

# Market Analysis

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## Inside Market Analysis

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## Summary and Recommended Investment Strategy.

The Australian and New Zealand stockmarkets appear to be *at their lows*- with a major buying opportunity likely over the next several months. While we await further evidence of this upturn, we recommend holdings existing shares and a small cash reserve that we have built up over recent months.

### Investment Outlook.

Our One-Year Forecasts for the Australian and New Zealand stockmarkets have improved, but are still rated *Neutral* at 60% and 40% respectively. The One-Month Forecasts, however, are *Bullish* (i.e. favourable) at 72% and 75%.

Overall it appears likely that the moderate decline of the last 6-12 months has ended and that these stockmarkets will turn upwards from here. So the next few months will probably represent a major buying opportunity and we shall add to our portfolio with some new "Buy" recommendations.

Obviously, of course, we would like to see further improvements in our stockmarket forecasts. One-Year Forecasts above 60% (and preferably up towards 100%) would be *Bullish* and indicate a high probability of the stockmarket rising in value over the next year.

We would look for improved share price trends (e.g. *positive* Relative Strength ratings). Many cyclical, recovery or technology shares have fallen significantly over the last three years. Picking the bottom is close to impossible and the major risk is *buying too early* and watching shares continue to decline in value for several years. A positive Relative Strength rating helps avoid buying in too early and improves our chances of buying in at about the right time (i.e. in the early stages of a new uptrend).

The strength of the Australian dollar (up 15-20% against the US dollar over the last year) and the NZ dollar (up about 30%) is a cause for concern. In the short term a higher exchange rate benefits importers and consumers (who borrow to buy cheap imports), and hurts exporters and manufacturing. Longer term the downturn in the productive sectors of the economy leads to lower employment and profits, so the general economy tends to suffer.

### Stockmarket Forecasts

	One-Month	One-Year
Australia:	72% (Bullish)	60% (Neutral)
New Zealand:	75% (Bullish)	40% (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
A. Barnett Ltd	B	143	0.72	21	Nil	Fletcher Build.	A	343	0.40	14	6.1	Renaissance	E	23	0.04	NE	Nil
AMP Limited	C	1240	1.92	17	5.0	GDC Communicat.	B	135	0.74	14	3.9	Restaurant Brds	C	158	0.57	12	9.4
AMP NZ Office	C	89	9.08	14	8.0	Genesis Res.	C	145	1.89	NE	Nil	RetailX Limited	C	20	4.57	NE	Nil
AXA Asia Pac.	B	258	0.92	12	4.6	Goodman Fielder	C	188	0.66	12	2.5	Richina Pacific	D	52	0.06	11	Nil
Advantage Group	E	23	0.31	9	Nil	Guinness Peat	C	152	0.77	6	2.2	Richmond Hold.	C	265	N/A	NE	Nil
Affco Holdings	D	15	0.03	7	Nil	Hallenstein G.	B	279	0.93	14	9.9	Rocom Wireless	D	12	0.18	NE	Nil
Air New Zealand	E	53	0.35	NE	Nil	Hellaby Hold.	B	325	0.47	11	8.3	Rubicon Limited	D	70	2.64	NE	Nil
Akd Int Airport	B	542	9.34	26	3.7	Heritage Mining*	N/R	5.0	N/A	NE	Nil	Ryman Health.	C	165	2.66	15	3.4
Allied Farmers	B	200	0.22	6	11.9	Horizon Energy	B	350	3.35	12	7.2	Sanford Limited	C	499	1.21	13	6.0
Apple Fields	C	4.8	4.10	21	Nil	IT Capital Ltd	E	2.5	1.58	NE	Nil	Savoy Equities	D	1.6	3.02	NE	Nil
Beauty Direct	D	9.0	2.76	NE	Nil	Ind Newspapers	C	325	1.57	28	3.9	Scott Tech. Ltd	A	245	1.85	22	6.7
Blis Technology	D	37	N/A	NE	Nil	Infratil NZ	C	180	2.14	15	2.5	Seafresh Fish.	D	2.8	0.38	NE	Nil
Botry-Zen Ltd	D	15	N/A	NE	Nil	Kingsgate Int'l	E	19	0.98	7	Nil	Selector Group	E	1.2	1.69	NE	Nil
Brierley Invest	E	52	4.82	33	Nil	Kirkcaldie & St	B	390	0.73	18	4.6	Shotover Jet	C	68	1.20	9	2.7
Briscoe Group	B	276	2.28	33	3.5	Kiwi Property	B	105	6.72	11	9.7	Skelmax Indust	B	107	1.06	9	9.8
Broadway Ind	C	40	0.22	7	3.8	Lion Nathan Ltd	B	585	1.67	17	3.3	Sky City Leisur	C	204	0.23	19	Nil
CACI Group Ltd	E	31	0.43	NE	Nil	Lyttelton Port	B	170	2.79	11	9.7	Sky City Ltd	B	805	3.26	17	7.0
CDL Hotel NZ	C	27	0.47	9	3.9	Mainfreight Grp	C	112	0.20	12	8.7	Sky Network TV	E	358	4.78	NE	Nil
CDL Investments	C	21	1.94	53	Nil	Metro. LifeCare	C	105	1.08	13	Nil	Software of Exc	D	132	2.05	NE	Nil
Cabletalk Group	D	21	0.17	NE	Nil	Michael Hill	A	635	1.14	20	4.0	South Port NZ	C	160	2.96	16	6.1
Cadmus Tech Ltd	E	7.5	1.62	NE	Nil	Mid-Cap Index *	N/R	193	N/A	NE	Nil	Southern Cap	D	55	2.86	8	Nil
Calan Hlthcare	C	82	6.76	13	8.3	Mooring Systems	C	130	N/A	NE	Nil	Spectrum Res.	D	1.1	0.79	NE	Nil
Cap Properties	B	85	2.21	9	11.5	Mowbray Collect	C	83	1.53	NE	Nil	Steel & Tube	A	317	0.84	15	8.9
Carter Holt	C	188	0.86	13	3.2	Mr Chips Hold	C	121	1.05	34	4.3	Strathmore Grp	C	1.3	N/A	NE	Nil
Cavalier Corp	A	400	1.53	19	6.7	NGC Holdings	C	158	1.73	21	4.1	Submarines Aust	C	4.0	2.05	NE	Nil
Cedenco Foods	B	200	1.15	7	Nil	NZ Experience	C	20	N/A	10	Nil	Summit Gold Ltd*	N/R	6.0	N/A	NE	Nil
Cert Organics	E	23	N/A	NE	Nil	NZ Invest Trust*	N/R	445	N/A	NE	1.9	Tag Pacific Ltd	E	8.0	0.17	NE	Nil
Col FS Property	B	110	6.27	11	9.6	NZ Oil and Gas *	N/R	36	2.87	NE	Nil	Taylor's Grp Ltd	C	155	0.70	11	8.2
Col Motor Co	A	330	0.24	11	9.5	NZ Refining Co	B	1850	2.49	12	14.1	TeNZ *	N/R	89	N/A	NE	Nil
Commssoft Group	D	0.3	0.04	NE	Nil	NZIJ.co.nz	D	30	2.20	NE	Nil	Telecom Corp	C	470	1.59	13	6.4
Compass Com.	C	41	N/A	58	Nil	Nat Property Tr	C	83	5.09	13	10.8	Tourism Hold.	C	112	0.56	44	4.0
Contact Energy	B	407	2.24	20	7.0	Newcall Group	C	2.7	0.20	NE	Nil	Tower Limited	D	223	0.67	NE	6.7
Cube Capital	D	7.0	0.41	NE	Nil	Newmarket Prop.	C	52	3.96	9	12.6	Trans-Tasman	D	25	1.41	8	Nil
Cue Energy Ltd *	N/R	5.8	1.55	13	Nil	Northland Port	A	305	6.77	25	5.4	Tranz Rail Hold	D	105	0.27	NE	Nil
DB Breweries	B	600	1.05	15	6.7	Nuhaka Forestry	D	900	N/A	NE	Nil	Trust Power Ltd	C	365	1.11	NE	5.2
Dairy Brands	C	64	7.41	NE	Nil	Nuplex Indust	A	370	0.52	12	6.9	Turners Auction	C	270	N/A	NE	Nil
Design Textiles	A	100	N/A	11	4.5	Opio Forestry	D	55	9.86	NE	Nil	United Networks	B	986	3.28	13	5.3
Dorchester Pac	B	155	0.65	8	6.4	Otter Gold Mine*	N/R	29	0.68	NE	Nil	Utilico Int'l	D	55	5.58	7	Nil
Ecademy Hold.	E	0.4	6.67	NE	Nil	Owens Group Ltd	D	82	0.11	10	4.3	Vending Tech.	C	166	2.40	9	Nil
Ebos Group Ltd	B	308	0.40	14	7.0	Ozzy (Tortis) *	N/R	192	N/A	NE	Nil	Vertex Group	B	133	0.47	7	15.9
Eldercare NZ	E	18	0.84	NE	Nil	Pacific Retail	C	285	0.32	8	Nil	WN Drive Tech.	D	39	N/A	NE	Nil
Elect Trans Tec	D	4.0	N/A	NE	Nil	Paramount Prop.	D	100	N/A	NE	Nil	Wakefield Hosp.	C	134	0.54	18	3.3
Evergreen	D	53	3.54	11	Nil	Port Tauranga	A	450	5.49	24	5.5	Warehouse Group	B	725	1.18	27	2.8
F & P Appliance	A	975	1.86	23	3.8	Ports Auckland	B	670	4.48	16	6.7	Waste Mgmt NZ	B	310	1.97	23	3.6
F & P Health.	B	940	4.48	15	4.0	Powerco Limited	C	145	1.98	10	13.5	Williams Kettle	A	400	0.32	8	8.6
FC - Forests	D	102	0.85	8	Nil	Property F Ind.	C	95	8.55	16	7.3	World Index Fd *	N/R	112	N/A	NE	Nil
Feverpitch Int.	D	12	N/A	NE	Nil	Pure NZ Limited	D	5.0	4.85	NE	Nil	Wrightsons Ltd	B	123	0.25	8	14.0
Finzsoft Solns	D	48	1.09	NE	Nil	Pyne Gould G.	B	113	0.44	9	11.2	Ave of 143 Cos	C	200	0.48	20	3.3
AMP Diver. Prop	A	268	9.93	14	7.3	Crane Group	A	875	0.27	13	5.7	Newmont Yandal	D	154	1.16	NE	Nil
AMP Office Trt	B	119	N/A	14	7.7	DCA Group Ltd	B	167	2.27	19	3.3	Normandy NFM	A	2101	4.77	26	1.2
AMP Shop Centre	A	145	7.29	15	7.7	Deutsche Office	A	123	7.22	13	8.1	Nufarm Limited	B	371	0.40	10	4.9
ANZ Bank	B	1770	1.66	12	4.8	Deutsche Ind Tr	A	170	6.82	15	8.8	OPSM Group Ltd	B	328	0.89	17	4.4
AWB Limited	B	394	0.46	10	6.3	Deutsche Div Tr	A	117	7.95	13	7.7	Oil Coy of Aust	B	400	4.25	16	6.0
Adelaide Bank	B	730	1.28	16	4.4	Djerriwarrh	B	339	N/A	17	6.3	Oil Search Ltd	C	65	1.73	18	Nil
Adelaide Bright	A	122	1.48	19	3.3	Foodland Assoc	B	1700	0.40	19	4.4	Onestep Ltd	B	175	0.32	20	3.7
Alumina Ltd	B	501	2.63	24	5.8	Foster's Group	B	453	1.85	17	3.8	Orica Ltd	A	1032	0.68	13	4.3
Amcor Ltd	B	853	0.82	8	3.3	Futuris Corp.	B	137	0.12	13	8.8	Origin Energy	A	384	1.02	19	1.3
Anglogold Ltd	A	1175	0.34	3	15.4	GWA Internat'l	A	253	1.14	15	6.7	Oxiana NL	C	53	N/A	NE	Nil
Ansell Ltd	C	753	0.63	NE	Nil	Gandel Retail	A	141	9.31	16	6.4	Pacifica Group	C	392	0.49	NE	2.2
Aquarius Plat.	B	882	4.03	18	Nil	General Prop Tr	A	296	8.43	15	6.7	Paperlin X Ltd	B	518	0.52	14	5.2
Argo Investment	B	439	N/A	28	3.4	Goodman Fielder	B	175	0.72	13	4.3	Perp Trust Aust	B	3488	4.47	18	4.6
Aust Pharm. Ind	B	282	0.29	16	4.6	Guinness Peat	B	140	0.84	6	2.1	Principal Off.	C	154	N/A	NE	Nil
Aust Stock Exch	B	1150	5.57	20	3.5	Gunns Ltd.	A	915	1.40	14	3.0	Ramsay Health	B	365	0.84	15	3.0
Aust Foundation	B	322	N/A	29	4.4	Hills Indust.	A	323	0.69	17	6.2	Reece Australia	A	615	0.96	14	2.8
Australand Hold	B	140	0.54	8	8.6	ING Indust Trt	A	171	N/A	13	7.9	Ridley Corp.	B	152	0.28	13	3.0
BHP Billiton	B	980	1.11	10	2.5	ING Office Fund	B	120	6.68	12	8.8	Rio Tinto Ltd	B	3478	0.85	5	3.3
BHP Steel Ltd	C	348	0.60	NE	Nil	ION Limited	B	236	1.43	17	3.1	Santos Ltd	A	639	2.37	8	4.7
BRL Hardy Ltd	B	745	1.67	18	2.7	Iluka Resources	B	461	1.08	16	4.8	Sigma Company	B	432	0.35	27	2.3
Bank of Q'land	A	696	2.60	16	4.2	Incitec	A	730	0.97	15	5.1	Simsmetal Ltd	B	864	0.55	16	4.2
Bank of W.Aust	B	372	3.74	15	4.7	Investa Prop.	A	220	7.07	15	6.7	Smorgon Steel	C	113	0.33	19	5.8
Bendigo Bank	B	816	3.48	20	3.6	James Hardie	B	663	2.55	53	1.5	Sonic Health	A	642	1.92	49	3.1
Bidvest	B	360	0.20	12	2.8	Leighton Hold	B	1030	0.55	16	4.1	Sons of Gwalla	B	278	0.86	8	7.2
Billabong Int'l	B	690	2.76	23	2.8	Lend Lease Corp	B	973	0.34	19	1.8	Soul Pattinson	B	540	3.27	18	2.6
Boral Limited	B	421	0.68	13	4.5	Lend Lease US	A	98	N/A	9	11.2	Southcorp Ltd	C	495	1.30	12	4.4
Brickworks Ltd	B	670	5.30	17	2.3	Lihir Gold	C	147	3.77	21	Nil	St George Bank	B	1806	2.30	21	4.4
Bristle Ltd	B	270	1.41	10	5.9	M.I.M. Holdings	B	152	0.75	34	2.1	Sthn C. Fliers	C	10180	N/A	NE	Nil
Burns Philp	C	51	0.29	3	Nil	Macquarie C'Wde	A	169	9.83	14	7.9	Stockland	A	496	4.93	17	6.0
C'wth Prop Off.	A	121	8.66	14	7.4	Macquarie Bank	B	2575	2.14	18	3.6	Suncorp-Metway	B	1119	1.31	19	4.8
C.S.R. Ltd	B	610	0.79	10	3.9	Macquarie Good.	A	150	5.87	13	7.9	Telstra	C	450	1.38	8	4.9
CSL Limited	B	2159	2.53	28	1.6	Macquarie Off.	B	125	9.31	14	8.7	Ticor Ltd	B	170	1.16	7	4.7
Cabcharge Ltd	B	302	0.75	27	3.3	Mayne Group Ltd	B	329	0.52	15	4.3	WMC Resources	C	430	3.79	NE	Nil
Caltex Australia	B	212	0.12	NE	Nil	McGuigan Simeon	B	473	4.33	38	3.2	Wesfarmers Ltd	B	2820	1.42	25	3.9
Centro Prop.	A	378	N/A	16	6.9	Metcash Trading	B	205	0.20	21	2.4	Westfield Hold.	B	1357	7.91	33	1.6
Challenger Int.	C	160	0.78	2	5.6	Mia Group Ltd	B	77	1.51	21	4.2	Westfield Trust	A	353	8.48	15	6.5
Coal & Allied	B	2540	1.42	10	3.0	Milton Corp.	B	1155	N/A	25	3.9	Westfield Amer	A	216	2.76	17	6.5
CocaCola Amatil	B	548	0.99	18	2.6	Mirvac Group	A	419	2.55	15	6.3	Westpac Banking	B	1410	1.62	11	5.0
Cochlear Ltd	A	3880	7.95	51	1.3	Nat'l Aust Bank	B	3228	1.87	15	4.6	Woodside Petrol	B	1210	3.00	9	2.8
Coles Myer	B	650	0.30</														

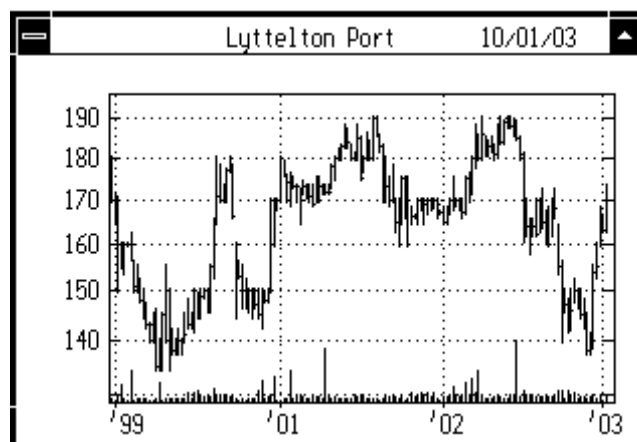
# Recommended Investments

**Lyttelton Port Company's** container business will expand this year after **Mediterranean Shipping Company** chose the port for a new service to Australia, Asia and Europe. Container ships will arrive at the port every Tuesday afternoon and leave the next morning.

