

# Market Analysis

Issue No. 378

P.O. Box 34-162, Auckland

December 9, 2003

## Inside Market Analysis

Michael Hill upgraded to BUY .....	3, 4	Neglect Ratings of NZ and Australian shares .....	7 and 9
REJECT Abigroup Takeover: .....	4, 5	Superannuation Schemes .....	12
Company Review: Melbourne IT .....	10, 11	Strategies for Buying Recommended Shares .....	13

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

## Summary and Recommended Investment Strategy.

Just another healthy stockmarket correction. The outlook for the NZ and Australian stockmarkets is only moderately favourable, but there are many attractive shares with excellent potential for gains over the next 2-5 years. So remain fully invested in recommended shares.

### Investment Outlook.

#### "Don't Panic!"

Yes, we know that *longer* term subscribers to this newsletter would never do *that*. We know you have seen these market fluctuations many times before and are using this "healthy correction" as a "buying opportunity" to add to positions in *Buy* and *Hold+* rated shares.

Judging from the quantities of recent emails, however, *newer* investors still find their first *mild correction* all a bit daunting. What can we say? This happens an average of 2-4 times per year. So you'd better get used to it. Diversify to avoid the greater volatility of individual shares, and learn to use *corrections* in a long term uptrend to buy shares at more favourable prices.

Rising interest rates and worries about *another* global stockmarket decline or *another* global economic recession probably increase investors fears.

As we discussed last month, however, interest rate increases at this stage of the economic cycle are not unfavourable. Rising interest rates simply reflect an increase in the demand for credit - as companies start to expand and invest, and as consumer spending increases. This situation simply confirms the economic upturn which *is* favourable for the stockmarket.

If interest rates *failed* to increase, then it would probably be because the economic and stockmarket recoveries had stalled - and we were heading for a *double dip* recession. Actually its would be a *triple* or *quadruple* dip recession, after the events of 2000-2003.

We all know the stockmarket offers the very best long term investment returns - although there will be dips, some years we will suffer a loss and some individual shares will become worthless. Longer term subscribers to this newsletter will also know that careful share selection can yield quite a number of very *big winners!*

The outlook for the NZ and Australian stockmarkets is only moderately favourable, but there are a lot of attractive shares with the potential to become five-bagger and ten-bagger investments.

#### Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	<b>73%</b> (Bullish)	<b>66%</b> (Bullish)
New Zealand:	<b>60%</b> (Bullish)	<b>58%</b> (Neutral)



# Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	C	665	1.03	9	9.4	Hellaby Hold.	B	503	0.84	11	7.7	Restaurant Brds	C	106	0.33	8	14.1
AMP NZ Office	C	79	6.60	7	8.5	Heritage Mining*	N/R	5.0	N/A	NE	Nil	RetailX Limited	B	18	4.11	NE	Nil
AXA Asia Pac.	A	305	1.09	14	3.9	Hirequip NZ Ltd	C	85	2.58	16	2.6	Richina Pacific	D	34	0.06	4	Nil
Abano Health.	D	20	0.67	36	Nil	Horizon Energy	B	347	3.81	17	10.8	Richmond Hold.	B	305	0.10	9	3.7
Affco Holdings	C	23	0.14	8	Nil	ING Property	C	98	5.52	9	10.0	Rocom Wireless	D	14	0.31	NE	Nil
Air New Zealand	E	46	0.37	8	Nil	IT Capital Ltd	C	1.2	4.64	NE	Nil	Rubicon Limited	C	77	N/A	15	Nil
Akd Int Airport	A	674	9.00	27	4.9	Ind Newspapers	A	490	2.23	27	2.9	Ryman Health.	B	213	2.26	14	3.5
Allied Farmers	A	210	0.32	9	7.8	Infratil NZ	B	275	4.08	18	2.2	Sanford Limited	C	554	1.54	13	5.2
Apple Fields	C	2.9	8.79	NE	Nil	KidCorp	D	20	N/A	NE	Nil	Savoy Equities	C	2.9	8.53	NE	Nil
Beauty Direct	E	7.0	1.86	NE	Nil	Kingsgate Int'l	D	24	1.86	9	Nil	Scott Tech. Ltd	A	285	1.50	13	7.3
Blis Technology	D	15	N/A	NE	Nil	Kirkcaldie & St	B	350	0.62	18	6.1	Seeka Kiwifruit	D	384	N/A	NE	Nil
Botry-Zen Ltd	E	13	N/A	NE	Nil	Kiwi Property	C	108	8.39	13	7.9	Selector Group	D	1.5	2.94	NE	Nil
Brierley Invest	E	63	4.80	NE	Nil	Lion Nathan Ltd	B	664	1.71	17	4.6	Shotover Jet	C	97	1.71	12	1.9
Briscoe Group	C	168	1.19	15	6.0	Loan & Building	E	320	1.17	NE	Nil	Skelmax Indust	B	124	1.29	10	8.4
Broadway Ind	C	68	0.37	10	2.9	Lytelton Port	C	162	2.71	12	10.1	Sky City Ltd	B	460	3.43	18	7.6
CACI Group Ltd	C	18	0.20	6	Nil	Mainfreight Grp	C	136	0.26	12	7.1	Sky Network TV	D	510	5.08	NE	Nil
CDL Hotel NZ	C	40	0.74	8	5.2	Metro. LifeCare	B	213	1.83	18	Nil	SkyCity Leisure	D	119	2.02	39	Nil
CDL Investments	D	30	2.35	9	8.0	Michael Hill	B	473	0.80	18	5.4	Smiths City	E	54	N/A	NE	Nil
Cabletalk Group	D	22	0.17	NE	Nil	Mid-Cap Index *	N/R	205	N/A	NE	Nil	Software of Exc	D	100	1.28	NE	Nil
Cadmus Tech Ltd	D	11	1.37	44	Nil	Mooring Systems	C	180	N/A	NE	Nil	South Port NZ	C	145	2.59	15	6.9
Calan Hlthcare	C	84	7.20	15	9.5	Mowbray Collect	B	125	2.73	NE	2.4	Spectrum Res.	D	1.5	N/A	NE	Nil
Cap Properties	C	88	2.84	10	10.4	Mr Chips Hold	D	93	0.88	22	4.8	Steel & Tube	B	378	1.01	15	9.1
Carter Holt	C	183	0.77	18	4.1	NGC Holdings	C	202	2.35	21	4.5	Strathmore Grp	D	0.5	0.70	NE	Nil
Cavalier Corp	A	556	1.81	19	6.7	NZ Experience	C	25	1.79	11	Nil	Submarines Aust	C	0.5	0.26	NE	Nil
Cedenco Foods	B	230	1.33	8	Nil	NZ Exchange Ltd	D	550	N/A	NE	Nil	Summit Gold Ltd*	N/R	9.2	N/A	NE	Nil
Cert Organics	D	6.8	2.38	NE	Nil	NZ Invest Trust*	N/R	520	N/A	NE	1.6	Tag Pacific Ltd	C	14	0.27	NE	Nil
Col FS Property	C	99	5.71	17	10.6	NZ Oil and Gas *	N/R	37	N/A	NE	Nil	Taylor's Grp Ltd	A	228	0.97	13	6.9
Col Motor Co	B	279	0.20	11	9.9	NZ Refining Co	A	1650	2.45	11	13.6	TeNZ *	N/R	103	N/A	NE	Nil
Commsoft Group	C	0.3	0.04	NE	Nil	NZ Wine Company	E	246	N/A	NE	Nil	Telecom Corp	B	511	1.88	14	5.8
Comvita	D	230	0.84	NE	Nil	NZIJ.co.nz	E	19	1.47	NE	Nil	Tourism Hold.	B	145	0.72	57	3.1
Contact Energy	B	545	2.72	28	6.3	Nat Property Tr	C	95	6.84	16	9.5	Tower Limited	D	128	0.51	NE	11.7
Cube Capital	D	4.3	0.14	NE	Nil	Newcall Group	E	2.5	0.15	NE	Nil	Training Sol.	E	0.2	2.86	NE	Nil
Cue Energy Ltd *	N/R	6.0	2.62	29	Nil	Norhland Port	B	300	N/A	30	4.2	Trans-Tasman	D	35	2.54	20	Nil
DB Breweries	C	780	1.24	16	6.4	Nuhaka Forestry	C	508	0.96	NE	17.9	Tranz Rail Hold	C	148	0.51	NE	Nil
Design Textiles	C	86	0.46	8	7.2	Nuplex Indust	B	419	0.40	11	7.1	Trust Power Ltd	B	605	1.84	NE	3.1
Dorchester Pac	B	220	0.77	11	5.1	Opio Forestry	E	50	8.96	NE	Nil	Turners Auction	A	432	1.66	18	5.2
Ebos Group Ltd	B	325	0.40	14	7.5	Owens Group Ltd	D	112	0.14	23	2.7	Urbus Property	D	91	N/A	NE	Nil
Evergreen	E	48	1.97	NE	Nil	Oyster Bay	D	210	N/A	NE	Nil	Utilico Int'l	C	78	7.99	NE	Nil
F & P Appliance	A	386	1.20	14	6.4	Ozzy (Tortis) *	N/R	200	N/A	NE	Nil	Vending Tech.	C	91	1.19	10	Nil
F & P Health.	B	1194	5.87	17	6.3	Pac Edge Bio.	E	4.0	4.55	NE	Nil	Vertex Group	C	140	0.52	12	15.1
FC - Forests	D	133	1.09	NE	Nil	Pacific Retail	C	250	0.25	8	Nil	WN Drive Tech.	C	68	N/A	NE	Nil
Finmedia Ltd	D	74	N/A	NE	Nil	Port Tauranga	C	404	4.93	21	6.1	Wakefield Hosp.	B	212	1.11	26	2.1
Finzsoft Sol'ns	D	100	2.08	NE	Nil	Ports Auckland	B	810	5.13	19	6.3	Warehouse Group	B	508	0.76	19	4.3
Fletcher Build.	A	396	0.50	10	7.2	Postie Plus Grp	D	108	0.56	14	Nil	Waste Mgmt NZ	A	390	2.48	29	2.9
Forty Two Below	E	32	N/A	NE	Nil	Powerco Limited	B	183	2.52	15	7.7	Williams Kettle	A	475	0.43	10	7.5
Freightways Ltd	B	194	N/A	18	8.8	Property F. Ind.	C	92	N/A	16	7.6	World Index Fd *	N/R	110	N/A	NE	Nil
GDC Communicat.	C	29	0.16	3	18.0	Provenco Group	C	40	0.68	32	Nil	Wrighton Ltd	B	131	0.27	10	13.1
Genesis Res.	E	111	1.87	NE	Nil	Pure NZ Limited	D	4.0	5.71	NE	Nil	Zintel Comm.	D	98	N/A	NE	Nil
Guinness Peat	C	184	0.73	9	1.6	Pyne Gould G.	B	128	N/A	10	9.9	<b>Ave of 148 Cos</b>	C	204	0.56	21	3.6
Hallenstein G.	C	298	0.99	15	9.3	Renaissance	C	48	0.16	NE	9.3	Origin Energy	A	466	0.91	19	2.1
AMP Ltd	D	589	1.40	NE	7.8	Deutsche Div Tr	C	117	7.18	13	7.9	Oxiana Ltd	C	104	N/A	NE	Nil
ANZ Bank	C	1726	2.02	12	5.5	Deutsche Office	C	112	6.67	13	8.9	Pacifica Group	C	478	0.61	15	4.2
APN News Media	C	386	1.58	19	4.1	Djerrivarrh	B	345	N/A	18	6.2	Paperlin X Ltd	B	482	0.54	15	5.7
AWB Limited	A	425	0.50	11	5.9	Downer EDI Ltd	A	386	0.35	14	3.0	Patrick Corp	A	1510	2.46	18	1.6
AXA Asia Pac	B	271	1.58	14	3.6	Envestra	C	102	2.66	58	9.3	Perp Trust Aust	B	4201	5.23	23	3.1
Adelaide Bank	C	761	1.25	13	4.9	Fairfax (John)	B	361	2.57	25	3.6	Primary Health	B	520	2.92	42	2.4
Adelaide Bright	B	119	1.31	13	4.4	Flight Centre	B	2165	3.23	29	2.0	Prin. Amer. Off	B	118	7.87	12	15.5
Alinta Limited	B	638	2.61	18	3.9	Foodland Assoc	B	1905	0.35	19	4.5	Principal Off.	B	159	9.15	16	6.9
Alumina Ltd	B	626	2.77	40	2.1	Foster's Group	C	439	1.92	20	4.3	Publishing & Br	B	1200	2.72	19	2.1
Amarcol	C	834	0.66	20	3.6	Futuris Corp.	C	150	0.40	10	5.7	O.B.E. Insur.	B	106	0.77	23	3.3
Anaconda Nickel	C	17	0.58	NE	Nil	GWA Internat'l	B	272	1.13	14	5.3	Orangetree	B	345	0.54	18	4.7
Aneka Tambang	B	20	6.17	NE	43.9	Gardol Retail	B	136	8.85	16	7.1	Ramsay Health	B	455	0.88	16	3.4
Ansell Ltd	A	653	0.92	24	1.7	General Prop Tr	B	292	7.41	15	7.0	Reece Australia	B	765	1.03	16	2.7
Aquarius Plat.	A	779	6.41	59	0.3	Graincorp	B	1365	0.78	11	5.7	Rinker Group	A	609	1.14	11	1.1
Argo Investment	B	501	N/A	27	3.2	Guinness Peat	B	163	0.75	9	1.6	Rio Tinto Ltd	A	3580	0.97	16	2.8
Aristocrat	B	186	0.87	11	6.5	Gunn's Ltd	B	1156	1.56	13	3.5	Ronin Property	B	113	9.63	13	8.3
Aust Foundation	C	330	N/A	26	4.0	Harvey Norman	B	291	3.07	20	1.7	Rural Press Ltd	A	695	1.74	12	3.4
Aust Pharm. Ind	C	285	0.26	27	4.6	Hills Motorway	C	651	N/A	NE	3.3	SFE Corporation	A	486	4.29	24	3.2
Aust Pipeline	B	251	2.37	15	8.6	ING Indust Trt	B	174	9.73	13	7.9	Santos Ltd	A	635	2.39	11	4.7
Aust Gas Light	C	1078	1.04	16	5.1	ING Office Fund	B	112	7.71	11	9.4	Seven Network	B	561	1.08	25	4.2
Aust Stock Exch	B	1601	7.90	28	2.5	Iluka Resources	B	423	0.99	8	5.2	Sigma Company	A	675	0.53	30	2.0
Austereo Group	B	133	2.31	15	5.4	Incitec Pivot	D	1565	1.31	NE	Nil	Sims Group Ltd	B	1000	0.58	12	5.4
Australand Hold	B	162	0.73	9	7.4	Insurance Aust.	B	431	1.56	47	2.7	Smorgon Steel	C	104	0.36	9	7.7
BHP Billiton	B	1150	2.84	25	1.7	Interoil Corpor	C	275	N/A	NE	Nil	Sonic Health	C	719	1.92	46	3.5
Bank of Oland	C	935	1.59	16	3.4	Investa Prop.	E	195	8.75	13	8.0	Sons of Gwalla	C	343	0.95	17	Nil
Baycorp Advant.	B	263	3.19	NE	1.5	Ivanhoe Mines	E	1995	N/A	NE	Nil	Soul Pattinson	B	598	3.31	16	2.8
Bendigo Bank	C	861	3.17	19	3.9	James Hardie											

