auckland was purchased in March 2008 for NZ$13 million.

The Cinema Exhibition division grew from the November 1992 acquisition of the South East Asian multiplex cinema operations of **Village Roadshow Corporation**. This transaction gave Village Roadshow Corporation control of the listed company - which changed its name to Village Roadshow. This division expanded rapidly internationally - but with mixed success. During the late 1990's and early 2000's the group sold off its cinema interests in Hong Kong, Germany, Switzerland, France, South Korea, Thailand, India and Taiwan. The cinemas in Argentina were sold during 2005 and its cinema interests in NZ, Fiji, the United Kingdom, Italy and Austria sold during 2006. This leaves it with profitable cinema businesses in Australia (507 screens at 50 sites), Singapore (73 screens at nine sites), Czech Republic (22 screens at two sites) and Greece (62 screens at six sites) where it has management control and a dominant position in the Australian and Singapore markets.

In 1993 the group entered the radio broadcasting business with the purchase of FM radio stations from the **State Bank of New South Wales**. These radio interests were merged with listed **Austereo** in September 1994 when Village Roadshow acquired a 53.5% interest in Austereo. A full takeover bid was made for Austereo in 1997 - which Village Roadshow refloated on the stockmarket in 2001.

Village Roadshow currently owns 181,093,856 shares in **Austereo** (51.65% of the company) with a market value of $244.5 million (or 109 cents per Village Roadshow share).

Share Buy-Backs

Over recent years, Village Roadshow has been very active at re-purchasing both its A Class Preference shares and its ordinary shares. When we previously reviewed this company in 2002 its issued capital was 236.1 million ordinary shares and 240.4 million preference shares or a total of 476.5 million equity shares. Over the last six years the company has repurchased 52.8% of its equity capital, reducing it to 126.9 million ordinary shares and 98.0 million preference shares or a total of 224.9 million shares.

In the year to June 2004 the company bought back 140.1 million A Class Preference shares on-market for a total cost of $169 million. In the year to June 2005 the company made two on-market repurchases totalling 66.0 million ordinary shares acquired for $140 million.

16.8 million ordinary shares and 613,333 Preference shares were repurchased *(Continued on Page 8)*

Buy Village Roadshow Preference Shares

(Continued from Page 7)

in the year to June 2006 for $45 million.

In the year to June 2007, 13.6 million ordinary shares and 4.5 million Preference shares were bought back on-market for $59.3 million.

Over the year to June 2008 the company repurchased 14.1 million ordinary shares and 11.0 million Preference shares at a total cost of $74.6 million.

Capital Structure

Village Roadshow has an unusual capital structure with two classes of "equity" shares. There are 126,908,449 *ordinary* shares (code VRL) and 98,024,451 *A Class Preference* shares (code VRLPA). The A Class Preference shares are the most attractive for investors.

The ordinary shares have the usual voting rights and entitlement to dividends (if declared). Village Roadshow Corporation (i.e. the private company) owns 58.72% of these voting shares and has control of Village Roadshow, so the voting rights attached to the ordinary shares are of little or no value - especially to small individual shareholders.

The A Class Preference shares are effectively *non-voting ordinary* shares but also have preferential entitlements to dividends. The preference shares will receive the higher of (1) a minimum annual dividend of 10.175 cents (plus franking credits) or (2) an annual dividend 3.0 cents *higher* than paid on the ordinary shares.

The A Class preference shares also have priority on repayment of capital if the company is wound up, receiving 50 cents per share ahead of any payment on the ordinary shares, but fully participating in any capital in excess of 50 cents per share. As voting rights have little real value, these dividend and repayment rights make the preference shares *more attractive* than the ordinary shares. If the company performs poorly the preference shares will receive at least 10.175 cents (while the ordinary shareholders may receive nothing) but if the company performs well the preference shares participate fully in the growth in the dividend paid to the ordinary shareholders, plus receive an annual dividend rate 3.0 cents higher than the ordinary shares.

For some reason the market has always valued the preference shares at a discount to the ordinary shares - which further boosts their effective yield. That discount is currently at an historically high level of 35%.

The preference shares will also receive voting rights if (1) preference dividends are more than six months in arrears or (2) for any proposal to reduce the capital, wind up the company or sell the company's business. The preference shares will convert to ordinary shares in a takeover.

Both the ordinary shares and the A Class Preference shares are fairly actively traded in good volumes.

Recent Results

For the year to June 2006, revenues rose 5.9% to $1,541.5 million, but the company reported a *loss* of $35,109,000 (*minus* 13.4 cents per share) - down from a $49.3 million profit the previous year. No dividends were declared at the time but the company paid special dividends in December 2006 of 34.0 cents per ordinary share and 37.0 cents per preference share for the 2006 financial year.

The net operating cash surplus remained very strong at $131.7 million, up 226%.

Revenues were unchanged at $1,538.2 million over the year to June 2007 with profits recovering to $45,079,000 (18.2 cents per share). Dividends of 9.0 cents per ordinary share and 12.0 cents per preference share were paid, plus a capital repayment of 15.0 cents on both classes of share.

There was a net operating cash *deficit* of $72.0 million for the period.

For the year to June 2008 the company reported revenues of $1,311.9 million. Adjusted for the deconsolidation of the film production business (which became an associate company) revenues were up 51.3%. Profits from *continuing* operations were $62,200,000 (27.7 cents per share) plus a $195 million profit from the deconsolidation of the film production business. Regular dividends of 16.5 cents per ordinary share plus 19.5 cents per preference share were paid, plus a special 10.0 cents dividend on both types of share.

The half year to 31 December 2008 saw revenues increase 13.3% to $734.0 million, but profits slipped 62.3% to $17,059,000 (7.5 cents per share).

There was a net operating cash surplus of $89.6 million, compared with a *deficit* of $96.5 million in the same period a year earlier.

The company deferred declaring an interim dividend pending the refinancing of credit lines for its film production associate, Village Roadshow Entertainment Group. These negotiations took longer than expected but were finally concluded in early May (with a US$900 million facility repayable from September 2010 to September 2012). This refinancing also reduced Village Roadshow's financial guarantees to the film production associate.

The company declared and paid an interim dividend of 3.75 cents on both classes of share.

Divisional Contributions and Debt Levels

For the year to June 2008, Radio generated $70.2 million to consolidated earnings (before interest, tax, depreciation and corporate overheads) but this division is only 51.6% owned, so contributed $36.3 million (29%) to earnings of the company's shareholders. Theme Parks earned $34.4 million (27%), Film Distribution $36.8 million (29%) and Cinema Exhibition $19.1 million (15%), with no earnings from the Film Production business for the period.

Film Production is, of course, a very volatile business with large fluctuations in earnings. The Radio business can also be cyclical, with profits fluctuating with advertising revenues in line with general economic conditions. Theme Parks, Film Distribution and Cinema Exhibition are relatively stable businesses, generating strong cashflows.

The company has increased its ownership of Theme Parks and Film Distribution from 50% to 100% in recent years and is focusing upon expanding Theme Parks, so this should contribute to more stable and reliable future earnings.

Village Roadshow also has relatively high consolidated (i.e. *including* Austereo, but *excluding* its 39.9% owned Village Roadshow Entertainment Group) interest bearing debts totalling $968.9 million. High debt levels increase both the annual *fluctuations* and the potential *future growth rate* in profits. The company's debt levels are manageable owing to high earnings and cashflows which cover interest costs several times over.

Investment Criteria

At 118½ cents the ordinary shares trade on a Price/Sales ratio of 0.20, a Price/Earnings ratio of 4¼ and offer a Dividend Yield of 13.9%.

The preference shares trade at 77 cents, which is a Price/Sales ratio of 0.13, a Price/Earnings ratio of 2¾ and - owing to both the *lower price* and *higher dividend* entitlement - offer a high Dividend Yield of 25.3%.

Village Roadshow is a relatively *asset rich* company with a $253 million (112 cents per share) investment in Austereo. Shareholders Equity is $629.1 million (280 cents per share).

The combined market capitalisation of the ordinary and preference shares is $226 million, making this a medium to large listed Australian company.

The combination of (manageable) high debt levels and the large discount to net assets offers significant *leverage* to investors. The company has total assets of $2,262.7 million. That is $10.06 per share in assets which can be bought for just 118½ or 77 cents (i.e. 12 cents or 7½ cents in the dollar). *If* the company can manage its assets and businesses well then *all* additional gains will accrue to the ordinary and preference shareholders. Ownership of the Preference shares - with their preferential entitlement to dividends and capital, plus their lower share price - minimises our investment risk.

Management have a significant holding in Village Roadshow. Directors RG Kirby, JR Kirby and GW Burke own 77,517,432 ordinary shares (mainly through Village Roadshow Corporation), while WJ Conn owns 191,563 ordinary shares, PD Jonson holds 10,000 ordinary shares and 33,236 preference shares, DB Reardon has 10,000 ordinary and 8,552 preference shares and DJ Evans owns 40,000 ordinary shares.

There have been six *insider* buys over the last year (plus a seventh very small, insignificant purchase). G W Burke purchased 200,000 at 100-110 cents, 25,000 shares at 102 cents, 75,000 shares at 102 cents and 11,009 shares at 98-99 cents in December 2008. He then purchased 12,943 shares at 99 cents and 17,968 shares at 99-100 cents in January 2009.

Over recent years, Village Roadshow has become *neglected* by brokers and only one broker currently publishes profit forecasts.

