

Market Analysis

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Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Easy monetary conditions are likely to be the main factor lifting all share prices higher, but that is no reason not to seek out those companies that offer the best value and/or best growth potential. Remain fully invested.

Investment Outlook.

In January, in response to a new “ultra-easy monetary policy” in Japan we wrote “easy monetary conditions will drive share prices sharply higher at some stage in the near future”. Since then the Japanese stockmarket is up 35% (and the Yen down 12%). Monetary conditions are also easy in the United States and in Europe and, with global financial markets, this liquidity will flood into every stockmarket and lift most share prices. We continue to believe this will be the most important factor driving share prices over the next several years. So remain fully invested in shares.

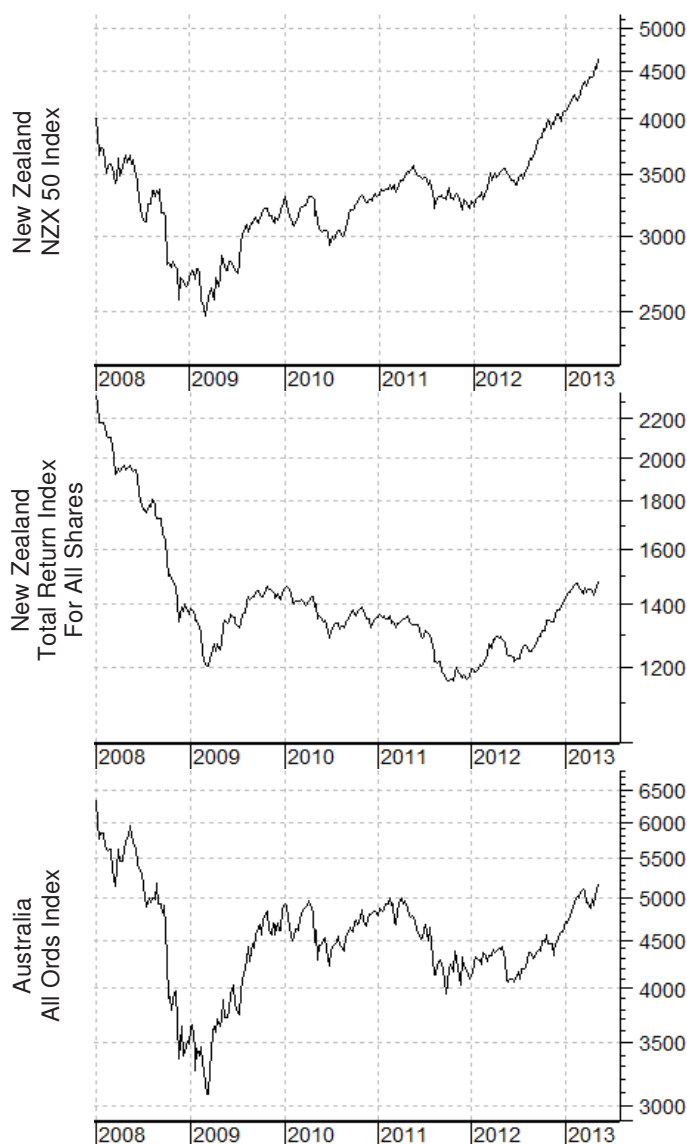
But that doesn't mean we would own *any* share. We have never owned a share in Telecom NZ or Telstra (both performed reasonably well in the 1990's but lost all of those gains over the next decade) - but that has not prevented us from building wealth in the stockmarket. In today's market we are not interested in expensive shares like Mighty River Power (and still not excited by Telecom NZ or Telstra). Global monetary conditions may enable Mighty River Power to be floated at its current valuation - and it will probably be carried higher by the general “financial asset price inflation” we expect over the next several years - but there are shares that offer better value and better growth potential.

Institutional investors may *need* to buy these large companies as (1) they have huge amounts to invest, (2) they would rather keep their job failing in the same shares as everyone else, rather than lose their job failing with a share only they picked and (3) they lack the imagination and vision to find better investments. [Why else would any young person aspire to become a fund manager and eventually manage millions of dollars of *someone else's* money when its not too hard to start with nothing and eventually manage millions of dollars of your own money?]

Telecom NZ, Telstra and Mighty River Power are unlikely to ever become 10-bagger investments. Why aim for mediocre returns when there are plenty of attractive companies with real potential? Not every shares will be successful, but it takes just one 10-bagger to significantly lift your long term stockmarket returns.

Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	76% (Bullish)	76% (Bullish)
New Zealand:	69% (Bullish)	59% (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	673	1.52	15	5.9	Jasons Media	C	18	0.29	8	Nil	Rakon Ltd	E	23	0.25	NE	Nil
AMP Office Trt	C	99	7.75	22	5.7	Just Water Int.	D	12	0.36	6	Nil	Renaissance	D	20	0.14	34	Nil
Abano Health.	B	600	0.47	60	5.0	Kathmandu Ltd	A	290	1.67	17	4.9	Restaurant Brds	B	303	0.96	18	7.5
Air New Zealand	A	150	0.37	23	3.7	Kermadec Prop.	C	67	6.58	11	4.5	Rubicon Limited	E	29	0.26	NE	Nil
Akl Int Airport	A	315	9.74	29	4.8	Kingfish Ltd	A	124	N/A	16	7.1	Ryman Health.	A	618	N/A	25	0.7
Allied Farmers	D	3.0	0.13	NE	Nil	Kirkcaldie & St	D	225	0.60	NE	Nil	Sanford Limited	C	470	0.96	21	7.0
Allied Work.	B	300	0.66	17	6.2	Kiwi Property	C	122	5.77	13	6.6	Satara Co-op	C	58	0.19	NE	Nil
Aorere Res. *	N/R	1.0	0.02	NE	Nil	L&M Energy	E	7.3	N/A	NE	Nil	Savoy Equities	D	3.0	N/A	NE	Nil
Argosy Property	C	106	8.27	NE	5.7	Lytelton Port	B	260	2.54	16	Nil	Scott Tech. Ltd	C	253	1.61	15	4.5
Barramundi Ltd	C	71	N/A	NE	8.8	Mainfreight Grp	B	1060	0.58	16	3.5	Sealegs Corp	E	14	1.21	NE	Nil
Blis Technology	E	1.3	1.51	NE	Nil	Marlin Global	D	71	N/A	NE	10.5	Seeka Kiwifruit	C	185	0.19	NE	Nil
Briscoe Group	B	255	1.23	20	5.6	Mercer Group	E	16	1.14	NE	Nil	Skellerup Hold.	C	138	1.28	11	8.1
Burger Fuel	C	150	7.82	NE	Nil	Methven Limited	C	123	0.77	13	10.0	Sky Network TV	B	546	2.52	17	5.8
CDL Investments	D	56	N/A	38	3.6	Metro. LifeCare	D	351	7.88	NE	Nil	Sky City Ltd	B	440	2.98	18	4.8
Cavalier Corp	C	183	0.58	29	Nil	Michael Hill	A	140	1.05	15	3.9	Smartpay NZ Ltd	E	19	0.47	NE	Nil
Cavotec MSL	C	245	1.08	20	1.6	Mid-Cap Index	C	282	N/A	NE	Nil	Smiths City	B	63	0.15	8	5.6
Charlie's Group	D	43	4.00	51	Nil	Mighty River	C	262	6.15	39	4.6	Snakk Media Ltd	D	16	0.38	NE	Nil
Chorus Ltd	B	269	0.99	6	13.3	Millennium & C.	B	67	2.35	11	2.6	Sol. Dynamics	C	15	0.18	NE	Nil
Clairidge Cap'l	E	1.5	N/A	NE	Nil	Moa Group Ltd	D	122	N/A	NE	Nil	South Port NZ	B	330	3.27	14	8.7
Col Motor Co	A	425	0.26	12	8.4	Mowbray Collect	D	46	1.82	NE	Nil	Speirs Group	C	6.0	0.05	NE	Nil
Comvita	B	385	1.14	13	5.2	NPT Limited	D	61	3.80	NE	6.6	Steel & Tube	B	258	0.56	17	6.6
Contact Energy	C	560	1.50	21	5.9	NZ Experience	B	35	1.11	9	11.8	Summerset Group	C	305	N/A	NE	Nil
Cynotech Hold.	B	0.6	0.25	NE	Nil	NZ Exchange Ltd	B	135	6.93	27	5.5	TeamTalk Ltd	B	289	2.08	13	9.9
DNZ Property	B	177	N/A	21	4.8	NZ Farming Sys.	E	65	1.53	NE	Nil	Telecom Corp	B	269	1.09	4	9.9
Delegat's Group	A	418	1.91	17	3.1	NZ Finance Hold	D	0.2	0.04	NE	Nil	Tenon Ltd	C	93	0.15	NE	Nil
Diligent Board	C	730	N/A	NE	Nil	NZ Oil & Gas *	N/R	87	3.01	18	9.9	Tourism Hold.	C	60	0.29	13	9.5
Dorchester Pac	D	27	4.85	NE	Nil	NZ Refining Co	C	230	2.21	19	7.5	Tower Limited	C	180	1.00	11	6.1
Ebos Group Ltd	B	973	0.35	18	5.0	NZ Windfarms	E	8.0	2.36	NE	Nil	Trade-Me Ltd	B	508	N/A	27	2.2
Ecoya Ltd	D	87	2.26	NE	Nil	NZ Wool Service	E	42	0.19	NE	Nil	Training Sol.	E	0.1	N/A	NE	Nil
F & P Health.	C	272	2.74	22	6.5	NZSX 10 Fund	D	112	N/A	NE	Nil	Trust Power Ltd	C	755	2.94	18	7.6
Finzsoft Sol'ns	D	40	0.43	NE	Nil	NZSX 50 Port.	C	163	N/A	NE	Nil	Turners Auction	C	175	0.64	13	13.9
Fletcher Build.	B	866	0.67	32	5.6	NZX Aust MidCap	D	485	N/A	NE	Nil	Turners & Grow.	C	155	0.21	15	3.9
Foley Fam Wines	C	122	0.78	NE	Nil	New Image Group	D	25	0.79	NE	Nil	Vector Ltd	C	290	2.31	15	7.1
Fonterra S/H Fd	C	790	5.20	NE	4.1	Northland Port	A	300	N/A	16	4.0	Velo Capital	D	7.0	N/A	NE	Nil
Freightways Ltd	B	447	1.80	19	5.8	Nuplex Indust	B	323	0.39	10	6.5	Veritas Invest.	D	162	6.82	NE	Nil
Genesis Res.	E	1.8	N/A	NE	Nil	Opus Int'l Cons	C	185	0.67	11	6.6	Vetliot Limited	E	0.4	1.00	NE	Nil
Goodman Prop.	C	115	N/A	28	5.4	Ozzy (Tortis)	D	390	N/A	NE	Nil	Vital Health PT	C	142	7.42	46	5.5
Guinness Peat	D	53	0.08	2	2.9	PGG Wrightsons	E	38	0.21	11	Nil	WN Drive Tech.	E	13	0.25	NE	Nil
GuocoLeisure	B	82	2.03	12	2.4	Pac Edge Bio.	E	63	N/A	NE	Nil	Wakefield Hlth	B	565	1.22	16	4.3
Hallenstein G.	A	565	1.56	16	8.0	Pharmacybrands	C	145	1.65	18	Nil	Warehouse Group	A	439	0.79	15	6.5
Heartland BS	B	80	1.37	13	Nil	Pike River Coal	D	88	N/A	NE	Nil	Windflow Tech.	E	20	1.08	NE	Nil
Hellaby Hold.	C	295	0.44	11	6.3	Port Tauranga	A	1510	8.91	28	3.7	Wool Equities	D	12	N/A	NE	Nil
Heritage Gold *	N/R	1.8	N/A	NE	Nil	Postie Plus Grp	D	18	0.08	32	7.9	World Index Fd	E	100	N/A	NE	Nil
Horizon Energy	C	325	2.22	13	7.5	Property F Ind.	C	138	9.19	30	5.9	Xero Ltd	C	1375	N/A	NE	Nil
Infratil NZ	C	248	0.66	28	4.6	Pumpkin Patch	D	113	0.63	18	Nil	Zintel Comm.	D	44	0.54	NE	Nil
Insured Group	E	1.5	0.20	NE	Nil	Pyne Gould Corp	E	25	1.79	NE	Nil	Ave of 137 Cos	C	218	0.38	25	3.2
A.P. Eagers	A	492	0.32	15	4.1	Deutsche Div Tr	B	131	6.10	14	7.1	Oil Search Ltd	B	780	N/A	62	0.5
AGL Energy Ltd	B	1517	1.11	72	4.0	Dexus Property	C	118	N/A	NE	Nil	Orica Ltd	B	2390	1.31	13	3.8
ALS Limited	B	997	2.39	15	4.5	Djerriwarrh	B	441	N/A	22	5.9	Origin Energy	B	1264	1.06	14	4.0
AMP Ltd	B	552	3.37	24	4.5	Domino's Pizza	A	1350	3.57	35	2.0	Panaust Ltd	B	252	2.10	10	2.8
ANZ Bank	A	3013	2.27	14	4.8	Downer EDI Ltd	B	469	0.25	19	Nil	Perpetual Ltd	A	4398	4.62	89	2.0
APA Group	A	662	4.02	33	8.8	Dulux Group Ltd	B	448	1.55	18	3.5	Platinum Asset	B	505	N/A	22	4.2
ARB Corporation	A	1254	3.34	24	2.0	Echo Ent Group	C	360	1.84	70	Nil	Premier Invest	A	840	1.50	19	4.3
ASX Limited	A	3869	8.65	20	4.6	Envestra	B	106	3.56	23	5.5	Primary Health	B	499	1.80	21	2.2
Abacus Property	A	246	4.53	NE	6.7	Fairfax Media	A	65	0.65	11	4.7	Q.B.E. Insur.	B	1456	0.92	24	3.4
Adelaide Bright	A	342	1.85	14	4.8	Federation Cent	C	266	N/A	NE	Nil	Qantas Airways	C	182	0.26	NE	Nil
Ainsworth Game	B	400	8.55	20	Nil	Flixicorp Ltd	A	457	5.31	22	2.7	Qube Holdings	B	175	2.06	43	2.3
Alumina Ltd	D	109	N/A	NE	Nil	Flight Centre	A	4100	2.02	21	2.7	REA Group Ltd	A	3127	N/A	47	1.1
Amalgamated Hld	A	867	1.71	17	4.5	Fortescue Metal	B	391	1.86	8	2.0	Ramsay Health	A	3384	1.72	28	1.8
Amcor Ltd	B	1005	0.99	29	3.7	GPT Group	B	414	7.37	12	4.6	Reece Australia	B	2323	1.52	20	2.6
Aneka Tambang	C	125	N/A	NE	0.0	Goodman Fielder	B	76	0.67	NE	Nil	Regis Resources	C	418	N/A	50	Nil
Ansell Ltd	B	1687	1.80	17	2.1	Goodman Group	A	540	N/A	55	3.3	Rio Tinto Ltd	B	5845	0.52	3	2.7
Aquila Res.	E	222	4.64	NE	Nil	Graincorp	A	1278	0.81	13	2.7	S/Tracks ASX200	B	4924	N/A	NE	3.5
Argo Investment	B	678	N/A	25	3.8	Growthpoint Pro	A	252	7.71	19	7.0	SAI Global Ltd	B	400	1.80	19	3.8
Aristocrat Leis	B	412	3.18	34	1.6	Harvey Norman	A	288	2.17	18	3.1	SP Ausnet	B	129	2.47	15	6.2
Arrium Limited	B	95	0.17	6	6.3	Heartware Inc.	C	265	N/A	NE	Nil	Sandfire Res.	D	674	N/A	NE	Nil
Asciano Limited	B	534	1.53	22	1.1	Henderson Group	B	267	2.89	19	4.2	Santos Ltd	B	1289	3.85	24	2.3
Atlas Iron Ltd	C	100	1.46	13	3.0	IOOF Holdings	A	861	3.20	NE	4.3	Seek Ltd	A	1073	8.12	26	1.6
Aurizon Hold.	B	427	2.97	24	1.9	IRESS Limited	A	858	5.32	28	4.4	Seven West Med.	B	238	0.82	7	10.5
Aurora Oil Gas	C	313	4.85	25	Nil	liNet	A	660	1.28	29	2.1	Seven Group	B	966	0.67	18	3.9
Aust Infra.	B	314	N/A	10	3.3	Iluka Resources	A	1080	3.88	12	3.2	Sigma Pharm.	B	80	0.32	50	11.9
Aust Foundation	B	561	N/A	26	3.7	Incitec Pivot	B	283	1.32	9	4.4	Sims Metal Mgmt	B	1094	0.25	62	1.8
Australand Prop	B	363	2.28	12	5.9	Independ. Group	B	352	3.79	NE	0.9	Sonic Health	B	1434	1.68	18	4.1
Automotive Hold	B	415	0.28	20	4.3	Insurance Aust.	A	592	1.43	59	2.9	Soul Pattinson	B	1488	3.90	25	3.0
BHP Billiton	B	3475	1.58	7	3.2	Investa Office	A	332	N/A	20	4.7	Spark Infrastru	B	183	8.34	29	5.5
BT Invest Mgmt	A	382	4.84	43	3.3	Invocare Ltd	A	1172	3.50	30	2.9	Steamships Trad	A	3500	2.36	11	4.2
BWP Trust	A	272	N/A	20	5.4	JB Hi-Fi Ltd	A	1732	0.55	16	3.8	Sth Cross Media	A	156	1.59	12	6.4
Bank of Q'land	A	967	1.07	NE	5.4	James Hardie	B	1068	3.96	8	3.7	Stockland	B	382	4.15	17	6.3
Beach Energy	A	134	2.71	10	1.7	Jupiter Energy	D	59	N/A	NE	Nil	Suncorp Group	B	1238	0.99	22	3.2
Bendigo Bank	A	1091	1.18	23	5.5	Kardoon Gas	D	669	N/A	NE	Nil	Super Retail Gr	A	1253	1.48	29	2.6
Bluescope Steel	B	514	0.34	NE	Nil	Leighton Hold	B	2011	0.36	15	4.0	Sydney Airport	B	354	6.24	42	5.9
Boral Limited	B	450	0.72	16	2.4	Lend Lease Grp	B	1111	0.55	13	3.4	TPG Telecom Ltd	A	380	4.44	33	1.4
Bradken Ltd	B	533	0.62	9	7.7	Linc Energy Ltd	C	170	N/A	NE	Nil	Tabcorp Holding	B	354	0.85	8	6.8
Brambles Ltd	B	905	2.53	25	2.9	Lynas Corp Ltd	E	66	N/A	NE	Nil	Tatts Group Ltd	B	330	1.15	14	6.7
Breville Group	B	720	2.19	20	3.3	M2 Telecom. Grp	A	591	2.35	28	3.0	Telstra	B	501	2.44	18	5.6
Brickworks Ltd	B	1215	3.22	41	3.3	Macquarie Group	B	4597	1.56	18	4.4	Ten Network	D	32	0.76	NE	Nil
C'wth Prop Off.	B	118	6.17	11	5.2	Macquarie Atlas	C	186	9.53	NE	Nil	Toll Holdings	B	539	0.44	13	4.6
C.S.R. Ltd	B	200	0.56	13	6.5	Magellan Fin Gp	B	769	N/A</								

Recommended Investments

Lyttelton Port Company has upgraded its June 2013 “earthquake adjusted” profit forecast from \$13-15 million to \$15-16 million. That is still down slightly on the \$17.0 million profit to June 2012. The port “has handled a record number of containers” and in March “attracted two new bulk cargo services”.

Lyttelton Port Company



(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/Sales Ratio	Price/Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares													
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	258.2	1.3	12.84	38	3.6	56	23.4	+218%
BUY	Cavalier Corporation	CAV	05/12/95	156*	C	68.3	1.0	0.58	29	Nil	183	278.0	+196%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.26	12	8.4	425	371.3	+522%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.3	0.8	2.54	16	Nil	260	77.7	+125%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	A	382.8	0.8	1.05	15	3.9	140	44.4	+3588%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	B	196.7	1.0	0.39	10	6.5	323	440.0	+46%
HOLD	Postie Plus Group	PPG	08/05/06	71	D	40.0	2.4	0.08	32	7.9	18	8.5	-63%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	45.7	3.4	0.14	34	Nil	20	53.9	-13%
HOLD	Smiths City Group	SCY	09/10/06	64	B	53.0	1.2	0.15	8	5.6	63	19.5	+29%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.5	3.27	14	8.7	330	180.8	+326%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	B	88.4	0.8	0.56	17	6.6	258	273.1	+264%
Australian Shares (in Aust cents)													
HOLD	AJ Lucas Group	AJL	13/05/03	120	C	103.0	0.7	0.28	NE	Nil	136	41.0	+48%
BUY	ALS Limited	ALQ	12/10/99	78*	B	337.5	0.5	2.39	15	4.5	997	201.8	+1437%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	C	229.2	4.4	0.74	7	Nil	4	17.5	-71%
BUY	Brickworks Ltd	BKW	12/11/12	1115	B	147.6	0.3	3.22	41	3.3	1215	Nil	+9%
HOLD+	Cardno Ltd	CDD	14/12/09	391*	B	138.2	0.5	0.92	12	5.6	640	115.3	+93%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	B	55.7	2.0	0.15	8	5.9	17	55.9	-47%
BUY	Chandler Macleod Group	CMG	14/08/01	51*	B	444.5	1.3	0.16	16	4.9	57	27.1	+65%
HOLD	Circadian Technologies	CIR	10/02/04	188	D	48.5	1.8	7.35	NE	Nil	23	65.0	-53%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	B	89.4	1.6	0.10	13	3.4	30	70.5	+22%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.7	1.4	0.34	25	4.1	37	11.3	-46%
HOLD+	CSG Limited	CSV	11/10/10	175	B	282.6	1.1	1.16	NE	3.0	84	37.0	-31%
HOLD	Devine Ltd	DVN	13/11/06	334*	B	158.7	1.0	0.46	13	4.4	90	79.6	-49%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	84.9	2.3	0.31	14	Nil	18	Nil	-64%
HOLD+	Fiducian Portfolio Ser	FPS	11/02/08	260	A	31.8	0.9	1.59	16	4.4	113	40.2	-41%
BUY	Finbar Group Ltd	FRI	12/04/10	106	A	214.2	0.7	2.96	13	5.7	159	24.5	+73%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	A	417.1	0.6	3.88	12	3.2	1080	182.0	+168%
HOLD+	Integrated Research	IRI	14/01/08	40	B	167.5	0.8	3.79	20	4.5	110	21.0	+228%
HOLD	Mnemon ¹	MNZ			C	208.3	4.7	0.62	NE	Nil	2.9	Nil	
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	156.6	0.5	2.35	28	3.0	591	67.5	+1895%
BUY	Melbourne IT	MLB	10/02/04	53	A	82.5	0.6	1.00	15	6.8	206	96.0	+470%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	C	277.5	3.1	0.20	3	Nil	9	Nil	-35%
HOLD+	Novarise Renewable Res	NOE	14/03/11	25	B	415.1	2.1	0.83	4	Nil	17	Nil	-34%
HOLD+	Penrice Soda Holdings	PSH	11/07/11	17	D	91.4	3.4	0.04	NE	Nil	7	Nil	-62%
HOLD+	Probiotec Ltd	PBP	11/02/08	116	C	52.9	1.5	0.25	7	Nil	31	9.3	-65%
HOLD	Prophecy International	PRO	08/09/08	26	B	50.2	1.3	2.92	24	5.8	39	11.5	+94%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	B	233.5	0.7	0.35	15	4.5	286	148.0	+244%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	305.4	0.6	2.93	21	3.1	162	37.0	+352%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	B	279.6	1.2	1.11	5	Nil	51	14.2	+44%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	26.1	0.4	0.85	22	1.8	1840	345.5	+750%
HOLD	Village Roadshow	VRL	10/08/09	77	A	153.2	0.5	0.87	24	4.2	525	173.0	+806%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +294.2%. This is equal to an average annual rate of +32.2%, 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 153 closed out) is +31.9%, compared with a market gain of +4.1% (by the SRC Total Return Index).