# Recommended Investments

We are upgrading **Michael Hill International** shares to a "Buy". The shares look to be poised to recover from the January to April correction earlier this year:

There have been eight *insider* buys, and no sells, over the last year. These purchases of just under two million shares by non-executive director WL Peters lifts his interest to 2,849,500 shares. Many of these shares are held in his capacity as an investment manager for other investors, but the decision to buy Michael Hill shares for clients, rather than other investments, must reflect his inside knowledge of the company and its future potential. All of these purchases have been made since April, with four buys over the last five weeks.

To qualify as a "Buy" under the *Most Insider Buying* section of our *Comprehensive Share Selection Criteria*

requires *insider buying and a positive Relative Strength rating.* Michael Hill International shares fall just marginally short of this with a Relative Strength rating of -1.3%, ranked 71. Relative Strength, however, is increasing and should turn positive this week or next week.

At 473 cents, the shares offer good value, trading on a Price/Sales ratio of 0.80, a Price/Earnings ratio of 18 and offering a gross Dividend Yield of 5.4%.

The reasonable valuation, insider buying and improving Relative Strength suggests a recovery and new uptrend is just starting. Michael Hill International has steadily grown its business over the 12½ years that we have invested in this company - yielding significant investment returns for *(Continued on Page 4)*

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation		Perform- mance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
			- Date -	Price									
<u>NZ Shares</u>													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	D	187.1	1.9	2.35	9	8.0	30	7.7	+51%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	A	63.0	0.7	1.81	19	6.7	556	128.5	+339%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.6	0.20	11	9.9	279	250.3	+253%
BUY	Lyttelton Port Company	LPC	12/12/00	150	C	102.0	1.0	2.71	12	10.1	162	32.3	+29%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.4	0.6	0.80	18	5.4	473	137.0	+1226%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	B	61.3	0.8	0.40	11	7.1	419	88.0	+45%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	37.1	1.5	0.16	NE	9.3	48	14.4	-27%
HOLD+	Richina Pacific	RPL	03/11/95	94*	D	144.4	2.0	0.06	4	Nil	34	9.4	-54%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	1.0	2.59	15	6.9	145	69.0	+78%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	B	87.9	0.9	1.01	15	9.1	378	85.0	+217%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	A	24.3	0.7	0.97	13	6.9	228	32.0	+155%
HOLD	Wrightson Limited	WRI	13/01/98	83	B	136.2	1.3	0.27	10	13.1	131	41.3	+108%
<u>Australian Shares (in Aust cents)</u>													
HOLD	Abigroup Limited	ABG	09/03/99	265	A	47.7	0.6	0.25	22	2.0	397	57.0	+71%
BUY	AJ Lucas Group	AJL	13/05/03	120	A	45.4	0.7	0.63	13	3.7	215	4.5	+83%
HOLD	Atlas Pacific Ltd	ATP	14/05/96	73	A	87.8	1.9	1.55	5	15.0	20	7.0	-63%
HOLD	Auspine Limited	ANE	08/02/00	210	B	53.9	0.6	0.73	11	5.4	312	56.0	+75%
HOLD	Austral Coal Ltd	AUO	16/01/01	19	B	154.5	1.2	1.13	8	Nil	73	Nil	+284%
BUY	Aust Infrastructure	AIX	07/10/03	158	B	179.1	0.7	N/A	10	6.5	169	Nil	+7%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	418*	A	39.2	0.5	0.65	20	5.0	600	116.5	+71%
BUY	Candle Australia	CND	08/04/03	86	B	37.6	0.8	0.30	13	5.1	128	6.0	+56%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	A	49.5	1.0	0.15	9	7.1	98	13.0	-27%
BUY	Commander Comm.	CDR	11/09/01	92	C	145.1	0.9	0.45	10	4.3	103	9.1	+22%
BUY	Computershare Ltd	CPU	12/08/03	189	A	544.1	0.9	2.49	54	1.5	324	2.5	+73%
BUY	Health Communication	HCN	07/10/03	101	C	61.5	1.0	2.23	37	Nil	108	Nil	+7%
HOLD	IASbet Ltd	IAS	11/02/03	180	C	41.0	1.2	0.09	8	8.0	94	2.5	-46%
BUY	Julia Ross Recruitment	JRR	14/08/01	92	A	57.4	1.4	0.26	34	6.8	66	13.5	-14%
HOLD	McPherson's Ltd	MCP	10/10/00	125	B	54.8	0.5	0.65	14	3.7	404	39.0	+254%
HOLD-	Nufarm Limited	NUF	11/02/97	418*	A	155.8	0.6	0.54	10	3.9	511	119.3	+51%
HOLD+	OAMPS Limited	OMP	15/05/01	99*	A	92.9	0.6	0.48	17	5.2	330	25.8	+259%
HOLD+	Skilled Engineering	SKE	12/03/02	126	B	90.4	0.9	0.32	13	6.6	234	25.5	+106%
BUY	Solution 6 Holdings	SOH	15/07/03	59	E	251.6	1.3	0.74	NE	Nil	65	Nil	+10%
BUY	Technology One Ltd	TNE	11/11/03	44	B	298.5	1.4	3.02	21	5.1	49	Nil	+11%
HOLD-	Toll Holdings	TOL	08/09/98	60*	B	309.8	0.6	1.02	25	1.7	860	43.5	+1406%
HOLD	UXC Limited	UXC	11/01/00	55*	B	125.1	1.3	0.87	15	6.3	80	19.0	+80%
HOLD	Villa World Ltd	VWD	11/06/02	68	B	103.2	0.8	0.82	6	9.2	119	16.0	+99%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	C	167.5	1.2	1.18	13	4.3	94	24.1	+71%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +148.9%. This is equal to an average annual rate of +37.4%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 36 current and 121 closed out) is +30.4%, compared with a market gain of +8.6% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues. \* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

**Recommended Investments** (Continued from Page 3) our portfolio. Cash dividends of 137 cents (tax-paid with full imputation tax credits) have returned our initial investment *three* times over, while the shares have risen *ten-fold* in value.

If expansion overseas was easy, NZ would be dominated by foreign retailers. Micheal Hill International's expansion into Australia encountered initial problems, but perseverance and adapting to that new retail market is what has produced the company's growth - all funded from internal cashflows - and the outstanding investment returns that we have enjoyed from these shares.

There is no reason why expansion into Canada should be any easier but, if it eventually proves successful, should drive further steady growth over the next 10-15 years. This could yield another \$4-8 per share in dividends over that period and growth in the share price to \$25-40, Michael Hill shares are therefore an attractive "Buy and Hold" investment.

Of course, if the company does produce these returns the sceptics will then argue that our long term track record of successful investment is the result of one "lucky" share that just happened to increase 70-100 fold in value!



**Richina Pacific** is seeking shareholder approval to change its country of incorporation from NZ to Bermuda. It will also change its head office from NZ to Singapore. These changes offer significant income tax advantages for the group which has most of its businesses in China.

As a NZ company, Richina Pacific would be required to pay NZ income tax on profits that it will eventually start earning in China. Bermuda does not tax its companies, but under NZ law a foreign company *managed in NZ* is still a NZ resident and liable for NZ income tax, so Richina Pacific also needs to move its head office offshore. Singapore is a good location to manage the group's Chinese and NZ businesses.

Richina Pacific's NZ operations will continue to be subject to NZ income tax, but the Chinese operations have negotiated *tax holidays* in China and these profits will not be taxed in Bermuda or Singapore.

Richina Pacific will maintain its listing on the NZ stockmarket, but will eventually seek to dual list on the Singapore stockmarket.

This change will make Richina Pacific shares subject to NZ Foreign Investment Fund rules which impose an unrealised capital gains tax upon NZ resident

shareholders holding over NZ\$50,000 invested in FIF companies. These wealthier investors *may*-like Richina Pacific - need to review their own tax residence status!

**Taylor's Group** plans to integrate its Avondale and Pt Chevalier laundry plants into a single, larger plant at Pt Chevalier. This investment in new plant will increase capacity and also reduce costs through production efficiencies and lower distribution expenses.

**Wrightson's** profit forecast for the six months to 31 December has been downgraded by the company from a 10% decline to a 20% decline - resulting in the share price falling sharply. We, however, are cautious about reading too much into that downgrade. Profitability can fluctuate widely from month to month. Last year the company lowered its forecast after poor trading in November, only to experience buoyant trading in December. Wrightson's also earns only 20-30% of annual profits in the first half. So a 20% decline in the first half represents only 4-6% of annual profits.

Wrightson's also generates strong cash flows, has cash in the bank and no interest bearing debt. It should therefore be able to continue to pay high dividends despite any weakness in profitability. So this remains an attractive share to "Hold" for high income.

Wrightson's has expanded its successful seed potato business, **Eurogrow** (acquired in 1998), with the acquisition of the *commercial* seed potato business and licences of **Dawe's Products** (which will retain and focus on the retail, home garden sector). This will expand Eurogrow's product range and increase local and export sales.