Village Roadshow shares peaked at 670 cents in February 1996 and steadily lost 85% of their value through to a low of 98 cents in March 2003. The shares recovered 259% to a high of 352 cents in May 2007 before again falling 78% to 77 cents in May of this year. Since then the shares have started to recover. The Relative Strength rating is -4.1%, ranked 62 (on a scale of 0-99), but improving rapidly.

Summary and Recommendation

We are recommending the purchase of Village Roadshow A Class Preference shares for both a very high income, plus profit recovery and growth and a re-rating in asset values.

Based upon last year's dividend the yield is 25.3%. The current year preference share dividend will likely be lower although with a *minimum* annual dividend of 10.175 cents to yield at least 13.2%.

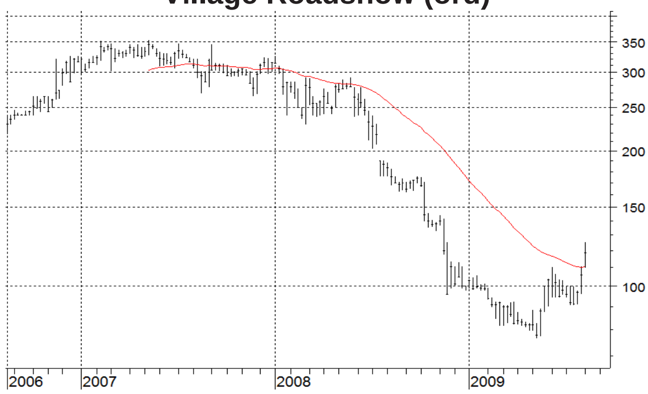
This is also an asset rich situation, with Village Roadshow owning listed Austereo shares worth 113 cents for each of its own shares. So a $1000 investment in Village Roadshow preference shares gives an indirect investment in $1412 worth of Austereo shares.

Total asset backing per share is 280 cents, so the ordinary shares are trading at a 58% discount and the preference shares trade at a 72% discount to asset backing. At 77 cents the preference shares trade at a large 35% discount to the value of the ordinary shares.

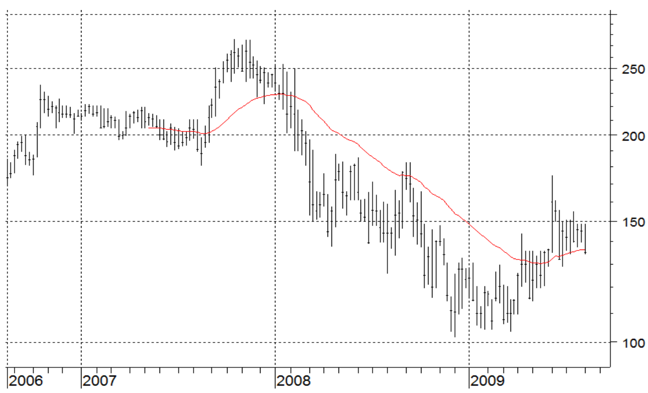
Expansion of its Theme Park division into international markets offers good growth potential from a business with reliable high cashflows.

Village Roadshow preference shares should appeal to most investors as they offer a reliable current income, with good potential for profit growth and income growth and significant potential for the share price to recover in value and to appreciate further over the medium to long term.

Village Roadshow (ord)



Austereo



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

For an explanation of this table see the *Share Selection Methods* report 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.

UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0

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
Smiths City	34	+5.8	-0.3	20	0-0	-	0.4	2	1.6	18	5.9	0.08	18
Hellaby Hold.	120	+6.0	+16.9	19	15-0	2	0.7	21	0.8	3	11.7	0.12	60
Allied Work.	79	+8.5	+3.3	14	0-0	1	1.2	12	1.1	10	12.3	0.27	21
Air New Zealand	118	+1.5	-1.0	40	1-1	6	0.8	14	0.9	6	10.8	0.27	1,248
Zintel Comm.	21	+8.1	+1.4	16	1-0	-	0.9	20	2.0	5	21.3	0.27	11
Turners & Grow.	155	+5.7	+3.7	21	1-0	2	0.5	5	0.7	12	9.6	0.27	155
Turners Auction	80	+8.1	-1.4	15	4-0	-	1.1	5	0.8	20	5.4	0.28	22
Ebos Group Ltd	535	+7.9	+0.1	17	0-0	1	1.7	11	0.5	15	6.4	0.28	252
Seeka Kiwifruit	260	+1.9	+4.5	38	2-0	-	0.6	7	0.4	8	6.9	0.30	33
Restaurant Brds	103	+19.2	-4.2	3	10-0	2	2.7	22	0.9	12	10.1	0.32	100
Fletcher Build.	732	+5.6	+0.3	22	1-5	6	1.3	17	0.7	8	9.8	0.52	3,685
Infratil NZ	182	+1.5	+3.2	40	3-0	1	1.2	-	1.0	NE	5.1	0.55	947
Steel & Tube	320	+1.4	+2.6	42	0-4	4	1.1	8	0.8	13	8.9	0.56	282
Cavalier Corp	228	+3.3	+6.7	29	0-0	4	1.8	21	0.8	9	13.1	0.61	153
Taylors Grp Ltd	179	+9.3	-1.2	13	0-0	-	1.5	8	0.7	18	10.0	0.62	43
Briscoe Group	115	+16.6	+4.4	6	0-0	3	2.0	10	0.8	21	5.8	0.63	244
Tower Limited	174	+8.3	+4.1	15	0-0	5	1.3	13	0.9	10	5.1	0.64	329
Methven Limited	143	+5.1	+4.4	23	1-0	3	1.6	17	1.0	9	12.3	0.69	95
Warehouse Group	399	+2.4	+1.4	35	0-2	9	3.7	34	0.7	11	6.5	0.70	1,241
Abano Health.	570	+8.9	+3.9	13	0-0	1	2.3	17	0.7	14	5.5	0.71	132

BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0

Company	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Tenon Ltd	97	+31.8	+0.7	1	0-2	1	0.4	2	0.8	16	Nil	0.13	65
Restaurant Brds	103	+19.2	-4.2	3	10-0	2	2.7	22	0.7	12	10.1	0.32	100
Pumpkin Patch	174	+16.4	+5.9	6	1-3	3	2.6	25	0.8	11	7.7	0.79	291
Taylors Grp Ltd	179	+9.3	-1.2	13	0-0	-	1.5	8	0.5	18	10.0	0.62	43
Abano Health.	570	+8.9	+3.9	13	0-0	1	2.3	17	0.7	14	5.5	0.71	132
Allied Work.	79	+8.5	+3.3	14	0-0	1	1.2	12	0.9	10	12.3	0.27	21
Tower Limited	174	+8.3	+4.1	15	0-0	5	1.3	13	0.8	10	5.1	0.64	329
Turners Auction	80	+8.1	-1.4	15	4-0	-	1.1	5	0.6	20	5.4	0.28	22
Zintel Comm.	21	+8.1	+1.4	16	1-0	-	0.9	20	1.5	5	21.3	0.27	11
Ebos Group Ltd	535	+7.9	+0.1	17	0-0	1	1.7	11	0.4	15	6.4	0.28	252
Michael Hill	70	+7.6	+2.5	18	0-0	2	2.9	28	0.6	11	6.8	0.71	268
Hellaby Hold.	120	+6.0	+16.9	19	15-0	2	0.7	21	0.7	3	11.7	0.12	60
Smiths City	34	+5.8	-0.3	20	0-0	-	0.4	2	1.2	18	5.9	0.08	18
Turners & Grow.	155	+5.7	+3.7	21	1-0	2	0.5	5	0.6	12	9.6	0.27	155
Fletcher Build.	732	+5.6	+0.3	22	1-5	6	1.3	17	0.6	8	9.8	0.52	3,685
Methven Limited	143	+5.1	+4.4	23	1-0	3	1.6	17	0.8	9	12.3	0.69	95
Hallenstein G.	279	+4.7	+0.3	24	2-0	2	2.5	32	0.4	8	18.7	0.83	166
Cavalier Corp	228	+3.3	+6.7	29	0-0	4	1.8	21	0.6	9	13.1	0.61	153
Cynotech Hold.	14	+3.3	-3.0	30	0-0	-	1.1	17	1.7	6	13.3	0.84	15
Scott Tech. Ltd	110	+3.0	+7.9	31	5-0	-	1.5	17	0.6	9	12.2	0.93	27

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

Company	Share Price	Cur-rent	4-Wk Chg.	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
PGG Wrightsons	92	-11.6	-5.4	83	9-4	4	0.6	15	0.7	4	26.0	0.22	266
Pyne Gould Corp	150	-12.6	+0.9	85	0-0	-	0.6	17	0.6	3	22.9	0.62	147
Hallenstein G.	279	+4.7	+0.3	24	2-0	2	2.5	32	0.4	8	18.7	0.83	166
Telecom Corp	277	+2.1	+1.0	37	0-4	13	1.8	26	0.6	7	15.6	0.89	5,057
Cavalier Corp	228	+3.3	+6.7	29	0-0	4	1.8	21	0.6	9	13.1	0.61	153
Guoco Leisure	43	+3.0	+3.4	31	13-0	-	0.4	1	0.8	33	12.2	0.91	588
ING Property	74	+1.2	+5.9	44	5-0	2	0.7	-	0.5	NE	10.8	3.64	392
Air New Zealand	118	+1.5	-1.0	40	1-1	6	0.8	14	0.6	6	10.8	0.27	1,248
AMP Onyx Mgmt	79	-9.3	+2.4	77	1-0	3	0.5	11	0.6	5	10.6	4.75	788
Goodman Prop.	100	-0.9	+5.6	51	0-0	3	0.9	-	0.6	NE	10.4	6.52	845

