

# Market Analysis

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## Inside Market Analysis

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## Summary and Recommended Investment Strategy.

The NZ stockmarket has recently hit a new all-time high - recovering from the 1987 crash after 16½ years! Careful share selection has enabled our portfolio to perform significantly better over that period. While the current outlook is a little uncertain, we advise remaining fully invested in the recommended shares.

### Investment Outlook.

The short term outlook for the New Zealand stockmarket has jumped sharply over the last month: Share prices rose so are in a favourable *uptrend*, Money Supply jumped sharply which tends to inflate share prices and both short term and long term interest rates have eased a little.

Despite this recent improvement, however, Monetary indicators are still unfavourable. The NZ stockmarket is also expensive (i.e. the average Price/Earnings ratio is high, the average Dividend Yield is low) relative to its historical valuations. So our One-Year Forecast for NZ shares is Neutral at 55%.

It remains difficult to find good quality NZ shares that offer the *value* and *growth* potential that we seek for inclusion in our *Recommended Portfolio*. In the boom of the mid-1980's there were almost 350 companies listed on the NZ stockmarket. No less than *two-thirds* of those companies disappeared in the period following the 1987 stockmarket crash. The number increased slightly, but has been just 130-140 for most of the last decade. Most New Issues over the last decade and a half have been either grossly over-valued "blue-sky" companies or heavily indebted, asset stripped, mature businesses made to look attractive with the promise of a high dividend. We have *actively* avoided these issues!

When a quality growth company did emerge, it was often taken over - disappearing from the stockmarket. Long term under-performers have painfully lingered for *decades* with the only hope being that eventually the business or assets will be sold and the depleted equity would be repaid to the long suffering shareholders.

Usually a stockmarket can be expected to recover above a previous peak in about five years. After an extreme decline it can take as long as ten years. The NZ stockmarket has recently - after 16½ years - finally recovered *above* its 1987 peak! Given this long term under-performance by the market, the success of our investments over this period is truly amazing!

### Stockmarket Forecasts

	One-Month	One-Year
Australia:	<b>67%</b> (Bullish)	<b>66%</b> (Bullish)
New Zealand:	<b>82%</b> (Bullish)	<b>55%</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	D	655	1.00	NE	2.7	Hirequip NZ Ltd	C	96	2.92	18	2.3	RetailX Limited	B	26	5.94	NE	Nil
AMP NZ Office	C	85	7.10	8	7.9	Horizon Energy	A	400	4.39	20	9.3	Richina Pacific	C	41	0.13	16	Nil
AXA Asia Pac.	A	373	1.33	18	3.2	ING Property	B	100	5.63	9	9.8	Richmond Hold.	B	250	0.08	8	4.5
Abano Health	D	15	0.50	27	Nil	Ind Newspapers	B	480	2.19	26	3.0	Rocom Wireless	D	10	0.39	NE	Nil
Afco Holdings	E	21	0.13	7	Nil	Infratil NZ	B	280	4.15	18	2.1	Rubicon Limited	C	83	N/A	16	Nil
Air New Zealand	D	42	0.34	8	Nil	KidCorp	D	18	N/A	NE	Nil	Ryman Health.	B	222	2.35	15	3.4
Akd Int Airport	B	676	9.02	27	4.9	Kingsgate Int'l	C	28	4.65	27	Nil	Sanford Limited	C	485	1.34	12	6.0
Allied Farmers	A	155	0.35	10	7.1	Kirkcaldie & St	B	312	0.56	16	6.9	Savoy Equities	E	2.0	N/A	NE	Nil
Apple Fields	D	3.5	N/A	NE	Nil	Kiwi Property	C	111	8.62	14	7.7	Scott Tech. Ltd	C	294	1.55	13	7.1
Beauty Direct	D	7.0	1.86	NE	Nil	Lion Nathan Ltd	B	702	1.81	18	4.4	Sealegs Corp	C	2.3	8.89	NE	Nil
Blis Technology	D	15	N/A	NE	Nil	Loan & Building	D	350	1.28	NE	Nil	Seeka Kiwifruit	D	440	N/A	NE	Nil
Botry-Zen Ltd	D	9.5	N/A	NE	Nil	Lytelton Port	C	168	2.81	13	9.8	Selector Group	D	1.9	3.73	NE	Nil
Brierley Invest	D	67	5.10	NE	Nil	MG Property Trt	C	101	5.83	17	10.4	Shotover Jet	C	105	1.85	13	1.8
Briscoe Group	B	151	1.00	13	6.9	Mainfreight Grp	A	180	0.35	16	5.4	Skellmax Indust	C	120	1.25	10	8.7
Broadway Ind	B	102	0.56	15	2.0	Media Tech.	C	18	0.63	NE	Nil	Sky City Ltd	C	445	3.31	17	7.9
CACI Group Ltd	B	36	0.40	13	Nil	Metro. LifeCare	B	228	1.79	16	2.2	Sky Network TV	E	520	5.18	NE	Nil
CDL Hotel NZ	C	41	0.85	8	5.1	Michael Hill	A	533	0.91	20	4.8	SkyCity Leisure	E	105	1.78	35	Nil
CDL Investments	E	27	1.98	8	8.8	Mid-Cap Index *	N/R	207	N/A	NE	Nil	Smiths City	D	50	0.14	7	9.0
Cabletalk Group	D	16	0.13	NE	Nil	Mooring Systems	B	410	N/A	NE	Nil	Software of Exc	E	135	1.72	NE	Nil
Cadmus Tech Ltd	D	11	1.37	44	Nil	Mowbray Collect	C	140	3.06	NE	2.1	South Port NZ	C	145	2.59	15	6.9
Calan Hlthcare	C	89	7.63	16	9.0	Mr Chips Hold	D	95	0.89	23	4.7	Spectrum Res.	E	1.3	N/A	NE	Nil
Cap Properties	C	91	2.94	10	10.0	NGC Holdings	C	238	2.76	25	3.8	Steel & Tube	B	382	1.02	16	9.0
Carter Holt	B	218	0.97	15	2.8	NZ Experience	D	27	1.93	12	Nil	Summit Gold Ltd*	N/R	6.5	N/A	NE	Nil
Cavalier Corp	C	502	1.64	17	7.4	NZ Exchange Ltd	B	855	7.82	37	Nil	Tag Pacific Ltd	C	16	0.32	NE	Nil
Cert Organics	C	11	8.20	NE	Nil	NZ Invest Trust*	N/R	560	N/A	NE	1.5	Taylor's Grp Ltd	A	270	1.15	15	5.8
Col Motor Co	B	280	0.20	11	9.9	NZ Oil and Gas *	N/R	58	N/A	NE	Nil	TeNZ *	N/R	108	N/A	NE	Nil
Commsort Group	E	0.3	0.34	NE	Nil	NZ Refining Co	A	1630	2.06	11	11.0	Telecom Corp	A	575	2.11	15	5.2
Comvita	C	230	0.93	17	2.7	NZ Wine Company	E	210	N/A	NE	Nil	Tenon Ltd	D	173	1.42	NE	Nil
Contact Energy	C	548	2.74	28	6.3	Nat Property Tr	C	95	6.84	16	9.5	Tourism Hold.	C	168	0.84	66	2.7
Cube Capital	C	5.8	0.19	NE	Nil	Newcall Group	D	2.3	0.61	NE	Nil	Tower Limited	C	153	0.61	NE	9.8
Cue Energy Ltd *	N/R	8.0	3.49	38	Nil	Northland Port	B	271	N/A	27	4.6	Training Sol.	E	0.2	2.86	NE	Nil
DB Breweries	C	811	1.29	17	6.2	Nuhaka Forestry	C	505	0.96	NE	18.0	Trans-Tasman	D	42	3.91	13	Nil
Design Textiles	C	86	0.46	8	7.2	Nuplex Indust	A	454	0.44	12	6.6	Tranz Rail Hold	D	140	0.48	NE	Nil
Dorchester Pac	B	260	0.91	12	4.3	Opio Forestry	D	54	9.68	NE	Nil	Trust Power Ltd	B	730	2.22	NE	2.6
Ebos Group Ltd	A	350	0.43	15	7.0	Owens Group Ltd	D	112	0.14	23	2.7	Turners Auction	A	445	1.29	18	5.4
Evergreen	E	45	1.84	NE	Nil	Oyster Bay	E	190	N/A	NE	Nil	Urbus Property	D	91	N/A	NE	Nil
F & P Health.	B	1219	5.99	17	6.1	Ozzy (Tortis) *	N/R	220	N/A	NE	Nil	Utilico Int'l	D	62	6.35	NE	Nil
F & P Appliance	A	431	1.34	15	5.7	Pac Edge Bio.	E	4.0	4.55	NE	Nil	VTL Group Ltd	C	116	1.52	13	Nil
Finmedia Ltd	B	105	1.12	NE	Nil	Pacific Retail	D	200	0.20	7	Nil	Vertex Group	B	140	0.52	12	15.1
Finzsoft Solns	C	120	2.50	NE	Nil	Port Tauranga	B	448	5.47	24	5.5	WN Drive Tech.	D	59	N/A	NE	Nil
Fletcher Build.	B	455	0.57	11	6.2	Ports Auckland	C	749	4.74	18	6.8	Wakefield Hosp.	C	201	1.05	25	2.2
Forty Two Below	D	43	N/A	NE	Nil	Postie Plus Grp	D	102	0.53	14	Nil	Warehouse Group	B	430	0.64	16	5.0
Freightways Ltd	B	225	N/A	21	7.6	Powerco Limited	B	192	2.65	16	7.3	Waste Mgmt NZ	A	430	2.33	23	5.5
GDC Communicat.	D	17	0.11	NE	Nil	Property F Ind.	C	93	N/A	10	7.9	Widespread Port	D	3.0	0.23	NE	Nil
Genesis Res.	E	60	1.57	NE	Nil	Provenco Group	C	63	1.08	50	Nil	Williams Kettle	C	267	0.36	9	13.4
Guinness Peat	C	205	0.95	8	1.3	Pure NZ Limited	C	5.0	7.14	NE	Nil	Windflow Tech.	C	306	N/A	NE	Nil
Hallenstein G.	C	309	1.02	16	8.9	Pyne Gould G.	B	133	N/A	10	9.5	World Index Fd *	N/R	113	N/A	NE	Nil
Hellaby Hold.	B	516	0.86	11	7.5	Renaissance	B	57	0.22	16	18.3	Wrightson Ltd	C	121	0.25	9	14.2
Heritage Gold *	N/R	12	N/A	NE	Nil	Restaurant Brds	C	129	0.41	10	11.6	Zintel Comm.	E	108	N/A	NE	Nil
												<b>Ave of 147 Cos</b>	C	214	0.65	23	3.6
AMP Ltd	C	560	0.95	NE	2.9	Energy Resource	A	365	2.64	26	3.0	Orica Ltd	B	1435	0.96	40	3.6
ANZ Bank	B	1915	2.24	13	5.0	Envestra	B	107	2.79	61	8.9	Origin Energy	A	557	1.09	23	1.8
APN News Media	C	388	1.57	18	4.7	Fairfax (John)	B	333	2.37	23	3.9	Oxiana Ltd	C	101	N/A	NE	Nil
AWB Limited	A	501	0.71	51	5.0	Flight Centre	B	1874	2.79	25	2.3	Pacifica Group	C	441	0.61	12	4.9
AXA Asia Pac	A	326	1.19	6	3.1	Foodland Assoc	B	1900	0.35	18	4.5	Paperlin X Ltd	B	475	0.54	15	5.8
Adelaide Bright	C	150	1.29	14	3.7	Foster's Group	C	439	1.92	20	4.3	Patrick Corp	A	516	2.52	19	1.6
Adelaide Bank	B	838	1.38	14	4.4	Futuris Corp.	B	165	0.44	11	4.8	Perp Trust Aust	A	4405	5.49	24	3.0
Alinta Limited	A	615	1.36	9	5.4	GWA Internatl	B	292	1.22	15	5.3	Primary Health	A	543	3.05	44	2.3
Alumina Ltd	C	540	N/A	26	3.7	Gandel R. (CFS)	B	146	9.50	17	6.6	Prin. Amer. Off	B	117	7.80	11	15.7
Amcor Ltd	B	792	0.63	19	3.8	General Prop Tr	B	304	9.01	14	7.0	Principal Off.	B	159	9.15	16	6.9
Ansell Ltd	A	731	1.94	27	0.5	Gt Strp Plant'n	A	280	5.66	44	2.9	Promina Group	B	372	1.02	14	3.4
Aquarius Plat.	A	716	5.90	54	0.3	Guinness Peat	B	179	0.82	10	1.5	Publishing & Br	B	1180	2.67	19	2.8
Argo Investment	B	503	N/A	27	3.2	Guinness Ltd	B	1205	1.62	13	3.3	O.B.E. Insur.	B	1119	N/A	19	3.1
Aristocrat Leis	B	347	1.66	NE	1.7	HHG Plc	C	122	0.20	NE	Nil	Qantas Airways	B	355	0.55	18	4.8
Aust Pharm. Ind	C	245	0.22	24	5.3	Hardman Res.	B	150	N/A	NE	Nil	Ramsay Health	B	508	0.99	18	3.1
Aust Gas Light	B	1178	1.13	18	4.7	Harvey Norman	C	275	2.90	19	1.8	Reece Australia	B	828	1.11	18	2.5
Aust Foundation	B	328	N/A	26	4.0	Hills Indust.	B	385	0.77	19	5.5	Rinker Group	B	712	1.34	13	1.0
Aust Pipeline	B	263	2.48	16	8.2	Hills Motorway	C	655	N/A	NE	3.3	Rio Tinto Ltd	C	3495	3.73	23	2.6
Aust Leis & Hos	C	238	N/A	NE	Nil	ING Indust Trt	B	183	N/A	14	7.5	Ronin Property	A	117	9.97	13	8.0
Aust Stock Exch	B	1671	8.24	30	2.4	ING Office Fund	B	127	8.74	13	8.3	Rural Press Ltd	B	770	1.93	13	3.1
Austar United	B	80	2.58	NE	Nil	Iluka Resources	B	399	1.14	11	5.5	S/Tracks ASX200	E	3496	N/A	NE	Nil
Austereo Group	B	136	2.36	16	5.3	Incitec Pivot	D	1787	1.50	NE	Nil	SFE Corporation	A	592	7.69	20	3.7
Australand Prop	B	174	0.85	13	7.7	Insurance Aust.	A	479	1.74	53	2.4	STW Comm Group	C	325	N/A	A	21.1
BHP Billiton	B	1249	3.09	27	1.6	Interoil Corpor	C	335	N/A	NE	Nil	Santos Ltd	B	610	2.43	11	4.9
Bank of O'land	B	1197	2.03	20	2.7	Investa Prop.	B	206	9.25	14	7.6	Seven Network	B	520	1.00	23	4.5
Baycorp Advant.	C	268	3.37	NE	1.5	Invocare Ltd	C	233	N/A	NE	Nil	Sigma Company	B	765	0.57	24	2.6
Bendigo Bank	B	1070	3.94	24	3.1	Ivanhoe Mines	D	1200	N/A	NE	Nil	Sims Group Ltd	B	1160	0.67	14	4.7
Bidvest	B	590	0.35	18	1.9	James Hardie	C	655	2.91	14	2.0	Smorgon Steel	B	105	0.36	9	7.6
Billabong Int'l	A	777	2.49	21	3.0	Leighton Hold	B	1047	0.57	20	4.2	Sonic Health	B	829	2.21	53	3.0
Bluescope Steel	A	656	0.97	11	3.4	Lend Lease Corp	C	1037	0.45	NE	2.9	Soul Paisson	B	640	3.54	17	2.7
Boral Limited	B	643	0.96	13	3.6	Lihir Gold	C	119	7.13	44	1.7	Southcorp Ltd	C	322	1.94	44	3.1
Brambles Ind.	B	563	1.16	29	1.8	Lionore Mining	C	631	3.14	16	Nil	Spotless Group	B	471	0.41	19	4.9
Brickworks Ltd	C	856	5.33	16	1.9	Macquarie C/Wde	B	179	N/A	16	7.6	St George Bank	B	2141	2.48	18	4.4
Burns Philp	C	58	0.55	6	3.9	Macquaries C&I	C	353	3.81	NE	4.4	Sthn Cross Brd.	B	1074	1.73	36	5.3
Burswood Ltd	B	125	1.70	51	1.4	Macquarie Infra	C	294	4.64	11	2.6	Sthn C. Fliers	A	11400	N/A	13	7.9
C'wth Prop Off.	B	119	2.45	11	8.7	Macquarie Bank	B	3700	2.78	23	2.5	Stockland	A	569	6.82	21	5.6
C.S.R. Ltd	C	200	0.25	3	8.5	Macquarie G Mgt	A	368	N/A	54	1.4	Suncorp-Metway	A	1427	1.49	20	3.9
CSL Limited	B	2160	2.66	49	1.6	Macquarie Off.	B	122	N/A	11							