### Australian Shares

(This section is in Australian currency, unless stated.) The takeover of **Abigroup** has been extended from 28 November to 19 December - and will likely be extended again - but is unlikely to succeed unless the price is increased. The takeover has been approved by the **Australian Competition and Consumer Commission** and the **Foreign Investment Review Board**, so the directors' company, **Vercot Pty**, has accepted the offer for its full 50.24%. Presumably the other non-executive directors have also accepted with their 0.30% shareholdings.

Despite this 50.55% from the directors, **Bilfinger Berger's** total acceptances currently stand at only 62.21%. That is, acceptances have been received from only 11.6% of the 49.5% held by institutional and

private investors.

The takeover remains conditional on 90% acceptance - so Bilfinger Berger *could* extend this offer several more times but our estimate is that the current 390 cents (plus 10 cents dividend) takeover will eventually reach a maximum acceptance level of just 80-85%. So Bilfinger Berger *could* eventually return all of those shares and walk away from Abigroup.

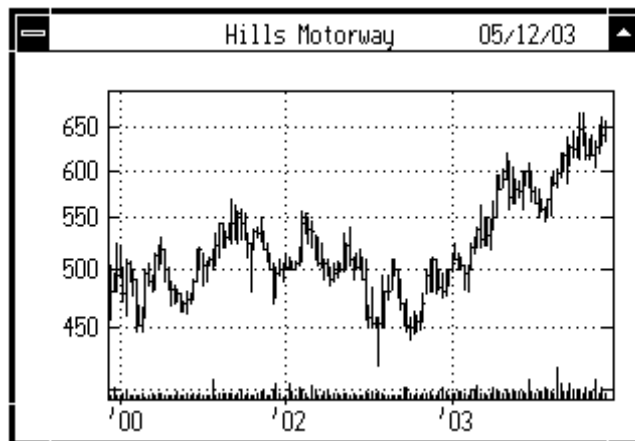
Alternatively, Bilfinger Berger *could* make the takeover unconditional and accept less than a 90% shareholding. This situation should be attractive for the remaining minority shareholders. Bilfinger Berger would be unable to apply compulsory acquisition of the remaining shares, so Abigroup would remain a listed company but with a large, financially strong major shareholder. To extract the full growth potential of Abigroup, the new parent company will need to provide financial support (i.e. performance bonds) to enable Abigroup's maximum participation in construction projects and BOOT projects. Abigroup is already an attractive investment owing to the upturn in the construction sector (i.e. generating higher revenues and improved margins on that revenue) and support from a new shareholder can only further increase the company's medium to long term growth potential.

The third alternative is that Bilfinger Berger *doesn't* allow the minority shareholders participation in this rosy future and instead raises its bid sufficiently to reach 90% acceptances - at which point all minority shareholders will be forced to accept the higher bid. We will get to walk away with another 25-50 cents per share in cash and have to find somewhere else to invest our capital.

So the *best* outcome is (1) we remain Abigroup shareholders, (2) Abigroup remains listed and (3) Bilfinger Berger becomes the new major shareholder and helps finance improved growth for the benefit of *all* of the shareholders. The other alternatives - the takeover is cancelled or increased - are also acceptable.

Owing to a toll increase in June - plus 4-6% traffic volume growth - **Hills Motorway** (in which Abigroup holds 15 million shares, worth \$98 million or 205 cents per Abigroup share) has been experiencing revenue growth of 17-21% over recent months. This strong growth by Hill Motorway is another reason why we wish to retain our shareholding in Abigroup.

Do nothing. "Hold" Abigroup shares.



**AJ Lucas Group** has entered an agreement with **Queensland Gas Company** to undertake coal seam gas exploration to earn up to a 50% interest in the 975km<sup>2</sup> **Surat Basin** tenement ATP651P. Queensland Gas has already drilled two wells, with one producing 250,000 cubic feet per day during testing in 2002. AJ Lucas will act as operator and fund an exploration well immediately to provide data to plan the 2004 drilling program in return for earning a 15% interest in this tenement. AJ Lucas has the option to increase this to 50% before May 2004 by providing \$450,000 to fund further exploration during 2004. This is AJ Lucas Group's second interest in coal seam gas production and follows its earlier investment in the Gloucester Basin.

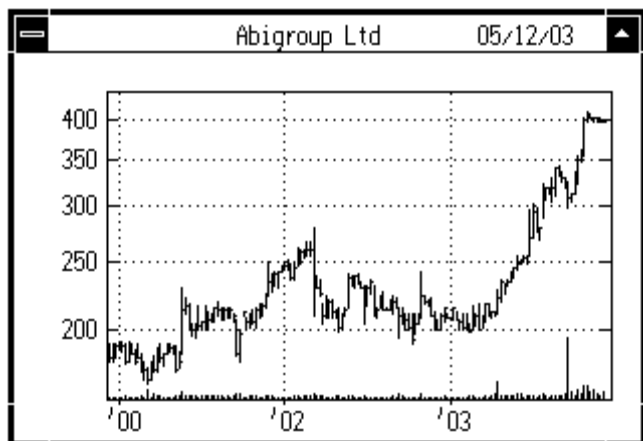
We reported in October that AJ Lucas had acquired three Horizontal Directional Drilling rigs from a major international competitor's liquidation and the company has since also acquired its intellectual property rights and trade names.

**Auspine** recently completed its on-market share buy-back - so has announced another which will allow it to re-purchase up to 2,747,223 shares (5.1% of the capital).

**Austral Coal** has signed a contract with a new customer to deliver 400,000 tonnes of coal during the year starting in April 2004 at a "solid price increase" on the company's 2003 average price. Forward exchange cover for US\$130 million at a rate of US\$0.664 will keep profits high despite the fall of the US dollar against the Australian currency.

**Australian Infrastructure Fund** will increase its stake in **Australia Pacific Airports Corporation** (i.e. the holding company that owns the Melbourne and Launceston airports) from 5.0% to 7.8-8.9% for \$40-50 million. **AMP Henderson** is reducing its holding from 49.9% to 41.0% and these shares will be bought by the other four existing investors. Of these four, Australian Infrastructure Fund and **BAA plc** (which operates the airport) have indicated they will exercise their pre-emptive purchase rights, while **Utilities Trust of Australia** will not increase its holding and **DAML** has until 11 December to decide. **Qantas** plans to base its new low-cost domestic airline in Melbourne.

Australian Infrastructure Fund will finance this acquisition - and provide cash for future investments - by raising cash from the issue of new equity. This will consist of (1) \$9.5 million raised last week in an institutional placement at \$1.55, (Continued on Page 6)



**Recommended Investments** (Continued from Page 5)

(2) a non-renounceable 1 for 4 cash issue to existing shareholders at the same price and (3) a general public offering of any of the cash issue shares not taken up by existing shareholders. \$48.5 million of this capital raising is underwritten, and overall the company expects to raise \$50-65 million but up to \$80 million could be raised if investors take up their full entitlements.

The fund will maintain its current 11.0 cents dividend this financial year, although the new shares will not receive in the 5.5 cents dividend to be paid this month.

The 1 for 4 cash issue to existing shareholders is non-renounceable, so you cannot sell rights to these new shares. Taking into account the 5.5 cents dividend, the new shares are priced at just a 5% discount to the existing share price. Therefore it will depend upon an investor's personal circumstances whether or not to take up these new shares.

Investors wanting to increase their investment in Australian Infrastructure Fund should take up some or all - or apply for over-subscriptions - as the new shares are at a small discount to market.

Investors not wanting to increase their investment can simply fail to take up their entitlement. The shares are at only a small discount to market, so there is little value lost in not taking up these shares.

We believe Australian Infrastructure Fund is an attractive investment that should perform well over the next couple of years. As a recent recommendation, subscribers are probably still building up holdings in this company. Therefore the 1 for 4 cash issue - and the ability to apply for additional shares - is an attractive way to accumulate an investment.

Australian Infrastructure Fund has also announced new services through its 25.4% owned Darwin airport. **Virgin Blue** will begin flying between Melbourne and Darwin three times per week from April 2004, while **Australian Airlines** will introduce two flights per week between Darwin and Singapore from May 2004.

**Campbell Brothers** has lifted revenues 11.8% to \$192.2 million for the six months to 30 September. Net profits rose 29.9% to \$6,665,000 (16.9 cents per share). The interim dividend will be raised 7.7% to 14.0 cents. Operating cashflows rose only 5.9%, but remain strong at \$10.9 million.

**Laboratory Services** - the division where we see the greatest potential to generate Shareholder wealth - again performed very strongly and now generates about two-thirds of the group's earnings. Revenues rose 18% to \$64.4 million with earnings up 50% to \$11.1 million. The **Consumer Products** division suffered a 5% drop in revenues to \$63.8 million and a 29% drop in earnings to \$2.0 million. The **Industrial** division lifted revenues by 27% to \$65.3 million and earnings 11% to \$3.8 million.

Campbell Brothers will complete a "full review" of the Consumer Products division before 31 March 2004 - with market speculation that this division will be sold. This could improve the company's balance sheet and focus investor attention on the favourable Laboratory Services business which could see the share price further re-rated.

**IASbet** reports "tough market conditions" in the September quarter as the company fought a price war

against UK based **Betfair**. To prevent customers switching to the competition, IASbet offered better than normal odds on certain horse races - increasing its payout to winners and eroding its profitability. "Although trading performance has already improved" the company anticipates a loss for the half year to December 2003 of "less than \$2 million".

The company has been granted a Racing Bookmaker's Licence for Queensland which allows it to operate at the **Sunshine Coast Turf Club** and accept bets by telephone or in person.

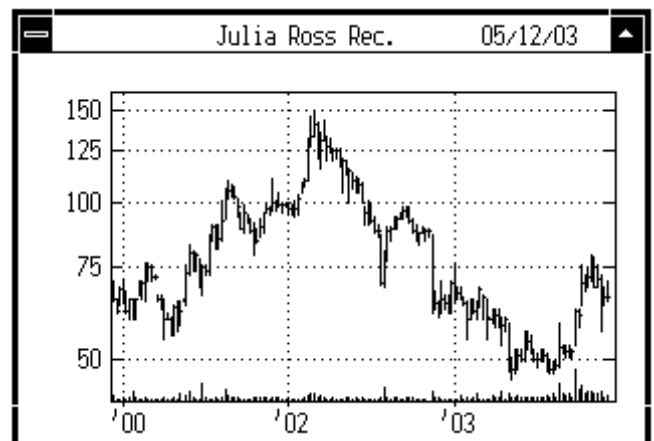
An investigation by the NT Government Racing, Gaming & Licensing Commission into the Faithfull affair was "unable to find any breach of relevant regulatory regime on the part of the licensee, nor any culpable shortcomings in corporate governance".

**Julia Ross Recruitment** has changed its name to **Ross Human Directions** (and its ASX code becomes RHD).

Despite last year's downturn, the company has completed its \$2.7 million investment in new computer systems to integrate Customer Relationship Management, payroll and financial reporting. This has "yet to reach a stage where planned efficiencies and benefits are evident", but should position the company for future growth which will include geographic expansion and product diversification. The company plans to expand its UK business during 2004, as well as expand into NZ and Ireland. The business will also expand to cover industrial and blue collar sectors, banking and finance, and outsourcing.

Trading has improved in the new financial year - although is still very depressed. The first half year is likely to be similar to the previous year when the company earned a profit of \$1.4 million (2.5 cents per share).

With good potential for recovery and growth, these shares are rated "Buy".



**OAMPS** has made a considerably larger than normal acquisition with the purchase of **Chambers Gallop McMahon**, a corporate brokerage business that will add over \$100 million in annual insurance premiums to the group.

