

Market Analysis

Issue No. 370

P.O. Box 34-162, Auckland

April 8, 2003

Inside Market Analysis

BUY Candle Australia	7, 8	Villa World profits boom (share price weakens)	6
Abigroup profits start to recover - shares upgraded to "Buy"	4	Insider Trades in Australian Shares	11, 12
Commander Communications makes large - and important - acquisition	5	NEW: Insider Trades in New Zealand Shares	12
		Review of companies with Insider Buying	13-16
		NEW ISSUE: Promina	18

Editor and Research Director: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

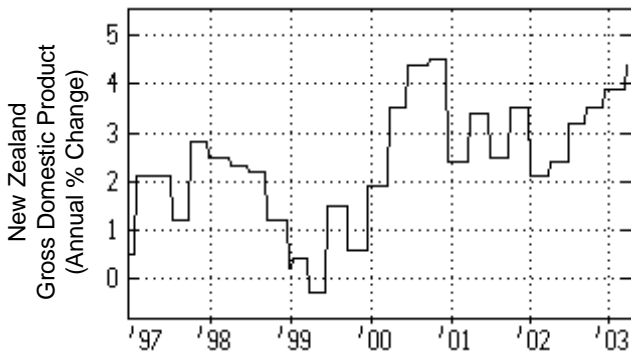
Our Forecasts for the Australian stockmarket have turned Bullish (favourable), although have become less favourable in New Zealand. As we still see good value, we shall remain close to fully invested, but may realise some more fully valued positions to add new under-valued cyclical stocks and growth stocks to the portfolio.

Investment Outlook.

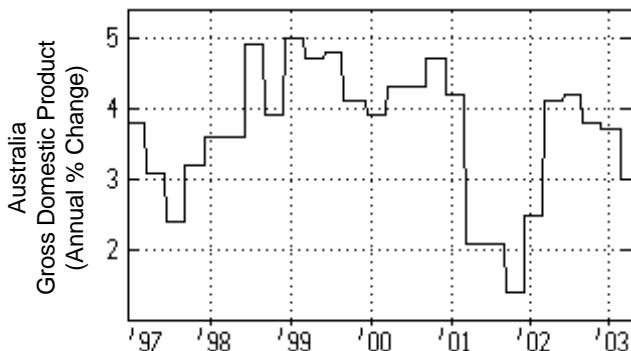
Our Forecasts for the New Zealand stockmarket have deteriorated over the last month, while our Forecasts for the Australian stockmarket have improved considerably.

Among the short term indicators, the NZ stockmarket is in an unfavourable downtrend, while the Australian market is showing a positive upturn.

Among longer term indicators, the NZ economy probably peaked with 4.4% growth for the year to the December quarter. The economy is probably now weakening, which will have an unfavourable impact on company revenues and profits ...

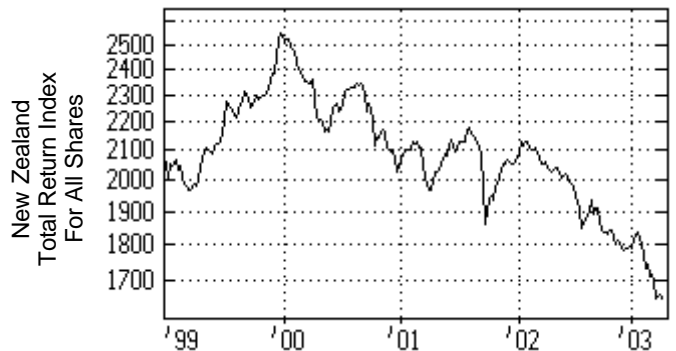


In Australia the economic growth rate eased back to 3.0% for the year to December, and is probably now close to the bottom of the economic cycle. So the next upturn cannot be too far away ...



Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	82% (Bullish)	63% (Bullish)
New Zealand:	55% (Neutral)	38% (Bearish)



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	
AMP Limited	C	812	1.26	11	7.7	Fletcher Build.	A	341	0.40	13	6.1	Pure NZ Limited	D	3.0	2.91	NE	Nil	
AMP NZ Office	C	82	8.37	13	8.7	GDC Communicat.	C	65	0.36	7	8.0	Pyne Gould G.	B	107	0.42	9	11.9	
AXA Asia Pac.	B	227	0.81	11	5.2	Genesis Res.	D	120	2.02	NE	Nil	Renaissance	C	20	0.07	NE	22.4	
Advantage Group	C	25	0.34	10	Nil	Goodman Fielder	C	176	0.62	11	2.7	Restaurant Brds	C	137	0.50	11	10.9	
Affco Holdings	C	18	0.04	8	Nil	Guinness Peat	C	156	0.62	8	1.9	RetailX Limited	D	10	2.28	NE	Nil	
Air New Zealand	D	48	0.31	NE	Nil	Hallenstein G.	B	278	0.93	14	9.9	Richina Pacific	C	47	0.07	4	Nil	
Akd Int Airport	A	503	8.67	24	4.0	Hellaby Hold.	A	352	0.51	12	7.6	Richmond Hold.	B	314	N/A	NE	Nil	
Allied Farmers	B	192	0.21	6	12.4	Heritage Mining*	N/R	5.0	N/A	NE	Nil	Rocom Wireless	D	14	0.31	NE	Nil	
Apple Fields	C	3.5	2.99	15	Nil	Horizon Energy	C	296	2.83	10	8.6	Rubicon Limited	D	68	2.57	NE	Nil	
Beauty Direct	C	9.5	2.91	NE	Nil	IT Capital Ltd	E	1.1	0.70	NE	Nil	Ryman Health.	C	152	2.45	14	3.7	
Blis Technology	D	35	N/A	NE	Nil	Ind Newspapers	C	318	1.54	27	4.0	Sanford Limited	B	540	1.31	14	5.5	
Botry-Zen Ltd	D	12	N/A	NE	Nil	Infratil NZ	E	177	2.11	15	2.5	Savoy Equities	D	2.0	5.88	NE	Nil	
Brierley Invest	E	43	3.99	27	Nil	Kingsgate Int'l	D	23	1.18	8	Nil	Scott Tech. Ltd	B	242	1.83	22	6.8	
Briscoe Group	C	185	1.31	16	5.4	Kirkcaldie & St	C	360	0.68	17	5.0	Selecter Group	D	1.2	1.69	NE	Nil	
Broadway Ind	B	44	0.24	8	3.4	Kiwi Property	B	108	6.91	11	9.4	Shotover Jet	C	75	1.32	10	2.5	
CACI Group Ltd	D	35	0.49	NE	Nil	Lion Nathan Ltd	B	580	1.66	17	3.4	Skellmax Indust	B	108	1.07	9	9.7	
CDL Hotel NZ	C	26	0.45	8	4.0	Lyttelton Port	B	156	2.56	10	10.5	Sky City Ltd	A	789	3.19	17	7.2	
CDL Investments	D	20	1.84	50	Nil	Mainfreight Grp	C	115	0.21	13	8.4	Sky City Leisur	C	130	0.15	12	Nil	
Cabletalk Group	D	21	0.17	NE	Nil	Metro. LifeCare	C	110	1.13	14	Nil	Sky Network TV	D	365	4.87	NE	Nil	
Cadmus Tech Ltd	E	6.0	1.30	NE	Nil	Michael Hill	B	413	0.74	13	6.1	Software of Exc	D	75	1.16	NE	Nil	
Calan Hlthcare	B	78	6.43	12	8.7	Mid-Cap Index *	N/R	179	N/A	NE	Nil	South Port NZ	C	152	2.81	15	6.4	
Cap Properties	B	89	2.32	9	11.0	Mooring Systems	C	120	N/A	NE	Nil	Southern Cap	C	61	3.18	9	Nil	
Carter Holt	C	172	0.72	17	4.4	Mowbray Collect	C	83	1.60	NE	Nil	Spectrum Res.	D	0.9	0.64	NE	Nil	
Cavalier Corp	A	392	1.50	19	6.9	Mr Chips Hold	C	110	0.95	31	4.7	Steel & Tube	A	318	0.85	16	8.9	
Cedenco Foods	C	155	0.89	6	Nil	NGC Holdings	C	149	1.63	20	4.4	Strathmore Grp	D	0.4	8.00	NE	Nil	
Cert Organics	E	8.5	2.97	NE	Nil	NZ Experience	D	17	N/A	9	Nil	Submarines Aust	D	0.5	0.26	NE	Nil	
Col FS Property	B	109	6.21	11	9.7	NZ Invest Trust*	N/R	404	N/A	NE	2.0	Summit Gold Ltd*	N/R	4.5	N/A	NE	Nil	
Col Motor Co	A	320	0.23	11	9.8	NZ Oil and Gas *	N/R	29	2.31	NE	Nil	Tag Pacific Ltd	E	8.0	0.17	NE	Nil	
Commsoft Group	D	0.3	0.04	NE	Nil	NZ Refining Co	B	1595	2.37	11	14.0	Taylor's Grp Ltd	C	152	0.69	11	8.3	
Compass Com.	C	41	N/A	58	Nil	NZIJ.co.nz	D	30	2.20	NE	Nil	TeNZ *	N/R	87	N/A	NE	Nil	
Contact Energy	A	443	2.44	21	6.4	Nat Property Tr	B	85	5.21	13	10.6	Telecom Corp	C	460	1.56	13	6.5	
Cube Capital	C	8.0	0.26	NE	Nil	Newcall Group	C	3.2	0.19	NE	Nil	Tourism Hold.	D	104	0.52	41	4.3	
Cue Energy Ltd *	N/R	5.1	1.36	12	Nil	Newmarket Prop.	B	52	3.96	9	12.6	Tower Limited	D	200	0.60	NE	7.5	
DB Breweries	C	605	1.06	16	6.7	Northland Port	A	269	5.97	22	6.1	Trans-Tasman	D	25	1.81	14	Nil	
Dairy Brands	D	64	7.41	NE	Nil	Nuhaka Forestry	E	790	N/A	NE	Nil	Tranz Rail Hold	D	95	0.25	NE	Nil	
Design Textiles	B	94	N/A	10	4.8	Nuplex Indust	B	325	0.46	10	7.8	Trust Power Ltd	B	390	1.18	NE	4.9	
Dorchester Pac	C	142	0.59	7	6.9	Opio Forestry	E	51	9.14	NE	Nil	Turners Auction	C	270	N/A	NE	Nil	
Ecademy Hold.	E	0.3	5.00	NE	Nil	Otter Gold Mine*	N/R	29	0.68	NE	Nil	Utilico Int'l	C	56	5.69	7	Nil	
Ebos Group Ltd	B	295	0.39	13	7.3	Owens Group Ltd	E	81	0.11	10	4.3	Vending Tech.	C	64	0.93	4	Nil	
Eldercare NZ	E	15	0.72	NE	Nil	Ozzy (Tortis) *	N/R	180	N/A	NE	Nil	Vertex Group	B	147	0.52	8	14.4	
Elect Trans Tec	D	4.0	N/A	NE	Nil	Pac Edge Bio.	E	17	1.23	NE	Nil	WN Drive Tech.	E	32	N/A	NE	Nil	
Evergreen	D	55	3.67	12	Nil	Pacific Retail	E	209	0.24	6	Nil	Wakefield Hosp.	B	135	0.55	18	3.3	
F & P Appliance	C	1005	1.92	24	3.7	Paramount Prop.	C	101	N/A	NE	Nil	Warehouse Group	C	540	0.88	20	3.7	
F & P Health.	B	980	4.67	16	3.8	Port Tauranga	B	400	4.88	21	6.2	Waste Mgmt NZ	A	305	1.94	23	3.7	
FC - Forests	D	102	0.85	8	Nil	Ports Auckland	A	665	4.45	16	6.7	Williams Kettle	A	380	0.30	8	9.0	
Feverpitch Int.	C	25	N/A	NE	Nil	Powerco Limited	B	145	1.98	10	13.5	World Index Fd *	N/R	101	N/A	NE	Nil	
Finzsoft Sol'ns	C	85	1.93	NE	Nil	Property F Ind.	B	92	N/A	16	7.6	Wrightsons Ltd	B	105	0.21	7	16.3	
													Ave of 141 Cos	C	180	0.48	18	3.6
AMP Diver. Prop	A	300	N/A	16	6.5	Com'wealth Bank	B	2650	2.08	13	5.7	Normandy NFM	B	1820	2.63	15	1.4	
AMP Ltd	C	739	1.76	NE	6.2	Computer Share	C	157	1.11	16	1.9	Nufarm Limited	A	407	0.44	11	4.4	
AMP Office Trt	B	111	9.81	13	8.3	Corp Express	C	407	1.02	18	2.0	Oil Search Ltd	B	60	1.45	7	2.5	
AMP Shop Centre	A	175	8.80	18	6.3	Deutsche Office	B	109	6.40	11	9.2	Onesteel Ltd	B	176	0.32	20	3.7	
ANZ Bank	B	1825	1.71	12	4.7	Deutsche Div Tr	B	117	7.95	13	7.7	Orica Ltd	B	936	0.61	12	4.7	
APN News Media	B	329	1.35	16	4.9	Deutsche Int Tr	A	173	6.94	15	8.7	Origin Energy	B	414	1.10	21	1.2	
AWB Limited	B	384	0.45	10	6.5	Downer EDI Ltd	C	58	0.23	10	4.1	Pacifica Group	B	360	0.46	11	5.6	
AXA Asia Pac.	B	214	1.24	11	4.6	Envestra	C	105	2.75	NE	9.0	Paperlin X Ltd	A	517	0.52	14	5.2	
Adelaide Bright	A	117	1.29	13	4.5	Fairfax (John)	B	310	1.90	42	3.5	Patrick Corp	B	1170	2.43	21	1.7	
Adelaide Bank	B	750	1.31	16	4.3	Flight Centre	B	1810	0.44	26	2.1	Perp Trust Aust	B	3000	3.84	15	5.3	
Alintagas Ltd	B	434	1.77	12	5.8	Foodland Assoc	B	1818	0.43	20	4.1	Principal Off.	C	139	N/A	NE	Nil	
Alumina Ltd	B	421	1.87	27	3.1	Foster's Group	B	435	1.78	16	3.9	Publishing & Br	B	826	2.13	20	2.5	
Amarco Ltd	B	819	0.79	8	3.4	Futura's Corp.	A	144	0.12	14	8.3	Q.B.E. Insur.	B	848	0.61	19	4.1	
Anaconda Nickel	C	7.5	0.65	NE	Nil	GWA Internat'l	A	254	1.15	15	6.7	Qantas Airways	C	314	0.43	11	5.4	
Aneka Tambang	B	25	7.72	64	35.1	Gandel Retail	A	137	9.05	16	6.5	Reece Australia	A	640	1.00	15	2.7	
AngloGold Ltd	B	931	0.65	4	26.2	General Prop Tr	A	296	7.51	15	6.9	Rinker Group	B	485	0.83	12	Nil	
Ansell Ltd	E	536	0.45	NE	Nil	Goodman Fielder	B	163	0.67	12	4.6	Rio Tinto Ltd	B	3254	0.88	15	3.1	
Argo Investment	B	435	N/A	27	3.4	Guinness Peat	A	141	0.65	8	1.9	Rural Press Ltd	B	526	1.36	11	2.9	
Aristocrat	B	179	0.84	10	6.7	Gunns Ltd.	A	995	1.52	15	2.7	Santos Ltd	B	570	2.15	10	5.3	
Aust Pipeline	C	270	2.69	18	8.0	Harvey Norman	C	205	1.87	17	2.2	Seven Network	C	416	0.96	18	4.9	
Aust Pharm. Ind	C	241	0.25	14	5.4	Hills Motorway	B	551	N/A	42	3.5	Sigma Company	B	444	0.35	20	3.0	
Aust Gas Light	B	1099	1.48	24	4.7	ING Indust Trt	A	167	N/A	13	8.1	Sims Group Ltd	A	845	0.54	16	4.3	
Aust Stock Exch	B	1111	5.38	19	3.7	ING Office Fund	A	112	6.24	11	9.4	Smorgon Steel	B	111	0.32	19	5.9	
Aust Foundation	B	319	N/A	29	4.5	Iluka Resources	B	395	0.92	8	5.6	Sonic Health	B	619	1.86	47	3.2	
Austereo Group	B	136	2.18	10	5.8	Incitec	A	1070	1.43	22	3.5	Soul Pattinson	B	515	3.11	17	2.7	
Australand Hold	A	142	0.64	8	8.5	Insurance Aust.	C	308	0.97	NE	3.4	Southcorp Ltd	B	344	0.90	8	6.4	
BHP Billiton	B	949	1.07	10	2.5	Investa Prop.	A	200	6.42	14	7.4	Spotless Group	C	404	0.38	26	5.4	
BHP Steel Ltd	C	323	0.56	NE	Nil	Ivanhoe Mines	C	1200	N/A	NE	Nil	St George Bank	B	1929	2.45	23	4.1	
BRL Hardy Ltd	A	1049	2.14	22	1.9	James Hardie	A	624	2.40	50	1.6	Stn C. Fliers	C	10575	N/A	NE	Nil	
Bank of O'land	A	775	2.90	18	3.7	Jupiters	A	625	1.58	16	3.4	Stockland	A	480	4.77	16	6.2	
Bank of W.Aust	B	358	3.12	13	5.4	Leighton Hold	B	919	0.49	15	4.6	Suncorp/Metway	C	1038	1.21	18	5.2	
Bendigo Bank	B	780	3.32	19	3.7	Lend Lease Corp	B	937	0.33	18	1.9	TAB Ltd	A	310	1.56	18	4.2	
Bidvest	B	370	0.20	12	2.7	Lend Lease US	A	98	N/A	9	11.8	Tabcorp Holding	B	1022	1.93	15	6.2	
Billabong Int'l	B	489	1.96	16	3.9	Lihir Gold	C	126	4.09	16	Nil	Telstra	C	415	1.27	7	5.3	
Boral Limited	A	464	0.75	14	4.1	M.I.M. Holdings	B	160	0.79	36	2.0	Ten Network	D	206	1.18	NE	Nil	
Brambles Ind.	C	483	0.47	9	4.1	Macquaries Air.	B	95	N/A	19	5.8	Toll Holdings	B	649	1.32	24	1.5	
Brickworks Ltd	A	665	5.26	17	2.3	Macquarie Good.	A	146	5.71	13	8.1	Transurban Grp	C	435	N/A	NE	0.5	
Bristle Ltd	A	334	1.75	13	4.8	Macquarie Off.	B	115	8.57	13	9.5	UNITAB Ltd						