Lyttelton Port Company's share price fell sharply last year when one container line discontinued a service to the port - and the share price has risen just as quickly in response to this new business. Despite this volatility these individual contracts aren't that significant but investors over react to *perceived* trends in the port's competitive position. In fact, this is a relatively low risk, cash generating, income earning business - providing a range of port services to a range of customers.

Lyttelton Port Company shares are therefore a low risk, high yielding investment that should also produce

moderate long term capital appreciation. This is an ideal investment for retired investors.



(Continued on Page 4)

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance 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 %
<b>NZ Shares</b>													
BUY	CDL Investments Ltd	CDI	12/01/99	25	C	187.1	2.2	1.94	53	Nil	21	6.1	+8%
HOLD+	Cavalier Corporation	CAV	05/12/95	312	A	63.0	0.7	1.53	19	6.7	400	207.0	+95%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	A	27.9	0.6	0.24	11	9.5	330	231.8	+275%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	B	101.8	1.0	2.79	11	9.7	170	21.3	+27%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	A	38.5	0.5	1.14	20	4.0	635	120.0	+1541%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	A	59.7	0.8	0.52	12	6.9	370	68.0	+25%
HOLD	Renaissance Corp	RNS	13/08/96	85*	E	37.1	2.0	0.04	NE	Nil	23	10.4	-61%
BUY	Richina Pacific	RCH	03/11/95	119*	D	72.2	1.7	0.06	11	Nil	52	11.9	-46%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	1.0	2.96	16	6.1	160	62.8	+86%
BUY	Steel & Tube Holdings	STU	08/08/00	146	A	87.9	1.0	0.84	15	8.9	317	52.0	+153%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	C	24.3	0.8	0.70	11	8.2	155	21.5	+73%
BUY	Wrightson Limited	WRI	13/01/98	83	B	134.2	1.3	0.25	8	14.0	123	29.8	+84%
<b>Australian Shares (in Aust cents)</b>													
HOLD+	Abigroup Limited	ABG	09/03/99	265	A	47.7	0.7	0.18	14	3.7	215	49.0	-0%
HOLD+	Atlas Pacific Ltd	ATP	14/05/96	73	B	87.8	1.3	2.78	8	10.0	40	6.0	-37%
HOLD+	Auspine Limited	ANE	08/02/00	210	B	57.0	0.6	0.62	13	6.1	229	48.0	+32%
BUY	Austral Coal Ltd	AUO	16/01/01	19	C	154.5	1.3	0.62	12	Nil	60	Nil	+216%
HOLD	Biron Capital Ltd	BIC	12/04/94	171*	B	38.2	1.5	2.45	20	3.1	33	11.5	-74%
HOLD	Brazin Limited	BRZ	11/12/01	160	B	116.4	0.8	0.48	11	6.6	205	13.5	+37%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	418*	B	39.0	0.5	0.49	15	6.7	446	85.5	+27%
HOLD	Cellnet Group Ltd	CLT	12/02/02	152	C	49.5	1.0	0.13	5	10.1	89	9.0	-36%
BUY	Commander Comm.	CDR	11/09/01	92	B	145.1	1.0	0.56	11	3.6	77	5.3	-11%
HOLD+	C.S.R. Limited	CSR	11/07/00	436	B	938.9	0.7	0.79	10	3.9	610	47.0	+51%
HOLD	Julia Ross Recruitment	JRR	14/08/01	92	C	57.4	1.3	0.25	6	9.0	67	9.0	-17%
HOLD+	McPherson's Ltd	MCP	10/10/00	125	A	41.0	0.6	0.35	9	5.3	228	24.0	+102%
HOLD	Nufarm Limited	NUF	11/02/97	418*	B	155.7	0.6	0.40	10	4.9	371	99.3	+13%
HOLD	OAMPS Limited	OMP	15/05/01	132*	B	71.7	0.6	0.44	15	7.4	270	17.3	+118%
BUY	Skilled Engineering	SKE	12/03/02	126	A	88.7	1.0	0.25	14	5.9	170	10.0	+43%
HOLD	Toll Holdings	TOL	08/09/98	60*	B	302.8	0.6	1.30	24	1.6	638	29.0	+1012%
HOLD	UXC Limited	UXC	11/01/00	55*	C	124.1	1.4	0.22	10	8.5	59	14.0	+33%
BUY	Villa World Ltd	VWD	11/06/02	68	A	102.9	0.9	0.38	6	11.3	80	5.0	+25%
HOLD+	Vision Systems Ltd	VSL	10/11/98	69*	B	164.1	1.0	1.70	17	3.1	126	20.1	+112%
HOLD	Volante Group Ltd	VGL	13/03/01	132	B	68.1	0.9	0.20	17	7.4	108	13.0	-8%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +121.4%. This is equal to an average annual rate of +29.6%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 32 current and 117 closed out) is +29.2%, compared with a market gain of +8.7% (by the SRC Total Return Index).

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

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

**Recommended Investments** (Continued from Page 3)

**Wrightson** is to invest \$1.5 million to triple production capacity of coated seeds and to improve quality from its factory in Christchurch. This operation coats seeds for Wrightson as well as for other seed suppliers.

**Australian Shares**

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

**Atlas Pacific** harvested 110,000 pearls during 2002, with pearls to be harvested from another 20,000 oysters this month. The company plans to seed almost 240,000 oysters this year. 180,000 of these will be new oysters and 60,000 oysters will be re-seeded, which yields larger, higher value pearls. With 85% retention rates, this level of seeding will boost annual pearl production to around 200,000 pearls over the next two to three years.

**OAMPS** is predicting trading profits of around \$8.0 million for the six months to December 2002, up 45% on trading profits (i.e. before a \$1 million write-off) the same period in 2001.

OAMPS continues to expand with a series of acquisitions completed over the last month. Businesses acquired include: Brisbane based **Park First Insurance Brokers**, Sydney based **Sureserve Insurance Brokers**, Queensland based **White Line Insurance Brokers** (which specialises in commercial motor transport insurance, with 200 clients and \$2.25 million in premium revenues) and **Queensland Risk & Insurance Brokers** (with 500 national and multinational corporate clients, generating \$8 million in insurance premiums) and the Newcastle based general insurance business of **Ross Notley Insurance Services Pty** (with 250 clients and \$1.25 million in revenues).

OAMPS has issued a small number of shares (i.e. 107,000 shares in total) to acquire these businesses - so there will be little *dilution* in earnings per share growth. Most of the acquisition costs are payable in cash over two years based upon future business levels. OAMPS can buy small insurance businesses at relatively low valuations and realise significant synergies and cost savings, especially in the area of statutory compliance costs, so acquisitions are an attractive way to grow this business.

**UXC** subsidiary, **Intag Communication Solutions**, has been awarded a \$3.06 million, three year contract from **Alcatel Australia** to design, implement and support a voice and messaging network to be installed for the **Department of Public Works** in NSW. Intag will also integrate communications software for **SalesForce**, one of Australia's largest call centre and direct sales companies.

UXC's \$5.0 million convertible note investment in **Novera Energy** has converted to 13,558,814 shares (i.e. at a cost of just under 37 cents per share) and 2,000,000 free options. This conversion follows Novera Energy's initial public offering of 37.8 million shares at 45 cents and listing on the Australian stockmarket. Unfortunately, Novera Energy shares have since fallen and are currently trading at 30 cents!

UXC's telecommunications consulting subsidiary, **Gibson Quai Pty**, has acquired the business and

assets of **Telsyte Pty** for about \$250,000 (i.e. \$125,000 in cash immediately, \$50,000 in cash and \$75,000 in UXC shares after one year). The business generates annual revenues of about \$600,000 and earnings (before interest and tax) of around \$100,000.

**Vision Systems** has announced that it will not be proceeding with a small \$10-15 million acquisition that it had been examining since July 2002.

At 30 November, Vision Systems held cash of \$32 million and interest bearing debts of only \$29 million.

Vision System's contract Research & Development subsidiary, **Invetech**, has secured a \$1.7 million contract to "complete the engineering design and development, testing and commercial proving of a revolutionary mobile wool harvesting system" for **ShearExpress**. Each system will be capable of removing and testing wool from over 1,000 sheep per day.

The biggest division, **Vision Fire & Security** reports sales "ahead of last year" for the five months to the end of November 2002. Sales to customers outside of its traditional markets of IT and Telecommunications now account for over 50% of revenues, up from about one-third in the previous period. The recently launched *FastTrace* video-audio system has become "one of the best product releases" with strong demand from banks and financial institutions. This new product will "contribute significantly" to revenues and profits next year as sales volume builds.

Vision Systems share price has rallied strongly over the last two months - from an October low of 85 cents to a high of 150 cents on Monday last week, before falling back to 126 cents on Friday. This is a similar trend to several other Australian technology shares. Our expectation is that the shares may trade around 110-130 cents over the next 3-6 months and then start to appreciate strongly as new products and its recent major acquisition help the company enter a new growth phase. We are upgrading Vision Systems shares to a "Hold+" and will move that to a "Buy" as the new uptrend becomes more certain.



**Villa World** has announced plans to build a \$55 million, village-style community on a 36 hectare site at Oxenford, on the Gold Coast, near the major theme parks. The development, to be called *The Reserve*, will consist of 224 homes, mainly four bedroom and ranging in size from 450-1000m<sup>2</sup>, and nine hectares of parks and open spaces.

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

See "Market Analysis" issues 298-301 or the Reprint sent to all new subscribers for details. These shares are not formal "buy" and "sell" recommendations, but the "Under-Valued", "Best Performing" and "Income" shares should be considered for purchase, while the "Over-Valued" and "Worst Performing" shares can generally be sold to release money for re-investment in more attractive shares.

STRENGTH RATING												STRENGTH RATING													
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola- tility	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola- tility	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0												<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0													
Col Motor Co	330	+7.1	+2.2	11	-	1.1	10	0.6	11	9.5	0.24	92	Hallenstein G.	279	+0.7	-1.0	35	3	3.8	27	0.5	14	9.9	0.93	164
Wrightsons Ltd	123	+3.5	-3.4	22	1	1.4	18	1.3	8	14.0	0.25	165	Skellmax Indust	107	-1.5	+2.7	51	-	5.9	69	0.8	9	9.8	1.06	107
Williams Kettle	400	+3.7	-1.0	21	-	1.2	15	0.5	8	8.6	0.32	59	Lyttelton Port	170	-5.5	+2.9	67	3	6.1	58	0.8	11	9.7	2.79	173
Fletcher Build.	343	+8.5	+1.9	8	5	2.1	16	0.8	14	6.1	0.40	1,189	Restaurant Brds	158	-10.3	-0.1	81	4	3.6	29	0.8	12	9.4	0.57	147
CDL Hotel NZ	27	+2.8	+1.8	25	-	0.4	5	1.9	9	3.9	0.47	94	Steel & Tube	317	+6.6	+0.4	12	3	2.3	15	0.8	15	8.9	0.84	279
Hellaby Hold.	325	+8.0	+1.2	9	1	2.0	17	0.7	11	8.3	0.47	161	Hellaby Hold.	325	+8.0	+1.2	9	1	2.0	17	0.5	11	8.3	0.47	161
Nuplex Indust	370	+5.4	+3.3	15	3	1.7	15	0.8	12	6.9	0.52	221	<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
Tourism Hold.	112	+2.9	+2.9	24	3	0.6	1	1.2	44	4.0	0.56	103	Opio Forestry	55	-1.5	-0.2	50	-	0.6	-	0.6	NE	Nil	9.86	8
Dorchester Pac	155	+1.9	-2.2	28	-	1.5	18	1.1	8	6.4	0.65	30	Brierley Invest	52	-2.8	-2.4	57	1	0.5	1	1.2	33	Nil	4.82	735
GDC Communicat.	135	+2.9	+10.2	23	-	3.1	22	1.3	14	3.9	0.74	51	Sky Network TV	358	-8.2	+1.9	75	5	25.4	-	0.8	NE	Nil	4.78	1,394
Steel & Tube	317	+6.6	+0.4	12	3	2.3	15	1.0	15	8.9	0.84	279	Evergreen	53	-2.8	+2.0	58	-	0.6	5	0.9	11	Nil	3.54	77
Hallenstein G.	279	+0.7	-1.0	35	3	3.8	27	0.7	14	9.9	0.93	164	South Port NZ	160	-1.8	-0.7	53	-	3.2	20	0.7	16	6.1	2.96	42
<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0												Lyttelton Port	170	-5.5	+2.9	67	3	6.1	58	0.7	11	9.7	2.79	173	
Sky City Leisur	204	+9.9	-6.5	6	-	20.9	-	1.4	19	Nil	0.23	13	Vending Tech.	166	-6.9	+0.6	70	-	3.1	34	0.7	9	Nil	2.40	49
Fletcher Build.	343	+8.5	+1.9	8	5	2.1	16	0.7	14	6.1	0.40	1,189	Infratil NZ	180	-1.0	-0.8	46	1	1.0	7	0.6	15	2.5	2.14	335
Hellaby Hold.	325	+8.0	+1.2	9	1	2.0	17	0.6	11	8.3	0.47	161	Software of Exc	132	-22.1	-0.2	88	-	4.4	-	0.9	NE	Nil	2.05	28
Col Motor Co	330	+7.1	+2.2	11	-	1.1	10	0.5	11	9.5	0.24	92	<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0												
Steel & Tube	317	+6.6	+0.4	12	3	2.3	15	0.8	15	8.9	0.84	279	Tranz Rail Hold	105	-28.7	+1.6	91	4	0.4	-	0.9	NE	Nil	0.27	236
Nuplex Indust	370	+5.4	+3.3	15	3	1.7	15	0.7	12	6.9	0.52	221	Cert Organics	23	-28.5	-3.5	91	-	92.0	-	1.8	NE	Nil	N/A	5
Williams Kettle	400	+3.7	-1.0	21	-	1.2	15	0.4	8	8.6	0.32	59	Summit Gold Ltd	6	-22.5	+0.6	89	-	1.4	-	1.9	NE	Nil	N/A	6
Wrightsons Ltd	123	+3.5	-3.4	22	1	1.4	18	1.1	8	14.0	0.25	165	Software of Exc	132	-22.1	-0.2	88	-	4.4	-	0.9	NE	Nil	2.05	28
GDC Communicat.	135	+2.9	+10.2	23	-	3.1	22	1.1	14	3.9	0.74	51	Genesis Res.	145	-20.3	+0.9	88	-	0.7	-	0.9	NE	Nil	1.89	38
CDL Hotel NZ	27	+2.8	+1.8	25	-	0.4	5	1.4	9	3.9	0.47	94	Advantage Group	23	-19.0	-2.9	86	3	1.2	14	1.6	9	Nil	0.31	20
Dorchester Pac	155	+1.9	-2.2	28	-	1.5	18	0.9	8	6.4	0.65	30	Bis Technology	37	-17.0	+0.8	84	-	4.5	-	0.9	NE	Nil	N/A	23
Kingsgate Int'l	19	+1.0	-1.1	32	-	0.5	7	1.6	7	Nil	0.98	75	AMP Limited	1240	-14.2	+1.0	83	-	1.2	7	0.5	17	5.0	1.92	13,993
Hallenstein G.	279	+0.7	-1.0	35	3	3.8	27	0.6	14	9.9	0.93	164	Elect Trans Tec	4	-11.1	+1.5	82	-	-	-	3.2	NE	Nil	N/A	9
<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million												Eldercare NZ	18	-9.0	-1.2	77	-	0.8	-	1.3	NE	Nil	0.84	34	
NZ Refining Co	1850	+4.0	+1.4	20	1	1.4	11	0.2	12	14.1	2.49	444	AXA Asia Pac.	258	-8.6	-0.2	76	-	1.3	10	0.5	12	4.6	0.92	4,547
Wrightsons Ltd	123	+3.5	-3.4	22	1	1.4	18	1.0	8	14.0	0.25	165	FC - Forests	102	-8.2	-1.0	75	6	2.5	33	0.9	8	Nil	0.85	567
Powerco Limited	145	-8.8	-2.0	77	2	0.8	8	0.5	10	13.5	1.98	323	Sky Network TV	358	-8.2	+1.9	75	5	25.4	-	0.8	NE	Nil	4.78	1,394
Pyne Gould G.	113	-1.4	+1.6	49	-	1.1	12	0.7	9	11.2	0.44	113	Ind Newspapers	325	-7.2	+2.2	72	4	1.2	4	0.9	28	3.9	1.57	1,373
													Vending Tech.	166	-6.9	+0.6	70	-	3.1	34	0.7	9	Nil	2.40	49

## "Strongest" Shares

This table shows the 50 NZ shares that are appreciating most rapidly in value. As a group, these strong shares can be expected to outperform the market - so investors should generally HOLD for further gains.