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

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

(1) Cellnet Group includes 1½ shares in Mnemon distributed to shareholders.

Recommended Investments

(Continued from Page 3)

Michael Hill International has reported strong revenue growth for the nine months to March 2013. Overall “same store” revenues were up 2.2% with total revenues up 8.8% to \$425.0 million.

Total Canadian sales were up 18.1%, owing to the expansion in store numbers.

Professional Care Plan revenues collected were 24.5% higher at \$25.2 million with \$8.3 million (up 204%) included as income for the period.

Michael Hill International



Postie Plus Group reports “good progress and improved performance” working with its distribution service provider.

Postie Plus Group



Smiths City Market has terminated its bulk funding arrangement with **Fisher & Paykel Finance** and arranged a \$75 million revolving facility from **ANZ Bank** to fund its **Smithcorp Finance** subsidiary. This will reduce its borrowing costs from 10-11% to around 6% (saving \$3-3.7 million in interest costs annually),

Smiths City Market



but incurs an initial “break fee” of \$1.4 million to terminate the existing facility. The parent company will also need to invest a further \$6 million of equity into the wholly owned finance subsidiary.

Australian Shares

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

Circadian Technologies has presented research showing “markedly elevated levels of VEGF-C” in AMD patients. VGX-300 (the company’s VEGF-C inhibitor) was shown to be as effective as **EYLEA** (a VEGF-A inhibitor) in mice.

40-50% of patients treated with **EYLEA** show “sub-response”, indicating that more than the VEGF-A growth factor is responsible. The company reports “the data highlights the potential for VGX-300 to improve vision in patients either when used alone, or as an adjunct therapy with existing anti-VEGF-A agents”.

EYLEA was first marketed by **Regeneron/Bayer** in November 2011, with sales of US\$838 million in 2012 (and forecast at US\$1,300 million this year).

This one project *could* eventually generate significant, high margin revenues for Circadian Technologies, yet the company has a market capitalisation of only \$11 million. If the company ever successfully commercialises *any* of its research projects then the most likely outcome is that it will be cheaper for a major drug company to takeover Circadian Technology (and acquire full ownership of its IP) than to obtain a licence and pay on-going royalties. A competitive takeover bidding war between two or more potential acquirers is also a possibility.

Circadian Technologies



Devine has consolidated all of its Queensland office staff into new offices at its **Hamilton Harbour** project.

Devine



Finbar Group has announced two new projects:

Subject to development approval for 59 residential apartments and four commercial lots, Finbar Group will contribute \$1.89 million in cash and **Swanline Group** will provide a 2,828m² site at 280 Lord Street, Perth, for a new joint venture. Finbar Group will receive a management fee plus 50% of the development profit of this \$31 million project. Finbar Group and Swanline are currently developing the *Ecco* project of 90 apartments at a nearby site.

The company has also entered a 50% joint venture which has an unconditional contract to acquire a 3,410m² site at 647-659 Murray Street, West Perth, for \$10.55 million in November 2013. The existing building is leased until June 2014 when it will be demolished. Finbar Group plans to build 240 apartments with an end value of around \$125 million, with settlement (and a contribution to profits) in the June 2016 and 2017 financial years.

Finbar Group



Iuka Resources has reported March quarter revenues of \$139.9 million - down from \$182.5 million in the December 2012 quarter and \$196.3 million in the March 2012 quarter.

There has, however, been “evidence of a strengthening in demand for Zircon during the first quarter”, where “China has shown the most marked improvement” and South East Asian markets are “showing early signs of improved demand”. The North American market has stabilised but Europe remains weak.

Iuka Resources



M2 Telecommunications has issued 10,467,666 shares to partially fund the acquisition of **Dodo Australia** and 8,246,083 shares to acquire **Eftel** (after 95% of shareholders elected to receive shares rather than the slightly lower cash alternative).

M2 Telecommunications has become our latest 20-bagger investment. We recommended these shares in October 2006 at 32½ cents and have received 67½ cents in dividends and the shares are now worth 591 cents. That is a 20-fold increase over just 6½ years!

As Peter Lynch wrote about 10-baggers in *One Up on Wall Street*, “The more right you are about any one stock, the more wrong you can be on all the others and still triumph as an investor”.

M2 Telecommunications



Nomad Building Solutions has won contracts worth \$15 million to design, manufacture and install camps and offices for **Canstruct**, **Aurizon** and **RLW Group**. The modular buildings will be delivered from April through to July.

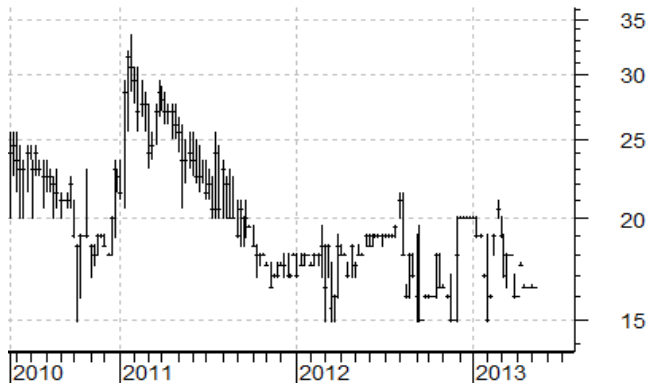
Nomad Building Solutions



Novarise Renewable Resources has reported March quarterly receipts of \$22.0 million and a net operating cash surplus of \$7.1 million.

The December 2012 quarter reported receipts of \$32.4 million and a higher cash surplus of \$16.8 million. A year ago the March 2012 quarter had receipts of \$36.6 million and a surplus of \$5.5 million.

Novarise Renewable Resources



(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Penrice Soda Holdings has announced the transfer of its soda ash customers to the new **Pro Asia Pacific** import joint venture.

The announcement is probably more significant for what it does not say. There is no news about progress on negotiations to terminate the contract purchasing salt from **Ridley** and no news of any further contracts for the *Selective Salt Recovery* business.

Penrice Soda Holdings



TFS Corporation has sold MIS loans with a face value of \$24.9 million to a credit fund for \$22.4 million (so will record a \$2.5 million loss on this sale). These loans were offered on MIS sales from 2003 to 2012, with an average maturity of 6.7 years. TFS corporation will continue to manage these loans for an ongoing management fee.

The company has a further \$17 million in MIS loans, most of which will be repaid from proceeds of the first commercial harvest later this year.

US Biotech **ViroXis Corporation** - which is researching the use of Indian Sandalwood Oil to treat common warts and other infections - has raised US\$7.8 million from private equity investors from the issue of shares at US\$5.00. TFS Corporation holds 600,000 warrants giving it the option to acquire ViroXis shares at US\$2.50.

TFS Corporation



The Reject Shop is raising new equity to accelerate the number of new store openings. It has opened 35 new stores so far this financial year, with five more planned, raising its total store numbers to 270 by June 2013. It then plans to open a further 40 stores, mainly in the first half of the June 2014 financial year.

The company has therefore raised \$30 million in new equity from the placement of 1,851,852 shares at \$16.20. It will also make a Share Purchase Plan to existing shareholders at \$16.20 to raise up to another \$10 million.

Shareholders will be able to apply for 60, 125, 310, 615 or 925 shares at \$16.20 per share (i.e. \$972 to \$14,985 worth of shares), but this can be subject to scaling. This is a 12% discount to the current market price so worth applying for the new shares. Payment for the new shares is due by 21 May.

We estimate that larger shareholders may be scaled back to an investment of around \$5-7,000 (and smaller shareholders perhaps to a lesser amount).

Investors who increased their holding in The Reject Shop during 2011 or 2012 - and have since seen that investment almost double - may be getting over-weighted in these shares. In that case, it could be worth applying for the new shares (at \$16.20) but also selling some existing shares on-market (at around \$18.40).

Adjusted for Easter, the company reports March quarter same store sales up 2.9%. Start up costs on new stores will slightly depress profitability this year but make a positive contribution in 2014. Start up costs for new stores opened in the first half of 2014 should be recovered in the second half, making a modest ontribution to annual profits.

The accelerated store openings will enable The Reject Shop to “significantly leverage off existing infrastructure” with economies of scale from more fully utilising its distribution centres and operating systems.

The 17% increase in store numbers during the current years should help lift June 2014 revenues and profits by 20-30%, with a 15% increase in stores next year lifting the June 2015 revenues and profits 15-25%. The \$40 million capital raising will increase the issued capital about 9.4%. So earnings per share could grow at least 15-20% in 2014 and a further 15-25% in 2015.

The Reject Shop



New Issue:

Don't Buy Mighty River Power

The email below was sent to subscribers on 16 April.

Since then the Mighty River Power issue price was set at 250 cents and the shares listed on the NZ stockmarket last Friday at 262 cents, up 4.8%. Only 113,000 people purchased shares in the float, just 25.7% of the 440,000 that pre-registered an interest. 78,000 (69.0%) of these were first time investors, perhaps indicating that experienced investors agree with our assessment that the shares are both too expensive and too political. Michael Hill International shares have increased 30-fold over 20 years - with no indigenous groups seeking compensation and no politicians advocating price controls so that "ordinary New Zealanders" can enjoy cheaper engagement rings and lower priced bracelets! Don't expect that sort of investment return from a high profile energy producer!

Tax payer funded, domestic economic terrorists (i.e. Labour and Green politicians) also attempted to sabotage this float by announcing plans for a monopoly energy buyer. This plan may lower energy prices (and producer profits) but would also discourage investment in new production facilities . . . with the unintended consequence of ultimately leading to power shortages! Have politicians really forgotten that (to quote a report by the ISCR) "Over the 1950's it was not uncommon for consumers to face supply cuts of 10-30% at various times of year, depending on where they lived" and that building additional capacity was a major political issue at that time? There were less severe power shortages in the 1970's and 1980's.

Don't Buy Mighty River Power

The NZ Government plans to sell 686,000,000 shares in **Mighty River Power** (49% of the company) to NZ residents at 235 - 280 cents per share. This will raise \$1.6-1.9 billion which the government will re-invest in the *Future Investment Fund*. [Editor's Note: But don't get me started on this! The Fund will "invest in modern infrastructure" - so a bit like the "Think Big" projects of the 1970's and 1980's? Why do the National Party's *socialist* politicians still think they can pick business winners better than the private sector?]

Mighty River Power is not a nice safe utility with steady cashflows and reliable profits. Historically, profits have been very volatile, with the company earning \$84.6 million in the year to June 2010, \$127.1 million in 2011 but only \$67.7 million in 2012. It predicts a net profit of \$94.8 million this year and \$160.4 million to June 2014. In addition to natural risks (e.g. fluctuations in rainfall) the company faces numerous economic and "political" risks that could impact upon profitability in future years:

If the Tiwai Point Aluminium Smelter closes (owing to low Aluminium prices) or purchases less electricity from *another* electricity producer, then that power would be available to the market and could substantially depress the wholesale price of electricity (i.e. reducing profit margins for all producers).