# Recommended Investments

**Wrightson and Pyne Gould Guinness** are to merge their woolhandling and warehousing operations into a new joint venture company, **NZ Wool Handlers**. Both companies will continue to compete in procurement, sales and marketing, but the joint venture will provide efficiencies in logistics and warehousing.

## Australian Shares

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

**Austral Coal** reported a 6.0% drop in revenues to \$91.6 million for the year to 31 December 2003. Profits dropped 79.7% to \$2,730,000 (1.8 cents per share). No dividend will be paid.

This result includes an additional amortisation of capitalised development costs on panel 21 where mining

was terminated early, with the loss of 120,000 tonnes of unmined coal, after roof falls. The 16 year old longwall equipment, due to be scrapped in just four weeks, was damaged. Panel 21 has caused problems for Austral Coal this year. A reverse thrust fault outside the mining area resulted in high gas levels requiring more expensive mining methods, greater expenditure on roof support and reduced coal production. Manpower from panel 21 will now be deployed to accelerate development and installation at Tahmoor North where mining will start in late May.

The 2004 result will show a "turnaround in performance", aided by the high coal price and a "substantial lift in production" (Continued on Page 4)

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	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 %	
		Code	- Date - Price										
<b>NZ Shares</b>													
HOLD	CDL Investments Ltd	CDI	12/01/99	25	E	199.4	1.9	1.98	8	8.8	27	7.7	+39%
HOLD-	Cavalier Corporation	CAV	05/12/95	156*	C	63.0	0.6	1.64	17	7.4	502	128.5	+304%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.20	11	9.9	280	250.3	+254%
BUY	Lyttelton Port Company	LPC	12/12/00	150	C	102.0	0.9	2.81	13	9.8	168	36.0	+36%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	46*	A	38.4	0.5	0.91	20	4.8	533	137.0	+1356%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	A	61.3	0.8	0.44	12	6.6	454	88.0	+55%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	B	37.2	1.2	0.22	16	18.3	57	17.4	-12%
HOLD+	Richina Pacific	RPL	03/11/95	94*	C	144.4	1.5	0.13	16	Nil	41	9.4	-46%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	1.0	2.59	15	6.9	145	71.3	+80%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	B	87.9	0.8	1.02	16	9.0	382	85.0	+220%
HOLD	Taylors Group Ltd	TAY	09/11/99	102	A	24.3	0.7	1.15	15	5.8	270	32.0	+196%
HOLD	Wrightson Limited	WRI	13/01/98	83	C	136.2	1.3	0.25	9	14.2	121	41.3	+96%
<b>Australian Shares (in Aust cents)</b>													
BUY	AJ Lucas Group	AJL	13/05/03	120	B	45.4	0.8	0.57	11	4.1	195	8.0	+69%
HOLD	Atlas Pacific Ltd	ATP	14/05/96	73	C	87.8	1.7	1.95	17	Nil	22	7.0	-60%
HOLD	Austral Coal Ltd	AUO	16/01/01	19	C	155.4	1.2	1.15	26	Nil	68	Nil	+258%
BUY	Aust Infrastructure	AIX	07/10/03	158	B	179.1	0.7	NA	10	6.7	164	5.5	+7%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	418*	B	39.2	0.5	0.66	20	4.9	611	116.5	+74%
BUY	Candle Australia	CND	08/04/03	86	A	37.6	0.9	0.38	17	4.0	163	10.0	+101%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	A	49.5	0.9	0.20	12	5.4	130	19.5	-2%
BUY	Circadian Technology	CIR	10/02/04	188	E	40.3	1.2	NA	NE	Nil	221	Nil	+18%
BUY	Commander Comm.	CDR	11/09/01	92	B	145.1	0.8	0.52	11	3.7	120	9.1	+40%
BUY	Computershare Ltd	CPU	12/08/03	189	B	544.1	1.0	2.49	54	1.5	324	5.5	+74%
BUY	Health Communication	HCN	07/10/03	101	C	61.5	1.2	2.50	41	Nil	121	1.0	+21%
HOLD+	Int'l AllSports	IAS	11/02/03	180	A	41.0	1.3	0.06	6	10.6	71	2.5	-59%
HOLD-	McPherson's Ltd	MCP	10/10/00	125	A	54.8	0.5	0.73	16	3.3	453	48.0	+301%
HOLD+	Melbourne IT	MLB	10/02/04	53	A	50.9	1.0	0.87	21	3.5	85	2.0	+64%
HOLD-	Nufarm Limited	NUF	11/02/97	418*	B	155.8	0.6	0.64	12	3.3	605	119.3	+73%
HOLD+	OAMPS Limited	OMP	15/05/01	106*	B	92.9	0.5	0.45	16	5.4	313	33.5	+227%
BUY	Ross Human Directions	RHD	14/08/01	92	B	57.4	1.3	0.26	34	6.9	65	15.0	-13%
HOLD+	Skilled Engineering	SKE	12/03/02	126	A	90.4	0.7	0.42	17	5.1	302	31.5	+165%
HOLD+	Solution 6 Holdings	SOH	15/07/03	59	D	251.6	1.3	0.91	NE	Nil	80	Nil	+36%
BUY	Technology One Ltd	TNE	11/11/03	44	A	298.5	1.2	3.40	23	4.5	55	1.3	+28%
HOLD-	Toll Holdings	TOL	08/09/98	60*	A	309.8	0.6	1.16	28	1.5	975	52.0	+1612%
HOLD	UXC Limited	UXC	11/01/00	55*	B	125.1	1.2	0.86	15	6.3	79	19.0	+78%
HOLD	Villa World Ltd	VWD	11/06/02	68	B	103.2	0.7	0.88	7	8.6	128	21.5	+120%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	B	167.5	1.0	1.16	13	4.3	92	26.1	+71%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +163.1%. This is equal to an average annual rate of +39.4%, based upon the length of time each position has been held.

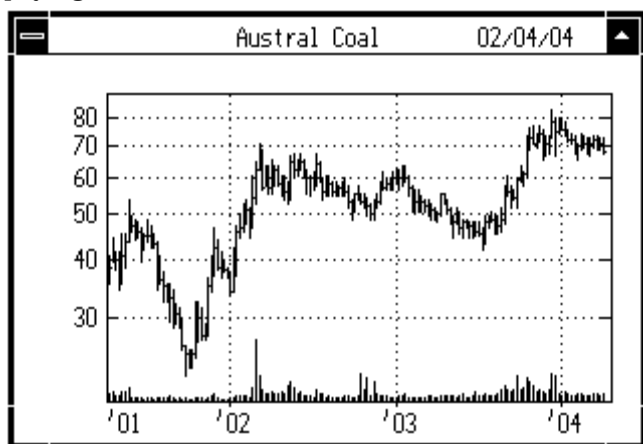
The average annual rate of gain of ALL recommendations (both the 36 current and 123 closed out) is +30.8%, compared with a market gain of +8.8% (by the SRC Total Return Index).

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) with the start-up of mining in the much more favourable Tahmoor North coal deposits.

Of more importance than the reported profit for the last year is the massive increase in the operating cash surplus to \$50.6 million. This, however, was boosted by a \$6 million drop in inventories and a \$10 million increase in creditors, but indicates the potential to generate future operating cashflows in excess of \$30 million annually. Over the last year these operating cashflows have helped finance mine expansion - with \$63.0 million invested in plant and equipment plus \$41.1 million on mine development. Once that expansion is completed, operating cash flows will be available to repay interest bearing debts of \$55.4 million and to start paying dividends to shareholders.



**Atlas Pacific** suffered a 12.6% drop in revenues to \$9.9 million for the year to 31 December 2003. Profits fell 68.4% to \$1,105,394 (1.3 cents per share) and no dividend will be paid for the 2003 year (3.0 cents in 2002). Net operating cashflows dropped 87.8% to just \$246,835 - owing to the lower revenue and higher tax payments (owing on the 2002 profits).

The long term potential for Atlas Pacific remains good, although profits are expected to recover only 35% to \$1.5 million in 2004. The company remains in a healthy financial position, with no interest bearing debt and \$4.3 million in cash (4.9 cents per share). The company also continues to make improvements to its business to increase production, improve quality and reduce costs.

Atlas Pacific reports a "major improvement" in reducing the cost of production of juvenile oysters during the year, resulting from the transfer of these operations to North Bali and Bacan, North Maluku in late 2002. Production costs are carried forward until pearls are harvested two years later, so lower reported costs - and higher profitability - will not show up in the profit result until 2006. The quantity and quality of juvenile oysters was also "significantly enhanced" and included many selectively bred *silver-lip* strains to help to further improve pearl quality.

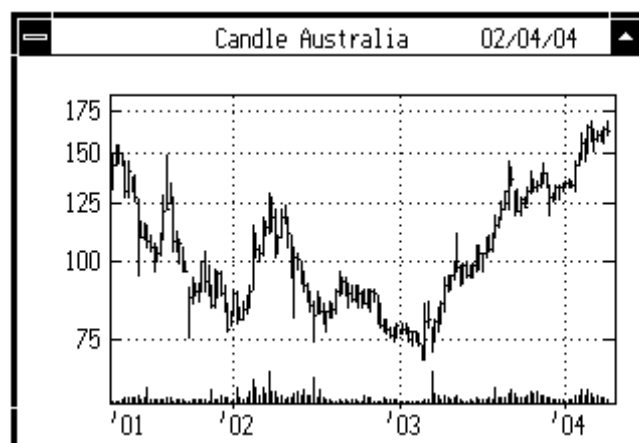
The company has established a second juvenile production and grow-out site in North Bali, near the

village of Penyabangan. This year a hatchery will be developed at this site and boat building and other manufacturing activities will also be developed.