OAMPS has also acquired two smaller insurance brokers: **Yourinsurancegroup** which has 4000 clients in small retail businesses and generates \$8 million in annual premium revenue, and **KDI Insurance Services** with 3000 business clients generating over \$7 million in premium income. (Continued on Page 14)

# 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					Price to NTA	Return on Equity	Volatility	Price/Earn Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	STRENGTH RATING					Price to NTA	Return on Equity	Volatility	Price/Earn Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n		
	Share Price	Cur. Chg.	4-Wk Rank	Insider Buy/Sell	Brokers Following									Share Price	Cur. Chg.	4-Wk Rank	Insider Buy/Sell	Brokers Following								Share Price	Cur. Chg.
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0													<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million														
Richmond Hold.	305	+0.6	-0.8	61	0-1	-1.0	10	0.6	9	3.7	0.10	125	Restaurant Brds	106	-6.7	-2.0	85	0-0	3	1.9	23	0.9	8	14.1	0.33	101	
Owens Group Ltd	112	+8.8	-0.9	29	0-0	2	1.9	8	1.1	23	2.7	0.14	63	NZ Refining Co	1650	-1.6	+0.4	73	0-0	2	1.3	12	0.2	11	13.6	2.45	396
Renaissance	48	+17.4	-14.5	9	0-0	-1.9	-	1.5	NE	9.3	0.16	18	Wrighton Ltd	131	+9.6	-2.8	25	0-1	3	1.4	15	1.0	10	13.1	0.27	178	
Mainfreight Grp	136	+5.1	+0.2	43	0-1	2	2.0	17	1.0	12	7.1	0.26	109	Tower Limited	128	-4.4	+3.4	81	2-0	5	0.3	0	1.1	133	11.7	0.51	525
Wrighton Ltd	131	+9.6	-2.8	25	0-1	3	1.4	15	1.3	10	13.1	0.27	178	Lytelton Port	162	+0.4	-4.1	62	4-1	5	3.3	27	0.8	12	10.1	2.71	165
Allied Farmers	210	+2.8	-0.6	50	0-1	-1.2	13	0.9	9	7.8	0.32	22	Pyne Gould G.	128	+5.3	-2.2	41	1-0	-	1.2	12	0.6	10	9.9	N/A	128	
Broadway Ind	68	+9.4	+0.1	25	1-0	-1.5	15	1.0	10	2.9	0.37	13	AMP Limited	665	-1.6	+1.2	73	1-0	-	0.6	7	0.6	9	9.4	1.03	7,505	
Ebos Group Ltd	325	+5.3	+0.4	40	0-1	-2.1	15	0.7	14	7.5	0.40	89	Hallenstein G.	298	+2.6	-0.6	51	1-1	3	4.0	26	0.5	15	9.3	0.99	175	
Nuplex Indust	419	+7.1	-0.7	33	4-0	4	1.6	14	0.8	11	7.1	0.40	257	Steel & Tube	378	+4.8	-1.6	44	0-0	5	2.6	17	0.8	15	9.1	1.01	332
Williams Kettle	475	+11.5	+2.4	21	0-0	-1.4	13	0.5	10	7.5	0.43	70	Freightways Ltd	194	+4.6	+2.3	45	0-1	-	-	-	0.8	18	8.8	N/A	234	
Design Textiles	86	+1.5	-3.0	55	1-5	-2.1	27	1.5	8	7.2	0.46	28	<b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength > 0														
Fletcher Build.	396	+7.3	-3.9	31	3-0	6	2.0	20	0.7	10	7.2	0.50	1,607	NZ Invest Trust	520	+4.8	-1.4	43	8-0	-	-	0.4	NE	1.6	N/A	53	
Tourism Hold.	145	+17.3	-5.6	9	6-0	3	0.8	1	1.1	57	3.1	0.72	133	Cedenco Foods	230	+12.4	-3.6	16	7-0	-	1.3	15	0.5	8	Nil	1.33	36
Guinness Peat	184	+7.3	+0.7	33	0-0	-1.0	12	1.1	9	1.6	0.73	1,144	Tourism Hold.	145	+17.3	-5.6	9	6-0	3	0.8	1	1.1	57	3.1	0.72	133	
CDL Hotel NZ	40	+20.7	-2.5	6	0-0	-0.6	8	1.6	8	5.2	0.74	140	Provenco Group	40	+25.9	+8.7	2	5-0	-	3.9	12	1.5	32	Nil	0.68	33	
Warehouse Group	508	+3.0	+1.1	49	0-0	7	4.5	23	0.6	19	4.3	0.76	1,552	Nuplex Indust	419	+7.1	-0.7	33	4-0	4	1.6	14	0.6	11	7.1	0.40	257
Dorchester Pac	220	+14.9	+1.2	12	0-0	-1.8	18	0.9	11	5.1	0.77	42	NGC Holdings	202	+5.8	+1.1	39	3-0	-	1.9	9	0.8	21	4.5	2.35	894	
Carter Holt	183	+3.6	+1.0	47	1-0	5	0.6	4	1.1	18	4.1	0.77	3,188	Fletcher Build.	396	+7.3	-3.9	31	3-0	6	2.0	20	0.6	10	7.2	0.50	1,607
Hellaby Hold.	503	+12.1	-3.7	17	1-0	2	2.7	24	0.6	11	7.7	0.84	247	Lytelton Port	162	+0.4	-4.1	62	4-1	5	3.3	27	0.7	12	10.1	2.71	165
Taylor's Grp Ltd	228	+13.2	-0.3	15	0-0	-2.2	17	0.7	13	6.9	0.97	55	F & P Appliance	386	+11.8	-2.7	19	2-0	4	1.7	13	0.7	14	6.4	1.20	1,004	
<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0													<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0														
CDL Hotel NZ	40	+20.7	-2.5	6	0-0	-0.6	8	1.2	8	5.2	0.74	140	Opio Forestry	50	-1.7	+0.8	74	0-0	-	0.5	-	0.6	NE	Nil	8.96	7	
Dorchester Pac	220	+14.9	+1.2	12	0-0	-1.8	18	0.9	11	5.1	0.77	42	Port Tauranga	404	-0.8	-1.0	69	2-2	5	1.3	6	0.3	21	6.1	4.93	541	
Taylor's Grp Ltd	228	+13.2	-0.3	15	0-0	-2.2	17	0.5	13	6.9	0.97	55	NZ Refining Co	1650	-1.6	+0.4	73	0-0	2	1.3	12	0.1	11	13.6	2.45	396	
Hellaby Hold.	503	+12.1	-3.7	17	1-0	2	2.7	24	0.5	11	7.7	0.84	247	SkyCity Leisure	119	-7.5	+0.9	87	0-0	-	4.4	11	1.3	39	Nil	2.02	81
Williams Kettle	475	+11.5	+2.4	21	0-0	-1.4	13	0.4	10	7.5	0.43	70	<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average														
Afco Holdings	23	+9.9	+0.0	24	0-0	-0.8	10	1.3	8	Nil	0.14	125	Blis Technology	15	-10.3	-0.9	90	0-0	-	3.4	-	1.2	NE	Nil	N/A	14	
Wrighton Ltd	131	+9.6	-2.8	25	0-1	3	1.4	15	1.1	10	13.1	0.27	178	Vending Tech.	91	-7.8	-0.7	87	0-1	-	1.4	14	0.8	10	Nil	1.19	27
Broadway Ind	68	+9.4	+0.1	25	1-0	-1.5	15	0.7	10	2.9	0.37	13	SkyCity Leisure	119	-7.5	+0.9	87	0-0	-	4.4	11	1.3	39	Nil	2.02	81	
Fletcher Build.	396	+7.3	-3.9	31	3-0	6	2.0	20	0.6	10	7.2	0.50	1,607	Software of Exc	100	-7.0	+2.6	86	0-0	-	3.6	-	0.9	NE	Nil	1.28	21
Guinness Peat	184	+7.3	+0.7	33	0-0	-1.0	12	0.9	9	1.6	0.73	1,144	Mr Chips Hold	93	-6.3	+0.8	85	0-0	-	2.0	9	0.8	22	4.8	0.88	23	
Nuplex Indust	419	+7.1	-0.7	33	4-0	4	1.6	14	0.7	11	7.1	0.40	257	Genesis Res.	111	-5.8	+2.6	84	0-0	-	0.7	-	0.9	NE	Nil	1.87	29
Pacific Retail	250	+6.2	+2.0	37	0-0	2	1.6	19	1.2	8	Nil	0.25	154	Briscoe Group	168	-5.0	+0.6	82	0-0	6	4.4	29	0.6	15	6.0	1.19	353
Ebos Group Ltd	325	+5.3	+0.4	40	0-1	-2.1	15	0.5	14	7.5	0.40	89	Forty Two Below	32	-4.4	-3.2	80	1-0	-	-	-	1.3	NE	Nil	N/A	39	
Mainfreight Grp	136	+5.1	+0.2	43	0-1	2	2.0	17	0.8	12	7.1	0.26	109	Postie Plus Grp	108	-3.8	-1.6	79	0-0	-	4.6	32	0.7	14	Nil	0.56	43
Carter Holt	183	+3.6	+1.0	47	1-0	5	0.6	4	0.9	18	4.1	0.77	3,188	Botry-Zen Ltd	13	-2.7	-1.5	77	0-1	-	7.1	-	1.1	NE	Nil	N/A	22
Warehouse Group	508	+3.0	+1.1	49	0-0	7	4.5	23	0.5	19	4.3	0.76	1,552	<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0													
Allied Farmers	210	+2.8	-0.6	50	0-1	-1.2	13	0.7	9	7.8	0.32	22	Evergreen	48	-2.0	+2.1	76	0-2	-	0.8	-	0.8	NE	Nil	1.97	73	
Hallenstein G.	298	+2.6	-0.6	51	1-1	3	4.0	26	0.6	15	9.3	0.99	175	Vending Tech.	91	-7.8	-0.7	87	0-1	-	1.4	14	0.7	10	Nil	1.19	27
Design Textiles	86	+1.5	-3.0	55	1-5	-2.1	27	1.2	8	7.2	0.46	28	Botry-Zen Ltd	13	-2.7	-1.5	77	0-1	-	7.1	-	1.1	NE	Nil	N/A	22	
Richmond Hold.	305	+0.6	-0.8	61	0-1	-1.0	10	0.5	9	3.7	0.10	125															

## "Neglect" Ratings of NZ Shares

"Neglected" Shares = 1-2 Brokers, "Moderately Followed" Shares = 3-4 Brokers, "Widely Followed" Shares = 5 or more Brokers.

Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)
AMP NZ Office	5	395	Fletcher Build.	6	1,607	NZ Refining Co	2	396	Sky Network TV	5	1,987
Air New Zealand	4	1,345	GDC Communicat.	1	11	Northland Port	1	124	South Port NZ	2	38
Akd Int Airport	8	2,051	Hallenstein G.	3	175	Nuplex Indust	4	257	Steel & Tube	5	332
Briscoe Group	6	353	Hellaby Hold.	2	247	Owens Group Ltd	2	63	Telecom Corp	8	9,736
Calan Hlthcare	4	111	Horizon Energy	2	87	Pacific Retail	2	154	Tourism Hold.	3	133
Cap Properties	6	206	Ind Newspapers	1	2,074	Port Tauranga	5	541	Tower Limited	5	525
Carter Holt	5	3,188	Infratil NZ	3	504	Ports Auckland	6	859	Trans-Tasman	3	208
Cavalier Corp	2	350	Kiwi Property	6	597	Powerco Limited	4	579	Tranz Rail Hold	3	311
Col FS Property	5	144	Lytelton Port	5	165	Property F Ind.	5	184	Trust Power Ltd	3	1,109
Contact Energy	6	3,292	Mainfreight Grp	2	109	Restaurant Brds	3	101	Warehouse Group	7	1,552
F & P Appliance	4	1,004	Metro. LifeCare	1	184	Sanford Limited	1	530	Waste Mgmt NZ	7	382
F & P Health.	7	1,223	Michael Hill	3	182	Sky City Ltd	6	1,933	Wrighton Ltd	3	178
FC - Forests	6	742									

