Market Analysis

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Summary and Recommended Investment Strategy.

Shares continue to offer good value, so remain fully invested in the recommended shares.

Investment Outlook.

As usual, both the economic situation and stockmarket give conflicting signals. That is perhaps not a bad thing! When investors *widely* believe that the outlook is good-then everyone wants to buy shares but the economy and stockmarket are usually *already* at a peak. When it is *widely* expected that everything will get worse, no-one wants to own shares but the economy and stockmarket are usually *already* at their lows. 95% of the times investors wander around in some middle ground of uncertainty . . .

Will economies continue to grow (albeit slowly) or are we headed for a double-dip recession? Should governments be stimulating their depressed economies or imposing austerity measures to reduce ballooning sovereign debt levels? The answers aren't clear and there is conflicting data to support different views and different expectations and different decisions.

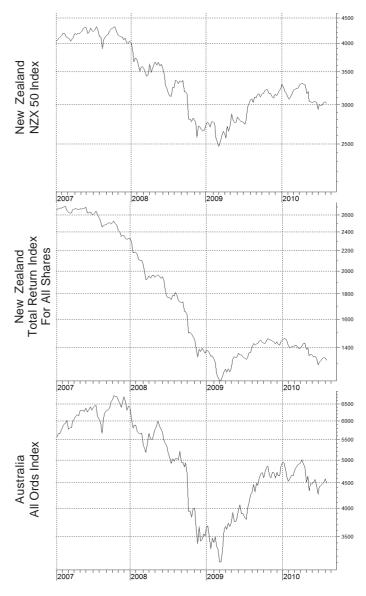
Welcome to a relatively "normal" stockmarket investment environment!

Any successful long term investment strategy must therefore take into account the intrinsic uncertainty of the stockmarket. At its basic level, this is why we never invest in just one share (or just five shares!), preferring holdings in 20-40 or more companies. Those companies will also be spread over a range of different industries. There will be some *income* shares, some *growth* shares and some *cyclical/recovery* shares. Some low risk companies with low debts (that would survive the worst recession) and some higher risk, more leveraged companies with higher debt levels (that would soar in value on an economic recovery).

It also means avoiding "margin" loans. Margin leverage can completely *wipe out* a portfolio during the sort of market decline that happened in 2008! Margin loans will also erode long term returns owing to interest costs, transaction costs and an unfavourable "compounding" impact with market fluctuations (which we may more fully explain (Continued on Page 16)

Stockmarket Forecasts

Australia: One-Month 53% (Neutral) 46% (Neutral)
New Zealand: 60% (Bullish) 34% (Bearish)



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 worth of further study and analysis.

Performance	Price/Sales P/E Gross	Performance	Price/Sales P/E Gross	Performance	Price/Sales P/E Gross
AMP Limited	Ratio Ratio Yield 1.06 17 3.0 5.20 NE 9.8 6.62 NE 5.7 0.17 7 Nii 0.26 58 8.1 6.56 58 6.0 0.01 NE Nii 0.32 11 7.6 N/A NE 2.5 8.70 NE Nii 0.58 11 8.8 0.39 NE Nii 0.58 11 NE Nii 0.58 NE Nii 0.70 13 8.3 0.63 16 1.2 0.87 NE Nii 0.10 13 8.3 0.63 16 1.2 0.87 NE Nii 0.10 13 8.3 0.63 16 5.9 0.21 NE Nii 0.17 NE Nii 0.17 NE Nii 0.21 NE Nii 0.21 NE Nii 0.21 NE Nii 0.21 NE Nii 0.23 10 149.3 0.17 NE Nii 0.24 16 5.5 6.76 NE Nii 0.31 NE Nii 0.34 16 6.9 0.01 18 8.8 7.02 NE Nii 0.31 NE Nii 0.31 NE Nii 0.34 NE Nii 0.35 NE 9.2 0.45 NE 3.4 1.32 8.8 7.02 NE Nii 0.34 NE Nii 0.34 NE Nii 0.34 NE Nii 0.35 NE 9.2 0.45 NE 3.4 1.32 8.8 7.8 0.19 17 4.7 0.00 NE 6.9 0.50 32 3.3 0.42 NE Nii	Jasons Media	Ratio Ratio Yield 0.54	Pyne Gould Corp E	Ratio Ratio Yield 0.28 NE Nil 1.40 NE Nil 0.06 NE Nil 0.77 13 7.1 0.47 NE Nil 9.32 13 4.3 N/A NE Nil 0.86 9 8.3 0.20 12 4.1 N/A NE Nil 1.21 NE 1.2 1.96 NE Nil 0.36 NE 9.6 0.62 12 4.8 2.82 22 4.0 2.05 15 7.4 0.69 NE Nil 0.07 10 6.3 0.39 NE Nil 0.43 NE Nil 0.51 20 5.5 0.07 NE Nil 0.11 8 5.2 1.32 10 14.3 0.69 10 11.7 0.13 NE Nil 0.43 NE Nil 0.44 NE Nil 0.45 NII 0.47 NE Nil 0.48 NE Nil 0.49 NE Nil 0.49 NE Nil 0.49 NE Nil 0.40 NE Nil 0.41 NE Nil 0.42 NE Nil 0.44 NE Nil 0.49 NE Nil 0.49 NE Nil 0.40 NE Nil 0.41 NE Nil 0.42 NE Nil 0.44 NE Nil 0.49
AGL Energy Ltd A 1515 AMP Ltd B 533 ANZ Bank A 2218 APA Group A 371 APN News Media A 2941 AWE Limited B 167 AXA Asia Pac A 560 Adelaide Bright A 314 Alumina Ltd C 176 Amalgamated Hld A 570 Amcor Ltd B 653 Andean Res. C 427 Aneka Tambang C 120 Ansell Ltd A 1322 Ansell Ltd B 653 Argo Investment B 584 Aristocrat Leis C 345 Arrow Energy B 468 Asciano Group D 169 Aust Foundation B 477 Australand Prop B 477 Australand Prop B 272 Aust Infra. B 186 Austar United C 96 BHP Billiton B 4040 Bank of Q'land A 1018 Bendigo Bank B 1018 Bendigo Bank B 4040 Bank of Q'land A 1018 Bendigo Bank B 4040 Bank of Q'land A 1018 Bendigo Bank B 1018 Bendigo Ba	1.15 9 3.6 0.93 15 3.0 3.61 36 4.6 1.95 23 3.2 1.18 13 2.0 6.03 16 5.6 1.47 10 Nil 1.90 17 3.3 2.02 86 4.3 N/A NE Nil N/A NE 10.0 1.32 15 2.1 3.91 59 1.3 N/A NE Nil N/A 23 4.6 2.03 NE 7.0 N/A 9 Nil 0.69 NE Nil N/A 26 4.4 2.28 NE 1.8 9.19 17 7.0 1.30 14 5.1 1.30 14 5.2 1.31 NE Nil 0.55 19 3.0 1.05 15 4.5 1.47 14 5.7 2.60 5 3.4 1.72 1.60 5 3.4 1.73 1.74 14 5.7 2.60 5 3.4 1.75 1.75 1.75 1.75 1.76 NE 9.2 1.77 1.78 20 1.78 20 Nil 1.79 20 3.6 3.90 17 2.1 1.30 14 5.2 1.31 NE Nil 0.55 19 3.0 1.05 15 4.5 1.47 14 5.7 2.60 5 3.4 1.70 1.70 1.70 1.70 1.70 1.70 1.70 1.70	Crown Ltd B 832 DUET Group C 166 David Jones A 483 Deutsche Div Tr A 131 Dexus Property C 81 Djerriwarrh B 393 Downer EDI Ltd B 449 Energy Resource B 1375 Equinox Min. C 498 Extract Res. D 678 Fairfax Media C 145 Flight Centre A 1835 Fortescue Metal C 444 Foster's Group B 572 GPT Group B 287 GWA Internat! B 294 Gloucester Coal B 1245 Goodman Fielder B 125 Graincorp B 627 Harvey Norman B 350 Healthscope A 602 Henderson Group B 226 Hutchison Tel. C 11	2.79	Nufarm Limited	0.34 12 6.7 6.23 NE Nil N/A 51 1.5 0.57 18 3.2 1.21 17 3.9 1.70 26 3.2 0.42 NE 9.5 N/A NE Nil 4.40 80 Nil 3.44 34 3.3 N/A 23 3.9 1.13 12 8.4 1.11 12 4.1 1.01 8 7.5 0.41 51 Nil 7.94 NE 1.0 0.79 24 2.6 1.54 24 2.2 0.88 8 0.7 N/A NE Nil N/A NE Nil N/A NE NE 1.0 0.79 24 1.6 1.54 24 1.2 0.88 8 0.7 N/A NE Nil N/A NE Nil N/A NE NII N/A NE 1.3 0.36 NE 2.2 1.31 23 5.6 3.91 13 2.5 4.26 10 11.6 3.93 19 5.6 3.91 13 2.5 4.26 10 11.6 3.93 19 5.6 0.67 28 5.0 0.68 1.90 NE Nil 0.71 15 4.3 0.94 17 2.4 0.39 11 3.8 0.39 NE Nil 0.71 15 6.9 0.92 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2 0.90 14 4.2

Recommended Investments

CDL Investments lifted revenues 7½-fold to \$5.5 million for the six months to 30 June 2010, with profits recovering from a very small *loss* (of \$31,000) in the same period last year to \$1,684,000 (0.7 cent per share). The company sold 32 sections, up from just three in the previous period.

The net operating surplus was \$1.6 million, compared with a *deficit* of \$1.1 million a year earlier.

The recent first half result is similar to the June 2008 half year, but still around 80% *lower* than the half year to June 2007. <u>CDL Investments has successfully downsized its business to match the depressed property market - remaining profitable and generating *positive* cash flows - but is operating at less than one-quarter of its potential.</u>

The company has

(Continued on Page 4)

	Portfolio	αf	Pac	0.100	100 (na d	100	1 1,	2110	atr	14.01	nta	
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CURRENT ADVICE	Company		Initial Recomi	nendation	Perform- mance	Issued Shares	Vola- tility	Price/ Sales	Price/ Earnings	Gross Dividend	Recent Share	Cash Dividends	Total Return
	NZ Shares	Code	- Date -	Price	Forecast	(mil.)	Ratio	Ratio	Ratio	Yield	Price	Rec'd	%
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	Е	243.4	1.5	12.74	52	1.1	27	29.9	+128%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	В	67.1	1.0	0.70	13	8.3	259	249.0	+226%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	Α	32.7	0.5	0.15	14	9.5	225	307.3	+316%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	В	102.3	0.6	2.85	24	3.0	235	74.8	+107%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	В	382.5	0.9	0.64	15	4.2	69	29.4+	-1868%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	С	189.8	1.1	0.37	33	1.7	294	377.0	+28%
HOLD	Postie Plus Group	PPG	08/05/06	71	С	40.0	1.7	0.12	21	Nil	32	8.5	-43%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	С	44.2	1.8	0.06	NE	Nil	27	53.9	-5%
HOLD	Smiths City Group	SCY	09/10/06	64	В	53.0	1.6	0.07	10	6.3	32	13.0	-30%
HOLD	South Port New Zealand	SPN	13/02/96	120	Α	26.2	0.6	3.49	21	5.6	260	121.8	+218%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	С	88.4	0.7	0.51	20	5.5	219	234.5	+211%
	Australian Shares (in Aust	cents)											
BUY	AJ Lucas Group	AJĹ	13/05/03	120	В	64.9	0.6	0.26	11	7.9	203	41.0	+103%
BUY	Ammtec Ltd	AEC	11/01/10	257	Α	36.5	0.5	2.39	19	4.9	355	6.5	+41%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	D	89.2	2.3	1.26	NE	Nil	10	17.5	-63%
HOLD	Breville Group Ltd	BRG	13/11/06	171	Α	129.5	0.6	0.67	18	2.5	223	22.0	+43%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	Α	63.0	0.3	2.38	26	3.2	3122	539.0	+841%
BUY	Cardno Ltd	CDD	14/12/09	399*	В	98.3	0.5	0.66	10	7.2	390	13.6	+1%
HOLD	Cellnet Group Ltd 1	CLT	12/02/02	147*	С	76.8	1.3	0.27	NE	Nil	30	32.4	-53%
BUY	Challenger Wine Trust	CWT	12/01/09	30	С	170.3	1.7	0.97	NE	37.4	19	6.7	-15%
HOLD-	Charter Hall Group	CHC	06/04/09	30*	С	977.3	0.9	6.98	NE	8.3	60	2.6	+109%
HOLD+	Circadian Technologies	CIR	10/02/04	188	D	45.2	0.9	9.37	NE	Nil	64	65.0	-31%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	С	79.7	1.0	0.14	23	Nil	64	65.5	+57%
HOLD+	CPT Global Ltd	CGO	10/03/08	88	В	36.8	0.9	0.49	10	9.3	59	7.3	-25%
BUY	Devine Ltd	DVN	13/11/06	84*	В	552.1	1.5	0.19	5	12.2	25	16.9	-51%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	В	84.9	1.9	0.23	32	Nil	16	Nil	-67%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	В	32.4	8.0	1.91	13	5.2	130	17.0	-43%
BUY	Finbar Group Ltd	FRI	12/04/10	106	В	141.8	8.0	2.48	7	7.3	96	5.5	-5%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	В	418.7	0.4	3.83	NE	Nil	536	64.0	+27%
BUY	Integrated Research	IRI	14/01/08	40	В	166.8	1.1	1.70	12	6.6	38	9.0	+17%
HOLD	Mnet Group 1	MNZ			С	208.3	3.3	0.88	NE	Nil	41/2		
HOLD	M2 Telecommunications	MTU	09/10/06	33	Α	108.5	0.6	1.06	29	2.8	199		+559%
BUY	Melbourne IT	MLB	10/02/04	53	Α	79.0	0.6	0.85	10	7.0	215	59.0	+417%
BUY	Nomad Building Sol.	NOD	16/08/10	15	В	137.3	1.9	0.05	1	30.0	15	Nil	
HOLD	Photon Group Ltd	PGA	10/11/08	132*	В	154.3	8.0	0.17	4	12.3	102	11.8	-14%
BUY	Probiotec Ltd	PBP	11/02/08	116	В	47.1	0.7	0.69	7	2.6	127	7.3	+16%
	Prophecy International		08/09/08	26	В	45.8	1.4	2.14	7	14.2	30	6.3	+39%
HOLD-	Ross Human Directions		14/08/01	92	A	83.5	0.9	0.14	7	5.6	62	35.8	+6%
HOLD	Skilled Group Ltd		12/03/02	126	В	123.6	0.8	0.08	5	8.4	125		+104%
HOLD	Technology One Ltd		11/11/03	44	Α	300.3	0.8	2.06	16	4.5	84		+140%
BUY	TFS Corporation Ltd	TFC		45	В	191.3	0.8	1.61	4	5.3	80	9.4	+99%
	The Reject Shop Ltd	TRS	11/01/05	257	Α	25.8	0.3	1.01	22		1610		+612%
	Village Roadshow PREF age Total Return (i.e. both Capita	10-1- "	10/08/09	77		0.0	2.0	NA	0	Nil	230		+210%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +156.6%. This is equal to an average annual rate of +23.4%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 41 current and 147 closed out) is +28.9%, compared with a market gain of +4.3% (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.

