# Market Analysis

Issue No. 385 P.O. Box 34-162, Auckland July 6, 2004

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Editor and Poscarch Director	· James P Carnell (R Com )								

## Summary and Recommended Investment Strategy.

Our forecasting model predicts that the Australian stockmarket will perform better than the NZ stockmarket over the next year - and this expectation is confirmed by the recent trading of company *insiders*. Investors should remain almost fully invested in the recommended shares - but with a cash holding from the recent sale of Wrightson.

## Investment Outlook.

Our *Insider* reports (see Pages 9-11) reveal that <u>NZ</u> <u>directors are extremely pessimistic while Australian directors are very optimistic</u> about the future investment potential of their companies.

Over the last five weeks only 25.0% of *insider* trades in NZ have been buys (i.e. 75.0% of directors sold shares) and the figure for the last 13 weeks is no better with only 27.0% buys.

In sharp contrast, 78.2% of *insider* trades in Australia over the last five weeks were buys (i.e. only 21.8% sold) and over the last 13 weeks 75.9% of trades were buys.

Directors - with their intimate knowledge of their companies - are the most knowledgeable investors. So their *trades* (i.e. actually buying or selling shares onmarket with their own money) is by far the most reliable forecaster of their companies future share price performance! Investors ignore this important *insider* data at their own risk.

[Editor's Note: To the best of our knowledge, no other investment service in NZ or Australia collates and publishes this important *insider* data.]

Interest rates are also rising quite rapidly in NZ and the economy is slowing - so our One-Year Forecast remains Neutral at 56%.

We are holding some cash from the sale of our Wrightson shares which we shall seek to re-invest in NZ. With a Neutral stockmarket outlook, however, we are in no rush to spend that cash and will search for a suitable attractive long term investment.

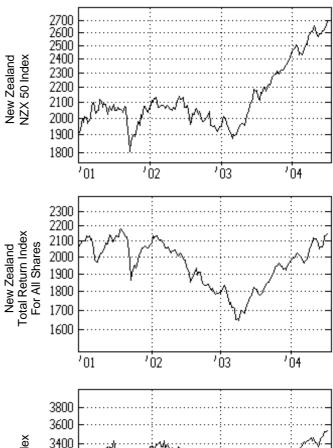
The outlook for Australia remains moderately favourable. While we have no new formal buy recommendations at this time, many existing investments remain attractive for purchase - while our *insider* trading report identifies three attractive small to medium sized companies.

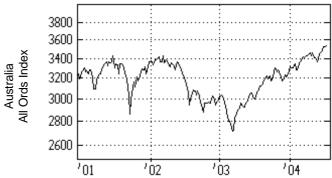
#### **Stockmarket Forecasts**

Australia: One-Month One-Year

69% (Bullish) 66% (Bullish)

New Zealand: 73% (Bullish) 56% (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.

			-	planned purchase:		•			·	Drice/Cales	D/E Cross
	Performance Forecast Price	Price/Sales Ratio	P/E Gros Ratio Yiel		Performance Forecast Price	Price/Sales Ratio	P/E Gross Ratio Yield		Performance Forecast Price	Price/Sales Ratio	P/E Gross Ratio Yield
A2 Corporation AMP Limited AMP NZ Office AXA Asia Pac. Abano Health. Affco Holdings Air New Zealand Akd Int Airport Allied Farmers Apple Fields Beauty Direct Blis Technology Blue Chip NZ Botry-Zen Ltd Brierley Invest Briscoe Group Broadway Ind CACI Group Ltd CDL Hotel NZ CDL Investments Cabletalk Group Cadmus Tech Ltd Calan Hiltcare Cap Properties Carter Holt Cavalier Corp Cert Organics Col Motor Co Commsoft Group		Ratio N/A 3 1.05 1 1.03 1 0.38 1 0.03 2 1.33 1 0.03 2 9.10		Hirequip NZ Ltd Horizon Energy ING Property Ind Newspapers Infratil NZ Just Water Int. KidiCorp Kingfish Ltd * Kingsgate Int! Kirkcaldie & St Kiwi Property Lion Nathan Ltd Loan & Building Lyttelton Port MG Property Trt Minfreight Grp Media Tech. Michael Hill Mid-Cap Index * Michael Hill Mid-Cap Index * Mike Pero Mort. Mooring System Mowbray Collec MC Holdings NZ Experience	Forecast Price  C 114 B 385 C 106 C 468 B 315 D 70 C 25 N/R 91 C 35 B 235 B 235 C 106 A 746 B 364 C 165 D 98 C 194 D 15 C 235 B 594 N/R 217 E 91 S D 370 S D 3	Ratio 3.47 3.88 N/A 2.12 4.73 N/A 1.80 N/A 5.81 0.44 9.49 1.92 1.36 6.73 0.28 1.84 1.01 N/A 0.32 N/A 3.22 0.79 7.86 1.79 7.86		Restaurant Brds RetailX Limited Richina Pacific Richmond Hold. Rocom Wireless Rubicon Limited Ryman Health. Sanford Limited Savoy Equities Scott Tech. Ltd Sealegs Corp Seeka Kiwifruit Selector Group Shotover Jet Skellmax Indust Sky City Ltd Sky Network TV SkyCity Leisure Smiths City Software of Exc South Port NZ Spectrum Res. Steel & Tube Summit Gold Ltd Tay Pacific Ltd Taylors Grp Ltd TeNZ * TeanTalk Ltd	Forecast Price  C 125 D 300 D 45 C 320 D 16 D 82 B 280 C 460 E 2.0 B 316 D 2.1 B 490 E 1.6 C 105 C 130 B 475 E 518 D 76 C 68 E 150 C 135 D 1.00 C 414		
Commsoft Group Comvita Contact Energy Cube Capital Cue Energy Ltd * DB Breweries Design Textiles Dorchester Pac Ebos Group Ltd Evergreen F & P Health. F & P Appliance Feltex Ltd Finmedia Ltd Finzsoft Sol'ns Fletcher Build. Forty Two Below Freightways Ltd GDC Communicat Genesis Res. Guinness Peat Hallenstein G. Hellaby Hold. Heritage Gold * AMP Ltd	B 588 D 63. N/R 7 B 790 C 100 A 27! B 37! D 38 A 1300 A 45. D 16' D 9. D 100 B 460 C 44	3 0.96 2.93 3 0.23 2 3.14 3 1.27 0 0.53 0 0.79 5 0.46 6 0.33 1 1.56 8 1.56 8 1.56 8 1.56 9 N/A 1 1.54 0 0.58 8 N/A 1 N/A 0 0.17 3 1.91 6 0.99 0 0.83 0 0.83 0 0.83	NE NE 2.1 17 2.1 17 17 17 17 17 17 17 17 17 17 17 17 17	NZ Refining Co NZ Wine Compa Nat Property Tr Northland Port Nuplex Indust Opio Forestry Owens Group Li Oyster Bay Pacific Retail Port Tauranga Ports Auckland Postie Plus Grp Powerco Limited Properto Find. Pure NZ Limited Pyne Gould Co. Renaissance	A 1950 OC 2000 B 265 C 480 A 530 D 57 d E 112 B 262 N/R 213 C 32 D 215 A 520 B 705 C 98 d B 211 C 63 D 140 C 63 D 140 E 5.5	2.47 N/A 7.20 N/A 2.46 0.51 N/A 0.13 6.35 N/A 0.51 2.05 N/A 1.08 N/A 7.86 N/A 0.26	NE NII 13 9.2 NE NII 16 9.0 27 4.7 NE 13.1 14 5.6 NE NII NE NII NE NII NE NII 12 7.6 10 7.8 50 NII 14 7.2 NE NII 14 7.2 NE NII 15 15 15 15 15 15 15 15 15 15 15 15 15	Tenon Ltd Tol NZ Ltd Tourism Hold. Tower Limited Training Sol. Trans-Tasman Trust Power Ltd Turners Auction Urbus Property Utilico Inti VTL Group Ltd Vertex Group WN Drive Tech. Wakefield Hosp. Warehouse Grou Waste Mgmt NZ Widespread Port Williams Kettle Windflow Tech. World Index Fd Wrightson Ltd Zintel Comm. Ave of 155 Co	C 190 C 170 B 178 C 171 E 0.1 E 36 A 465 A 525 C 95 D 65 D 100 B 164 A 259 A 259 D 45 C 296 D 250 D 45 D 250 D 350	2.15 1.38 0.59 1.00 0.68 0.59 3.35 1.16 1.52 2.26 6.66 1.31 0.40 N/A 0.63 2.59 8.15 0.40 N/A 0.29 1.72	NE NII NII NII NII NII NII NII NII NII N
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## Recommended Investments

We sold our own **Wrightson** shares on-market at 155 cents-avoiding the risks involved in the partial takeover (i.e. that it didn't reach 50.01% and the share price fell or that a large number of shares were returned and they fell in value).

As things have turned out, anyone accepting the **Rural Portfolio Investments** offer will have received 165 cents (including the dividend) for only about 58% of their shares, but the remaining shares have held up and are worth around 140 cents (after the 9 cents dividend). That is an average value of about 158 cents per share but involved significantly higher risk than selling onmarket a month ago!

<u>For investors still holding some Wrightson shares,</u> <u>we recommend selling them on-market</u>. We feel *less* happy about the prospects of owning shares in a Rural

Portfolio Investment *controlled* Wrightson than we did last month. The sacking of the *complete* Wrightson board and its Managing Director is *very unusual* - even after winning a hostile bid! Invariably the victor will keep on at least some of the existing directors - if only to have *someone* knowledgeable about the company's operations to assist in the hand over of power. Equally importantly, some *independent* directors would at least preserve the *appearance* that someone cares about the rights of the minority 49.99% shareholders!

A 50.01% shareholding, however, gives a shareholder *complete* control - and it appears that RPI will not hesitate to exercise that power. Effectively the 49.99% minority shareholders have no power and can be outvoted on everything. Now that is what *we* call "bully boy" tactics! <u>Sell Wrightson</u>. (Continued on Page 4)

	Portfolio	of	Rec	om	me	nde	ed	In	ves	stm	en	ts	
CURRENT ADVICE	Company NZ Shares	<u>l</u> Code	nitial Recomn - Date -	nendation Price	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 %
HOLD	CDL Investments Ltd	CDI	12/01/99	25	Е	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	1.60	17	7.6	490	128.5	+296%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	C	27.9	0.5	0.21	12	9.2	300		+267%
BUY	Lyttelton Port Company	LPC	12/12/00	150	Č	102.0	0.9	2.76	12	10.0	165	36.0	+34%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	46*	В	38.4	0.5	1.01	22	4.3	594		+1489%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	Ā	61.3	0.8	0.51	14	5.6	530	88.0	+77%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	Ĉ	37.2	1.2	0.26	19	15.1	69	17.4	+2%
BUY	Richina Pacific	RPL	03/11/95	94*	Ď	144.4	1.5	0.15	17	Nil	45	9.4	-42%
HOLD	South Port New Zealand	SPN	13/02/96	120	Č	26.2	1.0	2.41	14	7.5	135	71.3	+72%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	Č	87.9	0.8	1.11	17	8.3	414	85.0	+242%
HOLD	Taylors Group Ltd	TAY	09/11/99	102	Ä	24.3	0.7	1.15	15	5.8	271	32.0	+197%
11025	Australian Shares (in Aust		00/11/00	.02	, ,	2	0	0	10	0.0		02.0	. 101 70
HOLD	AJ Lucas Group	AĴL	13/05/03	120	В	45.4	0.8	0.49	10	4.8	167	8.0	+46%
HOLD	Atlas Pacific Ltd	ATP	14/05/96	73	С	87.8	2.1	1.42	13	Nil	16	7.0	-68%
HOLD+	Austral Coal Ltd	AUO	16/01/01	19	С	203.2	1.2	1.25	28	Nil	72	Nil	+279%
BUY	Aust Infrastructure	AIX	07/10/03	158	Α	179.1	0.7	NA	10	6.4	172	11.5	+16%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	418*	В	40.1	0.5	0.65	17	5.2	636	135.5	+85%
BUY	Candle Australia	CND	08/04/03	86	В	37.6	1.0	0.38	17	4.0	162	10.0	+100%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	В	49.5	1.0	0.19	11	5.8	120	19.5	-8%
BUY	Circadian Technology	CIR	10/02/04	188	С	40.3	1.2	NA	NE	Nil	214	Nil	+14%
BUY	Commander Comm.	CDR	11/09/01	92	Α	145.1	8.0	0.64	14	3.0	148	9.1	+71%
BUY	Computershare Ltd	CPU	12/08/03	189	Α	544.1	1.0	2.46	53	1.6	320	5.5	+72%
BUY	Health Communication	HCN	07/10/03	101	С	61.5	1.2	2.40	40	Nil	116	1.0	+16%
HOLD	Int'l AllSports	IAS	11/02/03	180	В	41.0	1.7	0.03	3	20.3	37	2.5	-78%
HOLD-	McPherson's Ltd	MCP	10/10/00	125	В	54.8	0.5	0.72	15	3.4	445	48.0	+294%
HOLD+	Melbourne IT	MLB	10/02/04	53	В	50.9	1.1	0.87	21	3.5	85	2.0	+64%
HOLD-	Nufarm Limited	NUF	11/02/97	418*	В	155.8	0.6	0.66	13	3.2	627	119.3	+79%
HOLD+	OAMPS Limited	OMP	15/05/01	106*	В	92.9	0.6	0.43	15	5.6	302	33.5	+216%
BUY	Ross Human Directions	RHD	14/08/01	92	В	57.4	1.3	0.31	40	5.8	78	15.0	+1%
HOLD+	Skilled Engineering	SKE	12/03/02	126	В	90.4	0.7	0.40	16	5.3	290	31.5	+155%
HOLD+	Solution 6 Holdings	SOH	15/07/03	59	С	251.6	1.3	1.03	NE	Nil	90	Nil	+53%
BUY	Technology One Ltd	TNE	11/11/03	44	Α	298.5	1.2	3.52	24	4.4	57	1.3	+32%
HOLD-	Toll Holdings	TOL	08/09/98	60*	Α	309.8	0.6	1.28	31	1.3	1081	52.0 -	<b>⊦1788%</b>
HOLD	UXC Limited	UXC	11/01/00	55*	В	125.1	1.2	0.77	13	7.0	71	21.0	+67%
HOLD-	Villa World Ltd	VWD	11/06/02	68	Α	103.2	0.7	0.92	7	8.2	134	21.5	+129%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	В	167.5	1.0	1.12	13	4.5	89	26.1	+67%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +175.8%. This is equal to an average annual rate of +40.6%, based upon the length of time each position has been held.