Recommended Investments

We announced brief details of **CDL Investments** annual profit result last month. The full accounts show strong operating cash flow of \$8.3 million for the year - mainly owing to the \$6.6 million reduction in land stocks to \$33.7 million (although the market value of this land is \$59.2 million). This cashflow enabled the company to repay \$5.9 million of interest bearing debts *and* build up a cash balance of \$2.3 million.

Renaissance Corporation reported to the AGM that the "company is now in a stronger position to generate profits" and had traded profitably "every month" this year.

Renaissance Corporation paid an interim dividend last year, but no final dividend. When the half year results to 30 June are available (i.e. in late July) the directors will consider making further dividend

payments.

Richina Pacific had called an Extraordinary General Meeting of shareholders to remove a dissident director who was refusing to sign the prospectus for the company's cash issue. Rather than face the shareholders, and explain his reasons, that director resigned. The one for one cash issue at US\$0.14½ (the NZ dollar amount is yet to be announced) will now proceed, with payment due by 23 April. Investors will be able to buy or sell rights on the market.

Richina Pacific has good growth potential, so we recommend taking up entitlements to the new shares.

Steel & Tube Holdings has started its share buy-back with the re-purchase of 2,400 shares on-market (at \$3.10) and 2,426 shares (at \$3.09½) from **Tubemakers**.

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation		Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %	
		Code	- Date - Price										
NZ Shares													
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	187.1	2.1	1.84	50	Nil	20	7.7	+10%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	A	63.0	0.7	1.50	19	6.9	392	111.0	+222%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	A	27.9	0.6	0.23	11	9.8	320	240.8	+274%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	B	101.8	1.0	2.56	10	10.5	156	25.0	+21%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.5	0.5	0.74	13	6.1	413	127.0	+1074%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	B	59.7	0.8	0.46	10	7.8	325	77.5	+15%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	37.1	2.0	0.07	NE	22.4	20	10.4	-64%
BUY	Richina Pacific	RCH	03/11/95	119*	C	72.2	1.7	0.07	4	Nil	47	11.9	-51%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	0.9	2.81	15	6.4	152	65.0	+81%
BUY	Steel & Tube Holdings	STU	08/08/00	146	A	87.9	0.9	0.85	16	8.9	318	63.0	+161%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	C	24.3	0.7	0.69	11	8.3	152	26.0	+75%
BUY	Wrightson Limited	WRI	13/01/98	83	B	134.2	1.3	0.21	7	16.3	105	33.3	+67%
Australian Shares (in Aust cents)													
BUY	Abigroup Limited	ABG	09/03/99	265	A	47.7	0.7	0.17	14	3.8	212	53.0	+0%
HOLD	Atlas Pacific Ltd	ATP	14/05/96	73	B	87.8	1.5	2.17	7	10.7	28	7.0	-52%
HOLD+	Auspine Limited	ANE	08/02/00	210	A	57.0	0.6	0.67	14	5.7	246	56.0	+44%
BUY	Austral Coal Ltd	AUO	16/01/01	19	C	154.5	1.3	0.77	6	Nil	50	Nil	+163%
HOLD	Biron Capital Ltd	BIC	12/04/94	171*	B	38.2	1.5	2.33	19	3.2	31	13.0	-74%
HOLD	Brazin Limited	BRZ	11/12/01	160	B	116.4	0.9	0.26	6	12.3	110	22.0	-18%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	418*	B	39.0	0.5	0.48	15	6.9	435	85.5	+25%
BUY	Candle Australia	CND	08/04/03	86	B	37.3	0.9	0.18	11	5.8	86	Nil	
HOLD	Cellnet Group Ltd	CLT	12/02/02	152	B	49.5	1.0	0.10	4	13.4	67	9.0	-50%
BUY	Commander Comm.	CDR	11/09/01	92	B	145.1	1.0	0.54	11	3.7	74	6.8	-12%
BUY	IASbet Ltd	IAS	11/02/03	180	A	41.0	0.9	2.26	12	4.1	170	Nil	-6%
HOLD	Julia Ross Recruitment	JRR	14/08/01	92	C	57.4	1.3	0.23	6	9.8	61	12.0	-21%
HOLD+	McPherson's Ltd	MCP	10/10/00	125	B	41.0	0.5	0.36	10	5.1	235	31.0	+113%
HOLD	Nufarm Limited	NUF	11/02/97	418*	A	155.7	0.6	0.44	11	4.4	407	99.3	+21%
HOLD	OAMPS Limited	OMP	15/05/01	132*	B	71.7	0.6	0.37	12	8.7	230	24.3	+93%
BUY	Skilled Engineering	SKE	12/03/02	126	B	88.7	0.9	0.33	19	4.4	225	16.0	+91%
HOLD	Toll Holdings	TOL	08/09/98	60*	B	302.8	0.6	1.32	24	1.5	649	35.5	+1041%
HOLD	UXC Limited	UXC	11/01/00	55*	C	124.1	1.4	0.22	10	8.3	60	14.0	+35%
BUY	Villa World Ltd	VWD	11/06/02	68	A	102.9	0.8	0.40	6	10.7	84	10.0	+38%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	B	164.1	1.1	1.36	13	3.9	101	22.1	+78%
HOLD	Volante Group Ltd	VGL	13/03/01	132	B	68.1	1.0	0.17	14	8.7	92	13.0	-20%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +105.2%. This is equal to an average annual rate of +24.6%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 33 current and 118 closed out) is +27.8%, compared with a market gain of +8.0% (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.

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

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

Abigroup is showing further signs that the construction industry is in a recovery. Revenues rose 17.4% to \$340.3 million for the six months to 31 December 2002 and profits recovered 26.4% to \$4,181,000 (8.8 cents per share). The interim dividend will remain steady at 4.0 cents.

The net cash flow from operations was very strong at \$23.7 million, boosting Abigroup's cash holding to \$38.5 million (80.8 cents per share). Interest bearing debts are \$60.6 million, compared with Shareholders Equity of \$118.7 million.

The main Construction and Maintenance business generated earnings (after tax, but before overheads) of \$12.5 million, but the SuperDome continues to operate below capacity and lost \$5.2 million. The very valuable Hills Motorway shareholding - worth \$82 million (173 cents per Abigroup share) - contributed \$1.24 million in dividends.

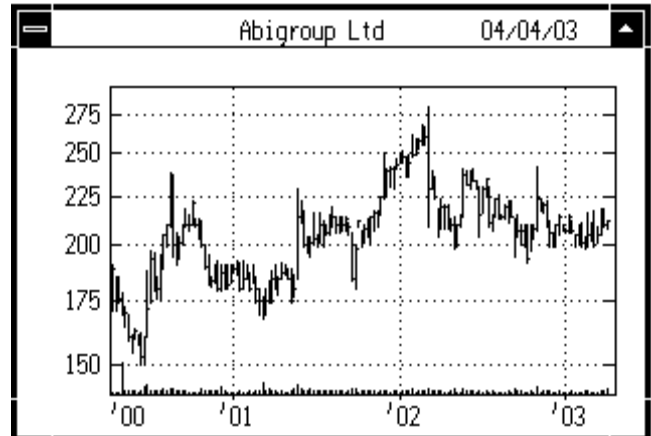
Abigroup has been awarded a \$77 million contract to design and construct Stage 3 of the **Craigieburn Bypass** in north Melbourne. This 7.8km, four lane freeway will include "water sensitive road design" to preserve the environment and connect the Metropolitan Ring Road to Harvest Home Lane. Abigroup has already won Stage 1 (in March 2002, a bridge over the planned bypass and connecting road worth \$4.1 million) and Stage 2 (in July 2002, a freeway to freeway interchange linking the Metropolitan Ring Road to the planned bypass, worth \$15.7 million) with both projects "on budget and ahead of the contractual completion date". Stage 4 of the project is likely to be worth a further \$110 million.

Abigroup is also seeking to form a consortium - probably with **Leighton Contractors** and financiers - to bid next month for the \$1,800 million **Mitcham-Frankston** freeway in Victoria. This will be a "public-private partnership" project. The Federal Government will contribute \$445 million to construction costs, with the balance funded by the consortium. No tolls will be charged to users, but the consortium will receive annual payments from the state government, subject to meeting certain performance benchmarks (i.e. the number of lanes open at all times, maintenance levels, traffic flow and speed). As the project will produce fixed annual revenue - without the uncertainty of traffic volumes on the revenue earned from a toll road - the consortium should be able to largely debt fund this project. If successful at winning the tender, Abigroup will benefit from promoting the consortium, the initial construction work, on-going maintenance and a return on its equity contribution to funding the consortium.

New roads being constructed will bring more traffic to the Hills Motorway - boosting the toll revenue and value of this Abigroup investment over the next few years. Abigroup's revenues and profits should also benefit from an upturn in construction, profits and dividends rising over the next several years. Therefore we are upgrading Abigroup shares to a "Buy".

We expect the Abigroup share price to perform well

- but ultimately the greatest increase in the value from Abigroup will not happen until it realises its Hills Motorway investment - splitting the income producing (and dividend paying) construction business from this asset rich (but low income producing) investment.

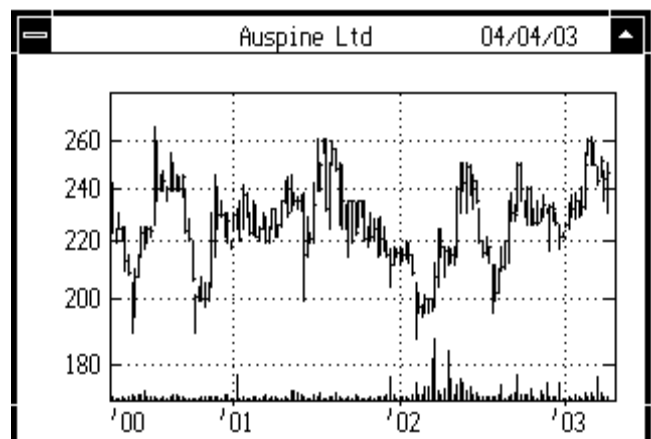


Atlas Pacific has continued to under-perform its previous forecasts. Revenues for the year to 31 December 2002 were unchanged at \$11.3 million. Pre-tax profits were also virtually unchanged, but a higher tax rate resulted in the net profit falling 16.2% to \$3,499,000. The issued capital also increased (owing to the exercise of options), so earnings per share were 24.5% lower at 4.0 cents. Consequently the final dividend will be only 1.0 cent, making a 25.0% lower 3.0 cents for the year.

Pearls held in inventory at year end - plus other pearls harvested early this year - were sold at auction in February to realise \$4.5 million. The company now predicts that revenues and profits for the current financial year will be similar to 2002.

Atlas Pacific is "committed to expanding production" through further development of joint venture farming. So while the current dividend has been cut, and the share price has declined recently, this remains a high income producing investment with good growth potential from this expansion of its pearl farming operations.

Auspine has completed its on-market share buy-back, having acquired exactly 3.0 million shares (5.27% of its capital) over the last six months. Auspine will now begin a new share buy-back aimed at acquiring another 2.4 million shares on-market over the next six months.



In line with its warning of December, **Cellnet Group** experienced an 18.0% fall in revenue to \$154.8 million for the six months to 31 December 2002. Profits declined 56.7% to \$2,224,000 (4.5 cents per share) - although half

of this decline resulted from the need to write off \$2.1 million for obsolete stock. The interim dividend will be cut 25.0% to 3.0 cents.

Cellnet's contract to distribute mobile accessories for **Telstra** has been extended by two years and the company also secured the contract to distribute 3G handsets for **Hutchison 3G**.

Commander Communications has acquired **RSL COM** for \$65.9 million. This is a major acquisition that will increase revenues, cash flows and profits by 80-100% but increases the issued capital by no more than 15% as it is largely debt funded. More importantly, RSL COM's "virtual network" is a sector of the telecommunications market that holds the best potential to create shareholder wealth. This acquisition also provides Commander Communications with a new supplier of telephony services and breaks its dependence upon Telstra for back office and services.

Companies like **Telstra** or **Telecom NZ** which own physical networks are caught in the trap of *Terminal Velocity* (i.e. rising costs and falling sales prices that destroy shareholder wealth). **RSL COM** avoids this situation by investing in a "virtual network": an advanced intelligent switched network that allows it to inter-connect and resell capacity from the major network carriers. To learn more about this type of business we suggest reading *Future Wealth* (by Francis McInerney and Sean White) chapter 50: *Building the Virtual Companies*.

RSL COM - in consultation with Commander Communications, while finalising this acquisition - purchased the small fixed wire network in Perth and the customers of **New Tel** (in liquidation) last month.