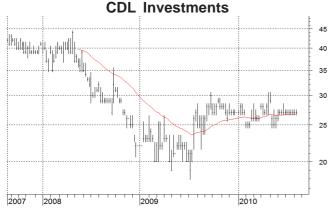
^{*} Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

⁽¹⁾ Cellnet Group includes 11/2 shares of Mnet Group distributed to shareholders.

Recommended Investments

(Continued from Page 3) experienced demand mainly for "lower priced sections in the South Island". Sales in the second half are expected to be "not as positive", with increased GST and increases in interest rates (for home owners) likely to keep demand depressed.

CDL Investments is debt-free and has substantial land assets throughout New Zealand, so will eventually benefit significantly from an upturn in the residential property market.



<u>Cavalier Corporation</u> has upgraded its profit forecast (for the year ended 30 June 2010) from \$14.5-15.5 million to \$16.3-16.7 million (24½-25 cents per share). That is a 19-22% improvement on the previous year.



Michael Hill International has made a small change to values used in its December 2008 restructuring (which is already yielding significant tax savings) following a query from the Australian Tax Office. The company has asked its independent expert to re-assess the \$294 million valuation of the intellectual property involved in the restructuring between wholly-owned subsidiaries. As a result it has adjusted the value of the transaction to \$274 million. This requires a similar change to deferred tax and current taxes - but will continue to generate 95% of the tax advantages. The ATO has provided rulings on the "technical aspects of the transaction" and the company will seek rulings from NZ's Inland Revenue Department to "obtain certainty on some of the NZ aspects".

Perhaps the company's *next* expansion should then be to establish a tax consultancy division - as clearly its *intellectual property* is not limited to international retailing but extends to international tax planning.



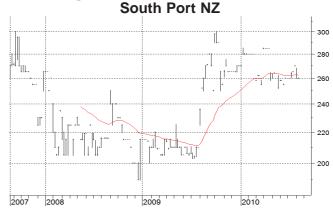
Renaissance Group has lifted revenues 6.5% to \$100.9 million for the half year to 30 June, with profits up 2½-fold to \$473,000 (1.0 cent per share). This recovery, however, is off last year's low result and is still well below the \$1.5 million first half profit in 2008.

The net operating cash surplus was down 54% but still very high at \$1.3 million. Interest bearing debts are down from \$3.7 million a year ago to just \$600,000 now.



South Port NZ has upgraded its net profit forecast for the June 2010 year to \$5.6-5.8 million (21½-22 cents per share), excluding the one-off, non-cash adjustment to tax owing to recent tax changes. This is a 70-75% improvement on the 2009 result.

The company also announced "reaching a favourable proposed agreement with **NZ Aluminium Smelters**" and "busier than normal cargo and warehousing activity" at its other port assets.

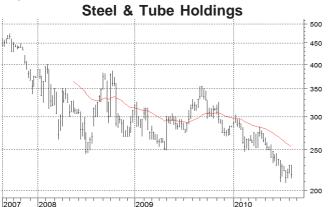


Steel & Tube Holdings has reported annual revenues down 21.6% to \$378.0 million for the year to 30 June 2010. The net profit was 62.1% lower at \$9,903,000 (11.2 cents per share) and a final 5.0 cents dividend will

make the annual dividend 55.3% lower at 8.5 cents (plus full imputation tax credits).

There is also a \$4.2 million charge in the profit statement for changes in deferred tax resulting from the recent tax changes - but this is a non-cash accounting entry - so should be ignored.

The net operating cash surplus was down 53%, but still very high at \$26.9 million. Interest bearing debts were reduced from \$47.5 million to \$35.9 million. That is a low debt level compared with Shareholders' Equity of \$145.5 million.



Australian Shares

(This section is in Australian currency, unless stated.) AJ Lucas Group has downgraded its June 2010 profit expectations to a loss of \$4 million (before interest, tax and depreciation) owing to delays receiving government approval to commence work on the Gorgon Project's Barrow Island landfall (so most of the profit from this project will now fall in the June 2011 year).

The company, however, continues to experience "very strong" demand for drilling services and has made "substantial progress" in preparing for the development of coal seam gas export projects in Queensland.



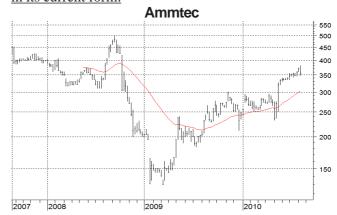
Ammtec has reported revenues just 2.1% lower at \$54.3 million for the year to 30 June 2010. Net profits are down 6.5% to \$6,894,279 while earnings per share are 30.0% lower at 18.9 cents (owing to new shares issued to finance expansion during the year). The directors have resolved to pay an 11.0 cents final dividend in October which will lift the annual dividend rate 9.4% to 17.5 cents.

This final dividend ignores Campbell Brothers' takeover offer which (among other things) is conditional upon Ammtec directors seeking its approval for any dividend payment.

The net operating surplus was 51% lower at \$5.9 million.

Campbell Brothers sees its acquisition of Ammtec as important to broaden the group's range of technical services and to continue involvement with resource clients during the design and construction phase of mining operations. Campbell Brothers sees the global market for metallurgical services as "relatively small" compared with its existing businesses, but would further expand the Ammtec business internationally and "remains determined to see a successful outcome". Campbell Brothers reported a 9.99% interest in Ammtec on 7 July and is required to disclose every 1.0% increase. Over the last 51/2 weeks it has made no further disclosure - so obviously few, if any, Ammtec shareholders are accepting the current takeover offer! To be successful, Campbell Brothers will probably need to negotiate with Ammtec and improve their offer.

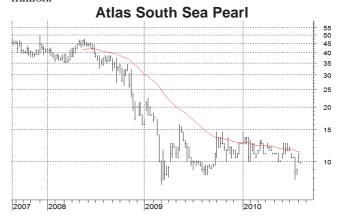
Investors should continue to ignore the Campbell Brothers takeover offer which is very unlikely to succeed in its current form.



Atlas South Sea Pearl is predicting a net profit of \$3.0-3.5 million (3.4-3.9 cents per share) for the first half year to June 2010. This result includes the benefit of a \$1.4 million tax refund and \$1.3 million revaluation of agricultural assets, but operating earnings will be around \$800-900,000 - up four-fold on the same period last year.

Revenues will be 63.5% higher at \$5.0 million, with the company now grading and selling its own pearls direct to over 25 international buyers.

Second half revenues are expected to be around \$5 million.



<u>Campbell Brothers</u> reports mineral sample volumes have recovered close to their peak in 2008 - but revenues are still lower and the company (*Continued on Page 6*)

Recommended Investments

(Continued from Page 5)

has higher costs from expanded capacity and new laboratories.

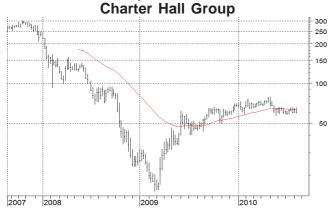
The new *Industrial* testing division (i.e. the recently acquired business of PearlStreet) has been integrated and rebranded as part of the ALS Laboratory Group. The company is focusing upon improving profit margins and will then expand the business internationally through its existing laboratories during 2011. The Industrial division could "grow to be the largest business unit within ALS within the next decade". That would add \$200-300 million to group revenues and \$50-150 million to earnings!

Cardno has upgraded its June 2010 profit forecast to \$36-37 million (up from the \$34-36 million predicted a month ago).



Charter Hall Group has launched a new fund, *Charter* Hall Industrial Fund, which will seek to raise a minimum of \$14.2 million in equity from investors. The group has initially invested in this fund to enable it to purchase a \$23.2 million property in Melbourne, leased for 15 years to Toll Holdings at an initial yield of 8.6%. These units will be on-sold to investors during the retail equity raising.

The group's wholesale fund, Core Plus Industrial Fund, has also agreed to purchase a 27,000 m² head office and distribution facility to be developed by the group's 50% owned development company, CIP. This investment, valued at \$55.5 million at completion, will offer an 8.0% initial yield, with 3.25% fixed annual rent increases over the 13 year lease.



<u>Clarius Group</u>'s quarterly *Skills Index* report predicts "an emerging skills shortage" which it expects to drive skilled labour rates up by over 5% annually over the next three years.



Finbar Group has declared a final 5.5 cents dividend, raising the annual dividend rate 7.1% to 7.5 cents.



M2 Telecommunications has published forecasts for strong growth over the current year to June 2011. Revenues are forecast to rise around 12% to \$425-445 million, with net profit up about 52% to \$22.0-23.5 million (18-19 cents per share).



Mnet Group generated a June quarterly operating cash surplus of \$8,000. Cash on hand at 30 June was \$670,000.

Photon Group has released some details of its proposed capital restructuring and negotiations over deferred considerations.

Liabilities for deferred consideration do not appear to have changed significantly. The amounts will be "capped" -but as "determined in the original acquisition agreements" or undisclosed "agreed upon caps" (which could still be above current liability levels). That is no reduction and potentially the amounts payable could increase further.

35% of the deferred consideration will be paid when

due in cash, with a further 15% settled in Photon Group shares at the issue price of the proposed capital raising. That price is likely to be the <u>lowest</u> price at which Photon Group shares will trade (unless, of course, the company fails) so these shares will give *additional* potential benefits to the vendors!

The final 50% "will only be paid if" undisclosed "specified future financial metrics are met by Photon" which is a meaningless statement which *could* impose tough financial obligations or *could* impose <u>no</u> additional financial standards. Previous obligations could only be paid *if* Photon Group was solvent *and* had the cash or undrawn debt facilities (i.e. which is does <u>not</u> have) to meet these debts.

Media speculation now suggests the company will seek to raise around \$110 million from a placement and a 1 for 3½ cash issue at 10 cents per share. That would offer about 44 million shares to existing shareholders (raising \$4½ million), about 265 million shares to vendors (funding \$26½ million of deferred consideration) and 790 million shares (\$79 million) to institutions and large shareholders who participate in the share placement. Issued capital would increase 8-fold to around 1,254,000,000 shares - significantly diluting the interests of existing shareholders!

Details of the capital raising *could* be announced in the near future with the shares then recommencing trading on the stockmarket - at a much reduced price!

Prophecy International Holdings predicts profits for the year ended June 2010 will be about 60% lower at around \$0.8 million (1.7 cents per share) - owing to "a number of incomplete transactions at year end" (i.e. carrying revenues and profits into the next financial year) as well as the higher Australian dollar (depressing the value of revenues earned in US dollars and Pounds Sterling).

A final 0.5 cent dividend will result in a 41.2% lower annual dividend of 2.5 cents.

Cash on hand at 30 June was \$4.45 million (9.7 cents per share).



Ross Human Directions is to be acquired by **Peoplebank Holdings** under a scheme of arrangement for 61.5 cents in cash - plus Ross Human Directions will pay a final 2.0 cents dividend.

For the year to 30 June, the company has reported a

4.9% drop in revenues to \$373.9 million but a 69.6% increase in profits to \$6,906,000 (8.3 cents per share). A final 2.0 cents dividend will lift the annual dividend 100.0% to 3.5 cents.

The net operating surplus was down 40%, but very high at \$13.6 million. Over the last year interest bearing debts have fallen from \$12.7 million to \$5.1 million.

The scheme of arrangement is effectively a negotiated takeover which becomes compulsory with just 75% support from shareholders *who vote* compared with a regular takeover that requires 90% acceptances from *all* shareholders.

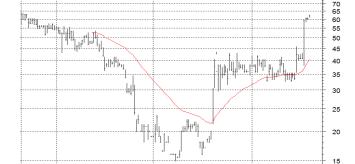
Although this takeover offers a 60% premium to the shares' recent market price, it values the company at a relatively low Price/Earnings ratio of just 7.4 and a Dividend Yield of 5.7%. A hostile takeover at this price (and requiring 90% acceptances) would probably not succeed, but structured as a scheme of arrangement and presumably supported by the Managing Director who owns 44.6% of the company - we would expect it to be passively accepted. When the directors agree to a scheme of arrangement (as they have done in this case) then it is very difficult for shareholders to reject the takeover. Perhaps only 40-60% of shares will ever be voted, so the scheme can become compulsory with just 30-45% support. There is, however, always a small chance of a higher rival offer.