INSIDER BUYING: Most Insider Buying, Relative Strength>0

Company	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Hellaby Hold.	120	+6.0	+16.9	19	15-0	2	0.7	21	0.5	3	11.7	0.12	60
Guoco Leisure	43	+3.0	+3.4	31	13-0	-	0.4	1	0.7	33	12.2	0.91	588
Restaurant Brds	103	+19.2	-4.2	3	10-0	2	2.7	22	0.5	12	10.1	0.32	100
Scott Tech. Ltd	110	+3.0	+7.9	31	5-0	-	1.5	17	0.4	9	12.2	0.93	27
ING Property	74	+1.2	+5.9	44	5-0	2	0.7	-	0.5	NE	10.8	3.64	392
Rubicon Limited	91	+12.8	+6.8	8	6-1	-	1.1	-	0.5	NE	Nil	0.41	227
Turners Auction	80	+8.1	-1.4	15	4-0	-	1.1	5	0.5	20	5.4	0.28	22
Port Tauranga	663	+4.0	+3.0	26	3-0	4	1.4	7	0.4	21	5.6	5.97	888
Infratil NZ	182	+1.5	+3.2	40	3-0	1	1.2	-	0.8	NE	5.1	0.55	947
Pike River Coal	114	+11.3	+5.9	10	2-0	4	1.4	-	0.8	NE	Nil	N/A	359

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

Company	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Northland Port	200	-12.1	+0.9	83	0-0	-	0.5	6	0.4	9	8.2	7.09	87
Goodman Prop.	100	-0.9	+5.6	51	0-0	3	0.9	-	0.5	NE	10.4	6.52	845
Akd Int Airport	174	-5.0	+1.4	65	0-1	7	1.1	6	0.6	19	7.0	6.06	2,127
AMP Onyx Mgmt	79	-9.3	+2.4	77	1-0	3	0.5	11	0.5	5	10.6	4.75	788
Windflow Tech.	178	-16.2	+1.6	89	0-0	-	2.6	-	0.3	NE	Nil	4.38	15
AMP Limited	736	-1.3	+1.2	54	0-0	-	6.1	28	0.5	21	6.1	4.33	14,668
Kiwi Property	99	-3.9	+2.7	63	0-0	3	0.8	-	0.5	NE	9.2	4.23	774
South Port NZ	236	-0.7	+0.9	49	0-0	1	2.3	9	0.5	25	6.0	4.03	62
WN Drive Tech.	13	-10.5	-2.3	80	0-0	-	2.6	-	1.1	NE	Nil	3.69	54
F & P Health.	329	-1.1	+1.3	53	1-3	6	8.2	30	0.4	27	5.6	3.65	1,676
Metro. LifeCare	230	-13.8	+3.3	86	0-0	-	0.4	-	0.3	NE	8.3	3.46	201
Burger Fuel	27	-5.5	+1.1	68	0-0	-	3.1	-	0.9	NE	Nil	3.03	14
Lyttelton Port	240	-1.1	+1.0	52	0-0	2	1.9	8	0.4	24	3.2	2.94	245
Kermadec Prop.	45	-6.9	+1.4	73	1-0	-	0.5	-	0.7	NE	11.1	2.67	35
Nat Property Tr	43	-2.1	+4.0	58	0-0	2	0.5	-	0.6	NE	11.7	2.50	82
Horizon Energy	296	-2.1	-1.7	57	0-0	1	1.5	11	0.2	14	8.6	2.44	74
Mowbray Collect	85	-12.8	-6.0	86	0-2	-	2.2	-	0.3	NE	Nil	2.27	9

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

Company	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Charlie's Group	9	-58.3	+0.0	98	1-0	-	1.7	-	1.3	NE	Nil	0.87	26
Nuplex Indust	200	-30.2	+6.2	95	2-0	4	3.7	-	0.4	2	2.8	0.57	327
NZ Farming Sys.	52	-20.6	+0.6	92	13-0	-	0.6	-	0.7	NE	Nil	N/A	127
Windflow Tech.	178	-16.2	+1.6	89	0-0	-	2.6	-	0.3	NE	Nil	4.38	15
Metro. LifeCare	230	-13.8	+3.3	86	0-0	-	0.4	-	0.3	NE	8.3	3.46	201
Mowbray Collect	85	-12.8	-6.0	86	0-2	-	2.2	-	0.3	NE	Nil	2.27	9
Northland Port	200	-12.1	+0.9	83	0-0	-	0.5	6	0.4	9	8.2	7.09	87
NZ Finance Hold	22	-11.4	+1.1	82	1-0	-	1.0	-	0.7	NE	Nil	0.43	17
WN Drive Tech.	13	-10.5	-2.3	80	0-0	-	2.6	-	1.0	NE	Nil	3.69	54
Comvita	110	-9.8	+6.8	79	5-0	-	0.5	1	0.5	41	Nil	0.43	31
Canty Bldg Soc.	300	-9.8	-1.2	79	1-2	-	0.7	4	0.2	18	4.0	0.99	36
AMP Onyx Mgmt	79	-9.3	+2.4	77	1-0	3	0.5	11	0.4	5	10.6	4.75	788
Skellerup Hold.	57	-9.0	+2.8	76	6-0	2	1.6	2	0.8	104	7.9	0.34	75
NZ Wine Company	165	-8.8	+1.3	74	0-0	-	0.7	5	0.3	15	6.3	1.33	14
Kermadec Prop.	45	-6.9	+1.4	73	1-0	-	0.5	-	0.7	NE	11.1	2.67	35
Millennium & C.	35	-6.8	+3.3	72	0-0	-	0.3	4	0.5	7	5.1	0.99	122
Sealegs Corp	22	-6.6	+9.7	71	0-0	-	3.5	-	1.4	NE	Nil	1.49	17

INSIDER SELLING: Most Insider Selling, Relative Strength<0

Company	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Mainfreight Grp	485	-2.4	+0.2	58	0-14	5	1.7	12	0.5	13	5.7	0.38	478
TeamTalk Ltd	195	-1.7	-0.4	55	0-2	-	1.9	18	0.4	11	15.3	1.29	39
Guinness Peat	76	-6.5	+3.4	69	0-2	2	0.5	-	0.6	NE	3.3	0.34	1,185
Mowbray Collect	85	-12.8	-6.0	86	0-2	-	2.2	-	0.3	NE	Nil	2.27	9
F & P Health.	329	-1.1	+1.3	53	1-3	6	8.2	30	0.4	27	5.6	3.65	1,676
Akd Int Airport	174	-5.0	+1.4	65	0-1	7	1.1	6	0.5	19	7.0	6.06	2,127