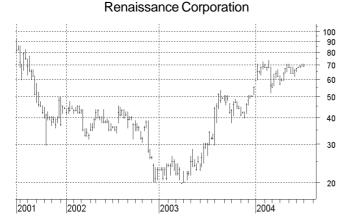
The average annual rate of gain of ALL recommendations (both the 35 current and 124 closed out) is +31.1%, compared with a market gain of +9.0% (by the SRC Total Return Index).

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

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

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

Renaissance Corporation has signed a heads of agreement for an exclusive contract to import and distribute the Gizmondo device into NZ and Australia from 2005. The device provides gaming, multimedia messaging, MP3 music playing, digital camera and a GRPS network link. This contract is significant as the expected sales volume is 150,000 units per annum, and with a wholesale value of several hundred dollars each this one product could add \$50-75 million to revenues!



**<u>Richina Pacific</u>** reports that five months into the current financial year it is "on track to achieve our budget" which will be a "good improvement on the prior year result" of a US\$2.5 million profit.

Shanghai Richina Leather has completed the building for its new tannery and will install new machinery in October to December. This will allow it to expand into a leading producer of automotive leather although it will be "two or three years" before this part of the business "grows large enough to make a meaningful contribution" to profits.

The existing shoe leather division is experiencing "strong profitability", the upholstery leather business "revenue growth and improving profitability" but the garment leather division will probably show another loss this year.

Shanghai Richina Leather may, "in time", grow to sufficient size and profitability that it could be floated off as a separate listed company.

The Blue Zoo aquarium was "on budget" but lost revenue during the important May holiday period owing to the brief re-emergence of the SARS virus in late April. Visitor numbers have since returned to normal.

The NZ based Mainzeal construction business has record forward orders of \$350 million. Richina Pacific



60 50 40 30

#### **Australian Shares**

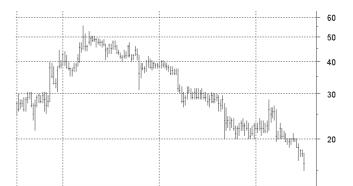
(This section is in Australian currency, unless stated.) Atlas Pacific has already nucleated over 200,000 new oysters this calendar year - exceeding last year's total and confirmed the annual total will exceed 300,000. This will lead to a significant increase in pearls to be harvested in 2006 and 2007. The percentage of saleable pearls should also increase as the company has stopped re-seeding oysters which produced lower quality pearls in the 2003 harvest and again this year.

Costs of operating the business are relatively fixed, so a 50% increase in the number of pearls harvested and a higher percentage of saleable pearls - will boost revenues and profits in future years. The company had previously forecast a modest 35% recovery in profits this year to \$1.5 million - but has now downgraded that to about a \$1.0 million trading profit (although there will be a \$1.09 million write-down in the value of oysters resulting in a bottom line break-even). We estimate profits should then double or triple to about \$2-3 million (2.3-3.4 cents per share) in 2005, then double or triple again to around \$5.5-6.0 million (6-7 cents per share) in 2006 and around \$6.3-6.6 million (7-7½ cents per share) in 2007.

No dividend will be paid this year but the company should re-instate a 1.0-1.5 cents dividend for 2005 (payable about April 2006) - rising to around 4.0-5.0 cents in 2006 and 5.5-6.0 cents in 2007.

On that basis, Atlas Pacific shares will probably remain depressed over the next 9-12 months, then start to appreciate strongly in value during 2006. So we are currently rating the shares only a "Hold" (i.e. other shares may be better buying at this time) - but Atlas Pacific remains an attractive long term investment.

Atlas Pacific



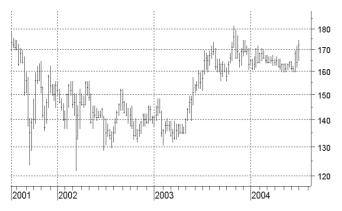
Australian Infrastructure Fund has announced that it will raise its final dividend by half a cent to 6.0 cents, lifting the annual dividend 4.5% to 11.5 cents.

Australian Infrastructure's 50% owned Port of Portland will receive long term benefits from Iluka Resources' \$270 million development of its Douglas mineral sands project in the Murray Basin. From late 2005 and in 2006, Iluka Resources will be exporting 98,000 tonnes of Rutile and 135,000 tonnes of Zircon annually through the port with production from 2007-2015 estimated at 135,000 tonnes of Rutile and 102,000 tonnes of Zircon annually - to a total value over the 20 years of \$1.5 billion. This development will add about 6% to bulk cargo shipments through the port.

70

2001

#### Australian Infrastructure Fund

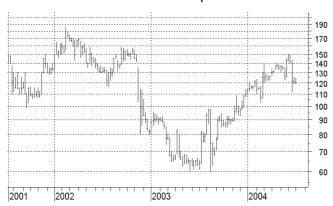


<u>Cellnet Group</u> has been informed that **Hutchinson Telecom** will take over the distribution of its 3G and CDMA handsets from its five Australian distribution partners. The date for this change has not been announced, but will ultimately result in the loss of about \$78 million in revenue and \$1.2 million in after tax profits annually for Cellnet Group. The company points out that this "is the nature of the business" and it "will from time to time lose and gain distribution contracts" and also that it has "purposely gone about changing our business model to make it more resilient to losses of this nature".

In a separate announcement Cellnet Group disclosed the creation of a new distribution division: *Cellnet Consumer Products*. The company has a contract with **Sony Australia** to distribute Sony Audio accessories (i.e. headphones and microphones) to existing Sony retailers and new retailers. The company will also look to launch a *Cellnet* branded range of audio visual accessories.

Cellnet Group has also exchanged its \$400,000 convertible note investment in **Mercury Mobile** to 55% of that company's ordinary shares. Mercury Mobile is a "content and entertainment" business, with a studio at Cellnet Group's head office building, that develops "customised mobile entertainment content solutions" for mobile phone carriers and mobile phone manufacturers in Australia and NZ.

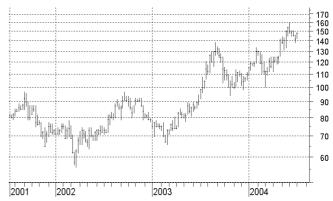
Cellnet Group



<u>Commander Communications</u> has acquired - for little or no consideration - the business of **Multelink Services Pty**. Multelink was planning to merge with another party and list on the stockmarket, but a dispute with its payments processing provider led to those negotiations being terminated - and the troubled

business being picked up by Commander Communications.





Health Communication Network has announced it will pay a 1.25 cents final dividend. Together with the 1.0 cent maiden interim dividend this will make 2.25 cents per share for the year. This doesn't provide us with a *huge* income from this investment - but the payment of dividends by an emerging growth company is a positive sign. It indicates that the directors are confident about the company's ability to continue generating positive operating cash surpluses and trading profitably.

Health Communication Network has also acquired the remaining 13% of **Ammokka Java Pty** it did not own for an undisclosed consideration (but the original 87% was purchased in July 2000 for \$700,000). This business owns the *iRIS* internet radiology information system.

*iRIS* is being "trialled" by **I-MED** (a subsidiary of listed **DCA Group**) and one of the four largest radiology businesses in Australia. Details of this "trial" have not been disclosed but it began in October at twelve I-MED sites, with another eight sites added early in 2004 and a further six sites recently joining the trial which is reported to be "progressing well". We would guess that I-MED is being allowed to use the software for little or no cost for a period of time and will then pay an annual licence fee per site. The expansion of the trial from 12 to 26 sites would indicate that I-MED is pleased with this service and will ultimately purchase it for use at all of its sites.

16,000 GPs (i.e. 85% of computerised GPs) use Health Communication Network's *Medical Director*. A competitor **Pro Medicus** - which is strongest in digital radiology reporting - has developed and launched a *Promed Clinical* program in March specifically designed to compete against *Medical Director* in an attempt to win greater access to the important GP market. Health Communication Network claims that this program infringes their copyright by "reproducing a substantial part of *Medical Director*". Both companies are taking legal action against each other.

Obviously this is a competitive situation that involves significant risk, but as long as Health Communication Network can dominate the GP market with *Medical Director* it will be well placed to benefit from the expected large growth of the electronic health business and be an essential part of any industry rationalisation.

(Continued on Page 6)

Page 6 Market Analysis

Recommended Investments (Continued from Page 5)
Health Communication Network



<u>International Allsports</u> expects to report a full year loss of around \$4.0 million to June 2004, after losing \$3.2 million in the first half. Trading had improved in the second half, but the company suffered a loss on its bookmaking activities in May when "premium players" were "collectively successful" in their bets.

**Ross Human Directions** has announced an acquisition that will *double* the revenues of the company, boost earnings per share and increase the potential for future growth.

The company will acquire **Spherion Group**, the Asia Pacific subsidiary of US based **Spherion Corporation** for A\$25-31 million in cash (i.e. \$20 million in cash immediately and \$5 million in September 2005 plus up to a further \$6 million based upon performance to June 2005). This acquisition will boost the Ross Human Directions' revenues by \$170 million to \$350 million per year - so is being purchased on a very low Price/Sales ratio of 0.15-0.18. Spherion Group operates in Australia, Hong Kong, New Zealand and Singapore with three divisions: *Recruitment Solutions, Technology Solutions* and *HR Outsourcing Solutions*.

Ross Human Directions will fund the cash consideration of this acquisition from debt, \$12 million in new equity and future cashflows. The company has placed 7,840,000 shares at 67 cents to raise \$5.25 million and will make a further placement of 5,600,000 shares at 67 cents to raise a further \$3.75 million. The company will also seek to raise another \$3.0 million from a Share Purchase Plan to shareholders also at 67 cents per share.

This type of major acquisition should be favourable for existing shareholders in smaller companies like Ross Human Directions: Firstly, unlisted businesses can usually be purchased at a *lower valuation* than the stockmarket places on the group (i.e. Ross Human Directions is valued on a P/S of 0.27 yet is able to buy Spherion at a lower valuation of 0.18). Secondly, partially debt funding the acquisition *leverages* both that initial purchase discount and future growth (i.e. the acquisition doubles revenues - and probably earnings before interest - but the issued capital will increase only 31% as a result of the placements and SPP). Thirdly, there should be some economies of scale (i.e. by eliminating duplicated overheads) that will increase profits. Fourthly, as a larger company Ross Human Directions is more likely

to be *discovered* by brokers and institutional investors -which can help boost the company's valuation. Finally, if institutional investors do become interested in the company and the shares are re-rated upwards, then Ross Human Directions will be in a significantly better position to participate in further rationalisation in the very fragmented recruitment market.

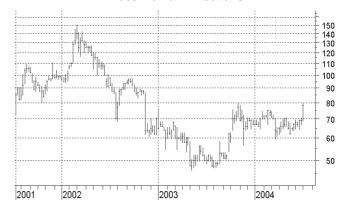
While every situation is different this acquisition is similar to the major acquisition made by **McPhersons** exactly a year ago.

As Ross Human Directions' share price has risen to 78 cents - and could well move higher over the next year - the Share Purchase Plan to buy up to 7462 additional shares at 67 cents is an attractive way to increase investments in this company at a 14% discount. <u>Investors who do not already have a shareholding in the company may be able to participate in the SPP by purchasing some shares on-market immediately.</u>

Ross Human Directions has indicated that its profits to 30 June 2004 will be around \$3.6-3.8 million. The first half profit was only \$1.5 million, so this indicates a further recovery in profitability to \$2.1-2.3 million in the second half.

Ross Human Directions remains an attractive "Buy" for both new investors and existing shareholders who should look to increase their investment in the company.

Ross Human Directions



**Solution 6** has completed the sale of its Professional and Enterprise business for A\$34 million. The capital repayment and merger with **MYOB** will now proceed, once it has been formally approved by shareholders. Solution 6 shareholders will receive 20.7 cents in cash (payable on 11 August) and 0.55 MYOB shares for every Solution 6 share.

Solution 6



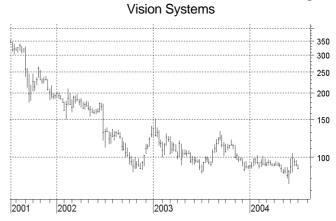
July 6, 2004. Page 7

<u>Toll Holdings</u> is expected to receive long term benefits from the Australian Federal Government's intention to invest a massive \$11.8 *billion* in its **AusLink** transport plan.

<u>Vision Systems</u> is forecasting that its *Biosystems* division revenues from equipment sales and reagents for the June 2004 quarter will be \$7.5 million - up 40% on the same period last year.

Hellaby Hold.