The prospectus points out that *Water Reform* is expected to result in the Government making "legislative and regulatory changes later in 2013" which "may have implications for Mighty River Power's commercial interests in the efficient operation of the Waikato Hydro System" and may "impose restrictions, conditions or *additional costs*" on its activities. "The Water Reform paper also notes the Government's commitment to recognising Maori rights and interests in water". In addition, "some Maori interests have brought claims before the Waitangi Tribunal" covering water and geothermal rights. Mighty River Power's properties may also be subject to Treaty claims. The Labour Party

has suggested it may seek to control electricity prices - which would reduce margins and profits.

Mighty River Power may prove as unattractive as a Diamond or Platinum mine in Zimbabwe!

At 235-280 cents, Mighty River Power shares are certainly not cheap. That is a Price/Earnings ratio of 35-41 times this year's forecast earnings. If profits improve in 2014 the P/E will drop to 20-24. That is still very expensive for a volatile, no-growth business.

Presumably to make the shares *appear* attractive to investors, the company plans to pay a 2013 dividend of 12.0 cents (plus imputation tax credits). That is 177% of its expected net profit. That would produce a gross yield of 6.0-7.1%, but inflating dividends above net profits is something we would only expect in some lawless, *Wild West* emerging stockmarket . . . like New Zealand!

In 2014 it forecasts a dividend of 13.0 cents - which is 113% of forecast profits.

The directors will then target a dividend payout equal to 90-110% of net profits. That means dividends will likely fluctuate widely with profits *and* there will be nothing retained to finance growth or new investment (which will require debt financing).

NZ investors who hold the shares for 24 months will be giving one free "loyalty" share for every 25 shares held (up to a maximum of 200 loyalty shares).

Summary and Recommendation

Mighty River Power is a volatile, no-growth business, subject to significant risk factors. The value of a hydroelectric power generator lies in its power stations, associated property assets and its water rights. In New Zealand, any entity which is not Maori or State owned probably has relatively insecure legal rights to these assets.

We might (at the right price) be interested in investing in Mighty River Power's energy *distribution and retailing* businesses, but New Zealand hydro-electric generating assets are not attractive - even at *half* the price.

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.

Company	STRENGTH RATING										Market Cap'n	Company	STRENGTH RATING										Market Cap'n				
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola- til- ity	Price Earn- ing Ratio			Divi- dend Yield	Price Sales Ratio	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity		Vola- til- ity	Price Earn- ing Ratio	Divi- dend Yield	Price Sales Ratio
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													INSIDER BUYING: Most Insider Buying, Relative Strength > 0														
Guinness Peat	53	+0.8	-3.2	60	5-5	3	0.1	5	1.6	2	2.9	0.08	159	NZ Oil & Gas	87	+0.8	-2.4	59	4-0	6	1.0	6	1.0	18	9.9	3.01	350
Smiths City	63	+5.6	-2.1	33	0-1	-	0.8	10	1.2	8	5.6	0.15	33	Comvita	385	+2.1	-0.5	52	3-0	1	1.4	11	0.5	13	5.2	1.14	109
Col Motor Co	425	+7.6	-0.9	21	0-0	-	1.1	10	0.5	12	8.4	0.26	139	Briscoe Group	255	+9.7	-3.3	17	3-0	3	3.8	20	0.5	20	5.6	1.23	541
Ebos Group Ltd	973	+8.3	+1.6	18	0-0	2	2.4	13	0.5	18	5.0	0.35	507	Pharmacybrands	145	+6.3	+1.5	28	2-0	-	2.8	16	0.6	18	Nil	1.65	174
Air New Zealand	150	+13.6	+1.8	12	0-6	7	1.0	4	1.0	23	3.7	0.37	1,650	GuocoLeisure	82	+15.2	+3.3	9	2-0	-	0.8	7	0.9	12	2.4	2.03	1,122
Nuplex Indust	323	+5.3	-3.2	36	0-0	6	1.1	12	1.1	10	6.5	0.39	635	Trade-Me Ltd	508	+11.7	+2.3	13	2-0	10	3.2	12	0.5	27	2.2	N/A	2,012
Abano Health.	600	+4.5	-4.9	40	0-0	2	1.1	2	0.7	60	5.0	0.47	98	Warehouse Group	439	+14.6	+3.6	10	3-1	8	4.3	28	0.5	15	6.5	0.79	1,366
Steel & Tube	258	+7.4	-1.8	24	0-0	4	1.5	9	0.8	17	6.6	0.56	228	Cavalier Corp	183	+1.9	-0.6	53	1-0	3	1.4	5	0.7	29	Nil	0.58	125
Mainfreight Grp	1060	+0.8	-4.6	58	3-5	5	3.0	19	0.5	16	3.5	0.58	1,050	Vector Ltd	290	+2.2	-0.5	51	1-0	6	1.4	9	0.5	15	7.1	2.31	2,888
Infratil NZ	248	+3.7	-1.9	45	0-4	4	1.4	5	0.7	28	4.6	0.66	1,456	Dorchester Pac	27	+14.9	-12.8	9	1-0	-	2.0	-	1.4	NE	Nil	4.85	48
Allied Work.	300	+4.1	+1.9	42	1-1	-	3.8	22	1.0	17	6.2	0.66	78	OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Fletcher Build.	866	+6.4	-5.5	27	7-13	-	1.7	5	0.5	32	5.6	0.67	5,914	Vital Health PT	142	-58.3	+0.0	98	4-0	4	1.4	3	0.5	46	5.5	7.42	417
Warehouse Group	439	+14.6	+3.6	10	3-1	8	4.3	28	0.6	15	6.5	0.79	1,366	Mighty River	262	-0.1	-0.1	68	0-0	-	11.9	31	0.7	39	4.6	6.15	3,668
Sanford Limited	470	+3.1	+0.7	48	0-0	3	0.8	4	0.4	21	7.0	0.96	440	Charlie's Group	43	-58.3	-0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126
Restaurant Brds	303	+8.4	-0.8	17	0-0	3	5.0	28	0.8	18	7.5	0.96	296	Trust Power Ltd	755	-4.0	-2.4	81	0-0	5	1.5	8	0.3	18	7.6	2.94	2,371
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average														
Warehouse Group	439	+14.6	+3.6	10	3-1	8	4.3	28	0.6	15	6.5	0.79	1,366	Charlie's Group	43	-58.3	-0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126
Restaurant Brds	303	+8.4	-0.8	17	0-0	3	5.0	28	0.7	18	7.5	0.96	296	Vital Health PT	142	-58.3	+0.0	98	4-0	4	1.4	3	0.4	46	5.5	7.42	417
Ebos Group Ltd	973	+8.3	+1.6	18	0-0	2	2.4	13	0.5	18	5.0	0.35	507	NZ Windfarms	8	-16.3	-1.8	92	0-0	1	0.3	-	1.7	NE	Nil	2.36	23
Col Motor Co	425	+7.6	-0.9	21	0-0	-	1.1	10	0.4	12	8.4	0.26	139	Ecocya Ltd	87	-10.4	+0.4	91	0-0	-	2.6	-	0.7	NE	Nil	2.26	51
Jasons Media	18	+7.6	-5.4	22	0-0	-	1.0	12	1.6	8	Nil	0.29	4	Kirkcaldie & St	225	-7.4	-2.8	89	0-0	-	1.2	-	0.3	NE	Nil	0.60	23
Steel & Tube	258	+7.4	-1.8	24	0-0	4	1.5	9	0.7	17	6.6	0.56	228	Pyne Gould Corp	25	-5.4	-1.1	86	0-0	1	0.6	-	1.1	NE	Nil	1.79	54
Smiths City	63	+5.6	-2.1	33	0-1	-	0.8	10	0.9	8	5.6	0.15	33	Moa Group Ltd	122	-3.7	-1.1	80	0-0	1	-	-	0.8	NE	Nil	N/A	37
Nuplex Indust	323	+5.3	-3.2	36	0-0	6	1.1	12	0.9	10	6.5	0.39	635	Mercer Group	16	-3.6	-21.4	79	0-0	-	2.3	-	1.8	NE	Nil	1.14	38
Allied Work.	300	+4.1	+1.9	42	1-1	-	3.8	22	0.8	17	6.2	0.66	78	Sealegs Corp	14	-1.6	+1.1	76	0-0	-	1.8	-	1.5	NE	Nil	1.21	17
Mainfreight Grp	1060	+0.8	-4.6	58	3-5	5	3.0	19	0.5	16	3.5	0.58	1,050	Hellaby Hold.	295	-0.5	-3.1	71	2-0	2	1.5	13	1.0	11	6.3	0.44	221
Guinness Peat	53	+0.8	-3.2	60	5-5	3	0.1	5	1.3	2	2.9	0.08	159	Hellaby Gold	2	-0.4	+0.1	71	0-0	-	0.6	-	3.5	NE	Nil	N/A	6
Just Water Int.	12	+0.7	-5.4	61	1-0	-	2.0	32	3.1	6	Nil	0.36	11	World Index Fd	100	-0.2	+0.1	70	0-0	-	-	-	0.5	NE	Nil	N/A	407
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													INSIDER SELLING: Most Insider Selling, Relative Strength < 0														
Chorus Ltd	269	-5.6	-0.7	87	4-1	10	2.0	33	0.4	6	13.3	0.99	1,036	NZ Experience	35	-4.9	+0.0	84	0-1	-	1.9	21	0.8	9	11.8	1.11	13
Telecom Corp	269	+1.8	+2.4	53	2-7	11	3.1	71	0.5	4	9.9	1.09	4,985	NZ Wool Service	42	-0.6	+0.2	72	0-1	-	1.0	-	0.7	NE	Nil	0.19	29
NZ Oil & Gas	87	+0.8	-2.4	59	4-0	6	1.0	6	1.1	18	9.9	3.01	350														
Col Motor Co	425	+7.6	-0.9	21	0-0	-	1.1	10	0.3	12	8.4	0.26	139														
Skellerup Hold.	138	-5.0	-3.1	84	0-0	3	2.2	20	0.9	11	8.1	1.28	266														
Hallenstein G.	565	+8.2	-0.5	19	0-1	5	5.1	32	0.5	16	8.0	1.56	337														
Trust Power Ltd	755	-4.0	-2.4	81	0-0	5	1.5	8	0.4	18	7.6	2.94	2,371														
Restaurant Brds	303	+8.4	-0.8	17	0-0	3	5.0	28	0.6	18	7.5	0.96	296														
NZ Refining Co	230	-5.3	-2.4	85	2-0	5	1.1	6	0.6	19	7.5	2.21	644														
Vector Ltd	290	+2.2	-0.5	51	1-0	6	1.4	9	0.5	15	7.1	2.31	2,888														