# 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	Share Price	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	Share Price	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
		Cur. rent	4Wk Chg.	Rank 0-99												Cur. rent	4Wk Chg.	Rank 0-99									
<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0																											
Pro Medicus Ltd	88	-3.5	+1.0	86	0.0	2	8.0	41	0.4	19	3.7	9.26	88	ICE Corporation	2	-17.3	-1.2	97	0.0	-	-	-	2.2	1	Nil	0.29	6
VRI Biomedical	24	-5.7	+2.8	90	3.1	-	-11.8	-	1.0	NE	Nil	9.11	16	Jacobsen Ent.	21	-17.3	+3.8	96	0.0	-	5.3	-	1.0	NE	Nil	N/A	5
Int'l Wine Inv.	185	-10.5	+2.5	94	0.0	1	0.7	-	0.4	NE	5.9	8.71	108	Nova Health Ltd	18	-16.9	+3.7	96	8.0	-	-	-	0.9	NE	Nil	N/A	43
Pacific Hydro	296	-4.1	-4.0	87	2.1	5	2.0	15	0.4	13	1.7	8.17	382	Atlantic Ltd	12	-15.9	+1.2	96	0.0	-	1.4	-	0.9	NE	Nil	7.10	6
Aspen Group Ltd	14	-2.0	-1.5	81	1.0	-	1.0	2	2.0	47	4.0	7.41	34	CMC Power Syst.	5	-15.5	+0.3	96	0.0	-	2.4	-	1.5	NE	Nil	N/A	13
Bionomics Ltd	27	-2.1	-7.6	82	0.0	-	1.8	-	1.1	NE	Nil	7.32	12	Prana Biotech.	61	-15.4	-7.0	96	0.0	-	12.2	-	0.8	NE	Nil	N/A	40
Atlantic Ltd	12	-15.9	+1.2	96	0.0	-	1.4	-	0.9	NE	Nil	7.10	6	Canbet Limited	6	-15.0	-6.5	96	0.0	-	1.2	3	1.4	43	Nil	1.78	21
Westfield Hold.	1400	-1.0	-1.0	79	0.0	8	4.9	18	0.4	27	1.8	6.88	7,900	Audax Resources	24	-14.5	-1.4	95	3.0	-	-	-	2.8	NE	Nil	N/A	14
Aneka Tambang	20	-3.5	+6.4	85	0.0	-	-	-	1.0	51	43.9	6.17	1,978	QED Occtech Ltd	4	-14.4	-10.4	95	2.0	-	1.8	-	2.0	NE	Nil	1.62	6
Gold Mines Sard	35	-0.0	+0.0	75	0.0	-	-	-	0.9	NE	Nil	6.12	92	Tomato Tech.	38	-13.5	+3.7	95	0.3	-	19.0	-	0.6	NE	Nil	N/A	8
QMaster Ltd	14	-4.5	-3.6	87	0.1	-	2.3	-	1.0	NE	Nil	5.65	5	Magnesium Int'l	6	-13.4	-3.3	95	0.0	-	-	-	1.5	NE	Nil	N/A	25
Ambri Limited	26	-23.0	+4.9	98	0.0	1	-	-	1.3	NE	Nil	5.46	13	Aust Mining Inv	3	-13.2	-1.0	95	0.0	-	-	-	2.4	NE	Nil	N/A	8
Transurban Grp	430	-3.2	-0.1	85	3.6	9	1.1	-	0.3	NE	4.7	5.43	2,229	Reynolds Wines	8	-13.0	+2.9	95	0.1	-	-	-	1.3	1	Nil	0.32	8
Macquarie Infra	339	-1.1	+0.4	79	3.0	3	1.5	12	0.3	13	2.2	5.35	6,445	Xanadu Wines	15	-12.9	-1.7	95	4.0	-	0.6	-	0.9	NE	Nil	1.27	23
Cochlear Ltd	2885	-4.5	-2.5	87	1.1	11	14.5	55	0.2	26	2.7	5.28	1,531	Catuity	240	-12.3	-9.0	95	3.1	-	5.3	-	0.6	NE	Nil	4.02	20
Challenger Fin.	48	-0.3	-3.5	76	1.0	-	2.1	4	0.9	55	2.1	4.87	1,159	Enviromission	13	-12.2	+1.5	94	0.0	-	-	-	1.2	NE	Nil	N/A	6
Biron Capital	34	-2.5	+1.1	83	10.0	-	0.8	8	0.7	9	7.4	4.73	13	City View	10	-11.9	+2.0	94	0.0	-	-	-	1.2	NE	Nil	N/A	7
Zeolite Aust.	15	-5.7	-0.8	90	0.0	-	3.6	-	1.0	NE	Nil	4.33	6	QRSciences Hold	16	-11.4	-2.3	94	4.0	-	-	-	0.7	NE	Nil	N/A	16
DenX Ltd	21	-26.7	-1.2	98	0.0	-	21.0	-	0.7	NE	Nil	4.04	31	Tech Star Ltd	16	-10.6	-12.6	94	0.0	-	-	-	1.3	NE	Nil	N/A	6
Catuity	240	-12.3	-9.0	95	3.1	-	5.3	-	0.6	NE	Nil	4.02	20	Peptech Limited	164	-10.5	-5.2	94	1.0	1	6.3	-	0.5	NE	Nil	N/A	261
latia Limited	5	-6.8	-2.9	91	0.0	-	-	-	1.6	NE	Nil	4.00	6	Polartechinics	75	-9.8	-2.6	93	0.0	1	7.5	-	0.7	NE	Nil	N/A	35
Icon Energy	3	-5.4	-2.6	89	1.0	-	-	-	2.3	NE	Nil	3.82	6	TV & Media Serv	5	-9.6	+14.6	93	0.0	-	-	-	1.5	NE	Nil	0.52	50
Comwealth Bank	2807	-1.3	-0.6	80	3.0	8	2.3	13	0.4	17	5.5	3.74	35,188	Quadrant Irid.	4	-9.5	+7.5	93	0.0	-	-	-	2.3	NE	Nil	1.10	5
Gradipore Ltd	51	-22.7	-2.8	98	0.0	-	0.8	-	0.7	NE	Nil	3.55	24	Norwest Energy	4	-9.5	-3.9	93	1.0	-	-	-	1.7	NE	Nil	N/A	6
World.net Serv.	25	-2.7	-3.2	84	0.0	-	3.1	-	0.7	NE	Nil	3.29	16	Cumnock	20	-9.1	+3.4	93	0.0	-	3.3	-	0.7	NE	Nil	0.57	50
Institute Drug	195	-2.5	-2.1	83	1.1	1	3.4	17	0.7	20	3.1	3.23	83	Ind Practition.	5	-9.1	-1.9	93	4.0	-	-	-	1.4	NE	Nil	N/A	48
Federation Grp	8	-8.0	+0.1	92	0.0	-	0.6	-	2.1	NE	Nil	3.07	7	Homeloans Ltd	41	-9.0	+1.2	92	1.1	-	1.6	-	0.6	NE	Nil	N/A	20
Financial Res.	15	-3.4	+1.3	85	0.0	-	-	-	1.2	7	Nil	3.01	10	Ellex Medical	31	-8.4	-4.3	92	0.0	1	1.8	12	1.3	15	Nil	0.71	19
Hallmark Cons.	10	-7.5	+2.9	91	0.2	-	-	-	1.6	NE	Nil	2.89	5	MTM Entertainment	17	-8.3	+3.4	92	0.0	1	0.6	11	0.9	6	Nil	0.33	18
Deep Sea Fish.	46	-0.4	+1.9	76	0.2	-	0.9	4	0.5	25	3.5	2.82	25	Federation Grp	8	-8.0	+0.1	92	0.0	-	0.6	-	2.0	NE	Nil	3.07	7
Panbio Ltd	80	-4.7	-7.3	88	1.0	1	3.8	-	0.9	NE	Nil	2.76	41	Horizon Energy	7	-8.0	+2.5	92	0.0	1	0.6	-	1.3	NE	Nil	N/A	24
Ernst & Young	102	-0.6	-1.1	77	0.0	6	-	-	0.4	58	9.3	2.66	742	New Hope Corp.	57	-7.9	-3.3	92	0.0	-	-	-	0.8	11	Nil	1.96	393
Gasnet Aust Grp	213	-4.8	-1.6	88	0.0	3	1.0	10	0.4	11	6.0	2.60	277	Methanol Aust.	9	-7.9	-0.9	92	3.0	-	-	-	1.1	NE	Nil	N/A	14
BresaGen Ltd	25	-2.4	-8.5	83	0.0	-	1.5	-	1.1	NE	Nil	2.59	14	Hallmark Cons.	10	-7.5	+2.9	91	0.2	-	-	-	1.6	NE	Nil	2.89	5
S8 Limited	90	-3.4	-1.9	85	2.0	-	-	-	0.6	11	7.1	2.48	62	Biotron Limited	30	-7.1	-6.3	91	0.0	-	3.3	-	0.7	NE	Nil	N/A	19
Aust Pipeline	251	-5.0	-3.1	88	0.0	6	1.4	9	0.4	15	8.6	2.37	612	Safe Effect	13	-6.9	+1.8	91	0.0	-	-	-	1.2	NE	Nil	N/A	16
Phileo Aust.	33	-3.4	-4.8	85	0.0	-	0.6	2	0.9	24	Nil	2.33	10	latia Limited	5	-6.8	-2.9	91	0.0	-	-	-	1.5	NE	Nil	4.00	6
Austereo Group	133	-1.6	-2.3	81	0.0	9	0.7	5	0.5	15	5.4	2.31	560	Voxson Limited	9	-6.6	-3.1	90	0.0	-	1.4	-	1.0	NE	Nil	0.38	9
Key2 Limited	21	-42.8	+3.1	99	0.0	-	2.9	-	0.7	NE	Nil	2.28	6	<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0													
Telezon Limited	6	-0.0	+0.0	75	0.0	-	-	-	1.5	NE	Nil	2.27	12	Maryborogh Suga	600	-4.4	-2.1	87	0.6	-	0.7	13	0.2	5	3.3	0.55	19
Palm Springs	33	-0.3	-0.9	76	1.0	-	-	-	0.7	15	1.5	2.14	54	Tempo Services	144	-10.5	-1.7	94	1.5	5	-	-	0.4	15	5.6	0.21	151
Lake Technology	14	-0.7	+6.4	78	2.0	-	-	-	1.0	NE	Nil	2.11	17	Tomato Tech.	38	-13.5	+3.7	95	0.3	-	19.0	-	0.6	NE	Nil	N/A	8
Wavenet Int'l	18	-1.9	-4.3	81	0.0	-	2.5	-	1.1	NE	Nil	2.11	5	Selwyn Mines	23	-4.7	+1.3	88	0.3	-	-	-	0.7	19	Nil	0.35	22
Alliance Fin.	39	-0.7	+1.4	78	1.0	-	1.3	12	0.9	11	6.5	2.07	15	Crane Group	875	-1.6	-4.8	81	2.5	3	1.5	15	0.2	10	6.9	0.23	447
Telemedia Netwk	73	-0.1	+0.0	75	0.0	-	4.1	-	0.7	NE	Nil	2.06	51	Transurban Grp	430	-3.2	-0.1	85	3.6	9	1.1	-	0.3	NE	4.7	5.43	2,229
Hydromet Corp.	4	-4.0	-3.0	86	0.0	-	1.2	-	2.2	NE	Nil	2.05	10	Deep Sea Fish.	46	-0.4	+1.9	76	0.2	-	0.9	4	0.4	25	3.5	2.82	25
ANZ Bank	1726	-0.6	-0.1	77	6.2	9	2.4	20	0.6	12	5.5	2.02	31,040	Vietnam Indust.	22	-7.2	+7.1	91	0.2	-	0.9	7	0.7	12	9.1	0.14	23
<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																											
Midwest Corp	38	-49.4	-6.7	99	0.0	-	0.1	-	0.6	NE	Nil	N/A	21	Hallmark Cons.	10	-7.5	+2.9	91	0.2	-	-	-	1.5	NE	Nil	2.89	5
Key2 Limited	21	-42.8	+3.1	99	0.0	-	2.9	-	0.7	NE	Nil	2.28	6	Gallery Global	6	-7.5	-4.4	91	0.2	-	1.8	8	1.5	24	Nil	0.21	8
Aust Magnesium	8	-36.1	+1.9	99	0.0	1	-	-	1.6	NE	Nil	0.42	31	Ridley Corp.	126	-7.9	-4.9	92	0.2	2	1.2	11	0.5	11	4.0	0.24	335
Intermoco Ltd	5	-30.8	-0.3	98	1.2	-	-	-	1.5	NE	Nil	N/A	27	ASG Group Ltd	46	-4.5	+7.6	87	0.1	-	23.0	-	0.9	NE	Nil	N/A	30
DenX Ltd	21	-26.7	-1.2	98	0.0	-	21.0	-	0.7	NE	Nil	4.04	31	AGD Mining	1	-3.4	-0.4	85	0.1	-	-	-	4.2	NE	Nil	N/A	7
Env Infrastruct	7	-24.1	+2.2	98	0.0	-	1.4	-	1.7	NE	Nil	N/A	6	Reynolds Wines	8	-13.0	+2.9	95	0.1	-	-	-	1.2	1	Nil	0.32	8
Ambri Limited	26	-23.0	+4.9	98	0.0	1	-	-	1.3	NE	Nil	5.46	13	QMaster Ltd	14	-4.5	-3.6	87	0.1	-	2.3	-	0.8	NE	Nil	5.65	5
Gradipore Ltd	51	-22.7	-2.8	98	0.0	-	0.8	-	0.7	NE	Nil	3.55	24	lasbet Limited	94	-15.6	-7.9	96	0.1	-	1.9	25	0.6	8	8.0	0.09	39
MBF Carpenters	12	-22.7	-0.6	98	0.0	-	0.2	2	0.8	9	Nil	0.25	120	Viagold Capital	3	-1.											