STRENGTH RATING												STRENGTH RATING													
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola- tility	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola- tility	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
Scott Tech. Ltd	245	+21.4	+5.4	-0	-	3.6	16	0.7	22	6.7	1.85	54	Richmond Hold.	265	+4.3	+10.7	17	-	-	-	0.7	NE	Nil	N/A	N/A
A. Barnett Ltd	143	+18.9	-4.1	0	-	0.8	4	1.3	21	Nil	0.72	21	CDL Investments	21	+4.3	+5.9	18	-	1.0	2	2.2	53	Nil	1.94	39
Shotover Jet	68	+17.3	-7.2	1	-	1.4	16	1.2	9	2.7	1.20	29	NZU.co.nz	30	+4.1	-1.4	18	-	1.1	-	1.5	NE	Nil	2.20	1
Design Textiles	100	+16.4	+6.1	2	-	2.2	20	1.4	11	4.5	N/A	0	Kiwi Property	105	+4.1	-0.3	19	5	0.9	8	0.9	11	9.7	6.72	484
Cavalier Corp	400	+12.9	+3.5	2	1	2.2	12	0.7	19	6.7	1.53	252	NZ Refining Co	1850	+4.0	+1.4	20	1	1.4	11	0.2	12	14.1	2.49	444
NZ Experience	20	+12.8	-3.4	3	-	1.5	14	2.1	10	Nil	N/A	11	Mir Chips Hold	121	+4.0	+1.1	21	-	4.3	13	1.1	34	4.3	1.05	29
Sky City Ltd	805	+10.8	-0.3	4	7	6.7	38	0.6	17	7.0	3.26	1,671	Williams Kettle	400	+3.7	-1.0	21	-	1.2	15	0.5	8	8.6	0.32	59
Northland Port	305	+10.0	+5.2	5	1	3.0	12	0.7	25	5.4	6.77	126	Wrightsons Ltd	123	+3.5	-3.4	22	1	1.4	18	1.3	8	14.0	0.25	165
Sky City Leisur	204	+9.9	-6.5	5	-	20.9	-	1.5	19	Nil	0.23	13	Property F Ind.	95	+3.0	+1.0	23	6	1.2	8	0.9	16	7.3	8.55	189
NGC Holdings	158	+9.5	-0.7	6	3	1.9	9	1.1	21	4.1	1.73	1,224	GDC Communicat.	135	+2.9	+10.2	23	-	3.1	22	1.3	14	3.9	0.74	51
Briscoe Group	276	+8.6	+1.3	7	6	8.4	25	0.8	33	3.5	2.28	580	Tourism Hold.	112	+2.9	+2.9	24	3	0.6	1	1.2	44	4.0	0.56	103
Fletcher Build.	343	+8.5	+1.9	7	5	2.1	16	0.8	14	6.1	0.40	1,189	CDL Hotel NZ	27	+2.8	+1.8	25	-	0.4	5	1.9	9	3.9	0.47	94
Compass Com.	41	+8.4	-3.7	8	-	1.2	2	1.6	58	Nil	N/A	1	Mowbray Collect	83	+2.8	+0.5	25	-	1.8	1	1.0	163	Nil	1.53	6
Hellaby Hold.	325	+8.0	+1.2	9	1	2.0	17	0.7	11	8.3	0.47	161	WN Drive Tech.	39	+2.8	-2.0	26	-	15.9	-	1.5	NE	Nil	N/A	41
Michael Hill	635	+7.7	+0.6	9	2	5.5	28	0.5	20	4.0	1.14	244	Trust Power Ltd	365	+2.3	-0.2	27	2	1.2	-	0.6	NE	5.2	1.11	669
Port Tauranga	450	+7.4	+0.2	10	5	1.4	6	0.5	24	5.5	5.49	602	Akd Int Airport	542	+2.2	+0.3	27	6	3.1	12	0.6	26	3.7	9.34	1,647
Col Motor Co	330	+7.1	+2.2	11	-	1.1	10	0.6	11	9.5	0.24	92	Dorchester Pac	155	+1.9	-2.2	28	-	1.5	18	1.1	8	6.4	0.65	30
Newcall Group	3	+6.9	-18.1	12	-	-	-	6.5	NE	Nil	0.20	4	Dairy Brands	64	+1.7	+1.2	29	-	2.6	-	1.0	NE	Nil	7.41	31
Steel & Tube	317	+6.6	+0.4	12	3	2.3	15	1.0	15	8.9	0.84	279	Lion Nathan Ltd	585	+1.5	-1.2	30	1	1.3	8	0.4	17	3.3	1.67	3,125
United Networks	986	+5.6	-1.9	13	-	1.6	13	0.3	13	5.3	3.28	1,493	Col FS Property	110	+1.5	+0.3	30	3	1.1	10	0.8	11	9.6	6.27	160
Cue Energy Ltd	6	+5.5	+0.4	14	-	0.5	4	4.1	13	Nil	1.55	19	NZ Oil and Gas	36	+1.2	+4.7	31	-	1.2	-	1.6	NE	Nil	2.87	42
Nuplex Indust	370	+5.4	+3.3	14	3	1.7	15	0.8	12	6.9	0.52	221	Kingsgate Int'l	19	+1.0	-1.1	32	-	0.5	7	2.1	7	Nil	0.98	75
Turners Auction	270	+5.1	+1.6	15	-	-	-	0.7	NE	Nil	N/A	N/A	Mooring Systems	130	+1.0	+2.8	32	-	3.1	-	0.7	NE	Nil	N/A	14
Horizon Energy	350	+4.7	-2.3	16	1	0.5	4	0.5	12	7.2	3.35	87	DB Breweries	600	+1.0	-0.0	33	1	2.2	14	0.5	15	6.7	1.05	303
F & P Appliance	975	+4.5	-1.8	16	8	1.2	5	0.8	23	3.8	1.86	633</													

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Company	STRENGTH RATING					Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	STRENGTH RATING					Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	
	Share Price	Current	4-Wk Chg.	Rank	Insider Buy/Sell									Brokers Following	Current	4-Wk Chg.	Rank	Insider Buy/Sell								Brokers Following
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0													<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0													
OM Holdings	27	+30.0	-3.2	2	0.0	-1.4	4	1.6	31	1.9	0.11	13	General Publish	20	+65.8+28.8	1	0.1	-	-	1.5	5	Nil	0.26	3		
A.P. Eagers	490	+1.2	-0.1	26	4.1	1	1.1	9	0.5	12	5.7	0.11	84	Kresta Holdings	25	+45.9 +7.5	1	3.7	-	2.5	38	1.2	6	Nil	0.52	30
Catalyst Rec'mt	31	+7.0	+2.1	14	0.0	-	1.6	13	1.4	12	5.6	0.12	8	Acma Engineer.	12	+44.9 -3.4	1	0.0	-	-	1.7	6	Nil	0.17	8	
Adtrans Group	285	+7.3	-0.7	13	3.1	1	2.4	26	0.4	9	6.8	0.14	65	Maxi TRANS	32	+34.7+12.5	2	7.0	-	3.2	20	1.2	16	4.7	0.47	42
Henry Walker E.	101	+2.6	+1.2	22	7.0	3	0.8	-	0.9	NE	3.5	0.14	167	Astron Ltd	121	+32.2 +0.7	2	0.0	-	0.7	20	0.6	3	Nil	0.22	16
Bridgestone	203	+3.9	+2.2	18	0.0	-	0.5	6	0.6	8	3.7	0.14	74	Investor Info	12	+24.3 +3.7	3	1.1	-	-	1.7	9	8.3	0.54	6	
Ausdrill Ltd	39	+10.7	-4.7	10	2.0	-	0.8	28	1.5	3	3.9	0.16	34	Aircrusing Aust	10	+22.0 -12.5	4	0.0	-	-	1.9	5	Nil	0.16	1	
ABB Grain Ltd	325	+3.4	+5.2	19	8.0	-	1.3	13	0.6	10	5.3	0.16	148	Austin Group	46	+21.4 -5.9	4	0.2	-	2.3	25	0.8	9	4.3	0.54	27
Danks Holdings	1020	+1.4	-3.2	25	0.0	-	1.4	11	0.3	13	5.4	0.16	66	Canberra Invest	119	+20.5 +8.9	4	0.0	-	1.3	30	0.7	4	3.4	0.61	37
Raptis Group	25	+17.1	+1.2	6	0.0	-	1.3	16	1.4	8	3.0	0.17	17	Coffey Int'l	290	+19.9 +0.3	4	3.0	-	3.2	31	0.4	10	5.2	0.29	33
Supply Network	26	+9.1	+1.6	12	0.0	-	0.9	10	1.4	9	3.8	0.19	6	Tamawood Ltd	129	+18.3 +4.4	5	5.2	-	4.3	43	0.7	10	7.8	0.53	34
Embelton Ltd	220	+7.0	-1.0	14	0.0	-	0.8	7	0.6	12	4.1	0.24	5	Raptis Group	25	+17.1 +1.2	6	0.0	-	1.3	16	1.0	8	3.0	0.17	17
Lemarne Corp	193	+23.1	+5.2	3	3.0	-	1.0	-	0.5	NE	5.2	0.24	32	Schaffer Corp	1260	+16.9 +1.3	6	1.3	-	3.7	32	0.7	11	4.8	0.80	171
Integrated Grp	99	+5.7	-0.0	16	1.0	1	5.0	50	1.0	10	6.6	0.24	68	Joyce Corp.	67	+16.4 -0.2	6	4.0	-	1.1	14	1.0	8	Nil	0.17	12
Skilled Eng.	170	+11.9	-1.8	9	2.3	3	8.5	60	0.9	14	5.9	0.25	151	Heggies Bulk.	41	+15.0 -2.8	7	3.0	-	2.0	12	0.8	17	Nil	0.18	23
Roberts Ltd	395	+3.3	-0.5	20	0.0	-	1.5	19	0.4	8	7.6	0.27	43	AJ Lucas	109	+14.0 -2.9	8	1.0	-	3.6	37	0.6	10	6.9	0.59	45
Ridley Corp.	152	+5.4	+1.2	16	2.1	3	1.5	12	0.8	13	3.0	0.28	404	CMI Limited	160	+13.9 +1.2	8	0.0	1	2.0	24	0.5	8	6.3	0.33	43
HJ & B Group	35	+7.9	+8.3	13	2.1	-	3.5	-	1.2	NE	2.9	0.28	21	Bolnisi Gold NL	19	+13.3 +2.7	8	0.0	-	1.0	13	1.4	7	3.9	0.60	29
Coffey Int'l	290	+19.9	+0.3	4	3.0	-	3.2	31	0.5	10	5.2	0.29	33	Cash Converters	6	+12.8 +4.1	8	0.4	-	-	2.2	8	Nil	0.56	8	
Onesteel Ltd	175	+8.9	+2.2	12	0.0	6	1.0	5	0.7	20	3.7	0.32	949	ICE Corporation	7	+12.8 +9.9	8	0.0	-	-	2.1	5	Nil	0.47	11	
Angus & Coote	580	+0.2	-0.0	30	0.0	-	1.5	12	0.4	12	5.5	0.32	69	Electrotech Inv	4	+12.2+15.1	9	2.0	-	0.2	5	2.6	4	Nil	0.09	9
K&S Corporation	288	+2.5	+3.7	22	0.0	2	1.9	-	0.7	NE	4.0	0.32	86	Skilled Eng.	170	+11.9 -1.8	9	2.3	3	8.5	60	0.8	14	5.9	0.25	151
CMI Limited	160	+13.9	+1.2	8	0.0	1	2.0	24	0.6	8	6.3	0.33	43	Fleetwood Corp	298	+10.8 -0.5	10	1.1	-	4.3	29	0.5	14	4.4	0.66	113
Alesco Corp Ltd	414	+3.3	+0.9	20	1.3	2	3.0	20	0.5	15	3.6	0.34	159	Ausdrill Ltd	39	+10.7 -4.7	10	2.0	-	0.8	28	1.2	3	3.9	0.16	34
Anglogold Ltd	1175	+9.2	+4.6	12	0.0	-	-	0.4	3	15.4	0.34	859	FKP Limited	144	+10.7 +1.8	10	5.1	2	1.0	11	1.0	10	6.9	0.82	163	
Noni B Limited	116	+9.8	+2.5	11	1.0	-	3.9	30	1.2	13	6.0	0.34	35	Berklee Ltd	65	+10.3 -2.9	11	1.0	-	0.9	7	0.8	14	6.2	0.83	9
McPherson's Ltd	228	+9.0	-2.7	12	0.1	-	5.7	62	0.5	9	5.3	0.35	94	Noni B Limited	116	+9.8 +2.5	11	1.0	-	3.9	30	1.0	13	6.0	0.34	35
Sigma Company	432	+3.2	+1.7	20	0.0	6	4.3	16	0.6	27	2.3	0.35	599	Anglogold Ltd	1175	+9.2 +4.6	12	0.0	-	-	0.4	3	15.4	0.34	859	
Korvest Ltd	150	+1.2	+1.5	26	0.0	-	1.2	16	0.6	8	6.7	0.35	12	Supply Network	26	+9.1 +1.6	12	0.0	-	0.9	10	1.0	9	3.8	0.19	6
Monadelphous Gr	300	+7.5	+0.2	13	0.1	-	2.0	17	0.5	12	4.7	0.35	55	McPherson's Ltd	228	+9.0 -2.7	12	0.1	-	5.7	62	0.4	9	5.3	0.35	94
Capral Alum.	304	+7.3	+1.6	14	2.0	1	1.3	0	0.6	NE	2.0	0.36	214	Orica Ltd	1032	+8.6 -0.2	12	3.0	8	2.3	17	0.4	13	4.3	0.68	2,900
Gregory Indust.	28	+3.3	+2.5	19	2.0	-	1.4	11	1.3	13	3.6	0.37	4	Wattyl Ltd	302	+8.2 -2.2	12	3.0	4	1.3	6	0.4	20	2.6	0.42	239
Shearer (John)	160	+1.8	-0.2	24	0.0	-	0.7	5	0.7	14	5.0	0.37	20	Monadelphous Gr	300	+7.5 +0.2	13	0.1	-	2.0	17	0.4	12	4.7	0.35	55
Coventry Group	450	+6.4	+1.7	15	2.0	-	1.2	3	0.4	34	4.4	0.38	154	Mincor Resource	31	+7.5 -4.5	13	0.0	-	-	1.3	6	Nil	0.80	52	
Villa World	80	+2.2	-0.1	23	2.0	1	1.3	22	0.8	6	11.3	0.38	82	Adtrans Group	285	+7.3 -0.7	13	3.1	1	2.4	26	0.3	9	6.8	0.14	65
Nat'l Can	113	+0.3	+1.7	30	0.0	-	0.8	7	0.7	11	4.9	0.41	75	Embelton Ltd	220	+7.0 -1.0	14	0.0	-	0.8	7	0.5	12	4.1	0.24	5
Wattyl Ltd	302	+8.2	-2.2	12	3.0	4	1.3	6	0.5	20	2.6	0.42	239	Catalyst Rec'mt	31	+7.0 +2.1	14	0.0	-	1.6	13	1.1	12	5.6	0.12	8
OAMPS	270	+2.7	+0.3	21	6.0	-	5.4	37	0.5	15	7.4	0.44	194	Simsmetal Ltd	864	+6.7 +4.0	14	0.2	4	3.1	19	0.4	16	4.2	0.55	787
Buderim Ginger	64	+0.1	+4.8	31	3.0	-	0.8	8	0.9	10	4.7	0.44	14	Becker Group	16	+6.7 +3.7	14	1.0	-	0.5	5	1.7	10	Nil	0.29	11
Ludowici Ltd	265	+3.1	+2.5	20	3.0	-	1.3	19	0.6	7	4.5	0.44	38	F.F.I. Holdings	138	+6.0 -1.5	15	1.0	-	1.3	7	0.5	17	5.1	0.60	8
Marybor'gh Suga	625	+2.1	-0.9	23	1.0	-	0.6	7	0.4	8	8.0	0.45	19	Tectonic Res.	7	+5.7 +6.5	16	0.0	-	-	2.1	5	Nil	0.45	10	
AV Jennings	99	+2.0	+0.7	23	0.0	-	1.1	15	0.9	7	9.6	0.46	213	Integrated Grp	99	+5.7 -0.0	16	1.0	1	5.0	50	0.8	10	6.6	0.24	68
Spotless Group	491	+0.3	-3.6	30	5.0	2	-	0.6	32	4.5	4.7	0.46	1,010	Ridley Corp.	152	+5.4 +1.2	16	2.1	3	1.5	12	0.7	13	3.0	0.28	404
Maxi TRANS	32	+34.7+12.5	2	7.0	-	3.2	20	1.5	16	4.7	0.47	42	East African Co	600	+5.2 -1.9	16	0.0	-	-	0.5	12	3.0	0.65	39		
Q.B.E. Insur.	800	+5.8	+1.8	15	2.0	9	2.2	-	0.7	NE	3.8	0.49	4,924	Home Bldg Soc.	319	+4.9 -2.5	17	0.1	-	0.7	4	0.5	17	4.1	0.75	39
Tamawood Ltd	129	+18.3 +4.4	5	5.2	-	4.3	43	0.8	10	7.8	0.53	34	Skansen Holding	37	+4.7 +0.4	17	0.0	-	3.7	23	0.8	16	1.4	0.53	37	
Tandou Ltd	111	+4.1	+0.4	18	1.0	-	0.6	7	0.7	8	5.4	0.53	24	Tandou Ltd	111	+4.1 +0.4	18	1.0	-	0.6	7	0.5	8	5.4	0.53	24
Skansen Holding	37	+4.7	+0.4	17	0.0	-	0.7	23	1.2	16	1.4	0.53	37	Bridgestone	203	+3.9 +2.2	18	0.0	-	0.5	6	0.5	8	3.7	0.14	74
Investor Info	12	+24.3 +3.7	3	1.1	-	-	2.3	9	8.3	0.54	6	Port Bouvard	40	+3.8 -2.3	19	0.0	-	0.7	4	1.2	17	Nil	0.88	25		
Austin Group	46	+21.4 -5.9	4	0.2	-	2.3	25	1.0	9	4.3	0.54	27	Casinos Austria	53	+3.6 +2.6	19	0.0	-	2.7	38	0.8	7	5.7	0.83	93	
Simsmetal Ltd	864	+6.7 +4.0	14	0.2	4	3.1	19	0.5	16	4.2	0.55	787	ABB Grain Ltd	325	+3.4 +5.2	19	8.0	-	1.3	13	0.5	10	5.3	0.16	148	
Freedom Group	194	+1.9	+0.2	24	0.0	7	4.9	38	0.8	13	5.2	0.56	202	Gregory Indust.	28	+3.3 +2.5	19	2.0	-	1.4	11	1.0	13	3.6	0.37	4
Commander Comm.	77	+1.3	-5.2	26	2.0	2	3.9	35	0.9	11	3.6	0.56	112	Alesco Corp Ltd	414	+3.3 +0.9	20	1.3	2	3.0	20	0.4	15	3.6	0.34	159
Housewares Int.	190	+1.1	-0.9	27	3.0	-	3.8	30	0.9	13	4.2	0.56	216	Roberts Ltd	395	+3.3 -0.5	20	0.0	-	1.5	19	0.3	8	7.6	0.27	43
Vealls Ltd	120	+0.7	-2.4	28	0.0	-	-	0.6	2	6.8	0.57															