Alyui Bay is now concentrating on seeding and harvesting from two sites, with a third to be developed this year. 206,559 oysters were nucleated in 2003, up 24% on 2002, and the company plans to lift that number by 45% to around 300,000 oysters this year. This will lead to significant growth in the number of pearls being harvested in 2005 and 2006.

Atlas Pacific shares may be just average performers over the next year or so, but increased production and lower costs offer the potential for strong profit growth in 2006. As with any agricultural business, profitability can fluctuate widely from year to year owing to climatic conditions, market prices and exchange rates. Over the medium to long term, however, this business holds the potential to generate high cash profits and to provide shareholders with a very high cash dividend income. "Hold".

**Candle Australia** has made a small acquisition with the purchase of Sydney based white collar recruitment company **Premier Personnel** which will be merged into its existing *Alliance Recruitment* brand. The purchase price of around \$2 million - plus incentives based upon profits over the next year - will be funded in cash and new shares.

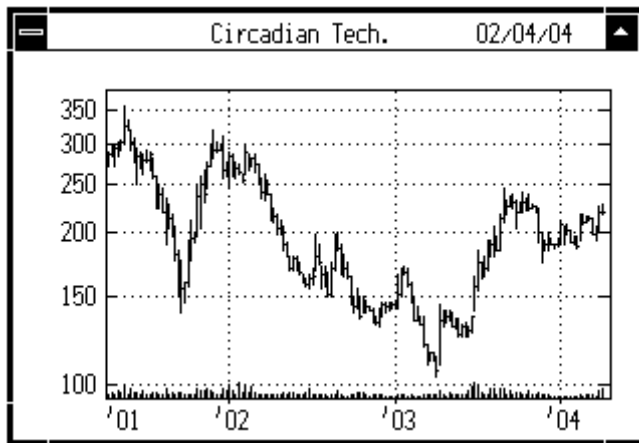


**Circadian Technologies'** investment portfolio will benefit from US based **Molecular Devices Corporation's** takeover offer for **Axon Instruments**.

Molecular Devices is offering around US\$140 million for Axon. 50% is payable in cash (i.e. US\$0.1359 per Axon share) and 50% in shares (i.e. 0.00734 Molecular Devices shares per Axon share).

Circadian Technologies owns 73,498,200 Axon shares (15.27% of the company) so will receive US\$9,988,405 in cash and 539,477 Molecular Devices shares. This values Circadian Technologies' investment at about A\$27 million - up from the A\$18.4 million market value at the end of January. This \$8.6 million increase in value adds 21 cents per share to Circadian Technologies.

**Packer & Co** has continued to buy Circadian Technologies shares on-market, lifting its holding from 14.37% to 15.45%.



**Health Communications Network** reports that it has “successfully implemented the *HIC Online* claiming system” into the latest release of its *Pracsoft* practice management software which is used by 2300 GP Practices. *HIC Online* will also be included in the *Blue Chip* practice management software used by 500 specialists.

*HIC Online* will replace the old *Medclams* system. Under the **Health Insurance Commission's** *vendor incentive scheme* Health Communications Network can receive “up to \$1,400” for each practice that adopts *HIC Online* - or about \$3.9 million!

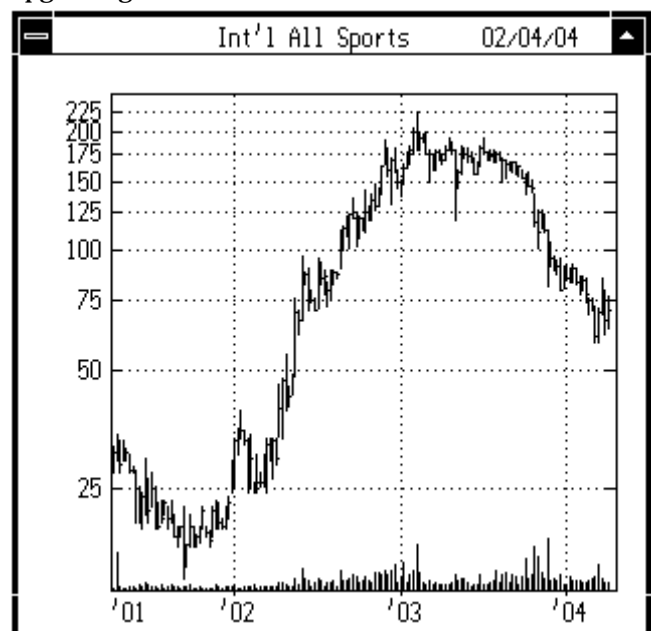
Health Communications Network has also entered a long term agreement with **Sonic Healthcare** which will allow GPs using *Medical Director* to send diagnostic test orders electronically to Sonic resulting in “data entry and logistical savings for Sonic”. Health Communications Network's revenue for this “will increase as the number of pathology and radiology tests ordered electronically increase” - which means they will receive a *fee per transaction*. We are also told that *Medical Director* users “currently generate over 12 million diagnostic test orders per annum” and the company “expects that over the coming years *most of these will be sent electronically* to the major laboratories”.

Pathology test ordering from Sonic will be included with the May upgrade of *Medical Director* software, with radiology test ordering added in the subsequent releases.

What does this mean for Health Communications Network? We do know that this is a very high margin recurring revenue, so every additional dollar in revenue could add 70-90 cents to pre-tax profits. After that we can just make some guesses: “Data entry and logistical savings” per transaction could be around \$5-10, and electronic data transfer also eliminates costly mistakes. We estimate that Health Communications Network could receive around \$0.20 to \$1.00 per electronic transaction, leaving the greatest savings for the laboratory and consumer. Even at that low fee per transaction, with 12 *million* tests, Health Communications Network would earn an additional \$2.4-12.0 million in revenues and an extra \$1.5-6.0 million (2½-10 cents per share) in tax paid profits annually.



**International All Sports** shares *maybe* near the bottom of their cycle in the current decline, so we are upgrading them to “Hold+”



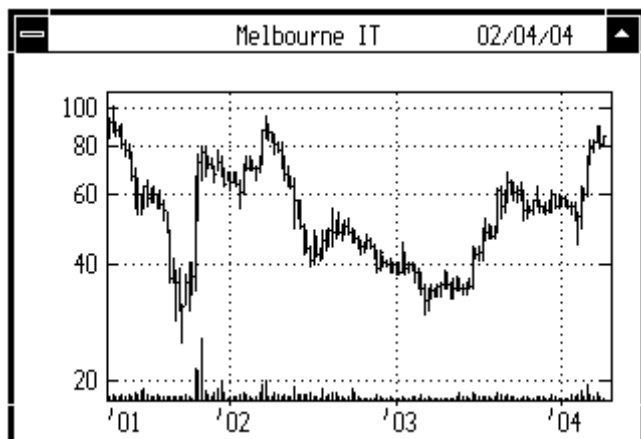
**Melbourne IT** has made a strategic acquisition which invests about one-quarter of its surplus cash and expands its core business. European based **Cogent IPC** will be acquired for \$4.5 million in cash, making Melbourne IT the global leader in *Corporate Domain Management*.

Cogent IPC is expected to generate annual revenues of around A\$7 million during 2004, so this business is being acquired on a relatively low Price/Sales ratio of 0.64. The acquisition will be “immediately cashflow positive” and “earnings positive” within a year. Corporate Domain Management is a *very high growth and high profit margin* part of Melbourne IT's business. We estimate that a fair price for Cogent IPC could be as high as \$7-20 million - so at just \$4.5 million this acquisition looks to offer outstanding value and further improves the growth potential and value of Melbourne IT.

So despite the recent sharp increase in price the shares remain an attractive investment and a “Buy” on any weakness.

(Continued on Page 6)

### Recommended Investments (Continued from Page 5)



**Nufarm** has lifted revenues 4.2% to \$531.0 million for the half year to 31 January 2004. The cyclical nature of the business results in a first half loss, but this was reduced 53.0% to just \$1,876,000 (*minus* 1.1 cents). The interim dividend will be increased 14.3% to 8.0 cents.

Nufarm now expects its annual profit to be around 15% ahead of last year. The issued capital expanded 6.8% as a result of the recent placement and share purchase plan, so earnings per share should be ahead about 8%.



**Solution 6** is proposing asset sales, a capital repayment and a merger with **MYOB** - in line with the breakup that we suggested last month.

Solution 6 is planning to sell its Legal and Enterprise Solutions businesses to **Francisco Partners**, a technology focused private equity fund for approximately A\$34 million in cash.

Solution 6 will then return around \$52.7 million (i.e. up to 20.7 cents per share) to shareholders as a return of capital.

After the capital repayment, MYOB and Solution 6 will merge, with Solution 6 shareholders receiving 0.55 MYOB shares for each Solution 6 share.

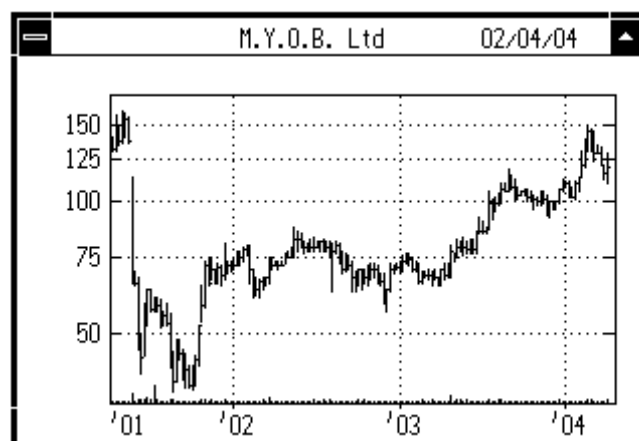
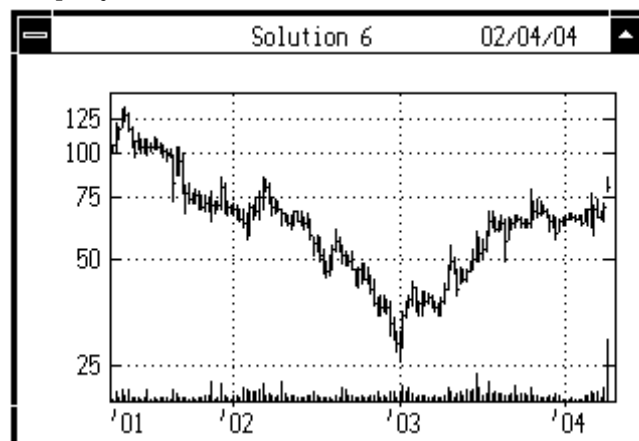
Based upon the MYOB share price of 120 cents, these proposals value Solution 6 at about 86 cents (i.e. about 20 cents in cash and 66 cents in MYOB shares).

MYOB currently owns 12.6% of Solution 6 and **GPG** (which owns 18.8%) has agreed to support the business

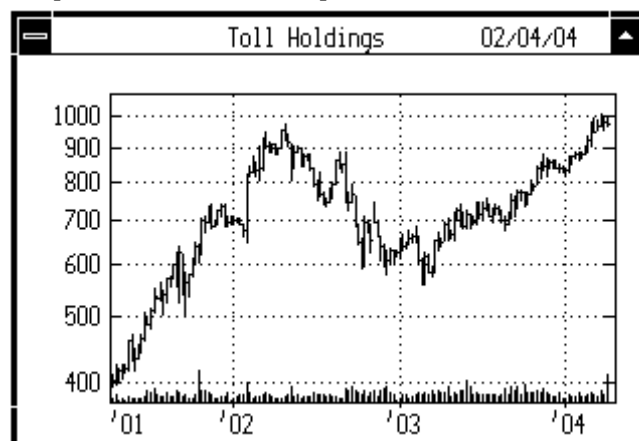
sale, capital repayment and merger.

Solution 6 has received \$8,937,500 owing from the vendor finance provided when it sold **Alpha West Holdings**. A further \$6.5 million is payable over the next two years.

This proposed restructuring appears to make sense, so investors should hold for the capital repayment and then probably continue to hold shares in the merged company.



**Toll Holdings'** 50% owned **Pacific National** joint venture is to pay \$285 million to acquire the Victorian rail operator **Freight Australia** from **Rail America**. This acquisition of Freight Australia, which operates 107 locomotives and 2600 freight wagons, will improve the potential for rail transportation.