499 +1.8 -0.9 57 1-1 2 2.6 24 0.4 11 7.8 0.83



## 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	Share Price	STRE Cur- rent	NGTH RA 4-Wk Chg.	ATING Rank 0-99	Insider Buy-Sell	Following	Price to NTA	Return on Equity	Vola- til- ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	STRE Cur- rent	NGTH R/ 4-Wk Chg.	Rank 0.99	Insider Buy-Sell	Following	Price R to NTA E	UII	III.	Earn.	Divi- dend Yield	Price Sales Ratio	Market Cap'n
LIMBED VALUED S	HADE	Lowo	ct Dric	o /Col/	oc VId	. 0	Dol	Ctrone	vth .	^				INCIDED DUVING	Most In	cidor E	Dundina	Doloti	ivo Ctro	nath	. 0						
UNDER-VALUED S Richmond Hold.	320	+1.2		61	25, 11u 0-1		, кег. 1.0	311 eng 10	0.6	10	3.5	0.11	131	INSIDER BUYING: Fletcher Build.	460	+5.2		40	8-0		> 0 2.3	20	0.4	11	6.2	0.58	1,867
Smiths City	68	+5.2		39	0-0		1.3	15	0.0	9	6.6	0.11	36	Michael Hill		+10.7		17	6-0		2.3 4.6		0.4	22	4.3	1.01	228
Col Motor Co	300	+1.7		59	1-0		1.0	8	0.5	-	9.2		84	Tourism Hold.	178	+7.5		27	4-0		1.0		0.4	21		1.00	175
Renaissance		+13.2		10	0-2		2.8	15	1.2		15.1	0.21	26			+10.8		17	3-0		2.1		0.7	14		1.26	1,185
Mainfreight Grp		+10.4	-1.5	19	0-2		2.5	8	0.8	33	5.0	0.28	185	F & P Appliance NGC Holdings		+10.8		10	3.0		2.7		0.6	30	3.1	3.36	1,183
Wrightson Ltd		+5.4		38	0-2		1.5		1.2		12.3	0.29	191	Urbus Property	95		+0.3	55	3-0		2. <i>1</i> ).4		0.6	4		2.26	1,200
Restaurant Brds	125	+2.0	-0.6	54	2-0		2.3		1.2		11.9		119	Nuplex Indust		+11.2		15	3-0		2.1		0.6	14		0.51	325
Allied Farmers	175	+8.0		26	0-1		1.0	9	0.9		6.3	0.40	28	Restaurant Brds	125	+2.0		54	2-0		2.3		0.8			0.39	119
Ebos Group Ltd	375	+1.9	-0.7	55	0.0		2.4	15	0.7	16	6.5	0.46	103	Metro. LifeCare	235	+4.6		41	2.0	1 1			0.7	17	2.1	1.84	203
Nuplex Indust		+11.2		15	3-0		2.1	14	0.8	14	5.6	0.51	325	Forty Two Below		+12.5		12	2-0	- 4			1.0	NE	Nil	N/A	56
Design Textiles	100	+1.7		59	1-0		2.5	27	1.2	9	6.2	0.53	32	rong mo boion													
Fletcher Build.	460	+5.2	-0.8	40	8-0	5	2.3	20	0.6	11	6.2	0.58	1,867	OVER-VALUED SH	IARES:	Highes	t Price	/Sale	s Ratio	s, Rel	ative	Stren	qth <	: 0			
Vertex Group	164	+7.2	+2.0	31	0-4		2.1	20	1.1	10	3.6	0.60	53	Widespread Port	2	-45.7		98	0.0		0.9		2.5	NE	Nil	8.15	6
Broadway Ind	113	+19.9	-1.7	6	1-0		2.4	15	0.8	16	1.8	0.62	22	Ports Auckland	705	-2.6	-0.3	74	1-0	6 2	2.1		0.4		7.2	4.46	747
Tower Limited	171	+10.3	-0.2	20	1-0	7	0.4	0	1.0	178	8.8	0.68	701	Lyttelton Port	165	-2.2	+0.3	73	0-0	5 3	3.4	27	0.6	12	10.0	2.76	168
Seeka Kiwifruit	490	+7.6	+1.5	27	0-0		1.6	12	0.7	13	5.5	0.77	39	Media Tech.	15	-16.0	+2.3	95	0-2	- 2	2.4	-	2.7	NE	Nil	2.54	13
Dorchester Pac	275	+11.8	-1.0	13	0-1	-	1.9	20	0.9	10	5.4	0.79	57	Nuhaka Forestry	480	-2.3	+0.6	73	0-0	- (	).9	-	0.3	NE 1	13.1	2.46	9
Mr Chips Hold	115	+6.6	+3.9	33	0-0	-	2.2	16	1.1	14	6.5	0.79	28	South Port NZ	135	-4.1	+0.3	82	0-0	2 1	1.5	11	0.7	14	7.5	2.41	35
Hellaby Hold.	499	+1.8	-0.9	57	1-1	2	2.6	24	0.5	11	7.8	0.83	245														
Wakefield Hosp.	259	+10.9	+4.0	16	1-0	-	1.3	9	0.6	14	4.6	0.89	33	WORST PERFORM													
														Widespread Port		-45.7		98	0.0	-	).9		2.3	NE		8.15	6
BEST PERFORMI			-											Abano Health.	11	-17.1	-1.0	96	0-0		0.5		1.5	21		0.38	22
Broadway Ind		+19.9		6	1-0		2.4	15	0.6	16		0.62	22	SkyCity Leisure	76	-16.4	-3.9	96	0-0		2.8		1.5	25		1.29	52
Affco Holdings		+15.2		8	0.0		1.2	10	1.0	12	Nil		190	Media Tech.	15	-16.0		95	0-2		2.4		2.6	NE	Nil	2.54	13
Renaissance		+13.2		10	0-2		2.8	15	0.9		15.1	0.26	26	Genesis Res.	73	-14.1		94	0-0		0.7		1.1	NE		1.91	19
Dorchester Pac		+11.8	-1.0	13	0-1		1.9	20	0.7	10	5.4	0.79	57	Blue Chip NZ	140	-8.8		91	0-0				1.2	NE		0.52	73
Nuplex Indust		+11.2		15	3-0		2.1		0.7	14	5.6	0.51	325	Blis Technology	14	-8.3		90	0-1	- 2			1.4	NE	Nil	N/A	9
Wakefield Hosp.		+10.9	+4.0 -0.7	16	1-0 0-9		1.3	9 14	0.5	14 9	4.6	0.89	33	WN Drive Tech.	52 38	-7.9	-1.5 -2.3	89 89	0-2 0-0	- 28 - (			0.9	NE NE	Nil Nil	N/A 1.56	66 58
Guinness Peat Allied Farmers	196 175	+9.3 +8.0		23 26	0.9		1.0	9	0.7	12	1.4	0.40	1,487 28	Evergreen	38 7	-7.6	-2.3 +2.7	88	0-0		).6 1.6		1.8	NE	Nil	N/A	58 6
Seeka Kiwifruit	490		+1.7	27	0-0		1.6		0.6	13	5.5	0.40	20 39	Summit Gold Ltd Warehouse Group	421	-7.1 -7.0		87	3-0		1.0 3.7		0.6	16	5.1	0.63	0 1,286
Vertex Group	164	+7.0		31	0-0		2.1	20	0.0	10	3.6	0.60	53	Cadmus Tech Ltd	10	-6.0		86	0-2		2.4		1.6	41		1.27	1,200
Mr Chips Hold	115	+6.6		33	0-0		2.1	16	0.9	14	6.5	0.79	28	A2 Corporation	10	-5.6		85	0.0		1.0		1.5	NE	Nil	N/A	9
Wrightson Ltd	140		+5.1		0-1		1.5	15	1.1		12.3		191	Air New Zealand	41	-4.9		84	0-0	5 1			1.0	7	Nil	0.33	1,199
Smiths City	68		+7.3	39	0-0		1.3	15	0.6	9	6.6		36	Postie Plus Grp	98		+2.0	84	0-1		1.2		0.6	13		0.51	39
Fletcher Build.	460	+5.2	-0.8	40	8-0		2.3	20	0.5	11	6.2	0.58	1,867	Northland Port	265	-4.4		83	0.0		2.5		0.6	27	4.7	N/A	110
Carter Holt	206	+4.4	-2.9	41	0.0	6	0.9	6	0.8	14	2.9	0.92	3,591	Botry-Zen Ltd	10	-3.6	+3.2	80	0-3	. 9	9.5		1.2	NE	Nil	N/A	17
Richina Pacific	45	+3.5	+1.4	45	0-0	-	0.9	5	1.2	17	Nil	0.15	65	Sanford Limited	460	-3.4	-1.1	78	0-2	2 1	1.0	9	0.4	11	6.3	1.28	440
CDL Hotel NZ	44	+3.1	+1.5	47	0-1	-	0.6	7	1.2	9	4.7	0.91	154	NZ Experience	25	-3.0	-3.7	77	0-0	- 1	1.6	15	1.2	11	Nil	1.79	14
Hallenstein G.	295	+2.5	-0.2	51	1-2	3	4.0	26	0.5	15	9.4	0.98	174	VTL Group Ltd	100	-1.5	-1.5	72	0-0	- 1	1.6	14	1.2	11	Nil	1.31	30
Restaurant Brds	125	+2.0	-0.6	54	2-0	4	2.3	23	1.0	10	11.9	0.39	119														
Ebos Group Ltd	375	+1.9	-0.7	55	0.0	-	2.4	15	0.6	16	6.5	0.46	103	INSIDER SELLING	: Most I	Insider	Selling	, Rela	tive Str								
														Botry-Zen Ltd	10	-3.6		80	0-3		9.5		1.2	NE	Nil	N/A	17
INCOME SHARES	-													Sanford Limited	460	-3.4		78	0-2	2 1			0.4	11	6.3	1.28	440
Wrightson Ltd		+5.4		38	0-1		1.5					0.29	191	Kiwi Property	106	-0.6		70	0-2	5 (			0.4	14	8.1	9.49	690
Restaurant Brds	125	+2.0	-0.6	54	2-0		2.3	23	0.9		11.9	0.39	119	Cadmus Tech Ltd	10	-6.0	-1.0	86	0-2		2.4		1.5	41		1.27	17
Lyttelton Port	165		+0.3	73	0-0		3.4	27	0.7		10.0		168	WN Drive Tech.	52	-7.9		89	0-2	- 28			8.0	NE	Nil	N/A	66
Hallenstein G.	295	+2.5	-0.2	51	1-2		4.0	26	0.4	15	9.4	0.98	174	Media Tech.	15	-16.0		95	0-2		2.4		2.5	NE	Nil	2.54	13
NZ Refining Co	1950	+8.8		25	0.0		1.5	12	0.1	13	9.2		468 701	Postie Plus Grp	98		+2.0	84	0-1		1.2		0.5	13 NE		0.51	39
Tower Limited		+10.3	-0.2	20 50	1-0 1-0		0.4 2.9	17	0.7	178 17	8.8	0.68		Software of Exc	150		+1.5	69	0-1		7.1		1.2	NE	Nil	1.92	33 9
Steel & Tube Briscoe Group	414		+0.8	92	0-0		3.0	26	1.0	11	8.3 8.2	1.11	364 267	Blis Technology	14	-გ.ვ	+1.7	90	0-1	- 2	٥. <u>٢</u>	-	1.3	NE	Nil	N/A	9
Skellmax Indust		+1.9		92 56	0-0		5.0	20 49	0.7	10	8.0		130														
Skellitian iliuust	130	+1.9	+1.0	50	0-0		0.0	47	0.7	10	0.0	1.33	130														