INCOME SHARES: Highest Yields, Capitalisation > AS\$250 million														INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Company	Share Price	Current Price	4-Wk Chg	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	Current Price	4-Wk Chg	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
Anglogold Ltd	1175	+9.2	+4.6	12	0-0	-	-	-	0.4	3	15.4	0.34	859	Nido Petroleum	2	+5.8	+1.1	16	5-0	-	-	-	2.8	NE	Nil	2.28	4
Lend Lease US	98	+0.0	-0.0	31	1-0	-	-	-	0.4	9	11.2	N/A	411	Garratt's Ltd	39	+24.6	+10.2	3	5-0	-	1.0	-	0.7	NE	Nil	0.48	5
Envestra	97	+3.9	+0.0	18	1-0	5	-	-	0.5	NE	9.8	2.54	684	Aust Foundation	322	+1.0	+0.8	27	4-0	-	1.1	4	0.4	29	4.4	N/A	2,500
Futuris Corp.	137	-5.6	+3.0	54	0-2	7	1.7	13	0.8	13	8.8	0.12	846	West Aust Metal	8	+12.2	+13.4	9	4-0	-	-	-	1.7	NE	Nil	3.19	5
Australand Hold	140	-2.9	+1.4	45	0-0	4	1.1	13	0.5	8	8.6	0.54	734	Hills Motorway	510	+1.4	+2.7	25	4-0	9	2.6	7	0.3	39	3.8	N/A	944
Graincorp	965	-7.7	+2.6	60	5-0	3	1.4	17	0.3	8	8.1	0.55	388	Allegiance Min.	5	+1.6	+5.3	25	4-0	-	-	-	1.8	NE	Nil	N/A	10
Aust Pipeline	266	+3.5	+0.6	19	0-0	6	1.5	8	0.4	17	8.1	2.65	649	Trust Co of Aus	599	+1.3	-1.5	26	4-0	-	3.7	17	0.3	23	10.0	4.66	194
Adsteam Marine	188	-6.8	-1.0	57	0-0	6	1.8	8	0.4	14	8.0	1.21	430	Lemvest Ltd	195	+23.4	+8.0	3	4-0	-	1.0	-	0.4	NE	Nil	0.20	20
Sons of Gwalia	278	-32.4	-3.0	96	1-0	7	-	-	0.4	8	7.2	0.86	464	Mirvac Group	419	+1.0	+0.1	27	4-0	7	1.5	10	0.2	15	6.3	2.55	2,611
Centennial Coal	231	+12.0	+0.7	9	2-0	1	1.8	24	0.6	7	6.9	1.48	363	Payce Consol.	108	+11.9	+3.6	9	4-0	-	1.2	-	0.5	NE	Nil	N/A	37
Macquaries C&I	220	+8.2	+4.5	13	1-0	-	-	-	0.5	NE	6.8	N/A	341	Joyce Corp.	67	+16.4	-0.2	6	4-0	-	1.1	14	0.8	8	Nil	0.17	12
GWA Internat'l	253	+0.9	+0.8	28	1-1	4	1.8	12	0.5	15	6.7	1.14	703	FKP Limited	144	+10.7	+1.8	10	5-1	2	1.0	11	0.4	10	6.9	0.82	163
AWB Limited	394	-0.4	+3.6	34	9-0	4	1.4	14	0.5	10	6.3	0.46	1,077	Buderim Ginger	64	+0.1	+4.8	31	3-0	-	0.8	8	0.5	10	4.7	0.44	14
Djerriwarrh	339	-3.3	+1.7	47	1-0	-	1.1	6	0.5	17	6.3	N/A	503	Working Systems	7	+5.2	+3.9	16	3-0	-	-	-	1.4	NE	Nil	0.84	6
Hills Indust.	323	+0.4	+2.2	29	1-0	2	3.2	19	0.4	17	6.2	0.69	428	Oroton Group	446	+1.4	+3.4	25	3-0	1	4.5	35	0.4	13	4.5	0.94	82
David Jones	114	-1.0	+0.8	37	1-0	8	1.1	2	0.5	70	6.1	0.27	465	Housewares Int.	190	+1.1	-0.9	27	3-0	-	3.8	30	0.7	13	4.2	0.56	216
Oil Coy of Aust	400	-7.4	-0.7	59	0-0	-	-	-	0.2	16	6.0	4.25	470	Tasman Resource	19	+9.1	+15.4	12	3-0	-	-	-	0.9	NE	Nil	N/A	6
Stln Cross Brd.	956	-4.3	+1.1	50	3-0	7	1.1	7	0.4	17	6.0	1.70	556	Coffey Int'l	290	+19.9	+0.3	4	3-0	-	3.2	31	0.3	10	5.2	0.29	33
Bristle Ltd	270	-1.9	-0.2	40	2-2	4	2.1	20	0.5	10	5.9	1.41	406	Aust Agricult.	95	+6.9	+6.8	14	3-0	2	1.0	11	0.6	9	6.4	1.87	183
Tabcorp Holding	1076	-5.1	-2.2	52	1-1	6	-	-	0.3	15	5.9	2.03	3,933	ICS Global Ltd	49	+14.0	-26.7	8	3-0	-	0.2	-	0.9	NE	Nil	N/A	30
United Energy	296	+8.5	+0.4	12	2-1	7	2.7	10	0.4	26	5.8	2.55	1,246	Orica Ltd	1032	+8.6	-0.2	12	3-0	8	2.3	17	0.4	13	4.3	0.68	2,900
Alumina Ltd	501	-0.1	+5.2	33	0-0	-	-	-	0.6	24	5.8	2.63	5,573	Con Broken Hill	7	+2.8	+12.3	21	3-0	-	-	-	1.7	NE	Nil	N/A	14
Smorgon Steel	113	-5.1	-0.2	52	1-2	5	-	-	0.7	19	5.8	0.33	976	Ludowici Ltd	265	+3.1	+2.5	20	3-0	-	1.3	19	0.4	7	4.5	0.44	38
Crane Group	875	-0.2	+2.4	33	1-0	5	1.6	12	0.3	13	5.7	0.27	447	Credit Corp	82	+4.4	-1.6	18	3-0	-	4.1	33	0.6	12	4.3	3.05	26
Challenger Int.	160	-21.2	-1.7	86	10-13	3	0.6	25	0.8	2	5.6	0.78	465	Stratetel Ltd	9	+11.5	+13.2	9	3-0	-	-	-	1.2	NE	Nil	4.55	5
Loftus Capital	58	+0.3	-0.1	30	14-0	-	0.8	-	0.5	NE	2.6	6.52	22	Heggies Bulk.	41	+15.0	-2.8	7	3-0	-	2.0	12	0.6	17	Nil	0.18	23
Hallmark Cons.	19	+6.6	+8.6	14	16-6	-	-	-	1.4	NE	Nil	5.49	10	Lemarne Corp	193	+23.1	+5.2	3	3-0	-	1.0	-	0.3	NE	5.2	0.24	32
Wadepack Ltd	180	+24.5	-7.2	3	9-0	-	2.3	6	0.3	36	1.9	0.80	57	Essential Pet.	26	+19.5	+0.4	4	3-0	-	-	-	0.9	NE	Nil	N/A	17
ABB Grain Ltd	325	+3.4	+5.2	19	8-0	-	1.3	13	0.5	10	5.3	0.16	148	Aquila Res.	39	+2.4	-0.1	22	3-0	-	-	-	0.8	NE	Nil	N/A	14
Ancor Ltd	853	+1.1	+0.1	27	8-0	9	2.1	25	0.4	8	3.3	0.82	7,119	Triako Res.	160	+7.4	+4.4	13	3-0	-	1.8	14	0.7	12	3.8	2.14	56
Perseverance	16	+3.4	+2.0	19	7-0	-	-	-	0.9	NE	Nil	5.74	39	Namoi Cotton	27	+0.2	+5.1	30	3-0	-	0.3	1	1.0	34	Nil	0.05	29
BHP Steel Ltd	348	+6.1	+4.1	15	7-0	-	-	-	0.6	NE	Nil	0.60	2,760	Pearl Healthcare	19%	+109.1	+56.5	0	3-0	-	-	-	1.8	NE	Nil	2.79	14
Henry Walker E.	101	+2.6	+1.2	22	7-0	3	0.8	-	0.6	NE	3.5	0.14	167	Wattyl Ltd	302	+8.2	-2.2	12	3-0	4	1.3	6	0.3	20	2.6	0.42	239
Maxi TRANS	32	+34.7	+12.5	2	7-0	-	3.2	20	1.0	16	4.7	0.47	42	Caltex Australia	212	+14.4	+4.3	7	3-0	2	0.6	-	0.7	NE	Nil	0.12	572
Finbar Intern'l	24	+1.0	-1.8	27	7-0	-	0.8	8	0.7	10	4.2	0.99	22	News Corporatio	1251	+5.4	+6.5	16	4-1	7	-	-	0.9	21	0.2	0.90	26,221
Austminex NL	9	+5.7	+2.1	16	7-0	-	-	-	1.6	NE	Nil	N/A	7	A.P. Eagers	490	+1.2	-0.1	26	4-1	1	1.1	9	0.3	12	5.7	0.11	84
Sam's Seafood	390	+29.6	-14.2	2	6-0	-	39.0	73	0.8	53	1.5	2.69	92	Dalrymple Res.	206	+13.4	+3.6	8	4-1	-	-	-	0.8	NE	Nil	N/A	146
OAMPS	270	+2.7	+0.3	21	6-0	-	5.4	37	0.3	15	7.4	0.44	194	Tamawood Ltd	129	+18.3	+4.4	5	5-2	-	4.3	43	0.6	10	7.8	0.53	34
Equity Trustees	740	+4.6	-1.8	17	6-0	-	3.1	25	0.3	13	5.3	1.70	44	Ventracor Ltd	99	+18.5	+6.1	5	2-0	-	9.9	-	0.6	NE	Nil	N/A	158
Port Douglas	10	+2.3	-2.0	23	9-3	-	0.5	-	1.4	NE	Nil	0.75	19	Aviva Corp Ltd	3	+32.5	-11.9	2	2-0	-	-	-	2.4	NE	Nil	N/A	7
Spotless Group	491	+0.3	-3.6	30	5-0	2	-	-	0.5	32	4.5	0.46	1,010	McGuigan Simeon	473	+2.0	-0.9	24	2-0	6	2.6	7	0.5	38	3.2	4.33	458
FTR Holdings	45	+14.8	+2.2	7	5-0	-	-	-	1.7	NE	Nil	1.44	16	Gowing Brothers	191	+3.0	+1.2	21	2-0	-	0.8	8	0.5	10	6.9	1.83	86
Benitec Ltd	35	+42.9	-32.9	1	5-0	-	-	-	1.0	NE	Nil	N/A	18	Concept Systems	7	+17.6	-20.7	6	2-0	-	-	-	1.9	NE	Nil	0.42	14
Keycorp Ltd	140	+0.2	+3.4	30	5-0	1	-	-	0.9	NE	Nil	0.95	114	Villa World	80	+2.2	-0.1	23	2-0	1	1.3	22	0.4	6	11.3	0.38	82
City Pacific	198	+20.1	+7.9	4	5-0	-	19.8	69	0.6	29	2.6	N/A	27	CBD Energy Ltd	1	+7.8	+23.3	13	2-0	-	-	-	3.6	NE	Nil	N/A	12
Cullen Resource	5	+7.9	+2.5	13	5-0	-	-	-	1.8	NE	Nil	N/A	13	Stockland	496	+5.3	+1.1	16	2-0	7	1.6	10	0.2	17	6.0	4.93	4,141
														Commander Comm.	77	+1.3	-5.2	26	2-0	2	3.9	35	0.6	11	3.6	0.56	112
														Westgold Res.	12	+9.0	+3.6	12	2-0	-	-	-	1.1	NE	Nil	N/A	8
														Electrotech Inv	4	+12.2	+15.1	9	2-0	-	0.2	5	1.8	4	Nil	0.09	9

## "Insider" Trades in Australian Shares

Rank	Industry Group	Insider Buy/Sell	No. of Coys	Average of Buyers-Sellers	Rank	Industry Group	Insider Buy/Sell	No. of Coys	Average of Buyers-Sellers
1	Containers & Packaging	80	3	+2.67					

# "Insider" Trades in Australian Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding "Neutral" situations where the number of Buyers and Sellers were equal). Shares where many "insiders" have been buying can outperform the market for up to two years, while shares where many "insiders" have sold can under-perform for a similar period.