In early 2000, RSL COM was planning a \$400 million float on the Australian stockmarket - which was cancelled as technology share prices fell. The US parent company, **RSL Communications**, filed for bankruptcy in March 2001 and has since been trying to sell the Australian businesses. The mobile business, **RSL COM Mobile** (now call **ComVergent**), was sold to **Optus** in October 2001. The price of the remaining businesses now being acquired by Commander Communications has been significantly reduced to a Price/Sales ratio of 0.35 and a Price/Earnings ratio of around 6-9.

Commander Communications has re-negotiated its unutilised \$40 million banking facility and increased its limit to \$79 million. This will help finance this acquisition and provide credit facilities to fund internal growth or future acquisitions. 50% of the \$65.9 million acquisition cost (i.e. \$32.4 million) will be paid immediately in cash with two further cash payments of \$6 million each (plus interest at 7½%) in March 2004 and March 2005. \$21.5 million will be settled through the placement of 21.5 million, 7½% convertible notes. Investors may convert each \$1.00 note into one ordinary share after March 2004 or redeem them in cash at maturity in March 2006.

At December 2002, Commander Communications had Shareholders Equity of \$110.7 million and interest bearing debts of just \$4.2 million. The company is therefore well placed to make this debt funded acquisition. Operating cashflows will also approximately double to \$25-35 million annually, allowing the company

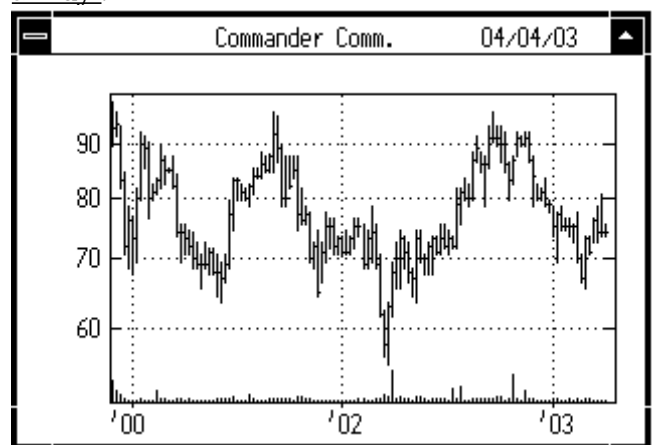
to quickly repay its new \$32.4 million in bank debt and the \$12 million of vendor financing.

Commander Communications' business was established in 1991 as a division of **Telstra** to market to small and medium sized businesses. It was formed into a separate company and floated on the stockmarket in 1998 but its re-seller agreement with Telstra restricts the company to offering only Telstra retail services (which Telstra bills directly to the customer). Profitability is therefore restricted as Commander Communications cannot re-sell *wholesale* telephony services from other carriers or buy from Telstra at wholesale prices.

The current agreement expires in July and Commander Communications has spent six months attempting to negotiate a better deal with Telstra's retail operations. This acquisition, however, makes these unsuccessful negotiations irrelevant. Commander Communications will re-sell telephony services from its new RSL COM division which buys from Telstra, Optus and other carriers at the *best* wholesale rates! RSL COM also has the accounting and processing systems in place to enable direct monthly billing to customers. The only matter now under discussion with Telstra is "how to migrate the billing of Commander customers away from the Telstra system".

RSL COM is therefore an important acquisition for Commander Communications: Firstly, it is buying a company with *significant revenues, cashflows and profits at a relatively low valuation*. Secondly, the acquisition is largely debt funded so nearly *all of the benefits of the higher revenue, cashflows and profits will accrue to existing Commander Communications shareholders*. Debt funding this expansion is not a problem as Commander Communications was virtually debt free before the acquisition and should be able to rapidly reduce the debt from cashflows. Thirdly, the acquisition provides Commander Communications with a new source of telephony services for re-sale (and provides billing services), allowing it to abandon the restrictive agreement inherited from its former parent company.

We are upgrading Commander Communications to a "Buy".



Nufarm lifted revenues 2.2% to \$571.8 million for the six months to 31 December 2002, but lost \$3,990,000 (minus 2.6 cents per share) compared with a profit of \$5,558,000 a year earlier. A steady 7.0 cents dividend will be paid.

This first half loss - according (Continued on Page 6)

Recommended Investments (Continued from Page 5) to the company - simply reflects a more seasonal pattern to earnings, with the full year profit to June 2003 expected to be at least 10% ahead of 2002. Australian sales in February and March were "extremely strong" and the outlook for the final quarter is "now very positive".

We are disappointed with Nufarm's long term performance, but the shares trade at a low valuation and are currently being re-rated, so we shall "Hold" for a little while longer.

Toll Holdings' Chief Executive Paul Little states "We have a boom period in front of us" - based upon government estimates that freight volumes will double by 2020. Much of that volume increase will have to move from roads to the under-utilised rail system. Toll Holdings also sees growth from companies - including **CSR** and **Boral** which have large truck fleets - outsourcing these operations.

UXC's Utility Asset Management division has purchased the business, patents and manufacturing equipment of **Technology Exchange** for \$2 million (plus undisclosed future payments "funded entirely from cash flow" if the business achieves undisclosed performance targets). This is another relatively cheap acquisition - equal to just 3.3 times earnings. Technology Exchange is involved in refurbishing wooden power poles which decay below the ground, driving large steel supports down the side of the poles, and bolting them in place, thereby avoiding the need to replace poles and disrupt power supply. This system is already used in Australia and the United Kingdom, and Utility Asset Management will seek to use it to expand into the United States.

Villa World has produced an outstanding result for the six months to 31 December 2002 - with further strong performance predicted in the second half - but the share price has weakened! Revenues fell 33.1% to \$79.1 million for the period but profits soared 65.0% to \$9,131,000 (8.9 cents per share). The interim dividend will be raised 25.0% to 5.0 cents.

Villa World "having regard to sales levels and margins currently being achieved" now expects the profits for the full year to June 2003 to be around \$18 million (17½ cents per share) - up significantly on its earlier expectation of "slightly exceeding \$12 million".

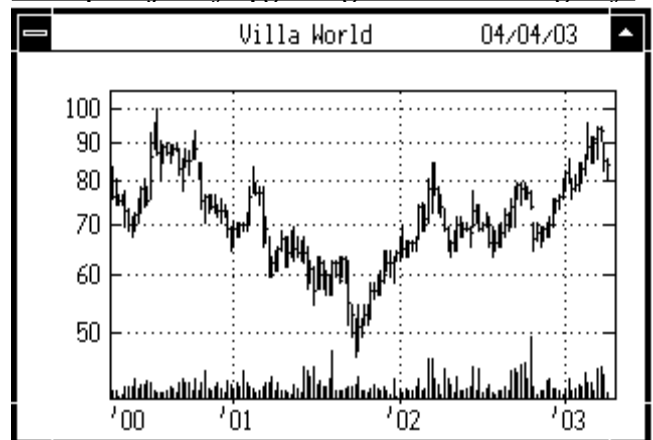
When initially recommending Villa World last June we expected the shares to be re-rated to around 100-140 cents by 2004 - producing a high income yield and a 20-40% per annum rate of capital appreciation over two years. This new level of profitability, however, could see the shares reach 130-160 cents over the next 12-18 months.

So at 84 cents, Villa World offers a potential income yield of about 13% (based upon an estimated 11.0 cents dividend this year) and a 55-90% capital gain over the next 12-18 months.

We can't even try to explain *why* the Villa World share price fell back from a recent high of 95 cents in response to the excellent profit result and forecast . . . but then all you *need* to know is that this is an attractive

opportunity to buy into the company or to add to an existing investment in the shares!

We downgraded Villa World slightly to a "Hold+" in March owing to the increase in the share price (i.e. at 91 cents it was approaching our estimated value of 100-140 cents) but the high profit levels, upgraded share price target (of 130-160 cents) and slightly lower current share price justify upgrading them to a "strong Buy"!



Vision Systems' launch of its two new pathology machines, *Bond-X* and *Bond-maX*, may be delayed in the US owing to legal action from an existing supplier of a rival system, **Ventana Medical Systems**. Ventana is seeking an injunction to prevent the launch, claiming the Vision Systems machines breach its patents on software for scheduling procedures in the tissue stainer and the use of bar-coding tissue samples. Vision Systems is "very confident of its position", has not disclosed the design or operation of the *Bond* system to Ventana and believes the claims have no factual basis. Vision Systems is seeking a judgement that Ventana's patents are not infringing.

Vision Systems expects to launch the *Bond* system in Australia and the United Kingdom this month, and in the United States later this year. While Ventana is a "major customer of Novocastra's cancer detection reagents", this dispute is not expected to have any impact on the level of reagent sales.

We consider Vision Systems a high technology growth company and expect the shares to begin a new uptrend within the next few months. Trading on a Price/Earnings ratio of 13 and a Dividend Yield of 3.9% the shares appear extremely under-valued. "Buy".



Share Recommendation: Buy Candle Australia

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

BUY Australian listed Candle Australia (code CND). We recommend the purchase of shares in Candle Australia, a recruitment, services and labour hire company specialising in the Information Technology, Telecommunications, Accounting and Banking sectors. The shares are at the bottom of a cyclical downturn, so offer a high current dividend yield, plus excellent potential for income growth and capital appreciation over the next several years.

Company History

This business was established in 1984 as **Candle Computer Services Pty**, a software company providing services and System Development project teams. Joint venture operations with **Data Personnel Pty** began in 1993 and led to the two companies merging - to become Candle Australia - in 1996. The existing investors then sold about half their shares to the public at \$1.00 each (i.e. for a total of \$13.8 million) and the company listed on the Australian stockmarket in November 1996.

Exactly a year later the company acquired New Zealand based Information Technology and Telecommunication recruitment firm **Doughty Group** (renamed Candle New Zealand) for A\$5,000,000 (i.e. \$1,000,000 in cash and the issue of 2,450,000 shares at \$1.65)

Freeman Adams - a recruitment firm specialising in the Finance and Accounting sectors - was purchased in March 1999 for \$4,060,000 (\$2,030,000 in cash and 835,392 shares at \$2.43).

In December 1999 the company acquired **Unisys People**, a national Information Technology recruitment and labour hire business generating annual revenues of \$34 million. The purchase price was \$6,900,000 in cash, but funded from the placement of 2,000,000 shares at \$3.75 which raised \$7,500,000.

The next big acquisition was the purchase of Melbourne based **Alliance Recruitment** in December 2000 for \$8.5 million (i.e. \$6,375,000 in cash and 1,112,565 shares at \$1.91). Alliance Recruitment specialises in recruitment and labour hire in the areas of Finance, Accounting and Office Support.

Recent Results

Recruitment and labour hire is a cyclical business. With strong demand for IT personnel during the Technology boom and Accountants during the pre-GST boom, Candle Australia took advantage of its high share price to fund acquisitions (i.e. buying competitors by offering its own shares and cash raised from share placements and via its dividend re-investment scheme). While revenues and profits grew rapidly, the issue of these new shares diluted the rate of growth in earnings per share.

In its first year as a public listed company (i.e. to June 1997), Candle Australia generated revenues of \$58.0 million and a profit of \$2,484,000 (10.1 cents per share) and paid a dividend of 4.2 cents.

Revenues rose 80.9% to \$104.9 million for the year to June 1998. Profits rose 26.4% to \$3,139,000 (with

earnings per share up 13.9% to 11.5 cents) and the dividend was raised 90.5% to 8.0 cents.

For the year to June 1999 revenues rose 57.8% to \$165.4 million. Profits were up 39.1% to \$4,366,000 (with earnings per share up 22.6% to 14.1 cents) and the dividend was raised 25.0% to 10.0 cents.

The year to June 2000 saw revenues 23.5% higher at \$204.3 million and profits up 19.1% to \$5,202,000. Earnings per share rose 8.5% to 15.3 cents and the dividend was raised 15.0% to 11.5 cents.

The year to June 2001 showed the first signs of the cyclical downturn. While revenues rose 5.0% to \$214.5 million, profits fell 31.5% to \$3,565,000. Earnings per share were 34.0% lower at 10.1 cents and the annual dividend rate was cut 34.8% to 7.5 cents.

Revenues fell 17.4% to \$177.2 million for the year to June 2002. Profits slipped 15.1% to \$3,025,000 and earnings per share were down 18.8% to 8.2 cents. The dividend was cut a further 33.3% to 5.0 cents.

The six months to December 2002 shows that the market remains difficult but that Candle Australia has lowered its operating costs to adapt to this competitive environment. Revenues fell 14.9% to \$80.1 million, but profits recovered 28.0% to \$1,710,000 (4.6 cents per share, up 27.8%). The interim dividend was increased 50.0% to 3.0 cents.

Investment Criteria

Recruitment, labour services and labour hire businesses like Candle Australia (and Julia Ross Recruitment and Skilled Engineering) have the potential to be outstanding investments.

Firstly, these are cyclical businesses. So a weak economy will depress their revenues, profits, dividends and share prices offering an attractive buying opportunity ahead of the next strong cyclical upturn by these businesses. Of course, we cannot always *time* when to buy in accurately, or predict economic fluctuations, but if we can buy *somewhere* near the bottom then *most of the time* we should be able to earn a high income return *and* double or quadruple our capital over a period of several years.

Secondly, labour services and labour hire are growing sectors of the economy as there is a long term trend for organisations to outsource their non-core functions.

Thirdly, and importantly, these businesses are not capital intensive - which is particularly attractive for investors. These businesses can grow rapidly (subject, of course to their ability to operate efficiently and win new business) without the need to raise large quantities of new capital or to retain profits to finance that growth. These are businesses that generate *free* cash flows that can be used to finance acquisitions, finance new internal growth or be distributed to shareholders. In contrast, a capital intensive business needs to retain cashflows to replace depreciating assets *simply to maintain its current level of business*. To fund

(Continued on Page 8)

Buy Candle Australia (Continued from Page 7)
growth it usually needs to raise additional equity - diluting earnings per share.

Fourthly the recruitment, services and labour hire sector is very fragmented. So there is excellent potential for the more efficient companies to grow by (1) winning market share and (2) by acquiring weaker competitors at lower valuations - especially at the bottom of the economic cycle and in the early stages of an upturn.

At 86 cents, Candle Australia shares trade on an extremely low Price/Sales ratio of 0.18, a low Price/Earnings ratio of 11 and a Dividend Yield of 5.8%. Candle Australia shares therefore trade at a low valuation to current revenues, profits and dividends which are depressed by the weak economy. The combined impact of depressed results and the depressed valuation is that Candle Australia shares have lost 80% of their value since their peak in late 1999 and early 2000. This trend will reverse in the next cyclical upturn when higher earnings and a higher valuation combine to produce significant capital appreciation in the share price.

Candle Australia has relatively low debt and is in a strong financial position, able to survive the economic downturn and well placed to grow through acquisition. Interest bearing debts are currently \$7.0 million, while the company also holds \$5.3 million in cash.

The issued capital is 37,332,507 shares. At its peak the market capitalisation was \$135 million, making this a medium to large Australian company, but the decline in the share price has reduced the market capitalisation to just \$30 million. Candle Australia is therefore a smaller listed company at the present time.

The company is *neglected* by brokers, with only one firm following the company closely enough to publish profit forecasts. Institutional investors own only about 30% of the company.

Management have a significant investment in Candle Australia. The Executive Chairman, GJ Moles owns 3,034,319 shares (8.1% of the company) while the Director of Operations, D McKillop, has 813,665 shares (2.2%). The Managing Director, RJ Collins, owns only 33,200 shares (but has 1,400,000 executive options), while Non-executive Director IK Crow holds 27,180 shares.

There have been two *insider* buys over the last twelve months with the Managing Director buying 5,200 shares (at 86 cents) in May 2002 and 13,000 shares (at 82-85 cents) in June 2002.

