

# Market Analysis

Issue No. 467

www.stockmarket.co.nz

May 9, 2011

## Inside Market Analysis

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## Summary and Recommended Investment Strategy.

Central Bank policies, higher inflation, growth in China's domestic consumption and technology will drive change in the global economy and stockmarkets. Companies on the wrong side of these changes will become worthless. Those that position themselves to benefit from change could increase 10-fold or 100-fold in value over the next decade. Remain fully invested.

## Investment Outlook.

Stockmarkets have weakened over recent weeks *ahead* of the expected end of “QE2” at the end of June 2011.

While stockmarkets are driven by economic, political, social and technological changes which are usually unpredictable and unique, basic investment rules remain the same. So stockmarket investment changes . . . but it also remains the same.

Perhaps a good example was the Internet Technology boom at the end of the last century. The Internet has certainly been a *disruptive* technology that has permanently changed our daily lives.

What didn't change was basic investment standards. Unprofitable Internet companies with shares trading on Price/Sales ratios of 100 were *never* going to be good investments, despite the importance of this new technology. Venture capitalists funding (and floating on the stockmarket) 50-100 “me-too” companies in a sector which might support 3-4 businesses was also a recipe for investment disaster. So 90-95% of companies failed (as we predicted at the time).

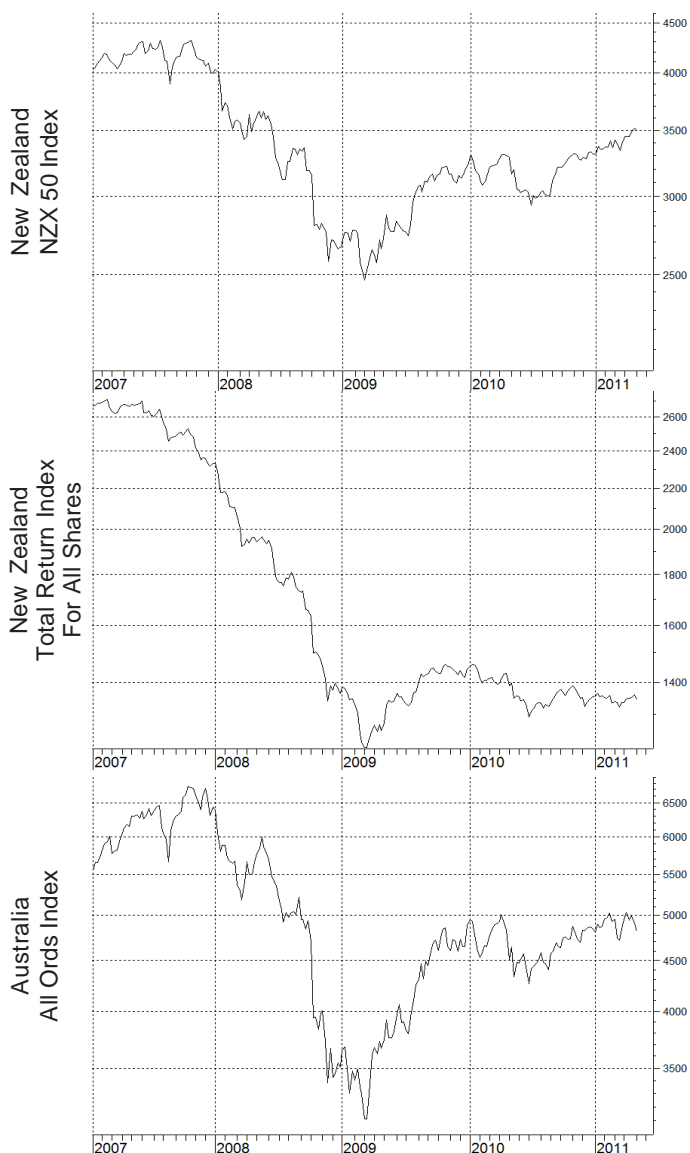
Assessing the current (or *any*) situation requires understanding what is *unique* about the situation (and what is just media hype) as well as an understanding of basic, unchanging investment principles. The hard part is turning that into investment success. It is emotionally difficult for investors to avoid over-priced Internet shares in a boom or to avoid selling good quality companies when the media predicts a Depression!

It is also easier to pick the *losers* from major change and less easy to pick the *winners* - often as the winners will be companies that do not yet exist that will be established to exploit business opportunities in future industries based upon technologies that are still being developed! Fifteen years ago it was easy to foresee the decline in the music CD business,

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### Stockmarket Forecasts

	One-Month	One-Year
Australia:	45% (Neutral)	59% (Neutral)
New Zealand:	65% (Bullish)	53% (Neutral)



# Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	B	704	1.59	16	5.6	Jasons Media	C	30	0.41	11	11.9	Pyne Gould Corp	D	32	1.21	11	Nil
AMP Onyx Mgmt	D	78	5.64	NE	9.0	Just Water Int.	D	14	0.35	NE	Nil	Rakon Ltd	E	118	1.56	NE	Nil
Abano Health	C	445	0.52	90	6.7	Kathmandu Ltd	B	252	2.05	54	4.0	Renaissance	D	20	0.04	23	Nil
Affco Holdings	D	36	0.16	7	Nil	Kermadec Prop.	C	62	4.21	NE	8.1	Restaurant Brds	C	246	0.74	10	9.9
Air New Zealand	C	113	0.30	15	8.8	Kingfish Ltd	A	99	N/A	3	9.7	Rubicon Limited	D	106	0.64	NE	Nil
Akd Int Airport	B	224	7.49	66	5.2	Kirkcaldie & St	B	255	0.61	22	4.5	Ryman Health.	B	255	N/A	16	3.4
Allied Farmers	E	1.1	0.21	NE	Nil	Kiwi Property	D	104	4.43	NE	8.2	Salvus Strat.	B	80	N/A	NE	4.5
Allied Work.	B	150	0.56	20	4.3	Life Pharmacy	D	35	3.26	NE	Nil	Sanford Limited	B	555	1.23	21	5.9
Argosy Property	D	80	5.54	NE	9.4	Lombard Group	E	3.0	0.40	NE	Nil	Satara Co-op	D	100	0.37	NE	Nil
Barramundi Ltd	A	79	N/A	5	10.8	Lytelton Port	B	229	2.68	26	2.7	Savoy Equities	D	0.2	N/A	NE	Nil
Blis Technology	E	5.5	4.20	NE	Nil	Mainfreight Grp	A	916	0.80	25	2.9	Scott Tech. Ltd	B	143	0.96	12	5.2
Briscoe Group	B	151	0.76	15	8.5	Marlin Global	C	97	N/A	9	2.1	Sealegs Corp	E	18	1.43	NE	Nil
Broadway Ind	D	30	0.39	NE	Nil	Media Tech.	E	3.0	0.41	NE	Nil	Seeka Kiwifruit	C	270	0.32	4	10.6
Building Soc.	E	79	N/A	NE	Nil	Methven Limited	C	144	0.74	12	10.9	Skellerup Hold.	C	131	1.39	21	4.9
Burger Fuel	E	42	2.90	NE	Nil	Metro. LifeCare	C	220	4.29	4	Nil	Sky City Ltd	B	368	2.55	15	6.0
CDL Investments	E	29	7.90	25	5.9	Michael Hill	B	92	0.79	13	4.3	Sky Network TV	C	568	2.98	21	3.5
CER Group Ltd	E	0.9	0.48	NE	Nil	Mid-Cap Index	C	222	N/A	NE	Nil	Smartpay NZ Ltd	D	2.3	0.49	NE	Nil
Canty Bldg Soc.	C	285	1.06	29	Nil	Millennium & C.	C	46	1.39	13	3.7	Smiths City	C	33	0.08	11	6.1
Cavalier Corp	A	352	1.08	14	7.3	Mowbray Collect	D	75	2.27	NE	Nil	Sol. Dynamics	E	20	0.23	NE	Nil
Cavotec MSL	C	300	1.32	24	1.3	NZ Exchange Ltd	A	225	5.37	29	6.3	South Port NZ	A	330	3.79	17	5.6
Charlie's Group	D	30	2.79	35	Nil	NZ Experience	B	35	1.23	8	10.2	Speirs Group	C	9.0	0.08	NE	Nil
Col Motor Co	B	249	0.19	16	8.6	NZ Farming Sys.	D	73	5.09	NE	Nil	Steel & Tube	A	261	0.61	23	4.7
Comvita	B	170	0.54	9	6.7	NZ Finance Hold	D	4.5	0.11	NE	Nil	Sthn Travel	E	10	0.12	NE	Nil
Connexion	D	10	0.67	NE	Nil	NZ Oil & Gas	N/R	97	3.84	NE	7.4	Tag Pacific Ltd	E	12	0.15	NE	Nil
Contact Energy	B	597	1.69	23	6.0	NZ Refining Co	B	448	5.02	53	Nil	TeamTalk Ltd	C	206	1.48	12	13.9
Cynotech Hold.	E	2.0	0.17	NE	Nil	NZ Wool Service	C	50	0.23	NE	Nil	Telecom Corp	C	222	0.81	10	10.8
Delegat's Group	B	217	0.99	51	5.3	NZ Wine Company	C	145	0.96	NE	2.0	Tenon Ltd	E	105	0.15	NE	Nil
Dominion Fin.	C	1.0	0.01	0149.3	Nil	NZ Windfarms	D	17	N/A	NE	Nil	Tourism Hold.	C	74	0.51	15	7.7
Dorchester Pac	D	11	0.24	NE	Nil	NZSX 50 Port.	C	134	N/A	NE	Nil	Tower Limited	C	185	0.80	8	7.7
Ebos Group Ltd	B	734	0.27	16	6.0	NZSX 10 Fund	C	92	N/A	NE	Nil	Training Sol.	E	0.1	5.00	NE	Nil
Ecoya Ltd	D	80	6.76	NE	Nil	NZX Aust MidCapC	C	578	N/A	NE	Nil	Trust Power Ltd	B	745	3.10	20	7.3
F & P Appliance	E	58	0.36	NE	Nil	Nat Property Tr	D	51	3.51	NE	8.8	Turners Auction	B	140	0.54	13	11.2
F & P Health.	C	311	3.17	22	5.7	New Image Group	C	23	0.66	7	9.3	Turners & Grow.	B	178	0.24	17	3.4
Finzsoft Sol'ns	C	30	0.34	9	Nil	Northland Port	A	165	N/A	22	4.8	VTL Group Ltd	C	1.5	0.01	0	Nil
Fletcher Build.	A	896	0.80	20	3.9	Nuplex Indust	C	316	0.42	9	6.6	Vector Ltd	B	250	2.10	13	8.0
Freightways Ltd	B	344	1.61	18	5.8	Opus Int'l Cons	A	230	0.88	15	4.8	Vital Health PT	C	115	5.81	22	8.2
Genesis Res.	D	2.5	0.28	NE	Nil	Oyster Bay	D	185	2.00	NE	Nil	WN Drive Tech.	E	1.5	0.72	NE	Nil
Goodman Prop.	D	92	5.95	NE	9.2	Ozzy (Tortis)	C	389	N/A	NE	Nil	Wakefield Hlth	B	508	0.94	12	5.1
Guinness Peat	B	80	0.12	3	1.9	PGG Wrightsons	E	50	0.33	16	Nil	Warehouse Group	C	372	0.69	14	9.2
GuocoLeisure	C	72	1.86	14	2.1	Pac Edge Bio.	D	29	N/A	NE	Nil	Widespread Port	N/R	16	N/A	6	Nil
Hallenstein G.	C	403	1.16	12	6.0	Pike River Coal	E	88	N/A	NE	Nil	Windflow Tech.	D	75	0.38	NE	Nil
Hellaby Hold.	B	230	0.87	38	5.0	Port Tauranga	A	870	7.87	26	4.8	Wool Equities	C	18	N/A	NE	Nil
Heritage Gold	N/R	2.4	N/A	NE	Nil	Postie Plus Grp	D	25	0.09	17	Nil	World Index Fd	C	112	N/A	NE	Nil
Horizon Energy	A	375	3.08	16	6.5	Propertyfinance	D	3.0	0.05	NE	Nil	Xero Ltd	C	247	N/A	NE	Nil
Infratil NZ	B	191	0.59	37	2.8	Property F Ind.	C	119	7.93	26	6.9	Zintel Comm.	E	23	0.25	46	15.5
Inv Research Gr	C	0.8	0.31	NE	Nil	Pumpkin Patch	C	120	0.52	8	11.3	<b>Ave of 137 Cos</b>	<b>C</b>	<b>169</b>	<b>0.24</b>	<b>6</b>	<b>4.7</b>
AGL Energy Ltd	B	1465	1.00	19	4.0	David Jones	C	451	1.11	13	6.7	News Corp.	B	1709	0.45	6	1.0
AMP Ltd	B	529	1.43	14	5.7	Deutsche Div Tr	C	131	6.10	14	7.1	Nufarm Limited	B	466	0.56	21	Nil
ANZ Bank	B	2324	1.89	13	5.4	Dexus Property	D	85	5.72	NE	6.0	OZ Minerals Ltd	B	140	4.00	8	5.0
APA Group	B	425	2.33	23	4.9	Jerriswarrah	B	413	N/A	35	6.3	Oil Search Ltd	A	700	N/A	48	1.2
APN News Media	C	143	0.83	9	2.8	Downer EDI Ltd	B	367	0.22	NE	7.9	Onesteel Ltd	B	215	0.46	11	5.1
ASX Limited	B	3126	7.38	17	5.5	DuluxGroup Ltd	B	274	1.30	16	1.1	Orica Ltd	C	2670	1.66	7	3.6
Adelaide Bright	C	314	1.86	13	5.3	Energy Resource	B	475	1.55	19	1.7	Origin Energy	B	1621	1.72	24	3.1
Alacer Gold	D	894	N/A	NE	Nil	Envestra	A	64	2.32	24	8.6	Paladin Energy	E	328	N/A	NE	Nil
Alumina Ltd	B	223	N/A	NE	2.8	Equinox Min.	C	782	N/A	NE	Nil	Panauat Ltd	C	76	3.81	15	Nil
Amalgamated Hld	B	600	1.18	10	6.2	Extract Res.	D	750	N/A	NE	Nil	Perpetual Ltd	B	2883	2.47	14	5.7
Amcor Ltd	B	700	0.87	47	4.2	FKP Limited	B	77	2.50	17	1.9	Platinum Asset	B	435	9.83	18	5.1
Aneka Tambang	D	125	N/A	NE	Nil	Fairfax Media	B	113	1.06	9	2.2	Premier Invest	B	604	1.04	18	6.0
Ansell Ltd	A	1388	1.48	15	2.2	Flight Centre	C	2327	1.29	17	3.0	Primary Health	B	335	1.27	12	7.5
Aquarius Plat.	B	529	4.63	70	1.1	Fortescue Metal	B	612	5.27	29	Nil	Prime Infra.	B	490	3.45	NE	3.1
Aquila Res.	D	856	N/A	NE	Nil	Foster's Group	B	545	2.36	15	2.2	Q.B.E. Insur.	B	1813	1.23	15	7.1
Argo Investment	B	594	N/A	23	4.5	GPT Group	A	306	6.86	13	5.3	Qantas Airways	C	216	0.36	44	Nil
Aristocrat Leis	B	271	2.13	19	1.8	GWA Group Ltd	B	319	1.46	17	5.6	REA Group Ltd	A	1361	8.99	35	1.2
Asciano Limited	B	160	1.64	25	Nil	Gloucester Coal	C	990	3.54	25	Nil	Ramsay Health	B	1785	1.06	24	2.4
Atlas Iron Ltd	C	335	N/A	NE	Nil	Goodman Group	B	71	7.51	NE	4.8	Reece Australia	A	2050	1.35	18	2.6
Ausdrill Ltd	A	327	1.35	18	3.4	Goodman Fielder	B	104	0.54	9	10.4	Rio Tinto Ltd	B	7957	0.56	2	1.4
Australard Prop	B	298	2.29	10	6.9	Graincorp	A	805	0.80	20	3.1	Riversdale Min.	C	1658	N/A	NE	Nil
Aust Foundation	B	468	N/A	26	4.5	Harvey Norman	B	264	2.09	12	5.3	S/Tracks ASX200	B	4514	N/A	15	3.0
Austar United	B	124	2.22	16	Nil	Hast Div Util	B	161	5.42	NE	7.5	SAI Global Ltd	B	508	2.06	24	2.5
Aust Infra.	B	183	N/A	6	5.5	Henderson Group	B	239	6.25	39	4.1	SP Ausnet	B	89	1.80	11	9.0
BHP Billiton	B	4458	2.53	11	2.2	Hutchinson Tel.	E	8.9	1.51	NE	Nil	Santos Ltd	A	1446	5.68	25	2.6
BWP Trust	B	175	9.45	8	6.9	IOOF Holdings	C	695	2.16	23	2.6	Seek Ltd	B	696	8.31	26	1.7
Bank of Q'land	B	928	0.90	12	5.6	IOOF Resources	B	1332	5.74	NE	0.6	Seven West Med.	B	467	2.64	11	9.6
Beach Energy	B	91	2.04	30	1.9	Incitec Pivot	C	383	2.13	15	2.0	Seven Group	B	960	5.45	NE	1.9
Bendigo Bank	B	917	1.11	14	4.7	Insurance Aust.	B	352	N/A	33	3.7	Sims Metal Mgmt	B	1752	0.48	28	1.9
Billabong Int'l	D	663	1.13	12	5.4	Investa Office	B	62	7.92	39	6.3	Sonic Health	A	1234	1.60	16	4.8
Bluescope Steel	B	165	0.35	24	3.0	Iress Mkt Tech	A	912	6.28	23	3.8	Soul Pattinson	A	1280	3.71	14	2.7
Boart Longyear	C	437	1.83	NE	Nil	JB Hi-Fi Ltd	A	1915	0.76	17	3.4	Spark Infrastru	B	119	5.44	19	11.4
Boral Limited	B	471	0.63	NE	2.9	James Hardie	D	561	1.85	NE	Nil	Steamships Trad	A	2700	2.70	15	1.5
Bradken Ltd	B	770	1.06	15	4.4	Kardoon Gas	D	668	N/A	NE	Nil	Sth Cross Media	B	150	1.51	31	6.5
Brambles Ltd	B	685	2.10	19	3.6	Leighton Hold	B	2350	0.50	12	6.4	Stockland	B	353	3.57	17	6.2
Brickworks Ltd	B	1010	2.27	11	4.0	Lend Lease Grp	A	863	0.46	14	3.7	Suncorp Group	B	793	0.65	13	4.4
C'wth Prop Off.	B	90	6.78	16	6.2	Linc Energy Ltd	C	281	N/A	NE	Nil	Super Retail Gr	A	710	0.96	24	3.0
C.S.R. Ltd	B	297	0.54	12	2.9	Lynas Corp Ltd	C	225	N/A	NE	Nil	TPG Telecom Ltd	B	178	2.46	22	2.2
CFS Retail Prop	B	178	7.17	14	7.0	MAP Group	B	295	5.46	NE	11.4	Tabcorp Holding	A	776	1.14	10	7.1
CGA Mining Ltd	B	272	5.09	43	Nil	Macarthur Coal	B	1083	4.11	22	2.3	Tatts Group Ltd	B	235	0.91	29	8.9
CSL Limited	B	3467	4.81	20	2.3	Macquarie Atlas	C	193	8.45	NE	Nil	Telstra	B	297	1.48	10	9.4
Caltex Australia	A	1370	0.20	12	4.4	Macquarie											