## "Insider" Indicators

Last 5 wks: 82.4% Buyers

Last 13 wks: 82.6% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
A.P. Eagers	4-1	Aust Heritage	0-1	CTI Logistics	1-0	Dalrymple Res.	4-1	Gazal Corp	0-1
ABB Grain Ltd	8-0	Aust Agricult.	3-0	Cabcharge Ltd	4-16	Data & Commerce	14-2	General Publish	0-1
ABC Learning	1-2	Aust Healthcare	4-0	Caltex Australia	3-0	David Jones	1-0	Genetic Tech.	7-0
AGD Mining	1-2	Aust Assets	2-0	Campbell Bros	1-6	De Grey Mining	1-0	Gindalbie Gold	0-12
AHC Ltd	1-0	Aust Growth Ltd	2-0	Candle Aust.	2-0	Deakin Fin Serv	4-0	Gippsland Ltd	4-2
AI Group	0-1	Aust Wine Hold.	4-1	Capral Alum.	2-0	Deep Sea Fish.	1-2	Giralia Res.	1-0
AIS Corporation	3-0	Aust Energy	0-2	Carmanon Pet.	3-1	Destra Corp Ltd	2-0	Glengarry Res.	1-0
AJ Lucas	1-0	Aust Visual Com	0-2	Carpenter Pac.	2-0	Devine	3-0	Global Doctor	1-0
AMCIL Limited	1-0	Aust Infra.	1-0	Cash Converters	0-4	Diamond Rose	1-0	Global Business	2-0
AMP Ind Prop Tr	1-0	Aust United In	1-0	Catuity	5-0	Djerrivarrh	1-0	Global Seafood	1-2
AMP Ltd	3-0	Aust Ethical In	1-0	Celestis Ltd	0-1	Dolomatrix Intl	4-1	Globe Intl Ltd	3-1
ANZ Bank	6-1	Aust Foundation	4-0	Cent. Kalgoorie	1-0	Dominion Mining	2-0	Gold Mines Sard	0-1
APN News Media	3-2	Austar United	1-0	Centamin Egypt	1-0	Downer EDI Ltd	1-0	Golden Valley	1-0
ARC Energy	1-0	Austal Limited	0-3	Centennial Coal	2-0	Dragon Mining	5-1	Golden State	2-0
AWB Limited	9-0	Austin Group	0-2	Centro Prop.	3-1	Drillsearch	0-2	Golden Cross	1-0
AXA Asia Pac	3-0	Austrinex NL	7-0	Central Equity	1-0	Dromana Estate	6-0	Goldsearch Ltd	3-0
Abacus Property	4-0	Austrim Nylex	1-0	Challenger Int.	10-13	E-Bet Limited	2-0	Goldstream Min.	0-1
Aberdeen Leader	0-1	Auto Group Ltd	1-0	Chalmers	1-0	E-Global Intl	3-0	Goodman Fielder	1-0
Abigroup Ltd	1-0	Autron Corp	3-10	Chapmans Ltd	0-1	E-Star Online	3-0	Gowing Brothers	2-0
Acclaim Explor	2-0	Aviva Corp Ltd	2-0	Charter Pacific	3-0	ETRADE Aust.	5-0	Gowings Retail	1-0
Adacel Tech.	3-0	Avoca Resources	1-0	Chemeq Ltd	0-5	Earth Sanct.	1-0	Gradipore Ltd	9-1
Adcorp Aust.	1-0	Aztec Resources	2-0	Child Care C.A.	1-0	Eastern Corp	1-0	Graincorp	5-0
Adelaide Bank	1-0	B Digital Ltd	1-0	Chiquita Brands	0-2	Easycall Intl	8-0	Grand Hotel	3-0
Adelaide Bright	1-0	BHP Billiton	7-2	Choiseul Inv.	1-0	Echo Technology	3-0	Gravity Capital	1-0
Adelaide Res.	0-1	BHP Steel Ltd	7-0	Circaidian Tech	5-0	Effel Tech.	12-0	Greater Pacific	3-0
Adtrans Group	3-1	BMCMedia Ltd	2-0	City Pacific	5-0	Electrotech Inv	2-0	Green's Foods	2-1
Adultshop.com	0-1	BRL Hardy Ltd	0-6	City View	0-1	Electrometals	2-0	Gregory Indust.	2-0
Advantage Tele.	2-0	BT Aust Equity	4-0	Clearwater Grp	4-0	Ellex Medical	3-4	Gribbles Group	3-0
Advanced Energy	1-0	Ballarat Gold	1-0	Cluff Resource	4-5	Emperor Mines	0-4	Gro Pep Limited	3-1
Advent Ltd	4-0	Balmoral Corp.	1-0	Coates Hire	2-0	Energy Develop.	7-0	Gunns Ltd	0-2
Aeris Tech Ltd	1-0	Barra Resources	1-0	CocaCola Amatil	1-0	Env Infrastruct	1-4	Gunson Res.	2-0
Afminex Limited	14-0	Baycorp Advant.	8-0	Cochlear Ltd	1-0	Envestra	1-0	Gympie Gold	0-2
Alcaston Mining	2-0	Beach Petroleum	2-0	Cockatoo Wines	4-0	Envirostar E.	0-1	HGL Limited	1-0
Alesco Corp Ltd	1-3	Becker Group	1-0	Coffey Intl	3-0	Environ. Sol'n	6-0	HJ & B Group	2-1
Alintagas Ltd	0-1	Bemax Resources	1-3	Coles Myer	5-0	Environ'mt Grp	1-0	Haddington Int.	2-0
Alkane Explor.	10-8	Bendigo Mining	0-7	Collection Hse	1-0	Equigold NL	9-11	Hallmark Cons.	16-6
Allegiance Min.	4-0	Bendigo Bank	3-2	Comwealth Bank	0-1	Equity Trustees	6-0	Hamill Res.	1-0
Allied Mining	1-0	Benitec Ltd	5-0	ComOps Limited	1-0	Essential Pet.	3-0	Hampton Hill	2-0
Altium Limited	4-1	Berklee Ltd	1-0	Comet Resources	2-0	Eurast Ltd	4-0	Hansen Tech.	2-0
Amadeus Energy	2-0	Beyond Intl	2-0	Commander Comm.	2-0	Exco Resources	3-0	Haoma Mining NL	1-0
Amalgamated Hld	1-0	Big Kev's Ltd	3-2	Compumedics Ltd	1-0	F.F.I. Holdings	1-0	HarTec Ltd	3-0
Ambri Limited	2-0	Bigshop.com.au	0-1	Computer Share	11-0	FKP Limited	5-1	Hardman Res.	0-1
Amcom Telecom.	4-0	Bionomics Ltd	3-1	Con Broken Hill	3-0	FSA Group Ltd	1-0	Harvey Wld Trav	2-0
Ancor Ltd	8-0	Biotech Capital	4-0	Concept Systems	2-0	FTR Holdings	5-0	Havilah Res.	2-0
Amity Oil NL	11-1	Biron Capital	12-0	Cons Foods Aust	1-0	Federation Grp	4-0	Healthscope	2-1
Amrad Corp.	16-0	Blink Models	5-0	Cons Minerals	0-1	Fiducian P Serv	2-0	Heggies Bulk.	3-0
Anaconda Nickel	0-1	Boral Limited	1-0	Cons Rutile	0-1	Finbar Internl	7-0	Henry Walker E.	7-0
Anadis Limited	0-1	Brambles Ind.	7-1	Cons. Gaming	1-0	First Wine Fund	4-0	Hillcrest Res.	20-0
Anglo Pacific	0-1	Brazin Limited	2-1	Cooper Energy	2-0	Flexi Property	2-0	Hills Motorway	4-0
Ansell Ltd	1-0	Breakfree Ltd	3-0	Cordukes Ltd	1-0	Flight Centre	0-1	Hills Indust.	1-0
Aquila Res.	3-0	BresaGen Ltd	1-0	Corp Express	5-7	Foodland Assoc	2-0	Hitech Energy	4-0
Argo Investment	1-0	Brickworks Ltd	10-0	Cosmos Limited	1-0	Foster's Group	3-0	Home Bldg Soc.	0-1
Aristocrat	1-2	Buderim Ginger	3-0	County Diamonds	8-0	Fox Resources	1-0	Homeloans Ltd	1-0
Arrow Energy	3-0	Bullion Min.	3-0	Coventry Group	2-0	Futuris Corp.	0-2	Horizon Energy	4-0
Aspen Group Ltd	2-0	Bunnings W/hse	2-1	Crane Group	1-0	Future Corp	4-0	Hostworks Group	1-0
Aspermont Ltd	1-0	Burdekin Pacifi	4-0	Cranswick Wines	1-0	G.R.D. NL	7-0	Housewares Int.	3-0
Asset Backed	7-0	Burswood Ltd	3-0	Credit Corp	3-0	G.U.D. Holdings	1-0	Hunter Hall Int	4-8
Atlas Pacific	0-9	C.S.R. Ltd	2-3	Croesus Mining	2-3	Gale Pacific	1-0	Huntley Invest	1-0
Audax Resources	0-3	CBD Energy Ltd	2-0	Crownwell Corp	2-0	Gallery Gold	0-1	Hutchison Tel.	1-0
Ausdrill Ltd	2-0	CCI Holdings	2-0	Cullen Resource	5-0	Gallery Global	1-0	Hydromet Corp.	1-0
Ausmelt Ltd	0-3	CCK Financial	1-0	Cypress Lakes	2-0	Gandel Retail	1-0	IBA Health Ltd	7-2
Auspine Ltd	2-1	CPI Group	1-2	DCA Group Ltd	3-6	Garratt's Ltd	5-0	ICS Global Ltd	3-0
Aust Food Fibre	2-0	CPT Global Ltd	4-0	DCS Technology	2-0	Gasnet Aust Trt	1-0	IGM Group Ltd	1-0
Aust United Gol	1-0	CSL Limited	8-1	DSG Australia	1-0	Gateway Mining	2-0	IMF (Aust) Ltd	1-0



Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
ION Limited	1-4	Macquarie Infra	0-2	Optiscan Image	0-1	S8 Limited	11-0	Tawana Resource	0-1
lasbet Limited	1-0	Macquarie Off.	2-0	Orbital Engine	1-0	SDI Limited	4-2	Tech Star Ltd	1-2
latia Limited	3-0	Majestic Res.	6-0	Orica Ltd	3-0	SDS Corporation	1-0	Technology One	1-0
Icon Energy	1-0	Marybor'gh Suga	1-0	Oroton Group	3-0	SMS Mgmt & Tech	2-0	Tele-IP Limited	0-2
Iluka Resources	1-0	Mawson West Ltd	1-0	P-Sivida Ltd	3-0	SSH Medical Ltd	1-0	Tempo Services	2-5
Imdex Limited	2-0	Maxe-tec Aust	2-1	PCH Group	1-3	Salmat Ltd	1-0	Ten Network	0-1
Imperial One	2-1	Maxi TRANS	7-0	PMP Limited	9-0	Sam's Seafood	6-0	Tennyson Netwks	0-1
Impress Venture	6-0	Maxis Corp Ltd	1-0	POS Media	0-1	Santos Ltd	2-0	Text Media Grp	1-0
Incitec	2-0	Mayne Group Ltd	3-0	Pac Strategic	2-0	Saracen Mineral	1-0	Thakral Holding	0-1
Independ. Gold	3-1	McGuigan Simeon	2-0	Pacific Hydro	2-0	Schaffer Corp	1-3	Thundelarra Exp	8-4
Innovonics Ltd	1-0	McPherson's Ltd	0-1	Pacific Energy	2-0	SecureNet Ltd	2-0	Timbercorp	0-1
Inovax Ltd	6-1	Medical Monitor	1-0	Pacrim Energy	0-1	Select-Tel Ltd	1-3	Toll Holdings	1-0
Institute Drug	3-1	Medical Corp	3-1	Pacsoft Limited	3-0	Selwyn Mines	0-9	Tourism Leisure	1-0
Insurance Aust.	2-0	Meditech Rsrch	4-0	Palamedia Ltd	1-0	Servcorp Ltd	17-0	Tox Free Sol.	2-1
Int Research	1-0	Melbourne IT	2-0	Palm Springs	2-0	Seven Network	3-5	Transurban Grp	4-0
Integrated Grp	1-0	Menzies Gold	1-0	Pan Pharmaceut.	13-0	Sietel Ltd	1-0	Treasury Group	1-0
Intellect Hold	0-3	Merchant House	0-1	Panbio Ltd	2-0	Silex Systems	0-2	Triako Res.	3-0
Intermin Res	8-1	Mermaid Marine	3-2	Pancontinental	4-0	Simsmetal Ltd	0-2	Tribeca Corp.	1-0
Investa Prop.	1-0	Metal Storm Ltd	0-1	Paperlin X Ltd	2-0	Sipa Resources	0-1	Tribune Res.	1-0
Investor Group	0-1	Metex Resources	0-2	Patrick Corp	1-0	Sirius Telecom.	4-3	Troy Resources	0-3
Investika Ltd	2-1	Methanol Aust.	3-0	Payce Consol.	4-0	Sirtex Medical	0-1	Trust Co of Aus	4-0
Ipoh Limited	0-4	Metroland Aust	3-1	Pearl Healthcare	3-0	Skilled Eng.	2-3	Tuart Resources	1-2
Iress Mkt Tech	1-0	Mia Group Ltd	4-2	Penfold (WC)	3-0	Smorgon Steel	1-2	U.S. Masters	1-0
Ivanhoe Mines	0-1	Michelago Ltd	1-0	Peptech Limited	2-0	So Natural Food	5-0	Uecomm Limited	2-0
JAM Develop.	1-0	Mikoh Corp.	1-0	Perseverance	7-0	Softlaw Corp	1-0	Union Capital	5-1
James Fielding	1-0	Milton Corp.	6-0	Peter Lehman W.	0-2	Software Comm	1-0	United Group	1-0
James Hardie	1-0	Mineral Deposit	0-1	PharmNet Online	2-0	Solar Energy	3-0	United Energy	2-1
Jervois Mining	0-1	Minerals Corp.	2-4	Pie Networks	1-0	Solbec Pharm.	0-2	Universal Res.	1-0
Jetset Travel	3-1	Minotaur Res.	1-0	Plaspak Group	2-0	Solution 6	4-0	Valdera Res.	2-0
Jindalee Res.	1-0	Mirrabooka Inv.	7-0	Platinum Cap'l	0-7	Sonic Health	2-1	VeCommerce Ltd	2-0
Joyce Corp.	4-0	Mirvac Group	4-0	Plenty River	0-2	Sons of Gwalia	1-0	Ventracor Ltd	2-0
Jubilee Mines	2-5	Mobilesoft Ltd	1-0	Polartechinics	0-2	Soul Pattinson	7-0	Vietnam Indust.	1-0
Julia Corp Ltd	2-0	Molopo Aust	0-1	Poltech Int'l	5-0	Southcorp Ltd	6-0	View Resources	1-0
Jupiters	3-0	Monadelphous Gr	0-1	Port Douglas	9-3	Spotless Group	5-0	Villa World	2-0
Kagara Zinc Ltd	4-3	Monteray Group	0-4	Portman Limited	1-2	St George Bank	0-1	Village Road.	1-0
Kaz Group Ltd	3-0	Monto Minerals	2-0	Pracom Ltd	1-0	Starpharma Pool	0-1	Virax Holdings	0-1
Keycorp Ltd	5-0	Mt Burgess Min.	2-1	Premier Invest	2-0	Stericorp Ltd	2-1	Vision Systems	7-0
Kimberley Diam.	0-2	Mt Conqueror	1-0	Prima Biomed	6-2	Sthn Cross Brd.	3-0	Vita Life Sci.	4-0
Kimberley Oil	3-0	Multiimedia Ltd	0-2	Primary Health	5-0	Sthn Titanium	2-0	Voicenet (Aust)	1-0
Kingsgate Cons.	1-0	Murchison Un.	1-0	Prime Life Corp	6-0	Sthn Star	1-0	Voxson Limited	2-0
Kings Minerals	1-0	Namakwa Diamond	2-0	Prime TV	4-0	Stockford Ltd	7-0	Voyager Energy	1-0
Koala Corp.	1-0	Namoi Cotton	3-0	Prophecy Int'l	3-0	Stockland	2-0	WAM Capital Ltd	1-8
Kresta Holdings	3-7	Nat'l Aust Bank	1-0	Prudential Inv.	6-0	Stokes (Aust)	1-0	Wadepack Ltd	9-0
Lafayette Min.	1-2	Nat'l Foods	1-0	Psiron Limited	1-0	Straits Res.	3-0	Waterco Ltd	2-0
Lake Technology	4-2	Nat'l Telecoms	9-1	Publishing & Br	1-0	Stratetel Ltd	3-0	Wattyl Ltd	3-0
Lakes Oil NL	2-0	National 1 Ltd	2-0	Q. Multimedium	1-2	Strathfield Grp	2-0	Wavenet Int'l	0-1
Legalco Limited	0-4	Neighbourhood C	1-0	Q.B.E. Insur.	2-0	Striker Res.	1-0	Webspy Limited	1-0
Leighton Hold	0-7	Netcomm Limited	1-0	QED Occtech Ltd	3-0	Structural Syst	1-0	Wedgetail Exp.	3-0
Lemarne Corp	3-0	Neverfall Spr.	4-0	Quiktrak Netwks	15-5	Sub-Sahara Res.	1-0	Wesfarmers Ltd	1-3
Lemvest Ltd	4-0	Newcrest Mining	1-0	RMG Limited	2-0	Sun Resources	5-1	West Aust Metal	4-0
Lend Lease Corp	1-0	Newhaven Park	1-0	RP Data Limited	1-0	Suncorp-Metway	15-0	West Aust News	2-0
Lend Lease US	1-0	Newmont Yandal	0-4	Ramsay Health	1-4	Sundowner Group	2-0	West Oil NL	1-4
Leyshon Res.	0-2	News Corporatio	4-1	Range River Gld	2-0	Sunland Group	4-0	West'n Metals	2-0
Lighting Corp.	8-1	Nido Petroleum	5-0	Realestate.com	1-0	Supersorb Env.	0-2	Westfield Hold.	3-5
Lion Selection	1-0	Noni B Limited	1-0	Reclaim Indust.	2-0	Swiftel	3-0	Westgold Res.	2-0
Loftus Capital	14-0	Normandy NFM	0-2	Red Back	0-2	Sydney Aquarium	3-0	Westonia Mines	1-0
Longreach Oil	1-0	Norwood Abbey	1-0	Redflex Holding	0-4	Sydney Gas Coy	1-0	Whitefield Ltd	0-3
Ludowici Ltd	3-0	Nova Health Ltd	3-0	Reefton Mining	1-0	Sylvastate Ltd	0-1	Wide Bay Cap'n	0-3
Lynas Corp Ltd	5-0	Novogen Ltd	0-1	Renew. Energy	3-0	Symex Holdings	1-0	Willhart Ltd	0-1
M-Box.com	1-0	Novus Petroleum	1-0	Renison Cons	7-0	Synergy Equity	2-0	Wilson Invest.	2-0
M.I.M. Holdings	1-0	Nufarm Limited	2-0	Repcol Ltd	2-0	Synergy Metals	0-1	Wine Investment	6-0
MacMahon Hold	1-7	OAMPS	6-0	Retail Tech.	1-0	TVSN Limited	2-0	Winepros Ltd	0-2
Macmin Silver	0-1	OFM Investment	10-0	Reynolds Wines	1-0	Tag Pacific	1-0	Woodside Petrol	3-0
Macquarie Leis.	3-2	OPSM Group Ltd	7-0	Ridley Corp.	2-1	Takoradi Ltd	1-0	Woolworths Ltd	0-1
Macquarie Bank	0-1	Oakton Limited	0-6	Rio Tinto Ltd	2-1	Tamawood Ltd	5-2	Working Systems	3-0
Macquarie G Mgt	5-0	Objective Corpo	4-0	Rivkin Fin Serv	8-0	Tandou Ltd	1-0	Wrigdways Aust	0-3
Macquaries Air.	3-1	Occupational Md	0-1	Roc Oil Company	7-1	Tantalum Aust.	2-0	Xcell Diagnost.	3-0
Macquarie Good.	1-0	Olea Australia	1-0	Rock Build Soc.	0-3	Tap Oil	0-2	Yates Limited	1-0
Macquaries C&I	1-0	Online Trading	1-0	Ruralco Hold.	5-0	Tasman Resource	3-0		