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	STRENGTH RATING										Market Cap'n	Company	STRENGTH RATING										Market Cap'n				
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola- til- ity	Price Earn- ing Ratio			Divi- dend Yield	Price Sales Ratio	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity		Vola- til- ity	Price Earn- ing Ratio	Divi- dend Yield	Price Sales Ratio
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													INSIDER BUYING: Most Insider Buying, Relative Strength > 0														
Aust Pharm. Ind	45	+1.7	+0.1	30	2-0	8	0.6	8	1.1	7	6.7	0.07	217	Automotive Hold	415	+17.6	-2.1	7	0-1	7	4.4	22	0.6	20	4.3	0.28	1,078
PMP Limited	31	+4.7	+11.5	25	1-0	-	0.4	-	1.2	NE	6.6	0.09	99	Seymour Whyte	104	+7.6	-0.9	19	3-1	3	2.0	22	0.9	9	5.8	0.29	81
Raptis Group	40	+0.0	+0.0	35	0-0	-	-	-	1.0	NE	12.5	0.11	28	Colorpak Ltd	71	+11.4	-0.5	14	1-0	3	2.7	-	0.9	NE	4.6	0.30	58
CFT Energy	6	+0.0	+0.0	35	0-0	-	-	-	2.8	0	33.3	0.11	3	K&S Corporation	190	+13.2	-9.1	12	0-0	2	1.1	11	0.5	10	5.8	0.31	170
Watpac Ltd	82	+3.8	+4.1	26	5-0	2	0.7	7	0.9	10	1.8	0.11	151	Calliden Group	24	+19.9	+5.5	6	0-0	-	1.3	3	1.4	50	1.7	0.31	54
Brierty Ltd	32	+8.3	-7.6	18	0-0	-	0.8	21	1.4	4	8.6	0.14	35	TransMetro Corp	86	+16.0	+2.2	9	0-0	-	0.6	-	0.7	NE	5.8	0.31	11
TTA Holdings	6	+8.2	-1.1	18	0-0	-	0.6	16	2.8	4	6.9	0.14	8	Sigma Pharm.	80	+5.3	+2.1	24	1-0	14	1.4	3	0.8	50	11.9	0.32	930
Lindsay Aust	18	+6.2	-5.1	22	1-0	-	0.9	0	1.6	NE	5.1	0.15	38	A.P. Eagers	492	+12.7	-3.4	12	10-1	1	2.8	19	0.3	15	4.1	0.32	840
Chandler McLeod	57	+13.2	-4.3	12	1-0	3	-	-	1.1	16	4.9	0.16	253	Capitano Honey	278	+5.6	-3.4	23	0-3	-	-	-	0.9	9	5.4	0.35	24
Arrium Limited	95	+3.2	-5.7	28	2-0	10	0.8	13	1.0	6	6.3	0.17	1,272	Skilled Group	286	+15.6	-4.3	9	0-0	9	11.4	77	0.6	15	4.5	0.35	668
Scott Corp Ltd	42	+11.0	-3.3	14	2-0	-	1.0	11	1.2	9	6.0	0.18	30	Leighton Hold	2011	+7.3	-3.5	20	6-0	16	2.8	19	0.5	15	4.0	0.36	6,780
Noni B Limited	70	+1.7	-1.5	30	3-0	-	1.6	19	0.9	8	8.6	0.19	22	RCR Tomlinson	242	+9.9	-3.3	16	0-0	7	2.2	19	0.6	12	2.6	0.39	318
Pro Maintenance	240	+10.4	+2.7	15	4-0	11	2.4	26	0.5	9	5.4	0.20	284	Spec Fashion	120	+44.3	-2.7	1	0-0	8	5.7	-	1.0	NE	3.3	0.40	230
Globe Intl Ltd	41	+0.6	-2.0	33	3-0	-	0.6	0	1.1	273	6.1	0.20	17	E&A Limited	64	+48.4	-15.6	1	1-0	1	64.0	-	1.8	23	6.3	0.40	66
Data 3 Ltd	118	+1.1	-3.3	32	1-2	2	6.6	49	0.8	13	5.9	0.22	182	Schaffer Corp	438	+8.3	-0.4	18	0-0	-	1.1	16	0.4	7	4.8	0.40	62
Dicker Data Ltd	82	+22.1	-6.0	5	1-0	-	6.3	50	1.2	12	4.1	0.23	103	Collins Foods	179	+19.5	-2.8	6	0-0	5	2.9	20	0.8	15	3.6	0.41	166

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Price to P/E	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	
		Cur-rent	4-Wk Chg.	Rank 0-99									
ERM Power Ltd	261	+16.9	+2.7	8	1-0	3	2.4	19	0.6	13	3.3	0.46	435
W'bool Cheese	422	+5.4	+4.1	24	1-0	3	1.4	10	0.4	15	3.6	0.46	230
Regional Exp.	116	+0.3	-0.2	33	0-0	1	0.8	15	0.7	5	7.8	0.47	127
Coventry Group	320	+3.6	-0.7	27	0-0	1	0.9	12	0.5	7	6.9	0.50	121
Ausenco Ltd	257	+0.3	-9.4	33	4-0	11	4.1	54	0.7	8	7.8	0.50	317
Tamawood Ltd	270	+8.8	+2.6	18	0-1	3	-7.7	94	0.5	8	7.8	0.53	69
Myer Holdings	292	+22.1	+0.1	5	2-1	15	-	-	0.6	12	6.5	0.55	1,703
JB Hi-Fi Ltd	1732	+28.9	+9.4	3	1-0	16	19.0	-	0.4	16	3.8	0.55	1,712
Lend Lease Grp	1111	+10.2	-2.5	15	0-1	17	2.5	20	0.4	13	3.4	0.55	6,364
McPherson's Ltd	212	+8.4	-4.1	18	0-0	3	-	-	0.5	8	8.0	0.56	153
C.S.R. Ltd	200	+5.6	-3.9	23	1-0	14	0.9	7	0.6	13	6.5	0.56	1,012
Country Road	350	+3.4	+0.6	27	0-1	4	-2.9	19	0.3	15	2.2	0.57	242
Pacific Brands	84	+22.1	+0.8	5	0-0	15	7.0	-	1.1	NE	5.4	0.58	767
Waterco Ltd	115	+5.6	+0.3	23	0-0	-	-0.9	5	0.6	19	6.1	0.59	39
UXC Limited	109	+16.0	-4.1	9	0-1	3	10.9	60	0.9	18	3.2	0.59	333
AV Jennings	41	+10.2	-1.6	16	0-0	-	-0.4	-	1.1	NE	1.2	0.61	158
Forge Group Ltd	555	+14.8	-5.5	10	1-0	4	4.2	43	0.6	10	2.5	0.61	478
Gazal Corp	296	+13.1	-5.2	12	0-0	-	-3.1	21	0.4	14	6.1	0.62	168
Bradken Ltd	533	+3.4	-7.2	27	3-2	17	2.6	29	0.6	9	7.7	0.62	899
Fairfax Media	65	+12.3	+2.2	13	4-0	14	-	-	1.1	11	4.7	0.65	1,517
Seven Group	966	+11.3	-4.9	14	0-1	9	2.1	12	0.7	18	3.9	0.67	2,970
Fantastic Hold.	290	+2.1	-5.6	29	0-0	9	3.0	21	0.5	14	4.5	0.67	298
Runge Pincock M	60	+8.0	-6.3	19	4-0	-	-3.7	31	0.9	12	3.4	0.69	74
Boral Limited	450	+10.0	-5.5	16	1-1	14	1.4	8	0.6	16	2.4	0.72	3,414
Westfarmers Ltd	4233	+10.4	+0.4	15	0-1	15	9.5	47	0.3	20	3.9	0.73	42,606

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

Longreach Group	21	+56.5	-37.8	1	2-0	-	2.9	54	1.2	5	Nil	0.83	7
Select harvest	325	+53.0	+10.9	1	5-0	2	1.5	13	0.4	11	2.5	0.75	185
Kupang Res Ltd	11	+40.0	+6.4	2	1-0	-	-	-	1.4	2	Nil	0.74	19
NetComm Wire.	24	+31.6	-9.8	3	1-0	-	2.4	15	0.9	16	Nil	0.42	25
JB Hi-Fi Ltd	1732	+28.9	+9.4	3	1-0	16	19.0	-	0.4	16	3.8	0.55	1,712
Vision Eye Inst	63	+25.8	-11.3	4	0-3	-	-	-	0.9	7	Nil	0.57	92
Myer Holdings	292	+22.1	+0.1	5	2-1	15	-	-	0.5	12	6.5	0.55	1,703
Dicker Data Ltd	82	+22.1	-6.0	5	1-0	-	6.3	5.0	1.0	12	4.1	0.23	103
ICI Resources	80	+20.4	+5.0	6	0-0	-	1.5	28	0.6	5	1.3	0.42	58
Collins Foods	179	+19.5	-2.8	6	0-0	5	2.9	20	0.7	15	3.6	0.41	166
Supply Network	172	+18.3	-4.7	7	0-0	-	-3.7	25	0.3	15	4.1	0.97	59
Villa World Ltd	111	+18.2	+4.7	7	5-0	-	0.5	5	0.5	10	Nil	0.57	83
Logicams Ltd	156	+17.8	-4.5	7	4-0	5	3.3	33	0.6	10	5.4	0.85	105
Automotive Hold	415	+17.6	-2.1	7	0-1	7	4.4	22	0.5	20	4.3	0.28	1,078
Maxsec Group	1	+17.4	-17.6	8	0-0	-	0.1	1	4.6	8	Nil	0.45	2
Devine	90	+17.3	-6.7	8	1-0	1	0.5	4	0.7	13	4.4	0.46	143
ERM Power Ltd	261	+16.9	+2.7	8	1-0	3	2.4	19	0.5	13	3.3	0.46	435
Downer EDI Ltd	469	+16.7	-4.7	8	2-0	17	1.9	10	0.5	19	Nil	0.25	2,012
UXC Limited	109	+16.0	-4.1	9	0-1	3	10.9	60	0.7	18	3.2	0.59	333
Kip McGrath EC	8	+15.9	-7.0	9	1-0	-	-	-	1.7	11	Nil	0.25	2
Skilled Group	286	+15.6	-4.3	9	0-0	9	11.4	77	0.5	15	4.5	0.35	668
Forge Group Ltd	555	+14.8	-5.5	10	1-0	4	4.2	43	0.5	10	2.5	0.61	478
PTB Group Ltd	36	+14.0	-1.0	10	1-0	-	0.3	3	0.9	8	Nil	0.36	12
Traffic Tech.	6	+13.9	-16.0	11	0-0	-	-	-	2.1	6	Nil	0.18	10
Beyond Int'l	133	+13.4	-2.3	11	1-0	-	2.8	29	0.4	10	4.5	0.90	82
Chandler McLeod	57	+13.2	-4.3	12	1-0	3	-	-	0.8	16	4.9	0.16	253
K&S Corporation	190	+13.2	-9.1	12	0-0	2	1.1	11	0.4	10	5.8	0.31	170
Gazal Corp	296	+13.1	-5.2	12	0-0	-	3.1	21	0.3	14	6.1	0.62	168
Brisbane Bronco	31	+12.8	+4.1	12	0-0	-	2.2	16	0.8	14	5.7	0.91	30
A.P. Eagers	492	+12.7	-3.4	12	10-1	1	2.8	19	0.2	15	4.1	0.32	840
Fairfax Media	65	+12.3	+2.2	13	4-0	14	-	-	0.8	11	4.7	0.65	1,517
Toll Holdings	589	+12.1	-2.7	13	4-0	14	4.1	31	0.5	13	4.6	0.44	3,865
Zicom Group	28	+11.3	+6.8	14	4-0	1	1.1	14	1.3	8	3.6	0.46	59
Seven West Med.	238	+11.3	-5.6	14	3-0	16	-	-	0.6	7	10.5	0.82	1,582
Seven Group	966	+11.3	-4.9	14	0-1	9	2.1	12	0.6	18	3.9	0.67	2,970
Scott Corp Ltd	42	+11.0	-3.3	14	2-0	-	1.0	11	0.9	9	6.0	0.18	30
Nib Holdings	233	+11.0	-2.6	14	3-2	7	3.9	26	0.4	15	4.0	0.91	1,023
Redbank Energy	855	+10.9	-4.4	15	0-0	-	-12.2	-	0.2	1	Nil	0.07	7
Woolworths Ltd	3470	+10.9	+0.4	15	2-2	14	14.7	75	0.2	20	3.6	0.77	42,747
Pro Maintenance	240	+10.4	+2.7	15	4-0	11	2.4	26	0.4	9	5.4	0.20	284
Firstfolio Ltd	2	+10.3	-10.8	15	0-0	-	-	-	3.9	5	Nil	0.16	25
Lend Lease Grp	1111	+10.2	-2.5	15	0-1	17	2.5	20	0.4	13	3.4	0.55	6,364
David Jones	288	+10.1	+2.0	16	0-0	14	2.1	14	0.6	15	6.1	0.81	1,514
Boral Limited	450	+10.0	-5.5	16	1-1	14	1.4	8	0.5	16	2.4	0.72	3,414
RCR Tomlinson	242	+9.9	-3.3	16	0-0	7	2.2	19	0.5	12	2.6	0.39	318
Melbourne IT	206	+9.5	+0.7	17	0-0	2	-	-	0.4	15	6.8	1.00	170
Tamawood Ltd	270	+8.8	+2.6	18	0-3	-	-7.7	94	0.4	8	7.8	0.53	69
Metcash Ltd	423	+8.5	+0.2	18	4-1	15	-	-	0.4	12	6.6	0.26	3,263
McPherson's Ltd	212	+8.4	-4.1	18	0-0	3	-	-	0.4	8	8.0	0.56	153
Brierty Ltd	32	+8.3	-7.6	18	0-0	-	-0.8	21	1.1	4	8.6	0.14	35
Schaffer Corp	438	+8.3	-0.4	18	0-0	-	-1.1	16	0.3	7	4.8	0.40	62
TTA Holdings	6	+8.2	-1.1	18	0-0	-	-0.6	16	1.9	4	6.9	0.14	8
Runge Pincock M	60	+8.0	-6.3	19	4-0	-	-3.7	31	0.7	12	3.4	0.69	74
Seymour Whyte	104	+7.6	-0.9	19	3-1	3	2.0	22	0.7	9	5.8	0.29	81
GLG Corporation	33	+7.4	-5.0	20	0-0	-	-0.6	18	0.8	3	Nil	0.11	24
Leighton Hold	2011	+7.3	-3.5	20	6-0	16	2.8	19	0.4	15	4.0	0.36	6,780
Hills Holdings	105	+7.2	+1.4	20	16-0	6	0.9	9	0.7	10	9.5	0.24	258
Swick Min Serv	33	+7.1	-6.7	20	2-0	2	0.8	12	1.0	6	3.0	0.45	61
Tabcorp Holding	354	+5.9	+0.8	23	1-0	13	-	-	0.4	8	6.8	0.85	2,585
Waterco Ltd	115	+5.6	+0.3	23	0-0	-	-0.9	5	0.5	19	6.1	0.59	39
C.S.R. Ltd	200	+5.6	-3.9	23	1-0	14	0.9	7	0.5	13	6.5	0.56	1,012
Capilano Honey	278	+5.6	-3.4	23	0-3	-	-	-	0.8	9	5.4	0.35	24
Scantech	46	+5.5	+1.1	23	2-0	-	-1.1	22	0.7	5	Nil	0.52	8
Graincorp	1278	+5.5	-0.8	23	0-0	13	2.4	18	0.3	15	2.7	0.81	2,690
W'bool Cheese	422	+5.4	+4.1	24	1-0	3	1.4	10	0.3	15	3.6	0.46	230
Tasmania Mines	140	+5.1	+2.2	24	0-0	-	-0.7	12	0.4	6	Nil	0.62	26
CMI Limited	189	+5.0	-5.9	24	2-2	-	-1.8	15	0.8	12	Nil	0.56	64
Gale Pacific	31	+4.7	-6.4	25	1-2	-	-1.6	15	0.9	11	7.9	0.83	92
F.F.I. Holdings	370	+4.7	-1.8	25	0-0	-	-1.3	9	0.3	14	5.9	0.92	30
Korvest Ltd	672	+4.6	-3.7	25	1-0	1	1.6	17	0.3	10	7.1	0.82	59