Page 8 Market Analysis

# 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	STREI Cur-	NGTH RA 4:Wk	TING Rank	y-Sell	Price to NTA	Return on	Vola- til-	Price Earn.	Divi- dend	Price Sales	Market	Company	Share	STRE Cur-	NGTH RAT 4-Wk F	<u>ING</u> Rank	Insider Buy-Sell Protest	S D Price	e Return on	Vola- til-	Price Earn.	Divi- dend	Price Sales	Market
	Price	rent		0.99	<u> </u>	B호 NTA	Equity	ity	Ratio	Yield	Ratio	Cap'n	()	Price	rent	Chg. (	).99	<u>a</u> B. 9	TR NT/	Equity	ity	Ratio		Ratio	Cap'n
UNDER-VALUED S	SHARES				es, Yld		Streng	jth >	0				BEST PERFORMING			-	t Sha	ares, P	P/E < 20	), P/S <	< 1.0				
Citic Australia	45	+3.2		27	0-1	- 2.8		1.3			0.08	36	Murchison Hold.		+50.5		1	0-0	- 1.2		0.6	4		0.72	9
Ruralco Hold.	420	+3.7	-1.0	25 25	0.0	- 2.0 - 0.6		0.5	22	3.3	0.08	46 14	Caltex Austrlia		+32.8 +29.2		2	0-0	2 2.4		0.7	12 3		0.23	2,425
CTI Logistics Data 3 Ltd	55 210	+3.9	-1.5	23	0.0	- 5.5		1.1	65 14	1.8 4.8	0.15	31	United Overseas MBF Carpenters		+29.2 +27.7		2	0-0	- 0.3		1.8	4		0.63	36 35
A.P. Eagers	720	+2.6	-0.8	29	0.0	1 1.2		0.4	13	4.6	0.10	141	Raptis Group		+18.0		5	0.0	- 1.8		0.8	7		0.34	38
Queens'd Cotton	358		+0.5	28	2-0	1 0.7	10	0.5	8	2.8	0.18	100	Oriental Tech.		+17.1		5	0.0	- 2.2		1.8	10		0.82	26
Cellnet Group	120	+12.5	-4.9	8	3-0	2 1.3		0.9	11	5.8	0.19	59	Korvest Ltd		+17.0		5	3-0	- 2.2		0.6	14		0.79	30
Bridgestone	275	+0.6	-1.2	37	0-0	- 0.6	7	0.6	9	4.5	0.19	100	Commander Comm.	. 148	+15.0	+3.1	7	0-0	2 -	-	0.5	14	3.0	0.64	215
Caltex Austrlia	898	+32.8	-2.4	2	0-0	2 2.4	19	8.0	12	2.0	0.23	2,425	Watpac Ltd		+15.0	-1.5	7	2-0	- 2.2		0.7	12	5.4	0.24	60
Catalyst Rec'mt	57		-5.8	22	0-0			1.1	15		0.24	21	Sietel Ltd		+14.9		7	1-0	- 0.7		1.1	7		0.30	6
Metcash Trading	269	+3.6 +15.0		26 7	0-4 2-0	10 8.7	52 18	0.6	17	4.1	0.24	1,713	Cellnet Group		+12.5	-4.9	8	3-0 1-1	2 1.3		0.7	11 15		0.19	59 107
Watpac Ltd Oldfields Hold	102	+13.0	-1.5 -0.6	12	1.0	- 0.9	23	0.9	4	5.4 2.9	0.24	60 7	Monadelphous Gr Vealls Ltd		+12.5 +11.4		9	0-0	- 3.0	20	0.4	3		0.43	26
CMI Limited	203	+1.0	-2.4	35	0.0	1 4.1		0.7	8		0.28	55	Bidvest		+10.4		11	0-0			0.4	19		0.37	1,240
Lemarne Corp	215	+0.4	-2.0	37	0-0	- 0.9	9	0.7	11	7.0	0.29	36	Ludowici Ltd		+10.0		11	0-0	- 1.8	12	0.4	16		0.78	73
OM Holdings	80	+10.0	-10.3	11	0-0	- 4.2	22	1.0	19	1.3	0.30	51	OM Holdings	80	+10.0	-10.3	11	0-0	- 4.2	22	0.7	19	1.3	0.30	51
Ross Human Dir.	78	+1.4	+2.2	33	0.0	- 3.7		1.2	40	5.8	0.31	45	Pacific Mining	22	+9.9	-3.1	11	0-0	- 0.6		1.3	3	Nil	0.87	3
Brazin Limited	148		+1.3	17	1.0	4 3.1			84	6.8	0.32	172	Oldfields Hold	102	+9.4		12	1-0	- 0.9		0.6	4		0.26	7
Supply Network	48	+1.5	-2.3	32	0.0	- 1.3		1.1	11	3.6	0.34	10	Angus & Coote	835	+9.3		12	2-0	- 1.6		0.3	18		0.46	100
Smorgon Steel Bidvest	108	+0.6	+1.8	37 11	1-0 0-0	8 -	-	1.1	9 19	7.4 1.8	0.37	933 1,240	Auspine Ltd Guinness Peat	388 177	+8.9		13 13	2-0 0-9	1 1.0		0.3	14 8		0.90	209 1,342
Candle Aust.	162	+8.5	-3.1	13	1.1	1 5.4	33	0.4	17	4.0	0.37	61	David Jones	165	+8.5		13	2-0	4 1.7		0.6	18		0.38	679
David Jones	165	+8.5	-0.3	13	2-0	4 1.7		0.7	18	3.6	0.38	679	Club Crocodile	22	+8.5		13	2-0	- 1.0		1.2	14		0.61	12
Coles Myer	860	+5.9	-0.6	19	2-1	9 3.8	16	0.6	24	3.0		10,427	Candle Aust.	162	+8.5		13	1-1	1 5.4		0.7	17		0.38	61
Skilled Eng.	290	+3.5	-2.4	26	2-0	3 6.0	37	0.6	16	5.3	0.40	262	Linden & Conway	2901	+8.5	+1.6	13	0-0	- 0.8	4	0.1	19	1.0	0.80	6
Integrated Grp	182	+3.3	-3.7	27	0-1	3 4.8	38	0.7	13	4.9	0.40	126	B Digital Ltd	31	+6.8	-0.1	17	3-0	- 7.8		1.9	18		0.42	77
Embelton Ltd	325	+6.2		18	0-0	- 1.1		0.6	14	3.4	0.41	7	Nufarm Limited	627	+6.4		18	1-1	6 3.6		0.5	13		0.66	977
Spotless Group	477		+0.0	28	0.0	8 11.6	61	0.7	19		0.42	982	Embelton Ltd	325	+6.2		18	0-0	- 1.1		0.5	14		0.41	7
Woolworths Ltd Monadelphous Gr		+0.1	-0.9 -1.2	39 8	0-0 1-1	11 14.9	79 20	0.4	19 15	3.4 4.4	0.42	12,243 107	Shearer (John) Boral Limited	225 640	+5.0 +4.8		21 21	2-0 0-0	8 1.9	14	0.5	11 13		0.56 0.95	28 3,692
Adcorp Aust.		+1.1	-1.3	34	0.0	3 14.1		0.7	15	5.3	0.44	68	AV Jennings	196	+4.7		22	5-3	- 1.8		0.4	6		0.76	422
Lend Lease Corp	1035	+1.4	-0.5	33	1.0	8 2.0		0.7	NE	2.9	0.45	4,540	Funtastic Ltd	214	+4.5		22	1-3	- 5.4		0.5	10		0.62	142
Angus & Coote	835	+9.3	+2.3	12	2-0	- 1.6	9	0.4	18	4.3	0.46	100	Catalyst Rec'mt	57	+4.5	-5.8	22	0-0			8.0	15		0.24	21
Metroland Aust	26	+2.2	+3.1	31	4-0	- 1.7	26	1.4	7	7.8	0.47	20	Becker Group	31	+4.4	-7.3	22	1-0	- 1.1	8	1.2	12	Nil	0.59	22
Chalmers	216	+1.0	-4.1	35	0-0	- 0.7	4	0.7	18	2.3	0.47	12	Data 3 Ltd	210	+4.4		23	0-0	- 5.5	41	0.6	14		0.16	31
Nat'l Can	149	+1.0	-0.8	35	0-0	- 0.9		0.6	11	2.3	0.51	99		1259	+4.0		24	2-6	6 -	- 22	0.8	15			26,407
Roberts Ltd Paperlin X Ltd	712 485	+2.8	-3.1	29 34	0-2 6-0	- 2.3 7 1.6	18 10	0.3	13 15	4.8 5.7	0.51	91 1,995	HGL Limited Campbell Bros	175 636	+4.0		24 25	0-0 4-1	- 1.8 1 4.0		0.5	8 17		0.72	84 255
Shearer (John)	225	+5.0	-1.4	21	2-0	1 1.0		0.6	11	3.6	0.56	28	Burns Philp	69	+3.9		25	1-0	4 -		0.4	7		0.65	1,229
United Group		+10.6		10	2-0	6 6.5		0.7	23	2.7	0.59	512	Metcash Trading	269	+3.6		26	0-4			0.4	17		0.24	1,713
Cabcharge Ltd	343	+2.8	-0.1	29	0-1	5 3.4	18	0.7	19	3.5	0.60	387	Skilled Eng.	290	+3.5	-2.4	26	2-0	3 6.0		0.5	16		0.40	262
Sigma Company	815	+6.5	-0.9	18	0-0	7 11.2		0.5	26	2.5	0.60	1,153	Integrated Grp	182	+3.3		27	0-1	3 4.8		0.6	13		0.40	126
Steamships Trad	290		+1.5	12	0-0	- 1.2			32	2.1	0.62	90	Citic Australia	45			27	0-1	- 2.8		1.0	7		80.0	36
Funtastic Ltd	214	+4.5	-0.3	22	1-3	- 5.4		0.6	10	3.3	0.62	142	Spotless Group	477	+3.1		28	0.0	8 11.6		0.6	19		0.42	982
United Overseas Green's Foods	95	+29.2		2 24	0-0 1-0	- 0.3 - 2.9		1.0	3 24	7.0 2.6	0.63	36 100	Queens'd Cotton Tamawood Ltd	358 200	+3.0		28 28	2-0 3-3	1 0.7		0.4	8 15		0.18	100 55
Commander Comn				7	0.0	2 -		0.7	14		0.64	215	Central Equity	209	+3.0		28	0.0	- 0.9		0.4	5		0.76	180
Campbell Bros		+3.9			4-1	1 4.0	23	0.5	17		0.65	255	Roberts Ltd		+2.8		29	0-2	- 2.3		0.2			0.51	91
Burns Philp	69	+3.8	+4.5	25	1-0	4 -	-	1.2	7	3.3	0.65	1,229	Cabcharge Ltd	343	+2.8	-0.1	29	0-1	5 3.4	18	0.5	19	3.5	0.60	387
Nufarm Limited	627		-3.4	18	1-1	6 3.6	28	0.5	13		0.66	977	A.P. Eagers	720	+2.6		29		1 1.2		0.3	13		0.17	141
AWB Limited	467		-3.1		1.1	4 4.2		0.6	48		0.67	1,472	Tandou Ltd		+2.5		30	2-0	- 0.8		0.4	18		0.89	35
Sims Group Ltd	1160 200	+2.0	-2.1	31 28	0-1 3-3	6 3.4		0.5			0.67	1,075 55	Metroland Aust Sims Group Ltd			+3.1		4-0	- 1.7		1.0		7.8		20
Tamawood Ltd Transfield Serv		+7.7			0.0	5 4.3		0.6			0.69	708	Villa World	1160	+2.0 ±1.0	-2.1 -0.3	31	0-1 1-3	6 3.4		0.5	14 7	4.7 8.2	0.67 0.92	1,075 138
East African Co		+0.7		36	0.0	- 0.8		0.5	31		0.69	31	Supply Network			-2.3		0.0	- 1.3		0.8	11		0.34	10
Wadepack Ltd		+0.8			0-0	- 1.8		0.6			0.70	61	Computronics		+1.3		33	1-0	- 1.6		1.3	19	Nil		8
HGL Limited	175	+4.0	-3.7	24	0-0	- 1.8	22	0.7	8	4.9	0.72	84	Gazal Corp	265	+1.2	+0.5	34	3-0	- 3.4	21	0.5	16	5.3	0.76	152
Gazal Corp		+1.2			3-0	- 3.4		0.6			0.76	152	Strarch Int'l			-0.4		0-0		-		13	Nil	0.28	5
Central Equity		+3.0		28	0-0	- 0.9		0.6			0.76	180	Paperlin X Ltd			+0.2			7 1.6		0.5		5.7		1,995
ABB Grain Ltd		+16.5		5 22	2-0	- 2.6		0.5			0.76	329	Adcorp Aust.			-1.3		0-0	3 14.1		0.5	15	5.3		68 00
AV Jennings Alesco Corp Ltd		+4.7		22 23	5-3 2-1	- 1.8 3 5.3		0.7	6 24		0.76 0.77	422 361	Nat'l Can CMI Limited		+1.0		35 35	0-0	- 0.9 1 4.1		0.5	11 8	2.3 4.9	0.51	99 55
Noni B Limited		+4.3			2-1	3 5.3 - 4.1		0.4			0.77	36 I	Chalmers				35	0-0	- 0.7		0.5		2.3		55 12
Vealls Ltd		+11.4		9	0.0				3		0.78	26	Wadepack Ltd	177	+0.8		36	0.0	- 1.8		0.3		4.2		61
Ludowici Ltd		+10.0			0-0	- 1.8		0.5			0.78	73	Smorgon Steel	108		+1.8		1-0	8 -		0.9		7.4		933
Korvest Ltd	370	+17.0	+1.1	5	3-0	- 2.2	16	0.7	14	3.4	0.79	30	Bridgestone	275	+0.6	-1.2	37	0-0	- 0.6	7	0.5	9	4.5	0.19	100
Linden & Conway		+8.5			0.0	- 0.8		0.2			0.80	6	Lemarne Corp		+0.4		37	0-0	- 0.9		0.5		7.0		36
Hills Indust.		+0.2			1.2	4 3.2		0.5			0.81	545	Sun Resources	11	+0.3		38	1-0		- 70		1		0.77	10
Aust Energy		+12.7			0-10	- 12.0		0.9			0.81	42	Woolworths Ltd	1149	+0.1	-0.9	39	0-0	11 14.9	79	0.3	19	3.4	0.42	12,243
Melbourne IT	გე	+16.1	٠/.8	6	0-0	- 6.1	29	1.0	21	3.5	0.87	43													