**This Insider Trades in Australian Shares report is published quarterly in the January, April, July and October issues of Market Analysis but updated weekly in our new Online Share Selection service.**

# Insider Buying Identifies Many Attractive Smaller Company Shares

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

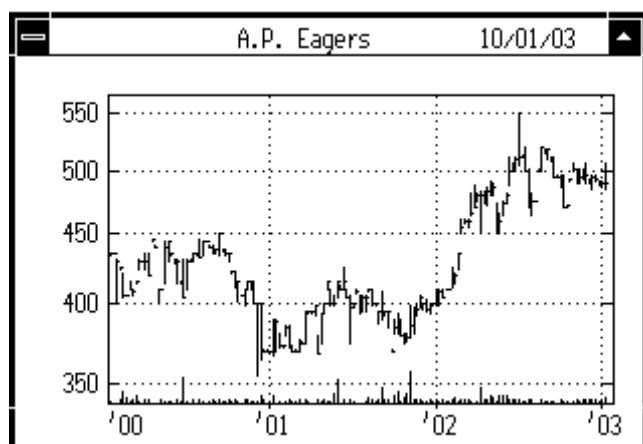
## **AP Eagers** (code APE).

We bought some AP Eagers options (to buy shares at the end of this month at \$4.00) following a *Company Analysis* article in *Market Analysis* in May 2002 (issue 359). We plan to exercise these options and hold AP Eagers shares as a medium term investment as (1) these options trade at 80 cents, *below* their intrinsic value of 90 cents and (2) the shares are an attractive investment.

There have been four *insider* buys and one sell in this Brisbane based multi-franchised motor vehicle dealer over the last year. The Relative Strength rating is favourable at +1.2%, ranked 26, showing that these shares are in a moderate uptrend. The shares offer good value on a low P/S ratio of 0.11, a P/E ratio of 12 and a Yield of 5.7%. Furthermore the company has announced that profits for the ten months to the end of October rose 31.7% to \$6,364,000. The annual profit is likely to be up about 23% at \$7.7 million, although earnings per share will be unchanged at 40 cents per share (owing to the increase in capital with the exercise of the options).

As at June 2002, AP Eagers had fairly high debt levels of \$134 million but partly this is a result of operating its own finance company (i.e. its debts are offset by interest bearing loans to car owners). The company is in a sound financial position and recently received \$3.9 million from the sale of a property and will raise another \$9.14 million in cash from the exercise of the options.

**Conclusion.** As our AP Eagers options trade below intrinsic value we can realise better value by exercising them (at \$4.00) and selling the shares on-market at \$4.90, rather than selling the options at 80 cents. The shares, however, are attractive so we are in no particular hurry to sell and will hold them at least long enough to collect the final 14 cents dividend in March.



## **Joyce Corporation** (code JYC).

After a series of debt funded acquisitions, Joyce Corporation was placed in receivership in May 2001. The company, however, was released from receivership after selling a major property, its healthcare business

and its rural business, and refinancing its existing debt. The shares were then relisted on the stock exchange in March 2002.

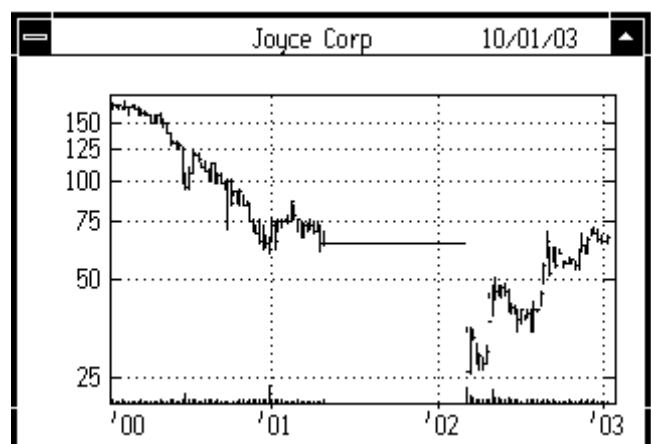
Joyce Corporation is now a small \$12 million company concentrating on its core business which is the manufacture of polyurethane foam products used in a wide range of applications. Interest bearing debts have been reduced to \$11.2 million and the company plans to invest \$3 million to expand production capacity.

For the year to June 2002 the company earned a profit of \$1,526,000 (8.3 cents per share) but did not pay a dividend.

The half year profit (to December 2002) is likely to be around \$1.0 million as profits recover strongly, and the company has indicated that it will pay a 2.5 cents interim dividend in March 2003. The company will also seek to raise \$500,000 from a 1:10 cash issue at 27½ cents in March. For some unknown reason the company calls this a 1:20 issue at 55 cents, with a second, free bonus share.

The Relative Strength rating is +16.4%, ranked 6, as the shares have recovered strongly to around 65-70 cents from a low of 26 cents when they were relisted. *Insiders* appear optimistic about the potential for the business with director DA Smetana making four on-market buys from March to June 2002 at prices from 34-45 cents, building his holding up to 6,636,541 shares (36.1% of the company).

**Conclusion.** There is life after death - at least in the corporate world! Joyce Corporation has sold off non-core assets to reduce debts and emerge from receivership with a profitable, growing core business. The shares trade on a low valuation and, with the reinstatement of dividends, should continue to appreciate over the next year or two as the market re-rates these shares.



## **MaxiTrans** (code MXI).

This is a \$42 million capitalisation company and the largest supplier of road transport trailing equipment in Australia.

The company listed in late 1994 and has been a long

January 14, 2003.

term under-performer. The company lost \$3.0 million, on revenues of \$102.2 million in the year to June 2000. Since then, however, management have successfully focused on reducing costs, expanding the range of products and services and improving profitability. Revenues fell 9% to \$93.3 million in 2001, but MaxiTrans returned to profitability, earning \$1,609,000 and reinstating a 1.0 cent dividend. Revenues slipped a further 4% to \$89.8 million for the year to June 2002, but cost reductions boosted profits 61% to \$2,587,000 and allowed the annual dividend rate to rise 50% to 1.5 cents.

This improvement in profitability has become even stronger this year. In November the company announced that its first *half* profit would exceed the previous full year result, strong orders for vans and trailers and a full order book.

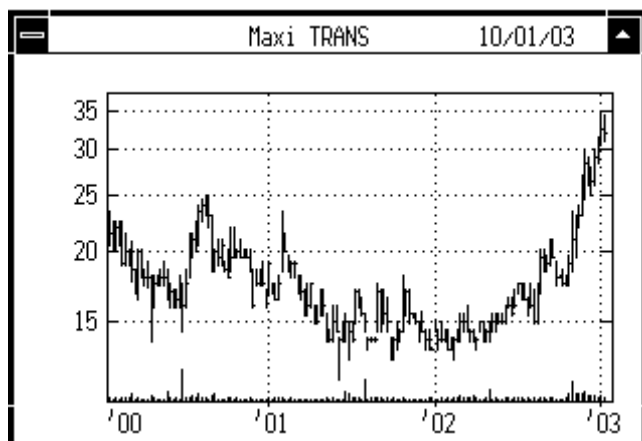
Reflecting these profit trends, the shares hit a low of 12 cents in June 2002 and have since risen very strongly to trade around 33 cents. This strong uptrend gives the shares a Relative Strength rating of +34.7%, ranked 2.

Despite this strong share price recovery the P/S ratio is a low 0.47, the P/E is 16 and the Yield 4.7%. That looks to offer good value - while profits (and dividends) will likely *double* this year and significantly improve these valuation statistics.

There has been significant *insider* buying over the last year with seven buys - from four directors - and no sells. Many of these share purchases were made in the first half of 2002 at prices around 14 cents, but two directors bought shares on-market in October at about 19 cents and a third director bought shares in December at 26 cents. So with significant profit growth being experienced this year the shares should still be good buying around 33 cents.

Conclusion. The four *insider* buys in early 2002 were another example of directors buying at just the right time and at the right price! Our *Comprehensive Share Selection Criteria* rated MaxiTrans a "Buy" from July at 18 cents as an *Under-Valued* and *Best Performing Share*, but this was a very small \$23 million company where shares traded in relatively small volumes.

The increase in share price over the last six months has led to a much greater number of shares trading on the market. Continued insider buying, 60% annual profit growth (announced in August), further strong profit growth this year (announced in November) all combine to make the shares still an attractive "Buy".



### **National Telecoms** (code NTG).

In Chapter Eight of *One Up on Wall Street* Peter Lynch lists 13 criteria for his "perfect stock", one of which is "The Rumours Abound: It's involved in Toxic Waste and/or the Mafia". Well that was written fourteen years ago and "toxic waste" and "mafia" involvement have been replaced by the more hideous crime of "questionable accounting policies". This problem has depressed National Telecoms shares from a high of 180 cents in June 2002 to just 14 cents (i.e. a fall of 92%) and reduced its market capitalisation from \$220 million to just \$17 million.

The company - which sells telephone equipment and telecommunication services - was listed in late 2000 and has grown rapidly. Revenues have more than doubled in each of the last two years, reaching \$117.1 million for the period to June 2002. Profits have shown similar growth: up 97% to June 2001 and up 114% to \$10,547,000 (8.55 cents per share) in the year to June 2002. The dividend rate was doubled to 3.0 cents. At 14 cents the shares therefore trade on a P/S ratio of 0.15, a P/E of 1.6 and Yield of 21.4%. These statistics show severe under-valuation - but also indicate a distressed company.

Insiders have been aggressively buying shares, with nine buys (plus a tenth small buy that we don't count in our statistics) and only one sell over the last year. Director M Fraid (whose family interests own the fabric and craft retailer *Spotlight*) has spent \$4.1 million buying 8.0 million additional shares on-market to raise his holding to 13,080,000 shares, at prices as high as \$1.61 in July 2002, around 20-24 cents in December 2002 and as low as 12½ cents just last week!

The *Australian Financial Review* expressed doubts about National Telecoms business and accounting methods in October. In simple terms, the newspaper suggests the company bundles equipment and pre-paid telecommunication services which it sells at an inflated upfront equipment cost with the equipment and lease payments on-sold to third party finance companies. National Telecoms is thereby accused of inflating current revenues and profits while not accounting for its future liability to provide the pre-paid services. If this is correct, then these unrecorded liabilities will depress future profitability or could lead to the failure of the company. The company has also been under investigation by the *Australian Competition and Consumer Commission* - although that is not unusual in the telecom companies!

Originally National Telecoms expected revenues and profits to grow a further 50% this financial year - but by mid December 2002 the company downgraded this to 20% revenue growth and a 30% drop in profits to \$7.6 million. This caused the share price to plunge sharply - although director M Fraid then purchased 1.2 million shares at 24 cents, 3.2 million shares at 20 cents 1.1 million shares at 12½ cents.

The financial condition of the company is also brought into doubt with the announcement of a non-renouceable one for one cash issue - underwritten by the directors - at 11 cents per share to raise \$13.4 million in capital.

In light of the continued *insider* buying, our "conspiracy theorist" expert (Continued on Page 12)

**Insider Buying***(Continued from Page 11)*

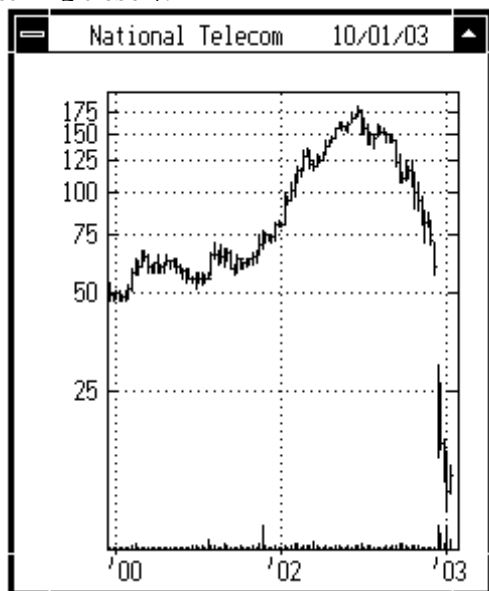
has suggested an alternative explanation for the cash issue - to transfer wealth from the public shareholders to the *insiders!* The cash issue announcement has not only further depressed the share price but *suggests* the company is financially distressed, so the public shareholders may be unwilling to invest new cash in the company in this situation. The issue, however, is non-renounceable (i.e. investors cannot sell their rights), so any new shares not purchased by the public shareholders will be available to the underwriters - the company *insiders*. If National Telecoms is a sound business and survives, the *insiders* will have significantly increased their percentage ownership of the company by acquiring these new shares at 11 cents!