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

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

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
London City Eq.	40	-10.0	-3.6	74	0-0	-	0.7	5	0.5	13	7.5	9.76	9
ICS Global Ltd	11	-5.0	-5.1	64	0-0	-	11.0	-	1.2	NE	Nil	9.12	19
Polartechnics	7	-17.8	-6.9	85	0-0	-	7.1	-	1.6	NE	Nil	8.77	17
Rubik Financial	8	-3.4	+3.5	61	0-0	-	0.8	-	1.0	NE	Nil	8.63	20
Copper Range	2	-19.8	-7.1	87	0-0	-	-	-	2.6	NE	Nil	8.61	19
Monto Minerals	6	-4.9	+1.4	64	0-0	-	-	-	1.2	NE	Nil	8.57	19
Primeag Aust.	107	-8.2	-2.7	71	2-0	2	0.8	1	0.6	82	Nil	8.29	161
Adavale Res.	3	-2.7	+4.4	59	4-0	-	1.1	-	2.2	NE	Nil	8.10	6
Island Sky Aust	25	-11.2	+2.1	76	0-2	-	-	-	0.8	125	Nil	7.86	31
Clean Seas Tuna	68	-0.1	-5.4	51	1-0	2	2.3	-	0.5	NE	Nil	7.84	106
WCP Resources	4	-2.8	+2.4	59	0-0	-	-	-	1.8	NE	Nil	7.80	6
Metal Storm Ltd	3	-14.8	-0.2	81	1-0	-	-	-	1.9	NE	Nil	7.78	17
Aurora Sand Div	109	-2.9	+0.5	59	0-0	-	1.0	10	0.4	11	7.3	7.66	39
Aust Enh Income	590	-3.2	+1.5	60	0-0	-	1.1	-	0.3	NE	11.9	7.22	19
CFS Retail Prop	171	-3.0	+3.4	60	0-0	10	0.8	14	0.5	6	7.0	7.20	3,867
Contango Cap P.	38	-2.3	+0.1	57	0-1	-	0.6	-	0.7	NE	8.6	6.97	38
Adv Share Reg.	25	-2.3	+7.1	57	1-0	-	2.7	18	1.0	15	6.1	6.79	10
AMF Asset Yield	137	-6.6	+0.4	68	0-0	-	0.7	6	0.5	11	12.6	6.66	136
Gateway Mining	9	-3.1	+3.9	60	1-0	-	-	-	1.0	143	Nil	6.62	9
MMC Contrarian	43	-1.1	+1.6	55	1-0	-	0.7	-	0.5	NE	Nil	6.60	105
Deutsche Ind Tr	196	+0.0	+0.0	50	0-0	-	1.2	10	0.2	12	8.1	6.49	663
Aevum Ltd	123	-2.0	+5.9	57	0-0	3	0.6	11	0.4	5	7.3	6.17	153
Deutsche Div Tr	131	+0.0	+0.0	50	0-0	-	1.1	8	0.3	14	7.1	6.10	1,306
Phylogica Ltd	5	-3.2	-6.8	60	0-0	-	5.0	-	1.5	NE	Nil	6.10	7
Pac Environment	25	-9.5	-3.4	74	2-0	-	2.8	-	1.0	NE	Nil	6.00	20
Van Eyk Blue AP	704	-2.5	+0.2	58	0-0	-	0.9	6	0.3	16	9.8	5.99	38
Forest Place Gr	110	-8.2	-0.5	71	1-0	-	0.5	22	0.5	2	Nil	5.89	91
Agenix Limited	2	-12.5	+2.8	78	0-0	-	0.9	-	2.4	NE	Nil	5.86	7
Jervois Mining	1	-13.0	-0.3	79	0-0	-	-	-	4.0	NE	Nil	5.78	15
Sundance Energy	10	-14.0	+0.6	80	2-0	-	-	-	1.3	NE	Nil	5.65	15
IM Medical Ltd	1	-7.1	-0.9	69	2-1	-	-	-	4.4	NE	Nil	5.56	6
Lihir Gold Ltd	268	-0.1	-1.7	52	3-0	16	-	-	0.6	4	Nil	5.54	5,861
Progen Pharm.	72	-5.6	-2.4	66	0-0	-	0.6	-	0.8	NE	Nil	5.50	43
Heron Resources	20	-4.8	+1.2	64	1-0	-	-	-	0.9	NE	Nil	5.49	41
CO2 Group Ltd	24	-0.6	+11.5	53	6-0	-	6.0	14	0.9	42	Nil	5.49	66
Fermiscan Hold.	14	-28.5	-3.1	94	0-0	-	2.3	-	1.2	NE	Nil	5.36	20
Novogen Ltd	70	-2.3	+9.2	57	1-0	-	1.6	-	0.7	NE	Nil	5.14	68
Ramelius Res.	49	-6.1	-1.4	67	0-0	-	-	-	0.8	11	1.0	5.14	77
Pro Medicus Ltd	77	-7.6	+1.7	70	1-0	1	5.9	61	0.6	10	7.8	5.03	77
Transurban Grp	422	-6.6	+2.5	68	0-0	12	1.5	-	0.2	NE	13.5	5.02	5,141
Occupational Md	20	-6.9	+2.9	69	0-1	-	-	-	0.9	NE	Nil	4.88	8
C'wth Prop Off.	89	-9.8	+3.2	74	1-0	9	0.6	17	0.4	4	10.4	4.78	1,419
Spark Infrastru	106	-5.1	+2.8	65	0-1	7	-	-	0.6	113	17.5	4.68	1,069
Goldsearch Ltd	2	-0.9	-1.0	54	0-0	-	-	-	2.2	NE	Nil	4.63	5
Breakaway Res.	8	-9.4	+2.9	73	0-0	-	-	-	1.3	17	Nil	4.63	14
CSL Limited	3141	-5.9	-0.4	67	2-0	13	3.9	16	0.3	25	2.5	4.56	17,288
Orion Equities	54	-2.3	+3.3	57	0-0	-	0.5	-	0.5	NE	Nil	4.52	10
Aurora Buy Write	585	-2.7	-0.8	59	0-0	-	0.9	-	0.4	NE	Nil	4.50	9
Maximus Res	3	-25.4	+2.4	92	1-0	-	-	-	1.8	NE	Nil	4.49	8
Austin Explor.	10	-10.7	+18.2	76	0-0	-	-	-	1.4	NE	Nil	4.32	11

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

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
Albidon Ltd	4	-52.8	+1.2	99	1-0	-	-	-	1.5	NE	Nil	1.44	6
RIM Capital Ltd	10	-41.9	+4.6	98	0-0	-	5.0	-	0.9	3	Nil	3.09	9
Windimurra Van.	17	-37.4	+3.4	98	1-0	-	-	-	0.9	NE	Nil	N/A	17
Sth Amer Iron	9	-37.0	+3.8	98	1-0	-	0.8	-	1.1	NE	Nil	N/A	11
Compass Res	15	-33.0	+3.8	96	3-0	-	0.3	-	0.9	NE	Nil	N/A	19
RMA Energy Ltd	5	-32.2	+4.1	96	0-0	-	-	-	1.4	NE	Nil	N/A	11
Golden Gate Pet	5	-32.0	+1.5	96	0-0	-	-	-	1.5	NE	Nil	1.89	9
Everest Fin Grp	7	-31.8	+3.7	96	1-0	1	-	-	1.3	1	Nil	0.51	17
Copper Co Ltd	5	-30.6	+3.9	95	0-0	-	-	-	1.5	NE	Nil	N/A	20
Wallace Abs Ret	7	-30.5	+3.6	95	0-0	-	0.2	-	1.0	NE	Nil	0.62	7
Norwest Energy	2	-30.5	+4.4	95	1-0	-	-	-	2.5	NE	Nil	3.64	6
Eden Energy Ltd	6	-29.2	+1.8	95	1-0	-	-	-	1.4	NE	Nil	N/A	8
Oilex Ltd	22	-29.2	+3.1	95	1-0	-	-	-	1.4	NE	Nil	N/A	28
Fermiscan Hold.	14	-28.5	-3.1	94	0-0	-	2.3	-	1.2	NE	Nil	5.36	20
Mintails Ltd	4	-28.4	+0.9	94	5-0	-	0.2	-	2.1	NE	Nil	1.09	18
Eastl'd Medical	3	-27.4	-0.2	93	0-0	-	0.4	-	1.6	NE	Nil	0.59	9
Austral Gold	9	-26.1	+4.2	93	0-0	-	-	-	1.2	NE	Nil	N/A	6
TZ Limited	96	-26.0	-3.5	93	6-0	-	-	-	1.0	NE	Nil	2.34	37
Indo Mines Ltd	19	-25.8	+1.4	93	0-0	-	-	-	0.7	NE	Nil	N/A	13
Adelphi Energy	6	-25.4	+5.2	92	0-0	-	-	-	1.7	NE	Nil	N/A	7
Maximus Res	3	-25.4	+2.4	92	1-0	-	-	-	1.7	NE	Nil	4.49	8
Aviva Corp Ltd	14	-25.2	+2.9	92	0-0	-	-	-	0.9	NE	Nil	N/A	11
Minerals Corp.	0	-25.2	+2.8	92	4-0	-	0.4	-	4.6	NE	Nil	0.83	10
Cytopia Ltd	8	-24.7	-1.3	92	0-0	-	1.0	-	1.1	NE	Nil	1.35	7
Mercury Mob.	5	-24.7	-2.5	92	0-0	-	-	-	1.4	NE	Nil	0.81	5
Mission New En.	17	-24.5	-0.7	91	0-0	-	0.2	4	0.9	7	Nil	0.67	16
Admiralty Res.	2	-24.5	+1.9	91	1-1	-	-	-	2.3	NE	Nil	N/A	16
Ottoman Energy	6	-23.8	+3.0	91	1-0	-	-	-	1.2	NE	Nil	N/A	22
Quest Petroleum	1	-22.8	+2.0	90	0-0	-	-	-	3.3	NE	Nil	N/A	18
Advanced Engine	4	-22.7	-0.1	90	1-0	-	-	-	1.7	NE	Nil	1.17	5
Nupower Res.	4	-21.9	+6.2	89	1-0	-	-	-	1.6	NE	Nil	N/A	9
Tamaya Res.	1	-21.8	+3.8	89	0-0	-	-	-	2.8	2	Nil	0.31	15
Centaurus Res.	37	-21.5	+2.4	89	1-0	-	-	-	0.9	NE	Nil	N/A	8
Aneka Tambang	100	-20.9	+3.7	88	0-0	-	-	-	1.0	NE	12.0	N/A	1,908
Heemskirk Cons.	36	-20.9	-3.7	88	0-0	2	0.5	-	0.6	NE	2.8	0.85	28
Optiscan Image	7	-20.6	+5.2	88	0-0	-	3.5	-	1.1	NE	Nil	2.86	8
Tyrian Diagnost	2	-20.6	+1.9	88	0-0	-	1.0	-	2.2	NE	Nil	1.92	9
Herald Resource	42	-20.5	+2.6	88	1-0	-	-	-	0.8	NE	Nil	N/A	85
Prana Biotech.	20	-20.4	+3.1	88	0-0	-	6.5	-	0.7	NE	Nil	N/A	39
Vital Metals	8	-20.3	+4.1	88	0-0	-	-	-	1.3	NE	Nil	N/A	6
Nexus Energy	34	-20.2	+1.9	87	6-0	3	-	-	0.7	5	Nil	3.37	177
Republic Gold	2	-20.0	-1.0	87	0-0	-	-	-	1.8	NE	Nil	N/A	9
HFA Accelerator	24	-19.9	+10.9	87	0-0	-	0.6	-	0.7	NE	10.4	N/A	48
St Barbara Ltd	21	-19.9	-2.4	87	3-1	3	1.1	-	1.2	NE	Nil	1.70	243
Copper Range	2	-19.8	-7.1	87	0-0	-	-	-	2.4	NE	Nil	8.61	19
Structural Mon.	3	-19.8	+15.9	87	0-0	-	-	-	1.6	NE	Nil	N/A	7
Fox Resources	14	-19.4	+2.8	86	1-1	-	-	-	1.1	NE	Nil	0.52	37
Ord River Res.	4	-19.0	+2.8	86	0-0	-	-	-	1.4	NE	Nil	N/A	6
Malachite Res.	6	-19.0	+1.3	86	0-0	-	-	-	1.3	NE	Nil	N/A	6
Analytica Ltd	2	-18.9	-2.1	86	0-3	-	-	-	1.9	NE	Nil	N/A	6