Valued as a growth company in 1999, Candle Australia shares peaked at 405 cents on a P/E ratio of 28. The economic slowdown has seen profits decline and the shares fall out of favour - losing 83% of their value over the last three years. The shares hit a low of 70 cents in February but jumped to 86 cents with the recent half year profit announcement. Technically, the shares are still a little *weak*, with a Relative Strength rating of -5.9%, ranked 57, but are likely to be very close to the bottom of this cyclical decline.

Stockmarket Trading

Unfortunately, recommending smaller to medium sized companies when their share price is depressed and general stockmarket activity is low can mean that it is difficult for subscribers to buy all of the shares they want immediately.

For example, an average of around 70,000 Candle Australia shares traded per day at the market peak (at about \$3.90 per share), giving an average daily trading value of about \$270,000. The lower share price and depressed stockmarket activity has reduced recent trading volumes to an average of 50,000 shares. At a share price of 75-85 cents this is an average daily trading value of only \$40,000.

We would expect that subscribers will be able to buy as many Candle Australia shares as they want - at prices between 80-100 cents - over the next six months. So we advise *patiently* buying shares within that price range - rather than pushing the shares sharply higher in a short lived buying frenzy!

Our *Comprehensive Share Selection Criteria* requires *positive* Relative Strength before Candle Australia rates a "Buy" as an *Under-Valued Share*. Nevertheless, owing to the smaller than ideal volume of shares trading on the market, we are seeking to buy into the company *a little early*. This will give us time to build up larger shareholdings over the next few months and still buy in *ahead* of Candle Australia becoming more widely recognised as a cyclical recovery situation.

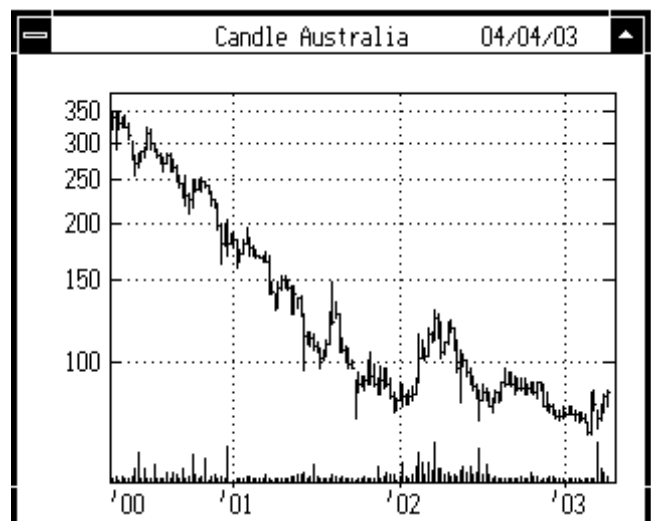
Summary and Recommendation

While we already own shares in a couple of Recruitment companies we believe a third holding is justified owing to the low valuation, recovery potential and long term growth of this sector. In addition, each company operates in a different niche market, so can experience very different trading conditions and produce different investment returns for our portfolio.

Candle Australia is a well managed and soundly financed company and the shares are under-valued.

Candle Australia shares should be suitable for a wide range of investors. They offer a high current dividend yield (i.e. 5.8%) and potential for income growth (i.e. a higher final dividend should yield 7-8½% this year), so will appeal to retired investors requiring income. Cyclical recovery and growth over the next few years should also produce far above average capital appreciation, so Candle Australia shares will also appeal to investors seeking capital growth.

Over the next 2-4 years we would expect the shares to appreciate in value to around 225-300 cents (i.e. a capital gain of 160-250%). The shares, of course, can be volatile so need to be part of a diversified portfolio.



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.

Company	STRENGTH RATING				Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Col Motor Co	320	+6.1	-1.4	13	0-0	-	1.1	10	0.6	11	9.8	0.23	89
Broadway Ind	44	+4.8	+3.9	15	0-0	-	1.1	14	1.1	8	3.4	0.24	9
Fletcher Build.	341	+8.9	-1.3	7	0-0	5	2.1	16	0.8	13	6.1	0.40	1,182
CDL Hotel NZ	26	+10.7	+1.2	6	0-0	1	0.4	5	1.8	8	4.0	0.45	91
Nuplex Indust	325	+3.2	-2.5	20	1-0	3	1.5	15	0.8	10	7.8	0.46	194
Hellaby Hold.	352	+12.2	-0.1	4	0-0	1	2.1	17	0.7	12	7.6	0.51	174
Tourism Hold.	104	+5.2	-2.1	14	0-0	4	0.6	1	1.2	41	4.3	0.52	96
Wakefield Hosp.	135	+1.0	+0.3	27	1-0	-	0.7	4	0.8	18	3.3	0.55	12
Goodman Fielder	176	+1.7	-2.4	25	0-0	-	1.7	15	0.9	11	2.7	0.62	2,156
Taylor's Grp Ltd	152	+0.1	+0.8	36	0-0	-	1.6	14	0.7	11	8.3	0.69	37
Carter Holt	172	+0.4	+0.2	31	1-0	6	0.6	4	1.1	17	4.4	0.72	2,996
Steel & Tube	318	+4.0	-0.9	18	0-0	4	2.3	15	0.9	16	8.9	0.85	279
Hallenstein G.	278	+0.0	+0.7	37	0-0	4	3.8	27	0.7	14	9.9	0.93	164
Mr Chips Hold	110	+4.7	-3.4	16	0-0	-	3.9	13	1.1	31	4.7	0.95	26

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Hellaby Hold.	352	+12.2	-0.1	4	0-0	1	2.1	17	0.6	12	7.6	0.51	174
CDL Hotel NZ	26	+10.7	+1.2	6	0-0	1	0.4	5	1.4	8	4.0	0.45	91
Fletcher Build.	341	+8.9	-1.3	7	0-0	5	2.1	16	0.6	13	6.1	0.40	1,182
Affco Holdings	18	+6.6	+3.6	11	0-0	-	0.3	4	1.4	8	Nil	0.04	88
Col Motor Co	320	+6.1	-1.4	13	0-0	-	1.1	10	0.5	11	9.8	0.23	89
Broadway Ind	44	+4.8	+3.9	15	0-0	-	1.1	14	0.8	8	3.4	0.24	9
Steel & Tube	318	+4.0	-0.9	18	0-0	4	2.3	15	0.8	16	8.9	0.85	279
Nuplex Indust	325	+3.2	-2.5	20	1-0	3	1.5	15	0.7	10	7.8	0.46	194
Goodman Fielder	176	+1.7	-2.4	25	0-0	-	1.7	15	0.7	11	2.7	0.62	2,156
Wakefield Hosp.	135	+1.0	+0.3	27	1-0	-	0.7	4	0.6	18	3.3	0.55	12
Carter Holt	172	+0.4	+0.2	31	1-0	6	0.6	4	0.9	17	4.4	0.72	2,996
Taylor's Grp Ltd	152	+0.1	+0.8	36	0-0	-	1.6	14	0.6	11	8.3	0.69	37
Hallenstein G.	278	+0.0	+0.7	37	0-0	4	3.8	27	0.6	14	9.9	0.93	164

We have now started including *insider* trading data in these tables. Data has only been available since the start of the year, so covers only 12-weeks at this stage. Eventually these figures will show *insider* buys and sells over the previous 52 weeks.

Company	STRENGTH RATING				Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													
Wrightsons Ltd	105	-3.0	-1.6	59	0-0	2	1.2	18	1.0	7	16.3	0.21	141
NZ Refining Co	1595	+0.1	-3.6	34	0-0	1	1.2	12	0.2	11	14.0	2.37	383
Powenco Limited	145	-11.6	-1.0	80	0-0	3	0.8	8	0.5	10	13.5	1.98	323
Pyne Gould G.	107	-0.7	-0.5	46	1-0	-	1.1	12	0.6	9	11.9	0.42	107
Restaurant Brds	137	-8.8	-0.0	73	0-0	3	3.1	29	0.8	11	10.9	0.50	128
Lytelton Port	156	+0.1	+0.5	35	4-0	4	5.6	58	0.8	10	10.5	2.56	159
Hallenstein G.	278	+0.0	+0.7	37	0-0	4	3.8	27	0.5	14	9.9	0.93	164
Skellmax Indust	108	+1.5	-0.2	26	0-0	3	6.0	69	0.8	9	9.7	1.07	108
Steel & Tube	318	+4.0	-0.9	18	0-0	4	2.3	15	0.8	16	8.9	0.85	279
Nuplex Indust	325	+3.2	-2.5	20	1-0	3	1.5	15	0.6	10	7.8	0.46	194

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Opio Forestry	51	-0.0	-0.1	40	0-0	-	0.5	-	0.6	NE	Nil	9.14	8
Sky Network TV	365	-0.6	+3.3	44	0-0	5	25.9	-	0.8	NE	Nil	4.87	1,421
F & P Health.	980	-2.3	+0.3	56	0-0	8	5.8	37	0.6	16	3.8	4.67	1,003
Brierley Invest	43	-9.7	-2.2	75	0-0	1	0.4	1	1.2	27	Nil	3.99	608
Horizon Energy	296	-1.9	-5.1	55	0-0	2	0.4	4	0.3	10	8.6	2.83	74
South Port NZ	152	-1.7	-0.4	54	0-0	1	3.0	20	0.7	15	6.4	2.81	40
Rubicon Limited	68	-0.2	+0.1	41	0-0	2	0.8	-	0.8	NE	Nil	2.57	190
NZ Oil and Gas	29	-4.6	-5.6	66	0-0	-	1.0	-	1.0	NE	Nil	2.31	33
Infratil NZ	177	-3.2	-1.3	60	3-0	3	1.0	7	0.6	15	2.5	2.11	329
Genesis Res.	120	-20.9	+0.6	88	0-0	2	0.8	-	0.9	NE	Nil	2.02	31

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Vending Tech.	64	-32.8	-8.8	95	0-1	1	1.2	34	0.8	4	Nil	0.93	19
Software of Exc	75	-26.5	-2.3	93	0-0	-	2.5	-	0.9	NE	Nil	1.16	16
Advantage Group	25	-23.2	+3.2	91	5-0	1	1.3	14	1.5	10	Nil	0.34	21
Genesis Res.	120	-20.9	+0.6	88	0-0	2	0.8	-	0.9	NE	Nil	2.02	31
Blis Technology	35	-10.6	+2.3	78	0-0	-	4.2	-	0.9	NE	Nil	N/A	22
AXA Asia Pac.	227	-10.4	-0.4	76	0-0	-	1.1	10	0.5	11	5.2	0.81	4,001
Eldercare NZ	15	-10.2	-1.1	76	0-0	-	0.7	-	1.3	NE	Nil	0.72	29
Brierley Invest	43	-9.7	-2.2	75	0-0	1	0.4	1	1.2	27	Nil	3.99	608
Cadmus Tech Ltd	6	-9.4	-4.1	74	0-0	-	2.1	-	2.1	NE	Nil	1.30	8
Warehouse Group	540	-9.1	-4.0	74	0-0	5	5.2	26	0.4	20	3.7	0.88	1,647
NZ Invest Trust	404	-8.5	-2.0	71	6-0	-	-	-	0.4	NE	2.0	N/A	41
Ozzy (Tortis)	180	-8.4	+0.1	70	0-0	-	-	-	0.6	NE	Nil	N/A	60

"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.

Company	STRENGTH RATING				Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
Finzsoft Sol'ns	85	+33.3	+17.1	0	0-0	-	2.0	-	0.9	NE	Nil	1.93	7
Richmond Hold.	314	+23.9	+1.9	0	0-0	-	0.6	NE	Nil	N/A	Nil	N/A	N/A
Design Textiles	94	+16.5	-7.2	1	1-4	-	2.1	20	1.4	10	4.8	N/A	0
NZ Experience	17	+14.3	-6.0	2	0-0	-	1.3	14	2.1	9	Nil	N/A	10
Scott Tech. Ltd	242	+13.8	-5.5	3	0-0	-	3.5	16	0.7	22	6.8	1.83	53
Shotover Jet	75	+13.3	-0.0	3	0-0	-	1.5	16	1.1	10	2.5	1.32	32
Hellaby Hold.	352	+12.2	-0.1	4	0-0	1	2.1	17	0.7	12	7.6	0.51	174
CDL Investments	20	+11.1	-1.7	5	0-0	-	1.0	2	2.1	50	Nil	1.84	37
CDL Hotel NZ	26	+10.7	+1.2	6	0-0	1	0.4	5	1.8	8	4.0	0.45	91
Sky City Ltd	789	+9.4	-1.7	6	0-0	6	6.5	38	0.5	17	7.2	3.19	1,638
Fletcher Build.	341	+8.9	-1.3	7	0-0	5	2.1	16	0.8	13	6.1	0.40	1,182
Cavalier Corp	392	+7.7	-2.6	7	0-0	1	2.2	12	0.7	19	6.9	1.50	247
Trust Power Ltd	390	+7.1	+2.4	8	0-0	3	1.3	-	0.6	NE	4.9	1.18	715
Feverpitch Int.	25	+7.1	+15.3	9	0-0	-	0.7	-	1.9	NE	Nil	N/A	1
Turners Auction	270	+6.8	-0.9	10	0-0	1	-	-	0.7	NE	Nil	N/A	N/A
Affco Holdings	18	+6.6	+3.6	10	0-0	-	0.3	4	1.9	8	Nil	0.04	88
NGC Holdings	149	+6.6	-2.0	11	0-0	-	1.8	9	1.1	20	4.4	1.63	1,155
Contact Energy	443	+6.5	+1.5	12	0-0	6	1.6	8	0.6	21	6.4	2.44	2,675
Newcall Group	3	+6.4	+6.5	12	0-0	-	-	-	5.8	NE	Nil	0.19	4
Col Motor Co	320	+6.1	-1.4	13	0-0	-	1.1	10	0.6	11	9.8	0.23	89
Tourism Hold.	104	+5.2	-2.1	14	0-0	4	0.6	1	1.2	41	4.3	0.52	96
Northland Port	269	+5.2	-4.8	14	0-2	1	2.6	12	0.7	22	6.1	5.97	112
Broadway Ind	44	+4.8	+3.9	15	0-0	-	1.1	14	1.1	8	3.4	0.24	9
Mr Chips Hold	110	+4.7	-3.4	16	0-0	-	3.9	13	1.1	31	4.7	0.95	26
Kingsgate Intl	23	+4.1	+3.6	17	0-0	-	0.6	7	1.9	8	Nil	1.18	90
Steel & Tube	318	+4.0	-0.9	17	0-0	4	2.3	15	0.9	16	8.9	0.85	279
Compass Com.	41	+3.7	-1.3	18	0-0	-							

Computer Selections of Australian 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", "Income" and "Insider Buying" shares should be considered for purchase, while the "Over-Valued", "Worst Performing" and "Insider Selling" shares can be sold to release money for re-investment in more attractive shares.