**Conclusion.** Bad press appears to have severely depressed National Telecoms' growth potential - which in turn will expose any dubious accounting policies that could threaten the survival of this company. The need to raise additional capital when the share price is so depressed indicates severe financial strain.

On the other hand, one *insider* invested over a million dollars buying shares on-market over the last year and continued to buy shares in December and January. The two largest shareholders (directors M Fraid and T Hakim) also appear willing to invest up to another \$13 million underwriting the cash issue. This suggests - despite all of its problems - that it would be unwise to write-off National Telecom and that the business will survive.

The very weak Relative Strength Rating, -36.2% and ranked 98, suggests that investors should be very cautious. Probably the best strategy is to stand aside and wait for the share price decline to end before considering this share for purchase.

If National Telecoms business was built on creative accounting policies then the company will certainly fail. On the other hand, if the company is simply *tainted* by a few minor accounting policies or a few questionable transactions then the company should survive. In that case the shares would offer outstanding recovery potential as they have been severely depressed in value. This is an interesting situations that we shall be watching closely.

**Sunland Group** (code SDG).

Sunland Group listed in early 1995 (at 10 cents, adjusted for subsequent splits) and has been a very successful property developer which now has four divisions: Land Subdivision, Residential Housing, Residential High Rise, and Tourism & Leisure Management.

While this is a \$90 million capitalisation company - with \$1,800 million in long term development projects - the shares only trade in relatively small volumes.

Growth was exceptionally strong in the year to June 2002 with revenues up 61% to \$205.7 million and profits soared 93% to \$13,598,000 (8.0 cents per share). The company paid a maiden dividend of 2.0 cents. At 53 cents the shares trade on a P/S ratio of 0.44, a P/E ratio of 7 and a Yield of 4.7%.

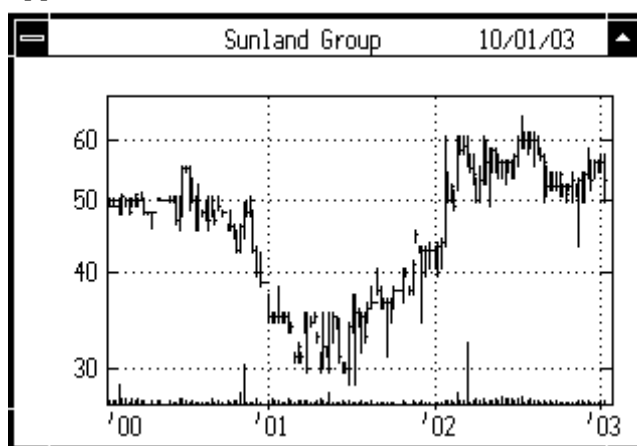
With a large, long term development portfolio Sunland Group forecasts profits of \$16 million this financial year, \$25.8 million in 2004, \$29.1 million in 2005 and \$31.0 million in 2006.

The shares fell in value in late 2000 to early 2001 to a low of 29 cents, then recovered strongly to a high of 64 cents in July 2002. After dipping again in the second half of 2002 the shares are again recovering and the Relative Strength rating is -0.6%, ranked 35, suggesting that a new uptrend could be just starting.

*Insiders* have made four on-market buys over the last year and no sells, with director A Abedian buying shares in September and November 2002 at prices around 50-52 cents. This lifts his holding to 62.0 million shares or 36.4% of the company.

**Conclusion.** Sunland Group has been an excellent performer over the last eight years although, as one would expect from a property developer, a little volatile at times. The company seeks to grow by 20% per annum and should continue achieving this growth from its existing portfolio of projects. These shares offer excellent long term growth potential, trade at a low valuation and with *insider* buying.

The only *problem* is that the shares are too tightly held and too inactively traded to be able to consider them as a formal "Buy" recommendation. Sunland Group involves high risks, but would be attractive to investors with diversified portfolios and seeking maximum long term capital appreciation.



**Tamawood** (code TWD).

This small, \$34 million capitalisation company has benefited from the housing boom but has also grown through innovative ideas and the use of technology.

The company has focused upon the “value for money” end of the home building market and has built a niche with its “highly systematic approach”, use of smart technology, “minute attention to detail” and its aim to establish “lifelong client relationships” and turn customers into “word-of-mouth advocates”.

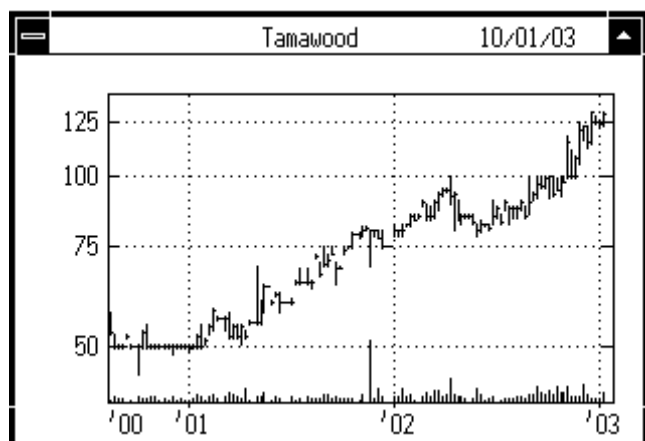
Potential new customers are first encouraged to choose from plans or options at the company's website - free of “heavy duty sales tactics” avoiding the cost of sales staff at this stage. Tamawood has no display homes and potential customers are taken to the homes of existing customers (who receive a small payment for this service). This results in “very significant marketing savings” and ensures the company provides after sales satisfaction and that all customers become advocates for the company. This system has made Tamawood the “lowest cost producer and marketer” in Australia.

Originally, homes were built by franchised builders, although Tamawood acquired **Dixon Homes** in December 2000 which expanded its range of plans, the number of franchised builders and established its own construction business. Around 55% of homes marketed are now constructed internally by the company.

Revenues more than doubled in each of the last two years, reaching \$65.0 million in the year to June 2002. Profits fell 11% in 2001 when a maiden 5.0 cents dividend was paid. Profits soared 194% to \$3,381,000 in 2002 and the dividend was doubled to 10.0 cents. Tamawood aims to “grow its market share in 2003” and “forward contracts are at record levels”, with profits forecast to at least match last year.

The share price is in a strong uptrend with a Relative Strength rating of +18.3%, ranked 5, yet still offers good value on a P/S ratio of 0.53, a P/E ratio of 10 and a Yield of 7.8%. *Insiders* have a large holding in the company but have still made six on-market buys and only two sells over the last year.

Conclusion. Tamawood is a very small company and the shares are fairly tightly held, so could be difficult to purchase in large volumes. Although home construction is a volatile business, Tamawood has built a profitable niche and has good long term growth potential. The undervalued shares of this growth company are attractive, so a small investment would be suitable for investors with diversified portfolios.



**Wadepack** (code WDP).

Wadepack is a small \$57 million capitalisation company involved in providing packaging (e.g. printed boxes, cartons, blister packs, record and CD covers) for a wide range of products (e.g. cosmetics, food, beverages).

Growth has been helped by the acquisition of **Framepack** in March 2000 and **Hollow Bros & Bourke** in June 2001.

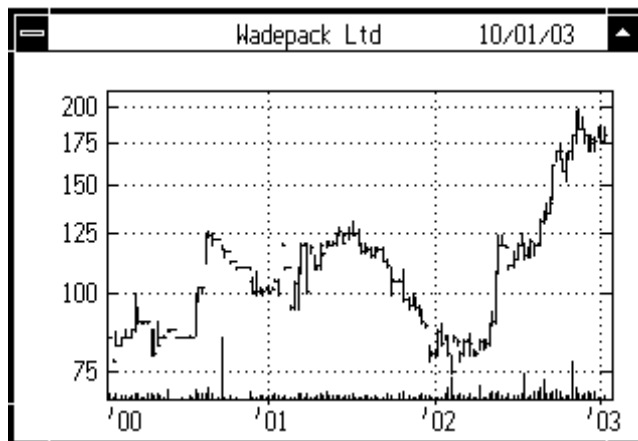
Revenue grew strongly from \$39.6 million in the year the December 1999, to \$56.9 million in 2000 and \$70.8 million in 2001. Profits grew from \$3,170,000 in 1999 to \$5,153,000 in 2000 but fell to only \$1,552,000 in 2001. The dividend rose from 7.5 cents in 1999 to 8.5 cents in 2000 but just a 3.5 cents interim dividend was paid in 2001.

The business recovered last year and expects to report revenues of \$82.5 million and a profit of about \$7.1 million (22.5 cents per share) for the year to December 2002, with a dividend of 5.0 cents expected to be paid in April.

The shares are in a strong uptrend with a Relative Strength rating of +25.4%, ranked 3. The P/S ratio is 0.80, while the current P/E and Yield reflect the low 2001 results. The expected 2002 earnings and dividend will put the shares on a P/E of 8 and a Yield of 2.8%. The P/S and P/E ratio therefore indicate good value. The low Yield reflects the low dividend payout as the company reduces debt levels, but with the 2003 dividend likely to increase significantly to around 10-12 cents the yield will increase to 5.6-6.7%.

Director A Nassibian has purchased shares on-market nine times over the last year, raising his holding to 2,288,478 shares (7.3% of the company), and there have been no *insider* sellers. Three of these buys were made over the last three months, at prices between \$1.70 and \$1.87 - indicating that the shares are still good value around the current market price of 180 cents.

Conclusion. *Insider* buying over the last six months has highlighted the profit recovery at Wadepack and suggests that the shares still offer good value and are likely to continue to perform well over the next year or two. Fundamental valuations and the uptrend in the share price support this outlook.



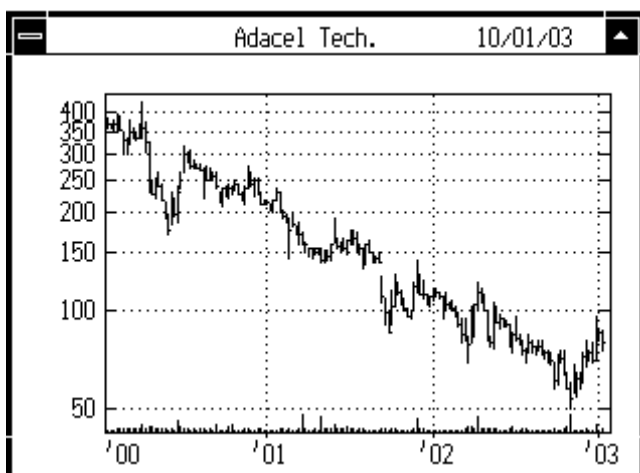
# Review of Previously Highlighted Shares with Insider Buying

## **Adacel Technologies** (code ADA).

There has been one small *insider* buy over the last three months, making three buys and no sells over the last year.

The company announced a US\$23.7 million (A\$42 million) contract to install 46 air traffic control simulators for the **US Air Force** during 2003. This will help the company become cash flow positive and profitable in the six months to June 2003.

The shares rallied strongly over the last two months - which is probably the very early stages of a new uptrend - but the Relative Strength rating is still negative (i.e. at -8.5%, ranked 61). A positive strength rating would confirm a new uptrend and be a "Buy" signal.



## **CDS Technologies** (code CDX).

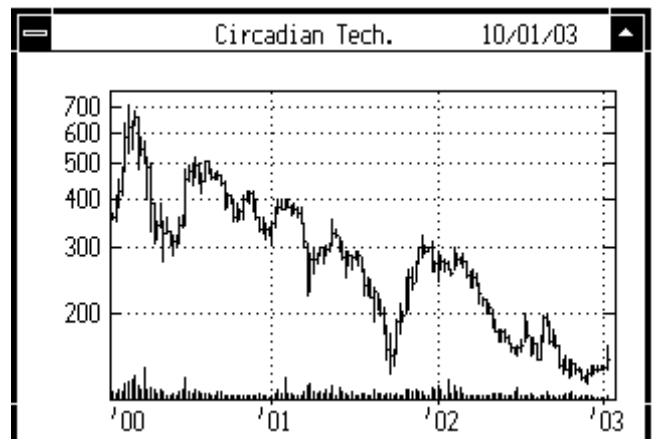
The Relative Strength rating has turned positive (i.e. +2.7%, ranked 22) and the business continues to expand, but there have been no *insider* trades over the last year. The P/S ratio is reasonable at 1.00, but the P/E is high at 42 - although profits are just starting to emerge.

The share trend is up and this company has good growth potential, but the P/E ratio is very high. In the absence of *insider* buying to indicate value, we would like to wait for the interim profit result (expected late February) to assess recent growth, before calling this a *buying opportunity*.

## **Circadian Technology** (code CIR).

There was one small *insider* buy over the last three months, making five buys and no sells for the year.

The Relative Strength rating is still unfavourable at -12.6%, ranked 71, but the Circadian Technology shares (and the shares of its largest listed investments) appear to be close to the bottom of the current valuation cycle. Improvement in the strength rating - particularly a *positive* value (i.e. indicating the shares were in a long term uptrend) would signal a buying opportunity.



## **CPT Global** (code CGO).

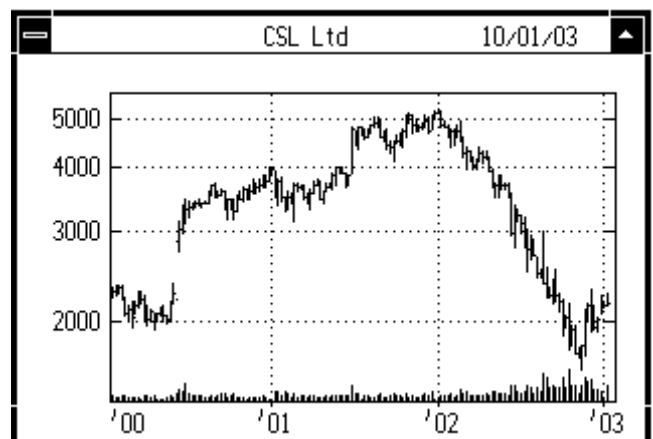
No significant changes.

## **CSL** (code CSL).

CSL's share price rose on news of a cervical cancer vaccine being developed by **Merck & Co** on which CSL would earn worldwide royalties. This rally, however, is unlikely to end the long term downtrend in the share price. The Relative Strength rating remains unfavourable at -19.1%, ranked 84, so the share price will probably weaken and a new uptrend could be at least 6-9 months away.

There were two *insider* buys over the last three months, which makes eight buys and one sell over the last 52 weeks.

We continue to look for better value (i.e. a lower share price and/or further strong growth) *and* then a new uptrend in the share price before we would consider investing in CSL shares which are still quite expensive (i.e. the P/S ratio is a high 2.53 and the P/E ratio 28).



## **Computershare** (code CPU).

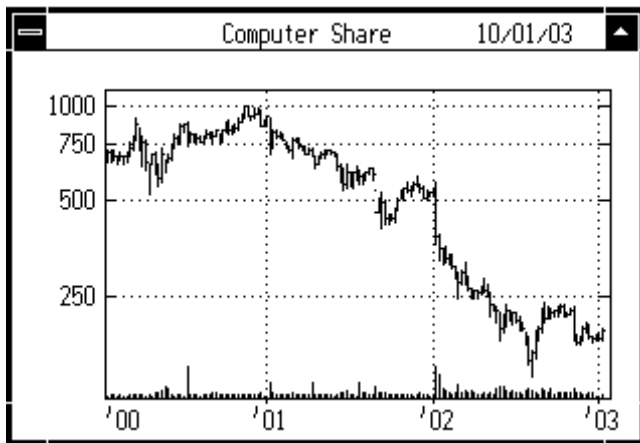
While few investors like a stockmarket downturn, it does provide an opportunity to buy into quality companies at bargain basement prices. Computershare has a

global competitive advantage in providing stockmarket trading and settlement, so should prove an excellent long term investment. But its revenues are also very sensitive to the volumes of shares traded, New Issues and Cash Issues and takeover activity - all of which have fallen significantly!

Three *insiders* bought Computershare shares over the last quarter, so there have now been a very favourable 11 buys and no sells over the last year.

The share price, however, remains weak and in a long term downtrend. The shares fell sharply in early November as the AGM was informed that profits for the six months to December 2002 would be *down* about 25%. The Relative Strength rating is an unfavourable -12.7%, ranked 71, so Computershare will probably continue to fall further over the next 9-18 months as investors dump this under-performing growth stock.

It is not so long ago that these shares traded at an extreme of over-valuation, with a P/S ratio of greater than 10 and P/E ratio over 100. Now the P/S ratio is only 1.38 and the P/E 20 as the shares head down to an extreme of under-valuation!