# Recommended Investments

**Michael Hill International** reports revenues for the nine months to 31 March up 9.0% to \$372.3 million. The Canadian and United States businesses performed well: Canadian "same store" sales rose 12.6% and total sales 21.0% (in local currency terms), while US "same store" sales rose 22.1% although total revenues were down 24.8% (as 8 of its 17 stores were closed in June 2010).

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## Michael Hill International



## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Perform- mance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
<u>NZ Shares</u>													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	252.8	1.5	7.90	25	5.9	29	20.3	+97%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	A	67.8	1.0	1.08	14	7.3	352	267.0	+297%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.5	0.19	16	8.6	249	325.3	+349%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.3	0.7	2.68	26	2.7	229	77.7	+104%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.5	0.9	0.79	13	4.3	92	33.4	+2408%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	C	192.2	1.0	0.42	9	6.6	316	398.0	+37%
HOLD	Postie Plus Group	PPG	08/05/06	71	D	40.0	1.9	0.09	17	Nil	25	8.5	-53%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	D	45.7	2.7	0.04	23	Nil	20	53.9	-13%
HOLD	Smiths City Group	SCY	09/10/06	64	C	53.0	1.4	0.08	11	6.1	33	14.0	-27%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.5	3.79	17	5.6	330	139.8	+291%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	A	88.4	0.8	0.61	23	4.7	261	245.6	+247%
<u>Australian Shares</u> (in Aust cents)													
BUY	AJ Lucas Group	AJL	13/05/03	120	C	65.3	0.7	0.30	NE	3.4	163	41.0	+70%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	B	136.4	2.1	1.12	7	Nil	12	17.5	-60%
HOLD	Breville Group Ltd	BRG	13/11/06	171	A	129.5	0.4	1.06	20	3.2	346	36.5	+124%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	63.0	0.2	3.44	38	2.2	4510	604.0	+1215%
HOLD+	Cardno Ltd	CDD	14/12/09	399*	A	90.5	0.4	1.06	13	5.2	560	45.6	+52%
HOLD	Cellnet Group Ltd <sup>1</sup>	CLT	12/02/02	147*	B	73.5	1.2	0.37	24	Nil	38	33.4	-46%
HOLD+	Chandler Macleod Group	CMG	14/08/01	51*	A	407.4	1.1	0.37	31	2.5	55	21.7	+49%
HOLD+	Circadian Technologies	CIR	10/02/04	188	C	45.2	0.9	13.37	NE	Nil	67	65.0	-30%
BUY	Clarius Group Ltd	CND	08/04/03	82*	B	85.8	0.9	0.21	19	3.0	66	67.5	+63%
BUY	CPT Global Ltd	CGO	10/03/08	88	C	36.9	0.9	0.60	NE	Nil	62	8.8	-20%
BUY	CSG Limited	CSV	11/10/10	175	B	269.9	0.8	0.87	8	5.5	100	2.5	-41%
HOLD+	Devine Ltd	DVN	13/11/06	84*	D	634.9	1.4	0.29	20	3.8	26	18.9	-47%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	B	84.9	1.7	0.32	4	Nil	19	Nil	-62%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	A	32.2	0.7	1.99	11	5.9	144	26.8	-35%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	162.5	0.7	1.05	7	7.5	100	5.5	-0%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	B	415.5	0.3	5.74	NE	0.6	1332	72.0	+198%
BUY	Integrated Research	IRI	14/01/08	40	B	166.8	1.3	1.34	9	8.3	30	11.5	+4%
HOLD	Mnet Group <sup>1</sup>	MNZ			C	208.3	3.20	1.14	NE	Nil	5.2		
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	121.5	0.4	0.97	24	3.1	323	30.5	+971%
BUY	Melbourne IT	MLB	10/02/04	53	B	80.0	0.5	0.81	10	7.8	193	67.0	+391%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	C	241.7	2.0	0.09	2	Nil	13	Nil	+0%
BUY	Novarise Renewable Res	NOE	14/03/11	24½	B	399.3	1.6	1.36	7	3.9	26	Nil	+2%
HOLD-	Photon Group Ltd	PGA	10/11/08	132*	B	187.4	2.7	0.02	NE	42.9	7	11.8	-86%
BUY	Probiotec Ltd	PBP	11/02/08	116	A	52.8	1.1	0.31	4	7.9	45	9.3	-54%
HOLD+	Prophecy International	PRO	08/09/08	26	B	47.2	1.5	2.29	35	10.2	25	7.3	+22%
HOLD+	Skilled Group Ltd	SKE	12/03/02	126	B	222.5	0.6	0.26	34	Nil	225	132.0	+183%
HOLD	Technology One Ltd	TNE	11/11/03	44	A	300.3	0.7	2.30	18	4.0	104	25.8	+195%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	238.9	0.8	1.80	6	5.2	92	12.9	+133%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	26.0	0.3	0.59	12	6.3	1061	271.5	+418%
HOLD	Village Roadshow	VRL	10/08/09	77	A	166.5	0.4	0.55	11	Nil	426	29.0	+491%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +201.4%.

This is equal to an average annual rate of +27.4%, 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 150 closed out) is +30.3%, compared with a market gain of +4.2% (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 1½ shares in Mnet Group distributed to shareholders.



**Recommended Investments**

(Continued from Page 3)

**Australian Shares**

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

**AJ Lucas Group** has won \$200 million in new work: Its Drilling division has been awarded new contracts worth \$160 million over one to four years, in Queensland. The Building, Construction & Infrastructure division has been awarded “multiple contracts worth over \$40 million”, including a \$20 million contract to design and construct a new waste water treatment facility for Robertson, NSW, and a \$10 million upgrade of the Mayfield to Broadmeadow waster water transfer station for **Hunter Water Corporation**.

AJ Lucas Group also reports that **Cuadrilla Resources Holdings** will complete fracing of the *Preese Hall #1* well by mid to late May. The *Grange Hill #1* well is currently being drilled but fracing will not commence until late August as the fracing rig is being deployed in Hungary. The company has received regulatory approval for four additional wells - two of which will be drilled this calendar year - and is assessing eight sites for additional wells.

**AJ Lucas Group**



**Campbell Brothers** has slightly upgraded its profit forecast for the year to 31 March 2011 from \$120-130 million to \$130-134 million (193-200 cents per share). That will lift annual profits 72-78%, with earnings per share 61-67% higher. The full results will be announced on 24 May.

With the shares trading at \$45.10, the Price/Earnings ratio will be around 23.

Campbell Brothers believes the global *Testing, Inspection & Certification* (TIC) market is worth

**Campbell Brothers**



US\$300 billion annually in revenues and growing, driven by economic growth and trade, outsourcing and regulatory requirements. Campbell Brothers share of this market is just 0.3%, although that makes it the 15th largest company in this sector (with, of course, a much greater share in sub-sectors like Minerals testing). 65% of TIC is carried out in-house by companies or by governments, with 35% (about \$100 billion outsourced).

**CSG Limited** is to raise \$40 million from a \$10 million institutional placement and a 1 for 9 non-renounceable cash issue at 110 cents. This money will enable the company to pay the deferred consideration for the Canon business acquisition and several smaller, earlier acquisitions.

This placement and cash issue has depressed the share price to around 100 cents - 9% below the cash issue price - but the cash issue is fully underwritten so the company will still raise the full \$40 million by placing shares with underwriters. For shareholders, this situation offers an opportunity to increase shareholdings in CSG Ltd on-market at a depressed price. Shareholders should ignore their new share entitlement and buy a similar (or larger!) number of shares on-market at a lower price.

At 100 cents, CSG Ltd shares trade on a Price/Sales ratio of just 0.87, a Price/Earnings ratio of 7¾ and offer a Dividend Yield of 5.5%. Profits are expected at \$38-42 million this year (to June 2010) which on the increased capital will be 13½-15 cents per share. That will give a P/E of 6½-7½. Despite the current year under-performing expectations, this is a company that should be able to generate strong organic growth from both its Technology Solutions and Print Services divisions over the next several years. Both businesses should also be able to generate high returns on shareholders equity and do not require large capital investments in depreciating assets. So these are the types of businesses that *should* be able to produce good returns for shareholders.

Of course, there is no guarantee that any individual company will be successful . . . but investing in growing companies at single digit P/E ratios (i.e. growth companies at a very low valuation) has produced a few investments that went on to gain 10-30 fold in value for this newsletter over the years! CSG Ltd still looks like an attractive growth business and even as a “no-growth” company would be under-valued on a P/E of 6½-7½.