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

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

STRENGTH RATING														STRENGTH RATING													
Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	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	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0														<b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength > 0													
Owens Group Ltd	112	+4.4	-2.5	41	0-0	1	1.9	8	1.0	23	2.7	0.14	63	Fletcher Build.	455	+2.5	+1.3	51	7-0	7	2.2	20	0.4	11	6.2	0.57	1,847
Renaissance	57	+25.9	-5.4	5	0-1	-	2.3	15	1.3	16	18.3	0.22	21	Michael Hill	533	+8.2	+0.7	24	7-0	3	4.1	20	0.4	20	4.8	0.91	205
Mainfreight Grp	180	+14.9	+0.5	13	0-1	5	2.7	17	0.8	16	5.4	0.35	145	Tourism Hold.	168	+5.8	-0.1	34	6-0	3	0.9	1	0.7	66	2.7	0.84	155
Allied Farmers	155	+2.7	+2.2	50	0-1	-	0.9	9	0.9	10	7.1	0.35	25	F & P Appliance	431	+7.6	+1.8	26	3-0	2	1.9	13	0.6	15	5.7	1.34	1,121
Ebos Group Ltd	350	+5.6	+0.5	36	0-0	-	2.2	15	0.7	15	7.0	0.43	96	Nuplex Indust	454	+6.9	+0.5	32	3-0	4	1.8	14	0.6	12	6.6	0.44	278
Nuplex Indust	454	+6.9	+0.5	32	3-0	4	1.8	14	0.8	12	6.6	0.44	278	NZ Invest Trust	560	+6.1	-0.2	33	3-0	-	-	-	0.4	NE	1.5	N/A	57
Broadway Ind	102	+31.8	-1.3	3	1-0	-	2.2	15	0.8	15	2.0	0.56	20	NGC Holdings	238	+13.6	-1.9	14	3-0	-	2.3	9	0.7	25	3.8	2.76	1,054
Fletcher Build.	455	+2.5	+1.3	51	7-0	7	2.2	20	0.6	11	6.2	0.57	1,847	Metro. LifeCare	228	+14.3	-5.9	13	2-0	1	1.3	8	0.7	16	2.2	1.79	197
Tower Limited	153	+5.1	+4.6	38	2-0	7	0.4	0	1.0	159	9.8	0.61	627	Forty Two Below	43	+3.4	+7.8	45	2-0	-	-	-	1.0	NE	Nil	N/A	52
Tourism Hold.	168	+5.8	-0.1	34	6-0	3	0.9	1	1.0	66	2.7	0.84	155	Tower Limited	153	+5.1	+4.6	38	2-0	7	0.4	0	0.7	159	9.8	0.61	627
CDL Hotel NZ	41	+9.8	-6.9	17	0-0	-	0.6	7	1.6	8	5.1	0.85	143	<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0													
Hellaby Hold.	516	+4.9	-1.4	40	1-1	2	2.7	24	0.5	11	7.5	0.86	254	Brierley Invest	67	-0.7	+0.3	67	0-0	-	0.7	-	1.0	NE	Nil	5.10	947
Michael Hill	533	+8.2	+0.7	24	7-0	3	4.1	20	0.6	20	4.8	0.91	205	Ports Auckland	749	-2.6	-0.8	74	1-0	6	2.2	12	0.4	18	6.8	4.74	794
Dorchester Pac	260	+17.2	-2.3	9	0-0	-	2.2	18	0.9	12	4.3	0.91	50	Lytelton Port	168	-1.6	-0.5	71	0-1	5	3.5	27	0.6	13	9.8	2.81	171
Comvita	230	+3.1	+0.1	48	0-0	-	2.7	17	0.8	17	2.7	0.93	21	South Port NZ	145	-3.3	-1.3	78	0-0	2	1.6	11	0.7	15	6.9	2.59	38
Guinness Peat	205	+7.5	+0.2	27	0-0	-	1.2	15	0.9	8	1.3	0.95	1,414	<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Carter Holt	218	+7.9	+1.7	25	0-0	5	0.9	6	0.8	15	2.8	0.97	3,800	Genesis Res.	60	-17.1	-6.3	94	0-0	-	0.6	-	1.1	NE	Nil	1.57	16
<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0														Blis Technology	15	-16.8	+2.3	93	0-1	-	3.3	-	1.4	NE	Nil	N/A	14
Broadway Ind	102	+31.8	-1.3	3	1-0	-	2.2	15	0.6	15	2.0	0.56	20	Botry-Zen Ltd	10	-12.1	-6.7	91	0-1	-	5.2	-	1.2	NE	Nil	N/A	16
CACI Group Ltd	36	+28.7	+15.9	3	0-0	-	2.0	16	1.0	13	Nil	0.40	2	Abano Health.	15	-11.5	-4.6	91	0-0	-	0.7	3	1.3	27	Nil	0.50	29
Renaissance	57	+25.9	-5.4	5	0-1	-	2.3	15	1.0	16	18.3	0.22	21	Briscoe Group	151	-9.6	+0.1	89	0-0	6	3.5	26	0.9	13	6.9	1.00	317
Dorchester Pac	260	+17.2	-2.3	9	0-0	-	2.2	18	0.7	12	4.3	0.91	50	Postie Plus Grp	102	-9.3	-0.6	89	0-0	-	4.3	32	0.5	14	Nil	0.53	41
Mainfreight Grp	180	+14.9	+0.5	13	0-1	5	2.7	17	0.6	16	5.4	0.35	145	Air New Zealand	42	-8.4	-1.9	87	3-0	4	1.2	16	1.0	8	Nil	0.34	1,228
CDL Hotel NZ	41	+9.8	-6.9	17	0-0	-	0.6	7	1.2	8	5.1	0.85	143	Warehouse Group	430	-8.1	-1.9	86	2-0	7	3.8	23	0.6	16	5.0	0.64	1,314
Michael Hill	533	+8.2	+0.7	24	7-0	3	4.1	20	0.5	20	4.8	0.91	205	Kirkcaldie & St	312	-5.7	-0.3	83	0-0	-	1.4	9	0.4	16	6.9	0.56	23
Carter Holt	218	+7.9	+1.7	25	0-0	5	0.9	6	0.8	15	2.8	0.97	3,800	SkyCity Leisure	105	-5.2	+0.1	82	0-0	-	3.9	11	1.4	35	Nil	1.78	72
Guinness Peat	205	+7.5	+0.2	27	0-0	-	1.2	15	0.7	8	1.3	0.95	1,414	Summit Gold Ltd	7	-3.4	-9.5	79	1-0	-	1.6	-	1.8	NE	Nil	N/A	6
Richina Pacific	41	+7.2	-0.8	30	0-0	-	0.8	5	1.2	16	Nil	0.13	59	South Port NZ	145	-3.3	-1.3	78	0-0	2	1.6	11	0.6	15	6.9	2.59	38
Nuplex Indust	454	+6.9	+0.5	32	3-0	4	1.8	14	0.7	12	6.6	0.44	278	Mr Chips Hold	95	-3.2	-0.2	77	0-0	-	2.1	9	0.7	23	4.7	0.89	23
Ebos Group Ltd	350	+5.6	+0.5	36	0-0	-	2.2	15	0.6	15	7.0	0.43	96	Ports Auckland	749	-2.6	-0.8	74	1-0	6	2.2	12	0.4	18	6.8	4.74	794
Hellaby Hold.	516	+4.9	-1.4	40	1-1	2	2.7	24	0.4	11	7.5	0.86	254	AMP Limited	655	-2.1	+4.0	73	0-0	-	1.3	-	0.8	NE	2.7	1.00	12,087
Comvita	230	+3.1	+0.1	48	0-0	-	2.7	17	0.6	17	2.7	0.93	21	Evergreen	45	-1.6	+0.3	72	0-0	-	0.8	-	0.7	NE	Nil	1.84	68
Allied Farmers	155	+2.7	+2.2	50	0-1	-	0.9	9	0.8	10	7.1	0.35	25	Sanford Limited	485	-1.4	-0.7	70	0-3	1	1.0	9	0.4	12	6.0	1.34	464
Fletcher Build.	455	+2.5	+1.3	51	7-0	7	2.2	20	0.5	11	6.2	0.57	1,847	<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0													
<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million														Sanford Limited	485	-1.4	-0.7	70	0-3	1	1.0	9	0.4	12	6.0	1.34	464
Wrightson Ltd	121	-3.3	-4.6	79	0-1	4	1.3	15	1.0	9	14.2	0.25	165	Cadmus Tech Ltd	11	-0.6	-1.6	67	0-2	-	2.6	6	1.4	44	Nil	1.37	18
Restaurant Brds	129	-3.1	+2.7	75	1-0	4	2.4	23	0.9	10	11.6	0.41	122	Wrightson Ltd	121	-3.3	-4.6	79	0-1	4	1.3	15	0.9	9	14.2	0.25	165
NZ Refining Co	1630	+0.7	+1.8	58	0-0	1	1.2	12	0.1	11	11.0	2.06	391	Richmond Hold.	250	-5.9	+2.8	83	0-1	-	0.8	10	0.3	8	4.5	0.08	102
Tower Limited	153	+5.1	+4.6	38	2-0	7	0.4	0	0.8	159	9.8	0.61	627	Botry-Zen Ltd	10	-12.1	-6.7	91	0-1	-	5.2	-	1.2	NE	Nil	N/A	16
Lytelton Port	168	-1.6	-0.5	71	0-1	5	3.5	27	0.6	13	9.8	2.81	171	Lytelton Port	168	-1.6	-0.5	71	0-1	5	3.5	27	0.5	13	9.8	2.81	171
Pyne Gould G.	133	+0.1	-0.1	63	0-0	-	1.3	12	0.6	10	9.5	N/A	133	Williams Kettle	267	-1.3	-4.4	69	0-1	-	0.8	9	0.4	9	13.4	0.36	59
Steel & Tube	382	+3.1	-0.5	47	1-0	5	2.7	17	0.6	16	9.0	1.02	336	Blis Technology	15	-16.8	+2.3	93	0-1	-	3.3	-	1.3	NE	Nil	N/A	14
Hallenstein G.	309	-0.4	+1.8	66	1-1	3	4.2	26	0.4	16	8.9	1.02	182	Design Textiles	86	-3.9	-1.9	81	0-1	-	2.1	27	0.8	8	7.2	0.46	28
Skellmax Indust	120	+1.7	-3.9	55	0-0	-	4.6	49	0.7	10	8.7	1.25	120	Cavalier Corp	502	-0.2	-3.3	65	1-2	2	5.1	29	0.4	17	7.4	1.64	316
Sky City Ltd	445	+0.5	-1.4	60	0-1	7	7.8	44	0.5	17	7.9	3.31	1,870														

## "Insider" Trades in NZ Shares

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

### "Insider" Indicators

Last 5 wks: 73.3% Buyers  
Last 13 wks: 64.3% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Air New Zealand	3-0	DB Breweries	1-0	Kiwi Property	0-2	Ports Auckland	1-0	Summit Gold Ltd	1-0
Allied Farmers	0-1	Design Textiles	0-1	Lytelton Port	0-1	Provenco Group	0-1	Tag Pacific Ltd	1-0
Apple Fields	1-0	F & P Health.	1-0	Mainfreight Grp	0-1	Renaissance	0-1	Telecom Corp	2-1
Blis Technology	0-1	F & P Appliance	3-0	Metro. LifeCare	2-0	Restaurant Brds	1-0	Tourism Hold.	6-0
Botry-Zen Ltd	0-1	Finmedia Ltd	1-0	Michael Hill	7-0	Richmond Hold.	0-1	Tower Limited	2-0
Broadway Ind	1-0	Fletcher Build.	7-0	Mooring Systems	0-5	Rocom Wireless	0-3	Urbus Property	3-0
Cabletalk Group	2-0	Forty Two Below	2-0	Mowbray Collect	0-1	Ryman Health.	1-2	WN Drive Tech.	0-4
Cadmus Tech Ltd	0-2	Freightways Ltd	0-1	NGC Holdings	3-0	Sanford Limited	0-3	Warehouse Group	2-0
Cap Properties	1-0	GDC Communicat.	2-1	NZ Invest Trust	3-0	Scott Tech. Ltd	1-0	Waste Mgmt NZ	0-3
Cavalier Corp	1-2	Hirequip NZ Ltd	0-1	NZ Oil and Gas	1-0	Sky City Ltd	0-1	Williams Kettle	0-1
Col Motor Co	5-1	Infratil NZ	1-3	Nuplex Indust	3-0	Software of Exc	0-1	Wrightson Ltd	0-1
Cue Energy Ltd	4-2	KidiCorp	1-0	Port Tauranga	0-1	Steel & Tube	1-0		