STRENGTH RATING S Price Return Vota Price Divi Price STRENGTH RATING S Price Return Vota Price Divi	Price
98 65 No total to 2 no total t	
STRENGTH RATING STREAM Price Return Vola- Price Divi- Price Company Share Cur- 4-Wk Rank 表示 文字 NTA Equity lity Ratio Yield Ratio Cap'n Price rent Chg. 0-99 年 名 NTA Equity lity Ratio Yield Ratio Cap'n Price rent Chg. 0-99 年 日本	Sales Market Ratio Cap'n
INCOME SHARES: Highest Yields, Capitalisation > A\$250 million  Solbec Pharm. 15 +2.3 -1.8 31 6-0 - 7.3 - 1.1 NE N	N/A 23
Gasnet Aust Grp 232 +1.5 +0.9 33 00 3 1.1 8 0.5 15 9.5 3.26 325 Crown Diamonds 14 +0.5 3.1 37 7.1 · · 1.3 NE N	1.15 3
Envestra 107 +0.9 0.1 35 0.0 6 - 0.5 61 8.9 2.79 778 Incitec Pivot 1850 +6.9 1.6 17 7.1 - 0.4 NE N	1.55 1,078
Australand Prop 160 -2.2 -2.2 54 00 3 1.2 10 0.5 12 8.4 0.79 1,104 Breakfree Ltd 215 +15.1 -3.6 6 50 0.4 23 2.1	2.10 82
Aust Pipeline 261 -2.0 +0.7 52 00 5 1.5 10 0.4 16 8.2 2.46 637 OFM Investment 215 +1.1 -3.1 34 50 - 1.3 10 0.4 14 5.	4.28 100
Sthn C. Fliers 11370 +1.4 0.2 33 0.0 1.1 9 0.2 13 8.0 N/A 682 Medical Dev Int 87 +15.3 0.4 6 5.0 0.6 NE N	N/A 50
Smorgon Steel 108 +0.6 +1.8 37 1.0 8 0.8 9 7.4 0.37 933 Oroton Group 259 +0.6 -0.8 36 5.0 1 4.5 11 0.6 42 4.5	2.91 95
Prime Infra Grp 124 +3.9 +2.7 24 30 - 1.3 6 0.6 21 7.1 3.96 496 Coates Hire 339 +7.4 -0.7 16 50 7 2.2 11 0.4 21 2.1	1.71 681
Kingsgate Cons. 353 -1.6 -0.8 51 00 0.3 5 7.1 2.72 257 SFE Corporation 662 +15.4 -1.7 6 5-0 - 5.5 25 0.4 22 3.3	8.60 873
Millers Retail 135 -9.8 -2.1 75 0-6 7 2.9 28 0.7 10 7.0 0.30 318 Network Ltd 25 +1.5 +0.5 33 5-0 -8.3 -0.9 NE N	0.67 17
Crane Group 892 -2.6 +0.9 55 2.5 5 1.7 17 0.3 10 6.7 0.24 456 Promina Group 411 +10.0 -0.1 11 50 - 2.1 13 0.5 16 3.0	1.13 4,349
Platinum Cap1 227 +0.0 +0.0 39 0-2 - 1.4 - 0.5 NE 6.6 N/A 258 ING Office Fund 117 +0.7 -1.8 36 4-0 8 1.0 9 0.5 12 9.0	8.05 961
Jubilee Mines 432 -4.2 +0.3 61 1.1 3 4.6 42 0.4 11 6.5 3.44 529 Destra Corp Ltd 11 +6.3 -18.7 18 4-0 1.7 NE N	3.15 19
Aust Infra. 172 +0.1 +0.4 39 00 5 0.9 9 0.5 10 6.4 N/A 308 ING Indust Trt 180 +1.0 -0.8 35 40 6 1.1 8 0.5 14 7.	N/A 1,162
ION Limited 179 14.7 +3.6 84 20 4 1.7 23 0.6 7 6.3 0.56 382 Metroland Aust 26 +2.2 +3.1 31 40 - 1.7 26 0.7 7 7.1	0.47 20
Djerriwarrh 347 -0.2 +1.4 43 1-5 - 1.1 6 0.4 18 6.2 N/A 518 Centro Prop. 397 +0.3 -1.6 38 4-0 8 1.4 7 0.3 20 6.1	N/A 2,481
Paperlin X Ltd 485 +1.1 +0.2 34 60 7 1.6 10 0.5 15 5.7 0.55 1,995 Clinical Cell 50 +12.3 -1.9 8 4-0 -10.0 - 0.9 NE N	N/A 44
OAMPS 302 -1.2 -1.5 49 3-2 - 7.6 49 0.3 15 5.6 0.43 280 Trust Co of Aus 810 +3.6 -0.9 26 4-0 - 3.8 16 0.3 24 4.3	3.95 262
AV Jennings 196 +4.7 6.7 22 53 1.8 28 0.5 6 5.6 0.76 422 Soul Pattinson 680 +2.4 +1.0 30 40 1 2.2 12 0.4 18 2.1	3.76 1,623
Telstra 499 0.2 +1.4 42 0.0 11 4.5 24 0.4 19 5.4 2.97 64,204 Allied Gold Ltd 23 +7.1 6.0 16 4.0 · · · 1.0 NE N	N/A 5
Natl Aust Bank 3016 -2.2 -1.1 53 0-0 11 3.1 27 0.4 12 5.4 1.77 45,719 Rinker Group 801 +10.1 +1.1 11 4-0 - 4.2 24 0.5 18 1.	1.40 7,568
AWB Limited 467 +3.2 ·3.1 ·27 ·1.1 ·4 ·4.2 ·9 ·0.5 ·48 ·5.4 ·0.67 ·1.472 Gowing Brothers 255 +1.2 ·0.3 ·34 ·5·1 · 1.0 ·7 ·0.4 ·15 ·3.	5.15 115
Skilled Eng. 290 +3.5 -2.4 26 2-0 3 6.0 37 0.5 16 5.3 0.40 262 Gale Pacific 287 +1.8 +0.6 32 5-1 - 5.3 18 0.3 29 2-2	1.47 125
Wattyl Ltd 339 -3.1 -2.3 57 3.1 4 1.3 6 0.4 23 5.3 0.49 272 Orica Ltd 1517 +6.6 -0.6 17 5.1 7 4.7 11 0.4 42 3.4	1.02 4,211
GWA Internat! 292 +0.4 -0.3 38 1-0 5 1.9 13 0.4 15 5.3 1.22 811 Computershare 320 +0.5 -0.4 37 6-2 8 0.8 53 1.0	2.46 1,741
Alinta Limited 623 -4.1 -0.3 60 1-0 1 2.2 23 0.4 9 5.3 1.38 823 Innamincka Pet. 94 +29.8 -4.5 2 3-0 0.8 NE N	N/A 32
Korvest Ltd   370 +17.0 +1.1   5   30   2.2   16   0.5   14   3.	0.79 30 1.29 29
, , ,	1.29 29 2.52 121
	2.52 121 N/A 4
Amrad Corp. 63 +4.4 5.2 23 12·0 1 1.2 2 0.6 70 Nil 3.24 82 Belmont Hold. 150 +8.3 3.1 14 3·0 1.0 0.7 NE N Macquarie Air. 210 +6.6 +3.8 17 12·0 1.1 17 0.5 6 3.8 4.58 2,208 Gazal Corp 265 +1.2 +0.5 34 3·0 3.4 21 0.4 16 5.	
HHG Pic 122 +6.9 -3.1 17 11.0 0.6 NE Nii 0.20 1,789 Brambles Ind. 599 +7.7 +1.2 15 3.0 8 5.4 18 0.5 31 1.	1.23 10,128
Sundowner Group 17 +3.1 -2.6 27 11-0 - 0.7 - 0.9 NE NII 1.07 23 TZ Limited 43 205.2+31.0 0 3-0 - 43.0 - 1.6 NE N	5.38 28
Brickworks Ltd 893 +4.2 +0.4 23 9.0 2 1.9 12 0.3 16 1.8 5.56 1,176 VeCommerce Ltd 135 +23.7 +0.8 3 3.0 - 1.8 - 0.4 NE N	1.62 17
Loftus Capital 73 +0.9 -1.8 35 8-0 -0.9 3 0.5 35 1.4 2.64 38 Auth Invest Fd 19 +41.5 +11.7 1 3-0 -1.0 -1.1 NE N	N/A 4
Payce Consol. 255 +10.6 -4.2 10 80 - 1.7 17 0.4 10 Nil 1.75 87 Image Resources 45 +7.2 16.1 16 3-0 1.0 NE N	N/A 22
BOT Solutions 31 +6.8 -11.8 17 8-0 -15.5 - 0.7 NE NII N/A 21 Aust Leis & Hos 298 +1.1 +1.6 34 3-0 -59.6 - 0.5 NE N	N/A 1.050
Macquarie Good. 168 +1.0 ·1.2 35 8-0 7 1.2 7 0.4 17 7.3 9.79 1,870 IBA Health Ltd 38 +35.2 +0.8 2 3-0 ·5.4 · 1.1 NE N	
Southcorp Ltd 301 +7.8 -0.1 15 7-0 11 2.5 6 0.4 41 3.3 1.81 2,241 Paladin Res. 13 +43.1 -41.0 1 3-0 1.6 NE N	N/A 35
Equity Trustees 745 +6.7 -7.4 17 7-0 - 3.6 - 0.5 NE Nil 2.77 45 Prime Infra Grp 124 +3.9 +2.7 24 3-0 - 1.3 6 0.6 21 7.	3.96 496
PMP Limited 160 +18.0 0.2 5 7-0 3 5.3 18 0.9 30 Nil 0.32 465 Cellnet Group 120 +12.5 4.9 8 3-0 2 1.3 11 0.6 11 5.4	0.19 59
Servoorp Ltd 203 +4.1 0.9 24 7-0 1 2.7 4 0.7 66 3.7 1.43 162 Metals Exp. 90 +16.1 +5.7 6 3-0 - 0.8 10 3.	5.49 30
Port Bouvard 120 +2.9 3.7 28 8.1 1.5 26 0.8 6 5.0 1.11 76 Prophecy Int1 13 +7.9 2.6 15 3.0 1.4 1.5 NE N	
APN News Media 427 +3.9 +2.3 25 6-0 8 1.8 9 0.5 19 4.3 1.73 2,019 Macquaries C&l 378 +6.2 -0.6 18 3-0 0.4 NE 4.	4.08 598
Grange Resource 51 +1.8 13.7 32 6-0 - 0.7 NE Nii 4.95 34 B Digital Ltd 31 +6.8 0.1 17 3-0 7.8 43 1.6 18 N	0.42 77
Impress Venture 6 +9.4 ·10.1 12 ·60 · · · · 2.1 NE Nii 3.60 7 Gleneagle Gold 36 +6.3 ·5.8 18 ·3.0 · · · · 0.9 NE N	N/A 4
Paperlin X Ltd 485 +1.1 +0.2 34 60 7 1.6 10 0.4 15 5.7 0.55 1,995 Tabcorp Holding 1418 +10.0 +1.8 11 30 8 - 0.3 21 4.7	2.68 5,184
Penfold Buscomb 123 +21.7 5.7 4 60 2.7 10 0.4 28 Nil 0.45 42 Stockland 522 +0.5 2.4 37 4.1 8 1.5 8 0.3 19 6.	6.25 5,422
Campbell Bros 636 +3.9 +0.1 25 4-1 1 4.0 23 0.3 17 5.:	0.65 255

## "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: 25.0% Buyers Last 13 wks: 27.0% Buyers

Company	Insider Buyers- Sellers								
Allied Farmers	0-1	Design Textiles	1-0	Kiwi Property	0-2	Ports Auckland	1-0	Tag Pacific Ltd	1-0
Apple Fields	1-0	Dorchester Pac	0-1	MG Property Trt	2-0	Postie Plus Grp	0-1	Telecom Corp	0-2
Blis Technology	0-1	F & P Health.	2-0	Mainfreight Grp	0-2	Provenco Group	2-3	Tenon Ltd	1-0
Botry-Zen Ltd	0-3	F & P Appliance	3-0	Media Tech.	0-2	Pumpkin Patch	0-2	Tourism Hold.	4-0
Broadway Ind	1-0	Finmedia Ltd	1-0	Metro. LifeCare	2-0	Renaissance	0-2	Tower Limited	1-0
CDL Hotel NZ	0-1	Fletcher Build.	8-0	Michael Hill	6-0	Restaurant Brds	2-0	Urbus Property	3-0
Cabletalk Group	2-0	Forty Two Below	2-0	Mooring Systems	0-6	Richmond Hold.	0-1	Vertex Group	0-4
Cadmus Tech Ltd	0-2	Freightways Ltd	0-1	Mowbray Collect	0-1	Rocom Wireless	0-3	WN Drive Tech.	0-2
Cavalier Corp	1-2	Guinness Peat	0-9	NGC Holdings	3-0	Rubicon Limited	1-6	Wakefield Hosp.	1-0
Col Motor Co	1-0	Hallenstein G.	1-2	NZ Invest Trust	1-0	Sanford Limited	0-2	Warehouse Group	3-0
Comvita	0-1	Heritage Gold	1-0	NZ Oil and Gas	1-0	Scott Tech. Ltd	1-0	Waste Mgmt NZ	0-2
Cue Energy Ltd	3-1	Hirequip NZ Ltd	0-1	Nuplex Indust	3-0	Sky City Ltd	0-1	Wrightson Ltd	0-1
DB Breweries	1-0	Infratil NZ	1-4	Port Tauranga	0-2	Software of Exc	0-1	Zintel Comm.	0-2
		KidiCorp	1-0	ŭ		Steel & Tube	1-0		