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Price to P/E	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	
		Cur-rent	4-Wk Chg.	Rank 0-99									
INCOME SHARES:	Highest Yields, Capitalisation > A\$250 million												
NRW Holdings	135	-15.5	-4.6	70	4-0	15	1.2	32	0.7	4	13.3	0.28	376
Emeco Holdings	48	-9.5	-4.0	58	5-0	13	0.6	15	0.7	4	12.6	0.53	300
Sigma Pharm.	80	+5.3	+2.1	24	1-0	14	1.4	3	0.5	50	11.9	0.32	930
Seven West Med.	238	+11.3	-5.6	14	3-0	16	-	-	0.6	7	10.5	0.82	1,582
Kingsgate Cons.	204	-21.0	-7.2	81	1-1	9	-	-	0.6	4	9.8	0.86	309
DUET Group	250	+7.6	+1.6	19	0-0	-	-1.8	3	0.3	58	9.6	2.27	2,775
Salmat Ltd	198	-7.3	-3.6	53	0-0	7	-	-	0.4	10	9.6	0.38	316
Hills Holdings	105	+7.2	+1.4	20	16-0	6	0.9	9	0.6	10	9.5	0.24	258
Ridley Corp.	82	-10.4	-6.8	60	1-1	8	1.0	8	0.5	13	9.2	0.34	251
Fleetwood Corp	855	-8.2	-2.5	55	1-0	11	3.1	32					