# 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	Share Price	STRENGTH RATING				Insider Buy/Sell	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	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	
		Cur. rent	4-Wk Chg.	Rank	Buy-Sell											Cur. rent	4-Wk Chg.	Rank	Buy-Sell									
<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0																												
Cullen Resource	4	-5.6	-12.8	82	3-0	-	-	1.8	53	Nil	9.74	10	Pearl Healthcare	9	-19.9	+0.6	97	5-0	-	4.3	19	1.7	22	Nil	0.73	9		
Sino Gold Ltd	260	-8.1	-0.8	86	0-0	-	3.9	4	0.6	99	Nil	8.98	335	Premier Bionics	26	-19.4	-4.7	96	0-0	-	3.2	-	0.8	NE	Nil	N/A	5	
Pro Medicus Ltd	85	-4.2	-1.2	78	0-0	2	7.7	41	0.4	19	3.8	8.95	85	Medical Monitor	6	-19.2	-1.0	96	0-0	-	-	-	1.4	NE	Nil	N/A	10	
Int'l Wine Inv.	188	-4.1	+1.5	78	0-0	1	0.7	-	0.5	NE	5.9	8.85	110	Midwest Corp	78	-19.0	+11.2	96	0-0	-	0.2	-	0.6	NE	Nil	N/A	43	
Eastern Corp	4	-2.5	+7.1	74	2-0	-	-	-	2.1	NE	Nil	7.95	11	DenX Ltd	17	-18.6	+2.7	96	0-0	-	17.0	-	0.8	NE	Nil	3.06	19	
Pacific Hydro	288	-4.1	+0.4	78	2-1	5	1.9	15	0.4	13	1.7	7.94	372	Johnson's Well	6	-18.6	+1.0	96	0-0	-	-	-	1.4	NE	Nil	N/A	9	
Amity Oil NL	75	-18.1	+2.0	96	6-4	-	-	-	0.7	417	Nil	7.68	119	VRI Biomedical	18	-18.2	+1.0	96	3-1	-	9.0	-	1.3	NE	Nil	6.98	12	
BMA Gold Ltd	29	-1.4	-6.8	71	0-0	-	-	-	1.2	17	Nil	7.23	22	Amity Oil NL	75	-18.1	+2.0	96	6-4	-	-	-	0.7	417	Nil	7.68	119	
Easycall Int'l	9	-5.0	+2.5	80	0-1	-	1.2	-	1.4	NE	Nil	7.14	19	CMC Power Syst.	3	-18.1	-1.9	96	0-0	-	1.5	-	2.0	NE	Nil	N/A	8	
Lihir Gold	119	-11.7	-2.6	91	1-0	10	2.3	5	0.4	44	1.7	7.13	1,528	Unitract Ltd	140	-18.0	-8.4	95	1-0	-	17.5	-	0.9	NE	Nil	N/A	113	
VRI Biomedical	18	-18.2	+1.0	96	3-1	-	9.0	-	1.4	NE	Nil	6.98	12	Xanadu Wines	12	-17.8	+0.5	95	1-0	-	0.5	-	1.2	NE	Nil	0.97	18	
Tantalum Aust.	7	-12.5	-0.9	91	0-0	-	-	-	1.6	NE	Nil	6.67	15	Voxson Limited	10	-17.7	+4.0	95	0-0	-	1.7	-	1.4	NE	Nil	0.44	11	
Westfield Hold.	1317	-4.8	-0.6	79	1-0	8	4.6	18	0.4	26	1.9	6.48	7,431	Catuity	92	-17.4	-8.4	95	3-1	-	2.0	-	0.9	NE	Nil	1.54	8	
Pinnacle VRB	14	-3.6	+6.3	77	1-0	-	-	-	1.5	NE	Nil	5.79	9	Int'l Concert	6	-17.2	-5.7	95	0-0	-	3.0	-	1.4	NE	Nil	0.27	7	
Q-Mastor Ltd	14	-5.1	+0.3	80	0-0	-	2.3	-	0.9	NE	Nil	5.65	5	Electrometals	6	-17.0	-3.7	95	1-0	-	1.8	-	1.5	NE	Nil	N/A	6	
Luminus Systems	7	-0.1	+0.0	64	0-0	-	-	-	1.4	NE	Nil	5.46	21	Environ. Sol'n	17	-16.2	-4.6	94	3-0	-	1.7	-	0.8	NE	Nil	0.85	13	
China Converg.	1	-2.9	+2.0	75	0-0	-	-	-	5.0	NE	Nil	5.45	22	Platinum Aust	17	-15.7	-4.0	94	1-0	-	-	-	1.0	NE	Nil	N/A	11	
Scigen Ltd	8	-1.0	+1.1	69	0-0	-	2.6	-	1.5	NE	Nil	5.24	18	Nustar Mining	5	-15.7	-4.0	94	0-0	-	-	-	1.5	NE	Nil	N/A	10	
Astro Mining NL	6	-23.7	-2.1	98	0-1	-	-	-	2.4	NE	Nil	5.04	9	Clover Corp.	33	-15.3	-5.6	94	1-1	-	3.0	3	1.5	106	NE	Nil	4.48	50
Infomedia Ltd	93	-2.3	+1.7	74	0-0	4	18.6	-	0.6	16	3.7	4.82	302	Lumacom	28	-14.8	-9.8	93	1-1	-	28.0	-	0.8	NE	Nil	N/A	21	
Golden Valley	3	-1.6	-2.7	72	0-0	-	-	-	2.4	NE	Nil	4.68	6	Westonia Mines	28	-14.8	-2.0	93	3-2	-	-	-	0.7	NE	Nil	N/A	268	
Macquarie Infra	294	-4.2	-1.8	78	4-0	4	1.3	12	0.4	11	2.6	4.64	5,590	Occupational Md	230	-14.7	-5.3	93	1-0	-	12.1	-	0.4	NE	Nil	N/A	61	
Clover Corp.	33	-15.3	-5.6	94	1-1	-	3.0	3	1.5	106	Nil	4.48	50	Austpac Res	4	-14.6	-4.7	93	0-0	-	-	-	1.9	NE	Nil	N/A	17	
Afinex Limited	2	-5.1	+1.2	80	2-0	-	-	-	2.5	NE	Nil	4.31	7	Rand Mining	49	-14.6	+0.3	93	0-0	-	-	-	0.9	15	Nil	2.30	19	
Bass Strait Oil	304	-4.6	-1.6	79	0-0	-	1.6	21	0.3	8	15.2	3.89	170	AVT Holdings	12	-14.4	-8.6	93	3-0	-	-	-	1.5	NE	Nil	N/A	7	
Dolomatrix Intl	7	-12.7	-2.1	92	0-0	-	7.0	-	1.5	NE	Nil	3.85	7	Millepede Int'l	17	-14.4	-4.2	93	0-0	-	17.0	-	0.9	NE	Nil	N/A	11	
Alkane Explor.	36	-9.8	+0.2	88	5-4	-	-	-	1.0	NE	Nil	3.78	43	Softlaw Corp	136	-14.3	-3.2	93	1-0	-	3.2	12	0.4	28	2.2	0.74	13	
Carpenter Pac.	31	-1.9	-1.0	73	0-0	-	-	-	0.8	129	Nil	3.78	16	Republic Gold	17	-13.4	-4.4	92	1-0	-	-	-	1.2	NE	Nil	N/A	6	
Cochlear Ltd	1975	-17.3	+0.2	95	1-1	10	9.9	55	0.3	18	3.9	3.61	1,048	Intellect Hold	24	-13.3	-11.0	92	0-3	1	7.8	-	1.2	NE	Nil	1.56	51	
Carnarvon Pet.	3	-8.1	-0.8	86	2-0	-	-	-	2.3	NE	Nil	3.50	6	East'd Medical	32	-13.3	-2.8	92	0-1	-	15.8	-	1.2	NE	Nil	N/A	30	
Cryosite Ltd	20	-9.7	-5.5	88	1-0	-	2.5	-	1.2	NE	Nil	3.48	7	Ind Practition.	5	-13.1	-0.6	92	5-0	-	-	-	1.7	NE	Nil	N/A	46	
Prime Infra Grp	107	-3.1	-0.5	76	3-0	-	1.2	6	0.6	19	8.2	3.42	428	Bioprospects	7	-12.9	-4.6	92	1-0	-	7.1	-	1.9	NE	Nil	N/A	9	
Oroton Group	297	-3.4	-1.8	77	9-0	1	13.5	28	0.5	48	3.9	3.34	109	ASG Group Ltd	33	-12.9	-0.0	92	1-2	-	16.5	-	1.0	NE	Nil	N/A	22	
Sthn Pacific	24	-2.6	+0.7	74	0-0	-	-	-	0.9	NE	Nil	3.15	110	Dolomatrix Intl	7	-12.7	-2.1	92	0-0	-	7.0	-	1.4	NE	Nil	3.85	7	
Lionore Mining	631	-6.2	-4.5	82	2-6	-	-	-	0.5	16	Nil	3.14	1,225	Working Systems	8	-12.7	-2.3	92	2-0	-	-	-	1.2	NE	Nil	1.06	7	
Financial Res.	16	-1.1	-1.0	69	0-0	-	-	-	1.1	7	Nil	3.11	10	Polartechinics	73	-12.6	+1.4	91	1-0	1	7.3	-	0.5	NE	Nil	N/A	34	
Federation Grp	8	-4.0	+1.1	78	0-0	-	0.6	-	2.1	NE	Nil	3.07	7	Imperial One	1	-12.5	-5.1	91	0-1	-	-	-	4.2	NE	Nil	2.35	6	
DenX Ltd	17	-18.6	+2.7	96	0-0	-	17.0	-	0.9	NE	Nil	3.06	19	Tantalum Aust.	7	-12.5	-0.9	91	0-0	-	-	-	1.5	NE	Nil	6.67	15	
Icon Energy	3	-8.8	+2.0	87	0-0	-	-	-	2.3	NE	Nil	3.03	5	<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0														
Kingsgate Cons.	387	-2.0	-0.8	73	0-0	-	-	-	0.2	6	6.5	2.98	282	Benitec Ltd	90	-3.4	-3.9	76	1-7	-	-	-	0.9	NE	Nil	N/A	48	
James Hardie	655	-3.8	+0.1	77	2-1	9	-	-	0.4	14	2.0	2.91	2,997	Millers Retail	158	-3.1	-0.5	76	0-5	4	2	34	0.6	12	6.0	0.35	372	
Harvey Norman	275	-1.5	-0.9	71	1-1	6	3.1	16	0.7	19	1.8	2.90	2,904	Maryborough Suga	580	-7.2	-1.0	85	0-4	-	0.7	13	0.3	5	3.4	0.54	18	
Flight Centre	1874	-4.1	-3.2	78	0-3	3	8.8	35	0.4	25	2.3	2.79	1,748	Corp Express	475	-2.6	+3.9	75	2-6	7	11.9	60	0.6	20	2.7	1.01	908	
BresaGen Ltd	26	-9.7	+4.2	88	0-0	-	1.5	-	1.1	NE	Nil	2.69	14	Lionore Mining	631	-6.2	-4.5	82	2-6	-	-	-	0.5	16	Nil	3.14	1,225	
Aust Pipeline	263	-0.7	-0.3	67	0-0	5	1.5	9	0.4	16	8.2	2.48	642	Select Vaccines	40	-7.8	-4.4	86	4-8	-	3.1	-	0.8	NE	Nil	N/A	9	
Supersorb Env.	4	-0.2	+0.1	65	0-0	-	-	-	1.7	NE	Nil	2.48	24	Intellect Hold	24	-13.3	-11.0	92	0-3	1	7.8	-	1.1	NE	Nil	1.56	51	
Marlborough Res	5	-5.5	+1.4	81	0-0	-	-	-	1.9	NE	Nil	2.46	15	Flight Centre	1874	-4.1	-3.2	78	0-3	3	8.8	35	0.4	25	2.3	2.79	1,748	
Cockatoo Ridge	70	-0.6	-1.0	67	0-0	-	3.0	29	0.5	10	4.3	2.40	32	Crane Group	878	-4.7	+1.5	79	2-5	4	1.5	15	0.3	10	6.8	0.23	449	
Austereo Group	136	-1.2	+1.0	70	0-0	10	0.7	5	0.6	16	5.3	2.36	573	Sirius Telecom.	30	-7.2	-2.0	85	0-2	-	4.3	14	0.8	31	Nil	0.46	14	
Imperial One	1	-12.5	-5.1	91	0-1	-	-	-	4.6	NE	Nil	2.35	6	Deep Sea Fish.	36	-7.8</												