Company	STRENGTH RATING				Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	STRENGTH RATING				Insider Buy-Sell	Brokers Following	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											Share Price	Current	4-Wk Chg.	Rank											
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																													
Sunvest Corp	40	-6.0	-0.3	56	0.0	-	1.5	5	0.5	31	Nil	9.95	5	Oriel Comm.	2	-24.9	-1.3	93	0.0	-	-	-	2.0	NE	Nil	2.05	6		
Essential Pet.	14	-8.7	-11.0	66	3.0	-	-	-	1.0	NE	Nil	9.85	9	Argosy Minerals	10	-24.9	+0.8	93	0.0	-	-	-	1.2	NE	Nil	N/A	9		
Electro Optic	120	-11.7	-4.6	73	0.0	-	7.1	-	0.9	NE	Nil	9.84	34	E.R.G.	11	-24.7	+3.4	93	1.1	1	-	-	1.3	NE	Nil	0.32	98		
Gradiopore Ltd	111	-4.2	+5.7	50	9.1	-	1.6	-	0.6	NE	Nil	9.78	53	Travel.com.au	12	-24.6	+2.4	92	0.0	-	1.3	-	1.2	NE	Nil	0.47	7		
AMCIL Limited	71	-23.2	-7.8	91	0.0	-	0.6	-	0.6	NE	Nil	9.78	68	SMS Mgmt & Tech	23	-24.3	+2.3	92	1.0	3	1.4	-	1.2	NE	Nil	0.58	72		
Premier Invest	190	-4.8	+0.2	52	2.0	-	0.6	1	0.3	70	1.1	9.37	171	Asset Backed	12	-24.2	-4.1	92	1.0	-	0.8	-	1.3	NE	Nil	2.03	6		
Virax Holdings	180	-19.7	-11.9	87	0.1	-	4.5	-	1.3	NE	Nil	9.09	5	Renew. Energy	8	-23.9	+3.6	92	3.0	1	0.6	-	1.2	NE	Nil	7.19	12		
Key2 Limited	3	-0.4	+0.1	37	0.0	-	1.7	-	1.6	NE	Nil	8.95	10	RMG Limited	3	-23.9	-1.2	92	3.2	-	0.0	-	1.6	NE	Nil	0.40	21		
Stln Pacific	16	-31.3	+2.0	96	0.0	-	-	-	0.9	NE	Nil	8.94	65	Compass Res	13	-23.7	+0.8	92	0.0	-	-	-	1.2	26	Nil	3.22	5		
Herald Resource	40	-8.7	-3.3	66	0.0	-	-	-	0.9	NE	Nil	8.81	21	Pocket Mail Grp	2	-23.2	+8.1	91	0.0	-	-	-	2.7	NE	Nil	0.67	7		
Biotron Limited	27	-13.1	-6.8	75	0.0	-	2.3	-	0.7	NE	Nil	8.41	7	AMCIL Limited	71	-23.2	-7.8	91	0.0	-	0.6	-	0.5	NE	Nil	9.78	68		
Pro Medicus Ltd	87	-7.4	-3.3	61	0.0	-	8.7	48	0.4	18	2.9	8.36	87	Minerals Corp.	12	-22.9	-1.7	91	3.4	-	0.5	-	0.8	NE	Nil	2.75	26		
Marlborough Res	5	-5.7	+0.5	55	0.0	-	-	-	1.9	NE	Nil	8.18	10	Bionomics Ltd	32	-22.8	-3.0	91	2.1	-	1.7	-	1.0	NE	Nil	6.01	12		
ABC Learning	242	-1.7	-1.4	42	0.1	-	3.5	12	0.5	28	11.6	8.12	220	Energy Develop.	177	-22.7	-0.9	91	7.0	5	0.6	6	0.5	10	1.5	1.74	204		
Westfield Hold.	1348	-2.6	+0.1	46	3.1	6	4.7	15	0.4	32	1.6	7.86	7,605	Ainsworth Game	44	-22.7	+0.5	91	1.1	2	1.4	-	0.6	NE	Nil	1.28	29		
Balmoral Corp.	45	-2.2	-6.0	44	0.0	-	0.7	6	0.6	12	2.2	7.79	8	Data & Commerce	8	-22.0	+3.9	90	5.0	-	-	-	1.5	NE	Nil	1.03	12		
Aneka Tambang	25	-8.2	+2.1	64	0.0	-	-	-	0.9	64	35.1	7.72	2,472	Austpac Res	4	-21.8	+0.5	90	0.0	-	-	-	1.4	NE	Nil	N/A	13		
Repol Ltd	37	-1.8	-2.9	42	2.0	-	1.8	4	0.8	49	Nil	7.54	40	VRi Biomedical	38	-21.7	-5.9	90	0.0	-	5.4	-	0.8	NE	Nil	N/A	22		
Go Connect Ltd	8	-10.2	+1.6	70	0.0	-	-	-	1.6	NE	Nil	7.48	25	Polartech	88	-21.6	-1.6	89	0.2	1	8.8	-	0.6	NE	Nil	N/A	37		
Tantalum Aust.	5	-17.9	-1.0	84	2.0	-	-	-	1.6	NE	Nil	7.46	10	Metal Storm Ltd	39	-21.4	+0.2	89	0.1	-	39.0	-	0.5	NE	Nil	N/A	171		
Renew. Energy	8	-23.9	+3.6	92	3.0	1	0.6	-	1.3	NE	Nil	7.19	12	Snowball Group	25	-20.9	-3.1	88	0.0	-	-	-	12.5	-	1.1	NE	Nil	1.42	8
Cochlear Ltd	3455	-3.0	-3.2	47	2.0	10	19.1	42	0.2	45	1.5	7.08	1,834	Starpharma Pool	28	-20.8	+0.7	88	2.1	2	1.9	-	0.9	NE	Nil	N/A	25		
Solbec Pharm.	9	-15.1	-1.8	79	1.3	-	3.0	-	1.3	NE	Nil	7.03	14	FutureOne Ltd	55	-20.7	+4.5	88	0.0	-	-	-	0.7	NE	Nil	N/A	11		
Auron Energy	4	-35.6	+0.4	98	0.0	-	-	-	1.7	NE	Nil	7.02	13	Reynolds Wines	9	-20.6	-10.7	88	1.1	-	0.2	11	1.2	2	Nil	0.34	8		
Perilya Mines	63	-2.8	+5.4	46	1.1	-	-	-	0.6	NE	Nil	6.86	100	Olea Australia	9	-20.5	+1.6	88	0.0	-	0.9	-	1.4	NE	Nil	2.03	7		
Carnarvon Pet.	4	-17.0	-6.6	82	4.1	-	-	-	1.5	NE	Nil	6.67	7	Anadis Limited	12	-20.4	-3.1	87	0.0	-	2.0	-	1.1	NE	Nil	4.41	10		
Cockatoo Wines	55	-9.2	+1.9	67	4.0	-	2.8	14	0.7	20	Nil	6.58	25	IT & e Limited	7	-20.4	-4.0	87	0.0	-	1.7	52	1.6	3	Nil	0.34	6		
Dominion Mining	54	-3.3	-6.5	48	2.0	-	-	-	0.5	NE	Nil	6.41	41	DenX Ltd	45	-20.3	+2.6	87	0.0	-	0.6	-	0.5	NE	Nil	N/A	45		
Dolomatrix Intl	12	-26.1	+3.2	94	5.1	-	5.8	-	1.4	NE	Nil	6.35	9	INSIDER SELLING: Most Insider Selling, Relative Strength < 0															
Gold Mines Sard	35	-0.3	+0.1	36	0.1	-	-	-	0.8	NE	Nil	6.12	92	Atlas Pacific	28	-9.0	-4.5	67	0.10	-	1.1	16	0.6	7	10.7	2.17	25		
Bionomics Ltd	32	-22.8	-3.0	91	2.1	-	1.7	-	1.0	NE	Nil	6.01	12	Cabcharge Ltd	284	-2.9	-1.2	47	3.12	6	2.8	11	0.3	26	3.5	0.70	417		
Infomedia Ltd	79	-3.6	-0.6	48	0.0	5	26.3	-	0.5	19	3.5	5.76	256	Platinum Capl	186	-6.3	-2.2	57	0.7	-	1.3	13	0.4	10	8.1	4.84	210		
Wilson Invest.	100	-6.9	-0.1	60	2.0	-	1.0	-	0.4	NE	3.7	5.67	13	Hunter Hall Int	378	-11.0	-2.8	71	2.9	-	10.2	49	0.5	21	5.2	3.94	86		
Catuity	326	-10.0	+1.1	69	4.0	-	3.4	-	0.6	NE	Nil	5.46	28	Leighton Hold	919	-3.6	-1.8	49	0.6	7	2.9	20	0.3	15	4.6	0.49	2,489		
Aust Stock Exch	1111	-3.2	-0.5	48	0.0	5	5.6	29	0.6	19	3.7	5.38	1,133	Bendigo Mining	22	-8.1	-5.9	64	0.6	-	-	-	0.8	NE	Nil	N/A	200		
Tap Oil	139	-5.0	+0.1	53	0.2	4	-	-	0.6	18	Nil	5.32	215	Autron Corp	18	-7.2	+1.6	61	3.9	-	8.8	-	0.8	NE	Nil	0.58	102		
Aust Net.com	18	-2.3	-2.6	44	0.0	-	0.4	-	1.1	NE	Nil	5.26	8	Oakton Limited	85	-6.2	-2.7	57	0.5	-	7.1	76	0.9	9	10.6	2.18	67		
Mosaic Oil NL	13	-10.0	-1.7	69	0.0	1	-	-	0.9	NE	Nil	4.92	45	Legalco Limited	155	-4.4	-3.3	51	1.6	-	7.0	-	1.0	NE	Nil	1.89	54		
Clearview Cap1	3	-1.9	+5.1	43	0.0	-	0.9	-	2.3	NE	Nil	4.91	6	Tempo Services	174	-9.9	-0.1	69	2.7	7	-	-	0.4	1.5	4.3	0.28	178		
Voyager Energy	14	-10.1	-15.3	69	1.0	-	-	-	1.0	NE	Nil	4.86	10	Gindalbie Gold	18	-7.6	-5.6	62	0.4	-	-	-	0.9	3	Nil	0.91	19		
Platinum Cap1	186	-6.3	-2.2	57	0.7	-	1.3	13	0.4	10	8.1	4.84	210	Selwyn Mines	23	-27.8	+3.9	95	0.4	-	-	-	0.7	19	Nil	0.35	22		
Anadis Limited	12	-20.4	-3.1	87	0.0	-	2.0	-	1.2	NE	Nil	4.41	10	SPC Ardmore Ltd	123	-1.8	-1.5	42	0.4	-	1.6	15	0.4	10	4.5	0.54	246		
First Aust Res.	4	-17.9	-1.4	84	0.0	-	-	-	1.6	400	Nil	4.40	6	Campbell Bros	435	-4.9	+1.2	53	1.5	1	2.8	18	0.3	15	6.9	0.48	170		
Amrad Corp.	43	-6.9	+1.3	60	1.0	1.0	-	-	0.5	NE	Nil	4.33	56	WAM Capital Ltd	142	-0.6	+0.4	37	1.5	-	1.1	13	0.3	9	5.6	0.64	64		
World.net Serv.	24	-8.0	-6.9	63	0.0	-	3.0	-	0.7	NE	Nil	4.18	14	Challenger Int.	224	-3.5	+5.5	48	10.14	3	0.8	24	0.7	3	4.0	1.09	651		
Beston Wine Ind	89	-0.3	-0.4	36	0.0	1	1.1	14	0.5	8	10.4	4.12	47	Intellect Hold	24	-10.1	-1.0	69	0.3	1	4.7	64	1.0	7	Nil	0.57	51		
SSH Medical Ltd	8	-19.1	-0.8	86	3.0	-	0.9	-	1.3	NE	Nil	4.08	6	Metcash Trading	199	-2.1	-0.4	44	0.3	3	7.7	37	0.4	21	2.5	0.19	1,254		
Institute Drug	200	-5.8	-3.3	56	0.1	3.7	18	0.6	20	2.5	4.01	85	Emperor Mines	52	-4.2	-7.8	50	0.3	1	-	-	0.7	23	Nil	0.76	58			
McGuigan Simeon	438	-2.1	-2.2	44	3.0	6	2.2	6	0.5	35	3.4	4.01	424	Whitefield Ltd	295	-4.5	-0.1	51	1.4	-	1.0	4	0.3	26	4.3	N/A	111		
Objective Corpo	25	-5.0	-1.1	53	5.0	1	6.1	-																					