INSIDER SELLING: Most Insider Selling, Relative Strength < 0

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
Hitech Energy	3	-12.0	+1.8	78	0-7	-	-	-	1.4	300	Nil	N/A	13
Linc Energy Ltd	138	-12.1	-7.5	78	0-5	-	-	-	0.7	NE	Nil	N/A	443
Sonic Health	1222	-2.4	+2.3	58	0-5	15	-	-	0.3	17	4.3	1.71	4,075
Bank of Q'land	1103	-0.0	+6.4	51	0-5	14	2.0	16	0.3	13	6.6	0.75	1,654
CVC Limited	60	-2.4	+1.1	58	0-3	-	0.5	1	0.5	90	10.0	3.33	103
Tatts Group Ltd	255	-4.2	-0.6	63	0-3	13	-	-	0.4	13	3.7	1.05	3,227
Analytica Ltd	2	-18.9	-2.1	86	0-3	-	-	-	1.7	NE	Nil	N/A	6
Eromanga H/C	15	-15.5	+2.3	82	0-3	-	-	-	0.9	NE	Nil	N/A	26
Rock Build Soc.	270	-4.2	+2.4	62	0-3	1	1.8	16	0.2	12	7.6	0.53	52
Hydromet Corp.	6	-10.2	+0.8	75	0-3	-	1.4	22	1.2	6	3.6	0.47	18
Bendigo Bank	813	-11.4	+6.3	77	1-4	16	1.9	18	0.3	11	7.1	0.77	2,233
Guinness Peat	61	-11.5	+2.5	77	0-2	-	0.5	-	0.4	NE	3.4	0.30	858
APN News Media	180	-10.5	+7.3	76	0-2	11	-	-	0.3	NE	12.5	0.74	1,059
Island Sky Aust	25	-11.2	+2.1	76	0-2	-	-	-	0.7	125	Nil	7.86	31
ISS Group Ltd	24	-18.5	+1.3	85	0-2	-	2.6	42	0.7	6	7.4	1.27	23
SP Ausnet	76	-11.1	-0.9	76	0-1	10	0.9	8	0.4	11	15.6	1.38	2,372
Macmin Silver	4	-7.9	+2.0	70	0-1	-	-	-	1.3	NE	Nil	N/A	20
Moly Mines Ltd	96	-4.0	+11.6	62	0-1	1	-	-	0.3	NE	Nil	N/A	60
Contango Cap P.	38	-2.3	+0.1	57	0-1	-	0.6	-	0.7	NE	8.6	6.97	38
Reverse Corp	75	-17.7	+4.0	85	0-1	4	18.8	-	0.4	3	32.0	1.41	69
Occupational Md	20	-6.9	+2.9	69	0-1	-	-	-	0.8	NE	Nil	4.88	8
Spark Infrastru	106	-5.1	+2.8	65	0-1	7	-	-	0.5	113	17.5	4.68	1,069
Templeton Globa	83	-1.3	+1.9	55	0-1	-	0.9	-	0.3	NE	Nil	N/A	120
PMP Limited	47	-15.8	+4.2	82	1-2	6	0.6	14	0.6	4	9.6	0.12	159
Minemakers Ltd	52	-7.8	-2.6	70	1-2	-	-	-	0.6	NE	Nil	N/A	21

Writing Covered Call Options for Extra Income (or "Picking up Pennies in front of a Steamroller")

There are a large number of investment "advisers" promoting schemes with which this newsletter does not agree. It is, however, not our job to comment on the follies of pouring money into the black holes of time-share investments, using the "lazy equity in your home" to finance inner-city apartment developments or high interest deposits with finance companies making dubious, high risk loans to "smart money" property developers! Slick sales people will always find a virtually unlimited source of unsophisticated investors with cash to spend on such schemes.

Over the last month, however, two stockmarket advisers have been promoting the writing of covered call options as an apparent low risk strategy for generating an additional "lucrative income stream" from share portfolios. If these recommendations were made only to their existing newsletter customers, then it wouldn't be our place to comment. In both cases, however, covered call option writing has been suggested in promotional emails sent out to many brokerage customers. The chances are that subscribers to *this* newsletter probably received one or both of these emails from their broker . . . so are covered call options the low risk way to earn some "lucrative" extra income?

Writing Covered Call Options

This investment strategy involves owning a share and writing (i.e. selling) an *exchange traded* call option. If the share price either (1) remains steady or (2) falls in value, then the call option writer is better off by the amount of the income earned selling the call option which expires worthless. If the share price rises and the call option is exercised, then we are usually told the investor is no worse off but simply sells the shares to the call option purchaser.

To quote from one of the emails "It is clear that an investor using a covered call strategy is always in a better position than an investor who does not sell the call option except in the case where the share price appreciates significantly prior to the expiry of the option". They also make the statement that "The covered call strategy can help the investor partially reduce the downside risk on their holdings" which makes absolutely no sense whatsoever to us!

The hypothetical example in the promotional email also shows an investor earning a 5% premium (per month!) for a call option with a high strike price 20% above the current share price (i.e. and therefore unlikely to be exercised). *If* one could earn that sort of option premium, *then* covered call option writing *might* be worth considering . . . . but in practice much more risky call options with a strike price just 10% above the current share price might earn a significantly lower 0.5-1.0% premium!

As the promoter had to use a hypothetical example - and multiply the potential returns 10-fold - to make this strategy look attractive, investors should already be able to guess that potential income from writing covered call options isn't all that "lucrative"!

Risk and Returns

So is covered call option writing the low risk strategy that it is widely promoted to be? Or a high risk strategy involving very small potential gains but with a low chance of catastrophic loss (i.e. like "picking up pennies in front of a steamroller")?

By selling a call option, the investor removes his potential for a capital gain if the share price increases significantly - and receives instead a small income from the premium received selling the option. The investor still faces the potential for a capital loss if the share price falls. So an investor involved in the covered call option writing strategy retains all of the risks involved in share ownership but swaps the potentially unlimited gains (i.e. if the stockmarket recovers strongly or the company reports strong growth or the company receives a takeover offer) for a small income.

Given the small value received selling a call option, we do not believe this is an attractive risk/return situation.

Writing Naked Put Options

While many people promote writing covered call options as a low risk strategy, everyone considers writing naked put options (i.e. selling a speculator the right to *sell* a share to you at a fixed price) a high risk strategy - when, in fact, both strategies have *exactly the same* risk/return characteristics.

If you have trouble understanding how selling a covered call option is the same as selling a naked put option, then you shouldn't be trading in options. (In fact, if you *do* understand it, you are also probably smart enough to know that you shouldn't be trading in options!) In both cases, you are selling the unlimited *upside* potential to a third party for a small premium, while retaining all of the *downside risk*.

Summary and Recommendation (and a useful Investment Trick)

Here is an unfair trick to play on promoters of covered call option writing: Next time someone suggests you become involved in writing covered call options, tell them you have heard that writing naked put options is a better strategy! Both, of course, are identical in risk and return - and you can fall around laughing to yourself as they explain (and reveal their lack of knowledge) that writing covered calls is low risk while writing naked puts is very high risk!

Many hedge funds employ strategies that earn reliable income each month but involve a small (and previously ignored) risk of catastrophic loss. This has been compared to "Picking up pennies in front of a steamroller" and, with the events of the last couple of years, the *risk* in these strategies has become more apparent.

From an example in a promotional email, covered call writing appears to offer the potential to earn extra dollars each month from your portfolio - but in reality the returns are just pennies, while the option writer gives away the potential upside profit while retaining all of the potential downside risks. This is a strategy to *lose*, not build, investment wealth. Of course, *any* strategy can *look* good if you inflate the potential returns enough (and ignore the risks).

So our final word on writing covered call options? This is a high risk - not low risk - investment strategy with an unattractive risk/return profile. <u>Do NOT write covered call options</u>.