# "Insider" Trades in Australian Shares

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

## "Insider" Indicators

Last 5 wks: 74.0% Buyers

Last 13 wks: 74.0% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AAV Limited	0-4	Aust Food Fibre	1-0	Carnegie Corp	1-0	Dragon Mining	1-3	Giralia Res.	0-1
ABB Grain Ltd	2-0	Aust Agricult.	1-0	Casinos Austria	2-0	Dromana Estate	4-0	Gleneagle Gold	3-0
ABC Learning	0-7	Aust Energy	1-11	Catuity	3-1	E-Bet Limited	4-0	Glengarry Res.	1-0
AGD Mining	0-1	Aust Healthcare	1-0	Cazaly Res Ltd	5-0	E.R.G.	0-1	Global Approach	1-0
AGT Bioscience	2-1	Aust United In	1-0	Cedar Woods Prp	1-0	Earth Sanct.	2-0	Globe Int'l Ltd	7-0
AI Limited	1-0	Aust Mines Ltd	2-1	Cellestis Ltd	0-2	Eastern Corp	2-0	Go Connect Ltd	1-0
AJ Lucas	0-1	Aust Leis & Hos	3-0	Cellnet Group	3-0	East'd Medical	0-1	Gold Aura Ltd	5-0
APN News Media	6-0	Aust Stock Exch	2-5	Cent West Gold	5-0	Easycall Int'l	0-1	Golden Cross	1-0
ARB Corporation	1-0	Aust Ethical In	1-4	Centennial Coal	1-0	Echo Technology	7-2	Goldsearch Ltd	2-1
ASG Group Ltd	1-2	Austal Limited	2-1	Centro Prop.	3-0	Elect Trans Tec	1-0	Gondwana Res.	0-2
AV Jennings	3-5	Austindo Res	1-0	Chal Financial	1-0	Electrometals	1-0	Gowing Brothers	3-0
AVT Holdings	3-0	Austin Group	0-5	Charter Pacific	1-0	Charter Limited	1-0	Gradipore Ltd	4-0
AXA Asia Pac	1-0	Austminex Ltd	0-1	Chemeq Ltd	1-2	Emperor Mines	0-2	Graincorp	1-2
Aberdeen Leader	0-6	Auth Invest Fd	3-0	Child Care C.A.	3-0	Energy Develop.	2-0	Grandbridge Ltd	1-0
Acclaim Explor	1-0	Avatar Indust.	2-0	Chiquita Brands	0-2	Energy World	3-0	Grange Resource	4-0
Acumen Cap Prop	2-1	Aviva Corp Ltd	3-0	Circadian Tech	1-2	Ent Media & Tel	3-2	Great Aust Res	2-0
Adamus Resource	1-2	Axiom Property	2-1	Circle Com Ltd	0-2	Environ'm't Grp	3-0	Green's Foods	2-1
Adcorp Aust.	1-0	B Digital Ltd	3-0	Citic Australia	0-1	Environ. Sol'n	3-0	Gro Pep Limited	3-1
Adelaide Bright	0-2	BQT Solutions	3-0	City Pacific	1-3	Eqitx Limited	1-0	Gt Sthn Plant'n	1-0
Adelaide Bank	2-0	Ballarat Gold	1-0	Climax Mining	1-0	Equigold NL	4-8	Gunns Ltd	2-0
Admiralty Res.	1-0	Bambuu Ltd	0-3	Clinical Cell	5-1	Equity Trustees	10-0	Gunson Res.	0-1
Adtrans Group	0-5	Bank of Qland	1-0	Club Crocodile	2-0	EservGlobal Ltd	1-2	HHG Plc	9-0
Advance Health.	4-0	Baxter Group	1-2	Cluff Resource	5-4	Eumundi Brewing	2-0	Haddington Res.	0-1
Advanced Energy	2-0	Baycorp Advant.	1-0	Coates Hire	5-0	Eurast Ltd	2-0	Hallmark Cons.	3-0
Afminex Limited	2-0	Becker Group	2-0	Coffey Int'l	1-0	Euroz Limited	1-0	Hannans Reward	4-0
Aim Resources	1-0	Belmont Hold.	3-0	Coles Myer	3-1	Evans & Tate	3-1	Hansen Tech.	2-0
Ainsworth Game	6-0	Bemax Resources	4-0	Collection Hse	6-0	Extract Res.	0-3	Haoma Mining NL	0-1
Alchemia Ltd	1-0	Bendigo Bank	17-0	Com'wealth Bank	2-0	Ezenet Limited	1-0	Hardman Res.	0-2
Alesco Corp Ltd	3-2	Benitec Ltd	1-7	Comet Resources	1-0	FKP Limited	2-0	Harvest Road	0-2
Alkane Explor.	5-4	Bentley Int'l	4-0	Commander Comm.	1-0	FTR Holdings	1-0	Havilah Res.	3-0
Allegiance Min.	2-0	Betcorp Ltd	1-0	Compumedics Ltd	1-0	Fairfax (John)	1-0	Health Com Ntwk	6-1
Alliance Fin.	1-0	Beyond Int'l	4-0	Computronics	1-0	Fantastic Hold.	1-0	Healthscope	2-3
Allied Gold Ltd	3-0	Big Kev's Ltd	1-0	Computershare	5-2	Farm Pride Food	1-0	Helix Resources	1-0
Alphawest Ltd	2-0	Billabong Int'l	0-1	Con Broken Hill	0-7	Felix Resources	1-0	Henry Walker E.	1-0
Altium Limited	3-0	Bioprospects	1-0	Cool or Cosy	1-0	Fiducian P Serv	3-0	Herald Resource	0-2
Alumina Ltd	3-2	Biron Capital	4-0	Coonawarra Aust	8-0	Finbar Intern'l	9-0	Heron Resources	5-0
Amadeus Energy	1-0	Brambles Ind.	2-0	Cooper Energy	1-0	First Aust Res.	3-0	Hillcrest Res.	7-0
Amcor Ltd	2-0	Brandrill	1-2	Corp Express	2-6	Fleetwood Corp	1-4	Hills Indust.	1-2
Amity Oil NL	6-4	Brazin Limited	7-0	Country Road	0-5	Flight Centre	0-3	Hills Motorway	2-0
Ammtec Ltd	0-8	Breakfree Ltd	8-1	Crane Group	2-5	Flinders Diam.	1-0	Hire Intell.	2-0
Amrad Corp.	8-0	Brickworks Ltd	10-0	Credit Mining	1-0	Folkstone Ltd	1-0	Hitech Energy	20-0
Anglo Pacific	1-0	Brickworks Inv.	2-0	Croesus Mining	1-2	Foodland Assoc	5-2	HomeLeisure Ltd	2-3
Angus & Coote	1-0	Broadtel Com.	1-0	Crown Diamonds	6-1	Forest Ent Aust	0-8	Homeloans Ltd	0-1
Antisense T.	1-0	Broadcast Serv.	1-0	Crusader Hold.	1-0	Fortescue Metal	3-0	Horizon Oil Ltd	2-0
Anvil Mining	0-1	Buderim Ginger	1-0	Cryosite Ltd	1-0	Fox Resources	1-0	Hostworks Group	0-2
Anzoil NL	1-0	Bullion Min.	10-2	Cullen Resource	3-0	Funtastic Ltd	0-3	Housewares Int.	0-1
Apollo Gold	0-1	Burdekin Pacifi	1-0	DCA Group Ltd	5-3	Futuris Corp.	3-0	Hpal Limited	1-0
Aquacarotene	0-2	Burns Philp	1-0	Danks Holdings	1-0	Future Corp	7-1	Hudson Timber	4-3
Aquila Res.	1-0	Burswood Ltd	1-0	Dark Blue Sea	1-0	G.R.D. NL	11-2	Hudson Sec.	2-0
Arafura Res.	1-0	C.S.R. Ltd	2-1	Data & Commerce	1-0	G.U.D. Holdings	0-1	Hunter Hall Int	0-9
Ariadne Aust	1-0	CBD Energy Ltd	4-1	Datafast Tel.	3-1	GWA Internat'l	1-0	Hutchison Tel.	2-0
Arrow Energy	1-0	CCI Holdings	1-0	David Jones	3-0	Gale Pacific	3-1	IBA Health Ltd	3-0
Arrow Pharm.	0-2	CCK Financial	1-0	De Grey Mining	1-0	Gallery Global	0-2	IMF (Aust) Ltd	0-4
Ashburton Min.	0-1	CPI Group	0-1	Deakin Fin Serv	1-0	Gallery Gold	4-2	ING Indust Trt	1-0
Aspen Group Ltd	1-0	CPT Global Ltd	2-0	Deep Yellow Ltd	2-0	Gaming & Ent.	5-1	ION Limited	1-0
Astro Mining NL	0-1	CSL Limited	2-0	Deep Green Min.	3-0	Garratt's Ltd	5-0	IT & e Limited	4-3
Atlas Grp Hold.	3-0	CVC Limited	1-0	Deep Sea Fish.	0-2	Gateway Mining	2-0	ITL Limited	1-0
Aurex Cons Ltd	0-2	Cabcharge Ltd	0-1	Destra Corp Ltd	4-0	Gazal Corp	3-0	IWL Limited	0-2
Ausdrill Ltd	0-2	Canberra Invest	1-0	Dioro Explor.	2-0	General Prop Tr	1-0	liNet	0-5
Auspine Ltd	3-0	Carlton Invest	1-5	Djerriwarrah	0-1	Genetic Tech.	2-1	Iluka Resources	3-0
Aust Foundation	4-1	Carnarvon Pet.	2-0	Downer EDI Ltd	1-0	Giants Reef Min	3-0	Image Resources	3-0

(Continued on Page 10)