Formerly listed in the Australian stockmarket, Peoplebank was itself taken over by a private equity company a year ago on a P/E ratio of 10.6. <u>A similar valuation would price Ross Human Directions shares at 88 cents!</u>

Ross Human Directions shareholders will vote on the scheme of arrangement in mid October with payment for the shares to be made in early November.

We would recommend holding on to the shares at this stage (to receive at least the 61½ cents plus 2 cents dividend), but investors requiring cash *could* sell onmarket for about 61½-62 cents now.

Ross Human Directions



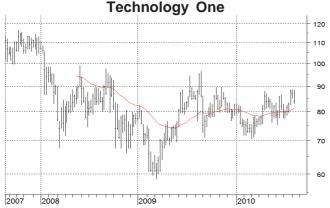
Technology One has opened its new 6700m², \$12 million Research & Development facility in Brisbane, consolidating three offices and bringing its over 350 software developers together. Over the next five years the company will spend \$150 million developing its *Next Gen* new software.

(Continued on Page 8)

Page 8 Market Analysis

Recommended Investments

(Continued from Page 7)



<u>Village Roadshow</u> is proposing to convert our Class A Preference shares into one ordinary share *and* to buy back up to 15,000,000 ordinary and/or preference shares at a cost of at least \$35 million.

This is an <u>unattractive</u> conversion as the preference shares would lose their extra dividend entitlements (i.e. to a minimum 10.175 cents annual dividend or a dividend 3.0 cents *higher* than the ordinary shares). Documentation will be sent out later this month and preference shareholders should later <u>vote against</u> this conversion!

The share buy-back (from the minority, public shareholders) is necessary to allow Village Roadshow Corporation (i.e. the major shareholder, owned by the executive directors) to retain a controlling 50% interest in the ordinary shares. Village Roadshow Corporation owns 68% of the ordinary shares but none of the nonvoting preference shares.

The buy-back becomes possible following the group's 40.89% owned Village Roadshow Entertainment Group obtaining additional long term financing. This has allowed it to repay a US\$17.5 million loan to Village Roadshow and a US\$20 million loan to a third party, cancelling a guarantee from the parent company. Village Roadshow, however, will still need to raise the additional \$35-40 million of debt from its bankers and, given its existing high debt levels, that is far from a certainty.

Funding terms for the \$35-40 million buy-back would likely include "potential restrictions" on future dividend payments. That is, the company may not pay dividends in the near future. Perhaps it would make more sense for the company to pay regular dividends rather than spending large amounts of cash on share buy-backs.

The preference shares are an outdated security and conversion makes sense . . . but in consideration of their *additional* dividend rights, a fair conversion would be one ordinary share *plus* 30-40 cents in cash - or <u>six</u> ordinary shares for every five preference shares. There is <u>no benefit</u> to the preference shareholders in a 1 for 1 conversion!

The preference shares already have an accumulated entitlement to a 10.175 cents dividend for the year ended 30 June 2010 (while there is no obligation to ever pay a dividend on the ordinary shares). The company would

usually pay this later this calendar year and can defer declaring the dividend which would then accumulate and need to be paid at some stage in the future. Clearly it could be in the interests of the *ordinary* shareholders to remove this annual dividend obligation to the *preference* shareholders - for which the preference shareholders should be paid some reasonable compensation!

As stated above, we recommend that the preference shareholders vote against a one for one conversion! This, of course, assumes that Village Roadshow directors offers the preference shareholders a vote! In 2004, the company attempted to buy out the preference shareholders at 125 cents, seeking to push through the buy-back by allowing only the ordinary shareholders to vote . . . but the courts intervened and preference shareholders rejected the deal!

Village Roadshow's 52.15% owned listed radio subsidiary, **Austereo**, has reported a 4.2% higher profit of \$47.1 million (13.7 cents per share) and lifted its annual dividend 6.6% to 9.7 cents.

Every 10,000 ordinary or preference shares in Village Roadshow (worth \$23,000) gives investors an indirect investment in 27,250 Austereo shares (worth \$48,641). A buy-back of 15 million Village Roadshow shares would increase this to 35,200 Austereo shares (worth \$62,832).

Austereo is just one of Village Roadshow's divisions. Village Roadshow shares are both *under-valued* and highly leveraged (with debt) so provide an investment in some significant assets and operating businesses. The group is not particularly well managed (but that is perhaps improving), but this under-valuation and leverage offers the potential for further significant increases in the value of the shares.





Share Recommendation: Buy Nomad Building Solutions

BUY Nomad Building Solutions (code NOD).

Nomad Building Solutions specialises in modular building construction, mainly for resource projects in remote locations. The company has suffered a series of problems over the last two years, owing to the recession and mining downturn resulting in a drop in the demand for new mine accommodation, plus problems with management systems and cost controls on longer term contracts. As a result the shares have been *extremely volatile* and the company has gone from being very profitable to predicting a *loss* for the June 2010 year.

Despite industry predictions of *long term* demand growth for modular buildings for the mining and other industries, current contract wins indicate that Nomad Building Solutions' revenues will remain depressed over at least the next 12-18 months. <u>Can new management save the company, restore profitability and turn Nomad Building Solutions back into a growth company?</u>

Media reports have described Nomad Building Solutions as a "one-year wonder", a "once much-loved small cap" which is now "friendless" and "a stock for the brave". Of course, many reporters have never been brave enough to own *any* shares and most have little or no investment wealth. This newsletter believes it can make an *intelligent* argument for buying Nomad Building Solutions shares for inclusion in a *diversified* investment portfolio.

Company History

Nomad Building Solutions was formed in 1990 and listed on the Australian stockmarket in late 2006 after offering 78.3 million shares (67% of the company) at 100 cents per share. Around 70% of these shares were sold by existing investors, with the company raising just \$23.8 million in new cash. At the time of the initial public offering, Nomad Building Solutions had an agreement to acquire **McGrath Homes** (which was formed in 1967) and this acquisition was completed in December 2006.

In September 2007 the group acquired transportable home builder **Halley Homes** for \$6.0 million (i.e. \$4.0 million in cash and 673,401 shares issued at 297 cents). This business added around \$25 million to revenues (i.e. was acquired at a Price/Sales ratio of 0.24).

In January 2008, the construction, property management and modular building units of **Rapley Wilkinson** were acquired for \$40 million (i.e. about 6.0 million shares issued to the vendors at 235 cents, plus \$26 million in cash - which was financed from the placement of 11.3 million shares at 235 cents). These businesses were expected to add over \$100 million to annual revenues and around \$7-8 million to net profits (i.e. a P/S ratio of 0.40 and a P/E ratio of 5-6).

In September 2009, additional production facilities were purchased for McGrath Homes at a cost of \$6 million, increasing capacity to produce another 80-120 homes annually, worth \$20 million in revenues.

In September 2009 it also acquired the business of

Residential Truss Systems Pty which manufactures steel wall and roof framing, steel floor chassis, light structural steel fabrication and concrete floor slabs - with a "significant amount of RTS product" used by all of Nomad Building Solutions' existing businesses! This acquisition cost under \$2 million in cash.

All of these acquisitions make sense. The company paid relatively low valuations to acquire businesses which both expanded its core business and market share while also expanding into new locations and acquiring customers in different industries. The company also took advantage of its high share price to pay for acquisitions with shares (i.e. issued at prices around 235-297 cents), rather than fatally running up high debt levels.

Recent Results

In the year to June 2007, the group reported revenues of \$208.9 million, a net profit of \$16,612,000 (14.3 cents) and paid an annual dividend of 7.5 cents.

The net operating surplus was \$24.8 million. Interest bearing debt was \$28.7 million at year end.

Helped by acquisitions, revenues grew 60.9% to \$336.2 million for the year to 30 June 2008. Net profit was up 47.8% at \$24,560,000 with earnings per share 27.3% higher at 18.2 cents. The annual dividend rate was raised 26.7% to 9.5 cents.

The net operating cash surplus was 31% higher at \$32.5 million. Year end interest bearing debts were \$38.3 million - but a low level for a company with a market capitalisation of \$230 million.

The year to June 2009 saw revenues grow a further 23.5% to \$415.3 million, but profits dropped 18.0% to \$20,139,000 (14.7 cents per share). The dividend was cut 52.6% to 4.5 cents - to conserve cash in a period when all companies were unsure about their ability to roll over bank debts.

The business generated another healthy cash operating surplus - down just 8% - of \$29.9 million. Interest bearing debts had grown to \$46.5 million.

There was also a \$6.9 million write-down in goodwill, but that is a non-cash accounting write-down which doesn't impact on revenues, cash-flows or profits.

For the year to June 2010 the company has progressively downgraded its revenue and profit forecasts. In October 2009 the directors had a "reasonable basis" to expect revenues of \$275 million and a net profit of \$10-12 million - although with a first half *loss* of \$1 million.

In January 2010 it expected the first half *loss* to be around \$5 million, with second half profits down from \$11-13 million to about \$7 million. Annual revenues were expected at around \$250 million.

The actual half year to 31 December 2009 showed revenues 59.7% lower at \$94.5 million and a *loss* of \$5,208,000 (*minus* 3.8 cents per share). No interim dividend was paid. The net operating cash surplus was 83% lower at \$3.6 million. The sale and lease back of a manufacturing facility for (Continued on Page 10)

BUY: Nomad Building Solutions

(Continued from Page 9) \$6.7 million helped reduce interest bearing debts over the six months from \$46.5 million to just \$24.5 million.

In early June the company downgraded its second half result from a profit of \$7 million to a *loss* of \$1 million (i.e. predicting an annual *loss* of \$6 million or about *minus* 4.3 cents). Revenues will be around \$230 million. The company may also write-down some of the \$82 million of goodwill carried in its balance sheet - but that will have no impact on future trading results. While this second half result is below earlier forecasts, it is an improvement on the first half result - suggesting that things are getting better, not worse!

Investment Criteria

This is where things get interesting and where our views (as an investor of our own money in shares) may differ widely from media reporters:

Firstly, very volatile shares can make great investments! Nomad Building Solutions' shares have been extremely volatile over the last two years, falling 95.6% from a high of 340 cents in November 2007 to a low of 15 cents in January 2009. They then recovered 720.0% to a high of 123 cents in September 2009, before again losing 92.0% of that value at their recent low of 9.8 cents in June 2010. As Norman Fosback wrote in "Stock Market Logic" in 1976, "A very basic characteristic of stock price behaviour works to an investor's advantage at this point. Stock price changes are unevenly distributed - a statistician would say that the distribution is *skewed* to the right. In layman's terms, this means that positive changes are generally greater in magnitude than negative changes. It is obvious that gains can exceed 100%, while losses never can." Obviously if our investment in Nomad Building Solutions doesn't work out then our loss is limited to 100% (i.e. the amount we invest in the shares), while a full recovery by the company could ultimately yield gains of 1000-2000%. Equally obviously, any investment in Nomad Building Solutions should be just a small part of a well diversified portfolio!

Secondly, there are no institutional investors (i.e. they have all sold out) and the shares are now "friendless" in the media. As Peter Lynch wrote in "One Up on Wall Street", "If you find a stock with little or no institutional ownership, you've found a potential winner" and "I'm equally enthusiastic about once-popular stocks the professionals have abandoned".

AMP reduced their holding below the 5% disclosure level (and presumably sold all of the shares traded with "other people's money") in January 2010. Invesco Australia and Aviva Investors (both of whom bought in at the 2009 peak around September) also dumped all of their shares in January 2010. That selling drove the shares down 55% to 32 cents in just one week! Eley Griffiths Group sold their shares in June 2010 - with this last institutional sale marking the recent low point for the shares.

So *volatile*, *depressed* and *unloved* shares can be considered as potential investment purchases . . . but will Nomad Building Solutions survive and can management turn this business around?

As reported above, the company's interest bearing bank debts were reduced to \$24.5 million on 31 December

2009 (from a previous peak of around \$70 million). These debt levels *may* have changed over the last six months, but over that period the company has been negotiating with its bank. In mid-June 2010 the company reached agreement with the bank to extend its \$80 million loan facilities by 13 months through to 29 July 2011. The company's debt levels are not particularly high, so there should be no *immediate* risk of failure... but the company does need to turn around its recent performance.

The decline in profitability and expected loss to June 2010 results from two major factors. Firstly, the drop in revenues of around 50% following the recession and downturn in the mining sector. Much of the company's business involves building accommodation for remote mine sites, so the slowdown in mine construction has lowered demand for the company's services. At the current level of revenues the business is struggling to cover its overhead costs and failing to earn reasonable profit margins. Current contract wins suggest that revenues will remain around this depressed level of \$200-250 million annually in the immediate future, so the company's new management is seeking to "right size" the business, reducing costs and overhead to restore profitability at current business volumes.

Secondly, the downturn has revealed weakness in management controls - especially in longer term construction projects where cost overruns have become apparent when completing contracts, resulting in losses being recorded in the June 2010 year. Of immediate significance, these projects have now been substantially completed - so will not continue to depress profits going forward.

Of importance over the medium to long term, there have been many management changes at Nomad Building Solutions - including a new Managing Director appointed in mid-July, with experience managing remote businesses, regional projects and major cost reduction and margin improvement programs. Several people have filled the Managing Director's role over the last few years. With the resignation of Phil Guy in January 2009, Alan Thomas (the CEO of the Rapley Wilkinson business) became the group MD, but returned to his role with the subsidiary company a year later. The Executive Chairman, Richard Blair, has been acting MD until the appointment of Michael Burke last month. Hopefully, the company has now found an MD with the necessary skills to deal with its current problems.

At 15 cents Nomad Building Solutions shares trade for little more than their June 2009 earnings of 14.7 cents! That makes the historical Price/Earnings ratio just 1.02! The Price/Sales ratio is 0.05 and the historical Dividend Yield 30.0%. Of course, the company traded unprofitably for the year just ended (i.e. to 30 June 2010) so there will be no P/E and no Dividend Yield. Lower revenues to June 2010 will increase the P/S ratio to a still very low 0.10. The *market* is pricing Nomad Building Solutions shares at only about 5-10% of their potential *recovery* value.