Page 10 Market Analysis

## "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: 78.2% Buyers Last 13 wks: 75.9% 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 Stock Exch	2-5	Canberra Invest	4-0	David Jones	2-0	Garratt's Ltd	4-0
ABB Grain Ltd	2-0	Aust Wwide Exp	1-3	Capral Alum.	1-0	De Grey Mining	2-0	Gateway Mining	3-0
ABC Learning	0-6	Aust United In	1-0	Cardno Ltd	1-0	Deakin Fin Serv	2-0	Gazal Corp	3-0
AGD Mining	0-1	Aust Mines Ltd	4-1	Carlton Invest	1-3	Deep Green Min.	3-0	General Prop Tr	1-0
Al Limited	2-0	Aust Ethical In	1-4	Carnarvon Pet.	3-0	Deep Sea Fish.	0-2	Genetic Tech.	2-1
AJ Lucas	0-1	Aust Energy	0-10	Carnegie Corp	1-0	DenX Ltd	2-0	Giants Reef Min	3-0
APN News Media	6-0	Austal Limited	2-1	Carpathian Res.	1-0	Destra Corp Ltd	4-0	Gindalbie Gold	0-1
ARB Corporation	1-0	Austereo Group	0-1	Casinos Austria	2-0	Dioro Explor.	2-0	Gippsland Ltd	0-1
ARC Energy	1-0	Austin Group	0-4	Cazaly Res Ltd	6-0	Djerriwarrh	1-5	Giralia Res.	0-3
ASG Group Ltd	1-3	Austminex Ltd	0-1	Cedar Woods Prp	1-0	Dragon Mining	1-3	Gleneagle Gold	3-0
AV Jennings	5-3	Austral Coal	1-0	Cellestis Ltd	0-1	Dromana Estate	2-0	Global Approach	1-0
AVT Holdings	4-0	Auth Invest Fd	3-0	Cellnet Group	3-0	E-Bet Limited	7-0	Global Mining I	4-0
AXA Asia Pac	1.0	Avatar Indust.	2-0	Cent West Gold	5-0	E.R.G.	0-1	Globe Int'l Ltd	8-0
Aberdeen Leader	0.5	Aviva Corp Ltd	3-0	Centro Prop.	4-0	ECSI Limited	0-1	Gloucester Coal	1-0
Acumen Cap Prop	6-1	Avoca Resources	1.0	Cervantes Sea.	1-0	Earth Sanct.	2-0	Go Connect Ltd	1-0
Adamus Resource	0-2	Axiom Property	2-1	Chal Financial	1-0	East'n Star Gas	1-0	Gold Aura Ltd	7-0
Adelaide Bright	2-0	B Digital Ltd	3-0	Charter Pacific	1-0	Eastern Corp	3-0	Golden State	1-0
Adelaide Bank	2-0	BHP Billiton	0-1	ChemGenex Pharm	2-0	Eastl'd Medical	0-2	Goldsearch Ltd	2-1
Admiralty Res.	1-0	BMA Gold Ltd	1-0	Chemeq Ltd	1-2	Echo Technology	13-2	Gondwana Res.	0-2
Adtrans Group	0-4	BQT Solutions	8-0 1-0	Chieftain Sec. Child Care C.A.	0-1 3-0	Ellex Medical	1-0 2-0	Gowing Brothers	5-1
Advanced Energy	1-0	Ballarat Gold				Emitch Limited	2-0 0-2	Gradipore Ltd Graincorp	4-0
Advance Health. Afminex Limited	5-0 3-0	Bank of Q'land Batavia Mining	1-0 1-0	Chiquita Brands Choiseul Inv.	0-1 1-0	Emperor Mines Energy Develop.	0-2 2-0	Grange Resource	1-2 6-0
Agincourt Res.	0.3	Baxter Group	0-1	Circadian Tech	1-0	Energy World	1-0	Great Aust Res	2-0
Agincount Res. Aim Resources	2.0	Baycorp Advant.	1.0	Circle Com Ltd	0.2	Ent Media & Tel	0-2	Green's Foods	1.0
Ainsworth Game	6-0	Beaconsfield Gl	2-0	Citic Australia	0.1	Enterprise En.	2-0	Gro Pep Limited	4-1
Alchemia Ltd	1.0	Becker Group	1.0	City Pacific	1-3	Environ. Sol'n	3-0	Gt Sthn Plant'n	2-0
Alesco Corp Ltd	2-1	Belmont Hold.	3.0	Climax Mining	1.0	Environm't Grp	1-0	Guinness Peat	0.9
Alinta Limited	1.0	Bemax Resources	5-0	Clinical Cell	4-0	Epitan Limited	0.2	Gunns Ltd	2-0
Alkane Explor.	8-3	Bendigo Bank	15-0	Club Crocodile	2-0	Egitx Limited	1-0	Gunson Res.	2-1
Allegiance Min.	1.0	Benitec Ltd	1.5	Cluff Resource	5-3	Equigold NL	2-6	HHG Plc	11-0
Alliance Fin.	1.0	Bentley Int'l	5-0	Coates Hire	5-0	Equity Trustees	7-0	Haddington Res.	0-1
Allied Gold Ltd	4-0	Betcorp Ltd	1-0	Cochlear Ltd	4-1	EservGlobal Ltd	1-2	Hannans Reward	4-0
Alphawest Ltd	2-0	Beyond Int'l	5-0	Coffey Int'l	1-0	Eumundi Brewing	0-1	Hansen Tech.	3-0
Altium Limited	4-0	Big Kev's Ltd	2-0	Coles Myer	2-1	Euroz Limited	1-0	Haoma Mining NL	0-1
Alumina Ltd	1-2	Billabong Int'l	0-1	Collection Hse	3-0	Exco Resources	4-0	Hardman Res.	0-5
Amcom Telecom.	0-1	Biometrics Ltd	1-0	Com'wealth Bank	2-0	Extract Res.	0-3	Harris (Keith)	1-0
Amcor Ltd	3-0	Bioprospects	1-0	ComOps Limited	1-0	Ezenet Limited	1-0	Harvest Road	0-2
Ammtec Ltd	0-8	Biota Holdings	1-0	Comet Resources	2-0	F.F.I. Holdings	1-0	Havilah Res.	1-0
Amrad Corp.	12-0	Biron Capital	2-0	Compumedics Ltd	1-0	FKP Limited	2-0	Healthscope	2-4
Anglo Pacific	1-0	Blackmores Ltd	0-1	Computershare	6-2	Fairfax (John)	1-0	Health Com Ntwk	2-1
Angus & Coote	2-0	Brambles Ind.	3-0	Computronics	1-0	Farm Pride Food	1-0	Helix Resources	1-0
Ansell Ltd	1-0	Brandrill	1-2	Con Broken Hill	0-8	Felix Resources	1-0	Henry Walker E.	1-0
Antisense T.	1-0	Brazin Limited	1-0	Concept Hire	1-0	Fiducian P Serv	2-0	Herald Resource	0-2
Anvil Mining	0-1	Breakfree Ltd	5-0	Conquest Mining	0-1	Financial Res.	1-0	Heron Resources	6-0
Apex Minerals	1-0	Brickworks Inv.	3-0	Cons Minerals	0-1	Finbar Intern'l	6-0	Hillcrest Res.	10-0
Aquacarotene	0-2	Brickworks Ltd	9-0	Cool or Cosy	2-0	First Aust Res.	3-1	Hillgrove Res.	1.0
Aquarius Plat.	1-0	Broadtel Com.	1-0	Coonawarra Aust	6-0	Fleetwood Corp	1-4	Hills Indust.	1.2
Aquila Res.	1.0	Broadcast Serv.	1-2	Cooper Energy	0-1	Flight Centre	0-3	Hills Motorway	2-0
Arafura Res.	1.0	Buderim Ginger	1.0	Corp Express	2-5	Flinders Diam.	1-0	Hire Intell.	2-0
Ariadne Aust	5-0	Bullion Min.	13-3	Cougar Metals	1-0	Folkestone Ltd	1-0	Hitech Energy	1-0
Aristocrat Leis	1-0	Burdekin Pacifi	1-0	Country Road	0.5	Foodland Assoc	5-2	Home Bldg Soc.	2-0
Arrow Energy	1-0	Burns Philp	1-0	Crane Group	2-5	Forest Ent Aust	0-6	Horizon Oil Ltd	2-0
Ashburton Min.	0-1	Burswood Ltd	1.0	Crescent Gold	4-1	Fortescue Metal	4-0	Hostworks Group	0-2
Aspen Group Ltd	1-0	C.S.R. Ltd	1-0	Croesus Mining	1-2	Fox Resources	2-0	Hpal Limited	1-0
Astro Mining NL	0·1	CBD Energy Ltd	6-0 1.0	Crown Diamonds	7-1 1.0	Funtastic Ltd	1-3 6.1	Hudson Timber	4-3
Atlas Grp Hold.	3-0	CCI Holdings	1.0	Crusader Hold.	1-0	Future Corp	6·1	Hudson Sec.	2-0
Ausdrill Ltd	0.2	CCK Financial	1-0	Cryosite Ltd	1-0	Futuris Corp.	3-0 10-2	Hudson Res. Ltd	1-0
Auselect Ltd	1-0	CFS Private Cap	1-0	Culten Resource	2-0 1.0	G.R.D. NL	10-2	Hunter Hall Int	0-6 1.0
Auspine Ltd	2-0	CPT Clobal Ltd	0-1 1.0	Customers Ltd	1-0	G.U.D. Holdings	0·1	Huntley Invest	1-0
Aust Leis & Hos	3-0 1-0	CPT Global Ltd CSL Limited	1-0 2-0	DCA Group Ltd	3-2 1-0	GWA Internat'l Gale Pacific	1-0 5-1	Hutchison Tel.	1-0 1-0
Aust Healthcare Aust Food Fibre	1-0 1-0	CSL Limited CVC Limited	2-0 1-0	Danks Holdings Dark Blue Sea	1-0 1-0	Gallery Gold	5-1 4-2	Hyro Limited IBA Health Ltd	1-0 3-0
Aust Wine Hold.	1-0 1-2	Cabcharge Ltd	0-1	Dark Blue Sea Data & Commerce	1-0 1-0	Gallery Gold Gallery Global	4-2 0-1	IM Medical Ltd	3-0 1-0
Aust Foundation	1-2 4-5	Campbell Bros	4-1	Datafast Tel.	5-1	Gaming & Ent.	10-1	IMF (Aust) Ltd	0-3