“Buy” (and hold) for recovery and growth.

**CSG Ltd**



**Devine** has acquired an 88 hectare site, 48 km north of Melbourne and 2½ km from the Wallan Town Centre, where it plans to develop 870 residential lots with an end value of around \$305 million. Marketing is expected to begin in the second half of the June 2012 financial year, with development profits realised in the June 2013 year.

The company has also announced a \$1,400 million masterplanned community for Gladstone - the site of \$30 billion worth of infrastructure projects, including three major LNG export facilities - which Devine will develop over the next 12 years. The company will “progressively” acquire the 496 hectare site, which covers 3½ km of the northern banks of the Boyne River, in stages “in line with market demand” and with “vendor finance”. 182 hectares will remain open space, with the development of up to 2900 residential sites as well as educational, retail, business and mixed-use industrial sites.

This project is being described as a “highly capital efficient entry into one of Queensland’s fastest growth cities”. As the company is buying the land in stages, with vendor finance, it will avoid tying up its own capital in land assets and will not hold a “material” asset on its balance sheet for this project.

**Devine**



**Ellex Medical Lasers** presented interim 12-month clinical trial results for the first 24 patients in its *Retinal Regenerative Therapy for Early Age-Related Macular Degeneration* (and the remaining 26 patients will reach their 12-month follow-up through to the end of December 2011). Two-thirds of patients experienced improvement in visual function in the treated eye, with the majority also noting improvement in the untreated eye.

The company is now preparing a “long-term, multi-centre randomised control trial” across a “larger and more diverse patient sample” to demonstrate the ability of the *Ellex 2RT* technology.

AMD is the leading cause of blindness in the developed world - accounting for around 50% of cases. 80% of cases are identified in the early stages, but no treatment exists to prevent the progressive loss of vision.

At 18½ cents, Ellex Medical Lasers shares trade on a Price/Sales ratio of only 0.32 and an historical Price/Earnings ratio of 4. Even if profits slip back 50% this year, a P/E of 8 is very low for a small company investing heavily in Research & Development to build future growth. For this type of Technology business the Price/

Research ratio can be a useful guide. Ellex Medical Lasers shares trade on a P/R ratio of 5½ - where a figure below 10 would show good value!

**Ellex Medical Lasers**



**Iluka Resources** produced 135.5 thousand tonnes of Zircon in the March quarter, up 9.7% on the December 2010 quarter. Rutile production was 63 thousand tonnes (down 1%) and Synthetic Rutile production was 78.5 thousand tonnes (down 10%). Revenues, however, rose 52% to \$226.3 million, despite continued strength of the Australian dollar.

The average Zircon price during the March quarter was slightly above US\$1,300 per tonne, up 23.8% on the US\$1,050 per tonne in the last quarter of 2010. Negotiations and finalised contracts will see the June quarter price “approximately 20% higher” at around US\$1,560 per tonne! High grade titanium feed stock prices rose 30-40% over the March quarter (and will be fixed for the June quarter) but further selling price rises are expected for the second half of the year.

Production costs are relatively fixed, so these higher prices will significantly boost net profits and the cash operating surplus!

**Iluka Resources**



**Reckon** has acquired a 4.97% stake in **Melbourne IT** for \$7.3 million as “a strategic investment in a potentially significant business partner”. Reckon is seeking to move towards “operating within an integrated online environment” and will “explore a commercial relationship with Melbourne IT”. Reckon’s online business would generate recurring annual revenues - so any joint venture/marketing/hosting deal should also increase Melbourne IT’s strong recurring revenues.

(Continued on Page 6)

**Recommended Investments**

(Continued from Page 5)

**Melbourne IT**

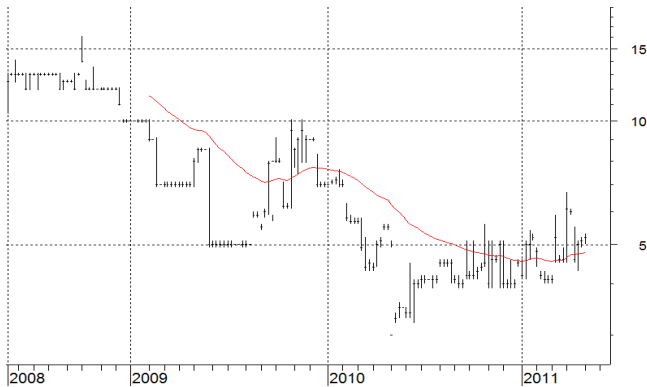


**Mnet Group** has negotiated the sale of its *Ring Back Tones* business to **RealNetworks Inc** for an initial cash sum of \$1,667,000 plus up to a further \$2.0 million subject to achieving certain future performance milestones.

This business currently accounts for about 14% of the company's revenues, or around \$1.6 million annually.

March quarter receipts were \$2.7 million, down 9% on the same period last year. The company continued to generate a small net operating cash surplus of \$112,000. Debt-free and with \$1,124,000 in cash (before the money from the sale of Ring Back Tones) the company is not in any danger of failing, but has yet to generate the revenue growth (and profits) necessary to create shareholder wealth.

**Mnet Group**



**Nomad Building Solutions** has won a \$10.6 million contract to design and manufacture kitchen and dining buildings for **Fortescue Metals Group's** *Solomon Iron Ore* project in north-west of Western Australia. Completion is expected by early December this year.

**Nomad Building Solutions**



**Novarise Renewable Resources** reports March quarter receipts of \$15.1 million. This is down on the \$17.3 million in the March 2010 quarter, \$16.9 million for the June 2010 quarter, \$27.8 million for the September 2010 quarter and \$28.2 million in the December 2010 quarter. That *could* show a decline in production and revenues or be the result of an increase in debtors expected from the growth in the business (i.e. production and revenues for the quarter which customers will pay after the end of March).

**Novarise Renewable Resources**



**Technology One's** first half profit will "be up more than 25%" owing to an increase in licence fees from "a number of significant contracts closed earlier than anticipated". The result will be announced on 23 May.

For the full year the company expects profits to be up 10-15%.

**Technology One**



**TFS Corporation** is holding discussions with **Elders** regarding the acquisition of Indian Sandalwood and Australian Sandalwood plantations in Western Australia and the Far North Queensland owned by Elders Forestry. The acquisition would cover land and water rights, plant and equipment, trees owned by Elders and the assignment of leasehold properties. The companies are also discussing the "potential involvement" of TFS Corporation in Sandalwood *Managed Investment Schemes* currently managed by Elders.

Elders (formerly **Futuris**) has performed poorly over recent years with significant losses, retrenchment of its businesses, a \$550 million capital raising in late 2009 (with the shares since falling a further 68%) and consolidating 10 old shares into 1 new share in January this year. The company has stated its intention to remain in forestry but to dispose of freehold forest land.



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

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

Company	STRENGTH RATING									
	Share Price	Cur-4-Wk Rank	4-99	Insider Buy/Sell	Following	Price/NTA	Return on Equity	Volatility	Price/Earnings	Dividend Yield

**UNDER-VALUED SHARES:** Lowest Price/Sales, Yld>0, RelStrength>0

GuinnessPeat	80	+7.4	+2.5	17	2-0	-0.2	5	1.1	3	1.9	0.12	239	
Col Motor Co	249	+1.2	+0.5	43	0-0	-0.7	4	0.5	16	8.6	0.19	81	
Turners&Grow.	178	+9.7	+2.5	8	1-0	-0.7	4	0.8	17	3.4	0.24	201	
EbosGroupLtd	734	+2.9	-1.4	32	0-1	1	2.0	13	0.5	16	6.0	0.27	373
TurnersAuction	140	+1.9	-0.3	37	2-0	-1.9	15	0.8	13	11.2	0.54	38	
AlliedWork.	150	+18.5	-1.3	1	1-0	-1.1	11	0.9	20	4.3	0.56	39	
InfratilNZ	191	+2.9	-1.4	32	6-4	-1.2	3	0.8	37	2.8	0.59	1,084	
Steel & Tube	261	+7.7	+2.8	15	1-0	-1.6	7	0.8	23	4.7	0.61	231	
BriscoeGroup	151	+3.2	+1.2	30	4-0	-2.4	16	0.8	15	8.5	0.76	320	
Michael Hill	92	+7.7	-2.0	14	0-2	1	2.2	17	0.9	13	4.3	0.79	352
MainfreightGrp	916	+12.5	+0.5	4	0-3	-3.0	12	0.6	25	2.9	0.80	902	
FletcherBuild.	896	+7.8	+2.5	14	3-5	3	1.8	9	0.6	20	3.9	0.80	5,438
HellabyHold.	230	+11.0	-1.3	6	4-0	-3.5	9	1.3	38	5.0	0.87	168	
OpusInt'lCons	230	+12.2	+0.5	4	0-0	-3.4	23	0.8	15	4.8	0.88	327	
ScottTech.Ltd	143	+3.8	-0.6	27	2-0	-2.1	18	0.8	12	5.2	0.96	45	
NZWineCompany	145	+1.9	-3.4	37	0-0	-0.7	-0.8	NE	2.0	0.96	13		
Delegat'sGroup	217	+7.6	-0.9	16	0-0	-1.7	3	0.7	51	5.3	0.99	218	

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

AlliedWork.	150	+18.5	-1.3	1	1-0	-1.1	11	0.7	20	4.3	0.56	39	
OpusInt'lCons	230	+12.2	+0.5	4	0-0	-3.4	23	0.6	15	4.8	0.88	327	
Turners&Grow.	178	+9.7	+2.5	8	1-0	-0.7	4	0.6	17	3.4	0.24	201	
FletcherBuild.	896	+7.8	+2.5	14	3-5	3	1.8	9	0.5	20	3.9	0.80	5,438
Michael Hill	92	+7.7	-2.0	14	0-2	1	2.2	17	0.7	13	4.3	0.79	352
GuinnessPeat	80	+7.4	+2.5	17	2-0	-0.2	5	0.9	3	1.9	0.12	239	
ScottTech.Ltd	143	+3.8	-0.6	27	2-0	-2.1	18	0.7	12	5.2	0.96	45	
BriscoeGroup	151	+3.2	+1.2	30	4-0	-2.4	16	0.7	15	8.5	0.76	320	
EbosGroupLtd	734	+2.9	-1.4	32	0-1	1	2.0	13	0.4	16	6.0	0.27	373
FinssoftSolns	30	+2.0	-0.7	35	0-0	-1.0	11	1.0	9	Nil	0.34	2	
TurnersAuction	140	+1.9	-0.3	37	2-0	-1.9	15	0.7	13	11.2	0.54	38	
Col Motor Co	249	+1.2	+0.5	43	0-0	-0.7	4	0.3	16	8.6	0.19	81	

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

Pumpkin Patch	120	-15.3	-0.9	89	2-0	1	2.5	32	0.8	8	11.3	0.52	200
Telecom Corp	222	-1.6	-1.4	62	0-1	2	1.7	16	0.6	10	10.8	0.81	4,254
RestaurantBids	246	-1.8	+0.2	66	1-0	-1.4	41	0.5	10	9.9	0.74	240	
ArgosyProperty	80	+1.2	+2.1	42	0-0	-0.8	-	0.6	NE	9.4	5.54	431	
GoodmanProp.	92	-1.6	+0.0	63	0-1	-0.9	-	0.5	NE	9.2	5.95	790	
WarehouseGroup	372	-2.5	+1.0	69	6-1	2	3.8	27	0.4	14	9.2	0.69	1,158
AMPOnyxMgmt	78	+1.0	-0.3	44	2-1	-1.0	-	0.6	NE	9.0	5.64	778	
Air New Zealand	113	-7.6	-4.7	81	1-8	1	0.8	5	0.8	15	8.8	0.30	1,217
BriscoeGroup	151	+3.2	+1.2	30	4-0	-2.4	16	0.6	15	8.5	0.76	320	
VitalHealth PT	115	-58.3	+0.0	97	0-0	-1.1	5	0.5	22	8.2	5.81	165	

**INSIDER BUYING:** Most Insider Buying, Relative Strength > 0

GuocoLeisure	72	+8.2	-1.0	12	13-0	-0.7	5	0.8	14	2.1	1.86	985	
Sky City Ltd	368	+5.5	+0.6	20	7-0	1	2.8	19	0.5	15	6.0	2.55	2,116
Port Tauranga	870	+7.9	+2.0	13	5-0	-1.7	7	0.4	26	4.8	7.87	1,166	
HellabyHold.	230	+11.0	-1.3	6	4-0	-3.5	9	1.0	38	5.0	0.87	168	
BriscoeGroup	151	+3.2	+1.2	30	4-0	-2.4	16	0.6	15	8.5	0.76	320	
F & P Appliance	58	+2.0	+0.8	35	3-0	1	0.7	-	1.1	NE	Nil	0.36	420
FreightwaysLtd	344	+4.4	+0.6	24	4-1	-3.3	18	0.5	18	5.8	1.61	528	
TurnersAuction	140	+1.9	-0.3	37	2-0	-1.9	15	0.6	13	11.2	0.54	38	
ScottTech.Ltd	143	+3.8	-0.6	27	2-0	-2.1	18	0.6	12	5.2	0.96	45	
GuinnessPeat	80	+7.4	+2.5	17	2-0	-0.2	5	0.8	3	1.9	0.12	239	

Company	STRENGTH RATING									
	Share Price	Cur-4-Wk Rank	4-99	Insider Buy/Sell	Following	Price/NTA	Return on Equity	Volatility	Price/Earnings	Dividend Yield