The issued capital is 138,138,976 shares, so with the shares trading at 15 cents the market capitalisation is just \$20.7 million making this a *micro-cap* company today (down from being a medium sized company worth

several hundreds of millions of dollars just 2-3 years ago). The shares, however, are very actively traded with turnover of many hundreds of thousands through to several million shares (worth around \$50,000 to \$500,000) daily!

There have been three *insider* buys (and a fourth small buy that we don't count in our statistics) and three *insider* sells over the last year. WJ McGrath (obviously from the McGrath Homes subsidiary) sold 600,000 shares at 78 cents and 712,125 shares at 112½ cents in September 2009 and a further 237,875 shares at 111 cents in October 2009 to retain just 52,127 shares. In retrospect, those trades may look like a good time to be selling, but were all "required to meet financial obligations of a marital settlement agreement" - so this was probably *not* a good outcome for Mr McGrath (who resigned from the board in January and retired from his executive role with the company in June this year).

Non-executive director PJ Slaughter purchased 10,750 shares at 93 cents in September 2009 (although this is just under \$10,000 and under 10% of his shareholding, so we don't count this small trade for our *insider* statistics) and a further 30,000 shares at 31 cents in January 2010. This second trade was under \$10,000 but increased his shareholding 23% to 130,877 shares. The Chairman, RL Blair also purchased 40,000 shares on-market at 32½ cents in January, raising his holding to 227,584 shares. That same month, AJ Thomas purchased 175,000 shares at 30½ cents, lifting his holding to 3,093,000 shares (2.2% of the company).

The directors (and other senior managers) therefore have moderate shareholdings in the company.

The shares are currently *neglected* by institutions (i.e. there are no institutional investors) although still *followed* by two brokers who publish profit forecasts.

Technically the shares are very weak, with a Relative Strength rating of -35.9%, ranked 98 (on a scale of 0-99). This makes Nomad Building Solutions one of the worst performing shares on the Australian stockmarket. Normally we focus upon shares with relatively strong price trends but as Fosback wrote in "Stock Market Logic" (Chapter 59, Weak Stocks: When are they a Buy?): "Stocks which have experienced a relatively weak price performance do occasionally make exceptionally good buys. Excellent purchase opportunities emerge for weak stocks . . . near major cyclical market lows. Stocks which have declined the most during a severe and extended market reaction often rebound the fastest in ensuing price recoveries. The reason is that they are usually the most oversold issues in the market. Investors are often uncertain whether these companies will ever be able to recover from their recession-induced losses. The marketplace is therefore faced with the alternative of pricing these companies at a minuscule liquidation value, or pricing them at a value which would reflect their future earnings capability if they managed to recover. Pervasive bear market pessimism usually prevails and investors assign a much lower value to individual stocks than is warranted. Consequently, the weakest stocks are likely to make exceptionally good recovery buys."

Even with a loss for the recently ended June 2010 financial year, Nomad Building Solutions has generated

significant profits over recent years, with *decades* of experience in its business and long term relationships with its customers. The business needs to be "right sized", eliminating overheads and other costs to restore profitability at current business volumes. Business systems, management systems and internal controls all need to be improved. Turning a business around is never easy, but the task is not impossible. Debt levels - the major cause of company failures - look reasonable and within bank facilities.

Summary and Recommendation

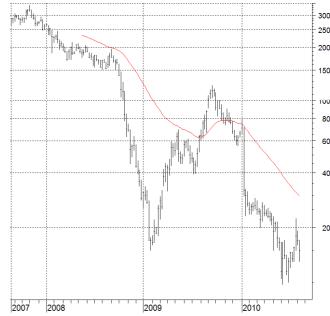
Clearly Nomad Building Solutions has a few problemsbut nothing that cannot be improved with standard management skills! The *market*, however, is pricing the shares as if the company has no future - but with moderate debt levels, bank facilities extended another year and new building contracts it is still business as usual in the company's factories and construction sites! Survival and a return to just moderate profitability *could* therefore see the shares recover to 50-70 cents (up 230-350%) over the next 12-18 months.

The real potential, however, lies in surviving to benefit from both the eventual *recovery* in demand for modular construction *and* its forecast strong growth (from mining and other industries) over the very long term. In five years the shares *could* potentially exceed their previous high of 340 cents (i.e. be up over 22-fold or 2,100%).

Of course, *if* things don't work out then our maximum loss is limited to 100% of the amount invested in this one company. By diversifying over 20-40 shares, with only a few percent in any one share, our potential portfolio loss from any *individual* holding becomes manageable and relatively minor.

An investment in Nomad Building Solutions obviously involves high risks - but the risk/reward distribution is so heavily "skewed to the right" (i.e. potential rewards so greatly exceed our maximum 100% risk of loss) this becomes an attractive holding to include in our portfolio where overall portfolio risk is further limited through diversification. We therefore believe that investing a small percentage of a diversified share portfolio in Nomad Building Solutions shares is the intelligent investment decision.

Nomad Building Solutions



Page 12 Market Analysis

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.

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UNDER-VALUEDS													
Col Motor Co	225	+0.0	+0.2	23	2-0	-	0.5	4	0.5	14	9.5	0.15	74
Hellaby Hold.	181	+4.2	+2.0	11	7-0	-	1.1	6	1.3	17	4.7	0.19	92
Satara Co-op	70	+0.7	+4.4	20	0-0	-	0.3	3	1.0	12	4.1	0.20	11
Ebos Group Ltd	655	+1.7	-0.3	16	0-3	1	2.0	12	0.4	16	5.5	0.24	321
Allied Work.	85	+3.2	+3.6	13	1-0	-	1.2	11	0.9	11	7.6	0.32	22
SeekaKiwifruit	299	+0.8	-1.1	18	1-0	-	0.7	1	0.4	117	9.6	0.36	43
Mainfreight Grp	655	+4.1	-0.7	12	0-1	-	2.2	12	0.5	18	4.0	0.57	645
Kirkcaldie & St	270	+0.2	-1.5	22	0-0	-	1.2	4	0.5	26	4.2	0.61	27
Skellerup Hold.	74	+14.4	-0.4	4	0-0	-	1.4	11	1.0	12	4.8	0.62	139
Comvita	198	+15.8	-12.1	2	6-0	-	8.0	8	8.0	11	5.8	0.63	54
RestaurantBrds	251	+16.7	-3.8	1	4-0	-	5.0	40	0.5	13	7.1	0.77	244
BESTPERFORMIN													
Finzsoft Sol'ns	32	+20.4	+12.2	1	0-0	-	1.1	11	0.9	10	Nil	0.37	3
RestaurantBrds	251	+16.7	-3.8	1	4-0	-	5.0	40	0.4	13	7.1	0.77	244
Comvita			-12.1	2	6-0	-	8.0	8	0.7	11	5.8	0.63	54
Skellerup Hold.		+14.4	-0.4	4	0-0	-	1.4	11	8.0	12	4.8	0.62	139
HellabyHold.	181	+4.2	+2.0	11	7-0	-	1.1	6	1.1	17	4.7	0.19	92
Mainfreight Grp	655	+4.1	-0.7	12	0-1	-	2.2	12	0.5	18	4.0	0.57	645
Allied Work.	85	+3.2	+3.6	13	1-0	-	1.2	11	0.7	11	7.6	0.32	22
Ebos Group Ltd	655	+1.7	-0.3	16	0-3	1	2.0	12	0.3	16	5.5	0.24	321
Satara Co-op	70	+0.7	+4.4	20	0-0	-	0.3	3	8.0	12	4.1	0.20	11
ColMotorCo	225	+0.0	+0.2	23	2-0	-	0.5	4	0.4	14	9.5	0.15	74
INCOMESHARES	·Highog	+Vialde	Canita	lication	n > MZ	7 ¢ 10	∩milli	ion					
Telecom Corp	206	-9.3	+0.9	76	1-3	-ψιο 1	1.4	15	0.5	10	11.7	0.69	3,836
INGProperty	69	-4.8	-1.5	60	0-0		0.7	-	0.5	NE	10.9	4.78	372
Methven Limited	155	-1.8	+0.4	40	1-3	_	1.9	15	0.7	13	10.1	0.80	103
AMPOnyxMamt	72	-4.2	-0.7	56	2-1	_	0.9	-	0.5	NE	9.8	5.20	718
VectorLtd	206	+1.6	-1.6	17	3-2	1	1.0	9	0.5	12	9.5	1.75	1,969
Goodman Prop.	92	-4.9	-0.5	62	0-2		0.9	-	0.5	NE	9.2	5.95	790
Kiwi Property	94	-4.6	-0.2	58	0-1	-	0.8	-	0.5	NE	9.0	4.02	759
Briscoe Group	113	-1.2	-2.0	34	3-0	-	1.9	16	0.7	11	8.8	0.58	240
FreightwaysLtd	268	-7.0	-2.5	70	0-0	-	2.7	24	0.4	12	8.8	1.18	400
Warehouse Group	349	-5.4	+0.2	64	5-2	1	3.4	24	0.4	14	8.6	0.63	1.086
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Total Re	turn Index i	for All List	ed Shares
	Jul 12 Jul 13	1308.93 1304.20	
	Jul 14 Jul 15 Jul 16	1310.28 1310.37 1317.19	
Jul 19 Jul 20 Jul 21 Jul 22 Jul 23	1313.47 1321.68 1323.04 1323.32 1332.35	Jul 26 Jul 27 Jul 28 Jul 29 Jul 30	1333.20 1331.44 1335.29 1335.43 1337.77
Aug 2 Aug 3 Aug 4 Aug 5 Aug 6	1343.11 1336.62 1334.09 1337.66 1335.92	Aug 9 Aug 10 Aug 11 Aug 12 Aug 13	1333.66 1330.40 1329.28 1314.76 1318.25