# "Neglect" Ratings of Australian Shares

"Neglected" Shares = 1-4 Brokers, "Moderately Followed" Shares = 5-10 Brokers, "Widely Followed" Shares = 11 or more Brokers.

Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)
A.P. Eagers	1	111	Cochlear Ltd	11	1,531	James Hardie	11	3,225	Qantas Airways	11	6,121
AMP Ltd	8	6,829	Coles Myer	8	8,899	Jubilee Mines	3	481	Queens'd Cotton	1	89
ANZ Bank	9	31,040	Collection Hse	4	158	Julia Ross Rec.	1	38	RG Capt'l Radio	5	160
APN News Media	7	1,692	Colorado Group	3	309				Ramsay Health	8	586
ARB Corporation	4	208	Com'wealth Bank	8	35,188	K&S Corporation	3	75	Rebel Sport	1	230
AWB Limited	3	1,162	Commander Comm.	3	149	Kaz Group Ltd	4	199	Reece Australia	1	762
AXA Asia Pac	6	4,716	Computer Share	9	1,763	Keycorp Ltd	1	96	Ridley Corp.	2	335
Adacel Tech.	1	47	Cons Rutile	1	159				Rio Tinto Ltd	11	17,858
Adcorp Aust.	2	62	Corp Express	7	835	Leighton Hold	8	3,194	Roc Oil Company	3	157
Adelaide Bank	7	669	Count Financial	2	156	Lend Lease Corp	7	4,623	Rock Build Soc.	1	51
Adelaide Bright	6	644	Crane Group	3	447	Lihir Gold	10	1,771	Rural Press Ltd	6	815
Adsteam Marine	5	378									
Adtrans Group	1	85	DCA Group Ltd	3	470	M.Y.O.B. Ltd	3	246	SMS Mgmt & Tech	2	75
Ainsworth Game	2	74	David Jones	4	568	MTM Entert'ment	1	18	SP Telecom.	1	240
Alesco Corp Ltd	3	266	Deutsche Corp Tr	5	624	Macarthur Coal	6	148	STW Comm Group	3	486
Alinta Limited	8	1,021	Deutsche Div Tr	7	1,113	Macquarie Off.	7	1,066	Santos Ltd	7	3,701
Altium Limited	4	46	Deutsche Office	7	1,286	Macquarie Leis.	1	138	Servcorp Ltd	1	137
Amalgamated Hld	1	417				Macquarie G Mgt	4	675	Seven Network	8	1,441
Ambri Limited	1	13	E.R.G.	1	364	Macquarie Infra	3	6,445	Sigma Company	7	936
Ancor Ltd	9	7,081	ETRADE Aust.	1	144	Macquarie C'Wde	7	909	Silex Systems	2	103
Amrad Corp.	2	84	Ellex Medical	1	19	Macquarie Good.	4	1,566	Sims Group Ltd	7	927
Aristocrat	10	849	Emperor Mines	1	76	Macquarie Bank	7	7,037	Skilled Eng.	4	212
Auspine Ltd	1	168	Energy Develop.	5	282	Mayne Group Ltd	9	2,673	Smorgon Steel	7	898
Aust Pharm. Ind	5	646	Energy Resource	1	499	McGuigan Simeon	6	472	Solution 6	2	164
Aust W'wide Exp	4	256	Envestra	6	742	Mermaid Marine	1	48	Sonic Health	9	1,868
Aust Pipeline	6	612	Evans & Tate	1	93	Metabolic Phar.	1	160	Sons of Gwalia	8	572
Aust Gas Light	7	4,853				Metcash Trading	8	1,596	Soul Pattinson	1	1,427
Aust Agricult.	4	224	FKP Limited	2	272	Mia Group Ltd	9	482	Southcorp Ltd	12	2,062
Aust Stock Exch	8	1,633	Fairfax (John)	10	3,132	Millers Retail	4	419	Spotless Group	7	976
Aust Infra.	4	303	Fantastic Hold.	2	254	Mirvac Group	6	2,787	St George Bank	8	9,820
Aust Magnesium	1	31	Flight Centre	3	2,019	Mosaic Oil NL	1	77	Stargames Ltd	2	117
Austal Limited	3	154	Foodland Assoc	9	2,223				Starpharma Pool	2	53
Austar United	2	464	Foster's Group	6	9,103	Nat'l Aust Bank	8	45,461	Sthn Cross Brd.	8	633
Austereo Group	9	560	Futuris Corp.	6	978	Nat'l Telecoms	1	8	Sthn Star	1	83
Australand Hold	3	849				Nat'l Foods	6	1,194	Stockland	6	5,319
Austrim Nylex	1	67	G.U.D. Holdings	5	384	Newcrest Mining	10	4,070	Straits Res.	1	89
Axon Instrument	2	108	GWA Internat'l	4	756	News Corporatio	6	24,205	Strathfield Grp	1	19
			Gandel Retail	7	2,495	Norwood Abbey	1	179	Suncorp-Metway	8	6,820
			Gasnet Aust Grp	3	277	Novogen Ltd	1	790	Sydney Aquarium	3	103
BHP Billiton	11	71,482	General Prop Tr	8	5,693	Novus Petroleum	4	226	Symex Holdings	2	117
Bank of Q'land	6	715	Globe Int'l Ltd	3	187	Nufarm Limited	5	796			
Baycorp Advant.	5	600	Graincorp	1	548				TAB Ltd	8	1,863
Bendigo Bank	7	1,098	Grand Hotel	3	149	Objective Corpo	1	38	Tabcorp Holding	8	4,109
Beston Wine Ind	2	52	Gribbles Group	4	224	Oil Search Ltd	7	1,088	Tap Oil	5	226
Billabong Int'l	6	1,360	Gt Sthn Plant'n	2	304	Onesteel Ltd	8	2,051	Technology One	4	146
Biota Holdings	2	38	Gunns Ltd	4	955	Optiscan Image	1	13	Telstra	11	63,175
Boral Limited	7	2,930	Gympie Gold	2	111	Orbital Engine	1	63	Tempo Services	5	151
Brambles Ind.	9	8,285				Orica Ltd	7	3,720	Ten Network	6	1,096
Brazin Limited	2	163	Harvey Norman	6	3,073	Origin Energy	7	3,065	Thakral Holding	2	399
Brickworks Ltd	1	1,043	Healthscope	5	255	Oroton Group	6	114	Ticor Ltd	1	325
Bunnings W/hse	4	412	Henry Walker E.	3	146				Timbercorp	1	242
Burns Philp	4	1,051	Hills Indust.	3	489	PMP Limited	3	360	Toll Holdings	9	2,664
Burswood Ltd	8	516	Hills Motorway	9	1,204	Pacifica Group	5	672	Transurban Grp	9	2,229
			Horizon Energy	1	24	Pacific Hydro	5	382	Transfield Serv	4	629
C'wth Prop Off.	6	1,721	Hpal Limited	2	163	Panbio Ltd	1	41			
C.S.R. Ltd	8	1,691	Hutchison Tel.	7	207	Paperlin X Ltd	7	1,983	Uecomm Limited	1	202
CMI Limited	1	55				Patrick Corp	7	2,782	United Group	5	401
CPI Group	4	46	ING Indust Trt	6	1,124	Peptech Limited	1	261			
CSL Limited	8	2,668	ING Office Fund	7	920	Perp Trust Aust	7	1,583	Villa World	1	123
Cabcharge Ltd	5	349	ION Limited	5	471	Peter Lehman W.	3	119	Village Road.	4	420
Caltex Australia	1	1,229	iNet	1	124	Polartechincs	1	35	Vision Systems	2	157
Campbell Bros	1	235	Iluka Resources	9	919	Portman Limited	6	258	Volante Group	2	82
Candle Aust.	1	48	Infomedia Ltd	4	285	PowerTel Ltd	1	117			
Capral Alum.	1	177	Institute Drug	1	83	Primary Health	3	526	Wattyl Ltd	3	308
Carindale Prop	3	178	Insurance Aust.	9	7,254	Prime Retail	2	262	Wesfarmers Ltd	10	10,758
Cellnet Group	1	49	Int Research	1	35	Prime TV	6	305	West Aust News	10	1,360
Centennial Coal	6	403	Int'l Wine Inv.	1	108	Prime Life Corp	1	150	Westfield Trust	8	6,966
Centro Prop.	7	2,500	Integrated Grp	2	111	Pro Maintenance	5	178	Westfield Amer.	8	6,287
Chiquita Brands	2	118	Intellect Hold	1	99	Pro Medicus Ltd	2	88	Westfield Hold.	8	7,900
Citect Corp Ltd	2	63	Investor Group	3	164	Publishing & Br	7	7,943	Westpac Banking	12	28,841
Clough Limited	1	298	Investa Prop.	4	1,727				Woodside Petrol	11	9,127
Coal & Allied	1	1,948	Iress Mkt Tech	4	243	Q.B.E. Insur.	7	6,549	Woolworths Ltd	10	12,232
Coates Hire	6	583									
CocaCola Amatil	10	4,169									

# Company Review: Melbourne IT

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

The Technology boom pushed Melbourne IT's share price to a peak of \$17.00 in early 1999. The shares then lost about 98% of their value as the company's domain name registration monopoly was abolished and the industry became more competitive. Nevertheless, Melbourne IT has adapted to this new environment, has a strong balance sheet, a profitable business and has just started paying dividends.

The current valuation is far too low *and* the business has sound long term growth potential. Unfortunately, the shares trade in only relatively low volumes.

## Company History

In 1996, **Melbourne University** formed **Melbourne Information Technologies Australia** to take over its commercial interests involved in offering domain names. The company changed its name to **Melbourne IT** in late 1999 and the University offered 42.5 million shares (85.0% of the company) to the public at \$2.20 per share. In the madness of the Technology boom the shares listed at \$8.50 and rose to a peak of \$17.00 in March 2000.

Initially Melbourne IT had a monopoly on the registration of Australian **.au** domain names, registration prices were high and the company was very profitable and accumulated significant cash reserves during 1999 and 2000. Over the last three years, however, that situation has changed. Prices have dropped significantly and demand for domain names slowed when the Technology boom ended.

Regulatory changes in July 2002 restructured and split the Australian industry into three separate parts:

1. A single **Registry** (subject to price controls and unable to act as a Registrar),
2. **Registrars** (such as Melbourne IT) and
3. **Resellers** (that retail services provided by Registrars).

As part of those changes, **.au Domain Administration** levies and registry fees paid by Melbourne IT increased by around 390%.

17 of Melbourne IT's several hundred resellers became registrars in direct competition with the company, but Melbourne IT remains the largest Registrar of Australian domain names.

Melbourne IT is also one of the top five international domain name registrars, with resellers including **Yahoo!**, **Lycos**, **Microsoft**, **Earthlink** (the third largest US based ISP with five million subscribers), **NTT Smart Connect** (a Japanese ISP), **Net4India** (the largest Indian ISP) and **PCCW** (a large Asian communications company). Melbourne IT also provides multilingual registrar services including domain names in Chinese and Japanese *characters* and in at least 28 national languages to service non-English speaking markets in Western Europe, Central Europe and Latin America.

Melbourne IT has recently acquired NZ's largest domain name registrar, **Domainz**, for approximately \$1.8 million in cash. Like Melbourne IT, that company is debt free and holds about \$500,000 in cash (i.e. so the net cost is about \$1.3 million). Domainz manages 60,000 names, is cashflow positive and profitable.

Melbourne IT has a global market share of 6% in domain name registration, a 72% market share in Australia and (with the acquisition of Domainz) a 40% market share in NZ. Over 50% of its revenue is earned outside Australia.

## Recent Results

The year to December 1999 (i.e. shortly after listing on the stockmarket) revenues almost *doubled* to \$14.9 million with profits up 192.9% to \$1,019,974 (2.0 cents per share). This is a strong cashflow business and generated an operating cash surplus of \$4.6 million. At the peak of \$17.00 in March 2000 the shares traded at a Price/Sales ratio of 57 and a Price/Earnings ratio of 833. No dividend was paid to the new public shareholders.