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
AXG Mining	3	20	1-0	0.1	0.6	-83	1.69	1.74	1.00	+644
Accent Resources	16	20	0-1	0.5	1.2	-60	1.36	4.59	1.00	+999
Actinogen Ltd	4	50	2-11	0.3	2.5	-88	1.72	1.20	1.00	+138
Agenix Ltd	2	30	1-10	1.0	0.0	+999	0.06	9.99	1.00	+387
Alchemy Resources	25	25	1-0	7.4	13.3	-44	1.43	1.45	1.00	+30
All Brands	16	60	1-4	0.1	1.6	-94	0.91	2.49	1.00	+170
Amcom Telecom.	17	17	0-4	1.1	2.1	-48	0.52	4.65	1.00	+21
Ampella Mining	38	15	0-11	21.5	25.1	-14	0.98	1.41	1.00	-4
Anaeco Ltd	30	100	2-9	0.2	13.6	-99	1.15	1.42	1.00	+55
Anaeco Ltd	30	50	0-9	1.5	7.2	-79	1.15	2.10	1.00	+106
Anchor Resources	9	25	0-7	1.0	0.2	+399	0.86	4.15	1.00	+580
Aragon Resources	9	25	1-1	2.0	4.1	-51	1.77	1.43	1.00	+176
Archer Exploration	9	25	0-6	1.0	0.4	+184	1.05	3.65	1.00	+912
Argent Minerals	14	20	1-10	4.0	8.3	-52	1.44	1.29	1.00	+37
Artemis Resources	8	25	0-1	0.2	0.0	+999	1.48	8.17	1.00	+999
Asburton Minerals	1	7	0-6	0.1	0.0	+388	1.27	3.48	1.00	+999
Ashburton Minerals	1	1	0-4	0.2	0.4	-44	1.27	2.14	1.00	+30
Astro Diamond Mines NL	1	5	3-3	0.1	0.5	-80	1.69	1.15	1.00	+84
Astro Mining	1	5	3-3	0.2	0.5	-60	1.69	1.15	1.00	+85
Athena Resources	6	20	0-3	0.1	0.1	-16	1.47	3.88	1.00	+999
Atlantic Gold NL	4	18	0-2	0.1	0.0	+999	0.97	9.99	1.00	+999
Atom Energy	6	38	1-2	0.5	1.2	-57	1.41	1.87	1.00	+380
Atomic Resources	14	25	2-0	1.8	6.1	-71	1.08	1.52	1.00	+38
Atticus Resources	18	20	3-1	4.7	6.8	-31	0.56	1.82	1.00	+11
Augur Resources	3	20	0-10	0.9	0.6	+48	1.77	1.79	1.00	+927
Aurium Resources	3	20	0-9	0.1	0.1	+56	1.22	3.03	1.00	+999
Ausquest Ltd	14	20	0-3	1.2	0.6	+109	0.80	5.22	1.00	+508
Aust Oil Company	9	20	0-4	0.2	1.1	-82	1.51	2.63	1.00	+999
Austindo Resources	3	2	2-10	0.5	2.1	-77	1.51	1.10	1.00	-8
Auth Investments	3	25	0-7	1.0	0.0	+999	0.73	8.29	1.00	+999
Auzex Resources	16	75	1-1	0.8	1.1	-27	1.01	2.64	1.00	+320
Avanco Resources	2	20	0-10	0.2	0.8	-76	2.33	1.45	1.00	+999
Barra Resources	19	65	1-4	1.6	4.1	-61	1.18	1.88	1.00	+161
Bass Metals	23	40	0-8	3.8	4.2	-9	1.10	2.34	1.00	+172
Batavia Mining	12	15	2-10	4.1	3.7	+10	0.55	2.00	1.00	+18
Bathurst Resources	5	25	1-4	0.9	3.6	-75	2.41	1.18	1.00	+229
Beach Petroleum	81	200	0-10	2.5	1.2	+108	0.57	5.15	1.00	+203
Beacon Minerals	2	20	1-0	0.3	0.3	-6	1.75	1.78	1.00	+999
Beacon Minerals	2	1	1-0	0.9	1.3	-31	1.75	1.22	1.00	+6
Benitec Ltd	3	15	1-7	0.2	0.4	-54	1.12	1.97	1.00	+198
Bioprospect Ltd	2	5	0-7	0.5	0.1	+517	0.91	3.64	1.00	+518
Black Fire Energy	6	20	0-10	0.3	1.0	-71	1.31	2.11	1.00	+323
Black Range Minerals	8	5	1-6	4.8	5.7	-16	1.46	1.22	1.00	+12
Boss Energy	5	20	1-3	0.1	0.4	-74	0.91	2.63	1.00	+209
Bounty Industries	3	20	2-4	0.3	1.1	-73	1.50	1.36	1.00	+145
Bowen Energy	14	20	0-3	0.1	2.8	-96	1.59	2.45	1.00	+325
Brainytoys Ltd	1	20	3-7	0.1	0.4	-77	1.37	1.33	1.00	+131
Brumby Resources	11	15	0-5	5.0	2.8	+80	1.48	2.07	1.00	+369
Burleson Energy	5	25	1-0	0.4	0.0	+999	0.65	5.20	1.00	+398
Buru Energy	19	94	1-1	0.6	0.2	+199	0.72	4.12	1.00	+335
CO2 Group	24	12	2-2	12.0	16.2	-26	0.90	1.32	1.00	+0
Capital Mining	4	20	1-2	1.0	0.1	+570	0.88	3.08	1.00	+325
Cardia Technologies	2	10	1-10	0.5	0.6	-14	1.10	1.78	1.00	+124
Carpentaria Exploration	8	30	0-10	0.5	0.9	-47	1.22	2.34	1.00	+398
Catalpa Resources	11	10	2-2	4.0	6.7	-41	1.19	1.29	1.00	+14
Catalpa Resources	11	10	0-10	2.7	4.6	-41	1.19	1.68	1.00	+26
Central Asia Res.	7	25	0-1	0.2	0.0	+999	1.06	9.99	1.00	+999
Central Petroleum	9	25	0-10	2.1	0.6	+228	0.95	2.89	1.00	+302
Charter Pacific	7	12	1-5	0.6	1.0	-38	0.67	2.62	1.00	+57
Chemgenex Pharm.	58	125	0-7	3.0	2.2	+37	0.79	4.18	1.00	+331
Chemgenex Pharm.	58	75	2-5	21.0	23.8	-12	0.79	1.65	1.00	+23
Chrome Corporation	7	2	0-1	0.1	4.9	-98	1.21	1.41	1.00	-100
Chrysalis Resources	15	20	3-10	3.6	10.7	-66	1.14	1.19	1.00	+13
Cityview Corp	1	15	0-3	0.1	0.0	+999	1.26	1.00	1.00	+999
Coal Fe Resources	5	20	0-4	0.3	0.0	+999	0.38	9.99	1.00	+999
Colonial Resources	8	20	1-4	0.1	0.9	-89	0.78	2.61	1.00	+100
Con Global Invest.	2	20	0-5	0.2	0.8	-76	3.48	1.41	1.00	+999
Con Tin Mines	13	20	4-4	2.4	12.1	-80	1.79	1.04	1.00	+13
Convergent Minerals	12	20	2-4	4.3	8.9	-51	1.75	1.14	1.00	+38
Copper Range Ltd	2	30	1-1	0.2	0.0	+999	1.04	3.62	1.00	+999
Coppermoly	5	30	1-8	0.2	1.9	-89	1.46	1.52	1.00	+181
Coretrack Ltd	17	20	0-6	4.5	5.6	-20	1.39	1.91	1.00	+108
Costarella Design	1	20	1-1	0.1	0.1	+13	1.86	1.80	1.00	+999
Dart Mining NL	6	20	0-9	0.5	1.0	-52	1.48	2.00	1.00	+464
Desert Energy	15	25	0-8	3.0	3.5	-13	1.19	2.14	1.00	+155
Dia-B Tech Ltd	1	20	1-4	0.2	0.0	+304	1.14	2.56	1.00	+640
Drake Resources	17	20	0-4	1.2	4.1	-71	1.30	2.37	1.00	+94
Eagle Eye Metals	5	20	0-10	0.4	0.5	-26	1.23	2.36	1.00	+440
Eagle Nickel	3	30	2-10	7.9	0.8	+940	1.12	1.62	1.00	+145
Eastern Iron	8	12	1-4	1.5	3.1	-52	1.15	1.65	1.00	+50
Eastland Medical	3	20	1-9	1.0	0.2	+511	0.82	2.71	1.00	+193
Eden Energy	6	20	0-1	0.3	0.0	+999	1.16	9.99	1.00	+999
Eldore Mining Corp	1	4	0-4	0.4	0.1	+255	1.73	2.58	1.00	+999
Electrometals Tech.	2	14	1-8	0.2	0.3	-38	1.15	1.96	1.00	+224
Eneabba Gas	22	15	0-10	5.2	10.9	-52	1.04	1.64	1.00	-10
Entek Energy	15	20	0-4	1.8	1.6	+12	0.89	3.61	1.00	+207
Envirogold	6	25	0-4	0.5	0.0	+999	1.08	5.14	1.00	+999
Euroz Ltd	121	75	4-6	60.0	101.2	-41	1.14	1.11	1.00	+2
Excalibur Mining	1	6	3-4	0.6	0.7	-10	1.30	1.28	1.00	+67
Excalibur Mining	1	3	0-4	0.2	0.1	+169	1.30	3.26	1.00	+999
Exoma Energy	18	20	1-7	4.0	14.4	-72	2.17	1.11	1.00	+22
Eyecare Partners	11	20	1-1	0.2	0.2	+4	0.38	6.18	1.00	+75
Fairstar Resources	4	25	0-0	0.6	0.2	+212	1.10	6.18	1.00	+999
Ferrowest Ltd	11	25	0-9	2.0	3.8	-47	1.67	1.66	1.00	+231
Fission Energy	20	20	1-6	6.5	8.3	-21	0.85	1.73	1.00	+21
GB Energy	4	20	2-1	0.5	0.5	-1	0.84	2.23	1.00	+114
GBM Resources	14	25	0-10	3.0	5.8	-49	1.70	1.52	1.00	+140
Geodynamics Ltd	92	150	0-3	2.5	2.9	-13	0.79	5.42	1.00	+528
Global Geoscience	7	25	3-0	1.7	4.2	-60	1.30	1.28	1.00	+53
Global Nickel Inv.	3	20	0-0	0.1	4.2	-98	1.02	1.28	1.00	+999
Gold Company Ltd	27	20	1-10	14.0	14.7	-5	0.87	1.50	1.00	+13
Golden West Res	40	200	1-4	2.2	3.1	-29	0.96	2.52	1.00	+237
Goldsearch	2	10	0-2	0.1	0.0	+999	1.24	8.12	1.00	+999
Gondwana Resources	1	1	0-10	0.2	0.7	-71	1.50	1.46	1.00	+9
Greenvale Mining	9	30	2-4	1.0	4.3	-77	1.30	1.38	1.00	+70
Gt Bendigo Gold Mines	4	20	0-4	0.5	0.0	+999	0.80	9.68	1.00	+999
Gt Western Explor.	3	30	2-10	1.2	0.8	+41	1.17	1.57	1.00	+129
Gulf Mines	7	30	0-2	0.3	0.0	+999	1.32	6.87	1.00	+999
Gulf Resources	4	25	0-4	0.3	0.0	+999	1.25	4.86	1.00	+999
Gulf Resources	4	20	1-10	0.7	1.2	-40	1.25	1.64	1.00	+145
Haddington Resources	15	35	0-9	2.0	1.3	+49	0.95	2.87	1.00	+249
Havilah Resources	50	160	0-8	3.0	2.3	+30	0.98	3.30	1.00	+488
Hawthorn Resources	1	10	3-6	0.3	0.3	-4	1.15	1.46	1.00	+101
Hawthorn Resources	1	20	2-8	0.1	0.1	-22	1.15	1.79	1.00	+221
Hawthorn Resources	1	125	1-1	0.1	0.0	+999	1.15	4.70	1.00	+999
Health Corporation	4	120	2-3	0.1	2.1	-95	2.19	1.18	1.00	+381