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Imperial One	0-1	Mariner Retire.	0-1	Oroton Group	9-0	Roberts Ltd	0-2	Tap Oil	0-3
Impress Venture	3-0	Mark Sensing	5-1	Oroya Mining	1-0	Rock Build Soc.	0-12	Tassal Group	1-0
Imugene Ltd	2-1	Marybor'gh Suga	0-4	Oxiana Ltd	0-1	Ronin Property	2-0	Tawana Resource	0-1
Incitec Pivot	5-0	Maxi TRANS	0-2	PMP Limited	13-0	Ross Human Dir.	1-0	Tech Investment	1-0
Ind Practition.	5-0	Mayne Group Ltd	1-0	Pacific Energy	3-0	S8 Limited	1-0	Technology One	0-2
Independ. Group	1-2	McGuigan Simeon	0-2	Pacific Hydro	2-1	SDI Limited	1-6	Tectonic Res.	2-0
Info Choice Ltd	1-2	McPherson's Ltd	0-4	Pacrim Energy	0-2	SDS Corporation	1-2	Tele-IP Limited	2-0
Infracorp Ltd	4-0	Medaire Inc	3-0	Pacsoft Limited	1-0	SFE Corporation	4-1	Templeton Globa	1-0
Institute Drug	2-0	Medec Limited	1-0	Paladin Res.	5-0	SMC Gold Ltd	2-0	Three-D Global	0-3
Int Research	3-0	Medical Dev Int	5-0	Palm Springs	1-2	SMS Mgmt & Tech	0-4	Thundelarra Exp	2-4
Int'l Goldfield	0-2	Meditech Rsrch	2-3	Pan Australian	0-1	SPC Ardmona Ltd	1-2	Tianshan Gold.	2-0
Integrated Grp	0-1	Mermaid Marine	0-1	Panbio Ltd	1-0	SSH Medical Ltd	3-0	Tiger Int'l	3-0
Intellect Hold	0-3	Metabolic Phar.	1-0	Paperlin X Ltd	6-0	STW Comm Group	0-2	Timbercorp	1-2
Interoil Corpor	3-0	Metal Storm Ltd	0-2	Patrick Corp	1-0	Sabina Corp Ltd	2-0	Titan Resources	0-3
Intermin Res	9-0	Metcash Trading	0-5	Payce Consol.	8-1	Sally Malay Min	0-1	Toll Holdings	0-2
Investor Group	2-1	Metex Resources	1-0	Pearl Healthcare	5-0	Salmat Ltd	3-0	Tomato Tech.	1-4
Investa Prop.	6-0	Methanol Aust.	2-0	Pelican Res.	1-0	Sam's Seafood	3-0	Tourism Leisure	1-0
Investika Ltd	3-1	Metroland Aust	4-0	Penfold Buscomb	4-0	Santos Ltd	2-0	Transol Corp	2-1
Invocare Ltd	1-0	Mia Group Ltd	1-0	Peplin Biotech	0-1	Saracen Mineral	1-0	Transurban Grp	3-6
Iress Mkt Tech	3-0	Michelago Ltd	0-1	Peppercorn I Fd	2-0	Scantech	6-0	Travel.com.au	3-0
Ironbark Cap.	2-4	Midas Resources	3-0	Peppercorn Mgmt	0-1	Schaffer Corp	1-0	Treasury Group	0-2
JAM Develop.	2-0	Midware Limited	2-0	Peptech Limited	1-0	Select Vaccines	4-8	Trent Capital	7-0
JDV Ltd	1-0	Millers Retail	0-5	Perp Trust Aust	0-3	Select harvest	0-2	Triako Res.	1-0
James Hardie	2-1	Milton Corp.	1-0	PharmNet Online	2-0	Senetas Corp	2-0	Tribeca Learn.	0-2
Jetset Travel	3-0	Mincor Resource	1-2	Pilbara Mines	9-1	Servcorp Ltd	3-0	Troy Resources	0-3
Jindalee Res.	4-0	Mineral Commod.	0-1	Pinnacle VRB	1-0	Shearer (John)	1-0	Trust Co of Aus	7-0
Joyce Corp.	1-0	Minerals Corp.	2-1	Platinum Aust	1-0	Sherlock Bay N.	3-0	U.S. Masters	1-0
Jubilee Mines	0-1	Mineral Sec.	1-0	Platinum Cap'l	0-2	Siberia Mining	2-0	Ucomm Limited	1-0
Jumbuck Corp.	6-3	Minotaur Res.	2-1	Polartech	1-0	Sietel Ltd	1-0	Union Capital	0-1
Kagara Zinc Ltd	4-0	Mobilesoft Ltd	0-2	Port Bouvard	9-1	Sims Group Ltd	0-5	United Group	2-0
Kanowna Lights	4-1	Mobile Innov.	4-0	Powerlan Ltd	0-2	Sirius Telecom.	0-2	Unitract Ltd	1-0
Kimberley Oil	2-0	Molopo Aust	1-0	PowerTel Ltd	1-0	Skilled Eng.	2-0	Unwired Group	1-0
Kimberley Diam.	0-2	Monarch Res.	1-0	Precious Metals	1-0	Sky Net Global	1-0	Uscom Limited	3-1
Kip McGrath EC	1-0	Motion Picture	1-0	Prima Biomed	3-2	Skydome Holding	0-1	VRI Biomedical	3-1
Knights Insol.	2-1	Moto Goldmines	0-1	Primary Health	1-2	Smorgon Steel	1-0	VeCommerce Ltd	3-0
Konekt Limited	2-0	Mt Burgess Min.	4-2	Prime Infra Grp	3-0	Sofcom Limited	0-1	Ventracor Ltd	0-1
Korvest Ltd	3-0	Mt Conqueror	2-0	Prime Life Corp	2-4	Softlaw Corp	1-0	Viagold Capital	0-1
Kresta Holdings	1-0	Multiimedia Ltd	0-10	Prin. Amer. Off	2-0	Solar Energy	3-1	Vietnam Indust.	0-1
Lafayette Min.	2-0	Murchison Un.	1-0	Promina Group	5-0	Solbec Pharm.	6-0	View Resources	0-1
Lakes Oil NL	2-0	NKWE Platinum	2-0	Prophesy Int'l	6-0	Solution 6	2-0	Villa World	0-3
Lako Pacific	1-0	NSL Health Ltd	0-1	Prosperity Res.	1-0	Sonnet Corp Ltd	3-0	Virax Holdings	0-1
Legalco Limited	0-3	Namakwa Diamond	0-1	Publishing & Br	1-2	Sons of Gwalia	0-1	Visionmed Group	1-0
Legend Mining	1-0	Namoi Cotton	1-0	Q.B.E. Insur.	0-1	Soul Pattinson	4-0	Vision Systems	2-0
Leighton Hold	0-6	Nat'l Telecoms	0-1	QED Occtech Ltd	2-0	Southcorp Ltd	7-0	Volante Group	1-0
Lend Lease Corp	1-0	National 1 Ltd	1-0	QPSX Limited	0-2	Sphere Invest.	1-0	WAM Capital Ltd	1-2
Lighting Corp.	5-1	Natural Intel.	1-0	QRSciences Hold	3-0	St Barbara Mine	1-0	WMC Resources	4-1
Lihir Gold	1-0	Navigator Res	1-0	Quantum Energy	4-0	St George Bank	1-0	WRF Securities	4-0
Lion Equities	4-0	Network Ltd	5-0	Queens'd Cotton	2-0	Starpharma Pool	0-2	Waterco Ltd	3-0
Lion Energy Ltd	3-2	Newcrest Mining	3-0	RCR Tomlinson	1-0	Stericorp Ltd	4-0	Watpac Ltd	2-0
Lionore Mining	2-6	Newhaven Park	1-0	RIM Capital Ltd	3-1	Stn Titanium	1-0	Wattyl Ltd	3-1
Loftus Capital	9-0	Nexus Energy	2-0	RMG Limited	1-0	Stockland	4-1	Webjet NL	1-5
Longreach Group	1-0	Nido Petroleum	3-0	Ramelius Res.	1-0	Strata Mining	1-0	Wedgetail Exp.	3-1
M-Box.com	3-1	Noni B Limited	2-1	Ramsay Health	0-1	Stuart Petrol.	0-2	Wesfarmers Ltd	3-1
M.Y.O.B. Ltd	0-1	Northern Gold	3-0	Range River Gld	0-1	Sub-Sahara Res.	1-3	Westel Group	1-0
MFS Diversified	2-0	Norwest Energy	1-0	Realestate.com	0-1	Sun Resources	1-0	Westfield Trust	0-1
MFS Lev Invest.	1-0	Norwood Abbey	0-1	Reckon Limited	0-1	Suncorp/Metway	4-2	Westfield Hold.	1-0
MMC Contrarian	2-0	Novera Energy	2-0	Reclaim Indust.	2-0	Sundance Res.	3-0	Westmag Limited	2-0
MXL Limited	3-0	Novogen Ltd	1-3	Red Back	0-4	Sundowner Group	8-0	Westonia Mines	3-2
Macarthur Cook	3-0	Nlthn Star Res.	3-0	Redflex Holding	2-0	Sunland Group	3-14	Westralia Prop.	1-0
Macmin Silver	0-6	Nufarm Limited	1-0	Reece Australia	2-0	Sunshine Gas	2-0	Whitefield Ltd	8-4
Macquarie DDR	1-0	Nylex Ltd	4-0	Reed Resources	2-0	Swish Group	1-0	Wide Bay Aust.	0-3
Macquaries C&I	3-0	OAMPS	5-1	Reefton Mining	2-0	Sylvastate Ltd	3-0	Willmott Forest	0-2
Macquarie Infra	4-0	OFM Investment	5-0	Renison Cons	5-0	Symex Holdings	1-3	Wilson Inv Fund	4-0
Macquarie Bank	5-2	Occupational Md	1-0	Republic Gold	1-0	Synergy Equity	5-1	Wilson Leaders	3-0
Macquarie C Tel	1-0	Oceana Gold Ltd	1-0	Resolute Mining	1-0	Synergy Metals	2-0	Working Systems	2-0
Macquarie Leis.	3-2	Oil Search Ltd	0-1	Resonance Hlth	1-5	TVSN Limited	3-1	Worley Group	0-1
Macquarie Off.	1-0	Oilex NL	0-1	Retail Tech.	2-0	Tabcorp Holding	3-0	Wrigdways Aust	1-0
Macquarie Good.	6-0	Optiscan Image	1-0	Revenir Ltd	1-0	Tag Pacific	1-0	Xanadu Wines	1-0
Macquarie Air.	13-0	Orbital Engine	1-0	Revesco Group	0-2	Takoradi Ltd	0-1	Yamana Goldfld	5-7
Magna Pacific	0-1	Orchard Petrol.	1-0	Ridley Corp.	0-2	Tanami Gold NL	5-0	Zelotte Aust.	1-0
Marengo Mining	3-0	Orica Ltd	2-1	Rinker Group	6-0	Tandou Ltd	2-0	Zylotech	2-1

# Review of Companies with Insider Buying

## **Korvest** (code KOV).

Korvest is a small company involved in manufacturing Industrial Products (e.g. *Ezy-Strut*, *Korvest Galvanising*) and Storage Systems.

In *One Up on Wall Street* Peter Lynch looks for companies that sound dull, do something dull, that institutions don't own and analysts don't follow, that are in no-growth industries, but where insiders are buying. So Korvest probably *won't* come up in conversation at your next dinner party - or even at the monthly share club meeting - but this dull little company *may* deserve a small place in your share portfolio.

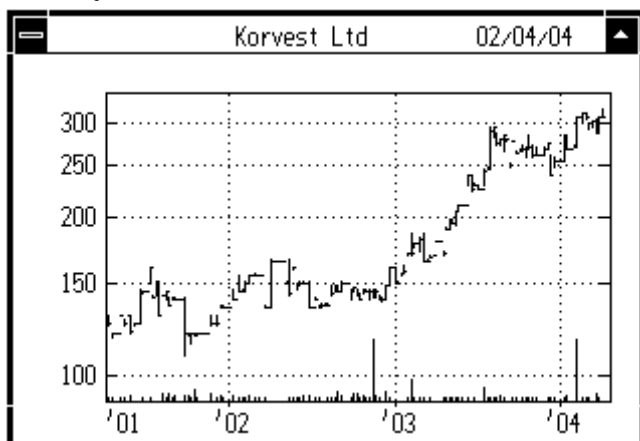
The shares trade at a relatively low valuation (i.e. a Price/Sales ratio of 0.66, a Price/Earnings ratio of 12 and offer a Dividend Yield of 4.0%), profits are growing strongly, the dividend is being raised and *insiders* made three on-market buys during November and December 2003.

The year to June 2003 saw revenues up 16.4% to \$38.6 million with profits 48.6% higher at \$2,179,000 (27.3 cents per share). The annual dividend rate was raised 25.0% to 12.5 cents.

This growth has continued into the first half of the current financial year with revenues for the six months to December 2003 up 16.3% to \$22.2 million. Profits increased 18.8% to \$1,314,000 (15.9 cents per share) and the interim dividend was raised 33.3% to 8.0 cents.

### Summary and Recommendation

This is a small, \$25 million capitalisation, company. The shares trade at a low valuation, and with profits and dividends rising, they could be re-rated in value over the next 6-18 months as well as providing a high income yield.



## **Network Ltd** (code NWK).

Network is seeking to expand its outdoor advertising business and to "eventually divest all biotechnology investments" for an amount that "reflects their underlying value".

The company entered the outdoor advertising

business in November 2002 with the acquisition of **Outdoor Network Australia** - a broker "facilitating the placement" of advertisements - for \$2.4 million. The company is also seeking to expand its *ownership* of the advertising sites. In June 2003 it acquired the advertising assets of **Bridlewood** (i.e. a five unipole supersite near Parafield Airport) in South Australia for an undisclosed sum. In August, Network acquired ownership of 70 Supersite, Portrait and Poster billboard structures in Melbourne from **Buckle Outdoor Advertising**. Network had managed these assets for 12 years.

In January 2004 the outdoor assets of **Russell Ads** were acquired for \$2.6 million and these are expected to contribute around \$750,000 to tax paid profits. Russell Ads is the largest outdoor media business in South Australia with over 100 sites. The New South Wales based **No1 Media Group** outdoor assets were also acquired in January.

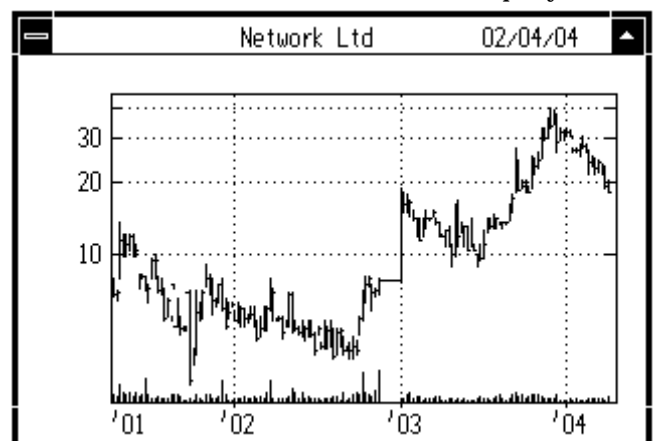
As a result of these acquisitions Network will be the fourth largest outdoor advertising company with a 7.5% market share. The largest companies in this sector are **APN Group** (with a 57% market share), **TEN EYE Corp** (26%) and **JC Decaux** (9.5%).

The year to 31 December 2003 saw revenues increase almost eight-fold to \$25.7 million although the loss increased 18.9% to \$1,203,000 (*minus* 1.7 cents per share).

While it is difficult to assess the potential for this very small company the directors appear optimistic. There have been five *insider* buys (and no sells) over the last year at prices from 12½-24 cents. The low Price/Sales ratio of 0.48 indicates good value.

### Summary and Recommendation

Very small - *micro-cap* - shares can be the very best investments, but are also individually extremely risky. Network Ltd is building an outdoor advertising business and, although it is difficult to assess its potential at this stage, a few *insiders* have made several small purchases. High risk investors *may* consider following that example and make a small investment in this company.



(Continued on Page 12)

**VeCommerce** (code VCM).

VeCommerce - previously called **Scitec** - is the only surviving division following the sale of the group's communication and data businesses in early 2000.

The company offers "voice enabled e-commerce" solutions, mainly to businesses in wagering and gaming, financial services, ticketing and transport, government services and utilities.

The business performed very poorly in the year to June 2003: Revenues fell 41.8% to \$10.0 million and the company lost \$4,920,000 (minus 39.5 cents per share). The cash operating deficit was \$4.7 million and the cash on hand plunged from \$11.8 million to \$4.9 million.

The situation, however, appears to have improved significantly since then and two *insiders* bought shares on-market in November 2003 at prices from 75-101 cents (plus another on-market buy, too small for us to count, in December). The half year result to December 2003 shows revenues down 17.5% at \$5.3 million but the company breaking even with a profit of just \$9,000. The net operating cash surplus was \$1.9 million.

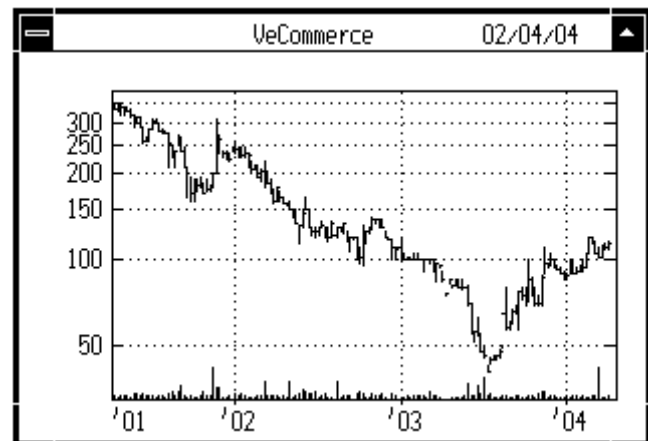
Directors report the "transition from an early stage technology company that consumes cash" and goes bust "to the next stage of breakeven cash flow where new development will be funded from on-going revenues". Avoiding huge cash outflows is essential to enable the company to survive while it seeks to establish profitability.

VeCommerce has a strong balance sheet with cash of \$6.1 million (49.0 cents per share) and interest bearing debt of just \$1.0 million (8.2 cents per share). Shareholders Equity is \$9.0 million (72.5 cents per share).