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

CDLInvestments	29	-0.7	-0.0	58	0-0	-0.8	3	0.8	25	5.9	7.90	73	
GoodmanProp.	92	-1.6	+0.0	63	0-1	-0.9	-	0.5	NE	9.2	5.95	790	
VitalHealth PT	115	-58.3	+0.0	97	0-0	-1.1	5	0.5	22	8.2	5.81	165	
Blis Technology	6	-18.1	-6.0	92	0-0	-5.5	-	1.8	NE	Nil	4.20	8	
NZ Oil & Gas	97	-8.9	+4.8	84	0-0	-0.9	-	0.7	NE	7.4	3.84	382	
Nat Property Tr	51	-0.2	-1.2	53	0-0	-0.8	-	0.6	NE	8.8	3.51	99	
F & P Health.	311	-0.6	-0.4	56	2-1	2	5.4	24	0.4	22	5.7	3.17	1,593
TrustPowerLtd	745	-0.0	+1.0	49	0-0	-1.6	8	0.3	20	7.3	3.10	2,351	
BurgerFuel	42	-7.1	+1.1	79	0-0	-6.8	-	1.3	NE	Nil	2.90	22	
Charlie's Group	30	-58.3	-0.0	98	0-3	-5.4	15	1.1	35	Nil	2.79	88	
Lytelton Port	229	-1.4	+0.6	61	0-0	-1.7	7	0.4	26	2.7	2.68	234	

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

Charlie's Group	30	-58.3	-0.0	98	0-3	-5.4	15	1.1	35	Nil	2.79	88	
VitalHealth PT	115	-58.3	+0.0	97	0-0	-1.1	5	0.4	22	8.2	5.81	165	
WNDriveTech.	2	-40.9	+1.2	96	0-0	-1.1	-	2.9	NE	Nil	0.72	20	
Blis Technology	6	-18.1	-6.0	92	0-0	-5.5	-	1.7	NE	Nil	4.20	8	
SmartpayNZLtd	2	-16.2	-0.3	91	0-0	-2.1	-	1.9	NE	Nil	0.49	19	
Pyne Gould Corp	32	-14.5	+0.3	89	2-2	-0.5	5	1.0	11	Nil	1.21	248	
NZ Windfarms	17	-13.8	+2.0	87	0-0	-0.5	-	1.2	NE	Nil	N/A	49	
New Image Group	23	-11.3	+2.8	86	4-0	-2.1	30	1.4	7	9.3	0.66	54	
Wakefield Hlth	508	-9.5	-0.2	85	0-0	1	0.7	6	0.2	12	5.1	0.94	72
NZ Oil & Gas	97	-8.9	+4.8	84	0-0	-0.9	-	0.6	NE	7.4	3.84	382	
WindflowTech.	75	-8.5	-3.2	84	0-0	-1.3	-	0.4	NE	Nil	0.38	9	
Tourism Hold.	74	-8.4	+3.3	83	2-0	-0.4	3	0.7	15	7.7	0.51	73	
Building Soc.	79	-7.8	-2.3	81	0-0	-	-	0.8	NE	Nil	N/A	237	
Air New Zealand	113	-7.6	-4.7	81	1-8	1	0.8	5	0.7	15	8.8	0.30	1,217
Comvita	170	-7.5	+3.6	80	4-1	-0.7	8	0.6	9	6.7	0.54	46	
BurgerFuel	42	-7.1	+1.1	79	0-0	-6.8	-	1.2	NE	Nil	2.90	22	
Abano Health.	445	-6.7	-0.9	79	0-0	-0.8	1	0.6	90	6.7	0.52	93	
Heritage Gold	2	-5.8	-0.0	78	0-0	-0.8	-	2.7	NE	Nil	N/A	8	
Just Water Int.	14	-5.7	+8.2	77	2-0	-4.7	-	1.6	NE	Nil	0.35	13	
Sealegs Corp	18	-5.0	-0.4	75	0-1	-2.9	-	1.4	NE	Nil	1.43	16	

**INSIDER SELLING:** Most Insider Selling, Relative Strength < 0

Air New Zealand	113	-7.6	-4.7	81	1-8	1	0.8	5	0.7	15	8.8	0.30	1,217
Charlie's Group	30	-58.3	-0.0	98	0-3	-5.4	15	1.0	35	Nil	2.79	88	
TeamTalk Ltd	206	-0.9	+0.2	59	0-2	-1.9	16	0.4	12	13.9	1.48	45	
Sealegs Corp	18	-5.0	-0.4	75	0-1	-2.9	-	1.3	NE	Nil	1.43	16	
Goodman Prop.	92	-1.6	+0.0	63	0-1	-0.9	-	0.4	NE	9.2	5.95	790	
Tower Limited	185	-1.8	-1.5	65	0-1	2	1.1	13	0.6	8	7.7	0.80	482
Telecom Corp	222	-1.6	-1.4	62	0-1	2	1.7	16	0.5	10	10.8	0.81	4,254
PGGWrightsos	50	-3.0	-2.4	72	0-1	1	0.6	4	0.8	16	Nil	0.33	379

This acquisition, if completed, would increase TFS Corporation's *company owned* and managed plantation assets, provide raw material for its processing business and give it a more dominant control over the Indian and Australian Sandalwood supply.

TFS Corporation recently began an international “roadshow” to promote a US\$175 million issue of Senior Secured Notes - with the funds to be used for “potential business acquisitions”, land acquisition and other corporate purposes. The company should be able to announce the final value of funds raised, interest rates and terms for this debt issue about the middle of this month.

TFS Corporation



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

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Company	STRENGTH RATING											Company	STRENGTH RATING														
	Share Price	Cur-4-Wk	Rank	Rel	Strength	Price	Return	Volatility	Price	Dividend	Price		Share Price	Cur-4-Wk	Rank	Rel	Strength	Price	Return	Volatility	Price	Dividend	Price				
	Chg.	0-99	0-99	0-99	0-99	NTA	Equity	ity	Ratio	Yield	Ratio	Cap'n		Chg.	0-99	0-99	0-99	0-99	0-99	NTA	Equity	ity	Ratio	Yield	Ratio	Cap'n	
<b>UNDER-VALUED SHARES: Lowest Price/Sales, Yld&gt;0, RelStrength&gt;0</b>													<b>BEST PERFORMING SHARES: Strongest Shares, P/E&lt;20, P/S&lt;1.0</b>														
WinmarResLtd	26	+178.1	+56.6	0	2-0	-	8.7	68	1.5	13	1.5	0.08	26	WinmarResLtd	26	+178.1	+56.6	0	2-0	-	8.7	68	1.1	13	1.5	0.08	26
GuinnessPeat	59	+4.6	+2.1	36	2-0	-	0.8	37	0.9	2	2.6	0.09	176	ChongherrInv.	2	+171.2	+70.1	0	0-0	-	-	-	4.3	11	Nil	0.71	2
Namoi Cotton	41	+0.8	+0.2	47	0-2	-	0.3	4	1.1	9	6.2	0.12	39	NewlandRes.	12	+117.1	+24.3	0	0-0	-	-	-	1.5	5	Nil	0.98	38
Lindsay Aust	19	+0.4	-1.5	48	0-1	-	0.9	10	1.6	9	9.5	0.15	34	VillageRoad.	426	+35.7	+6.4	6	0-4	-	-	-	0.3	11	Nil	0.55	709
AutomotiveHold	254	+6.8	-1.5	31	0-0	1	3.2	33	0.6	10	6.7	0.18	575	CapralLimited	27	+32.2	+6.8	7	1-0	-	0.7	4	1.0	16	Nil	0.26	105
CaltexAustralia	1370	+8.3	-2.9	28	1-0	3	1.3	11	0.2	12	4.4	0.20	3,699	TasmaniaMines	150	+31.9	+9.9	7	0-0	-	1.0	22	0.4	5	4.0	0.97	27
MarbletendGrp	13	+17.9	-9.3	16	1-0	-	3.1	51	2.1	6	12.0	0.20	8	MesbonChinaN.	20	+25.3	-7.0	10	3-0	-	0.6	14	1.2	4	Nil	0.16	27
RuralcoHold.	339	+10.1	+3.4	24	1-1	-	1.9	12	0.4	15	4.7	0.21	187	MacquarieCTel	1005	+24.9	-6.3	11	0-1	1	3.0	26	0.2	12	2.0	0.88	209
JumboInteract.	39	+10.2	+4.0	24	0-0	-	39.0	-	1.2	17	1.3	0.22	17	NewSatLtd	1	+24.8	-8.2	11	0-0	-	-	-	6.2	2	Nil	0.00	0
Data3Ltd	1375	+21.5	-2.2	13	0-1	1	10.1	52	0.3	19	4.1	0.35	212	AMA GroupLtd	11	+21.8	-19.0	13	10-0	-	1.3	16	1.5	8	Nil	0.55	28
ChandlerMcLeod	55	+24.9	+2.8	11	0-0	4	9.1	29	1.1	31	2.5	0.37	222	Data3Ltd	1375	+21.5	-2.2	13	0-1	1	10.1	52	0.2	19	4.1	0.35	212
JoyceCorp.	50	+17.5	+4.1	16	0-0	-	1.9	-	1.0	NE	10.0	0.37	10	SeymourWhyte	232	+20.0	-11.2	14	1-2	-	-	-	0.6	15	3.3	0.98	181
SupplyNetwork	56	+10.2	+0.3	24	0-0	-	1.3	13	0.9	10	5.4	0.39	17	Scantech	45	+19.8	+4.8	14	3-0	-	1.2	6	0.8	18	Nil	0.60	8
Chalmers	303	+6.3	+1.2	32	1-1	-	0.7	8	0.4	9	5.0	0.39	23	MarbletendGrp	13	+17.9	-9.3	16	1-0	-	3.1	51	1.5	6	12.0	0.20	8
AlescoCorpLtd	323	+9.8	-1.5	25	3-0	4	5.4	16	0.6	35	2.2	0.39	304	CarbonCon	14	+17.6	+1.1	16	0-1	-	-	-	1.5	16	Nil	0.77	5
EmpireLtd	24	+31.0	-5.7	8	0-0	-	6.0	3	1.5	240	1.0	0.40	11	SkywestAirline	50	+17.3	-2.8	16	0-1	-	2.8	22	0.8	13	1.9	0.55	100
RCRTomlinson	165	+14.1	+1.0	20	0-1	4	1.7	13	0.6	12	1.8	0.40	218	GreencrossLtd	93	+16.9	+5.2	17	0-0	-	-	-	0.6	8	Nil	0.45	23
EnvironmtGrp	6	+6.3	-26.8	32	0-0	-	1.8	8	3.0	23	3.6	0.42	13	RHGLtd	124	+15.6	-0.3	18	1-4	-	1.2	30	0.6	4	Nil	0.82	379
HireIntell.	12	+8.3	-3.1	28	0-0	-	-	2.0	4	3.3	0.43	5	RCRTomlinson	165	+14.1	+1.0	20	0-1	4	1.7	13	0.5	12	1.8	0.40	218	
Int. Legal	12	+8.0	-3.3	28	0-0	-	1.7	14	2.1	12	6.3	0.43	10	LudowiciLtd	470	+13.6	-5.4	20	2-0	1	2.2	21	0.3	11	4.3	0.56	125
CraneGroup	1038	+9.5	-0.9	25	0-1	4	2.3	9	0.3	25	3.9	0.44	813	AscentPharm.	40	+13.5	-3.8	20	0-0	-	4.9	60	0.9	8	Nil	0.74	99
LandmarkWhite	36	+1.2	+0.2	46	0-0	-	4.0	38	1.1	11	9.7	0.44	10	Stokes(Aust)	25	+13.1	+2.8	21	0-0	-	0.5	21	1.0	2	Nil	0.11	2
NewsCorp.	1709	+3.2	-0.5	40	1-0	2	11.0	-	0.2	6	1.0	0.45	13,647	LegendCorp.	30	+12.3	-7.4	21	0-0	-	3.3	34	0.9	10	3.3	0.75	65
StratetelLtd	4	+1.6	-3.4	44	2-0	-	4.0	29	3.7	14	8.3	0.45	6	UXCLimited	59	+12.3	+1.2	21	2-0	2	19.5	-	0.7	9	Nil	0.25	173
LendLeaseGrp	863	+5.3	-2.2	34	0-1	2	1.8	13	0.3	14	3.7	0.46	4,881	OaksHotel	55	+12.1	+13.7	22	2-1	-	-	-	0.8	12	3.6	0.69	85
EmbeltonLtd	650	+9.3	+2.7	26	1-0	-	1.5	14	0.3	11	3.8	0.46	14	VitaLifeSci.	27	+12.1	-4.4	22	0-0	-	3.4	-	1.1	3	1.9	0.73	15
W'oolCheese	460	+16.9	-4.0	17	0-0	-	1.8	8	0.4	22	2.2	0.47	214	MyNetFoneLtd	19	+10.9	-15.9	23	0-0	-	-	-	1.3	5	3.9	0.83	10
GazalCorp	205	+5.6	-1.6	34	0-0	-	2.6	20	0.5	13	5.4	0.50	124	NorfolkGroup	135	+10.9	-0.8	23	0-0	3	9.0	73	0.5	12	Nil	0.27	215
AVJennings	51	+5.3	+0.3	34	0-0	-	0.5	3	1.1	14	3.0	0.53	138	ColorpakLtd	74	+10.5	+0.4	24	0-2	-	4.1	44	0.6	9	3.0	0.74	60
SkywestAirline	50	+17.3	-2.8	16	0-1	-	2.8	22	1.1	13	1.9	0.55	100	JumboInteract.	39	+10.2	+4.0	24	0-0	-	39.0	-	0.9	17	1.3	0.22	17
BerkleeLtd	55	+2.3	+0.5	42	0-0	-	0.5	5	0.9	10	3.6	0.55	6	SupplyNetwork	56	+10.2	+0.3	24	0-0	-	1.3	13	0.6	10	5.4	0.39	17
TassalGroup	158	+1.4	-2.7	45	2-0	4	1.1	14	0.6	8	3.8	0.56	228	RuralcoHold.	339	+10.1	+3.4	24	1-1	-	1.9	12	0.3	15	4.7	0.21	187
RidleyCorp.	132	+1.7	-1.2	44	2-0	4	1.6	11	0.6	14	5.5	0.56	406	EmbeltonLtd	650	+9.3	+2.7	26	1-0	-	1.5	14	0.2	11	3.8	0.46	14
RioTintoLtd	7957	+1.5	-1.9	44	0-0	5	5.2	-	0.2	2	1.4	0.56	34,673	CaltexAustralia	1370	+8.3	-2.9	28	1-0	3	1.3	11	0.2	12	4.4	0.20	3,699
LudowiciLtd	470	+13.6	-5.4	20	2-0	1	2.2	21	0.4	11	4.3	0.56	125	HireIntell.	12	+8.3	-3.1	28	0-0	-	-	-	1.4	4	3.3	0.43	5
FantasticHold.	236	+0.8	+0.8	47	0-0	2	3.0	23	0.5	13	4.3	0.58	242	Int. Legal	12	+8.0	-3.3	28	0-0	-	1.7	14	1.5	12	6.3	0.43	10
UGLLimited	1518	+4.0	-0.0	37	3-0	6	-	-	0.3	17	4.2	0.60	2,507	PTBGroupLtd	25	+7.7	+6.0	29	0-0	-	0.2	4	1.1	5	Nil	0.30	8
WatercoLtd	132	+6.6	-7.6	32	0-0	-	0.9	8	0.7	12	6.1	0.60	43	E-payAsiaLtd	18	+7.4	+3.0	30	0-0	-	0.4	6	1.3	6	Nil	0.95	10
BoralLimited	471	+4.1	-1.1	37	3-0	5	1.2	-	0.4	NE	2.9	0.63	2,821	QuestInvestm't	9	+7.1	+2.2	31	1-0	-	0.5	6	1.5	8	Nil	0.68	4
McPherson'sLtd	331	+4.1	-0.7	37	1-0	1	27.6	-	0.4	9	6.0	0.67	237	NibHoldings	145	+7.1	+1.9	31	2-0	2	1.9	16	0.5	12	4.8	0.80	718
CountryRoad	370	+1.1	+0.5	46	0-0	-	3.5	17	0.3	21	2.4	0.67	256	MortgageChoice	134	+7.0	-1.2	31	1-0	-	2.2	32	0.5	7	8.2	0.93	159
OaksHotel	55	+12.1	+13.7	22	2-1	-	-	-	1.0	12	3.6	0.69	85	AutomotiveHold	254	+6.8	-1.5	31	0-0	1	3.2	33	0.5	10	6.7	0.18	575
VitaLifeSci.	27	+12.1	-4.4	22	0-0	-	3.4	-	1.5	3	1.9	0.73	15	WatercoLtd	132	+6.6	-7.6	32	0-0	-	0.9	8	0.5	12	6.1	0.60	43
WesfarmersLtd	3300	+1.2	-0.5	45	1-0	6	9.1	37	0.2	24	3.8	0.74	38,183	CapitalHealth	5	+6.5	+3.8	32	0-0	-	-	-	2.4	20	Nil	0.40	14
ColorpakLtd	74	+10.5	+0.4	24	0-2	-	4.1	44	0.8	9	3.0	0.74	60	Chalmers	303	+6.3	+1.2	32	1-1	-	0.7	8	0.3	9	5.0	0.39	23
LegendCorp.	30	+12.3	-7.4	21	0-0	-	3.3	34	1.3	10	3.3	0.75	65	CTILogistics	125	+6.2	+0.4	32	0-0	-	1.8	17	0.4	11	4.8	0.84	51
NibHoldings	145	+7.1	+1.9	31	2-0	2	1.9	16	0.7	12	4.8	0.80	718	Graincorp	805	+6.1	-0.9	33	1-0	6	1.7	8	0.2	20	3.1	0.80	1,596