Australian Warrant / Option Analysis

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
Actinogen	1.3	20	2-4	0.1	0.2	-53	1.19	1.77	1.0	+223	Eneabba Gas	1.7	15	0-1	0.2	0.0	+999	0.82	9.99	1.0	+999
Adeffective Ltd	0.7	1.5	1-1	0.2	0.3	-33	1.55	1.51	1.0	+127	Enerji Ltd	0.3	3.0	2-1	0.1	0.0	+134	1.11	1.91	1.0	+207
Agenix Ltd	1.9	5.0	2-1	0.1	1.1	-91	1.51	1.28	1.0	+61	Enerji Ltd	0.3	2.0	3-7	0.1	0.0	+229	1.11	1.80	1.0	+223
Alcyone Resources	1.2	6.0	1-12	0.2	0.1	+205	0.72	2.80	1.0	+131	Env. Clean Tech.	0.9	2.0	0-8	0.5	0.0	+999	0.77	3.96	1.0	+413
Aleator Energy	1.3	2.0	1-8	0.4	0.1	+433	0.34	4.56	1.0	+44	Equator Resources	0.9	2.0	0-1	1.5	0.0	+999	1.06	9.99	1.0	+999
Algae.Tec Ltd	20	75	0-8	4.0	0.0	+999	0.52	9.18	1.0	+685	Erongo Energy Ltd	1.0	10	0-1	0.1	0.0	+999	0.99	9.99	1.0	+999
Allegiance Coal	4.1	25	0-10	0.3	0.0	+999	0.69	6.02	1.0	+788	Euroz Ltd	110	75	0-9	37.0	37.7	-2	0.34	2.73	1.0	+2
Ambassador Oil & G	21	25	0-5	2.2	4.0	-45	1.03	2.68	1.0	+97	Exalt Resources	4.7	20	2-7	2.1	1.8	+19	1.14	1.50	1.0	+82
Analytica Ltd	2.1	8.0	0-0	0.1	0.0	+999	0.97	9.99	1.0	+999	Exalt Resources	4.7	20	2-7	2.1	1.8	+19	1.14	1.50	1.0	+82
Anatolia Energy	4.5	18	4-1	0.2	1.5	-87	0.84	1.57	1.0	+41	Fairstar Resources	0.6	10	1-3	0.1	0.0	+999	0.91	3.81	1.0	+857
Antipa Minerals	6.4	8.0	1-7	3.5	3.7	-7	1.39	1.34	1.0	+45	Ferrum Crescent	1.5	40	0-7	0.1	0.0	+999	1.16	5.32	1.0	+999
Aphrodite Gold	3.2	20	0-7	0.1	0.0	+999	0.87	5.54	1.0	+999	Firestone Energy	0.6	4.0	1-0	0.1	0.0	+999	0.72	4.94	1.0	+583
Argentina Mining	3.0	20	1-9	0.1	0.0	+628	0.57	4.52	1.0	+192	Forge Resources	14	20	1-2	9.0	2.5	+254	0.68	2.60	1.0	+87
Armour Energy	29	50	1-3	7.4	8.4	-12	1.02	1.89	1.0	+73	Forté Consolidated	6.5	20	0-11	1.5	0.1	+999	0.68	4.26	1.0	+269
Ashburton Minerals	0.2	1.0	0-11	0.1	0.1	+28	2.06	1.46	1.0	+542	GBM Resources	1.9	20	0-1	0.1	0.0	+999	0.82	9.99	1.0	+999
Astro Resources	0.1	0.5	1-1	0.1	0.1	+79	2.32	1.27	1.0	+423	GRG International	9.9	20	0-1	2.0	0.0	+999	0.78	9.99	1.0	+999
Attila Resources	65	20	1-1	45.0	46.7	-4	0.92	1.32	1.0	+1	General Mining	2.4	13	2-3	0.5	0.4	+31	0.91	2.01	1.0	+111
Audalia Resources	25	20	0-11	1.0	6.6	-85	0.36	3.09	1.0	-17	General Mining	2.4	10	1-3	0.5	0.2	+179	0.91	2.65	1.0	+223
Aura Energy	8.0	20	1-6	1.5	0.9	+69	0.72	2.66	1.0	+93	General Mining	2.4	7.5	0-3	0.5	0.0	+999	0.91	7.16	1.0	+999
Aust China Holdings	0.1	2.0	0-7	0.1	0.0	+248	2.97	1.49	1.0	+999	Gladiator Resources	0.9	10	2-1	0.1	0.1	-10	1.09	1.97	1.0	+219
Aust Leaders Fund	148	137	1-4	11.5	21.5	-47	0.18	5.15	1.0	+0	Gleneagle Gold	0.3	1.0	2-1	0.1	0.1	-22	1.28	1.45	1.0	+87
Aust Mines Ltd	1.1	0.2	0-1	0.1	0.9	-89	0.90	1.22	1.0	-100	Global Metal Exp	0.3	2.0	2-5	0.1	0.1	-33	1.51	1.32	1.0	+124
Austin Exploration	1.3	5.5	0-1	0.1	0.0	+999	0.57	9.99	1.0	+999	Global Resources	7.3	3.0	0-3	0.1	4.3	-98	0.35	1.69	1.0	-98
Aziana Ltd	7.0	25	0-4	0.4	0.0	+999	0.89	6.50	1.0	+999	Global Strategic M	4.5	20	0-2	0.5	0.0	+999	1.28	9.08	1.0	+999
BXB Minerals	1.7	25	1-1	1.0	0.0	+999	1.21	2.74	1.0	+999	Golden Gate Petrol	0.3	5.0	1-7	0.1	0.0	+229	1.32	1.98	1.0	+499
Bannon Ltd	12	25	2-2	3.0	2.2	+36	0.66	2.27	1.0	+47	Golden Gate Petrol	0.3	2.0	1-7	0.1	0.1	+50	1.32	1.74	1.0	+242
Baru Resources	5.0	20	3-7	0.9	1.4	-35	0.81	1.71	1.0	+49	Goldsearch	0.5	2.5	1-1	0.1	0.0	+252	0.99	2.75	1.0	+358
Beas Metals	1.0	20	1-4	0.1	0.1	-17	1.55	1.87	1.0	+849	Gondwana Res	7.5	1.0	0-1	0.1	6.5	-98	1.04	1.15	1.0	-100
Beacon Minerals	0.3	0.5	2-4	0.1	0.2	-48	1.39	1.25	1.0	+35	Grand Gulf Energy	0.1	1.5	0-1	0.1	0.0	+999	1.72	1.00	1.0	+999
Benitec Ltd	1.5	4.0	0-7	0.1	0.1	+3	1.03	3.15	1.0	+460	Green Rock Energy	0.1	1.2	1-8	0.1	0.1	+57	2.33	1.19	1.0	+366
Benitec Ltd	1.5	10	0-10	0.1	0.0	+218	1.03	3.30	1.0	+822	Greenland Minerals	27	60	1-4	5.7	1.1	+437	0.52	4.03	1.0	+96
Biodiem Ltd	3.2	8.0	1-7	0.3	0.4	-28	0.75	2.50	1.0	+83	Hastings Rare Metals	4.8	15	0-10	0.4	0.0	+999	0.57	5.89	1.0	+305
Bioprospect	0.1	3.0	0-7	0.1	0.0	+999	2.31	2.01	1.0	+999	Havilah Resources	32	75	0-10	1.5	0.4	+279	0.54	5.54	1.0	+196
Black Mountain Res.	15	20	1-11	2.5	3.0	-16	0.54	2.48	1.0	+25	Havilah Resources	32	50	0-5	2.0	0.6	+213	0.54	6.56	1.0	+233
Black Star Petroleum	16	20	4-7	4.5	6.4	-30	0.55	1.67	1.0	+11	Hawkeye Oil & Gas	6.0	20	0-10	0.1	0.1	+10	0.71	4.44	1.0	+327
Boadicea Resources	40	20	0-10	21.5	21.5	-0	0.68	1.72	1.0	+5	Healthinx Ltd	0.1	10	0-7	0.1	0.0	+999	2.78	1.86	1.0	+999
Botswana Metals	1.3	10	0-1	0.1	0.0	+999	1.16	9.99	1.0	+999	Helix Resources	5.9	1.5	1-4	3.5	4.6	-24	0.94	1.24	1.0	-12
Boulder Steel	2.4	10	2-1	0.4	0.3	+25	0.83	2.21	1.0	+102	Hill End Gold	0.9	10	0-12	0.2	0.0	+999	0.87	4.51	1.0	+999
Brazilian Metals	0.9	20	0-10	0.1	0.0	+617	1.43	2.82	1.0	+999	Hot Chili Ltd	54	75	1-6	15.0	7.7	+95	0.50	3.05	1.0	+41
Breaker Resources	35	25	1-7	10.0	17.0	-41	0.74	1.67	1.0	+0	IM Medical	0.1	1.0	3-4	0.1	0.1	+14	2.20	1.06	1.0	+105
Broken Hill Pros	6.0	20	0-9	0.9	0.0	+999	0.57	7.01	1.0	+482	IMX Resources	8.8	60	2-4	0.7	0.9	-22	0.87	2.21	1.0	+132
Burleson Energy	1.0	10	0-4	0.1	0.0	+999	0.99	8.62	1.0	+999	Immuron Ltd	0.4	4.0	1-11	0.1	0.1	-16	1.46	1.54	1.0	+237
Buxton Resources	42	30	2-8	14.0	29.0	-52	1.09	1.24	1.0	+2	Ind Minerals Corp	3.9	35	0-0	0.1	0.0	+999	0.54	9.99	1.0	+999
Canyon Resources	10	16	2-9	1.5	3.5	-57	0.73	1.74	1.0	+23	Invictus Gold	4.5	25	2-6	1.0	2.5	-59	1.53	1.28	1.0	+102
Capital Mining	0.9	2.0	3-7	0.2	0.5	-62	1.08	1.30	1.0	+28	Isonea Ltd	17	0.7	1-1	5.7	16.5	-65	2.14	1.03	1.0	-59
Caravel Minerals	1.6	7.0	2-1	0.3	0.3	+17	0.91	2.05	1.0	+110	Jacka Resources	13	35	1-8	2.7	0.3	+681	0.50	4.10	1.0	+94
Carbon Conscious	4.0	8.0	1-10	0.5	1.0	-50	0.82	1.98	1.0	+51	Jatenergy Ltd	2.3	25	0-9	0.1	0.0	+999	0.71	7.71	1.0	+999
Carbon Polymers	5.0	30	0-10	1.0	0.0	+999	0.55	8.34	1.0	+743	Kaboko Mining	0.6	3.0	0-1	0.1	0.0	+999	1.02	9.99	1.0	+999
Cardia Bioplastics	0.3	1.5	2-1	0.1	0.1	-27	1.47	1.37	1.0	+123	Kairiki Energy	0.1	0.4	0-1	0.1	0.0	+999	1.94	6.05	1.0	+999
Cardinal Resources	10	20	1-1	0.5	1.4	-64	0.81	2.59	1.0	+94	Kalgoorlie Mining Co	0.5	25	1-0	0.1	0.1	+38	2.18	1.69	1.0	+999
Celamin Holdings	8.3	35	0-1	0.2	0.0	+999	0.67	9.99	1.0	+999	Kidman Resources	48	20	0-6	25.0	32.5	-23	1.66	1.34	1.0	-12
Celamin Holdings	8.3	20	0-10	1.9	0.3	+585	0.67	4.11	1.0	+220	King River Copper	2.5	20	2-1	0.4	0.2	+71	0.94	2.21	1.0	+174
Cellmid Ltd	3.1	3.4	3-5	1.3	1.9	-33	0.97	1.30	1.0	+13	Korab Resources	6.2	25	1-3	0.7	0.1	+483	0.67	3.89	1.0	+212
Central Petroleum	11	16	0-10	2.2	1.6	+34	0.74	2.86	1.0	+83	Labtech Systems	5.0	20	0-1	0.3	0.0	+999	0.56	9.99	1.0	+999
Central Petroleum	11	16	0-10	1.0	1.6	-39	0.74	2.86	1.0	+69	Labtech Systems	5.0	20	0-1	1.0	0.0	+999	0.56	9.99	1.0	+999
Chrysalis Resources	6.0	20	0-1	0.8	0.0	+999	1.02	9.99	1.0	+999	Liberty Resources	4.5	10	0-1	0.8	0.0	+999	0.77	9.99	1.0	+999
Citation Resources	0.9	7.0	0-2	0.1	0.0	+999	1.36	8.26	1.0	+999	Lindian Resources	5.0	8.0	1-7	1.2	1.5	-19	0.87	1.90	1.0	+47
Citation Resources	0.9	4.0	2-7	0.6	0.4	+34	1.36	1.34	1.0	+90	Lion Energy	2.3	3.0	0-7	0.2	0.3	-42	0.79	3.02	1.0	+76
Clancy Exploration	1.6	15	0-2	0.1	0.0	+999	1.14	5.85	1.0	+999	Lion Selection Group	58	80	1-6	3.0	1.1	+174	0.20	8.53	1.0	+26
Con Tin Mines	7.0	20	0-7	1.7	0.1	+999	0.77	4.74	1.0	+595	Liontown Resources	1.8	5.0	2-4	1.0	0.4	+160	0.79	1.99	1.0	+68
Condor Blanco Mines	2.2	20	0-10	0.5	0.1	+366	1.35	2.55	1.0	+999	Lonrho Mining	0.9	2.0	0-6	0.2	0.0	+353	0.91	3.74	1.0	+498
Contango Microcap	106	120	0-9	2.8	3.1	-11	0.19	9.99	1.0	+22	MEC Resources	4.9	20	0-2	0.1	0.0	+999	0.49	9.99	1.0	+999
Copper Range	1.5	3.5	0-7	0.2	0.0	+558	0.70	4.87	1.0	+370	MRG Metals	20	25	3-4	6.4	11.4	-44	0.92	1.36	1.0	+15
Cott Oil & Gas	17	20	2-7	3.0	1.7	+72	0.21	4.58	1.0	+12	Magellan Financial	769	300	3-1	505.0	502.2	+1	0.37	1.49	1.0	+1
Cove Resources	7.0	25	0-8	0.8	0.1	+633	0.83	4.27	1.0	+607	Magellan Flagship	127	105	4-5	30.5	38.6	-21	0.17	2.80	1.0	+2
Cradle Resources	15	20	1-8	5.5	5.2	+6	0.85	1.82	1.0	+38	Magontec Ltd	2.0	2.0	0-7	0.5	0.4	+12	0			