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July 6, 2004.									Page 11
Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers
ING Indust Trt	4-0	Macquarie Off.	1-0	Occupational Md	1-0	Renew. Energy	2-0	Sylvastate Ltd	4-0
ING Office Fund	4-0	Macquarie Good.	8-0	Oceana Gold Ltd	1-0	Renison Cons	2-0	Sylvania Res.	1-0
ION Limited	2-0	Macquarie Air.	12-0	Oilex NL	0-1	Repcol Ltd	1-0	Symex Holdings	1-3
IT & e Limited	5-3	Macquarie Leis.	0-2	Oldfields Hold	1.0	Republic Gold	1.0	Synergy Metals	2-0
ITL Limited IWL Limited	1-0 1-2	Macquarie DDR	2-0 4-0	Orbital Engine	1-0 1-0	Resonance HIth Resources Min.	1.5 1.0	Synergy Equity TVSN Limited	5-1 6-1
Ideas Intern'i	4-0	Macquarie Infra Macquarie Bank	3-4	Organic Res Tec Orica Ltd	5-1	Retail Tech.	2-0	TZ Limited	3-0
liNet	0-2	Marengo Mining	3.0	Oroton Group	5-0	Revenir Ltd	1.0	Tabcorp Holding	3-0
Iluka Resources	2-0	Mark Sensing	6-1	Oroya Mining	1.0	Revesco Group	0-1	Tag Pacific	1-0
Image Resources	3-0	Marybor'gh Suga	0-3	Oxiana Ltd	0-1	Ridley Corp.	0-2	Takoradi Ltd	0-1
Imperial One	0-1	Maxi TRANS	0-2	PCH Group	1-0	Rinker Group	4-0	Tanami Gold NL	5-0
Impress Venture	6-0	Mayne Group Ltd	1-0	PMP Limited	7-0	Rio Tinto Ltd	1-0	Tandou Ltd	2-0
Imugene Ltd Incitec Pivot	0-1 7-1	McGuigan Simeon McPherson's Ltd	0-2 1-3	Pacific Hydro	2-1 1-0	Rivkin Fin Serv Roberts Ltd	2-0 0-2	Tap Oil Tasman Resource	0-3 1-0
Ind Practition.	2-0	Medaire Inc	2-0	Pacific Energy Pacrim Energy	0-1	Rock Build Soc.	0.10	Tassal Group	1-0
Independ. Group	2-1	Medec Limited	1.0	Paladin Res.	3-0	Ronin Property	4-0	Tawana Resource	0-5
Info Choice Ltd	1-2	Medical Monitor	1-0	Palm Springs	1-2	Rox Resources	1-0	Technology One	0-2
Infracorp Ltd	2-0	Medica Holdings	2-0	Pan Australian	0-1	S8 Limited	2-0	Tectonic Res.	1-0
Innamincka Pet.	3-0	Medical Dev Int	5-0	Panbio Ltd	3-0	SDI Limited	0-1	Tele-IP Limited	3-0
Int Research	2-0	Meditech Rsrch	2-3	Paperlin X Ltd	6-0	SDS Corporation	1-3	Templeton Globa	2-0
Int'l Goldfield Integrated Grp	1-2 0-1	Medusa Mining Mermaid Marine	0-1 0-1	Patrick Corp Payce Consol.	1-0 8-0	SFE Corporation SMC Gold Ltd	5-0 2-0	Ten Network Terra Gold Min.	0-1 0-2
Integrated Grp Intermin Res	8-0	Metabolic Phar.	1-0	Pearl Heathcare	6-0	SMS Mgmt & Tech	2-0 0-4	Three-D Global	0-2
Internii Corpor	3-1	Metals Exp.	3-0	Pelican Res.	1-0	SP Telecom.	2-1	Thundelarra Exp	2-4
Intermoco Ltd	1-2	Metal Storm Ltd	0-2	Pelorus Pipes	4-0	SPC Ardmona Ltd	0-2	Tianshan Gold.	2-0
Investika Ltd	3-1	Metcash Trading	0-4	Penfold Buscomb	6-0	SSH Medical Ltd	3-0	Tiger Int'l	4-0
Investa Prop.	6-0	Metex Resources	1-0	Peninsula Min.	4-1	STW Comm Group	0-2	Timbercorp	0-2
Investor Info	1-2	Methanol Aust.	1-0	Peplin Biotech	0-1	Sally Malay Min	0-1	Titan Resources	0.3
Invocare Ltd Iress Mkt Tech	1-0 2-0	Metroland Aust	4-0 1-0	Peppercorn Mgmt Peptech Limited	0·1 2·0	Salmat Ltd Sam's Seafood	2-0 2-1	Toll Holdings Tomato Tech.	0-2 1-4
Ironbark Cap.	5-2	Mia Group Ltd Michelago Ltd	0-1	Perilya Mines	2-0 3-1	Santos Ltd	2-1	Transol Corp	2-1
JAM Develop.	1.0	Midas Resources	3-0	Perp Trust Aust	3-2	Saracen Mineral	1.0	Transurban Grp	3-5
JDV Ltd	1.0	Midware Limited	2-0	Perseverance	1.0	Scantech	3-0	Travel.com.au	3-0
Jackson Gold	2-1	Mikoh Corp.	1-0	Petsec Energy	3-0	Schaffer Corp	1-0	Treasury Group	0-2
James Hardie	2-1	Millers Retail	0-6	PharmNet Online	2-0	Select Vaccines	4-8	Trent Capital	7-0
James Fielding	1-0	Mincor Resource	1-2	Pilbara Mines	11-1	Select harvest	0-2	Triako Res.	1-0
Jetset Travel Jindalee Res.	3-0 5-0	Mineral Commod. Mineral Sec.	0-1 1-0	Pinnacle VRB Pioneer Nickel	1-0 1-0	Senetas Corp Servcorp Ltd	2-0 7-0	Tribeca Learn. Troy Resources	0-2 0-2
Joyce Corp.	5-0 1-0	Minerals Corp.	1-0	Planet Platinum	1-0 2-0	Shearer (John)	7-0 2-0	Trust Co of Aus	4-0
Jumbo Corp	1.0	Minotaur Res.	2-1	Platinum Cap'l	0-2	Sherlock Bay N.	2.0	U.S. Masters	1.0
Jumbuck Corp.	1-2	Mirrabooka Inv.	1-4	Platinum Aust	1.0	Siberia Mining	1.0	Uecomm Limited	1-0
Just Group Ltd	1-0	Mobilesoft Ltd	0-6	Plexus Int'l	1-0	Sietel Ltd	1-0	United Group	2-0
Kagara Zinc Ltd	4-0	Mobile Innov.	4-0	Pohsphagenics	2-0	Sims Group Ltd	0-1	Unitract Ltd	1-0
Kids Campus Ltd	0-3	Monarch Res.	1-0	Polaris Metals	1-0	Sirtex Medical	1-0	Unwired Group	1-0
Kimberley Oil Kimberley Diam.	2-0 0-2	Motion Picture Moto Goldmines	1-0 2-1	Polartechnics Port Douglas	1-0 1-0	Skilled Eng. Skydome Holding	2-0 0-1	Uscom Limited VRI Biomedical	3-1 2-1
Kings Minerals	1.0	Mt Burgess Min.	4-2	Port Bouyard	8-1	Smorgon Steel	1.0	VeCommerce Ltd	3-0
Kip McGrath EC	1-0	Mt Conqueror	2-0	PowerTel Ltd	1-0	Snowball Group	3-0	Viagold Capital	0-2
Knights Insol.	2-1	Multiemedia Ltd	1-12	Powerlan Ltd	1-2	So Natural Food	2-0	View Resources	0-1
Konekt Limited	2-0	NKWE Platinum	2-0	Precious Metals	2-0	Sofcom Limited	0-1	Villa World	1-3
Korvest Ltd	3-0	NSL Health Ltd	0-1	Prima Biomed	7-3	Solbec Pharm.	6-0	Village Road.	0-1
Kresta Holdings	1-0	Namakwa Diamond	0-1	Primary Health	0-2	Solution 6	2-0	Virax Holdings	0.1
Lafayette Min. Lakes Oil NL	2-0 2-0	Namoi Cotton National 1 Ltd	1-0 1-0	Prime Life Corp Prime Infra Grp	2-4 3-0	Sonnet Corp Ltd Sons of Gwalia	2-0 0-1	Virotec Int'l Visionmed Group	0-1 1-0
Lako Pacific	2-1	Natural Intel.	1.0	Prin. Amer. Off	2-0	Soul Pattinson	4-0	Vision Systems	3.0
Legalco Limited	0-3	Navigator Res	1.0	Promina Group	5.0	Southcorp Ltd	7-0	Volante Group	2-0
Legend Mining	3-1	Netcomm Limited	0-2	Prophecy Int'l	3-0	Sphere Invest.	1-0	WAM Capital Ltd	1-3
Legend Corp.	2-0	Network Ltd	5-0	Prosperity Res.	2-0	St Barbara Mine	1-0	WRF Securities	6-0
Leighton Hold	0-4	New Holland Min	2-0	Publishing & Br	1-2	St George Bank	2-0	Waterco Ltd	3-0
Lend Lease Corp	1-0	New Horizon En.	0-1	QED Occtech Ltd	2-0	Starpharma Hold	0-2	Watpac Ltd	2-0
Liberty Gold NL Lighting Corp.	2-0 5-1	Newcrest Mining Newhaven Park	1-0 1-0	QPSX Limited QRSciences Hold	0-2 4-0	Stericorp Ltd Sthn Cross Brd.	4-0 1-0	Wattyl Ltd Webjet NL	3-1 1-5
Lion Equities	3.0	Newland Res.	1.0	Quantum Energy	4-0	Stockland	4-1	Wedgetail Exp.	4-0
Lion Energy Ltd	4-1	News Corporatio	2-6	Queens'd Cotton	2-0	Straits Res.	0-1	Wesfarmers Ltd	3-1
Lionore Mining	2-6	Nexus Energy	0-2	Quiktrak Netwks	0-1	Strathfield Grp	1-0	West Aust Metal	3-0
Loftus Capital	8-0	Nickel Aust Ltd	3-0	RCR Tomlinson	1-0	Strata Mining	1-0	Westel Group	1-0
Lumacom	2-0	Nido Petroleum	1.0	RIM Capital Ltd	4-1	Striker Res.	1-0	Westfield Trust	0-2
M-Box.com	6-0	Niquest Ltd	2-0	RMG Limited	1-0	Structural Syst	2-0	Westmag Limited	2-0
M.Y.O.B. Ltd MFS Diversified	0-1 5-0	Noni B Limited Northern Gold	2-1 3-0	Ramsay Health	0-2 0-1	Stuart Petrol. Sun Resources	0-2 1-0	Westralia Prop	3-1 1-0
MFS Lev Invest.	5-0 1-0	Norwest Energy	3-0 1-0	Realestate.com Reckon Limited	0-1	Sun Resources Suncorp-Metway	1-0 4-2	Westralia Prop. Whitefield Ltd	1-0 11-3
MGM Wireless	2.0	Norwood Abbey	0-1	Reclaim Indust.	3-1	Sundance Res.	4-0	Willmott Forest	0.2
MMC Contrarian	2-0	Novera Energy	3-0	Red Metal Ltd	1-0	Sundowner Group	11-0	Wilson Inv Fund	4-0
MPI Mines Ltd	2-0	Novogen Ltd	1-4	Reece Australia	2-0	Sunland Group	3-14	Wilson Leaders	4-0
MXL Limited	5-0	Nthn Star Res.	3-0	Reed Resources	2-0	Sunshine Gas	1-2	Worley Group	0-1
Macarthur Cook	2-0	Nylex Ltd	3-0	Reefton Mining	1-0	Swish Group	1-0	Wrigdways Aust	1.0
Macmin Silver	0-7	OAMPS OFM Investment	3-2 5-0	Reinsurance Aus	0-2	Sydney Gas Ltd	1-3	Xanadu Wines	1-0 3-7
Macquaries C&I	3-0	OFM Investment		© Securities Po	aaarah Car	mnony I td		Yamarna Goldfld	J-1

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# Insider Buying Identifies Several Attractive Emerging Growth Shares

#### **BQT Solutions** (code BQT).

This \$21 million *micro-cap* company currently generates little revenue, trades unprofitably and has little cash to finance future development of the business. What it *does* have, however, <u>are eight *insiders* buying on-market over the last year</u> - including two large purchases in June at 30-34 cents and two trades in May at 34 cents. If the directors are that optimistic about the company then we are interested in taking a closer look at its current business and future potential.

BQT Solutions (formerly called Banque-Tec) is a "specialist supplier of smart cards, biometric systems and high end encrytion devices" to major international security companies. This business is at the stage where the company is shifting from heavy investment in Research & Development to increased marketing of existing products and several new products that are "about to be released". With revenues growing rapidly, the company expects to become cashflow positive in the September 2004 quarter.

The global security market is worth US\$16.5 *billion* annually and expected to grow at 10-15% per annum. BQT Solutions believes that it is the world leader in its niche market with "the largest range of products with proven technology".

The company won a large \$4 million contract in February to supply smart card readers, biometric products and encryption devices to a leading international security company for installation at 400 buildings operated by a Middle Eastern telecommunications company.

BQT Solutions will also be tendering to become the supplier for Australian biometric passports.

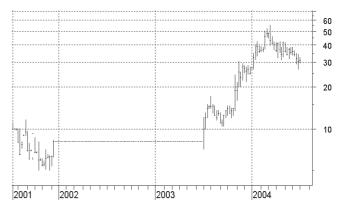
BQT Solutions is just starting to generate meaningful revenues - so it is difficult to assess the potential for the company to develop its business in the future. At this stage in a company's development, *insider* trades may be the best predictor of future performance as directors are the most knowledgeable about the company and its potential.

#### **Summary and Recommendation**

Significant *insider* buying suggests that BQT Solutions may be very successful in the future at developing a profitable niche business in a rapidly growing industry. The company is only just emerging from the development phase, so this remains a very high risk situation. Nevertheless, it would be foolish to ignore the high level of *insider* purchases in BQT Solutions shares - so we believe higher risk investors should consider making a small investment in this company.

As we have pointed out many times, *micro-cap* company shares make the very best investments - but are individually extremely risky. So BQT Solutions should be a small investment in a very well diversified portfolio.

#### **BQT Solutions**



#### Gradipore (code GDP).

Gradipore - to be renamed **Life Therapeutics** (subject to approval by shareholders at the next AGM) - is a biotechnology company that was established in 1972 and listed on the Australian stockmarket in 1985. The company has developed a "unique process for large scale biological separations" but has been less successful at *commercialising* its technology.

So after 32 years, Gradipore is "re-inventing" itself and has adopted a "Triple Five Goal" of becoming a "\$500 million capitalisation company, with \$50 million profit annually within five years". The company will change from an "R&D organisation with a small commercial aspect" to a "commercial niche plasma therapeutic manufacturer with a powerful R&D capacity". That is, rather than seeking to sell its technology to other companies, Gradipore will enter the plasma therapeutics business and use its technology to give it a low-cost/high-quality competitive advantage over existing companies in that industry.

Starting with its *Gradiflow* separation technology which has "significant performance, production and cost advantages" over older fractionation processes, the company sought to acquire a source of plasma and a manufacturing facility. The acquisition of Serologicals **Specialty Biologics Inc** - which operates ten plasma collection centres across the United States - for US\$5.0 million (i.e. US\$3.5 million paid in January 2004 and a further payment of US\$1.5 million payable in December) completed the second step. The vendors provided a US\$11.8 million loan to finance stock and debtors - with Gradipore to make quarterly repayments of US\$400,000 from 2005. The final steps will be to build a manufacturing facility and identify suitable products to manufacture. Gradipore is negotiating with other parties to establish a joint venture - which will share the cost of building this facility and where the company can earn revenue processing for an outside partner. The company is also negotiating to acquire the commercial rights to a "recombinant Anti-D" therapeutic product from UK

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based **Bio Products Laboratories** which it would bring to market in about three years. Serologicals has been rebranded as *Life Sera* while the Separation and production business is now called *Life Bioprocess*.

Gradipore has two other businesses:

Life Gels is involved in the manufacture of electrophoresis gels (which are used to separate and identify macro-molecules - such as proteins - when a direct current voltage is applied to each end of the gel). The company is successfully seeking to significantly improve its gel manufacturing process to achieve profitability in this business.

*Life Diagnostics* is a global supplier of specialty source plasma and specialty test kits.

For the financial year to 30 June 2004, Gradipore is expecting revenues of \$17 million and a loss of \$10 million - but forecasts very strong growth over the next few years. Revenues are predicted to more than double to \$38 million in 2005 with a small loss of \$2 million. Revenues are then expected to rise 40% to \$54 million in 2006 with a profit of \$4.5 million. 2007 is forecast to show revenues 30% higher at \$69 million and profits almost tripling to \$13 million. To achieve its ambition of a \$50 million profit within five years, profits would need to *double* in 2008 and 2009.

Achieving its forecasts would lower the P/S ratio from 4.88 at present to about 1.24 in late 2005.

Gradipore currently has an issued capital of 55,821,846 shares and 10,640,358 options (to buy shares at 50 cents on 1 September 2004). With the conversion of the options the market capitalisation will be \$47 million. Becoming a \$500 million capitalisation company would therefore offer the *potential* for up to a 10-fold gain to investors. In fact, the company will likely fall far short of its very ambitious growth plans - and earnings per share will probably be diluted as the company needs to raise additional equity to pay for its recent leveraged acquisition of Serologicals and to finance manufacturing facilities, product development and marketing.

Once again, when there is little information with which to assess the potential of an emerging company, *insider* trading by the people who know the company best is often the most reliable guide. In this case there have been four *insider* buys over the last year: two in March at prices around 105-124 cents and two buys in February at 90-108 cents. In line with many other smaller companies, Gradipore's share price has weakened over recent months and investors can now buy these actively traded shares around 70 cents - which is a significant discount to the price paid by the *insiders*!

#### **Summary and Recommendation**

The greatest thing about stockmarket investment is that your losses are limited (i.e. to 100% - if a company goes bust) but there is *no limit* to potential gains from an investment in a very successful company. So a small investment in a high risk company with ambitious growth plans can be an attractive addition to a diversified portfolio.