Company	STRENGTH RATING										Price	Return	Vola-	Price	Divi-	Price	
	Share	Cur-	4-Wk	Rank	Insider	Brokers	Following	to	on	til-							Earn.
	Price	rent	Chg.	0-99	Buy-Sell	Following	NTA	Equity	ity	Ratio	Yield	Ratio	Cap'n				
<b>INCOMESHARES: Highest Yields, Capitalisation &gt; A\$250 million</b>																	
Cape Lambert R.	47	+8.6	-10.1	27	7-0	1	-	-	0.7	NE	15.1	N/A	291				
Chal Infra Fund	111	-3.2	-0.2	64	0-0	2	-	-	0.4	NE	12.6	0.91	354				
Ale Property	199	-0.3	+2.5	54	1-0	2	0.9	-	0.3	NE	12.1	5.18	305				
Transfield SIn	84	+3.9	+7.7	37	0-0	1	0.9	-	0.5	NE	12.0	2.23	361				
DUET Group	173	-1.7	+0.9	60	0-0	3	1.0	9	0.3	11	11.6	1.30	1,502				
Spark Infrastru	119	+0.5	+0.3	48	5-0	4	0.6	3	0.4	19	11.4	5.44	1,572				
MAp Group	295	+0.2	-0.5	49	2-0	4	-	-	0.2	106	11.4	5.46	5,491				
Cromwell Prop.	72	-0.6	-1.3	56	1-0	2	1.0	3	0.5	31	11.1	4.59	582				
Goodman Fielder	104	-8.4	-1.5	78	5-0	3	-	-	0.4	9	10.4	0.54	1,429				
SevenWest Med.	467	-9.8	-1.8	81	0-0	6	-	-	0.3	11	9.6	2.64	1,585				
Telstra	297	-0.3	+0.7	54	10-0	6	7.8	82	0.3	10	9.4	1.48	36,956				
Aspen Group Ltd	45	-1.8	-0.6	60	0-0	2	0.7	3	0.6	20	9.3	3.49	251				
SP Ausnet	89	-0.3	+0.0	55	1-1	4	0.9	8	0.4	11	9.0	1.80	2,394				
Tatts Group Ltd	235	-3.3	-1.5	64	1-0	4	-	-	0.3	29	8.9	0.91	3,013				
Envestra	64	+9.2	+0.6	26	0-0	4	-	-	0.5	24	8.6	2.32	888				
Sigma Pharm.	36	-8.5	-2.6	78	0-0	7	2.1	18	0.6	12	8.5	0.13	418				
Hills Holdings	149	-13.7	-1.3	88	1-0	3	1.0	11	0.4	9	8.4	0.32	369				
Deutsche Ind Tr	196	+0.0	+0.0	50	0-0	-	1.2	10	0.3	12	8.1	6.49	663				
Downer EDI Ltd	367	-11.2	+0.5	84	4-0	6	1.9	0	0.3	432	7.9	0.22	1,544				
Count Financial	103	-2.5	-2.6	62	3-0	2	4.7	42	0.5	11	7.8	2.14	265				
Chal Div Prop	55	+1.5	+2.6	45	1-0	3	0.8	3	0.6	32	7.6	5.68	502				
Hast Div Util	161	+2.6	-1.8	41	1-0	3	-	-	0.5	NE	7.5	5.42	835				
Primary Health	335	-5.6	-0.9	71	6-1	7	-	-	0.3	12	7.5	1.27	1,646				
Growthpoint Pro	190	-0.0	-0.0	51	1-0	1	0.9	14	0.4	7	7.4	4.54	404				
Ardent Leisure	148	+19.0	+4.8	15	4-0	3	1.6	7	0.4	24	7.3	1.28	457				

<b>INSIDER BUYING: Most Insider Buying, Relative Strength &gt; 0</b>																		
Company	Share	Cur-	4-Wk	Rank	Insider	Brokers	Following	to	on	til-	Earn.	dend	Sales	Market				
	Price	rent	Chg.	0-99	Buy-Sell	Following	NTA	Equity	ity	Ratio	Yield	Ratio	Cap'n					
Conquest Mining	50	+3.9	-1.3	38	13-0	-	-	-	0.5	NE	Nil	N/A	6					
US Nickel Ltd	13	+7.6	-12.9	29	11-0	-	-	-	1.2	NE	Nil	N/A	N/A					
Auto Technology	4	+1.0	+3.0	46	11-0	-	3.5	-	2.0	NE	Nil	N/A	7					
Medical Dev Int	43	+22.8	-4.4	12	11-0	-	6.1	24	0.6	25	Nil	2.66	22					
Hodges Res.	43	+62.7	+21.8	3	10-0	-	-	-	0.8	NE	Nil	N/A	20					
AMA Group Ltd	11	+21.8	-19.0	13	10-0	-	1.3	16	1.1	8	Nil	0.55	28					
Rocklands Rich.	28	+4.3	+14.5	36	9-0	-	-	-	0.7	NE	Nil	N/A	22					
Energio Ltd	3	+96.7	-67.3	1	8-0	-	-	-	1.9	330	Nil	N/A	22					
Q.B.E. Insur.	1813	+0.7	+0.9	47	8-0	4	37.0	-	0.1	15	7.1	1.23	19,068					
Ainsworth Game	34	+22.5	-9.3	12	7-0	-	34.0	-	0.8	NE	Nil	1.37	95					
Aust Agricul.	155	+4.1	-1.3	37	7-0	2	-	-	0.3	456	Nil	1.56	410					
Cape Lambert R.	47	+8.6	-10.1	27	7-0	1	-	-	0.6	NE	15.1	N/A	291					
Uranex NL	34	+2.0	-36.7	43	7-0	-	-	-	0.9	NE	Nil	N/A	37					
Macarthurcook P	11	+4.7	-1.2	36	7-0	-	0.3	-	1.1	NE	Nil	4.64	21					
Rimfire Pacific	3	+13.7	-24.0	20	7-0	-	-	-	2.0	NE	Nil	N/A	15					
Carrick Gold	58	+3.8	-1.3	38	6-0	-	-	-	0.6	NE	Nil	N/A	70					
Seven Group	960	+8.4	-1.3	28	6-0	2	-	-	0.4	NE	1.9	5.45	2,932					
Wasabi Energy	3	+15.1	-23.5	18	6-0	-	-	-	2.1	NE	Nil	N/A	43					
Oakajeje Corp.	31	+36.1	-12.5	6	6-0	-	1.9	28	0.8	7	Nil	N/A	10					
Dulux Group Ltd	274	+1.0	-0.3	46	6-0	6	-	-	0.5	16	1.1	1.30	1,006					
Avexa Limited	5	+0.4	+6.2	48	6-0	-	1.6	-	1.6	NE	Nil	N/A	40					

Company	STRENGTH RATING										Price	Return	Vola-	Price	Divi-	Price	
	Share	Cur-	4-Wk	Rank	Insider	Brokers	Following	to	on	til-							Earn.
	Price	rent	Chg.	0-99	Buy-Sell	Following	NTA	Equity	ity	Ratio	Yield	Ratio	Cap'n				
Gold One Int'l	42	+16.1	+8.8	18	6-0	1	4.6	20	0.6	23	Nil	3.75	335				
Archer Explor.	20	+26.9	+0.3	9	6-0	-	-	-	0.9	NE	Nil	N/A	13				
Global Petrol.	22	+44.5	-9.3	4	6-0	-	-	-	0.9	NE	Nil	N/A	38				
Amcor Ltd	700	+3.6	-0.2	38	8-2	3	4.7	10	0.2	47	4.2	0.87	8,556				
Emerald Oil & G	5	+47.7	+21.6	4	5-0	-	-	-	1.9	NE	Nil	N/A	7				
Pyrme Energy	16	+7.3	-17.5	30	5-0	-	-	-	0.9	NE	Nil	N/A	32				
NSX Limited	21	+0.3	-2.3	48	5-0	-	2.9	-	0.8	NE	Nil	7.95	21				
ANZ Bank	2324	+1.2	-0.1	45	5-0	6	2.3	18	0.1	13	5.4	1.89	59,498				
Transurban Grp	544	+2.6	+0.1	41	5-0	5	2.0	2	0.2	130	4.4	9.42	7,696				
Eureka Energy	31	+11.6	-15.1	22	5-0	-	-	-	0.8	NE	Nil	N/A	47				
Algae.Tec Ltd	37	+24.7	-12.5	11	5-0	-	-	-	1.0	NE	Nil	N/A	N/A				
Reedy Lagoon	11	+8.3	-11.2	28	5-0	-	-	-	1.1	NE	Nil	4.76	3				
Spark Infrastru	119	+0.5	+0.3	48	5-0	4	0.6	3	0.4	19	11.4	5.44	1,572				
Southern Gold	8	+7.9	+3.9	29	5-0	-	-	-	1.4	NE	Nil	N/A	8				
Orbital Corp	32	+10.1	-5.9	24	5-0	-	7.9	-	0.6	NE	Nil	0.88	15				
Patties Foods	151	+8.8	+0.9	27	7-2	2	5.0	38	0.3	13	4.3	1.07	210				
BKI Invest Coy	123	+0.2	-0.5	49	4-0	-	0.9	5	0.3	17	4.3	N/A	515				
Trinity Group	15	+24.4	+6.6	11	4-0	-	0.8	-	0.9	NE	Nil	0.95	35				
Paragon Care	4	+21.2	+4.6	13	4-0	-	-	-	1.7	59	Nil	0.97	9				
Silver Chef Ltd	335	+2.9	-7.6	41	4-0	-	3.0	23	0.3	13	5.4	1.49	73				
Roc Oil Company	41	+1.5	+2.4	45	4-0	5	0.7	-	0.7	NE	Nil	1.21	292				
Circadian Tech	67	+7.3	-1.4	30	4-0	-	0.9	-	0.5	NE	Nil	N/A	30				
Aston Resources	930	+17.9	-2.4	15	4-0	-	-	-	0.4	NE	Nil	N/A	N/A				
Mantle Mining	13	+36.3	-72.8	6	4-0	-	-	-	1.1	NE	Nil	N/A	19				
Tap Oil	91	+11.3	+3.3	23	4-0	2	1.1	-	0.5	NE	Nil	2.98	219				
Atlas SS Pearl	12	+4.5	+2.5	36	4-0	-	0.7	11	1.0	7	Nil	1.12	16				
Ottoman Energy	9	+0.4	-3.2	48	4-0	-	-	-	1.2	NE	Nil	N/A	100				
Catalyst Metals	24	+22.6	-4.1	12	4-0	-	-	-	0.9	NE	Nil	N/A	7				
Tranzact Fin.	21	+11.0	-0.3	23	4-0	-	3.0	19	0.8	16	2.9	2.99	23				
Envirogold Ltd	19	+31.4	+8.8	7	4-0	-	-	-	0.9	NE	Nil	N/A	81				
Flinders Mines	16	+13.3	-12.5	21	4-0	-	-	-	0.9	NE	Nil	N/A	282				
WDS Limited	81	+5.0	+2.7	35	4-0	3	1.5	-	0.5	NE	Nil	0.34					