In the year to December 2000 revenues almost *tripled* to \$44.5 million while profits rose 45.2% to \$1,481,000 (3.0 cents per share), but there was no dividend. The operating cash surplus was again extremely healthy at \$10.6 million.

Revenues rose just 15.3% to \$51.3 million in the year to December 2001. Profits *doubled* to \$3,053,000 (6.1 cents per share), but the operating cash surplus *halved* to \$4.5 million. No dividend was paid.

In the year to December 2002, revenues fell 6.6% to \$47.9 million and the operating profit fell 31.9% to \$2,080,000 (4.2 cents per share) - in part owing to the higher levies and registration fees that significantly increased operating costs during the second half of the year. In addition, Melbourne IT wrote down its investment in the **NeuLevel** joint venture that offers **.biz** domain names by \$7,054,000. The cash surplus from operations fell 35.4% to \$2.9 million.

The six month period to 30 June 2003 shows revenues down 5.8% to \$24.3 million and profits down 42.3% to \$921,000 (1.8 cents per share). The cash operating surplus was up 41.0% to a healthy \$2.7 million, boosting the company's cash holding to \$16.8 million (33.6 cents per share).

This result, however, is an improvement on the \$485,000 profit earned during the previous six months to December 2002 when higher costs were imposed upon the business. So this shows that the company has adjusted to the new cost structure and is improving its profitability. Melbourne IT has also announced a maiden dividend of 1.0 cent, which was paid in October. This is a positive sign, indicating that the directors expect continuing profitability.

**Investment Criteria**

At 56 cents, Melbourne IT shares trade at an historical Price/Sales ratio of 0.58 and a Price/Earnings ratio of 14. The maiden 1.0 cent dividend will offer a 1.8% yield, but suggests an annual rate of at least 2.0 cents which will yield a reasonable 3.6%. More significantly, however, is the company's large cash hoard of \$16.8 million (33.6 cents per share) which means the market is only valuing the business at just 22½ cents per share. This valuation looks far too low.

At its peak in March 2000, Melbourne IT was a big company with a market capitalisation of \$850 million. Although revenues have since tripled and profits have doubled, Melbourne IT is now a smaller listed company with a capitalisation of just \$28 million. The shares are still actively traded, although not in large volumes.

The shares are neglected by stockbrokers, with not a single firm currently publishing profit forecasts for the company! Melbourne IT shares are also neglected by institutional investors, with no significant institutional shareholdings. Neglected shares tend to be undervalued relative to widely followed and widely held shares. When discovered by brokers and institutions the share price can rise significantly in value!

Also on a positive note, management have reasonable shareholdings in the company. Non-executive director TSP King holds 6,516,547 shares (13.0% of the company) and the Chairman RJ Stewart holds 50,000 shares. The other non-executive directors with an investment in the company are Dr MC Toner with 110,000 shares, SD Jones with 18,000 shares and Professor I Morrison with 11,000 shares. There have been no insider trades over the last year.

Technically the shares appear to be in a new long term uptrend. Melbourne IT shares hit an ultimate low of 25 cents in September 2001, recovered to 95 cents in March 2002, then fell back to a low of 30 cents in March this year. The shares then doubled to a high of 68 cents

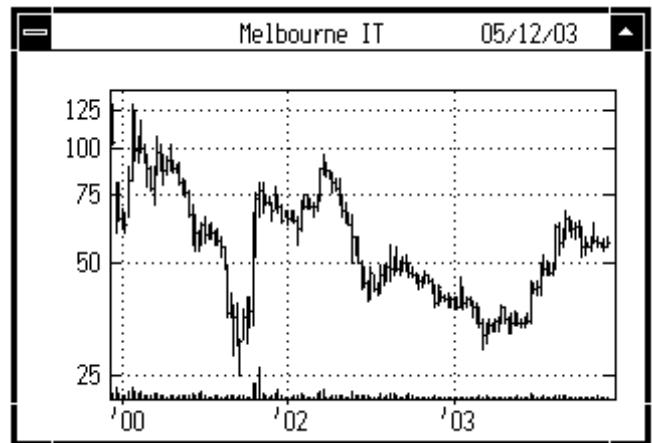
in September before easing slightly over the last three months. The Relative Strength rating is +14.6%, ranked 37.

**Summary and Recommendation**

Melbourne IT has a very strong, cash rich balance sheet. Its business generates recurring revenues and very strong cashflows, and has remained consistently profitable. This cash holding and cash flow will allow the company to either (1) expand through internal growth, (2) fund a major acquisition and/or (3) pay increasing dividends to shareholders.

Melbourne IT therefore holds the potential to generate above average long term growth and to provide a growing dividend income to investors. The shares will appeal mainly to investors seeking long term capital appreciation - although the ability to pay increasing dividends will appeal to investors also requiring income.

The only negative factor is that, as a very small company, the volume of shares trading on the market is relatively low. Investors may therefore need patience to build up a shareholding in this company. Owing to this limited marketability we are not formally recommending these shares at this time.



**“Strongest” NZ Shares**

Company	Share Price	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	Share Price	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	
		Cur. rent	4-Wk Chg.	Rank 0/99												Cur. rent	4-Wk Chg.	Rank 0/99										
WN Drive Tech.	68	+40.0	+3.6	-0.4	0	0.4	-37.4	-1.2	NE	Nil	N/A	86	Infratil NZ	275	+12.3	+1.1	16	42	3	1.5	9	0.8	18	2.2	4.08	504		
Summit Gold Ltd	9	+30.9	+11.2	0	1	0	-2.2	-3.1	NE	Nil	N/A	9	Hellaby Hold.	503	+12.1	-3.7	17	10	2	2.7	24	0.6	11	7.7	0.84	247		
Metro. LifeCare	213	+27.5	+2.2	1	2	0	1.6	9	1.0	18	1.83	184	Wakefield Hosp.	212	+12.1	+1.3	18	10	2	1.4	5	0.7	26	2.1	1.11	27		
Provenco Group	40	+25.9	+8.7	2	5	0	-3.9	12	2.1	32	0.68	33	F & P Appliance	386	+11.8	-2.7	18	20	4	1.7	13	0.9	14	6.4	1.20	1,004		
Mowbray Collect	125	+25.0	+5.0	2	0	2	-2.7	1	0.9	446	2.4	2.73	11	Utilico Int'l	78	+11.7	+4.9	19	10	1	1.0	-	1.3	NE	Nil	7.99	4	
Tag Pacific Ltd	14	+24.8	+4.2	3	1	0	-0.6	0	2.7	450	Nil	0.27	9	Ind Newspapers	490	+11.6	+1.1	20	0	1	1.4	5	1.0	27	2.9	2.23	2,074	
RetailX Limited	18	+24.5	+5.0	4	0	0	-0.6	-	2.0	NE	Nil	4.11	1	Williams Kettle	475	+11.5	+2.4	20	00	-	1.4	13	0.5	10	7.5	0.43	70	
Hirequip NZ Ltd	85	+21.6	+1.8	4	0	0	-1.6	10	1.0	16	2.6	2.58	94	Trans-Tasman	35	+10.5	-0.0	21	00	3	0.6	3	1.8	20	Nil	2.54	208	
Turners Auction	432	+20.9	-1.7	5	0	0	-6.2	34	0.6	18	5.2	1.66	113	FC - Forests	133	+10.4	+1.8	22	20	6	0.9	-	1.2	NE	Nil	1.09	742	
CDL Hotel NZ	40	+20.7	-2.5	6	0	0	-0.6	8	1.6	8	5.2	0.74	140	Sky Network TV	510	+10.1	-0.3	22	00	5	35.4	1	1.0	3000	Nil	5.08	1,987	
NZ Experience	25	+19.1	+2.6	6	0	0	-1.6	15	1.9	11	Nil	1.79	14	Ryman Health.	213	+9.9	+0.6	23	1-2	-	1.7	12	0.8	14	3.5	2.26	213	
IT Capital Ltd	1	+18.9	+18.8	7	0	0	-1.0	-	10.1	NE	Nil	4.64	7	Affco Holdings	23	+9.9	+0.0	24	00	-	0.8	10	1.8	8	Nil	0.14	125	
Tranz Rail Hold	148	+17.8	+8.4	8	0	0	3	0.8	0	1.2	529	Nil	0.51	311	Wrighton Ltd	131	+9.6	-2.8	25	0-1	3	1.4	15	1.3	10	13.1	0.27	178
Renaissance	48	+17.4	-14.5	8	0	0	-1.9	-	1.5	NE	9.3	0.16	18	Broadway Ind	68	+9.4	+0.1	25	1-0	-	1.5	15	1.0	10	2.9	0.37	13	
Tourism Hold.	145	+17.3	-5.6	9	6	0	3	0.8	1	1.1	57	3.1	0.72	133	Kingsgate Int'l	24	+9.4	-0.9	26	00	-	0.6	7	1.9	9	Nil	1.86	94
Savoy Equities	3	+17.2	+17.8	10	0	0	-12.6	-	6.7	NE	Nil	8.53	3	Finzsoft Sol'ns	100	+9.3	-2.3	27	00	-	2.5	-	0.8	NE	Nil	2.08	8	
Mooring Systems	180	+16.1	+1.0	10	0	2	-4.8	-	0.6	NE	Nil	N/A	19	DB Breweries	780	+9.3	+1.4	27	00	-	4.3	27	0.5	16	6.4	1.24	393	
Trust Power Ltd	605	+15.4	+3.4	11	0	0	3	2.0	-	0.5	NE	3.1	1.84	1,109	Akd Int Airport	674	+9.1	-0.7	28	0-1	8	3.7	14	0.6	27	4.9	9.00	2,051
Dorchester Pac	220	+14.9	+1.2	12	0	0	-1.8	18	1.0	11	5.1	0.77	42	Owens Group Ltd	112	+8.8	-0.9	29	00	2	1.9	8	1.1	23	2.7	0.14	63	
CDL Investments	30	+14.7	-4.0	12	0	0	-1.2	13	1.9	9	8.0	2.35	56	Shotover Jet	97	+8.8	+1.1	29	00	-	1.9	16	1.0	12	1.9	1.71	42	
Cadmus Tech Ltd	11	+14.4	-21.7	13	0	2	-2.6	6	3.1	44	Nil	1.37	18	AXA Asia Pac.	305	+8.7	-1.8	30	00	-	1.5	10	0.7	14	3.9	1.09	5,375	
Scott Tech. Ltd	285	+14.4	+5.6	14	1	0	-3.7	30	0.7	13	7.3	1.50	71	Abano Health.	20	+8.0	-1.9	31	00	-	1.0	3	2.2	36	Nil	0.67	39	
Taylor's Grp Ltd	228	+13.2	-0.3	14	0	0	-2.2	17	0.7	13	6.9	0.97	55	Fletcher Build.	396	+7.3	-3.9	31	30	6	2.0	20	0.7	10	7.2	0.50	1,607	
Cavalier Corp	556	+13.0	-0.6	15	0	2	5.6	29	0.7	19	6.7	1.81	350	NZ Oil and Gas	37	+7.3	+0.9	32	1-0	-	1.2	-	1.6	NE	Nil	N/A	47	
Cedenco Foods	230	+12.4	-3.6	16	7	0	-1.3	15	0.7	8	Nil	1.33	36	Guinness Peat	184	+7.3	+0.7	33	00	-	1.0	12	1.1	9	1.6	0.73	1,144	

# Superannuation Schemes

The NZ government is currently seeking to encourage businesses to offer company sponsored superannuation schemes for their employees. We thought it would therefore be appropriate to share our views on these and other superannuation schemes.

## **Company Sponsored Superannuation Schemes**

Under the government's proposals, company sponsored superannuation schemes would not receive any tax advantages or benefits or employer subsidies. The government simply hopes that companies will act as unpaid agents to encourage superannuation savings. The scheme may carry the employers name, but the company would simply promote savings and make salary deductions - with the scheme run by a Fund Management company.

The only reason to promote a company sponsored scheme ahead of any other retirement saving is to allow automatic deductions from salaries. The theory is that (1) if employees are paid in cash then they will spend everything and save nothing but (2) if an automatic superannuation deduction is made, the employee will not miss the money which will accumulate in the superannuation scheme. In other words, the sole advantage of these schemes insults the intelligence and financial responsibility of employees.