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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
Hemisphere Resources	16	20	0-7	3.6	5.7	-37	1.50	1.75	1.00	+106
Hill End Gold	24	25	0-1	1.0	1.6	-36	0.79	6.68	1.00	+236
Hydromet Corporation	6	17	0-10	0.2	0.3	-24	0.86	3.31	1.00	+293
Impedimed Ltd	60	72	3-2	20.0	26.1	-23	0.69	1.62	1.00	+15
India Resources	2	20	0-4	0.1	0.0	+999	1.24	5.79	1.00	+999
Industrial Minerals	6	20	0-4	2.0	0.5	+299	1.73	2.60	1.00	+999
Int'l Resource Holdings	7	25	0-0	0.1	0.5	-80	1.53	2.60	1.00	+999
Intec Ltd	2	8	0-4	0.2	0.2	+16	2.04	2.33	1.00	+999
Integra Mining	28	20	0-3	7.5	8.9	-15	0.78	2.76	1.00	-8
Iron Mountain Mining	13	20	2-5	2.9	9.8	-70	1.74	1.13	1.00	+28
Iron Ore Holdings	75	100	1-8	24.0	45.2	-47	1.45	1.30	1.00	+36
Iron Road	52	20	1-1	28.0	42.2	-34	1.93	1.14	1.00	-6
Jupiter Energy	5	8	0-10	0.9	1.8	-49	1.34	1.74	1.00	+95
K2 Energy	4	20	0-1	0.1	0.0	+999	1.49	9.99	1.00	+999
Kingsrose Mining	50	20	3-4	31.0	40.4	-23	1.04	1.15	1.00	+1
Labtech Systems	17	20	3-10	9.0	11.3	-20	1.05	1.23	1.00	+16
Labtech Systems	17	20	3-10	7.0	11.3	-38	1.05	1.23	1.00	+14
Laserbond	10	25	0-0	1.0	11.3	-91	0.70	1.23	1.00	+999
Legacy Iron Ore	12	25	2-4	1.0	6.6	-85	1.26	1.33	1.00	+39
Lincoln Minerals	10	30	0-10	0.7	0.2	+220	0.71	4.21	1.00	+284
Lindian Resources	25	30	0-4	3.0	7.4	-59	1.62	2.01	1.00	+144
Lion Energy	5	35	2-0	0.3	0.2	+24	0.77	2.74	1.00	+161
Lonrho Mining	2	15	2-10	0.5	0.8	-37	1.41	1.34	1.00	+118
M2M Corporation	1	20	0-10	0.1	0.0	+999	1.25	6.88	1.00	+999
MEC Resources	10	20	3-11	5.0	8.7	-43	1.86	1.05	1.00	+28
MGM Wireless	1	20	1-3	0.1	0.1	+45	1.33	2.26	1.00	+853
Macqarie Harbour M.	11	20	3-0	4.0	7.8	-49	1.49	1.15	1.00	+32
Magellan Financial Grp	66	300	6-10	2.2	10.7	-79	0.48	2.08	1.00	+25
Magellan Financial Grp	66	130	1-10	10.5	5.1	+108	0.48	3.42	1.00	+51
Magna Mining NL	1	10	0-3	0.1	0.0	+999	1.69	4.73	1.00	+999
Magnesium Int'l	3	10	2-9	1.1	1.5	-27	1.15	1.40	1.00	+57
Mamba Minerals	2	20	0-7	0.2	0.0	+999	0.71	9.59	1.00	+999
Medic Vision Ltd	5	20	2-5	0.3	0.8	-60	0.85	2.02	1.00	+89
Metal Storm	3	0	0-0	0.1	0.8	-87	1.18	2.02	1.00	-100
Metals Australia	2	5	0-1	0.1	0.0	+999	1.31	9.65	1.00	+999
Metminco Ltd	15	25	3-3	3.3	7.4	-55	0.89	1.44	1.00	+21
Midas Resources	4	10	1-9	0.7	1.8	-60	1.31	1.46	1.00	+75
Midas Resources	4	10	0-1	0.2	0.0	+999	1.31	8.56	1.00	+999
Millepede Int'l	1	5	2-7	0.3	0.3	+4	1.22	1.49	1.00	+108
Modena Resources	9	20	0-10	1.1	2.3	-51	1.30	1.93	1.00	+174
Monitor Energy	0	3	2-0	0.1	0.2	-53	1.71	1.29	1.00	+155
Montezuma Mining Coy	12	20	2-0	3.5	9.4	-63	1.91	1.13	1.00	+40
Morning Star Gold	22	10	0-7	10.5	12.8	-18	0.92	1.60	1.00	-11
Mt Magnet South	6	25	1-0	0.6	1.3	-53	1.45	1.83	1.00	+331
Neptune Marine Services	58	20	1-4	39.5	39.9	-1	0.70	1.40	1.00	+2
Newera Uranium	4	20	0-4	0.1	0.0	+122	1.42	3.86	1.00	+999
Nex Metals Explor.	25	25	2-3	5.1	16.8	-70	1.27	1.25	1.00	+9
Norton Gold Fields	22	20	1-1	5.6	8.7	-36	0.92	1.79	1.00	+17
Nthn Mining	5	4	2-4	2.7	3.8	-28	1.53	1.14	1.00	+15
Nthn Uranium	20	25	0-4	6.9	5.4	+29	1.57	2.10	1.00	+338
Nuenergy Capital	8	20	0-9	1.0	0.9	+6	1.12	2.47	1.00	+295
Nylex Ltd	6	184	0-3	0.1	0.0	+999	0.96	9.99	1.00	+999
Nylex Ltd	6	184	0-3	0.1	0.0	+999	0.96	9.99	1.00	+999
OBJ Ltd	1	1	1-4	0.1	0.1	-31	1.06	1.83	1.00	+81
Odin Energy	3	25	3-3	0.5	1.7	-71	1.48	1.24	1.00	+93
Oil Basins Ltd	2	20	0-1	0.1	0.0	+999	2.42	6.37	1.00	+999
Orchid Capital	1	5	2-6	0.1	0.3	-69	1.45	1.35	1.00	+121
Ord River Resources	4	65	0-4	0.1	0.0	+999	1.16	9.99	1.00	+999
Orion Petroleum	14	30	1-1	1.9	4.1	-53	1.22	1.81	1.00	+114
Oropa Ltd	4	20	0-5	1.0	0.2	+319	1.68	2.63	1.00	+999
Oroya Mining	0	1	2-3	0.1	0.3	-71	2.12	1.08	1.00	+43
Outback Metals	3	30	1-4	1.0	0.6	+77	1.53	1.76	1.00	+510
Oz Brewing	3	20	3-4	1.0	0.0	+999	0.03	9.99	1.00	+74
Palace Resources	3	20	2-10	0.5	1.3	-62	1.44	1.31	1.00	+107
Paragon Care	2	2	2-9	0.8	1.3	-36	0.72	1.52	1.00	+6
Peak Resources	3	25	0-1	0.9	0.0	+999	1.29	1.00	1.00	+999
Pearl Street Ltd	32	36	0-3	0.4	2.1	-81	0.55	5.93	1.00	+67
Peel Exploration	12	20	1-3	1.5	2.5	-40	0.81	2.28	1.00	+59
Pegasus Metals	5	20	0-7	0.1	0.1	+26	1.01	3.88	1.00	+999
Pensinsula Minerals	3	10	0-10	0.6	0.2	+167	0.92	3.03	1.00	+291
Photo-Me Australia	1	6	1-11	0.1	0.7	-86	1.86	1.23	1.00	+134
Poseidon Nickel	41	81	0-3	3.6	2.4	+49	1.20	3.70	1.00	+999
Poseidon Nickel	41	92	2-3	10.0	20.1	-50	1.20	1.41	1.00	+49
Prima Biomed	7	2	2-4	4.8	6.2	-22	1.61	1.07	1.00	-1
Prime Minerals	10	20	0-2	0.3	0.8	-62	1.69	3.28	1.00	+999
Progen Pharmaceuticals	72	840	0-9	0.1	0.0	+999	0.55	1.00	1.00	+999
Proto Resources & Inv.	11	25	4-4	4.1	10.1	-59	2.09	1.02	1.00	+27
Proto Resources & Inv.	11	20	2-0	4.7	8.6	-45	2.09	1.10	1.00	+53