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Company	Share	STREN Cur-	4 10/1.	D I.								Price Sales	Market
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INSIDER BUYING:	Most Ins	sider Bu											
WNDriveTech.	10	+2.1	+1.8	15	9-0	-	2.1	-	1.2	NE	Nil	2.39	54
ScottTech.Ltd	121	+2.1	-1.4	15	8-0	-	1.8	1	0.5	143	1.2	1.21	38
Hellaby Hold.	181	+4.2	+2.0	11	7-0	-	1.1	6	1.0	17	4.7	0.19	92
Comvita Restaurant Brds	198 251	+15.8	-12.1 -3.8	2	6-0 4-0	-	0.8 5.0	8 40	0.6	11 13	5.8 7.1	0.63	54 244
Col Motor Co	225	+0.0	+0.2	23	2-0	-	0.5	40	0.3	14	9.5	0.77	74
Allied Work.	85	+3.2	+3.6	13	1-0	-	1.2	11	0.6	11	7.6	0.32	22
Seeka Kiwifruit	299	+0.8	-1.1	18	1-0	-	0.7	1	0.2	117	9.6	0.36	43
Ryman Health.	205	+0.8	-1.5	19	3-2	1	2.2	17	0.5	13	4.3	9.32	1,020
VectorLtd	206	+1.6	-1.6	17	3-2	1	1.0	9	0.5	12	9.5	1.75	1,969
OVER-VALUEDSH	IARES	Highes	tPrice/S	Sales	Ratios	Rel	ative.S	Strenat	h<0				
Property FInd.	112	-1.3	-0.4	35	0-0	-	1.0	-	0.4	NE	8.1	7.65	240
PortTauranga	670	-0.9	-0.1	31	0-0	-	1.4	7	0.4	20	5.8	6.25	898
Goodman Prop.	92	-4.9	-0.5	62	0-2	-	0.9	-	0.5	NE	9.2	5.95	790
AMPOnyxMgmt	72	-4.2	-0.7	56	2-1	-	0.9	-	0.4	NE	9.8	5.20	718
INGProperty	69	-4.8	-1.5	60	0-0	-	0.7	-	0.4	NE	10.9	4.78	372
NZWindfarms	22	-25.1	+1.7	95	0-0	-	0.2	-	1.2	NE	Nil	4.49	17
Kiwi Property	94	-4.6	-0.2	58 68	0-1 0-0	-	0.8	-	0.4	NE NE	9.0 Nil	4.02	759
Metro. LifeCare	191 141	-6.7 -13.3	-0.9 -1.2	84	0-0	-	0.5 1.8	3	0.5	71	6.6	3.99	234 170
NZExchangeLtd South Port NZ	260	-1.4	-0.0	37	0-0		2.5	12	0.7	21	5.6	3.49	68
NZOil & Gas	122	-10.8	-2.6	81	1-0	-	1.0	11	0.4	9	5.9	3.41	473
NZ Refining Co	300	-11.7	-1.3	83	1-0	-	1.6	4	0.3	36	Nil	3.36	840
KermadecProp.	46	-4.3	+0.0	57	0-0	-	0.5	-	0.6	NE	10.9	3.13	39
Trust PowerLtd	715	-1.1	-0.3	32	0-1	-	1.6	8	0.3	19	7.6	2.97	2,256
F&PHealth.	288	-4.7	-3.6	59	0-4	2	5.0	24	0.3	21	6.2	2.93	1,476
Lyttelton Port	235	-2.6	-0.5	44	0-0	-	1.8	8	0.3	24	3.0	2.85	240
SkyNetworkTV	501	-1.4	+0.4	36	0-0	1	1.6	7	0.2	22	4.0	2.82	1,950
Mowbray Collect	75 299	-10.5 -4.9	-0.7 +0.5	81 61	0-0 2-0	- 1	2.0	16	0.4	NE 15	Nil 7.4	2.27	8 1,720
SkyCityLtd	233	-4.3	+0.5	01	2-0		2.3	10	0.5	13	1.4	2.00	1,720
WORSTPERFORM					,			0.25, Y				_	
Charlie's Group	9	-58.3	+0.0	97	0-0	-	2.0	-	1.3	NE	Nil	0.87	27
NZWindfarms	22	-25.1	+1.7	95	0-0	-	0.2	-	1.2	NE	Nil	4.49	17
New Image Group Delegat's Group	30 166	-15.9 -15.2	+1.3	90 89	7-2 0-0	-	3.2 1.2	71 22	0.9	5 6	7.1 6.9	0.71	70 167
Pyne Gould Corp	41	-14.8	+0.5	88	10-2		0.2	-	0.4	NE	Nil	0.73	283
OysterBay	140	-14.8	-2.4	87	0-0	_	0.2	3	0.3	8	7.1	1.07	13
WindflowTech.	110	-13.7		86	0-0	-	0.8	-	0.4	NE	Nil	0.42	13
Jasons Media	40	-13.6	-4.1	85	0-0	-	2.3	16	0.6	14	8.9	0.54	8
NZExchangeLtd	141	-13.3	-1.2	84	0-3	-	1.8	3	0.6	71	6.6	3.97	170
NZWineCompany	140	-13.2	-2.6	84	0-0	-	0.6	6	0.5	9	4.1	0.97	12
NZRefiningCo	300	-11.7	-1.3	83	1-0	-	1.6	4	0.3	36	Nil	3.36	840
SmartpayNZLtd	3	-10.8	-1.9	82	0-0	-	2.9	-	1.6	NE	Nil	0.69	27
NZOil & Gas	122	-10.8	-2.6	81	1-0	-	1.0	11	0.4	9 NE	5.9	3.41	473
Mowbray Collect Steel & Tube	75 219	-10.5 -10.0	-0.7 -1.5	81 78	0-0 0-0	-	2.0	7	0.4	20	Nil 5.5	2.27 0.51	8 194
EcoyaLtd	80	-9.9	-2.8	77	0-0		19.9	'-	0.4	NE	Nil	6.76	26
Heritage Gold	2	-9.1	-3.1	76	0-0	-		_	2.4	NE	Nil	N/A	7
Guinness Peat	66	-8.4	-2.7	75	1-4	-	0.6	-	0.7	NE	3.4	0.45	1,179
AMP Limited	665	-8.4	-1.5	74	0-0	-	1.6	9	0.4	17	3.0	1.06	13,472
F&PAppliance	50	-8.3	-2.5	73	4-1	1	0.6	-	1.0	NE	Nil	0.31	362
INSIDER SELLING	·MostIr	nsider S	ellina F	Relati	ve.Stre	nath	1<0						
Air New Zealand	114	-7.2		71	0-10	1	0.8	1	0.6	58	8.1	0.26	1,216
	52	-10.4	+1.9	80	0-6	1	0.4	-	0.5	NE	Nil	0.13	164
PGG Wrightsons	52				0-4	2	5.0	24	0.3	21	6.2	2.93	1,476
	288	-4.7	-3.6	59	0 1		0.0					2.00	.,
PGGWrightsons F&PHealth. FletcherBuild.	288 735	-1.9	-2.0	41	4-8	2	1.5	12	0.3	13	6.4	0.63	4,443
PGGWrightsons F & P Health. Fletcher Build. NZ Exchange Ltd	288 735 141	-1.9 -13.3	-2.0 -1.2	41 84	4-8 0-3	2	1.5 1.8	12 3	0.3 0.6	13 71	6.4 6.6	0.63 3.97	4,443 170
PGGWrightsons F & P Health. Fletcher Build. NZ Exchange Ltd Guinness Peat	288 735 141 66	-1.9 -13.3 -8.4	-2.0 -1.2 -2.7	41 84 75	4-8 0-3 1-4	2 -	1.5 1.8 0.6	12 3 -	0.3 0.6 0.7	13 71 NE	6.4 6.6 3.4	0.63 3.97 0.45	4,443 170 1,179
PGGWightsons F & P Health. Fletcher Build. NZ Exchange Ltd Guinness Peat Goodman Prop.	288 735 141 66 92	-1.9 -13.3 -8.4 -4.9	-2.0 -1.2 -2.7 -0.5	41 84 75 62	4-8 0-3 1-4 0-2	2 - -	1.5 1.8 0.6 0.9	12 3 -	0.3 0.6 0.7 0.4	13 71 NE NE	6.4 6.6 3.4 9.2	0.63 3.97 0.45 5.95	4,443 170 1,179 790
PGGWightsons F & P Health. Fletcher Build. NZ Exchange Ltd Guinness Peat Goodman Prop. TeamTalk Ltd	288 735 141 66 92 200	-1.9 -13.3 -8.4 -4.9 -4.9	-2.0 -1.2 -2.7 -0.5 +0.3	41 84 75 62 63	4-8 0-3 1-4 0-2 0-2	2	1.5 1.8 0.6 0.9 1.9	12 3 - - 18	0.3 0.6 0.7 0.4 0.4	13 71 NE NE 10	6.4 6.6 3.4 9.2 14.3	0.63 3.97 0.45 5.95 1.32	4,443 170 1,179 790 41
PGGWightsons F & P Health. Fletcher Build. NZ Exchange Ltd Guinness Peat Goodman Prop.	288 735 141 66 92	-1.9 -13.3 -8.4 -4.9 -4.9 -9.3	-2.0 -1.2 -2.7 -0.5	41 84 75 62	4-8 0-3 1-4 0-2	2 - -	1.5 1.8 0.6 0.9	12 3 -	0.3 0.6 0.7 0.4	13 71 NE NE 10 10	6.4 6.6 3.4 9.2	0.63 3.97 0.45 5.95	4,443 170 1,179 790

Computer Selections of Australian 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.

Company	Share Price	STREN Cur- rent	GTH F 4-Wk Chg.	RATINO Rank 0-99	<u> </u>	<u>§ § </u>	to	ReturnVo on ti Equity it	- Eari	n. de	nd Sa	les	Market Cap'n	Company	Share Price	STREN Cur- rent	GTH F 4-Wkl Chg.	RATIN Rank 0-99	Insider Buy-Sell	Brokers Following	riceRe to NTAE	eturnV on t juity i	ola-Pri il- Ear ty Rat	ceDivi n.den ioYiel	- Price d Sales d Ratio	Market Cap'n
OVER-VALUEDS	HARES	Highes	tPrice/	Sales F	Ratios,	Relat	tiveSt	trength<)					TZLimited	34	-30.4	-3.2	96	0-0	-	-	- 0	.9 N	Ni	0.83	13
Stirling Prod.	1	-15.2	+4.3	75	1-0	-	-	- 3.	2 NE	١.	۱ اil	√ A	6	Mintails Ltd	2	-30.1	-2.0	95	1-0	- (0.1	- 2	.7 N	Ni	0.44	7
FARLtd	6	-4.0	-8.0	43	0-0	-	-	- 1.	5 NE	١.	۱ اil	I/A	31	Biota Holdings	97	-29.3	-0.6	95	2-0	- '	1.8	40 0	.5	4 Ni	2.02	168
Pacrim Energy	1	-3.9	+9.0	43	6-0	-	-	- 3.) NE	١.		I ∕A	12	Baraka Petrol.	0	-28.7	+1.7	95	0-1		-	- 5	.5 N	Ni	N/A	5
Axiom Property	3	-21.1	+2.3	86	0-0		0.5	- 1.				I ∕A	12	Neptune Marine	26	-28.4	+0.7	95	2-0	3	2.4	57 0		4 Ni		87
GPTGroup	287	-1.1	+1.0	32	1-0	3 4	4.0	9 0.				75	5,325	Geothermal Res.	17	-28.4	+2.6	95	0-0	-	-	- 1				6
TriausminLtd	5		-5.9	91	0-0		-	- 1.				62	5	Green Rock En.	2	-28.3	+3.6	95	0-0	-		- 2				12
CircadianTech	64	-7.0	-1.8	53	5-0		0.7	- 0.				37	29	Eneabba Gas Ltd	11	-28.2	-1.9	94	1-0	- 1		- 1				8
Mineral Commod.	4			65	4-0		-	- 1.				30	6	AusencoLtd	228	-28.2	-6.2	94	2-0		3.0	22 0				278
Aust Infra.	186	-1.7	-0.3	35	1-0	2		6 0.				19	1,070	Excelsior Gold	3	-28.2	-0.4	94	0-0		-	- 2				6
Sun Resources Aberdeen Leader	6 123	-11.7 -5.2		66 47	0-0 2-4		- 0.8	- 1. - 0.				10 09	10 72	Aurora Minerals Mundo Minerals	38 9	-28.1 -28.0	-8.8 -0.8	94 94	0-0 0-0		-	- 0 - 1				25 19
Bluglass Ltd	10			83	0-0		2.5	- 0. - 1.				09	17	Panax Geotherm.	4	-28.0	-8.1	94	0-0			- 1				9
MOKO.mobiLtd	8	-15.0	+3.3	75	1-0		8.2	- 1. - 1.				01	7	ChemGenexPharm		-27.7	+3.3	94	0-0			- 0				100
Alcyone Res Ltd	2	-18.3		82	0-0		-	- 2.				89	11	ComOpsLimited	6	-27.7	+1.9	94	1-0		1.5	44 1		3 Ni		7
Polartechnics	7	-1.7	+0.5	35	0-0			- 1.				77	17	Aust China Hold	0	-27.6	-0.8	94	0-0	- (0 4				14
Orion Petroleum	5	-22.8	-2.8	89	0-0		-	- 1.				60	8	Metal Storm Ltd	1	-27.6	+0.6	94	1-0	-		- 2				10
Wotif.com Hold.	500	-10.7	-2.6	64	0-3	6	-	- 0.		3	.5 8.	59	1,042	Bannerman Res.	40	-27.5	+4.2	94	1-0	-	-	- 0			N/A	81
Carindale Prop	413	-0.2	-0.8	28	0-0	- (0.7	3 0.	2 24	6	.4 8	36	289	RaisamaLtd	19	-27.1	-5.5	93	0-0	-	1.3	- 0	.9 N	Ni	2.31	44
Victoria Petrol	26	-8.3	+0.8	57	2-0	-	-	- 0.	7 NE	١.	Vil 8	25	96	RepublicGold	1	-27.0	-2.7	93	1-0	-	-	- 2	.4 N	Ni	N/A	6
AevumLtd	167	-0.4	+5.8	29	0-0	1	8.0	- 0.	5 NE	2	.4 8	25	214	Every Day Mine	5	-26.7	-5.9	93	0-0	-	0.4	- 1	.4 N	Ni	0.36	8
TransurbanGrp	474	-6.4	-0.5	51	5-0	5	1.7	2 0.				21	6,706	Arafura Pearls	2	-26.7	+4.6	93	1-0		0.1	4 2		2 Ni		8
QuestMinerals	4		-8.7	86	3-0		-	- 1.				05	5	Bioprospects	2	-26.2	-1.9	92	0-1	-		- 2				8
Millennium Min.	3		-0.4	79	0-0		-	- 2.				94	8	Clean Global En	7	-26.1	-2.8	92	0-0		-	- 1				5
Calzada Ltd	3	-8.2	-0.9	56	1-0	-		- 2.			Vil 7.		8	Quantum Energy	9	-26.1	-0.4	92	0-1			- 1		3 Ni		92
Tanami Gold NL	2		-5.4	84	0-0		-	- 2.				65	111	Sino Securities	28	-25.7	-1.9	92	0-0		-	- 0				19
Cellestis Ltd	272	-5.8	+0.3	49	0-1	- 1		37 0.				58 50	261	Admiralty Res.	1	-25.7	+0.3	92	4-1	-		- 3				10
Zimplats Hold. Metals Finance	1050 7	-4.2 -17.5	-3.3 -1.7	44 80	0-0 3-0	- (- 03	- 0. - 1.				58 53	1,130 5	Northern Mining Aust Resources	6 25	-25.6 -25.5	-3.7 -2.2	92 92	1-3 0-0		-	- 1 - 1				7 94
CougarMetals	2	-17.5	-0.1	34	1-0		-	- 1. - 2.			vii 7. Vii 7.		7	UranexNL	15	-25.5	-1.2	91	1-0			- 1				13
Woodside Petrol	4151	-3.9	-0.1	43	1-1		3.7	21 0.					32,263	Pan Pacific Pet	17	-25.4	-1.5	91	4-0		0.6	25 0		2 Ni		100
Clime Inv Mgmt	42	-0.1	-0.9	27	6-0		1.1	- 0.				30	21	Comet Ridge Ltd	17	-25.3	-2.9	91	0-0		-	- 0				26
PatrysLtd	11	-11.5	+0.5	65	0-0		1.8	- 1.				29	19	Carrick Gold	36	-25.2	-3.8	91	3-0	-	-	- 0			N/A	44
NorwestEnergy	3	-7.6	-2.0	54	0-0	-	-	- 2.	3 NE	١.	Vil 7.	25	19	Hill End Gold	9	-25.1	-0.6	91	3-0	-	-	- 1	.2 N	Ni	N/A	20
Forest Place Gr	80	-5.2	+1.4	47	0-0	-	0.3	3 0.	5 12	. 1	Vil 7.	23	66	Triausmin Ltd	5	-24.7	-5.9	91	0-0	-	-	- 1	.5 N	Ni	9.62	5
Metal Storm Ltd	1	-27.6	+0.6	94	1-0	-	-	- 3.	1 NE	١ ١	Vil 7.	14	10	KarmelsonixLtd	2	-24.6	-1.9	91	2-2	-	-	- 2	.2 N	E Ni	N/A	10
Mineral Deposit	82	-5.5	-3.1	48	0-2	2		- 0.				12	462	Innamincka Pet.	8	-24.5	+4.7	91	0-0	-	-	- 1				13
Uscom Limited	34	-24.2	-1.0	91	0-0		5.7	- 0.				80	14	ArcExploration	2	-24.5	-8.3	91	0-0	-	-	- 2	.1 N	E Ni	N/A	6
NSXLimited	19	-3.5	-1.1	42	9-1		3.7	- 0.				02	17													
Charter Hall GR	60	-3.9	-3.7	43	1-1		0.8	- 0.				98	586	INSIDER SELLING								0	0 4		0.05	F 400
AMP Cap China Drillsearch	84 6	-8.8 -6.2		58 50	0-0 6-0		0.6 1.5	7 0. - 1.				69 67	266 104	Computershare	923 2890	-5.5 -9.7	-3.1 -1.9	48 61	0-9 2-9	-	- 3.9	- 0 20 0				5,129 8,611
Aurora Sand Div	97	-3.3	-0.1	41	0-0		0.9	- 1. - 0.				60	43	Leighton Hold Mermaid Marine	266	-9.7	+0.4	34	0-6		2.9	16 0				489
King Solomon M.	6		+2.1	72	0-0		-	- 1.				56	5	SomnomedLtd	89	-2.6	-2.4	38	0-6	- 8		- 0				34
WasabiEnergy	2		-2.0	63	8-0		_	- 2.				52	14	Dominion Mining	208	-12.9	-3.5	69	0-4		2.0	29 0		7 6.7		214
Deutsche Ind Tr	196	+0.0	+0.0	26	0-0		1.2	10 0.			.1 6.	49	663	Platinum Asset	513	-1.9		35	0-4		-	- 0				2,878
Paragon Care	3	-0.9	-2.0	31	6-0	- ;	3.2	- 1.	7 NE	. 1	Vil 6	40	7	Minemakers Ltd	31	-22.1	+1.2	88	0-4	-	-	- 0	.6 N	Ni	N/A	12
RoyalResources	25	-1.4	-0.8	33	0-1	-	-	- 0.) NE	. 1	Vil 6	38	23	Slater & Gordon	140	-3.7	-1.1	42	1-5	2	1.8	20 0	4	3.0	1.48	152
ConnectEastGrp	40	-4.2	-0.2	44	1-0	4	-	- 0.	S NE	١ ١	Vil 6	38	1,532	JB Hi-Fi Ltd	2030	-1.0	+0.8	31	1-5	5 1	8.6	91 0	.2 1	3.3	0.81	2,199
Marion Energy	2			99	1-0	-		- 2.			Vil 6		6	WesternAreas	501		+3.4	50	1-5	7		- 0				896
OZMineralsLtd	122	-0.3	+3.2	28	6-0	7	1.5	- 0.	6 NE	١ ١	Vil 6	23	3,792	WebjetNL	227		+0.0	37	2-6	2		36 0				174
					_									Aquila Res.	833	-8.2		56	0-3	2		- 0				2,074
WORSTPERFOR												04	20	Wotif.com Hold.		-10.7		64	0-3	6		- 0				1,042
Avexa Limited Marion Energy		-44.3		99 99	0-0 1-0	- '			7 NE 9 NE		√lil 6.		20	GippslandLtd	3	-14.2		73	0-3	-		- 1				11
Po Valley Ener.	27	-43.1 -42.5		99	3-0	1		- 1. - 0.				32 √A	6 25	LiqNaturalGas ToxFreeSol.	58 235	-21.8 -3.1		87 40	0-3 0-3	3		- 0 27 0				98 186
Enerji Ltd	3			98	0-0	-		- 0. - 2.				VA VA	13	A1 Minerals Ltd		-16.5		78	0-3	-		- 1				13
NovogenLtd	15		-6.7	98	0-0		0.5	- 0.				37	15	BTInvestMgmt	263		+1.3	47	0-3	2 1		46 0				334
Antisense T.	2		+3.6	97	0-0	- '		- 2.				VA	9	CellnetGroup	30		-0.1	29	0-3	-		- 0				23
Clean Seas Tuna	10		+2.3	97	0-0		0.2	- 0.				66	20	HarveyNoman	350		+1.7	40	0-2	3		10 0				3,718
Panorama Syn.	15		-5.8	97	0-0	-		- 1.				VA.	15	Mineral Deposit	82	-5.5		48	0-2	2		- 0				462
White Canyon Ur	9		+0.4	97	2-0	-	-		1 NE	. 1	۱ اil	VA	18	Heemskirk Cons.	28			70	0-2	- (0.4	- 0		E Ni	0.73	33
Fluorotechnics	14	-31.7	+1.5	96	0-0	- :	2.7	- 1.) NE	١ ١	Vil 1.	40	7	TPLCorporation	2	-4.2	-4.5	44	0-2	-	-	- 1	.8 N	Ni	N/A	6
NexbisLtd	9		-0.6	96	8-0	- (81 1.				61	40	QuickstepHold.	36		+0.7	74	0-2	- !		- 0				58
NullarborHold	28	-30.8	-0.7	96	0-0	-	-	- 1.	1 NE	: 1	Nil N	I/A	21	Sth Cross Media	183	-3.7	-2.7	42	0-2	1	-	- 0	.3 N	4.2	0.79	699