Company	Yr/Mth			Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Yr/Mth			Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
	Share Price	Exercise Price	to Expiry									Share Price	Exercise Price	to Expiry							
Mooter Media	0.1	0.5	0-4	0.2	0.0	+999	1.10	5.47	1.0	+999	Select Exploration	10	20	0-2	1.0	0.2	+477	1.11	5.60	1.0	+999
Mt Magnet South	3.2	7.0	1-3	1.0	0.4	+156	0.76	2.66	1.0	+108	Select Exploration	10	35	2-4	0.3	3.6	-92	1.11	1.56	1.0	+72
Mutiny Gold	4.6	5.0	0-2	0.5	0.3	+51	0.68	6.00	1.0	+240	Sentosa Mining	2.0	25	0-7	0.2	0.0	+999	0.97	6.26	1.0	+999
Mutiny Gold	4.6	14	0-6	0.2	0.0	+999	0.68	6.77	1.0	+951	Sierra Mining	21	10	1-7	11.5	12.3	-6	0.72	1.51	1.0	+3
Naos Emerging Opps.	98	100	1-8	6.5	4.2	+54	0.06	9.99	1.0	+5	Silver City Minerals	7.0	25	1-7	2.8	0.5	+428	0.76	2.75	1.0	+143
Naracoota Resources	2.1	9.0	2-4	0.3	0.6	-49	1.05	1.68	1.0	+89	Silver Mines Ltd	3.4	10	0-6	0.6	0.0	+999	0.75	6.03	1.0	+999
Navigator Resources	0.1	4.0	1-2	0.1	0.0	+956	1.79	1.87	1.0	+999	Sinovus Mining	0.2	5.0	0-6	1.0	0.0	+999	1.59	3.58	1.0	+999
Nemex Resources	4.5	20	0-10	0.5	0.9	-45	1.57	1.88	1.0	+517	Spitfire Resources	2.5	12	2-10	0.4	0.1	+384	0.52	3.26	1.0	+76
New Horizon Minerals	6.2	20	1-7	1.0	0.4	+185	0.66	3.11	1.0	+116	Spitfire Resources	2.5	7.0	0-6	0.1	0.0	+999	0.52	9.52	1.0	+707
Newera Resources	1.5	3.0	0-1	0.1	0.0	+999	1.07	9.94	1.0	+999	Sprint Energy	0.8	30	0-7	0.1	0.0	+999	0.73	9.99	1.0	+999
Noble Mineral Res	3.1	35	0-2	0.1	0.0	+999	0.80	9.99	1.0	+999	Sprintex Ltd	1.5	2.0	0-1	0.2	0.1	+148	1.28	5.20	1.0	+999
Noble Mineral Res	3.1	48	1-11	1.0	0.0	+999	0.80	3.27	1.0	+322	St George Mining	20	20	1-6	5.0	12.3	-59	1.45	1.30	1.0	+18
Nthn Mining	0.5	6.0	0-7	0.1	0.0	+999	1.01	5.40	1.0	+999	Sth Amer Ferro	7.5	20	1-7	0.9	0.6	+44	0.66	2.90	1.0	+91
OBJ Ltd	1.2	1.0	0-1	0.2	0.2	-6	0.56	4.99	1.0	+0	Structural Monitoring	3.6	0.9	0-1	0.1	2.8	-96	0.90	1.31	1.0	-100
Odyssey Energy	1.9	5.0	1-7	1.0	0.2	+372	0.73	2.61	1.0	+107	Style Ltd	0.2	0.5	1-2	1.0	0.0	+999	0.00	9.99	1.0	+462
Oil Basins	1.8	4.0	1-1	0.2	0.3	-25	0.90	2.43	1.0	+119	Syndicated Metals	2.7	20	1-6	0.1	0.0	+459	0.68	4.09	1.0	+278
Oilflex Ltd	6.3	15	2-3	1.0	1.2	-16	0.71	2.17	1.0	+51	Synergy Metals	9.0	20	2-6	0.2	3.3	-94	0.93	1.62	1.0	+38
Orinoco Gold	29	25	2-0	9.8	17.4	-44	1.08	1.36	1.0	+10	TZ Limited	14	14	0-5	3.4	4.7	-27	1.31	2.01	1.0	+68
Oroya Mining	0.2	0.3	2-1	0.1	0.1	-28	1.58	1.20	1.0	+39	Tag Pacific	25	20	4-4	7.5	12.2	-39	0.47	1.64	1.0	+2
Otis Energy	0.2	5.0	2-7	0.1	0.1	+90	1.41	1.52	1.0	+250	Tagaska Oil & Gas	0.1	0.5	2-3	0.1	0.0	+392	0.99	1.86	1.0	+125
Otis Energy	0.2	1.0	0-1	0.1	0.0	+999	1.41	9.99	1.0	+999	Tangiers Petroleum	24	16	0-5	7.0	9.0	-22	0.69	2.34	1.0	-10
Padbury Mining	0.3	2.0	1-1	0.1	0.1	+60	1.56	1.77	1.0	+503	Titan Energy	1.3	3.0	2-5	0.4	0.4	+8	0.82	1.81	1.0	+49
Panterra Gold	7.9	18	1-7	2.0	0.9	+126	0.65	2.76	1.0	+77	Traifford Resources	15	30	1-4	2.5	2.3	+7	0.79	2.40	1.0	+80
Paynes Find Gold	0.5	3.0	2-1	0.2	0.3	-33	1.80	1.23	1.0	+144	Transol Corporation	1.0	2.0	1-7	0.3	0.3	-5	1.03	1.76	1.0	+71
Peak Resources	14	25	1-2	3.6	1.0	+249	0.55	3.63	1.0	+84	Triton Gold Ltd	6.5	25	0-7	1.7	0.2	+999	1.00	3.74	1.0	+999
Pelican Resources	1.0	4.0	1-1	0.1	0.1	-5	1.07	2.39	1.0	+268	Tuc Resources	5.3	20	1-3	2.0	0.8	+152	1.10	2.14	1.0	+225
Peninsula Energy	2.5	3.0	2-7	1.1	0.8	+43	0.55	2.04	1.0	+21	Tyrian Diagnostics	0.1	1.2	0-7	0.1	0.0	+999	1.72	2.50	1.0	+999
Pental Ltd	1.3	2.0	1-3	0.2	0.8	-76	1.84	1.25	1.0	+51	United Orogen	1.8	20	2-10	0.1	0.1	-32	0.85	2.20	1.0	+134
Petratherm Ltd	2.3	3.0	1-5	0.4	0.7	-46	0.86	1.89	1.0	+32	VDM Group	1.3	5.0	0-6	0.1	0.0	+375	1.01	4.11	1.0	+999
Pharmanet Group	0.1	1.3	0-1	0.1	0.0	+999	2.89	4.84	1.0	+999	Vector Resources	2.8	25	1-8	0.3	0.0	+999	0.72	3.70	1.0	+275
Pharmnet Group	0.1	0.5	2-7	0.1	0.1	+4	2.89	1.02	1.0	+100	Victory Mines	5.0	20	1-10	0.8	0.4	+111	0.73	2.67	1.0	+115
Phoenix Gold	18	25	1-6	5.2	3.3	+56	0.58	2.62	1.0	+41	Vmoto Ltd	1.5	4.0	1-7	0.4	0.2	+74	0.83	2.29	1.0	+97
Phylogica Ltd	1.6	9.0	3-1	0.2	0.3	-38	0.86	1.84	1.0	+76	Volta Mining	8.5	20	1-1	1.1	0.9	+26	0.80	2.78	1.0	+131
Primary Gold	13	20	1-10	3.0	6.6	-54	1.20	1.43	1.0	+37	Voyager Resources	0.9	6.0	2-1	0.2	0.2	-19	1.24	1.63	1.0	+153
Proto Res & Inv.	0.3	5.0	1-3	0.1	0.0	+999	1.18	2.62	1.0	+865	Voyager Resources	0.9	3.0	1-7	0.2	0.3	-28	1.24	1.66	1.0	+123
Proto Res & Inv.	0.3	25	0-7	0.1	0.0	+999	1.18	1.00	1.0	+999	WAM Active	117	108	0-6	9.9	11.5	-14	0.12	8.84	1.0	+1
Quest Petroleum	0.4	1.5	3-1	0.2	0.2	+8	1.13	1.40	1.0	+60	WAM Capital	174	160	0-2	13.5	14.8	-9	0.09	9.99	1.0	-2
RMG Ltd	0.2	2.0	0-11	0.1	0.0	+803	1.36	2.44	1.0	+999	WHL Energy	2.9	4.0	1-6	1.2	0.5	+137	0.56	2.72	1.0	+48
Ram Resources	0.1	3.0	0-4	0.1	0.0	+999	2.60	2.45	1.0	+999	West Wits Mining	1.5	8.0	1-2	0.2	0.0	+999	0.67	4.50	1.0	+329
Redstone Resources	8.3	20	2-9	2.0	2.3	-13	0.77	1.83	1.0	+43	Western Manganese	11	20	0-1	1.0	0.0	+999	0.67	9.99	1.0	+999
Regalpoint Resources	1.4	20	0-10	0.1	0.0	+862	1.16	3.44	1.0	+999	White Cliff Minerals	1.1	6.0	1-4	0.4	0.3	+57	1.38	1.75	1.0	+275
Regis Resources	418	50	0-8	303.0	369.0	-18	0.38	1.13	1.0	-22	Wild Acre Metals	6.0	20	0-8	2.0	0.1	+999	0.73	5.01	1.0	+602
Resource & Invest	9.2	60	0-0	0.1	369.0	-100	0.58	1.13	1.0	+999	Wolf Petroleum	7.5	20	2-7	2.2	6.0	-63	1.89	1.11	1.0	+52
Royal Resources Ltd	3.4	12	0-5	0.5	0.0	+999	0.57	9.99	1.0	+999	Xstate Resources Ltd	1.1	24	0-1	0.2	0.0	+999	1.81	9.99	1.0	+999
Rumble Resources	5.4	35	2-5	1.0	1.1	-7	1.01	1.82	1.0	+119	Yowie Group	18	20	2-7	3.3	5.5	-40	0.54	2.03	1.0	+12
Rumble Resources	5.4	25	1-2	1.2	0.4	+174	1.01	2.52	1.0	+287	Zeta Petroleum	2.6	30	2-2	1.0	0.2	+475	0.95	2.29	1.0	+221
Saracen Mineral Hold.	18	10	0-1	0.2	8.0	-98	0.77	2.24	1.0	-100	Zeta Petroleum	2.6	20	0-1	0.1	0.0	+999	0.95	9.99	1.0	+999

Euroz Options Offer Leverage Investment in the Stockmarket Recovery

Euroz (codes EZL and EZLO)

Euroz Ltd is a Western Australian company with two related divisions specialising in smaller and mid-cap shares: *Euroz Securities*, a stockbroking business, and *Westoz Funds Management*, which manages two listed funds, **OZ Growth** and **Westoz**, in which it also has significant investments.

The company's issued capital consists of 143,813,179 ordinary shares plus 3,439,297 listed options to buy shares at 75 cents on 1 March 2014.

Stockbroking, funds management and investing in listed equities are all volatile and cyclical businesses. If the Australian stockmarket performs well over the next 9½ months then Euroz shares could rise strongly in value and the options offer a leveraged way to profit from those potential gains.

Stockbroking and funds management are not capital intensive businesses, with their value lying in the

revenues and profits that these businesses can generate. Those revenues are volatile and cyclical, so at a market bottom these businesses will usually be unprofitable and with few net assets can appear to have little or no value. In more buoyant market conditions both businesses will generate higher revenues and can become very profitable and appear to be very valuable businesses.

So the share price can (and repeatedly has) fluctuated 4-10 fold from its cyclical lows to its cyclical highs! A person buying at the very bottom and selling at the very top could therefore realise a gain of 300-900%, while a person buying at the very top and selling at the very bottom would lose only 75-90%. Losses on any individual investment are limited to a maximum of 100%, while there is no limit to potential gains. This is why some very volatile investments, within a well diversified portfolio, can help lift your long run average returns even if only half (or less) work out successfully.

(Continued on Page 12)

Warrants/Options: Euroz

(Continued from Page 11)

The successful investments can contribute a large (and potentially unlimited) gain, while the unsuccessful ones will produce a smaller (and limited) loss.

Buying options on a volatile share can further improve this attractive "investment mathematics" - doubling or tripling the potential gains and losses, but still with that strict limit of 100% on losses!

Overall the company's main tangible assets consist of cash of \$54.1 million (and no debt), plus a 36.6% shareholding in OZ Growth (market value \$23.7 million) and a 24.1% shareholding in Westoz (market value \$35.2 million). That is cash and shares of \$113.0 million or 78.6 cents per share.

Both OZ Growth and Westoz shares trade at a significant discount to net asset value. At 18 cents, OZ Growth shares trade at a 23% discount to net assets, while at 116 cents, Westoz shares are trading at a discount of 14%.

Based upon net asset values, Euroz would have cash and shares of \$126.0 million or 87.6 cents.

Euroz shares trade at only a small premium to their net asset value, so the market is placing little value on its stockbroking and funds management businesses. That indicates that the share price is probably close to its cyclical lows.

The 1 March 2014 options have only about 9½ months until their final exercise/expiry date but trade around their *intrinsic value* of 35 cents (i.e. the 110 cents market value of the shares, less the 75 cents to exercise the options) and are "in the money" (i.e. the shares trade

above the exercise price).

If the share price were to rise 20-50% over the next 9½ months to 132-165 cents, then the options would increase 54-143% to 57-90 cents.

Summary and Recommendation

We are not formally recommending these options, but they may be suitable as a *small* holding for investors with well diversified portfolios and seeking to add some leverage to their portfolios. There are only 3.4 million of these listed options, so trading volumes can be low and some patience may be required to acquire a holding.

Stockbroking and funds management company shares all rose strongly in the early months of 2013 as the stockmarket rose, but have fallen back in recent months along with the general market. If the stockmarket recovers further over the next nine months, then it is likely the Euroz share price will rise strongly. In that case, owning the Euroz options will magnify those gains!

Euroz



Total Return Index for All Listed Shares

Apr 8	1446.20		
Apr 9	1450.43		
Apr 10	1451.52		
Apr 11	1447.56		
Apr 12	1446.10		
Apr 15	1447.67	Apr 22	1442.53
Apr 16	1432.75	Apr 23	1442.46
Apr 17	1439.68	Apr 24	1446.54
Apr 18	1432.14	Apr 25	Holiday
Apr 19	1434.48	Apr 26	1448.15
Apr 29	1453.29	May 6	1462.69
Apr 30	1453.26	May 7	1470.33
May 1	1457.50	May 8	1480.18
May 2	1453.46	May 9	1478.56
May 3	1455.95	May 10	1481.11

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Kathmandu	3.00	07-06	18-06	Full
NZX Ltd	1.25	17-05	31-05	Full
Property For Industry	1.70	20-05	29-05	0.4829
Restaurant Brands	9.50	14-06	28-06	Full
<u>Australian Shares</u>				
None				

Next Issue:

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