# Australian Warrant / Option Analysis

Company	Share Price	Exercise Price	Yr/Mth Expiry	Black-Scholes Price	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Exercise Price	Yr/Mth Expiry	Black-Scholes Price	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate		
Actinogen	6.0	20	4-4	2.5	5.4	-54	1.81	1.05	1.0	+36	Cluff Resources Pac.	0.8	1.0	0-2	0.1	0.1	-17	1.41	3.10	1.0	+575
ActinogenLtd	6.0	50	1-2	1.0	1.8	-45	1.81	1.55	1.0	+526	Coal Spur Mines	170	8.0	0-1	165.0	162.0	+2	0.52	1.05	1.0	+23
AdvanceEnergy	1.5	3.0	1-3	0.4	0.7	-39	1.43	1.50	1.0	+92	Cokal Ltd	68	20	0-8	46.0	48.8	-6	0.97	1.35	1.0	-3
AfricaIron	25	20	2-6	8.7	15.2	-43	0.91	1.37	1.0	+6	Con Tin Mines	14	20	2-7	5.5	9.0	-39	1.32	1.23	1.0	+28
AgenixLtd	1.6	30	0-1	0.1	0.0	+999	0.98	9.99	1.0	+999	Continental Coal	5.7	5.0	1-9	3.0	2.2	+38	0.60	1.96	1.0	+22
AlamarResources	50	20	1-10	35.0	37.6	-7	1.11	1.23	1.0	+5	ConvergentMinerals	6.0	8.0	0-4	2.3	0.7	+221	0.93	3.41	1.0	+406
AlcyoneResources	13	160	0-4	2.4	0.0	+999	0.82	1.00	1.0	+999	ConvergentMinerals	6.0	20	0-7	0.7	0.2	+358	0.93	3.87	1.0	+735
AlturaMining	15	15	0-3	1.8	1.9	-5	0.70	4.18	1.0	+80	CopperRangeLtd	1.7	1.5	1-7	0.8	0.8	-5	0.93	1.56	1.0	+21
AnaecoLtd	9.2	100	1-0	0.1	0.0	+999	0.74	5.61	1.0	+988	CoppermolyLtd	11	7.0	0-6	4.5	4.3	+3	0.55	2.33	1.0	+9
AntipaMinerals	19	20	1-10	5.5	1.0	+447	0.06	9.99	1.0	+17	CorazonMiningLtd	8.5	20	1-11	1.5	4.6	-67	1.42	1.34	1.0	+62
AntisenseTherapeutics	1.0	1.1	1-2	0.5	0.3	+49	0.83	1.96	1.0	+50	CoretrackLtd	17	25	1-6	5.9	2.2	+171	0.51	3.08	1.0	+52
ApexMinerals	0.9	6.0	1-5	0.2	0.0	+999	0.62	4.60	1.0	+280	CortonaResources	16	20	0-8	4.5	1.3	+236	0.51	4.32	1.0	+99
AphroditeGold	11	20	2-7	2.4	2.2	+9	0.55	2.32	1.0	+32	CoveResources	21	25	2-8	7.4	5.1	+46	0.42	2.42	1.0	+19
ApolloMinerals	7.0	25	0-6	1.1	0.0	+999	0.70	6.80	1.0	+999	CumamonaEnergy	14	35	2-6	4.5	3.1	+44	0.72	2.02	1.0	+51
ArafuraPearls	1.0	5.0	1-0	0.1	0.0	+121	0.97	2.94	1.0	+410	DSFInternational	1.1	3.0	1-7	0.5	0.0	+999	0.00	9.99	1.0	+108
ArgentMinerals	22	18	0-1	3.9	4.6	-16	0.75	4.11	1.0	-15	DartMining	6.2	10	0-7	0.9	0.6	+59	0.77	3.48	1.0	+163
ArgentinaMining	24	20	3-9	9.0	10.3	-13	0.39	1.88	1.0	+5	DatamotionAsiaPac.	0.3	1.0	1-11	0.1	0.1	-7	1.19	1.57	1.0	+96
ArtemisResources	4.3	5.0	0-1	0.5	0.1	+380	0.64	9.99	1.0	+999	DatamotionAsiaPac.	0.3	0.5	1-10	0.1	0.1	-32	1.19	1.45	1.0	+46
AstroDiamondMines	0.5	5.0	1-6	0.7	0.1	+999	1.21	2.07	1.0	+407	DelectaLtd	1.8	0.8	0-7	0.9	1.1	-15	0.85	1.61	1.0	-9
AstroMining	0.5	5.0	1-6	0.2	0.1	+269	1.21	2.07	1.0	+376	DiatremeResources	9.8	15	2-4	2.9	3.5	-18	0.77	1.74	1.0	+29
AthenaResources	12	8.0	0-11	5.0	5.2	-5	0.83	1.80	1.0	+14	DouradoResources	18	20	3-6	6.1	8.9	-31	0.68	1.53	1.0	+11
AtlanticLtd	208	0.8	0-7	190.0	207.2	-8	0.71	1.00	1.0	-14	EagleNickel	3.8	20	4-7	1.3	1.9	-31	1.01	1.34	1.0	+46
AtomicResources	43	25	0-3	17.0	18.5	-8	0.66	2.25	1.0	-9	EagleNickel	3.8	30	1-1	0.5	0.1	+375	1.01	3.00	1.0	+584
AtticusResources	18	20	1-4	3.9	2.4	+66	0.35	3.83	1.0	+26	EastlandMedical	2.9	10	0-1	0.3	0.0	+999	0.67	9.99	1.0	+999
AuriumResources	4.5	3.5	1-4	2.0	2.2	-9	0.89	1.62	1.0	+16	EastlandMedical	2.9	20	0-0	0.1	0.0	+999	0.67	9.99	1.0	+999
AusgoldLtd	142	20	1-10	120.0	126.2	-5	1.11	1.11	1.0	-1	EldoreMining	1.0	3.0	1-7	0.2	0.2	+26	0.87	2.22	1.0	+108
AustChinaHoldings	0.2	2.0	2-7	0.1	0.1	-13	1.69	1.23	1.0	+148	ElementalMinerals	209	20	0-8	184.5	189.6	-3	0.84	1.10	1.0	-3
AustMinerals&Mining	17	20	0-5	1.5	2.9	-48	0.87	3.03	1.0	+76	EmeraldOil&Gas	5.1	5.0	1-3	2.0	1.8	+14	0.73	2.02	1.0	+29
AustMinesLtd	1.9	0.2	2-1	0.6	1.8	-66	1.41	1.06	1.0	-34	EneabbaGas	6.0	15	2-1	0.2	0.6	-68	0.58	2.76	1.0	+56
AustRenewableFuels	2.1	1.0	0-7	1.2	1.1	+5	0.69	1.76	1.0	+9	EneabbaGasLtd	6.0	20	1-1	0.5	0.1	+628	0.58	4.81	1.0	+211
Aust-AmericanMining	4.3	10	1-7	1.4	0.9	+52	0.88	2.07	1.0	+85	EneabbaGasLtd	6.0	20	1-1	0.5	0.1	+628	0.58	4.81	1.0	+211
AustexOilLtd	8.9	25	0-6	1.5	0.0	+999	0.43	9.99	1.0	+787	EneabbaGasLtd	3.3	100	1-10	1.0	0.3	+283	1.30	2.00	1.0	+546
AustinExploration	3.8	10	0-6	0.2	0.0	+999	0.59	7.40	1.0	+620	EnerjiLtd	2.1	20	5-7	0.8	1.4	-42	1.22	1.18	1.0	+51
AustindoResources	3.0	1.5	1-1	0.1	1.8	-94	0.85	1.53	1.0	-44	EnterpriseMetalsLtd	1.6	25	1-1	4.0	3.2	+24	0.81	2.37	1.0	+75
AustralasiaGold	20	10	1-11	7.0	13.8	-49	1.00	1.30	1.0	-8	Env. Clean Tech.	2.1	2.0	2-8	1.2	1.1	+8	0.80	1.49	1.0	+17
AustralianOilCoy	13	20	0-7	1.7	1.2	+38	0.74	3.53	1.0	+141	EnvirogoldLtd	19	15	0-7	7.5	6.2	+21	0.80	2.26	1.0	+40
AuthorisedInvestment	0.8	8.0	1-9	1.6	0.0	+999	0.95	2.53	1.0	+328	EromangaHydro.	4.5	20	1-2	1.7	0.1	+999	0.71	3.89	1.0	+285
AutoTechnology	3.5	8.0	1-1	1.0	0.3	+247	0.72	3.09	1.0	+139	ErongoEnergyLtd	18	10	2-1	8.5	13.2	-35	1.18	1.22	1.0	+1
AutoTechnology	3.5	10	0-1	0.1	0.0	+999	0.72	5.35	1.0	+999	EurozLtd	196	75	2-9	119.5	131.2	-9	0.35	1.47	1.0	-0
AuzexResources	67	20	0-9	48.0	47.9	+0	0.94	1.35	1.0	+3	ExcaliburMining	0.2	6.0	1-7	0.1	0.0	+449	1.44	1.94	1.0	+766
AvancoResources	14	1.5	0-11	11.5	12.2	-6	1.42	1.10	1.0	-4	ExomaEnergyLtd	16	10	1-4	8.6	7.5	+14	0.56	1.86	1.0	+12
BPHEnergy	4.5	20	0-6	0.3	0.1	+479	1.01	4.24	1.0	+999	FYIResources	10	15	1-1	2.1	2.0	+4	0.78	2.41	1.0	+64
BassariResources	9.9	20	1-1	4.0	1.6	+158	0.85	2.46	1.0	+126	FairstarResources	5.0	10	0-3	0.6	0.0	+999	0.70	8.10	1.0	+999
BenitecLtd	2.6	10	2-10	0.5	0.6	-15	0.81	1.86	1.0	+63	FerrowestLtd	15	25	1-1	4.1	2.0	+101	0.68	2.85	1.0	+84
BerkeleyResources	85	75	1-12	38.0	35.1	+8	0.63	1.83	1.0	+16	FerrumCrescent	22	40	2-7	4.0	3.6	+11	0.51	2.52	1.0	+32
BiomdLtd	4.8	4.0	0-7	0.7	2.1	-66	1.23	1.76	1.0	-4	ForgeResources	94	20	3-2	68.0	80.8	-16	0.90	1.13	1.0	-2
Bioprospect	1.2	3.0	2-7	0.3	0.5	-41	1.02	1.50	1.0	+48	ForteConsolidated	22	20	2-11	6.5	6.1	+6	0.25	2.80	1.0	+7
BiotronLtd	9.6	10	0-7	2.7	2.6	+4	0.92	2.33	1.0	+62	FutureCorporation	0.1	0.5	4-7	0.1	0.1	+11	1.81	1.05	1.0	+48
BlackhamResources	22	25	0-5	2.9	3.1	-7	0.72	3.53	1.0	+77	GBEnergy	3.8	3.5	0-2	0.2	0.8	-76	1.11	3.06	1.0	-15
BotswanaMetals	11	10	2-1	4.9	6.2	-21	0.97	1.42	1.0	+16	GBEnergy	3.8	20	0-4	0.1	0.0	+999	1.11	5.52	1.0	+999
BoulderSteelLtd	8.9	10	0-10	3.0	2.7	+12	0.92	2.09	1.0	+58	GBMResources	9.8	20	2-1	4.0	4.0	+0	1.04	1.56	1.0	+54
BountyIndustries	2.5	20	0-7	0.3	0.0	+999	0.00	9.99	1.0	+999	GRGInternational	15	20	2-1	4.0	3.2	+25	0.49	2.52	1.0	+25
BrazilianMetals	12	20	2-10	4.0	7.2	-45	1.15	1.30	1.0	+28	GeodynamicsLtd	28	55	0-10	2.5	2.0	+25	0.70	3.50	1.0	+137
BrightStarResources	16	10	1-4	7.9	7.7	+3	0.69	1.72	1.0	+11	GlobalGeoscience	5.1	25	1-3	2.2	0.2	+797	0.87	2.91	1.0	+282
BrokenHillProspecting	14	20	2-9	3.1	0.7	+328	0.20	5.75	1.0	+20	GlobalNickel	2.6	10	1-1	0.7	0.1	+456	0.84	3.10	1.0	+269
BrumbyResources	17	8.0	0-4	9.0	8.7	+3	0.74	1.84	1.0	+9	GoldAuraLtd	4.3	3.0	1-1	2.0	1.9	+5	0.71	1.86	1.0	+15
BuccaneerEnergyLtd	8.7	10	1-6	4.8	3.0	+61	0.77	1.92	1.0	+43	GoldCompanyLtd	79	20	0-1	56.0	59.1	-5	0.91	1.34	1.0	-37
BurelyGoldLtd	21	5.0	0-1	15.0	15.5	-3	1.18	1.32	1.0	-26	GoldOneInternational	42	50	1-4	13.0	7.4	+76	0.48	2.96	1.0	+36
BurlesonEnergy	5.2	10	2-4	1.2	2.0	-39	0.91	1.63	1.0	+39	GoldRoadResources	63	7.0	0-1	58.0	56.0	+4	0.85	1.12	1.0	+45
BuxtonResources	28	30	4-8	6.0	18.2	-67	0.81	1.28	1.0	+6	GoldenGatePetrol.	1.6	8.0	1-3	0.3	0.0	+999	0.60	4.89	1.0	+273
C@Ltd	5.3	1.0	0-11	4.2	4.4	-4	1.02	1.20	1.0	-2	GondwanaResources	0.9	1.0	2-1	0.3	0.5	-36	0.98	1.46	1.0	+19
CO2Group	15	12	0-5	3.0	4.3	-31	0.67	2.70	1.0	+0	GondwanaResources	0.9	1.0	0-1	0.1	0.1	+52	0.98	5.68	1.0	+999
CapeRangeLtd	0.5	0.8	1-8	0.1	0.1	-21	0.74	2.10	1.0	+42	GrandGulfEnergy	0.5	1.5	2-1	0.2	0.2	-7	1.23	1.47	1.0	+80
CapitalMiningLtd	4.8	8.0	0-1	0.4	0.1	+337	1.29	6.33	1.0	+999	GreaterBendigoGM	2.0	5.0	0-10	0.5	0.1	+680	0.67	4.13	1.0	+237
CapitolHealth	4.6	5.0	0-11	1.0	0.8	+24	0.50	3.22	1.0	+34	GreenvaleMining	16	30	0-7	2.2	1.6	+37	0.96	2.99	1.0	+250
CarbineResources	24	15	0-2	11.0	9.2	+20	0.64	2.55	1.0	+62	GtWesternExplor.	38	30	1-1	12.0	17.6	-32	0.92	1.69	1.0	+10
CardiaTechnologies	1.3	10	0-1	0.1	0.0																

Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
Impedimed Ltd	67	72	1-5	19.0	14.6	+30	0.47	2.79	1.0	+25	Pharmanet Group	1.2	1.5	0-1	0.1	0.0	+329	0.75	9.37	1.0	+999
Indago Resources	575	35	3-5	210.0	570.9	-63	2.25	1.00	1.0	-22	Pharmaust Ltd	2.6	10	1-10	0.3	0.7	-55	1.09	1.76	1.0	+112
Intermin Resources	15	18	1-0	2.2	2.2	-1	0.50	3.32	1.0	+35	Phoenix Gold	21	20	0-9	5.0	3.0	+67	0.29	4.76	1.0	+26
Invictus Gold	15	25	4-6	3.5	2.1	+63	0.31	2.92	1.0	+16	Phoenix Gold	21	25	3-6	6.6	4.5	+47	0.29	2.83	1.0	+12
Invictus Gold	15	20	0-8	1.9	0.3	+637	0.31	8.55	1.0	+86	Photo-Me Australia	0.2	6.0	0-2	0.1	0.0	+999	1.61	1.00	1.0	+999
Iron Mountain Mining	14	20	0-8	1.7	2.6	-35	0.92	2.55	1.0	+93	Phylogica Ltd	6.8	9.0	5-1	3.8	3.4	+11	0.62	1.48	1.0	+13
Ironclad Mining	76	75	0-10	16.5	13.9	+19	0.45	3.40	1.0	+26	Phylogica Ltd	6.8	15	0-3	0.3	0.0	+999	0.62	9.99	1.0	+999
Island Sky Australia	1.1	25	0-6	1.0	0.0	+999	1.34	4.57	1.0	+999	Poseidon Nickel	26	92	0-6	3.0	0.1	+999	0.73	6.25	1.0	+999
Jacka Resources	9.5	20	1-7	2.6	1.6	+64	0.73	2.38	1.0	+73	Power Resources	5.5	20	0-5	0.2	0.1	+229	1.00	4.61	1.0	+999
Kairiki Energy	4.3	4.0	0-3	2.4	1.0	+151	0.94	2.97	1.0	+391	Prima Biomed	32	2.0	0-7	29.0	30.1	-4	0.79	1.06	1.0	-5
Key Petroleum	3.2	7.5	0-6	0.4	0.0	+939	0.68	5.66	1.0	+509	Promesa Ltd	63	20	1-6	41.0	51.2	-20	1.41	1.16	1.0	-2
Kidman Resources	33	20	2-6	12.5	19.3	-35	0.66	1.49	1.0	-1	Proto Res & Inv	5.1	5.0	0-7	1.4	1.4	-2	0.88	2.35	1.0	+48
Kilgore Oil & Gas	0.2	5.0	1-1	0.1	0.0	+693	1.58	2.13	1.0	+999	Proto Resources & Inv	5.1	25	2-7	0.5	1.0	-49	0.88	1.91	1.0	+86
Kingsrose Mining	146	20	1-7	120.0	127.5	-6	0.45	1.15	1.0	-3	Proto Resources & Inv	5.1	20	0-3	0.1	0.0	+999	0.88	8.90	1.0	+999
Labtech Systems	4.6	20	2-1	0.5	0.4	+41	0.71	2.64	1.0	+105	Quantum Resources	1.1	5.0	1-6	0.1	0.2	-35	1.02	2.14	1.0	+178
Labtech Systems	4.6	20	2-1	8.0	0.4	+999	0.71	2.64	1.0	+138	Quantum Resources	1.1	10	0-11	0.1	0.0	+630	1.02	3.44	1.0	+999
Latin Resources	27	30	1-10	5.0	7.2	-31	0.54	2.30	1.0	+16	Queensland Mining	9.9	20	1-0	2.4	1.0	+132	0.75	2.95	1.0	+126
Legacy Iron Ore	9.5	10	1-7	4.5	3.0	+48	0.63	2.09	1.0	+31	Ram Resources	1.8	3.0	0-10	0.5	0.5	-1	1.19	1.94	1.0	+122
Legacy Iron Ore	9.5	25	0-7	0.4	0.1	+401	0.63	5.80	1.0	+409	Range Resources	28	5.0	0-7	21.0	22.7	-7	0.89	1.21	1.0	-9
Legacy Iron Ore	9.5	15	1-7	1.5	1.8	-17	0.63	2.47	1.0	+42	Red Sky Energy	1.5	2.0	0-3	0.3	0.1	+173	0.84	4.48	1.0	+453
Liberty Resources	11	10	2-1	4.5	5.7	-21	0.94	1.45	1.0	+17	Regal Resources	1.9	6.0	0-5	0.2	0.3	-29	1.71	2.22	1.0	+999
Lindian Resources	8.0	15	0-7	2.5	0.5	+357	0.80	3.63	1.0	+283	Regis Resources	235	100	1-5	143.0	144.2	-1	0.51	1.57	1.0	+2
Lion Energy	3.4	35	0-3	0.1	0.0	+999	0.70	9.99	1.0	+999	Regis Resources	235	200	0-11	72.0	66.8	+8	0.51	2.63	1.0	+17
Lonrho Mining	3.9	15	1-1	1.2	0.1	+900	0.76	3.52	1.0	+272	Republic Gold	0.5	4.0	0-0	0.1	0.0	+999	0.87	9.99	1.0	+999
MEC Resources	21	20	2-2	9.6	15.9	-40	1.52	1.17	1.0	+17	Resolute Mining	106	60	0-7	46.0	48.3	-5	0.54	2.07	1.0	+1
Macquarie Harbour	133	20	1-3	110.0	115.2	-4	1.04	1.14	1.0	-2	Resource Mining Corp	0.7	0.8	0-10	0.2	0.2	-13	1.01	1.96	1.0	+53
Magellan Financial	165	130	0-1	35.0	35.5	-2	0.28	4.64	1.0	+0	Resource Star Ltd	7.0	20	1-4	1.5	1.1	+43	0.92	2.28	1.0	+132
Magellan Financial	165	300	5-1	40.0	22.2	+80	0.28	3.03	1.0	+15	Resources Base	3.2	5.0	0-6	2.0	0.6	+261	1.11	2.55	1.0	+379
Magnesium Int'l	1.9	10	1-0	0.7	0.0	+999	0.71	4.62	1.0	+463	Rialto Energy Ltd	42	60	0-1	2.5	0.1	+999	0.62	9.99	1.0	+999
Mamba Minerals	3.0	5.0	2-1	2.2	1.2	+81	0.95	1.60	1.0	+52	Rimfire Pacific Mining	3.4	4.0	0-3	1.0	0.6	+63	1.19	2.88	1.0	+368
Manas Resources	24	20	0-4	5.1	6.7	-24	0.85	2.65	1.0	+14	Rox Resources	4.5	10	0-1	0.1	0.0	+312	1.40	7.12	1.0	+999
Marion Energy	2.1	25	0-6	0.2	0.0	+999	0.95	6.57	1.0	+999	Rox Resources Ltd	4.5	1.5	0-2	3.0	3.0	-1	1.40	1.47	1.0	+0
Marion Energy	2.1	2.5	1-6	0.8	0.9	-8	0.95	1.66	1.0	+34	Royal Resources	18	10	0-5	6.5	7.9	-17	0.61	2.12	1.0	-13
Metal Storm Ltd	0.7	15	0-3	0.1	0.0	+999	0.81	9.99	1.0	+999	Royal Resources Ltd	18	12	2-5	10.5	9.2	+14	0.61	1.60	1.0	+11
Metminco Ltd	43	25	1-6	24.0	22.3	+8	0.64	1.67	1.0	+10	Samson Oil & Gas	14	1.5	1-7	12.5	12.6	-1	0.68	1.11	1.0	+0
Midas Resources	3.0	3.0	1-6	1.6	1.2	+34	0.80	1.79	1.0	+33	Saracen Mineral Hold.	68	10	2-1	55.0	59.0	-7	0.41	1.15	1.0	-2
Millennium Minerals	2.8	7.5	1-9	1.0	0.4	+128	0.78	2.29	1.0	+89	Scandinavian Res	62	25	0-5	32.0	37.5	-15	0.58	1.65	1.0	-18
Millpede Int'l	0.3	5.0	0-10	0.1	0.0	+612	1.57	2.37	1.0	+999	Scotgold Resources	7.0	8.0	0-11	2.2	2.1	+3	0.90	2.06	1.0	+51
Mindax Ltd	36	75	0-6	1.5	0.1	+999	0.47	9.00	1.0	+352	Select Vaccines	0.7	0.2	2-2	0.6	0.6	-2	1.46	1.10	1.0	+6
Minerals Commodities	7.5	20	1-7	1.5	2.6	-41	1.19	1.64	1.0	+94	Sherwin Iron	16	14	1-1	5.0	4.4	+14	0.42	2.81	1.0	+15
Mining Projects Group	3.5	0.2	3-1	1.5	3.4	-56	1.46	1.02	1.0	-21	Shree Minerals	18	20	0-1	1.0	0.8	+22	0.74	7.78	1.0	+535
Mithril Resources	16	12	0-4	6.0	5.0	+20	0.74	2.63	1.0	+42	Siburan Resources	18	20	1-4	3.0	4.9	-39	0.64	2.28	1.0	+20
Modena Resources	1.7	6.0	2-7	0.2	0.4	-44	0.80	1.95	1.0	+65	Sino Gas & Energy	6.4	50	0-7	0.3	0.0	+999	0.88	5.88	1.0	+999
Moko.mobi Ltd	7.0	10	2-2	2.0	2.8	-28	0.84	1.67	1.0	+29	Sino Gas & Energy	6.4	13	1-7	1.4	1.6	-15	0.88	1.97	1.0	+63
Monax Resources	6.6	15	0-6	1.1	0.0	+999	0.51	8.50	1.0	+495	Souls Private Equity	7.7	20	3-8	1.0	0.0	+999	0.17	9.99	1.0	+31
Monitor Energy	0.2	2.5	0-3	0.1	0.0	+999	1.56	5.40	1.0	+999	Sth Amer Ferro Metals	29	20	3-7	16.5	19.0	-13	0.76	1.32	1.0	+7
Montezuma Mining	60	20	0-3	35.0	40.3	-13	0.90	1.48	1.0	-29	Sihn Crown Res	39	35	1-7	12.0	11.9	+1	0.46	2.39	1.0	+13
Motopia Ltd	7.1	20	0-8	2.9	1.8	+64	1.67	1.85	1.0	+543	Stirling Resources	1.8	4.0	1-1	0.8	0.3	+204	0.88	2.46	1.0	+147
Mutiny Gold	12	5.0	2-2	8.4	9.0	-7	1.04	1.23	1.0	+5	Stirling Resources	1.8	15	1-1	0.5	0.0	+999	0.88	3.70	1.0	+630
Mutiny Gold Ltd	12	10	0-1	2.5	2.6	-3	1.04	3.64	1.0	+63	Stonehenge Metals	13	10	1-6	6.3	5.8	+9	0.68	1.79	1.0	+16
NKWE Platinum Ltd	30	35	0-3	6.6	1.3	+407	0.48	7.31	1.0	+270	Stratatel Ltd	4.0	10	0-4	0.6	0.0	+999	0.49	9.99	1.0	+999
NT Resources	12	20	2-1	2.4	3.5	-31	0.74	1.94	1.0	+35	Structural Monitoring	0.8	0.9	1-10	0.2	0.4	-51	0.99	1.49	1.0	+16
Navigator Resources	18	25	0-6	3.0	1.0	+191	0.56	4.94	1.0	+142	Structural Monitoring	0.8	0.9	2-1	0.3	0.4	-30	0.99	1.44	1.0	+19
Neurodiscovery	4.7	6.0	0-8	1.0	1.2	-19	1.05	2.17	1.0	+82	Syndicated Metals	17	20	0-7	6.0	2.8	+115	0.76	2.98	1.0	+118
New Age Exploration	6.7	10	0-10	4.5	0.6	+609	0.59	3.63	1.0	+153	Synergy Metals	1.3	3.0	0-3	0.1	0.0	+999	0.86	6.58	1.0	+999
Nex Metals Explor.	12	25	0-6	1.0	0.2	+535	0.61	6.00	1.0	+369	Synergy Metals	1.3	1.0	4-6	0.4	0.9	-57	0.86	1.22	1.0	+2
Noble Mineral Res	62	30	0-2	31.5	32.2	-2	0.57	1.93	1.0	-6	Tangiers Petroleum	24	16	2-5	12.0	17.1	-30	1.18	1.22	1.0	+8
Noble Mineral Res	62	35	2-2	38.5	34.5	+12	0.57	1.60	1.0	+8	Target Energy Ltd	6.5	10	1-5	2.5	2.6	-5	1.12	1.62	1.0	+59
Norwest Energy NL	5.1	10	1-1	2.0	0.5	+311	0.67	3.11	1.0	+120	Tasman Resources	11	10	1-1	6.0	2.9	+104	0.59	2.43	1.0	+48
Nthn Mining	6.6	6.0	2-7	2.2	4.6	-52	1.19	1.23	1.0	+9	Terrain Minerals Ltd	2.6	8.0	1-7	0.5	0.1	+240	0.63	3.19	1.0	+111
Nthn Mining	6.6	4.0	0-7	2.5	3.5	-28	1.19	1.62	1.0	-3	Thundelarra Explo.	37	20	1-10	22.0	22.2	-1	0.79	1.45	1.0	+8
Nthn Uranium	87	15	0-10	68.0	72.5	-6	1.07	1.18	1.0	-5	Traifford Resources	40	70	1-2	9.0	1.5	+494	0.42	4.85	1.0	+81
Nthn Uranium Ltd	87	20	1-4	63.0	70.0	-10	1.07	1.20	1.0	-3	Tranzact Financial	21	25	1-5	0.5	3.6	-86	0.45	3.05	1.0	+15
Nusep Ltd	18	35	1-3	2.2	2.0	+8	0.66	2.91	1.0	+79	Triton Gold Ltd	8.7	25	2-7	3.7	3.0	+24	0.94	1.63	1.0	+59
OBJ Ltd	2.3	1.1	0-7	1.6	1.2	+30	0.61	1.81	1.0	+33	Tyrian Diagnostics	0.6	1.2	2-7	0.3	0.2	+29	0.88	1.61	1.0	+43
Odin Energy	1.7	25	1-6	0.1	0.0	+999	0.80	3.85	1.0	+502	United Uranium	9.6	20	1-1	1.3	0.9	+38	0.71	3.00	1.0	+109
Odyssey Energy	5.2	5.0	3-7	3.5																	



## Investment Outlook

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but (despite businesses like *iTunes*) it is still not clear what economic model will finance the music business in the future.