Page 14 Market Analysis

Australian Warrant / Option Analysis Option Share Option Option Spreak Option Share Option Option Option Spreak Option Share Option Option Option Spreak Option Share Option Option Option Option Spreak Option Share Option Opti

Company		Exercise to Price Expiry		Scholes Valuation		tility	Lever- age	to Buy 1 Share	Even	Company	Share Exercise to Price Price Expiry	Option	Black- Option Share Option Options Break- I Scholes Over/ Vola- Lever- to Buy Even Valuation Under- tility age 1 Share Rate Valued
ADO Olah alQuranh		45 07	0.0	0.0			0.00	4.0	. 474	0	70 00 44	4.5	
ADG Global Supply AXG Mining	5.7 1.5	15 0-7 20 0-0	0.8 0.1	0.3	+163	0.96 0.82	3.39	1.0 1.0	+474 +999	Convergent Minerals Copper Range Ltd	7.0 20 1-4 2.0 30 0-1	1.5 0.1	0.7 +106 0.80 2.63 1.0 +132 0.0 +999 1.05 9.99 1.0 +999
Actinogen Ltd	8.5	50 1-11	0.1	4.9	-98	1.83	1.25	1.0	+152	Coppermoly	14 30 0-8	1.5	1.1 +35 0.91 3.11 1.0 +256
Adultshop.com	1.7	0.8 1-4	0.3	1.1	-74	1.06	1.34	1.0	-28	CoppermolyLtd	14 7.0 1-3	8.0	8.2 -2 0.91 1.47 1.0 +9
Agenix Ltd	1.7	30 0-10	1.0	0.0	+999	0.00	9.99	1.0	+999	Cortona Resources	17 20 1-5	7.5	5.3 +40 0.75 2.02 1.0 +40
Alchemy Resources All Brands	42 3.7	25 0-0 60 0-4	21.0	0.0	+999 +999	1.10	9.99	1.0 1.0	+999 +999	DSF International Datamotion Asia Pac.	1.1 3.0 2-4 0.1 1.0 2-8	0.5 0.1	0.4 +43 0.94 1.69 1.0 +64 0.0 +160 1.35 1.42 1.0 +144
Altera Resources	27	20 1-5	15.0	16.9	-11	1.26	1.34	1.0	+20	Dourado Resources	16 20 4-3	3.0	7.9 -62 0.65 1.51 1.0 +9
AnaecoLtd	17	100 1-9	0.1	0.2	-41	0.60	4.08	1.0	+175	Eagle Nickel	4.0 30 1-10	0.4	0.1 +390 0.72 3.27 1.0 +202
Anteo Diagnostics	5.6	1.2 0-1	4.2	4.4	-5	2.22	1.27	1.0	-35	Eastern Iron	15 12 0-4	4.0	4.3 -6 0.97 2.52 1.0 +40
Anteo Diagnostics	5.6 2.0	6.5 0-5 6.0 2-2	1.5 0.4	2.8 0.4	-46 -4	2.22 0.82	1.48	1.0 1.0	+135 +70	Eastland Medical Eastland Medical	4.9 20 0-9 4.9 10 0-10	0.4 2.2	0.1 +439 0.83 4.11 1.0 +570 0.5 +325 0.83 2.91 1.0 +199
Apex Minerals Apollo Minerals	2.0	25 1-3	1.0	1.8	-4 -43	0.86	2.36	1.0	+70	Eco Quest Ltd	9.4 20 0-7	1.8	0.6 +177 0.89 3.38 1.0 +323
Aragon Resources	17	25 0-1	0.6	0.3	+106	1.03	7.56	1.0	+999	Eldore Mining	1.1 3.0 2-4	0.4	0.5 -26 1.24 1.39 1.0 +62
ArcExploration	2.0	3.6 0-5	0.2	0.2	-7	1.09	3.03	1.0	+367	Eleckra Mines Ltd	8.5 7.0 0-10	2.9	3.8 -23 1.05 1.73 1.0 +20
Argent Minerals	20	20 0-10	3.5	6.7	-47	0.90	2.03	1.0	+21	Electrometals Tech.	1.2 14 0-8	0.1	0.0 +538 1.36 3.23 1.0 +999
Artemis Resources Astro Diamond Mines	5.8 0.6	5.0 0-10 5.0 2-3	2.0 0.5	2.3	-11 +142	0.91	1.91 1.49	1.0 1.0	+25 +168	Elemental Minerals Ltd Eneabba Gas Ltd	1 30 20 1-5 11 20 1-10	18.0 4.0	17.6 +2 1.03 1.44 1.0 +18 3.2 +26 0.88 1.83 1.0 +57
AstroMining	0.6	5.0 2-3	0.3	0.2	+45	1.36	1.49	1.0	+163	Enerji Ltd	2.5 20 6-4	1.0	1.3 -21 0.94 1.31 1.0 +40
AthenaResources	9.5	8.0 1-8	3.0	5.9	-50	1.23	1.33	1.0	+9	Enterprise Metals Ltd	23 25 1-10	8.0	12.3 -35 1.08 1.44 1.0 +22
Atlantic Gold NL	3.9	8.0 0-5	1.0	0.1	+999	0.72	5.42	1.0	+644	Env. Clean Tech.	2.9 2.0 3-5	2.0	2.1 -4 0.97 1.23 1.0 +10
Atlantic Ltd	4.0	0.8 1-4	3.2	3.3	-2	0.74	1.22	1.0	+0	Envirogold Ltd	4.1 15 1-4	0.5	0.1 +456 0.62 3.94 1.0 +171
Atomic Resources Atticus Resources	29 18	25 1-0 20 2-1	11.0 4.5	10.5 6.0		0.75	2.03	1.0 1.0	+24 +16	Eromanga Hydro. Euroz Ltd	7.5 20 1-11 116 75 3-6	2.2 47.0	0.8 +162 0.65 2.63 1.0 +76 56.3 -17 0.32 1.85 1.0 +2
Aurium Resources	2.0	3.5 2-1	0.7	0.8	-17	1.00	1.56	1.0	+43	ExcaliburMining	0.4 6.0 2-4	0.2	0.0 +622 0.97 2.21 1.0 +224
AusgoldLtd	29	20 2-7	14.0	18.1		0.85	1.37	1.0	+6	Exoma Energy	23 20 0-7	5.5	6.4 -14 0.75 2.49 1.0 +24
Aust China Holdings	0.4	2.0 3-4	0.1	0.2	-45	1.13	1.39	1.0	+64	Exoma Energy Ltd	23 10 2-1	15.0	15.0 -0 0.75 1.37 1.0 +5
Aust Leaders Fund	112	125 0-3	0.3	0.3	+16	0.13	9.99	1.0	+57	Eyecare Partners	6.6 20 0-1	0.1	0.0 +999 0.48 9.99 1.0 +999
Aust Minerals & Mining Aust Mines Ltd	18 0.1	20 1-2 0.2 2-10	1.6 0.1	3.9 0.1	-59 +7	0.55 2.32	2.71	1.0 1.0	+17 +47	Fairstar Resources Ferrum Crescent	12 10 1-0 16 40 3-4	4.0 2.0	5.3 -24 0.94 1.74 1.0 +17 7.4 -73 0.95 1.44 1.0 +34
Austin Exploration	3.3	10 1-3	1.0	0.1	+593	0.67	3.47	1.0	+162	Fission Energy	9.5 20 0-6	1.2	0.5 +143 0.88 3.78 1.0 +398
Austindo Resources	2.0	1.5 1-10	0.1	1.2	-92	1.09	1.35	1.0	-11	Fox Resources Ltd	10 30 0-3	0.7	0.0 +999 0.69 9.99 1.0 +999
Australasia Gold	4.8	10 2-8	1.6	1.3	+24	0.70	1.92	1.0	+40	Frontier Resources	6.6 4.5 0-3	2.4	2.8 -13 1.33 1.96 1.0 +19
Australian Oil Compan		20 1-4	1.5	1.1	+38	0.74	2.64	1.0	+95	GBEnergy	3.0 20 1-1	0.2	0.1 +141 0.95 3.11 1.0 +481
Authorised Investment Automotive Technolog		8.0 2-6 10 0-10	1.5 0.3	2.2 0.4	-32 -26	1.71	1.16 3.12	1.0 1.0	+60 +156	Global Geoscience Global Health Ltd	6.0 25 2-0 0.8 1.7 0-4	1.1 0.2	1.1 +3 0.92 2.00 1.0 +109 0.0 +355 1.11 3.67 1.0 +999
Auzex Resources	14	75 0-10	0.9	0.0	+999	0.88	9.99	1.0	+999	Global Nickel	3.9 10 1-10	0.2	1.4 -57 1.11 1.62 1.0 +73
Avanco Resources	1.9	1.5 1-8	1.3	1.0	+32	0.87	1.55	1.0	+26	Gold Aura Ltd	2.0 3.0 1-10	1.6	0.8 +104 0.94 1.66 1.0 +58
Barra Resources	6.2	65 0-4	0.5	0.0	+999	0.63	9.99	1.0	+999	Gold Company Ltd	43 20 0-10	21.0	24.5 -14 0.76 1.62 1.0 -4
Batavia Mining	19	15 1-10	10.0	9.2	+9	0.75	1.64	1.0	+17	Gold One International	26 50 2-1	8.5	2.0 +317 0.43 3.45 1.0 +48
Bathurst Resources Beacon Minerals	21 1.6	25 0-4 1.0 0-0	5.0 0.4	2.5 2.5	+103	0.77	3.81 3.81	1.0 1.0	+192 -100	Golden Cross Res Golden Gate Petrol.	1.5 4.0 0-7 2.4 8.0 2-0	0.1 1.2	0.0 +999 0.60 6.47 1.0 +460 0.1 +999 0.54 3.47 1.0 +96
Beacon Minerals	1.6	20 0-0	0.4	2.5	-96	0.85	3.81	1.0	+999	Golden State Res	2.6 12 0-3	0.2	0.0 +999 0.72 9.99 1.0 +999
BenitecLtd	2.9	10 3-7	0.6	0.7	-15	0.71	1.85	1.0	+43	Golden West Res	99 200 0-4	3.0	2.0 +49 0.82 5.30 1.0 +775
BenitecLtd	2.9	15 0-7	0.1	0.0	+999	0.71	7.18	1.0	+999	Gondwana Resources		0.3	0.3 +9 1.15 1.84 1.0 +79
Berkeley Resources	123	75 2-9	55.0	69.4	-21	0.58	1.54	1.0	+2	Greater Bendigo GM	1.9 5.0 1-7	0.9	0.1 +999 0.50 4.04 1.0 +105
Biomd Ltd Biotron Ltd	2.7 6.5	4.0 1-4 10 1-4	0.3 1.5	0.7 1.2	-56 +21	0.80	2.13 2.47	1.0 1.0	+42 +53	Greenvale Mining Gt Western Explor.	9.5 30 1-4 31 30 1-10	1.5 7.0	2.5 -40 1.22 1.78 1.0 +146 18.0 -61 1.16 1.36 1.0 +11
Black Range Minerals		4.5 0-6	0.7	0.0	+999	0.47	7.07	1.0	+245	Gulf Resources	1.9 20 0-10	0.1	0.0 +999 0.67 7.63 1.0 +999
Black Ridge Mining	1.0	3.0 0-3	0.1	0.0	+611	1.20	4.71	1.0	+999	Gulf Resources	1.9 10 2-7	0.5	0.1 +262 0.67 2.58 1.0 +94
Blackham Resources	24	25 1-2	5.0	8.9	-44	0.89	1.85	1.0	+21	Hawthorn Resources	0.6 20 1-8	0.5	0.0 +999 0.80 4.32 1.0 +732
Blaze International Boss Energy	1.0 3.0	5.0 0-0 20 0-3	0.1 0.1	8.9 0.0	-99 +999	0.86	1.85 9.99	1.0 1.0	+999 +999	Hawthorn Resources Hawthorn Resources	0.6 10 2-6 0.6 125 0-1	0.2	0.0 +999 0.80 2.75 1.0 +211 0.0 +999 0.80 9.99 1.0 +999
Boulder Steel Ltd	12	10 1-7	3.6	5.6		0.80		1.0	+8	Health Corporation	1.8 120 1-3	0.1	0.0 +999 0.86 6.62 1.0 +999
Bounty Industries	2.5	20 1-4	0.3	0.0		0.00	9.99	1.0	+381	HealthlinxLtd	8.0 18 0-7	3.0	0.8 +257 1.08 2.80 1.0 +423
Brumby Resources	18	8.0 1-1	11.0	11.4		1.06	1.38	1.0	+8	HealthlinxLtd	8.0 10 3-4	4.0	5.3 -25 1.08 1.25 1.0 +18
Buccaneer Energy Ltd		10 2-3	2.2	1.8		1.06		1.0	+57	Helix Resources Ltd	6.7 7.5 0-9	1.6	1.3 +20 0.67 2.83 1.0 +50
Burleson Energy Buru Energy	7.1 31	25 0-0 94 0-1	0.1 0.4	1.8 0.0	-95 +999	1.14 0.57		1.0 1.0	+999 +999	Humanis Group IFS Construction Serv.	1.6 20 0-12 1.4.5 27 1-10	0.1 1.0	0.1 +79 1.29 2.62 1.0 +999 0.1 +743 0.69 3.25 1.0 +171
C @ Ltd	0.9	1.0 1-8	0.4	0.4	-27	0.96	1.58	1.0	+25	IFS Construction Serv.		0.1	0.0 +999 0.69 9.99 1.0 +999
CO2Group	14	12 1-2	3.0	5.5	-45	0.75	1.91	1.0	+6	Impedimed Ltd	69 72 2-2	10.5	26.7 -61 0.67 1.81 1.0 +9
Capital Mining	2.8	20 0-2	0.1	0.0	+999	0.91	9.99	1.0	+999	Indago Resources	45 35 4-2	15.5	26.6 -42 0.62 1.42 1.0 +3
Capital Mining Ltd	2.8 4.0	8.0 0-10 5.0 1-8	1.3 1.0	0.2 1.3		0.91		1.0 1.0	+322 +28	Intermin Resources	16 18 1-9 6.6 20 1-5	4.1 1.8	5.1 -20 0.65 2.04 1.0 +20 0.6 +203 0.76 2.73 1.0 +132
Capitol Health Carbine Resources	34	15 0-11	16.0	21.3		0.74		1.0	-10	Iron Mountain Mining Iron Ore Holdings	162 100 0-8	70.0	74.9 -7 0.80 1.87 1.0 +7
CardiaTechnologies	1.6	10 0-10	0.2	0.0	+999			1.0	+823	Iron Road	57 20 0-1	35.0	37.1 -6 0.70 1.54 1.0 -35
Carnavale Resources	23	20 2-6	5.3	14.4		1.00	1.33	1.0	+4	Island Sky Australia	2.2 25 1-3	2.5	0.0 +999 0.90 3.52 1.0 +654
Catalpa Resources	156	10 1-2		146.5		0.45	1.06	1.0	-56	Karmel Sonix	1.7 7.0 0-11	0.5	0.0 +999 0.57 6.21 1.0 +405
Cazaly Resources Central Petroleum	50 6.5	20 0-6 16 1-7	35.5 2.9	30.8		0.80	1.58 2.79	1.0 1.0	+23 +96	Kilgore Oil & Gas Kingsrose Mining	0.9 5.0 1-10 106 20 2-4	0.2 74.0	0.2 -3 1.17 1.76 1.0 +160 88.3 -16 0.55 1.19 1.0 -5
Central Petroleum	6.5	16 3-7	0.5	1.8	-73	0.66	1.83	1.0	+30	Labtech Systems	9.0 20 2-4	2.5	2.1 +19 0.65 2.03 1.0 +38
Charter Pacific	4.0	12 0-5	0.1	0.0	+999	0.57		1.0	+999	Labtech Systems	9.0 20 2-10	6.0	2.1 +185 0.65 2.03 1.0 +45
Chemgenex Pharm.	36	75 1-5	11.0		+160	0.68		1.0	+87	Legacy Iron Ore	10 15 2-4	1.7	6.2 -73 1.28 1.28 1.0 +25
Chrysalis Resources	28	20 2-10	15.5	22.5	-31	1.42		1.0	+9	Legacy Iron Ore	10 10 2-4	3.5	6.9 -49 1.28 1.23 1.0 +14
Cluff Resources Pac. Coal Spur Mines	0.3 79	1.0 0-11 8.0 0-10	0.1 70.0	71.3	+133	0.73	2.24 1.11	1.0 1.0	+313 -2	Legacy Iron Ore Lindian Resources	10 25 1-4 9.5 15 1-4	4.0 4.0	3.5 +14 1.28 1.63 1.0 +120 3.6 +11 1.12 1.67 1.0 +68
Con Tin Mines	3.2	20 3-4	0.6	1.5			1.37	1.0	+75	Lion Energy	4.3 35 1-0	0.3	0.0 +999 0.57 7.86 1.0 +721
Continental Coal	6.3	5.0 2-6	3.4	3.1		0.64		1.0	+12	Living Cell Tech.	19 24 0-4	4.0	2.4 +66 0.89 3.44 1.0 +220