**Summary and Recommendation**

This is still a very small and very high risk company that has yet to prove it can build a profitable business. Nevertheless, the company has unique technology, a strong position in an important niche market and a strong balance sheet.

As we said earlier, *micro-cap* shares can make the very best investments. So with recent improvements to VeCommerce's performance and on-market buying from knowledgeable *insiders*, high risk investors may wish to take a small position in this company.

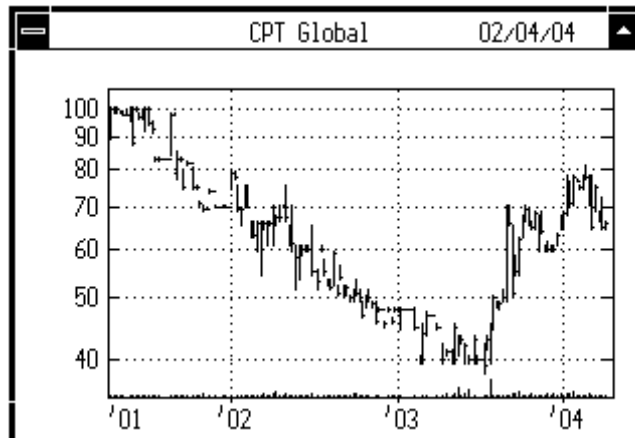


**Update on Previously Reviewed Companies**

**CPT Global** (code CGO).

This small IT services company suffered a 2.9% drop in revenues to \$14.5 million for the half year to December 2003. Profits were down 9.1% at \$551,000 (1.67 cents per share) while a steady 2.0 cents dividend will be paid.

The shares continue to trade on a low valuation with a Price/Sales ratio of 0.79, a Price/Earnings ratio of 14 and a Dividend Yield of 7.6%, so remain an attractive *smaller* company investment - especially for high current income.

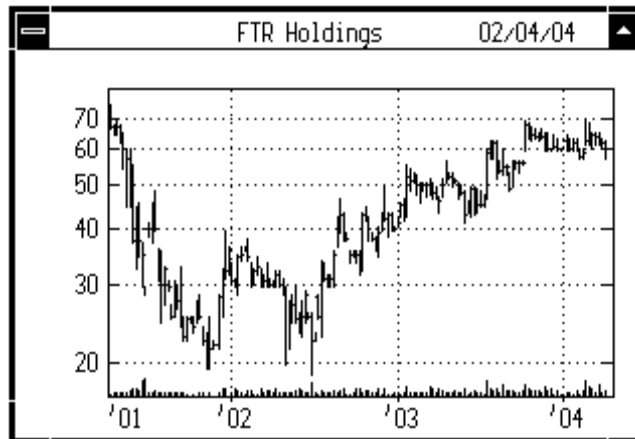


**FTR Holdings** (code FTR).

For the six months to December 2003 FTR Holdings reported a 14.5% drop in revenues to \$5.0 million and a 36.4% drop in profits to \$364,000 (1.0 cent per share). This decline reflects the strength of the Australian dollar against the US dollar.

Still not showing up in these results is the group's 49.4% interest in unlisted **WebCentral** which increased revenues 38% to \$17.7 million with profits of \$853,000 for the half year. Web Central's 2003 annual dividend, payable in March, rose 33.3% to \$1.0 million - boosting FTR Holdings' cash to \$6.5 million (18 cents per share).

FTR Holdings is still an attractive *smaller* company growth share.



# Company Analysis:

## Adcorp Australia

**Adcorp Australia** (code AAU) is a recruitment advertising company that is diversifying into real estate and motor vehicle advertising. This is a fairly low risk business, generating reliable cashflows and profits. It is also a high *free* cash flow business, so most of these profits can be distributed to produce a high income yield for investors.

### Company History

The company was founded in 1981 by IF Rodwell, who retired as Managing Director in December 2003 but remains a director and the major shareholder. Adcorp Australia offered 30,250,000 shares (55% of the company) to the public at \$1.00 per share in late 1999 but nearly all of this money went to the existing investor.

Adcorp Australia seeks to maintain a competitive advantage through the use of technology. It developed the internet site [www.employment.com.au](http://www.employment.com.au), that eventually merged with **News Interactive's** [career.com.au](http://career.com.au) site. This site adopted Adcorp Australia's technology and the company continues to develop this technology and earn fees from the website. Adcorp Australia also has an exclusive licence from US based **Recruiting Solutions International** (in which it holds a 5% equity investment, at a cost of \$426,000) to provide an internet service *recruitmanager* to its client companies to help manage their recruitment.

Growth has been mainly through acquisition.

### Growth by Acquisition

The first two acquisitions were NZ recruitment agencies: Christchurch based **Brema Advertising** was bought in July 2000 and Tauranga based **Lewis Advertising** which generates annual revenues of NZ\$10 million was acquired for NZ\$5 million in August 2000.

In January 2001, **Raisin & Lines Advertising**, a Sydney based agency specialising in Real Estate and Pharmaceutical advertising with annual revenues of \$9 million, was purchased for \$2.5 million in cash and shares.

The real estate clients of print advertising agency **Iceberg Media** were purchased in May 2001 for \$520,000. This was expected to add \$5.5-6.0 million to revenues.

In May 2002, Adcorp Australia purchased Canberra based, full service advertising agency, **Green Advertising**, for \$800,000 in cash and shares - adding a further \$5 million annually to group revenues.

Unfortunately the largest acquisition, in June 2002, of **Donald & Donald Advertising** proved less successful. This business is the leader in retail motor trade advertising in New South Wales with annual revenues of \$45 million and was to be purchased for \$6.4 million plus a performance based fee. Adcorp Australia made an initial payment of about \$3.4 million in cash and shares, but within four months had discovered "unacceptable business practices" at the company. The vendor's consultancy agreement was "discontinued" -

as were further payments for the business. Donald & Donald Advertising has traded unprofitably - although still remains an "important diversification" for the group. Litigation continues against the vendor.

### Recent Results

For the year to June 2000, revenues rose 15.5% to \$114.8 million with profits up 9.8% to \$5,224,000 (9.5 cents per share). An annual dividend of 5.25 cents was paid. This is a good cash flow business which generated a very strong operating cash surplus of \$13.0 million for the year.

Revenues rose 9.2% to \$125.4 million for the year to June 2001. Profits dipped 12.8% to \$4,559,000 (8.1 cents per share), but the annual dividend was raised 33.3% to 7.0 cents. The cash surplus was \$6.7 million.

The downturn in recruitment advertising saw revenues fall 4.6% to \$118.8 million in the year to June 2002. Profits were 12.1% lower at \$4,006,000 (7.0 cents), with the annual dividend steady at 7.0 cents. The operating cash surplus fell to just \$3.9 million.

Revenues rose 31.2% to \$155.8 million in the year to June 2003 - helped by the acquisition of Donald & Donald Advertising. Despite a negative contribution to profitability from this acquisition, total profits rose 11.0% to \$4,447,000 (7.4 cents per share). The dividend was cut 14.3% to 6.0 cents. The cash operating surplus improved to \$5.8 million.

The six months to December 2003 has seen revenues increase 13.4% to \$90.8 million. Pre-tax profits rose 10.0%, but an increase in tax has left the net profit just 1.0% higher at \$2,341,000 (3.9 cents per share). A steady 3.0 cents interim dividend was paid. The cash surplus from operations rose 38.5% to \$4.3 million.

With "signs of improvement" in recruitment advertising, the full year result is expected to be about 10% ahead of last year.

### Cyclical Exposure and Diversification

Like **Candle Australia**, **Ross Human Directions** and **Skilled Engineering**, Adcorp Australia has an exposure to the permanent recruitment market. This boosted profitability in 1999 - just as the original investor was selling 55% of the company in the initial public issue! That sector has been depressed over recent years, while Adcorp Australia has also sought to expand and diversify into other sectors of the advertising industry. Recruitment advertising now accounts for 55% of revenues, real estate generates 22%, motor vehicle advertising 13% and other advertising brings in 10% of revenues.

### Investment Criteria

At 110 cents, Adcorp Australia shares trade on a low Price/Sales ratio of 0.42, a low Price/Earnings ratio of 15 and a high Dividend Yield of 5.5%.

An important characteristic of this business is that it is not capital intensive. So the company generates high *free* cash flows that

*(Continued on Page 14)*

**Adcorp Australia** (Continued from Page 13) can be used to pay high dividends or to fund acquisitions. The company should also be able to expand internally - subject to its ability to win profitable new business - without the need to raise additional capital which would dilute earnings per share growth.

With an issued capital of 60,747,008 shares Adcorp Australia has a market capitalisation of \$66 million making this a *smaller* listed company.

Directors have a significant investment. The founder, IF Rodwell, owns 20,951,470 shares (34.5% of the company) and the Chairman, RM Charlton has 360,294 shares (0.6%). Non-executive directors, P Cody holds 50,000 shares and S Kaplan owns 10,000 shares.

There has been just one small *insider* buy over the last year when S Kaplan bought his shares on-market in June 2003 at 84 cents.

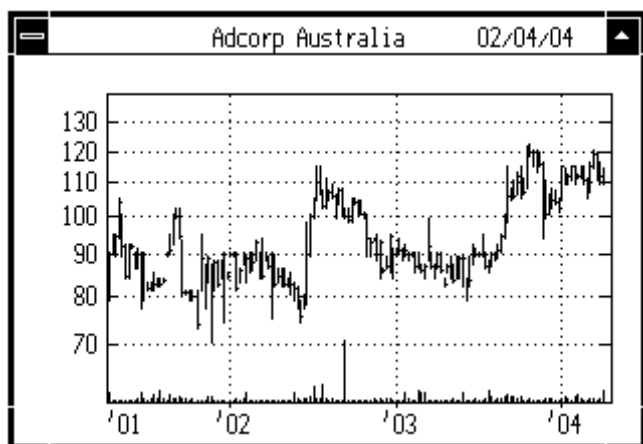
Institutional investors have a relatively large holding in Adcorp Australia, owning about 45% of the company's shares. Adcorp Australia, however, is relatively *neglected* by brokers, with just two firms publishing profit forecasts.

The shares peaked in February 2000 at 230 cents before declining to a March 2001 low of 68 cents, and then fluctuated between 75-120 cents. Over the last year the shares appear to be in a slow uptrend, reflecting the steadily improving trading conditions for the company. The Relative Strength rating is +4.7%, ranked 43.

### Summary and Recommendation

This company probably offers only moderate growth potential - mainly through acquisition - so the shares trade on a low valuation. This is a *free* cashflow business, so a high percentage of profits can be distributed, offering investors a high current income yield.

We are not formally recommending Adcorp Australia shares for investment as we already have a large exposure to *recruitment* businesses which probably have greater long term growth potential. Nevertheless, Adcorp Australia shares should be attractive for investors seeking high current income and moderate long term growth.



# Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Briscoes Ltd	4.25	19-04	07-05	Full
Broadway Industries	2.00	26-04	30-04	Full
CDL Hotels	1.40	05-04	08-04	Full
Colonial Motor Company	10.50	22-02	05-04	Full
Fletcher Building	11.00	22-03	07-04	Full
Guinness Peat Group	1.00 pence	15-03	17-05	-
Hallenstein Glasson	10.00	19-04	26-04	Full
Hellaby Holdings	16.00	05-04	08-04	Full
NZ Wine Company	2.00	13-04	16-04	Full
Postie Plus	3.00	13-04	22-04	Full
Restaurant Brands NZ	5.50	24-05	04-06	Full
Skellmax Industries	3.00	05-04	08-04	Full
Turners Auctions	8.00	12-04	16-04	Full
Warehouse Group	10.50	19-04	26-04	Full
Williams & Kettle	8.00	19-04	28-04	Full
Australian Shares				
Austral Coal conv notes	about 2.61	18-03	01-04	
AJ Lucas Group	3.50	03-03	24-06	
McPhersons	9.00	02-04	30-04	
Melbourne IT	2.00	03-05	28-05	
Skilled Engineering	6.00	30-03	21-04	
UXC Limited	2.00	06-04	30-04	

## Current Issues

### BONUS ISSUES

	Ratio	Ex-Date
Allied Farmers	1:2	29-03

### SHARE REPURCHASES

	Details
F & P Healthcare	up to 2.4 million shares, on-market
INL	1:6 @ 446 cents
Tenon	1:2 @ 125 cents

### Total Return Index for All Listed Shares

Mar 8	1972.23	Mar 15	1981.43
Mar 9	1969.72	Mar 16	1975.99
Mar 10	1967.37	Mar 17	1978.59
Mar 11	1967.92	Mar 18	1981.20
Mar 12	1974.34	Mar 19	1984.85
Mar 22	1979.26	Mar 29	2018.21
Mar 23	1991.83	Mar 30	2025.06
Mar 24	2000.25	Mar 31	2035.15
Mar 25	2007.37	Apr 1	2034.93
Mar 26	2013.88	Apr 2	2043.03

## Next Issue

The next issue of *Market Analysis* will be posted in five weeks time on Tuesday May 11, 2004 (and delivered in most areas on Wednesday 12).

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