Gradipore shares are expensive based upon *current* revenues and lack of profitability - but *insider* buying suggests the company has the *potential* to emerge as a profitable growth company and that would yield significant gains for investors. This is a very high risk investment, but a small investment in Gradipore is worth consideration.



**Integrated Research Limited** (code IRI). Integrated Research specialises in systems management

Integrated Research specialises in systems management software under the  $\ensuremath{\textit{PROGNOSIS}}$  brand.

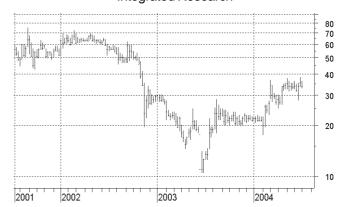
The company has been consistently profitable and has good growth potential, but profits fell 83% to just \$1.1 million in the year to June 2003. This depressed the share price to a low of 11 cents - 94% below its peak in the Technology boom - although the shares have since recovered strongly. Profitability recovered to \$2.1 million for the six months to December 2003 and the second half is likely to be slightly ahead of this. The 2003 result puts the shares on a P/E ratio of 52, but the profit recovery to 30 June 2004 should improve this to a low 12. The Relative Strength is *positive* at +21.6% (ranked 4) and there have been two *insider* buys over the last year.

#### **Summary and Recommendation**

This is a soundly financed software company with good growth potential. The shares trade on a low valuation, but are in a strong uptrend and *insiders* are buying.

While we are <u>not</u> formally recommending Integrated Research shares at this time - as they sometimes trade in only small volumes - this is an attractive share that rates a "Buy" for all growth portfolios.

Integrated Research



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# Company Review: Charter Pacific

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

Charter Pacific (code CHF).

Charter Pacific has been a long term under-performing investment company but is taking steps to diversify its portfolio to improve its future performance. The shares currently trade at a massive 55% discount to net asset value - and for little more than its 40 cents per share of cash in the bank. So this is an *asset-rich* company where the shares *could* be re-rated over the next year or two.

#### **Company History**

This company, formed in 1987 and listed on the Australian stockmarket in 1989, was initially involved in real estate and share investment.

In 1994 the company invested \$2.5 million in a start up business called **Metal Storm** which increased massively in value *prior* to listing on the stockmarket in 1999. Metal Storm did rise sharply in value in mid-2000, but has retraced those gains during 2002-2003. This was Charter Pacific's main asset, so the company's own performance has mirrored that of Metal Storm.

From 2002 Charter Pacific has sought to become a more diversified investment company.

In July 2002 it bought a 19.9% stake in **AGT Biosciences** (previously called **Autogen**) and increased this to 33.08% in January 2003 by underwriting (and taking up the shortfall) in a 1 for 2 cash issue at 35 cents. That company merged with unlisted US based **ChemGenex Therapeutics** and is now listed on the Australian stockmarket as **ChemGenex Pharmaceuticals**.

In December 2003 Charter Pacific bought a 14% stake in the very small listed company **Monteray Group** (with an option to increase this to 40%). This company's main asset is an interest in **G Pen Pty** which provides a web based superannuation administration system.

In May 2004 Charter Pacific acquired an initial investment in **BQT Solutions** following a placement of 9,306,667 shares (and 3,102,222 free options to buy shares at 65 cents on 1 June 2005) to "Charter Pacific and other sophisticated investors" at 30 cents per share.

Charter Pacific's unlisted investments include:

- 11% of New York based independent investment banking and corporate advisory group Global Markets Capital Group LLC,
- 2. 50% of **DCR Global** (recorded at a book value of nil) which is developing technology to amplify radio frequency power, and
- 3. 50% of **OEM Nutech Pty** (book value \$379,000) which has the Australian rights to an advanced powder coating and curing system for the paint industry. This system allows powder coatings to cure within three minutes at a temperature up to 110°C compared with up to 20 minutes at 160-200°C for conventional systems.

#### **Recent Changes and Current Portfolio**

In the six months to December 2003, Charter Pacific sold 11,160,000 Metal Storm shares, raising \$5.6 million in cash. In April 2004 it sold a further 41.0 million Metal Storm to raise a further \$20 million in cash.

Charter Pacific therefore holds the following investments:

Market Value
\$24.9 million
\$9.8 million
\$1.5 million
\$0.6 million
<u>\$27.5 million</u>
\$64.3 million

Charter Pacific's issued capital is 68,524,208 shares so the net asset backing is around 94 cents per share of which 40 cents per share is in cash. There are no significant liabilities and the company also holds some unlisted investments. Despite this the shares trade around 42 cents - a very large 55% discount to their net asset value.

#### **Investment Criteria**

As an investment company it is meaningless to evaluate the shares on the basis of revenues or profits, and the company pays no dividend. The net asset backing is the best estimate of the value of the shares.

Unfortunately, Charter Pacific *could* continue to trade at a significant discount to net asset value. Usually a large discount would attract corporate raiders that would seek to gain control (or enough influence) to liquidate or partially liquidate an under-performing, asset rich company and return cash to the shareholders. Charter Pacific, however, has four "Management Shares" which give the directors 30% of the voting rights. A corporate raider would therefore need to acquire over 70% of the ordinary shares to gain over 50% of the voting rights and control of the company. Without the threat of a takeover, management are free to under-performalthough recent moves to sell Metal Storm shares and diversify the portfolio should reduce the risks of future under-performance.

Also important are the actions of directors. Do they seek to improve Shareholder value? Do they own shares? Are they buying shares on-market at current prices?

Unfortunately, the directors have <u>not</u> sought to increase shareholder value. Charter Pacific has historically traded at a significant discount to the value of its Metal Storm shares. So the directors could have *increased* net assets by selling Metal storm shares and

re-purchasing Charter Pacific shares. Or selling Metal Storm shares and distributing cash as a discount or capital repayment. This was never done.

There has been only one *insider* trade over the last year with Managing Director KJ Dart buying 209,250 shares on-market at about 40 cents in December 2003, to increase his holding to 3,601,452 shares (5.3% of the company) and 1,000,000 executive options.

The Chairman, BV Sprod owns 143,000 shares and non-executive directors S Lonie has 100,000 shares and BG Dart holds 97,314 shares.

The shares are *neglected* by stockbrokers and institutional investors who own only about 6% of the company.

Technically the shares appear to be in an uptrend, although quite volatile. The Relative Strength rating is +4.2%, ranked 18 (on a scale of 0-99). Its major investment, Metal Storm shares, however, are weak with a Relative Strength rating of -4.7%, ranked 64.

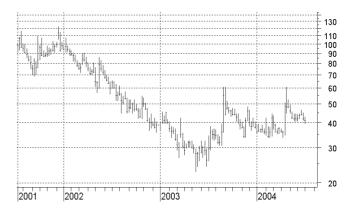
#### **Summary and Recommendation**

Charter Pacific exists today because it made just one extremely successful investment in Metal Storm at the initial venture capital stage of that company's development - but that investment has yielded no additional return since it was floated on the stockmarket

in 1999. As a result of long term under-performance, Charter Pacific shares now trade at a massive discount to net asset value.

Charter Pacific, however, has significantly reduced its investment in Metal Storm and is seeking to become a more diversified investment company. It is therefore likely that the shares will be re-rated upwards closer to their net asset value. The major investment, however, is still in Metal Storm shares and they remain weak at this time. An uptrend in the share price of Metal Storm could signal an attractive buying opportunity for Charter Pacific shares. "Watch".

#### **Charter Pacific**



# New Issues: Dominion Finance, CanWest MediaWorks NZ

The following reviews were emailed to subscribers on 23 June and 1 July.

**Dominion Finance Holdings** is seeking to raise \$15.0 million from the public with the offer of 15,000,000 shares at \$1.00 each. \$5.0 million of this will go to the company with \$10.0 million going to existing investors who will also retain 40,500,000 shares (73.0% of the company).

The company has experienced strong growth over recent years and a *very high return* on Shareholders Equity. The business, however, is not without risk. 80% of the loan portfolio involves property finance, with a large exposure to property development, bridging finance and mezzanine lending (i.e. loans that rank behind bank loans). This is a high return business, but does involve significant risk. Dominion Finance has had few bad debt problems over recent years, but that could change at some stage in the future - especially if the property boom slows.

Shareholders Equity at March 2004 was \$14.6 million which is represented by 50,500,000 shares. Existing investors are offering 10,000,000 of these shares for sale, so will realise \$10.0 million in cash and retain 40,500,000 shares.

With an additional \$5.0 million in new equity from the new public shareholders, plus a forecast \$6,068,000 in profits (10.9 cents per share) to March 2005, Shareholders Equity will grow to \$24.5 million (44 cents per share). Loans are forecast to increase to \$154.4

million. A dividend of 5.47 cents (plus full imputation tax credits) is forecast.

Based upon the forecasts to March 2005, the shares are being offered on a Price/Earnings ratio of 9.2 and produce a gross Dividend Yield of 8.2%.

The company points out that a number of "blue chip" finance companies have been listed on the NZ stockmarket in the past. Many of these, however, were involved in the relatively *low risk* business of providing *Consumer Finance* (i.e. held a very large number of relatively small hire purchase or other consumer loans). Dominion Finance is closer to our formerly recommended investment in **Biron Capital**. Short term property development loans do offer high returns, but also involve many of the same risks as *equity* investment in property development. Those risks increase when the company significantly leverages its balance sheet as Dominion Finance has done.

#### **Summary and Recommendation**

The P/E and Yield offered on Dominion Finance would be attractive for many shares, but owing to the risks that we perceive in this business we would prefer to be buying the shares on a P/E of 6-8 and a Yield of 10-12% (i.e. around 65-85 cents).

At 100 cents the shares are a little too expensive for the potential risks and returns offered. So Avoid the initial public offering, but consider buying on-market if the shares were to weaken to 65-85 cents at some stage in the future.

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**CanWest MediaWorks NZ** is offering 68.0-81.6 million shares to the public at 150-165 cents per share. All of the \$102-135 million raised in this float will go to the existing owner, **CanWest Global Communications**, who will retain 64-70% of the capital.

The company operates 28 radio stations and two television stations in NZ. The issued capital will be 226.7 million shares, valuing the company at \$340-374 million.

An "extremely" high demand for television advertising boosted this division from a \$0.5 million *loss* in 2003 to earnings of \$12.7 million (before interest, tax and depreciation) for the six months to February 2004. It really is amazing how many companies become profitable *just in time to be floated off to the public!* The radio division has been more stable, so total group earnings rose 152.7% to \$23.0 million for the half year.

The full year result to August is expected to show earnings (before interest, tax and depreciation) of \$60.0 million from revenues of \$227 million and a similar result for 2005 (i.e. earnings of \$61.1 million from revenues of \$235 million). A 10.0 cents gross dividend yield offers investors a 6.1-6.7% yield.

Radio and television broadcasting, however, is a very cyclical business. Operating costs are relatively fixed, while advertising revenues fluctuate with the general economy, so profitability can fluctuate widely. The shares would be most attractive to buy when the economy was depressed, the company operated at close to break-even and the share price was very depressed. The risk is that investors could be buying near the top of the cycle.

#### **Summary and Recommendation**

This New Issue appears to offer reasonable value, so we would expect it to be popular with institutional and private investors and the shares will probably list on the stockmarket at a small premium. Nevertheless, the company offers little long term growth potential and is also vulnerable to economic fluctuations. Therefore we believe there are more attractive long term investments - although we will be more than happy to buy into the company at a depressed share price during the next economic slump.

Total Ret	urn Index	for All Lis	ted Shares
Jun 7	Holiday	Jun 14	2073.76
Jun 8	2058.70	Jun 15	2106.82
Jun 9	2065.06	Jun 16	2115.23
Jun 10	2064.25	Jun 17	2121.88
Jun 11	2072.76	Jun 18	2130.73
Jun 21	2133.64	Jun 28	2148.59
Jun 22	2130.19	Jun 29	2143.55
Jun 23	2119.83	Jun 30	2154.78
Jun 24	2126.67	Jul 1	2155.87
Jun 25	2137.58	Jul 2	2150.33

## Dividend\$

Company	ents per Share	Ex- Date	Pay- able	Tax Credit
Contact Energy	7.00	17-05	28-08	Full
Loan & Buliding Society	7.00	28-06	30-06	Full
Mainfreight	3.50	19-07	23-07	Full
Mr Chips Holdings	3.50	26-07	30-07	Full
Seeka Kiwifruit	9.00	13-09	15-09	Full
Smiths City Market	2.50	02-08	09-08	Full
Trustpower	9.00	19-07	30-07	Full
Wrightson	9.00	28-06	02-07	Full
Zintel	2.33	28-06	09-07	Full
Australian Shares				
Australian Infrastructure Fund	6.00	24-06	30-07	
Health Communication Networ	k 1.25	16-08	03-09	

## Current Issues

#### **SHARE REPURCHASES**

30/9/2006) for evey two new shares.

Details

F & P Healthcare up to 2.4 million shares, on-market

#### **CASH ISSUES**

Appln

Ratio Price Ex-Date Date
Certified Organics (1) 1:7 7.5 - (1) Plus 1 option (to buy a share at 7.5 cents on

NEW ISSUESPrice DateEPS DPSDominion Finance100 - - - --CanWest MediaWorks NZ150-165 - - - --

### Office Closed

Your Editor (and family) will be up in Singapore and Malaysia for the next three weeks, but still running the business - updating the *Online Share Selection* database, reviewing New Issues and searching for that next tenbagger investment (in between shopping and relaxing) - via the internet and available by email.

### Next Issue

The next issue of *Market Analysis* will be posted in five weeks time on Tuesday August 10, 2004 (and delivered in most areas on Wednesday 11).

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

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