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Company	Share Price	Yr/Mth Exercise to Price Expiry		Black- Scholes Valuation	Över/ n Under-	Vola- tility	Option Lever- age	Options to Buy 1 Share	Break- Even Rate
LonrhoMining	2.9	1.0 0-3	2.2	1.9	Valued +15	0.96	1.51	1.0	+60
LonrhoMining	2.9	15 1-10	0.4	0.4	-0	0.96	2.11	1.0	+149
MEC Resources MGM Wireless	65 1.2	20 2-11 20 0-3	35.5 0.1	49.6 0.0	-28 +999	0.71	1.24 9.99	1.0 1.0	-5 +999
Macqarie Harbour Min	22	20 0-3	12.0	13.8	-13	1.21	1.30	1.0	+22
Magellan Financial Grp		300 5-10	17.0	6.8	+150	0.25	3.82	1.0	+18
Magellan Financial Grp Magnesium Int'l	120	130 0-10 10 1-9	13.0	8.6 0.1	+51 +770	0.25	6.58 3.22	1.0 1.0	+23 +147
Mamba Minerals	1.0	5.0 2-10	0.7	0.1	+68	1.18	1.43	1.0	+85
Manas Resources Ltd	8.0	20 1-1	1.2	0.2	+505	0.55	4.49	1.0	+146
Mantle Mining Marion Energy	4.5 2.4	7.0 0-4 25 1-3	0.3 0.4	0.4 0.1	-27 +506	0.99	3.53 2.85	1.0 1.0	+327 +540
Medic Vision Ltd	5.0	20 1-5	0.4	2.5	-96	1.83	1.34	1.0	+175
Meridian Minerals	5.2	20 0-6	0.5		+999	0.88	4.97	1.0	+999
Metminco Ltd Midas Resources	24 5.0	25 2-3 3.0 2-3	7.5 3.9	8.4 3.7	-11 +6	0.56	1.98 1.21	1.0 1.0	+14 +15
Midas Resources	5.0	10 0-9	1.1	1.1	+3	1.20	2.12	1.0	+190
Millepede Int'l	0.3	5.0 1-7	0.2	0.0	+453	1.36	1.91	1.0	+506
Mindax Ltd Minerals Commodities	43 4.0	75 1-3 20 2-4	2.0	2.8 1.0	-28 -1	0.48	3.96 1.73	1.0 1.0	+59 +104
Mining Projects Group	0.1	0.2 3-10	0.1	0.1	+3	2.33	1.01	1.0	+33
MithrilResources	12	12 1-1	4.0	3.7	+9	0.71	2.19	1.0	+30
Moko.mobi Ltd Monax Resources	8.2 5.5	10 2-11 15 1-3	3.5 2.0	4.0 0.2	-12 +737	0.79	1.52 3.62	1.0 1.0	+19 +147
Monitor Energy	0.4	2.5 1-0	0.1	0.1	+21	1.59	1.79	1.0	+550
Montezuma Mining Co		20 1-0	14.0	18.9	-26	0.74	1.70	1.0	-6
Mt Magnet South Mutiny Gold Ltd	6.0 4.0	25 0-0 10 0-10	0.1 0.5	0.0	+999 +105	0.83	9.99	1.0 1.0	+999 +218
NKWE Platinum Ltd	53	35 1-0	26.0	24.7	+5	0.79	1.77	1.0	+16
Navigator Resources	17	25 1-3	5.4	4.5	+20	0.88	2.03	1.0	+63
Neptune Marine Serv Nex Metals Explor.	26 16	20 0-4 25 1-3	9.3 2.0	7.5 3.5	+24 -43	0.67 0.78	2.84	1.0 1.0	+43 +52
Norton Gold Fields	19	20 0-1	2.0	1.6	+26	0.79	5.74	1.0	+287
Nthn Mining Nthn Uranium	6.0	4.0 1-4 15 1-7	3.0 4.4	3.7 3.1	-18 +40	1.15 0.85	1.39 1.88	1.0 1.0	+12 +52
Nthn Uranium Ltd	10	20 2-1	2.9	3.1	-4 0	0.85	1.80	1.0	+49
OBJLtd	2.6	1.0 0-4	2.0	1.7	+17	1.51	1.43	1.0	+54
Odin Energy Oil Basins Ltd	1.3 6.6	25 2-3 1.5 1-10	0.2 5.0	0.0 5.7	+327	0.93	2.47 1.12	1.0 1.0	+273 -1
Orchid Capital	3.8	5.0 1-6	1.5	1.8	-15	1.14	1.53	1.0	+43
Orion Petroleum	4.9	30 0-1	0.1		+999	0.69	9.99	1.0	+999
Oroya Mining Outback Metals	0.3 2.1	0.8 1-3 30 0-4	0.1 0.5	0.1	+9 +999	1.27 1.14	1.71 8.48	1.0 1.0	+141 +999
Oz Brewing	3.3	20 2-4	1.0	0.0	+999	0.00	9.99	1.0	+121
Pacific Ore Ltd	7.0	5.0 2-1	3.5	4.0	-12	0.82	1.47	1.0	+10
Padbury Mining Ltd Padbury Mining Ltd	1.4 14	2.0 0-9 2.0 0-9	0.4 9.3	0.4 12.1	+12	1.06	2.13	1.0 1.0	+105 -25
Palace Resources	1.1	20 1-10	0.1	0.1	-27	1.30	1.88	1.0	+388
Panax Geothermal	4.0 21	25 1-4 20 2-4	0.5 4.9	0.0 16.8	+999 -71	0.70 1.71	4.11 1.11	1.0 1.0	+310
Papillon Resources Papillon Resources	21	20 2-4	1.0	8.0	-88	1.71	1.80	1.0	+9 +7
Paragon Care	3.2	2.0 1-9	1.0	1.8	-43	0.74	1.56	1.0	-4
Peel Exploration Peninsula Minerals	9.0	20 0-3 3.0 1-10	0.1 2.2	0.1 1.4	+22 +57	0.87	6.28 1.97	1.0 1.0	+999 +22
Pharmanet Group	0.8	1.5 0-10	0.3	0.2	+87	1.05	2.23	1.0	+165
Photo-Me Australia	0.3	6.0 0-11	0.1	0.0	+385	1.67	2.13	1.0	+999
Platina Resources Poseidon Nickel	20 17	35 0-6 92 1-3	5.3 3.2	1.5 0.0	+264 +999	0.83	3.67 5.60	1.0 1.0	+306 +299
PowerResources	6.0	20 1-2	1.0	0.5	+118	0.85	2.80	1.0	+193
PrimaBiomed Proto Res & Inv	9.0 1.8	2.0 1-4 5.0 1-4	7.7 0.3	7.2 0.1	+7 +234	0.77	1.24 3.44	1.0 1.0	+6 +125
Proto Resources & Inv		25 3-4	0.5	0.0	+999	0.63	2.95	1.0	+122
Proto Resources & Inv	. 1.8	20 1-0	0.2	0.0	+999	0.63	7.36	1.0	+999
QRScience Holdings Quantum Resources	4.5 1.3	45 1-10 10 0-2	0.1 1.0	0.0	+999 +999	0.58	4.82 1.00	1.0 1.0	+252 +999
Quantum Resources	1.3	5.0 2-3	0.1	0.3	-67	0.93	1.85	1.0	+84
Quantum Resources	1.3	10 1-8	0.3	0.1	+283	0.93	2.51	1.0	+246
QueenslandMining Ram Resources	9.1 2.2	20 1-9 3.0 1-7	2.4 0.7	3.3 1.0	-26 -31	1.08 1.12	1.64 1.52	1.0 1.0	+67 +39
Range Resources	9.3	5.0 1-4	5.0	5.6	-11	0.92	1.46	1.0	+6
Range Resources	9.3	100 0-1	0.1	0.0	+999	0.92	9.99	1.0	+999
Red Sky Energy Regal Resources	1.3 2.5	2.0 1-0 6.0 1-2	0.5 0.6	0.3 0.5	+64 +20	0.91	2.19	1.0 1.0	+92 +127
RegisResources	114	50 3-5	71.0	74.5	-5	0.44	1.45	1.0	-21
Regis Resources	114	100 2-2	21.0	39.6	-47 70	0.44	2.17	1.0	-6
Regis Resources Republic Gold	1.3	200 1-8 4.0 0-9	0.2	9.0	-78 +546	0.44	3.65 3.63	1.0 1.0	+40 +372
Rer Group Ltd	34	20 0-4	14.5	14.0	+4	0.54	2.32	1.0	+9
Resolute Mining Corp.	75 0.7	60 1-4 0.8 1-7	30.0	29.1 0.4	+3 +7	0.62 1.20	2.00 1.42	1.0 1.0	+15 +41
Resource Mining Corp Resources Base	2.5	0.8 1-7 5.0 1-3	2.0		+159	1.13	1.42	1.0	+128
Rialto Energy Ltd	32	60 0-10	7.5	7.5	+1	1.14	2.07	1.0	+145
RichmondMining	23	20 0-4	7.5	7.5	+1	1.17	2.21	1.0	+71