"Insider" Trades in Australian Shares

The first 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: 77.0% Buyers

Last 13 wks: 76.3% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
ABB Grain Ltd	9-0	Aust United In	1-0	Cent. Kalgoorie	1-0	E-Global Int'l	3-0	Gradipore Ltd	9-1
ABC Learning	0-1	Aust Ethical In	1-0	Centamin Egypt	1-0	E-Star Online	3-0	Graincorp	4-0
AHC Ltd	1-0	Aust Foundation	2-0	Centennial Coal	1-0	ETRADE Aust.	4-0	Grand Hotel	3-0
AJ Lucas	1-0	Austar United	1-0	Central Equity	1-0	Easycall Int'l	3-0	Gravity Capital	1-0
AMP Ltd	4-0	Austin Group	0-5	Centro Prop.	3-0	Echo Technology	3-0	Greater Pacific	3-0
ANZ Bank	7-1	Austminex NL	7-0	Challenger Int.	10-14	Eiffel Tech.	12-0	Green's Foods	3-0
APN News Media	4-2	Austrim Nylex	2-0	Chalmers	1-0	Electrometals	1-0	Gregory Indust.	2-0
ARC Energy	1-0	Auto Group Ltd	1-0	Chariot Limited	1-0	Electrotech Inv	1-0	Gribbles Group	4-0
AV Jennings	3-0	Autron Corp	3-9	Charter Pacific	3-0	Emperor Mines	0-3	Gro Pep Limited	3-0
AWB Limited	6-0	Aviva Corp Ltd	4-0	Chemeq Ltd	2-6	Energy Develop.	7-0	Guinness Peat	1-0
AXA Asia Pac	1-0	Avoca Resources	3-0	Chieftain	2-0	Energy Resource	1-0	Gunns Ltd	0-1
Abacus Property	4-0	B Digital Ltd	1-0	Child Care C.A.	1-0	Ent Media & Tel	1-0	Gunson Res.	3-0
Aberdeen Leader	0-1	BHP Billiton	6-0	Chiquita Brands	0-2	Env Infrastruct	1-0	Gympie Gold	0-1
Acclaim Explor	3-0	BHP Steel Ltd	12-0	Choiseul Inv.	1-0	Envirostar E.	0-1	Haddington Res.	1-0
Adacel Tech.	2-0	BMCMedia Ltd	2-0	Circadian Tech	5-0	Environ. Sol'n	5-0	Hallmark Cons.	7-2
Adelaide Bright	1-0	BRL Hardy Ltd	0-6	City Pacific	4-0	Environ'm't Grp	1-0	Hampton Hill	1-0
Adelaide Bank	1-0	BT Aust Equity	4-0	Clearwater Grp	5-0	Equigold NL	8-6	Hansen Tech.	1-0
Adelaide Res.	0-1	Ballarat Gold	2-0	Clinical Cell	1-0	Equity Trustees	5-0	Haoma Mining NL	1-0
Adsteam Marine	4-0	Barra Resources	2-0	Clover Corp.	0-2	Essential Pet.	3-0	HarTec Ltd	3-0
Adtrans Group	3-1	Baycorp Advant.	10-0	Coates Hire	2-1	Eumundi Brewing	1-0	Harrington Grp	1-2
Adultshop.com	0-1	Beach Petroleum	1-0	Cochlear Ltd	2-0	Eurast Ltd	4-0	Harvey Wild Trav	2-1
Advantage Tele.	2-0	Becker Group	3-0	Cockatoo Wines	4-0	Eurogold Ltd	1-0	Havilah Res.	3-0
Advanced Energy	1-0	Bemax Resources	4-5	Coffey Int'l	5-0	Evans & Tate	1-0	Healthscope	3-0
Advent Ltd	1-0	Bendigo Mining	0-6	Coates Myer	5-0	Exco Resources	2-0	Health Com Ntwk	1-0
Aeris Tech Ltd	1-0	Bendigo Bank	6-2	Collection Hse	3-0	F.F.I. Holdings	1-0	Heggies Bulk.	1-0
Afminex Limited	16-0	Benitec Ltd	5-0	Comet Resources	2-0	FKP Limited	5-1	Henry Walker E.	15-0
Aim Resources	0-1	Beyond Online	2-0	Computer Share	11-0	FSA Group Ltd	1-0	Hillcrest Res.	16-0
Alcaston Mining	2-0	Beyond Int'l	3-0	Compumedics Ltd	1-0	FTR Holdings	4-0	Hills Indust.	2-1
Alesco Corp Ltd	0-5	Big Kev's Ltd	3-2	Con Broken Hill	3-0	Federation Grp	2-0	Hills Motorway	4-0
Alkane Explor.	13-2	Bigshop.com.au	0-1	Concept Systems	4-0	Fiducian P Serv	2-0	Hire Intell.	1-0
Allegiance Min.	6-0	Billabong Int'l	4-2	Cons Minerals	0-1	Finbar Intern'l	7-0	Hitech Energy	5-0
Allied Mining	2-0	Bionomics Ltd	2-1	Cons Rutile	0-1	First Wine Fund	1-0	Home Bldg Soc.	0-1
Altium Limited	4-1	Biota Holdings	1-0	Cons Foods Aust	1-0	Fleetwood Corp	1-3	Homeloans Ltd	1-0
Alumina Ltd	3-0	Biotech Capital	4-0	Cons. Gaming	1-0	Flexi Property	1-0	Horizon Energy	4-0
Amadeus Energy	2-0	Biron Capital	16-0	Cont. Venture	1-0	Flight Centre	0-1	Hostworks Group	1-0
Ambition Group	3-0	Blink Models	1-0	Cooper Energy	1-0	Foodland Assoc	2-0	Housewares Int.	1-0
Ambri Limited	1-0	Boral Limited	1-0	Cordukes Ltd	1-0	Forest Place Gr	5-0	Hudson Sec.	1-0
Amcom Telecom.	5-0	Bounty Oil Gas	0-1	Corp Express	5-7	Fox Resources	1-0	Hunter Hall Int	2-9
Ancor Ltd	4-0	Brambles Ind.	6-1	Cosmos Limited	1-0	Funtastic Ltd	1-0	Hydromet Corp.	1-0
Amity Oil NL	12-2	Brazin Limited	3-2	County Diamonds	8-0	Futuris Corp.	0-2	IBA Health Ltd	5-2
Amrad Corp.	17-0	Breakfree Ltd	4-0	Count Financial	1-0	Future Corp	4-0	ICS Global Ltd	1-0
Ansell Ltd	3-0	BresaGen Ltd	1-0	Coventry Group	3-0	G.R.D. NL	9-0	IGM Group Ltd	1-0
Anzoil NL	0-1	Brickworks Ltd	5-0	Crane Group	1-0	G.U.D. Holdings	2-0	IMF (Aust) Ltd	1-0
Apollo Gold	1-0	Bristle Ltd	2-0	Cryl Corp	2-0	GWL Internat'l	1-2	IWL Limited	1-0
Aquarius Plat.	1-0	Broadtel Com.	1-0	Croesus Mining	1-3	Gallery Global	1-0	Iatia Limited	3-0
Aquila Res.	4-0	Buderim Ginger	3-0	Cromwell Corp	2-0	Gallery Gold	0-2	Icon Energy	2-0
Argo Investment	2-1	Bullion Min.	4-0	Cullen Resource	5-0	Garratt's Ltd	6-0	Image Resources	3-0
Aristocrat	2-1	Burdekin Pacifi	4-0	Cypress Lakes	2-0	Gazal Corp	0-1	Imdex Limited	3-0
Armourglass Ltd	1-0	Burns Philp	1-0	DCA Group Ltd	3-6	General Prop Tr	3-0	Imperial One	2-1
Arrow Energy	6-0	Burswood Ltd	3-0	DCS Technology	2-0	General Publish	0-1	Impress Venture	6-0
Ashburton Min.	1-0	C.S.R. Ltd	2-3	Dalrymple Res.	4-0	Genetic Tech.	8-0	Incitec	2-1
Aspen Group Ltd	2-0	CBD Energy Ltd	3-0	Data & Commerce	5-0	Giants Reef Min	1-0	Independ. Gold	4-1
Aspermont Ltd	1-0	CCI Holdings	2-0	David Jones	1-0	Gindalbie Gold	0-4	Innovonics Ltd	1-0
Asset Backed	1-0	CPT Global Ltd	2-0	De Grey Mining	2-0	Gippsland Ltd	2-0	Inovax Ltd	5-1
Atlas Pacific	0-10	CSL Limited	8-1	Deakin Fin Serv	3-0	Giralia Res.	1-0	Institute Drug	0-1
Audax Resources	3-0	CTI Logistics	1-0	Deep Sea Fish.	1-2	Global Doctor	1-0	Insurance Aust.	2-0
Ausdrill Ltd	0-2	Cabcharge Ltd	3-12	Deep Green Min.	1-0	Global Business	2-0	Int Research	1-0
Ausmelt Ltd	1-2	Caltex Australia	3-0	Destra Corp Ltd	3-0	Global Seafood	0-2	Int'l Concert	3-0
Aust Food Fibre	2-0	Campbell Bros	1-5	Devine	3-0	Globe Int'l Ltd	2-1	Integrated Grp	1-0
Aust Pharm. Ind	1-0	Candle Aust.	2-0	Diamond Rose	1-0	Gold Mines Sard	0-1	Intellect Hold	0-3
Aust Agricult.	4-0	Capral Alum.	2-0	Djerriwarrh	1-0	Golden State	2-0	Intermin Res	11-1
Aust Healthcare	5-0	Carlton Invest	1-5	Dolomatrix Intl	5-1	Golden Valley	1-0	Investor Group	0-1
Aust Assets	2-0	Carnarvon Pet.	4-1	Dominion Mining	2-0	Golden Cross	1-0	Investa Prop.	3-0
Aust Growth Ltd	3-1	Carpenter Pac.	1-0	Downer EDI Ltd	1-0	Goldsearch Ltd	3-1	Investika Ltd	3-0
Aust Wine Hold.	4-1	Cash Converters	0-4	Dragon Mining	1-0	Goldstream Min.	0-1	Ipoh Limited	0-5
Aust Energy	0-2	Catuity	4-0	Drillsearch	0-1	Gowings Retail	1-0	Iress Mkt Tech	1-0
Aust Magnesium	1-0	Celestis Ltd	0-1	Dromana Estate	2-0	Gowing Brothers	2-0	Ivanhoe Mines	0-1
Aust Visual Com	0-2	Cellnet Group	2-0	E-Bet Limited	3-0	Gowit Ltd	1-0	JAM Develop.	1-0
Aust Infra.	7-0							Jackson Gold	1-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
James Hardie	1-0	Mikoh Corp.	1-0	Payce Consol.	5-0	STW Comm Group	1-0	Ten Network	0-1
James Fielding	1-0	Millers Retail	0-1	Pearl Healthcare	4-0	Sabina Corp Ltd	1-0	Thakral Holding	0-1
Jetset Travel	0-1	Milton Corp.	6-0	Penfold (WC)	3-0	Salamat Ltd	2-0	Thundelarra Exp	11-0
Jindalee Res.	1-0	Minerals Corp.	3-4	Penfold Buscomb	1-0	Sam's Seafood	6-0	Ticor Ltd	2-0
Joyce Corp.	1-0	Minotaur Res.	1-0	Peplin Biotech	0-1	Santos Ltd	1-0	Toll Holdings	1-0
Jubilee Mines	0-4	Mirrabooka Inv.	5-0	Perpet Limited	1-0	Secaffer Corp	1-2	Tourism Leisure	1-0
Julia Corp Ltd	2-0	Mirvac Group	4-0	Perp Trust Aust	0-2	SecureNet Ltd	1-0	Tox Free Sol.	2-0
Kagara Zinc Ltd	6-3	Mobilesoft Ltd	1-0	Perseverance	6-0	Select harvest	1-0	Transurban Grp	2-0
Kalrez Energy	1-0	Molopo Aust	0-1	Peter Lehman W.	0-1	Select-Tel Ltd	1-3	Treasury Group	1-0
Kanowna Lights	0-1	Monadelphous Gr	0-2	PharmNet Online	2-0	Selwyn Mines	0-4	Triako Res.	1-0
Kaz Group Ltd	3-0	Monteray Group	0-3	Pie Networks	1-0	Servcorp Ltd	18-0	Tribeca Corp.	1-0
Keycorp Ltd	4-0	Monto Minerals	2-0	Plaspak Group	3-0	Seven Network	3-2	Tribune Res.	1-0
Kimberley Oil	2-0	Mt Burgess Min.	2-1	Platinum Cap'l	0-7	Sims Group Ltd	0-3	Troy Resources	0-2
Kingsgate Cons.	1-0	Mt Conqueror	1-0	Plenty River	0-2	Sirtex Holding	0-1	Trust Co of Aus	5-0
Kings Minerals	1-0	Multimedia Ltd	0-1	Polartechnics	0-2	Skansen Medical	2-0	Tuart Resources	1-2
Kresta Holdings	2-4	Murchison Un.	1-0	Poltech Int'l	4-0	Skilled Eng.	2-3	U.S. Masters	1-0
Lafayette Min.	1-2	NCML (Holdings)	1-0	Port Bouvard	1-0	Smorgon Steel	2-0	UNITAB Ltd	0-1
Lake Technology	3-2	Namakwa Diamond	5-0	Port Douglas	4-3	So Natural Food	2-0	Uecom Limited	2-0
Lakes Oil NL	2-0	Namoi Cotton	3-0	Portman Limited	1-2	Softlaw Corp	1-0	Union Capital	3-2
Legalco Limited	1-6	Nat'l Telecoms	10-0	Pracom Ltd	1-0	Solar Energy	3-0	United Group	1-0
Leighton Hold	0-6	Nat'l Foods	1-0	Premier Invest	2-0	Solbec Pharm.	1-3	United Energy	1-2
Lemarne Corp	2-0	Neighbourhood C	1-0	Prima Biomed	4-2	Solution 6	6-0	Unitract Ltd	0-1
Lemvest Ltd	3-0	Netcomm Limited	1-0	Primary Health	4-0	Sonic Health	0-1	Universal Res.	1-0
Lend Lease Corp	1-0	Network Ltd	2-0	Prime Life Corp	2-0	Sons of Gwalla	1-0	Valdera Res.	3-0
Lend Lease US	1-0	Neverfall Spr.	4-0	Prime TV	10-0	Soul Pattinson	7-0	VeCommerce Ltd	4-0
Lighting Corp.	9-2	Newhaven Park	1-0	Prophesy Int'l	3-0	Southcorp Ltd	3-0	Ventracor Ltd	3-0
Lion Selection	1-0	News Corporatio	3-2	Prudential Inv.	5-0	Spotless Group	1-0	Vietnam Indust.	0-1
Local Telecom	2-1	Niagara Mining	2-0	Psiron Limited	1-0	St George Bank	0-1	View Resources	1-0
Loftus Capital	11-0	Nido Petroleum	8-0	Publishing & Br	2-1	Starpharma Pool	2-1	Villa World	2-0
Longreach Oil	1-0	Noni B Limited	1-0	Q.B.E. Insur.	3-0	Stericorp Ltd	2-1	Village Road.	1-0
Ludowici Ltd	0-1	Norwood Abbey	1-0	OED Occtech Ltd	5-0	Sthn Titanium	2-0	Virax Holdings	0-1
Lumacom	0-1	Nova Health Ltd	11-0	Queste Comm's	1-0	Sthn Star	4-0	Vision Systems	7-0
Lynas Corp Ltd	4-0	Novogen Ltd	0-2	Quiktrak Netwks	17-6	Sthn Cross Brd.	3-0	Vita Life Sci.	4-0
MFS Lev Invest.	3-0	Nufarm Limited	2-0	RMG Limited	3-2	Stickford Ltd	7-0	Volante Group	2-1
Macmin Silver	0-4	OAMPS	6-0	RP Data Limited	2-0	Stockland	2-1	Voxson Limited	2-0
Macquarie Leis.	3-2	OFM Investment	11-0	Ramsay Health	1-4	Straits Res.	3-0	Voyager Energy	1-0
Macquaries Air.	4-1	OPSM Group Ltd	3-0	Range River Gld	2-0	Stratetel Ltd	3-0	WAM Capital Ltd	1-5
Macquarie Good.	1-0	Oakton Limited	0-5	Range Resources	1-0	Strategic Min.	1-0	Wadepack Ltd	8-0
Macquaries C&I	1-0	Objective Corpo	5-0	Realestate.com	1-0	Striker Res.	1-0	Waterco Ltd	2-0
Macquarie Off.	2-0	Occupational Md	0-1	Reclaim Indust.	2-0	Structural Syst	2-0	Wattyl Ltd	4-0
Macquarie Bank	0-1	Online Trading	1-0	Record Invest.	1-0	Sun Resources	5-1	Webspy Limited	1-0
Macquarie G Mgt	5-0	Orbital Engine	1-0	Record Realty	1-0	Suncorp-Metway	13-0	Wedgetail Exp.	3-1
Macquarie Infra	0-2	Orchard Petrol.	2-0	Red Back	0-2	Sundowner Group	1-0	Wesfarmers Ltd	4-2
Majestic Res.	4-0	Orica Ltd	3-0	Reece Australia	2-0	Sunland Group	7-0	West Oil NL	1-0
Maryborgh Suga	1-3	Origin Energy	1-0	Reed Resources	1-0	Sunraysia TV	1-0	West Aust News	2-0
Mawson West Ltd	2-1	Oroton Group	4-0	Reefton Mining	1-0	Supply Network	1-0	West Aust Metal	1-2
Maxe-tec Aust	3-1	P-Sivida Ltd	3-0	Renew. Energy	3-0	Swiftel	2-0	West'n Metals	3-0
Maxi TRANS	5-0	PCH Group	1-2	Renison Cons	9-0	Sydney Gas Ltd	2-0	Western Areas	1-0
Maxis Corp Ltd	3-0	PMP Limited	6-0	Repcol Ltd	2-0	Sydney Aquarium	4-0	Westfield Hold.	3-1
Mayne Group Ltd	1-0	POS Media	0-1	Resolute Mining	1-0	Synergy Equity	3-0	Westgold Res.	2-0
McGuigan Simeon	3-0	Pac Strategic	1-0	Retail Tech.	1-0	TVSN Limited	2-0	Westonia Mines	1-0
McPherson's Ltd	0-3	Pacific Energy	2-0	Ridley Corp.	1-0	Tag Pacific	1-0	Whitefield Ltd	1-4
Medical Corp	2-0	Pacific Hydro	3-0	Rivkin Fin Serv	4-0	Tamawood Ltd	5-3	Wide Bay Cap'n	0-4
Medical Monitor	1-0	Pacrim Energy	1-2	Rock Oil Company	7-1	Tanami Gold NL	0-1	Willhart Ltd	0-1
Meditech Rsrch	4-0	Pacsoft Limited	1-0	Rock Build Soc.	0-2	Tandou Ltd	1-0	Willmott Forest	4-1
Melbourne IT	2-0	Palamedia Ltd	1-0	Ruralco Hold.	5-0	Tantalum Aust.	2-0	Wilson Invest.	2-0
Menzies Gold	1-0	Palm Springs	2-0	Rural Press Ltd	2-0	Tap Oil	0-2	Wine Investment	4-0
Mermaid Marine	3-2	Pan Pharmaceut.	11-0	S8 Limited	4-0	Tasman Resource	3-0	Winepros Ltd	0-1
Metal Storm Ltd	0-1	Pan Palladium	2-1	SDI Limited	6-2	Tawana Resource	0-1	Woodside Petrol	4-0
Metcash Trading	0-3	Panbio Ltd	2-0	SDS Corporation	1-0	Tech Investment	1-0	Working Systems	4-0
Metex Resources	0-2	Pancontinental	3-0	SMS Mgmt & Tech	1-0	Technology One	1-0	Xanadu Wines	3-0
Methanol Aust.	4-0	Paperlin X Ltd	1-0	SPC Ardmona Ltd	0-4	Telstra	3-0	Xcell Diagnost.	4-0
Mia Group Ltd	4-1	Patrick Corp	1-0	SSH Medical Ltd	3-0	Tempo Services	2-7	Yamana Goldfld	2-0

"Insider" Trades in New Zealand Shares

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AMP Limited	1-0	Evergreen	0-2	NZ Invest Trust	6-0
Advantage Group	5-0	FC - Forests	1-0	Northland Port	0-2
Air New Zealand	2-0	GDC Communicat.	0-1	Nuplex Indust	1-0
Akd Int Airport	0-1	Ind Newspapers	0-1	Pyne Gould G.	1-0
Carter Holt	1-0	Infratil NZ	3-0	Sanford Limited	2-0
Cedenco Foods	4-0	Lyttelton Port	4-0	Utilico Int'l	1-0
Cue Energy Ltd	1-0	Mainfreight Grp	0-1	Vending Tech.	0-1
Design Textiles	1-4	Michael Hill	1-0	Wakefield Hosp.	1-0
Ebos Group Ltd	0-1	Mowbray Collect	0-1		

"Insider" Indicators

Last 5 wks: 73.0% Buyers
Last 12 wks: 70.2% Buyers

Note: Only twelve weeks of *insider* trading data is currently available for NZ shares.