**FTR Holdings** (code FTR).

We rated this small micro-cap technology company's shares an informal "Buy" three months ago. There has been no further *insider* buying, but the share price has continued to recover strongly. The Relative Strength rating is a favourable +14.8%, ranked 7.

49.4% owned WebCentral paid a \$750,000 dividend - which should have boosted FTR Holdings cash to around \$4.1 million. "Buy".

**Genetic Technologies** (code GTG).

There have been two more *insider* buys over the last three months, making seven buys (and no sells) over the last 52 weeks. A licensing agreement with **Myriad Genetics** has earned Genetic Technologies US\$1.0 million (A\$1.8 million) while Genetic Technologies becomes the local marketing agent of Myriad and will offer testing for breast and ovarian cancer from its facilities in Melbourne.

Genetic Technologies, however, still has a long way to go to build both one-off licensing revenues and ongoing revenues. First quarter revenues were \$1.1 million and the company produced a *negative* operating cashflow of \$577,000. Its cash holding fell to \$6.5 million.

The shares remain in a downtrend, with a Relative Strength rating of -15.9%, ranked 78.

**Lake Technology** (code LAK).

Lake Technology shares have probably passed the bottom of their decline and may start to appreciate in value from here. The Relative Strength rating is -1.0%, ranked 37, but likely to turn *positive* over the next few weeks.

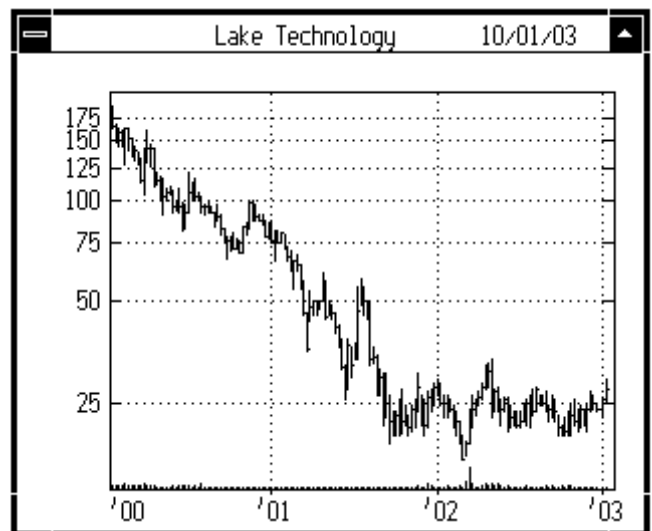
The questions now are: Does the company have enough potential for revenue growth that it will become cash flow positive and profitable and start paying dividends? Will this growth generate sufficient investment returns in the form of capital appreciation and dividend income to justify buying the shares? Lake Technology has spent a lot of money in the past *developing* its technology which is only now starting to generate revenue. While the company's Research & Development has been *technically* successful, *financially* it has *destroyed* significant amounts of shareholder wealth.

Unfortunately, we are still a little cautious about the company's future potential. While the company has recently released new technologies to the market - which will ultimately earn new revenues - it also continues to spend its cashflow on R&D of uncertain future value. First quarter (i.e. to September 2002) cashflows show revenues of \$1,283,000 but all of this and more was spent, resulting in an operating cash outflow of \$811,000. Cash on hand fell from \$4.1 million to \$3.1 million.

Revenue growth will likely slow this year as Dolby has advised the company to "expect no increase in the royalty stream coming from Dolby Headphones in the current financial year" owing to "depressed US and Japanese economies" and a "highly competitive, price sensitive PC market".

The December quarter cashflow report will be released on 31 January and the interim report in mid-March. Without significant revenue growth and positive cash flows, Lake Technology shares could continue to drift sideways and offer investors unattractive returns. Without positive signs of strong growth, there will be better investment opportunities elsewhere.

There were no *insider* trades over the last three months.



**Melbourne IT** (code MLB).

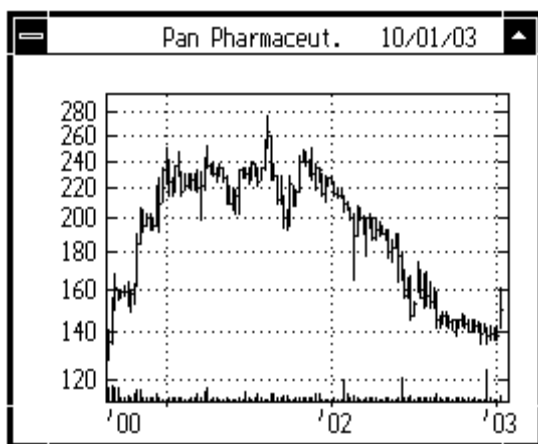
*Insider* buying helped identify Melbourne IT as an under-valued share in our last review, while the unfavourable Strength Rating indicated the share price trend was still down.

Over the last three months the share price has fallen 17% to 38 cents - valuing the whole company at a capitalisation of just \$19 million. In fact, the company has \$16 million in cash - and is debt free - so the stockmarket places a very low valuation (i.e. \$3 million) on its *business* which earns a profit of about \$3 million!

The company is very small, and very under-valued, but it is too early to be buying. Investors should continue to look for several of the following: (1) *positive* Relative Strength (indicating a new uptrend), (2) growth in the business, (3) a major acquisition and/or (4) further *insider* buying.

**Pan Pharmaceuticals** (code PPH).

There were five *insider* buys over the last quarter - making thirteen buys and no sells for the year - but the shares are still in a down trend (i.e. Relative Strength rating -8.0, ranked 60), so it is still too early to buy.

**Renison Consolidated** (code RSN).

The company chose not to complete the purchase of the Renison Bell tin mine owing to its deteriorating performance. This led to a sharp collapse in the share price. The company will now focus on the development of the Tom's Gully Gold project which holds the potential to generate strong cashflows.

There have been no *insider* trades over the last three months, but seven buys over the last year.

The company spun-off its technology assets in August, with shareholders receiving one share in **Sirocco Technologies Group** for every six Renison Consolidated shares. Sirocco Technologies expects to list on the Australian stockmarket around the end of January.

**SecureNet** (code SNX).

There has been a very large *insider* buy - for 850,678 shares - making two buys over the last year. The shares are also interesting as the company is debt free with \$86

million (114 cents per share) in cash.

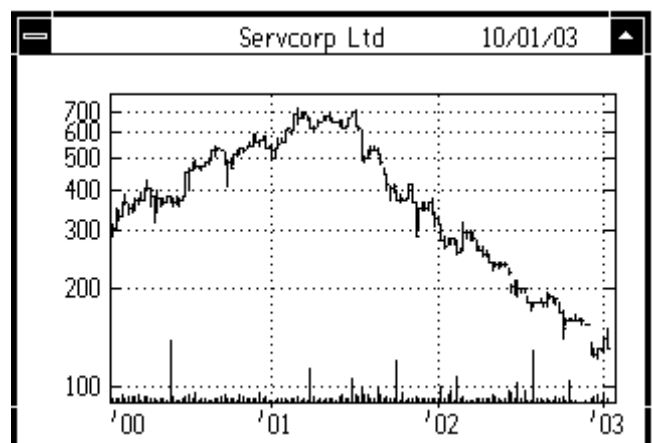
The share price has rallied slightly, lifting the Relative Strength rating to -4.3%, ranked 50.

The additional *insider* buying and improvement in Strength Rating are both positive developments, but for SecureNet shares to have the potential to produce large gains for investors the company needs to *significantly* expand its business (i.e. from last year's revenues of \$26 million and a loss of \$7 million), perhaps by using its huge cash hoard to finance a major acquisition.

**Servcorp** (code SRV).

There have been a further six *insider* buys in Servcorp shares over the last three months. That takes the twelve month rolling total to 17 buys and not a single sell.

The business is sensitive to global economic conditions but soundly financed with \$46 million (55 cents per share) of cash in the bank. Reflecting the uncertain business environment the share price continues to drift lower - creating better value for patient investors who are sitting on the sidelines waiting for a buying opportunity! The Relative Strength rating is -19.5%, ranked 84, so there is no signs of the downtrend ending in the near future! Wait.





# *A New Stockmarket Investment Service: Online Share Selection*

Securities Research Company has recently put its *Share Selection* database of all NZ and Australian listed companies online - together with a program to access this information - allowing private investors direct access to this information ([www.stockmarket.co.nz](http://www.stockmarket.co.nz)).

This new service will initially be provided free to *Market Analysis* subscribers until your next newsletter renewal. To access the *Online Share Selection* you will need your User Name and Password.

### **History and Development of the Service**

In retrospect, putting the share selection database online where it can be accessed directly by subscribers looks perfectly logical. So why didn't we do it *years* ago? The answer is the availability of suitable technology.

A computerised database of all NZ listed companies was established in 1981 to assist our stockmarket research, share selection and to provide information and reports for *Market Analysis*. This was expanded to cover the much larger Australian stockmarket in the early 1990's - which led to *Market Analysis* covering Australian shares from 1994.

The introduction of our *Comprehensive Share Selection Criteria* in 1997 led to a restructuring of this 16-year old database to simplify access to the growing range of information that we were collecting and analysing.

While we had used some early dial-up electronic services since the 1980's, the internet only became popular around 1997, allowing us to communicate better with subscribers and publish the newsletters online. In February 2001 we moved our Subscriber Database online. This enabled us to offer email delivery of the newsletter and individual Usernames and Passwords and to link this database with back office functions (i.e. renewal letters, addressing envelopes for newsletter mailing, etc). Experience with the Subscriber Database (and growing internet access among subscribers) has led us to write the online program to run this interactive *Online Share Selection* service.

### **The Online Share Selection Service**

This service is designed in two parts:

Firstly, investors can select from a series of standard *Market Analysis* reports that provide weekly updates of the monthly and quarterly reports that are published in this newsletter (e.g. *Computer Selections based upon our Comprehensive Share Selection Criteria*, *Insider Trades in Australian Shares*). There is also the option to produce a full report of all listed shares and their investment statistics. (N.B. The full Australian list is quite long and may take a while to load.)

Secondly, the *Online Share Selection* offers a fully

interactive selection criteria. Investors can select shares that meet *any* combination of investment criteria - and then sort the results.

Hopefully, the share selection options are self explanatory. First click the *radio button* to select from either Australian or New Zealand shares.

Then enter any combination of selection criteria based upon the indicators listed on the web page. To *ignore* any criteria, leave that field blank. If you leave *every* field blank it will produce a report containing all listed shares. Choosing a *Dividend Yield* greater than 5, will list shares with a yield of 5% or more. Choosing a *Dividend Yield* greater than 5 and *Insider Trades* of "One or More Net Buyers" and *Current Strength Rating* greater than 0 will list the shares that meet each of these criteria (i.e. high yield, insider buyers *and* the share price in an uptrend). Clicking on any indicator name will provide more information.

Finally, the results of each online share selection can be sorted either alphabetically by company name or in ascending or descending order by any of the investment statistics.

### **Summary**

The *Online Share Selection* service will be provided free for the remaining period of your current subscription to *Market Analysis*. The best way to evaluate this new service is to visit the website ([www.stockmarket.co.nz](http://www.stockmarket.co.nz)) and try it out. We welcome your feedback and suggestions - or if you have a question - then please email ([james@stockmarket.co.nz](mailto:james@stockmarket.co.nz)).

More experienced investors may wish to use this new service to make their own share selections. This will require further research into a company and some subjective analysis of its future potential. Such investors will also need to take responsibility for deciding when to "Hold" and when to "Sell". Less experienced investors may ignore the new service, leaving us to do all the research and share selection, and simply follow the shares we formally recommend for investment in *Market Analysis*. A third group of investors may find value in using both *Market Analysis* and the *Online Share Selection* together. By offering a wider range of services and better access to our research and investment data, we seek to better meet the needs of different investors.

Forgotten your Password? Go to the website, click on "Access Your Account", then log in with just your Username and select "E-Mail my Account Password to me" to have it automatically emailed to the address on your account record. Forgotten your Username as well? Send us an email and we shall manually access your record and send the details out to you.

## "Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Held	
				Before	After
<b>06/12/2002</b>					
Rubicon Ltd	Perry Corporation	Buy	+0.942	16.31%	16.32%
<b>13/12/2002</b>					
Auckland Int'l Airport	Auckland City Council	Sell	-38.942	25.76%	12.82%
Auckland Int'l Airport	UBS Nominees	Buy	+8.513	0.0%	6.68%
Waste Management NZ	Tower Corporation	Buy	+0.953	5.05%	6.02%
<b>20/12/2002</b>					
Fletcher Building	CBA	Buy	+5.000	8.59%	9.83%
Goodman Fielder	Burns Philp & Co	Buy	+175.980	0.0%	14.91%
Michael Hill International	AMP	Sell	-0.389	6.56%	5.55%
Tranz Rail Holdings	AMP	Buy	+0.187	4.98%	5.07%
<b>27/12/2002</b>					
Tower Corporation	AMP	Sell	-2.268	5.58%	4.29%
Tranz Rail Holdings	AXA Asia Pacific	Buy	+3.364	13.86%	15.46%
Tranz Rail Holdings	CBA	Sell	-11.268	11.41%	6.01%
<b>03/01/2003</b>					
Auckland Int'l Airport	CBA	Buy	+7.019	14.94%	17.25%
Tranz Rail Holdings	CBA	Buy	+9.000	6.01%	10.32%
<b>10/01/2003</b>					
Kiwi Income Property	Colonial Mutual	Buy	+40.770	0.0%	7.38%

## Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Mr Chips Holdings	1.50	27-01	31-01	Full
Nuhaka Farm Forestry (1)	115.00	16-12	20-12	-
Vertex Group	6.10	23-12	16-01	Full
Wakefield Hospital	2.00	23-12	23-12	Full

(1) Non-taxable return of capital.

### Total Return Index for All Listed Shares

	Dec 9	1780.36	
	Dec 10	1780.96	
	Dec 11	1785.57	
	Dec 12	1787.12	
	Dec 13	1791.30	
Dec 16	1785.78	Dec 23	1789.65
Dec 17	1785.38	Dec 24	1790.70
Dec 18	1792.50	Dec 25	Holiday
Dec 19	1793.87	Dec 26	Holiday
Dec 20	1787.30	Dec 27	1793.64
Dec 30	1787.94	Jan 6	1799.15
Dec 31	1788.48	Jan 7	1809.58
Jan 1	Holiday	Jan 8	1814.50
Jan 2	Holiday	Jan 9	1808.53
Jan 3	1789.92	Jan 10	1812.78

### Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday February 11, 2003 (and delivered in most areas on Wednesday 12).

Subscribers who have updated their account online with an e-mail address will also receive the Electronic version in their e-mail Tuesday morning.

## Insider Trades in New Zealand Shares

The NZ Stock Exchange has recently followed the ASX style reporting requirements for disclosure of directors shareholdings. Under these new rules, directors will file a Company Announcement under the heading "**Disclosure of Initial Director Relevant Interests**" to disclose their current shareholding in each listed company. This type of notice will also be filed when a new director is appointed.

The *significant* change, however, is the requirement to file a notice under the heading "**Disclosure of Subsequent Director Relevant Interests**" which will disclose *changes* to a director's shareholding. It is from these types of announcements that we source our *Insider* data for Australia and we shall now begin collecting the same data for NZ shares.

Of course, one or two isolated trades may not be significant, so we collect data for *insider* trades over a rolling twelve month period to identify trends.

In addition, almost half of all notices filed showing a change in a director's shareholding are not *significant* trades and we *ignore* these. Examples include:

1. Shares received from a dividend re-investment - as this is a *passive* transaction and does not involve a specific investment decision.
2. Shares received through any company share ownership scheme. Again, this does not involve a specific decision to buy, may be a condition of employment or usually involve some other benefits (i.e. a discount to market value) or may simply be a transfer from a trustee to direct ownership.
3. Shares received from a cash issue or the exercising of executive share options. This is not a decision to buy at current market prices (i.e. indicating value) and shares are often bought at a significant discount to current market values. If options are exercised and the shares immediately sold on-market, then we rate this as a "sell" transaction (i.e. the director is cashing in a gain on the options but indicating the shares are unattractive to hold as an investment).
4. Most off-market trades. Details are not always clear, but often these are transfers to related parties (i.e. distribution of shares under a Will, to an ex-spouse, or children, or to family companies/trusts that may not be subject to disclosure).
5. Small transactions. Any transaction of less than \$10,000 in value and less than 10% of a director's existing shareholding is ignored. So if a director with a \$50,000 shareholding invests another \$6000 we count that as a "Buy" (i.e. greater than 10%). On the other hand, if a director with a \$5 million investment buys \$5000 worth of shares we would ignore this small (i.e. less than \$10,000 and less than 10%) transaction.

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