Black- Option Share Option Options Yr/Mth to Buy Company Share Exercise to Option Scholes Over/ Vola- Lever-Price Price Expiry Price Valuation Under-Rate tility 1 Share age Valued 20 10 4-4 8.0 17.8 -55 1.41 1.06 1.0 -2 Riviera Resources 10 0-10 +270 Rox Resources 3.6 0.7 0.7 -3 1.30 2.03 1.0 Rox Resources 3.6 1.5 0-11 2.0 2.5 -20 1.30 1.31 1.0 -3 Royal Resources 25 10 1-2 14.0 17.5 -20 1.23 1.28 1.0 -2 Safety Medical Prod 3.7 100 0-4 0.0 +999 0.59 9.99 1.0 +999 0.1 2-4 Samson Oil & Gas 6.6 1.5 6.0 5.7 +5 1.19 1.11 1.0 +6 10 2-10 -46 0.52 Saracen Mineral Hold. 19.5 36.4 1.22 1.0 -14 Scandinavian Res 14 25 1-2 2.0 0.4 +439 0.41 5.30 1.0 +81 **Sierra Mining** 14 20 0-4 3.5 2.7 1.34 2.50 1.0 +373 +31 20 2.0 2.0 Sihavo Gold 16 0-5 -2 0.84 3.32 1.0 +132 Sino Gas & Energy 3.2 50 +153 1-4 0.2 0.1 1.09 2.73 1.0 +688 Souls Private Equity 8.3 20 4-5 1.6 0.4 +310 0.27 4.04 1.0 +24 Sthn Cross Goldfields 9.6 15 0-3 1.0 0.3 +190 0.81 5.34 1.0 +672 **Stirling Minerals** 10 14 3-3 2.9 3.6 -19 0.59 1.81 1.0 +16 Stirling Resources 8.0 15 1-10 2.0 2.4 0.88 1.0 -18 1.83 +51 **Stirling Resources** 5.2 4.0 1-10 -85 0.88 1.37 1.0 -24 Stonehenge Metals 9.8 10 2-3 4.0 6.8 -41 1.31 1.23 1.0 +17 Stratatel Ltd 4.0 10 1-1 0.8 0.0 +999 0.44 6.27 1.0 +150 Structural Monitoring 1.54 1.0 1.5 0-40.3 0.2 +34 2.24 1.0 +483 1-12 0.4 0.2 2.24 Strzelecki Metals 1.7 20 +78 1.04 1.0 -100 Syndicated Metals 2.0 2.5 0.74 13 20 1-4 -22 2.35 1.0 +53 Synergy Metals 1.6 3.0 1-0 0.3 0.1 +127 0.64 3.38 1.0 +106 Talisman Mining 85 20 0-4 70.0 65.4 +7 1.02 1.30 1.0 +19 Target Energy Ltd 2.1 10 2-2 0.7 0.4 +73 0.95 1.91 1.0 +112 Tasman Resources 11 10 1-10 1.03 +24 5.8 -3 1.44 1.0 Tawana Resources 1.6 10 0-7 0.1 0.1 -9 1.54 2.49 1.0 +999 Teys Ltd 0.7 20 0-9 0.8 0.0 +999 1.98 1.0 Thundelarra Explo. 90 20 2-7 0.08 75.5 +6 0.90 1.15 1.0 +4 Transol Corporation 0.4 2.0 0-9 0.0 +233 1.27 2.54 +812 0.1 1.0 Triton Gold I td 12 25 3-4 5.0 3.4 +45 0.64 1.87 1.0 +32 0.7 2.0 0-40.0 +999 Union Resources Ltd 0.2 0.95 5.21 1.0 +999 United Uranium 11 20 1-10 3.9 4.8 -20 1.13 1.51 1.0 +53 UranLtd 1.8 8.0 1-11 0.6 0.4 +70 1.01 1.91 1.0 +130Vector Resources 5.8 20 1-10 1.8 0.6 +217 0.73 2.57 1.0 +106 Victorian Gold Mines 17 20 3-7 3.7 10.5 -65 0.92 1.31 1.0 +10 2.9 Victory West Moly Ltd 12 20 1-6 3.9 -25 0.96 1.81 1.0 0.5 Voyager Resources 2.0 0.3 -42 1.28 1.63 1.0 +69 WAM Active 105 115 0-8 1.6 6.3 -75 0.26 7.21 1.0 +17 Western Desert Res 18 1-3 31.0 34.1 -9 1.23 1.0 46 1.35 +6 -60 0.24 97 100 1-10 15.0 1.0 +5 Westoz Invest. 6.0 4.09 Westralian Gas & P 1.7 5.0 1-1 0.3 0.1 + 2110.76 3.21 1.0 +186 Whinnen Resources 5.0 20 2-8 2.1 1.6 +28 1.01 1.60 1.0 +75 White Cliff Nickel 6.2 25 0-10 1.0 0.1 + 9990.78 4.20 1.0 +459 Yellow Rock Res 1.9 7.0 2-1 0.5 0.3 +85 0.79 2.22 1.0 +93

Living Cell Technologies (codes LCT and LCTO). Living Cell Technologies - in which we hold some options - is continuing to report success with its NZ patient trials. The first four patients were dosed with 10,000 islet equivalents per kilogram of body weight, followed by another four patients with a dose of 15,000 IEQ/kg. The study has now received permission to give the next four patients doses of 20,000 IEQ/kg.

The shares of this company, however, remain very volatile and have fallen to 19 cents. That is below the exercise price of 24 cents of our options which have a final exercise/expiry date of 31 December 2010.

If the shares remain below 20 cents, then our options will expire worthless. On the other hand, the volatile shares *could* bounce back to 40-50 cents (up 110-160%) by the end of December, with our options worth 16-26 cents (up 300-550%).

One of the advantages of options is that they allowed us to take an equity interest in this volatile company (which has some exciting technology and huge growth potential) with a smaller initial investment placed at risk. When we first reviewed this company in November 2009 the shares traded at 29 cents and the options at 7½ cents. 10,000 shares purchased at 29 cents would have cost \$2900, while 10,000 options required only \$750 of our capital to be at risk. At current prices, an investment in the shares would be down (Continued on Page 16)

Options: Living Cell Technologies

(Continued from Page 15)

\$1000 (and could lose more value), while the options are down only \$350, with the maximum loss limited to \$750.

In late December - depending upon the share price we have a range of choices. If the shares are above 24 cents we can exercise the options (i.e. at an additional cost of \$2400 for 10,000 shares) which, with the original cost of the options, would bring an investment to \$3,150. We would be paying \$250 more than simply buying the shares a year ago - but tie up less capital initially and put less capital at risk as the company goes through an uncertain year of proving its technology.

If we don't want to continue this investment, we can simply sell the options on-market and realise whatever value they have.

If the shares are under 24 cents in December 2010 then the options will expire worthless (i.e. for a \$750 loss) but we still have the choice of continuing our investment in Living Cell Technologies by buying existing shares on-market at a lower price.

If the share price remains around 19 cents (i.e. its current level), then the options would be worthless but we could buy 10,000 shares on market for \$1900. Our total cost (i.e. the worthless options and, later, the shares bought on-market) would be \$2650. That is a saving of \$250 over buying the shares directly a year ago. If the shares dropped to 15 cents, the savings would be \$650.

In this situation, options give us an equity exposure in a very risky, volatile company, while minimising the initial capital we placed at risk and giving us another 14 months to assess its development and progress before having to commit further capital. There is a small cost of doing this - \$250 or about 8.6% in the example above - but also the potential of acquiring the shares on-market even more cheaply (although, of course, in that situation the initial options will be worthless).

We always favoured exercising our options and continuing our investment in Living Cell Technologies but do not need to make that decision until late December 2010. Perhaps somewhat counter-intuitively, our *best* outcome would be for the shares to dip even lower. Our options would be worthless, but we would be able to buy the shares more cheaply on market than we would exercising "successful" options at 24 cents!

Please don't tell everyone that your investment adviser wants share prices to drop further and one of our option investments to expire worthless!

Next Issue:

The next issue of Market Analysis will be emailed in four weeks time on Monday September 13, 2010.

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

Investment Outlook

(Continued from Page 1)

when we have more space and more time).

Next year's biggest winners (and biggest losers) will probably be a surprise - resulting from some change that is not expected! So a successful portfolio will be one with positions in a lot of different companies that have the potential to perform well under a range of circumstances. Many of our biggest winners over the last 29 years have been shares which at some time fell 25-50% in value or spent a year or two "going nowhere" in our portfolio. Campbell Brothers would be an example of both situations!

Our general stockmarket Forecasting models point to a relatively Neutral outlook for stockmarkets over the next 6-12 months. It is therefore more important than ever to have a range of different companies in our portfolio - those that will survive if the economy and stockmarket should first stumble, those that could soar if the economy and stockmarket continue to improve and many that will just quietly go about running and growing their businesses as best they can regardless of what happens elsewhere in the economy or the world!

Overall, we feel that share valuations are attractive discounting economic uncertainty and the potential for a double-dip recession. The takeover of Ross Human Directions (at a price we consider to be too low) still offers a 60% premium over the market's recent value and four times the market's valuation at the March 2009 stockmarket lows! We consider this further evidence that market valuations are simply too low. We have been saying this for the last two years: that shares have been trading at low valuations not seen since the late 1970's and early 1980's!

Despite economic uncertainties (i.e. "business as normal" for the stockmarket), share prices continue to offer good value - so we recommend that investors remain fully invested in the recommended shares.

Dividend\$

	,,,	V
Cents per Share	Ex- Date	Pay- Tax able Credit
13.70	10-08	17-08 5.8714
1.55	16-08	26-08 0.2882
1.00	06-08	13-08 Nil
5.00	17-09	30-09 Full
<u>stralian Share</u>	es es	
11.00	15-10	29-10
55.00	07-06	01-07
1.00	24-06	30-08
1.60	24-06	27-08
5.50	06-08	20-09
0.50	-	-
s 2.00	13-09	08-10
	13.70 1.55 1.00 5.00 stralian Share 11.00 55.00 1.00 1.60 5.50 0.50	Cents per Share Ex-Date 13.70 10-08 1.55 16-08 1.00 06-08 5.00 17-09 stralian Shares 11.00 15-10 55.00 07-06 1.00 24-06 1.60 24-06 5.50 06-08 0.50 - -

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