Companies with Insider Buying

Baycorp Advantage (code BCA).

This company has performed extremely poorly since the merger of Australian based **Data Advantage** and NZ based **Baycorp Holdings** in late 2001. The merged company has under-performed its forecasts, suffered a series of "one-off" large losses and (after paying a steady interim dividend of 4.0 cents) cancelled a planned second interim dividend. The payment of a final dividend is also uncertain. The shares lost 88% of their value over the last eighteen months, falling to a recent low of 95 cents before recovering slightly. Nevertheless, *insiders* have been actively buying shares in the company, with ten *insider* buys and no sells over the last year.

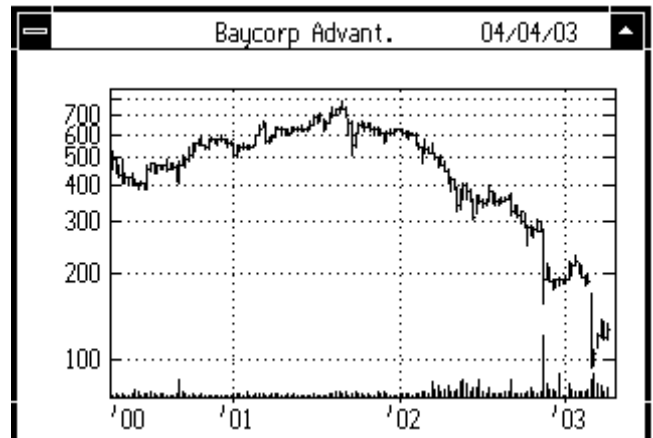
The half year to December 2002 showed revenues up 13.7% to \$85.9 million and a trading profit of \$1,409,000 (0.6 cents per share). This is, of course, an unsatisfactory level of profits, but in addition there were abnormal losses of \$13,265,000 (i.e. a legal settlement of \$10.0 million, legal costs of \$1.7 million and writedown of the executive share scheme of \$1.6 million).

Company forecasts for the year to June show a trading profit little better than for the last six months - so the company will likely not pay a final dividend.

While *insider* buying shows that the company will likely survive this downturn and that the shares offer good value, we believe the shares will weaken further

and continue to under-perform over at least the next 9-18 months. The Relative Strength rating is -27.2%, ranked 94, so Baycorp Advantage shares are very *weak* and still in a long term decline. Not only is the company suffering from abnormal losses, but trading profits are also experiencing some problems at this time.

Conclusion: Eventually this could become an attractive recovery situation, but it is far too early to be buying these shares. Over the next year Baycorp Advantage shares are likely to under-perform owing to falling profitability and the cut in dividends.



Review of Previously Highlighted Shares with Insider Buying

Adacel Technologies (code ADA).

Adacel Technologies is still expecting to become profitable this year (to June 2003) but the results for the six months to December 2002 are a little uncertain. Revenue growth was very low, up just 1.5% to \$38.3 million and, although the company made a small profit of \$35,000 (compared with a loss of \$3.4 million in the 2001 period), this was the result of R & D tax credits from its Canadian operations. The pre-tax result was a trading loss of \$2.5 million (last year a \$4.3 million loss).

On the positive side, the Advanced Systems division (i.e. Air Traffic Systems and Advanced Software Engineering) lifted revenues 61% to \$23.4 million with earnings 32% higher at \$5.0 million. These businesses offer the *potential* for strong revenue growth and high profit margins, but "the current world situation" could delay timing and delivery of some projects.

The Business Solutions division (i.e. Enterprise Services and Simulation Learning) lost \$3.1 million, but Enterprise Services has since been sold for \$1.5 million, so should remove these losses from future results.

There have been no *insider* trades over the last three months or over the last year. The Relative Strength rating is fluctuating between slightly *positive* and slightly negative.

Adacel Technology *could* be an emerging growth company, but has yet to generate meaningful revenue growth or profits - and there is a possibility of slower growth this financial year owing to delays in contracts. The shares are still worth watching closely, but without *insider* buying, positive company news or a strong share price recovery, there is no rush to buy into this situation.

CDS Technology (code CDX).

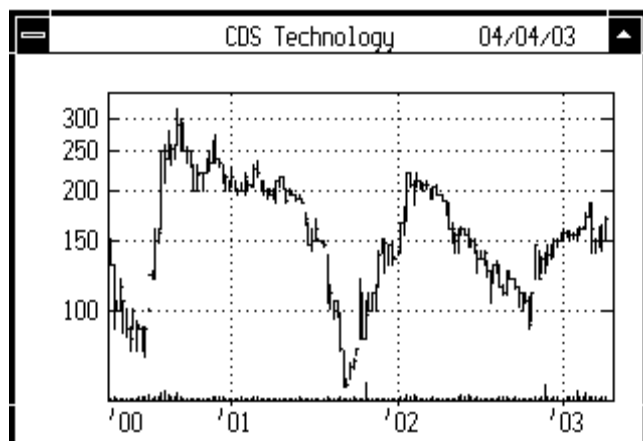
There have been no *insider* trades over the last year to guide us, but CDS Technologies looks like a quality growth company offering products to treat waste water and storm water - a niche market with excellent long term growth potential.

The six months to December 2002 revealed 18.8% revenue growth to \$27.9 million and a 320.3% lift in net profits to \$1,820,000 (5.5 cents per share). This is the first *meaningful* profit result and indicates the potential to earn 5-10% net profit margins on revenues now that the company has expanded beyond a break-even level.

The Price/Sales ratio is 1.09 and if annual profits come in around \$3.6 million the Price/Earnings ratio will be about 16 - which is a low value for a growth company! Relative Strength is favourable (at +10.6%, ranked 11), but the shares (Continued on Page 14)

Insider Buying*(Continued from Page 13)*

can be quite volatile. A "Buy" for more aggressive investors seeking an emerging growth company.

**Circadian Technologies** (code CIR).

Two *insider* buyers over the last quarter makes five buyers over the last year. The shares will probably be an attractive biotechnology investment *when* stockmarkets start to recover, but for now the shares are very weak (Relative Strength rating -10.5%, ranked 70) so sit on your cash and watch the shares become cheaper!

CSL (code CSL).

Revenues rose 7.4% to \$639.9 million for the six months to December 2002 but profits fell 30.3% to \$40,100,000 (25.2 cents per share) although a steady 12.0 cents dividend will be paid.

There have been no *insider* trades over the last three months, but eight buys and one sell over the last year. The shares remain very weak and in a strong downtrend with a Relative Strength rating of -19.3%, ranked 86, so it is still far too early to consider buying.

The downtrend, of course, is continuing to improve the fundamentals: The P/S ratio is now 1.81, the P/E is 20 and the Yield 2.2%. Still expensive, but who knows where the share price decline will end?

Computershare (code CPU).

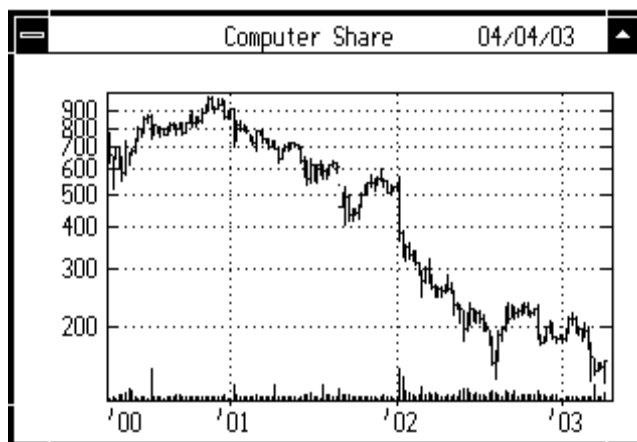
Insiders continue to buy shares with four more buys over the last quarter. This makes eleven buys and no sells for the last twelve months. In addition, the company has very actively been re-purchasing its own shares - buying 18.7 million for \$38.2 million.

The business, however, is very cyclical and closely tied to the performance of world stockmarkets. So revenues slipped 12.1% to \$348.7 million for the six months to December 2002 while profits plunged 84.1% to \$3,902,000 (0.7 cents per share). The dividend will increase 400.0% to 2.5 cents - as the directors seek to increase the payout and attract investors.

The downside of the profit decline, higher dividend and aggressive share re-purchase is that interest bearing debt is starting to increase. Bank debt totals \$160.8 million (up \$64.0 million for the six months) and there is \$147 million of interest bearing preference shares. Shareholders Equity is \$472.6 million, so current debt levels are still manageable.

The shares are still in a downtrend with a Relative

Strength rating of -11.1%, ranked 72, so it is still too early to think about buying Computershare shares.

**FTR Holdings** (code FTR).

FTR Holdings lifted revenues 50.8% to \$5.9 million for the half year to December 2002. The company became profitable, earning \$572,000 (1.6 cents per share). The company remains debt free, with its cash holding up \$1.7 million to \$5.5 million (15 cents per share).

There have been another two *insider* buys over the last three months, making four buys and no sells over the year. The share is in a strong uptrend, with a Relative Strength rating of +18.0%, ranked 6.

This is a nice little emerging growth company that is a leader in its niche market (i.e. audio recording systems for court rooms) plus an investment (i.e. 49% of internet service provider **Webcentral**) plus cash in the bank. Unfortunately, with a \$16 million capitalisation the company is too small to formally recommend, but FTR Holdings is an attractive micro-cap investment for growth investors with well diversified portfolios. "Buy".

**Genetic Technologies** (code GTG).

The six months to December 2002 shows Genetic Technologies generating revenues of \$4.9 million but a loss of \$1,679,000 (minus 0.6 cents per share).

While the company could have potential, it clearly still has some way to go before generating meaningful revenues or becoming profitable. Nevertheless, *insiders* continue to buy shares - with the Executive Chairman making two further on-market purchases over the last quarter. That makes eight buys, and no sells, over the last year. The shares are very *weak* at present, so this is another company to watch.

Lake Technology (code LAK).

Our concern in January that “revenue growth will likely slow this year” has shown up in the company’s cashflow and profit reports - leading to a sharp decline in the share price over the last quarter.

The December quarterly report (released 31 January) showed revenues of only \$921,000 (down from \$1,283,000 in the September quarter) and an operating deficit of \$1,506,000. The half year report to December 2002 (released 14 March) shows revenues down 43.5% to \$2.0 million and an 81.2% higher loss of \$2,870,009 (minus 2.3 cents per share).

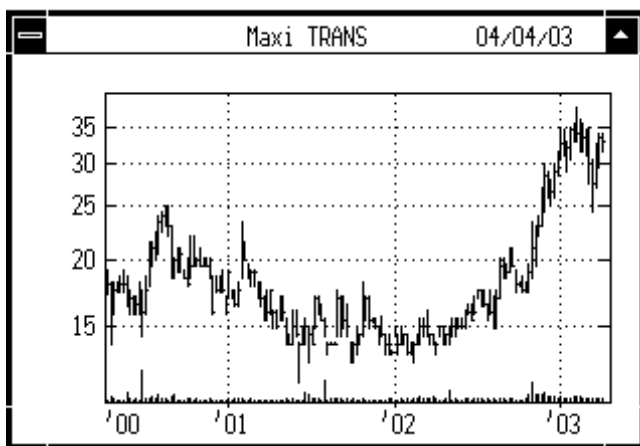
In fact, this sharp revenue decline casts doubt on whether Lake Technology is in the early stages of building strong licencing revenues and able to become profitable. The weak global economy has had a significant impact on revenues. If the company has long term growth potential, then we would expect revenue growth from the wider use of its technology to offset the cyclical downturn in production volumes (and royalties) from existing users.

Insiders have made two further buys - making three buys and two sells for the year - but the Relative Strength rating is unfavourable at -12.1%, ranked 74. The share price downtrend and falling revenues currently make the shares unattractive.

MaxiTrans (code MXI).

As expected, the half year report was very strong: Revenues up 28.5% to \$56.5 million, profits up 132.9% to \$2,653,000 and the interim dividend doubled to 1.0 cent. Strong orders, plus the upgrade and operational improvement of manufacturing facilities, “ensure a continued strong financial performance in the second half”.

One new *insider* buy - making five buys, no sells, over the last year - plus a favourable uptrend in the share price (i.e. Relative Strength rating +27.0%, ranked 3) make MaxiTrans an attractive Buy/Hold.

**National Telecoms** (code NTG).

While *insiders* made three more buys over the last quarter (making ten buys and no sells for the year), National Telecoms is still a share we recommend avoiding - at least until the share price has stopped declining.

The **Australia Competition and Consumer Commission** has issued proceedings against the

company for misleading and deceptive conduct.

The company has also abandoned its earlier profit forecasts, cancelled its planned cash issue and will restructure. The restructuring mainly involves transferring sales staff to an independent business, with National Telecoms concentrating on wholesale product packages (of telephone services and equipment), call tracking software, installation and service, and telephone services to existing customers and new customers of the independent sales business. That would appear to suggest that the dubious marketing side of the business is being transferred to a new “independent” business - but that National Telecoms will continue to provide all of the equipment and services being sold!

Revenues rose 35.7% to \$71.2 million for the six months to December 2002 - but sales fell off sharply towards the end of the period owing to all the “negative publicity”. There was a trading loss of \$1,769,000 (minus 1.4 cents per share), compared with a profit last year of \$5,983,000. In addition, the company has written-off goodwill of \$9.4 million.

The shares are down from 14 cents (in January) to 4.7 cents but with a Relative Strength rating of -53.4%, ranked 99 (on a scale of 0-99) the shares are extremely weak and should still be avoided.

Melbourne IT (code MLB).

Revenues fell 6.6% to \$47.9 million for the year to December 2002 and the company reported a loss of \$5,046,000. That, however, was after writing down the value of an investment, so the trading result was a profit of \$2,004,000 (4.0 cents per share). The cash holding is down slightly to \$14.7 million (29 cents per share) - which is just less than the share price of 35 cents.

There were no new *insider* trades, so two buys and no sells over the year, but the Relative Strength rating remains *negative* and so unfavourable.