Similarly TV stations and broadcast companies will disappear in the future, with every internet computer effectively becoming a TV station! *YouTube* has helped make this a reality for many (often teenage) broadcasters and *Facebook* and *Twitter* messages often beat TV and radio as the first source of breaking news! This trend will become complete when program producers distribute directly to internet viewers (but this will also require some increase in internet bandwidth), with a revenue model probably based upon product placement and embedded advertisements. For investors, broadcast television company shares are clearly an unattractive business (Warren Buffett, please take note!), but it is less clear what investment opportunities are available to investors to profit from this trend.

Technology will destroy a lot of existing businesses (and shareholder wealth) . . . but change only happens when it benefits consumers with better products and services and/or lower prices. This creates “consumer surpluses” - consumer spending power that can be diverted to new and existing businesses and creates new shareholder wealth. Invariably, unprofitable or low profit margin businesses (of low market value) will fail, to be replaced by new, high profit margin businesses (with a much higher market value). So this process of “destructive creation” will transfer wealth from investors in old businesses to investors in new businesses, but also lifts the overall profitability and total shareholder wealth of the economy.

### Back to the Present

The current situation is clearly driven by several major economic factors, colliding with demographic, social and political changes and riding a technology wave.

The global economy and stockmarket is currently dominated by the Central Bank liquidity dumped into the markets to bailout the financial system (and especially the banking sector) after the Global Financial Crisis. With “Quantitative Easing” followed by “QE2” the US Federal Reserve created huge liquidity. This has certainly helped inflate economic activity, commodity prices and the stockmarkets. The European Central bank and the Bank of England also created liquidity to fight the GFC.

With “QE2” scheduled to end at the end of June (which has been confirmed by the Federal Reserve) it is no surprise that stockmarkets (and commodity prices) are easing in *anticipation* of the end of this liquidity injection.

What is important to understand here is that while “QE1” and “QE2” are *new*, they are also the *same* as what has gone before. Western governments have consistently been creating liquidity since the end of the Second World War. This is an easy way to bailout a crisis, prevent a recession or finance social spending without needing to do something unpleasant like raising taxes! “QE1” and “QE2” differ in terms of size and,

most importantly, they were *media events* used by the Federal Reserve to signal its intentions and change public expectations to avoid a Depression.

At best (at worst?) the US Federal Reserve is now indicating that it will not keep creating new liquidity. There is no indication that *existing* liquidity will be significantly reduced. In fact, it is widely expected that while the US government is running a large budget deficit it will be very difficult to avoid creating new liquidity and debt!

But even if the Federal Reserve has its foot on the brake, the Bank of Japan is pumping the accelerator. To rebuild after the earthquake/tsunami, the Bank of Japan will need to provide liquidity to the Japanese economy . . . which will quickly flood into the global economy over the next year as Japan runs up a trade deficit as it buys in the materials needed to rebuild.

In the short term, changes in expectations of Central Bank intentions can lead to volatility as stockmarkets and commodity prices fluctuate in anticipation of easier or tighter monetary conditions.

Over the long term, the increase in liquidity and debt levels is clearly inflationary. The US dollar will likely be weaker than other major currencies, but all currencies will likely depreciate in real value.

The United States clearly intends to default by stealth on its debt problem - lowering the real value of the US dollar debt through inflation and devaluation.

A second important long term trend which is reaching an interesting stage is the global imbalance between China (and other emerging economies) and the United States (and other developed economies). Over the last few decades China has developed a manufacturing export industry and higher incomes. With no state-funded social benefits, Chinese have under-consumed and saved a very high proportion of this new wealth, resulting in the build up of a huge trade surplus which has been invested in US government bonds. This has enabled an *equal and opposite* effect in the United States - where individuals have under-saved and over-consumed. This creates a huge trade deficit and the build up in US debt. This trend - the by-product of economic development in a large, poor country - is “responsible” for many of the “problems” and global imbalances in the world today . . . but this is changing.

The Chinese government is now focusing upon building its economy on domestic consumption and expanding its upper middle class. Rising domestic wages (and an appreciation of the exchange rate) will increase domestic demand (and also imports). The Chinese economy will grow strongly over future years by building service businesses to meet the needs of its own people and the trade surplus will continue to decline sharply as import demand rises. Low cost manufacturing jobs will migrate to other countries as wage rates rise and new high value jobs are created in services.

This means the Chinese will not have huge trade surpluses in the future which can finance huge trade deficits in the United States. As China's savings rate declines and consumption increases, there will need to be

a similar offsetting *increase* in savings and *decrease* in over-consumption in the United States. Private consumption in China is currently around 35% of GDP (compared with 70% in the US) and is expected to increase to 45% over just the next four years!

With China's GDP growing at 8-10% per annum, that is a 75-90% increase in Chinese domestic consumption over just four years!

The Chinese government also has the problem of what to do with its rather large holdings of (depreciating) US government bonds. It *could* swap this into other currencies (i.e. Pounds Sterling or Euros) but any move to do so would quickly depreciate the US dollar, and Sterling and Euros will also lose *real* value in the future inflationary environment. Its best option would be to swap US dollars for real assets - mining assets, agricultural land and other real businesses overseas.

If this swap to real assets is a good long term investment for China, then being on the other side of the deal and exchanging your shares in a real business for depreciating cash will ultimately prove to be a poor investment decision! Chinese takeovers could also help to support share prices, and provide an exit to cash (at a premium) for nervous investors!

The third important trend is technological development. While China has an on-going need for resources, *real* wealth will not be built by piling gold blocks under your bed or owning a coal mine. The "knowledge" that goes into a product is often 10 or 100 times more valuable than the plastic and metal used. Many of the most valuable items - e.g. software or internet services - use no natural resources! Technology companies - or better yet, non-Technology companies that *use* technology to improve their businesses - will continue to create shareholder wealth!

### Where to Invest?

So, what does all of this mean for investment? Obviously we live in a period of high uncertainty, but rapid change that can create significant wealth.

In the short to medium term, stockmarkets and commodity prices (and exchange rates?) can be volatile as investors and speculators react with fear or greed in seeking to guess at the actions of Central Banks. Sitting on the sidelines with your money "safely" in the bank is a guaranteed way to lose - with low interest rates (less income tax) and eroded by inflation and devaluation. The upside of the economy and stockmarket's dependence upon Central Banks is that they will do anything necessary to avoid a depression. If the economy (and stockmarket) weaken, then the Central Banks will again step forward and provide additional liquidity.

As always, investors need to buy and hold "real" assets that will hold their value and grow in value. Gold or Silver (and other commodities) might look like the most obvious answer but our basic investment knowledge tells us that these assets will do no better than retain their *real* value over the medium to long term (while shares, for example, increase their *real* value by around 100-fold per century). The short term price of Gold and Silver is also not just determined by people buying the physical

commodity, but by futures contracts where investors and speculators need to put down 5-10% as a deposit. Speculation in futures is subject to the same expectations relating to Central Bank actions to ease or tighten liquidity. So commodities can be extremely volatile in the short term and will NOT create *real* wealth over the very long term.

Mining shares might be more attractive, but these companies suffer from some unattractive business economics. Mining is a *depleting* business, with the requirement to invest large amounts of cash in risky exploration and eventually in new mine development, simply to *replace* resources being extracted. Mining also requires rapidly depreciating plant and equipment, so in an inflationary era, ever larger sums need to be re-invested in new, replacement equipment. We believe that a business like Campbell Brothers - which uses technology and knowledge to provide a *service* - is a much more favourable way to continue to invest in this sector! We don't want cash in the bank, gold in a safe deposit box or gold mining shares. We want to own Campbell Brothers shares!

The best hedge against inflation *and* which can create real wealth are businesses that (1) can pass on cost increases to customers, (2) which do not have expensive depreciating assets (that need replacing at higher prices) and (3) which use technology and low cost information to replace high cost resources (i.e. commodities and labour) to constantly improve quality and to lower costs to maintain higher profit margins than competitors.

Warren Buffett focuses upon companies that can pass on cost increases in an inflationary environment. Coca Cola would be an example. TV networks met that criteria in the past but even Buffett now considers them "commodity businesses" (while we would rate them as a *declining* commodity business). We don't disagree with Buffett's approach, but this newsletter places more importance on a company's ability to use technology to improve quality and reduce costs, believing that is the only certain way to remain competitive and to build shareholder wealth.

Investors also need to look at investing globally, either directly in emerging stockmarkets or in companies in developed countries that have businesses in emerging markets. Our *International Investor* newsletter has long argued that the most attractive investment opportunities in markets like China would come not from the development of low cost manufacturing export businesses but from the development of *sustainable* businesses to service the domestic economy (i.e. retailing, residential construction, restaurants, travel agents, etc). It has also argued that *domestic consumption growth* in emerging economies was the important new engine for global growth needed to replace the unsustainable growth in US consumer spending. Those changes are only now reaching a level where they will begin to have a significant impact on the global economy in future years. This is an important and very significant development which slowly but steadily *could* help improve current problems and  
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## Investment Outlook

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imbalances and lead to a deeper, more robust global economy over the next several decades.

### Summary and Recommendation

Central banks may be easing back, but will do *anything necessary* to prevent the economy ever slipping into a Depression. Recent actions are inflationary - *intentionally* so to allow governments to *default by stealth* on high debt levels.

Low interest rates and inflation will destroy the real value of bank deposits and fixed interest investments. Commodities are volatile. Gold and silver have at best retained their long term value, while most commodities have fallen in real value over the long term. Despite the need for commodities to develop emerging economies, technology will ultimately continue this very long term decline in real commodity prices.

Companies (and other businesses) have proven to be the best investments. This is mainly as they can adapt to change (or fail and be replaced by new companies) faster than individuals or governments. In an age of rapid change, companies have the competitive advantage over other entities to succeed and prosper. As long term investors we need to embrace change, to accept that the longevity of individual companies may be short and mortality rates may be high. The established, conglomerate, "blue chip" companies (held by your pension fund) will probably be the worst long term investments. Small, emerging companies, focused upon their competitive advantages in niche markets - while individually risky - will likely produce most of the stockmarket's future big winners.

## Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
CDL Investments	1.20	29-04	13-05	Full
New Image	1.00	09-05	16-05	0.4286
Restaurant Brands	10.00	10-06	24-06	4.2857
Seeka Kiwifruit	12.00	20-05	27-05	5.1429
Vital Healthcare PT	2.025	01-06	15-06	-
<u>Australian Shares</u>				
TFSCorporation	1.25	30-05	17-06	
Village Roadshow capital repayment	100.00	-	July	

### NZ's "Fair Dividend" Rate Tax

One line was omitted from the table in last month's newsletter. The last section should have read:

The following shares will be subject to the 5% tax for the current tax year (to March 2012), based upon their starting market value as at 1st April 2011:

Company	Market Value As at 1/4/11
Atlas South Sea Pearl	A\$0.11
Cellnet Group	A\$0.33
Circadian Technologies	A\$0.70
Clarius Group	A\$0.72
CPT Global	A\$0.63
Ellex Medical Lasers	A\$0.20
Fiducian Portfolio Services	A\$1.45
Integrated Research	A\$0.32
Mnet Group	A\$0.06
Nomad Building Solutions	A\$0.12½
Novarise Renewable Resources	A\$0.28
Probiotec	A\$0.57
Prophecy International	A\$0.25

These values need to be converted to NZ dollars at the exchange rate of 0.7371.

### Total Return Index for All Listed Shares

Apr 11	1349.61	Apr 18	1350.58
Apr 12	1346.01	Apr 19	1345.51
Apr 13	1346.72	Apr 20	1344.21
Apr 14	1348.94	Apr 21	1351.21
Apr 15	1350.57	Apr 22	Holiday
Apr 25	Holiday	May 2	1359.27
Apr 26	1356.44	May 3	1359.10
Apr 27	1357.78	May 4	1333.12
Apr 28	1355.45	May 5	1345.48
Apr 29	1359.21	May 6	1346.43

### Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday June 13, 2011.

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

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Birkenhead, Auckland. Subscribe online at [www.stockmarket.co.nz](http://www.stockmarket.co.nz) or email [james@stockmarket.co.nz](mailto:james@stockmarket.co.nz).

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