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
QRScience Holdings	5	45	2-10	0.4	1.0	-61	1.09	1.67	1.00	+126
Quantum Resources	2	5	3-3	0.4	1.4	-72	1.79	1.09	1.00	+43
Quantum Resources	2	10	2-8	0.3	1.2	-75	1.79	1.16	1.00	+97
Quantum Resources	2	10	1-2	1.0	0.6	+67	1.79	1.50	1.00	+396
Ram Resources	1	15	0-10	0.3	0.4	-15	2.12	1.61	1.00	+999
Ramelius Resources	49	150	0-10	5.1	0.5	+829	0.64	4.98	1.00	+299
Range Resources	4	100	1-1	0.5	0.0	+999	0.92	4.55	1.00	+999
Range Resources	4	5	2-4	2.5	2.1	+17	0.92	1.49	1.00	+27
Red Emperor Res.	17	25	0-0	1.0	2.1	-53	1.66	1.49	1.00	+999
Red River Resources	7	20	0-7	1.0	0.8	+22	1.26	2.53	1.00	+526
Regal Resources	3	6	2-2	0.6	1.5	-60	1.14	1.44	1.00	+41
Regis Resources	52	50	4-5	0.1	39.3	-100	1.08	1.16	1.00	-1
Regis Resources	52	5	4-5	25.0	48.7	-49	1.08	1.04	1.00	-12
Regis Resources	52	200	2-8	0.1	18.9	-99	1.08	1.53	1.00	+66
Regis Resources	52	100	3-2	0.1	28.9	-100	1.08	1.33	1.00	+23
Regis Resources NL	52	10	3-2	3.0	45.6	-93	1.08	1.10	1.00	-35
Regis Resources NL	52	20	2-8	0.5	40.8	-99	1.08	1.17	1.00	-29
Resolute Mining	60	60	2-4	27.0	33.1	-19	0.96	1.42	1.00	+17
Resource Mining Corp	1	1	2-7	0.2	0.5	-59	1.73	1.11	1.00	+22
Rey Resources	17	30	0-7	2.2	4.4	-50	1.43	1.98	1.00	+199
Rialto Energy Ltd	15	60	1-10	2.0	6.3	-68	1.42	1.44	1.00	+117
Richmond Mining	13	20	1-4	5.0	4.6	+9	1.11	1.69	1.00	+68
Rocklands Richfield	11	30	0-3	1.0	0.0	+999	0.89	7.07	1.00	+999
Rockstead Financial	1	25	0-3	0.4	0.0	+999	0.00	9.99	1.00	+999
Rox Resources	2	10	1-10	0.3	0.7	-59	1.51	1.43	1.00	+159
Sabre Resources	9	35	0-5	1.5	0.3	+472	1.25	3.52	1.00	+999
Safety Medical Prod	5	100	1-4	0.1	0.1	-18	1.21	2.55	1.00	+924
Saracen Mineral Hold.	23	10	3-10	20.0	17.3	+15	0.87	1.19	1.00	+8
Saracen Mineral Hold.	23	13	0-3	13.0	10.0	+31	0.87	2.11	1.00	+78
Scotgold Resources	15	30	0-8	3.5	3.8	-8	1.45	1.91	1.00	+251
Segue Resources	4	33	0-10	0.1	0.1	-23	1.22	2.85	1.00	+999
Segue Resources	4	100	0-10	0.5	0.0	+999	1.22	3.63	1.00	+999
Sierra Mining	3	20	1-4	0.2	0.7	-71	1.38	1.79	1.00	+289
Souls Private Equity	9	30	0-4	0.1	0.0	+999	0.54	9.99	1.00	+999
Sovereign Metals	7	20	0-10	0.7	0.7	+4	1.01	2.68	1.00	+267
Spitfire Resources	9	20	0-10	1.7	2.7	-37	1.44	1.78	1.00	+188
Stirling Minerals	8	20	0-10	1.0	0.2	+556	0.61	4.79	1.00	+218
Stirling Products	2	20	0-10	0.2	0.2	+32	1.69	2.07	1.00	+999
Stirling Resources	23	4	2-10	1.2	19.8	-94	0.83	1.13	1.00	-41
Stonehenge Metals	3	25	0-4	0.1	0.0	+999	1.35	5.05	1.00	+999
Structural Monitoring	3	2	1-4	1.0	2.2	-55	2.02	1.12	1.00	-6
Strzelecki Metals	6	20	0-12	2.0	0.2	+827	0.81	3.44	1.00	+302
Swish Group	0	2	0-5	0.1	0.0	+999	0.97	5.57	1.00	+999
Synergy Metals	2	3	2-0	0.5	0.7	-25	0.80	1.81	1.00	+32
Synergy Metals	2	4	0-2	0.2	0.0	+999	0.80	8.99	1.00	+999
Syngas Ltd	3	20	0-4	0.3	0.0	+999	1.02	6.80	1.00	+999
Talisman Mining	37	20	1-4	17.5	26.7	-35	1.46	1.23	1.00	+1
Target Energy	9	25	0-3	0.3	0.1	+242	1.18	5.13	1.00	+999
Tasman Resources NL	8	20	0-4	0.8	0.8	+0	1.53	2.72	1.00	+999
Tawana Resources	2	10	1-7	1.0	0.7	+43	1.47	1.52	1.00	+193
Terrain Minerals	5	25	0-11	0.2	0.1	+174	0.85	3.79	1.00	+510
Territory Uranium	11	70	0-10	1.1	0.5	+118	1.19	2.76	1.00	+839
Teys Ltd	3	20	1-9	0.8	1.9	-59	2.43	1.13	1.00	+228
Thundelarra Explo.	25	20	3-7	12.0	18.8	-36	1.15	1.16	1.00	+8
Torrens Energy	22	25	0-7	4.0	6.8	-41	1.16	2.04	1.00	+61
Total Staffing Solutions	4	20	1-12	0.2	2.0	-90	1.80	1.25	1.00	+145
Transit Holdings	19	25	0-4	3.0	2.2	+39	0.90	3.54	1.00	+220
Transol Corporation	1	2	1-9	0.5	0.5	+11	2.19	1.14	1.00	+126
Transzact Financial	15	30	0-8	1.8	0.3	+517	0.58	5.28	1.00	+225
Uranium Oil & Gas	4	20	0-11	0.5	0.1	+491	0.87	3.60	1.00	+470
Uraniumsa Ltd	9	25	0-5	0.6	1.1	-47	1.55	2.48	1.00	+999
Vector Resources	9	20	2-10	2.3	6.0	-61	1.49	1.18	1.00	+41
Venus Resources	28	40	1-11	8.0	17.9	-55	1.46	1.26	1.00	+32
Verus Investments	1	10	0-10	0.1	0.4	-76	2.17	1.52	1.00	+999
Victoria Petroleum	37	25	0-5	15.0	14.1	+7	0.85	2.18	1.00	+25
Virax Holdings Ltd	4	20	0-4	0.7	0.0	+999	1.06	6.42	1.00	+999
WCP Diversified Inv.	4	2	0-10	1.5	2.3	-35	1.07	1.50	1.00	-12
WCP Resources	4	4	0-10	0.1	1.5	-93	1.07	1.83	1.00	+6
Western Desert Ress	12	18	2-3	3.2	7.0	-55	1.31	1.28	1.00	+31
Western Uranium	8	20	0-10	0.5	0.7	-32	0.92	2.84	1.00	+209
Westralian Gas & Power	3	25	0-1	0.1	0.0	+999	0.94	9.99	1.00	+999
White Canyon Uranium	30	25	0-5	6.4	9.3	-31	0.91	2.36	1.00	+12
White Cliff Nickel	8	25	1-10	1.1	4.3	-74	1.55	1.32	1.00	+91
Windy Knob Resources	2	20	0-4	0.1	0.0	+116	1.81	3.13	1.00	+999
Xceed Capital	3	20	0-5	0.5	0.4	+42	2.05	2.18	1.00	+999
Xenolith Gold	15	8	1-10	9.0	9.6	-7	1.03	1.32	1.00	+9
Yellow Rock Resources	5	20	0-3	0.1	0.0	+999	1.08	6.39	1.00	+999
Zinc Co Australia	4	25	0-3	0.1	0.0	+470	1.50	4.59	1.00	+999

Investment Outlook

(Continued from Page 1)

could move from their recent extreme of under-valuation to an extreme of over-valuation over the next 12-36 months. (This flow into equities will also help companies raise equity to replace bank debt and strengthen the corporate sector - which would justify a significant re-rating in share prices.)

Share valuations also remain low - even if profits *currently* being reported are temporarily depressed by the recent economic downturn. Even if economic activity is slow to recover, corporate profitability will improve as companies have downsized and reduced overheads, adapting to the less buoyant economic environment.

Our Stockmarket Forecasts are firmly Bullish (i.e. favourable).

In a stockmarket recovery, investors portfolios can appreciate 50-100% per annum over several years, multiplying one's wealth several fold! So for now - and probably for the next few years - investors should be fully invested in equities.

Dividend$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Abano Healthcare	12.00	12-08	19-08	5.2008
Cynotech Holdings	0.05	25-09	30-09	Nil
Kermadec Property	1.25	14-08	21-08	Nil
Smiths City Market	1.00	07-08	14-08	Nil
Australian Shares				
Challenger Wine Trust	1.20	24-06	17-08	

Total Return Index for All Listed Shares

Jul 13	2736.89	Jul 20	2820.91
Jul 14	2748.50	Jul 21	2873.19
Jul 15	2764.08	Jul 22	2900.44
Jul 16	2801.52	Jul 23	2918.63
Jul 17	2808.22	Jul 24	2961.17
Jul 27	2998.01	Aug 3	3047.85
Jul 28	3018.47	Aug 4	3092.80
Jul 29	2990.47	Aug 5	3084.07
Jul 30	2994.00	Aug 6	3056.15
Jul 31	3016.20	Aug 7	3069.00

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday September 14, 2009.

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

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