## **Other Superannuation Schemes**

While there is no advantage in a (non-subsidised) company superannuation scheme, is there merit in contributing to some kind of superannuation? Unfortunately, contributing to a superannuation fund is an unattractive method for saving and investment.

Here is what we see as being wrong with superannuation funds:

### **1. An Inappropriate Investment Strategy:**

Building a retirement income involves two parts. Firstly, saving to provide capital and *investing for growth* to increase the value of that capital. Secondly, upon reaching retirement, investing to provide an income.

The first part of this process - saving and building capital - can take decades. During this phase it is appropriate to seek maximum capital appreciation and accept a high level of risk. It is therefore appropriate to invest up to 100% of this portfolio in equity investments (i.e. shares and property). These assets can fluctuate widely in value over the short term, but that is unimportant as they will provide the highest returns over the longer term. During the second phase, approaching and during retirement, the investment strategy changes to income and low risk.

Superannuation funds seldom - if ever - come close to this investment strategy. The typical superannuation fund will have over 50% of its portfolio in cash, fixed interest and other non-equity investments. Rather than seeking capital growth to build *your* investment wealth over the long term, their main objective is job security for the Fund Manager. With so much money in fixed interest, investors will never become rich, but the Fund Manager's job will never be at risk because of a particularly bad quarterly or annual loss!

The money that *is* invested in shares is typically

invested in safe, Blue Chip companies. These are not the best long term investments, and one doesn't need any great investment skills to buy Telecom, Carter Holt and Fletcher shares.

### **2. High Management Fees:**

Management fees and other expenses are relatively high, especially in NZ. Typically the total expenses of running a superannuation fund will take about 2% per annum (and sometimes considerably more) off your investment returns. That may not be much on your first year's contribution, but compounded year in and year out over two or three decades, will add up to hundreds of thousands of dollars not accruing to your wealth.

### **3. Capital Gains Taxes:**

Any capital gains earned by a superannuation fund are taxed at 33% - while individual NZ investors are not subject to capital gains taxes.

### **Our Recommendation**

Our recommendation for building up investment wealth is as follows:

1. Save 5-10% of your employment income (and re-invest your investment income). Pay this money over to an investment account or to your brokerage account. Use the remaining 90-95% of your income to pay your mortgage and other living expenses.
2. Manage your own investments. Save management fees and avoid capital gains taxes.
3. Invest for long term capital growth. This means putting as much of your portfolio as possible into shares or property. Shares are *risky* and can fluctuate significantly in value - so focus on what your portfolio will grow to over the next 5 (or 10, or 20) years, not what it may be worth next week or next year. If putting 100% in equity investments is *too risky*, put sufficient money into riskless fixed interest investments to enable you to sleep - then invest the remainder for maximum long term growth.

### **And the Difference is . . .**

Over the period that one saves and builds up capital for retirement the impact of compounding returns is very significant. Investments in a balanced superannuation fund may provide returns of 7.5% p.a. before management fees and capital gains taxes - or about 4.5% p.a. net. At that rate annual savings of \$2000 for 25 years will grow to \$89,130. That capital sum might pay for a new car and a few overseas holidays, but it is insufficient capital to provide a meaningful retirement income!

Investing in the stockmarket yourself should provide returns of about 10%, while investing part of that portfolio in *smaller* companies and *growth* companies should provide an average return of about 12%. At that rate, savings of \$2000 per year for 25 years will grow to \$266,668.

If you start ten years earlier, your additional \$20,000 in savings will boost your final capital sum after 35 years to \$863,326. If, through skilful investment, you are able to achieve a *higher* return than 12% - and helping you to achieve that is the objective of this newsletter - then you can expect to eventually accumulate some *serious* investment wealth!

# *Strategies for Buying into Recommended Shares*

When we publish a new Buy recommendation in *Market Analysis* the share price often jumps sharply. Why is this? How should you best seek to acquire a shareholding in these shares?

Understanding this problem is necessary to solving it. The jump in price is the result of many subscribers seeking to buy into new recommendations immediately - and the price jump is the result of an imbalance of buyers and sellers in the market.

New recommendations are released - by email and available at the website - about 8.00-8.30 a.m. on a Tuesday morning. By the time the stockmarket opens there is often a huge number of buy orders at prices above the previous day's close. As a result, the shares can begin trading up 10-15%. Even though there are sellers at lower prices, the large number of buyers at higher prices will result in the stock exchange order matching system marrying up trades at this higher price.

## **How Can We Avoid this Problem?**

One possible answer would be to recommend only the largest, most actively traded shares. In fact, we regularly avoid recommending shares in *smaller* companies that are too inactively traded. Unfortunately, the largest companies are seldom the best shares for investment. These Blue Chip shares may be easy to buy or sell in large quantities, but you won't find many ten-baggers!

As the problem is *competition against other subscribers* there is little point us trying to give specific guidance in specific cases. If we say "buy up to 110 cents" then the price would rise and trade around 111-112 cents. Investors paying slightly above our suggested limit would be able to buy shares, while there would be a long - and unfilled - queue of buyers at 110 cents. So investors need to adopt *individual strategies and avoid acting as a group.*

We often seek to invest in shares with the potential to rise 5-fold or 10-fold in value over the next 5-10 years - although, of course, not all recommendations will be successful. So *some* subscribers may decide that they are happy to pay 10-15% more to acquire holdings in such companies. If the company is successful then the shares would still be a very profitable investment.

Probably the best strategy is to spread purchases over several weeks or even several months.

Many subscribers avoid buying on the day a recommendation is released and seek to buy later that

week or over subsequent weeks when buyers and sellers are back in balance and the price has often eased back.

Another strategy - especially for larger investors - is to split your planned investment into three or four purchases. Perhaps buy some shares initially to establish a position, and then add to it each month over the next several months.

## **Other Ways to Avoid the New Recommendation Price Spike**

There are several other ways we (and subscribers) can seek to minimise or avoid the new recommendation price jump.

Firstly, diversify widely. The more widely we diversify our portfolios, the smaller the dollar value of each investment, so less money is competing to get into each new recommendation. If we cut the *Recommended Portfolio* from 37 shares to 10 shares, the problems buying would be 3-4 times *worse.*

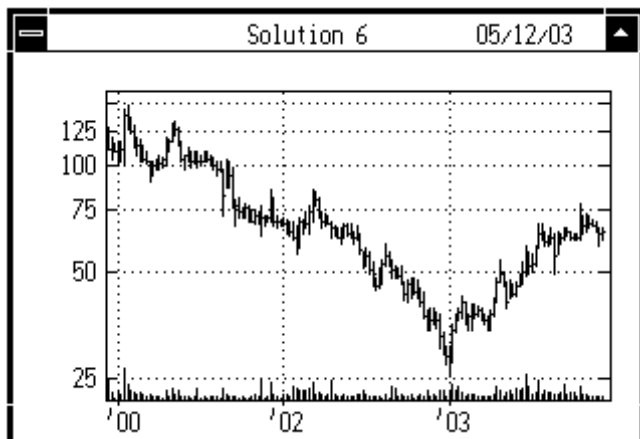
Secondly, invest for the long term. A *trading portfolio* would experience numerous buy and sell problems - and just a small premium on buying or discount on selling could have a significant impact on actual returns to investors. A 5% premium when buying and 5% discount received on a one year investment yielding 20% will cut your net return to just 10%. A high 10% premium and a 10% discount on a five year investment that appreciates 150% (i.e. 20% per annum) will cut your return to 105% (i.e. 15% per annum). So the impact of these transaction costs is less on longer term investments.

Thirdly, investors should remember that often the best shares to buy for your portfolio today will be shares that we initially recommended months or years ago. For example, Cellnet Group rates a "Buy" at a 35% discount to our initial recommendation price, while Julia Ross is at a 25% discount. And these shares can be bought at market prices, there is no competitive rush.

Fourthly, more experienced investors can learn from our methods and invest part of their portfolio in shares of their own choice - completely avoiding the buying spike and also taking some of the buying pressure off the formal recommendations. Our *Online Share Selection* service, company reviews and our quarterly *Insider* reports will help highlight potential investments - but these investors making their own "Buy" decisions also need to take responsibility for when to "Hold" and when to eventually "Sell".

**Recommended Investments** (Continued from Page 6)

**Solution 6** will need to wait a little longer for the repayment of the \$15.5 million vendor finance provided when it sold **Alpha West**. **AIS Corporation's** capital raising - to repay this vendor financing - has been postponed until March 2004.



**Technology One** confirmed its earlier forecasts of profits increasing "less than 10% this year" but its *Connected Intelligence* products - to be released from mid-2004 to late 2005 - will provide the basis for overseas expansion. We see these new programs - and the overseas expansion - providing strong growth from the 2005 financial year.

The **BaCH Airports** consortium, a joint venture between **Toll Holdings**, **Commonwealth Bank** and **James Fielding Group**, has won the battle to acquire Sydney's Bankstown, Hoxton Park and Camden airports from the federal government for \$211 million. The main attraction of these airports is the release of scarce industrial land in South Western Sydney. While the other partners are providing financing, Toll Holdings' interest would appear to be limited to commitments to lease properties.

Bankstown has about 100 hectares of surplus land that is not needed for the airport, while Hoxton Park airport will cease operations in five years and release 80 hectares in the "sensational location" on the intersection of the M7 and M5 motorways.

**Total Return Index for All Listed Shares**

Nov 10	1956.53	Nov 17	1941.75
Nov 11	1958.24	Nov 18	1939.79
Nov 12	1947.25	Nov 19	1941.56
Nov 13	1944.46	Nov 20	1935.64
Nov 14	1946.44	Nov 21	1929.08
Nov 24	1924.23	Dec 1	1914.50
Nov 25	1924.28	Dec 2	1912.74
Nov 26	1935.17	Dec 3	1903.67
Nov 27	1930.68	Dec 4	1918.59
Nov 28	1930.90	Dec 5	1918.54

# Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Capital Properties NZ	1.90	01-12	12-12	0.35
Cavalier Corporation	4.50	01-12	05-12	Full
CFS Property Trust	2.165	08-12	19-12	0.21
Contact Energy	17.50	08-12	19-12	Full
Dorchester Pacific	4.30	01-12	12-12	Full
Fisher & Paykel Appliances	8.80	01-12	05-12	Full
Fisher & Paykel Healthcare	24.00	01-12	05-12	Full
Hallenstein Glasson	9.50	08-12	15-12	Full
Horizon Energy Distribution	11.00	01-12	04-12	Full
ING Property Trust	4.58	01-12	05-12	Full
Kirkcaldie & Stains	11.00	08-12	15-12	Nil
Kiwi Income Properties	3.773	08-12	19-12	0.451
Mainfreight	3.00	08-12	12-12	Full
Mowbray Collectibles	1.50	15-12	17-12	Full
Mr Chips Holdings	1.50	25-01	30-01	Full
National Property Trust	2.25	24-11	05-12	Nil
Nuhaka Farm Forestry	11.00	08-12	19-12	Nil
Powerco	7.20	08-12	19-12	Nil
Richmond Holdings	2.50	24-11	28-11	Full
Ryman Healthcare	4.00	15-12	19-12	Nil
Sanford	13.00	08-12	18-12	Full
Sanford (special)	20.00	08-12	18-12	Full
Telecom NZ	5.00	01-12	12-12	Full
Trust Power	17.00	08-12	19-12	Full
Wakefield Hospital	2.00	08-12	15-12	Full
Zintel	1.74	17-11	28-11	Full
<u>Australian Shares</u>				
AJ Lucas Group	4.50	25-11	16-12	
Campbell Brothers	14.00	28-11	19-12	

## Current Issues

**BONUS ISSUES**

	Ratio	Ex-Date
Scott Technology	1:8	01-12

**SHARE REPURCHASES**

	Details
NZ Experience	34%, on-market at 25 cents

**CASH ISSUES**

	Ratio	Price	Ex-Date	Appln Date
Bliss Technology	1:2	10	24-11	19-12

## Next Issue

The next issue of *Market Analysis* will be posted in five weeks time on Tuesday January 13, 2004 (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](http://www.stockmarket.co.nz) or [www.australia-stockmarket.com](http://www.australia-stockmarket.com) Email: [james@stockmarket.co.nz](mailto: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.