Pan Pharmaceuticals (code PPH).

Revenues rose 9.1% to \$57.7 million for the six months to December 2002, with profits up 5.0% to \$8,595,000 (5.0 cents per share) and the interim dividend was up 27.3% to 3.5 cents.

There have been no *insider* trades recently, but still eleven buys (and no sells) over the last year.

The Vietnam plant (to expand gelatine capsule production for the Asian market) that was originally planned for mid-2003 is now expected to begin production in the December 2004 quarter.

Worldwide, the market for *complementary medicine* (i.e. vitamin pills, etc.) is growing at 8% and Pan Pharmaceuticals has a competitive advantage - and high profit margins - in the manufacture of gelatine capsules.

Fundamentally (i.e. on a P/E of 15 and a Yield of 5.0%) the shares offer good value but are still in a downtrend (i.e. the Relative Strength rating is -7.5%, ranked 62) so should become even better value over the months immediately ahead!

(Continued on Page 16)

Insider Buying*(Continued from Page 13)***SecureNet** (code SNX).

A group of investors unsuccessfully attempted to force SecureNet to distribute 90 cents per share from its massive cash hoard - but the company has decided to make another on-market share buy-back and will seek to re-purchase up to 7.5 million shares (9.9% of its capital) over the next year.

Revenues for the half year to December 2002 rose 61.1% to \$20.9 million and SecureNet achieved profitability with a net profit of \$110,000 (0.1 cent per share) - helped in no small part by \$1,966,000 of interest earned on its cash holding of \$72.8 million (96 cents per share).

With no new *insider* trades, there remains just one buy over the last year. At 87 cents, the shares trade at less than their cash value, the Relative Strength is positive at +0.3%, ranked 33, and the business is growing rapidly. The only "problem" is the business is very small in relation to the company's \$66 million market capitalisation - so we want to see SecureNet use its cash to make a major acquisition (or to finance significant internal growth) before considering this share for investment.

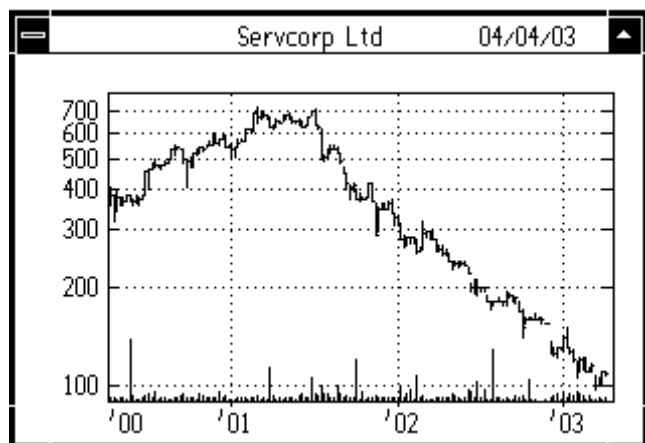
Servcorp (code SRV).

Revenues were down 2.6% to \$59.6 million for the six months to December 2002 but profitability has started to recover at \$2,321,000 (2.7 cents per share), compared with a loss of \$4,214,000 the previous year. A steady 3.75 cents interim dividend will be paid.

This provider of serviced offices has interest bearing debts of only \$5.8 million (but long term lease commitments on its rental offices) and holds \$33.0 million (39 cents per share) in cash.

There have been three *insider* buys over the last three months, making a very high eighteen buys and no sells over the last year! The Relative Strength rating, however, is unfavourable at -21.2%, ranked 89, so Servcorp shares remain in a strong downtrend.

Since we first started following Servcorp in July 2002 the share price has fallen 45% to 109 cents - boosting the Dividend Yield to 6.9% and reducing the Price/Sales ratio to a low 0.78. That is good value, but the shares could decline further over the next 6-12 months before a very attractive buying opportunity that would offer a very high income yield and strong potential for capital appreciation!

**Sunland Group** (SDG).

Revenues rose 20.2% to \$109.1 million for the six months to December 2002 and profits rose 20.7% to \$7,391,000 (4.3 cents per share). The company does not pay interim dividends, but has indicated it will pay a 30% higher 2.6 cents in November (subject to achieving its \$16 million profit forecast).

Insiders have made three further buys over the last three months, making a total of seven buys (and no sells) over the last twelve months. The Relative Strength rating is fairly neutral at -2.7%, ranked 46.

This is an attractive long term growth company, but given the negative sentiment to building companies the share price could weaken slightly to around 45 cents over the next 6-12 months with profit growth to June 2003 forecast at around 18%. The shares could start to perform well from late 2003 or early 2004, ahead of the strong 60% growth forecast for the year to June 2004.

The volume of Sunland Group shares trading on the stockmarket has increased significantly over the last quarter.

Tamawood (code TWD).

Insiders made two buys and two sells in Tamawood shares over the last three months. In early February the Chairman bought 61,901 shares (at prices from 117 to 128 cents), then sold 11,500 shares (at 174 cents) in late February and 11,955 shares (at 172 cents in early March). Another director (in a small trade that we don't count) bought 5,570 shares (at 128 cents) in early February and 27,829 shares (at 174 cents) in early March.

For the last 52-weeks that now makes five buys and three sells.

Revenues for the six months to December 2002 rose 60.5% to \$41.9 million, profits were up 66.3% at \$2,277,000 (8.3 cents per share) and the interim dividend will be increased 22.2% to 5.5 cents.

While this building and "building systems" company continues to have excellent growth potential, heavy rain in South East Queensland over the last three months has delayed commencement of some houses. As a result, revenues and profits for the year to June 2003 will be lower than previously expected (but only deferred into the start of the 2003/2004 financial year).

This slower profit growth, a few *insider* sells and negative sentiment to building companies could bring the Tamawood share price back down to the 120-130 cents range. At that price - combined with the recent growth in revenues, profits and dividend - the shares would offer excellent value and rate an informal "Buy" (but are too inactively traded to consider as a formal recommendation).

Readers Ask . . .

Questions: I would be interested in your thoughts on how best to go about investing some money I have inherited. I have been investing in NZ shares for a decade or so after first seeing "Market Analysis" in 1993. I only earn a modest income and so I have spent most of that period saving up little bits of money to buy another one of the shares from your recommended investments list. I started out investing \$1000 per company, and when I had enough to start investing in the Australian companies as well I was investing \$2000 per company. My investments have ended up being worth about \$300,000 and I have now inherited a few shares and around \$200,000 in cash.

I plan to use some of the new money to open an account with a UK and US broking firm and invest in some of the "International Investor" recommendations. What I would like your advice on is how to invest the new money in the NZ and Australian shares. I have ended up with between \$1000 and \$10,000 in most of the recommended stocks (e.g. some have dropped in value like RNS, some have gone up like TOL) but \$30,000 in CAV and STU.

Should I concentrate on the stocks rated BUY? Or BUY & HOLD+? Or should I create a portfolio with a similar amount invested in all of the recommendations? Do you try and keep the amount invested in each of your recommendations roughly the same? If so, do you rebalance your portfolio by selling part of a stock that has gone up greatly (even if it is still rated BUY or HOLD+) or just even things up by adding new money? Often the stocks which I have least money in are only rated HOLD. Should I buy them to even things up or put more into the stocks rated BUY or HOLD+?

After I have invested the new money I will also be in the position to make a new investment every month or so from the dividends and my savings. I would be interested in the way that you invest to follow your own recommendations and to build an "ideal" portfolio. I would also like to put a little money into some of the smaller companies and options that you mention from time to time. What sort of percentage do you recommend people allocate to these investments?

Answers: When people start off investing with a sum of money I advise them to put approximately equal dollar amounts in a range of shares, chosen from the shares rated "Buy" and "Hold+". Then add a new shareholding (or top up an investment that has declined in value, if it is rated "Buy" or "Hold+") when you have accumulated more cash (e.g. from new savings and/or dividends).

Depending upon a person's financial circumstances this usually means an initial investment per company at a certain dollar value per company, and increasing that amount as the portfolio grows. You started off investing \$1000 per share, later increased this to \$2000 per share as your portfolio grew. With around \$500,000 to invest at present you will probably now aim to invest

about \$10,000 to \$15,000 per share.

Of course, as shares increase or decrease in price the market value invested in each can vary widely. My policy is to *let profits run* (as long as the shares remain attractive) and not to sell a share simply because it has gone up! If you diversify widely, starting with a small percentage in each share, then an investment can increase several fold in value before your portfolio starts to get unbalanced. Of course, if a share increased 5-fold or 10-fold in value you will probably want to sell 25-33% of it to rebalance your portfolio.

Cash for investment - from new savings, dividends or share sales - can be invested in shares rated "Buy" or "Hold+". A person with small monthly savings may need to accumulate this cash for several months before there is enough to invest. At other times you may hold cash waiting for a suitable investment to buy.

With your \$200,000 inheritance you should probably seek to build up the "Buy" and "Hold+" rated shares to about \$10,000 to \$15,000 each. Leave the small "Hold" rated shares alone as these are not the best places to invest new money. They may end up being sold at some stage, or they may be upgraded to a "Hold+" or "Buy" later and that would be the time to buy them.

You will still be a little over-weighted in Cavalier and Steel & Tube, but not excessively. They are both attractive shares, so there is no need to sell these down at the present time. If they grow a lot larger - or if you need to raise some cash in the future to buy a new recommendation - then perhaps sell a few then.

If you put some money in the smaller informal recommendations or the options, then you will need to take greater responsibility for following and managing these investments. In most cases it would be appropriate to invest a small dollar amount in these. For example, if you plan to invest \$10,000 in a share that is formally recommended in *Market Analysis* then you may decide to invest somewhere between \$2,000 and \$4,000 in a smaller share and perhaps \$1,000 to \$2,000 in a more volatile option. So you may invest 3-4% of your portfolio in each of 20-30 main investments (i.e. about 80-90% of your portfolio) with just 1-2% in 5-7 smaller companies (5-15% of your portfolio) and about ½-1% invested in 3-5 options (about 2-7% of your portfolio).

Total Return Index for All Listed Shares

Mar 10	1715.77	Mar 17	1680.24
Mar 11	1705.28	Mar 18	1685.15
Mar 12	1701.09	Mar 19	1649.45
Mar 13	1696.08	Mar 20	1647.26
Mar 14	1700.45	Mar 21	1649.40
Mar 24	1654.87	Mar 31	1639.70
Mar 25	1650.98	Apr 1	1640.37
Mar 26	1651.65	Apr 2	1639.67
Mar 27	1652.03	Apr 3	1642.28
Mar 28	1657.10	Apr 4	1645.56

Current Issues

SHARE REPURCHASES

	Details
Designer Textiles	15%, off market
Hellaby Holdings	4%, on-market
Sky City Entertainment	2½-3¾%, on-market
Steel & Tube	9.99%, on-market

CASH ISSUES

	Ratio	Price	Ex-Date	Appln Date
Richina Pacific	1:1	US\$0.14½	-	23-04
Savoy Equities	1:2	\$0.01	07-04	-

NEW ISSUES

	Price	Date	EPS	DPS
Promina	A\$1.40	02-05	17.8	7.1

New Issue

Falling stockmarkets have eroded the capital of insurance companies, so UK based **Royal & SunAlliance** is seeking to raise cash by selling off its Australian and New Zealand businesses under the new name of **Promina**.

Royal & SunAlliance is offering from 900 million to 1,057 million shares in Promina (i.e. 85-100% of the capital) to investors at a price of between A\$1.50 to A\$2.00 per share, to be set by an institutional tender. Private investors will receive a ten cents discount, but must pay A\$1.90 (NZ\$2.15) on application and will receive a refund if the tender price is set lower than A\$2.00.

All of the proceeds of this share sale will go to Royal & SunAlliance *except* A\$50 million (i.e. to pay the costs of this issue and to rebrand the business as "Promina", but perhaps to also boost the first year's profit?). If more than 1000 million shares are sold then the proceeds of the remaining shares (i.e. up to 57 million shares) will also go to Promina.

Given the depressed state of world stockmarkets, it is likely the issue will be priced near the lower end of the indicative price range, so private investors will *probably* pay A\$1.40 for these shares (after the 10 cents discount).

In the year to December 2000, Promina made a profit of \$19 million (1.8 cents per share). That increased seven-fold in 2001 to \$140 million (13.2 cents per share), before plunging in 2002 to a loss of \$291 million (minus 27.5 cents per share). Fortunately (for Royal & SunAlliance that wants to sell these businesses) the company now predicts a recovery to a record profit for the current year to December 2003 of \$188 million (17.8 cents per share). The company also forecasts a dividend payment of 7.1 cents.

Assuming the company can achieve these forecasts, public investors are being offered the shares at a Price/Earnings ratio of 7.9-10.7 and a Dividend Yield of

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Briscoes Group	4.00	22-04	09-05	Full
CDL Hotels	1.40	31-03	08-04	Full
CDL Investments	1.60	24-03	31-03	Full
Colonial Motor Company	9.00	24-03	07-04	Full
Designer Textiles	1.125	07-04	17-04	Full
Fletcher Building	9.00	24-03	09-04	Full
Guinness Peat Group	1.00p	31-03	19-05	Nil
Hallenstein Glasson	9.00	22-04	24-04	Full
Hellaby Holdings	11.00	04-04	11-04	Full
Lyttelton Port Company	3.75	17-03	21-03	Full
Skellmax Industries	3.00	07-04	11-04	Full
Sky City Entertainment	21.00	24-03	04-04	Full
Tourism Holdings	4.00	07-04	11-04	Full
Turners Auction	7.00	07-04	14-04	Full
Warehouse Group	10.50	11-04	22-04	Full
<u>Australian Shares</u>				
Abigroup	4.00	26-03	16-04	
Atlas Pacific	1.00	01-04	30-04	
McPhersons	7.00	03-04	30-04	
Nufarm	7.00	07-04	02-05	
Skilled Engineering	6.00	01-04	23-04	
UXC Limited	2.00	09-04	30-04	
Villa World	5.00	24-03	11-04	

3.7-5.1% - although the Prospectus and Investment Statement consider this dividend yield as 5.0-6.8%!

The future dividend policy is to distribute around 40-60% of "normalised net profits", so a \$188 million profit would normally suggest a dividend payment of 7.1-10.7 cents, yielding 5.1-7.6% (at a share price of 140 cents) or 3.7-5.6% (at a share price of 190 cents).

Summary and Recommendation

This share offer is reasonably priced, but Promina is probably not the best place to invest your money. Given the large size of this issue and depressed state of the stockmarket, the shares will probably trade around their issue price, so there is little potential for *stag* profits. Promina invests mainly in fixed income investments, so this is not a company that would benefit from a stockmarket recovery. We are also doubtful that general insurance is a particularly attractive sector for investors. This is a competitive business that often trades unprofitably. Employees may often get rich in this industry, shareholders rarely do.

Next Issue

The next issue of *Market Analysis* will be posted in five weeks time on Tuesday May 13, 2003 (and delivered in most areas on Wednesday 14).

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

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Birkenhead, Auckland. (66 Stanaway Street. Telephone 64-9-4199 427 Facsimile 64-9-4199 428 Internet: www.stockmarket.co.nz or www.australia-stockmarket.com Email: james@stockmarket.co.nz). Subscription Rate NZ\$265 (including GST) per year.

Readers are advised that they should not assume that every recommendation made in the future will be profitable or equal the performance of recommendations made in the past. A summary of All prior recommendations is available to any current subscriber, free of charge, upon request. The information presented has been obtained from original and published sources believed to be reliable, but its accuracy cannot be guaranteed. The entire contents are copyright. Reproduction in whole or part is strictly forbidden.