

Market Analysis

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

Our stockmarket forecasts remain moderately Bullish (i.e. favourable), our *Recommended Portfolio* continues to perform well and we see many shares that have the potential for future profits - so remain fully invested in the recommended shares.

Investment Outlook.

The world economic growth rate for 2004 is expected to hit a 30-year high - owing mainly to strong growth in China. So can we profitably incorporate the impact of China's growth on the world economy into our NZ and Australian portfolio?

The simple answer is that China's growth is inflating commodity prices and boosting the performance in mining shares. Unfortunately this obvious answer will probably be wrong - although there should be at least some opportunities in the commodity sector. The very long term trend is for commodity prices to fall - although strong economic growth may reverse, or at least halt that decline, over the next 5-10 years. Of greater risk is commodity price volatility. *If China's growth rate slows* then commodity prices would fall. Furthermore, in response to higher prices, global mineral exploration expenditure rose 26% in 2003 (to around US\$2.3 billion) and is expected to rise 40-50% during 2004. Within a year or two this will increase supply - which is the usual reason why commodity prices collapse! Of course, as in all boom cycles, many will believe "things are different this time".

Unfortunately, exploration and mining are *capital intensive* and *depleting* businesses, subject to boom/bust cycles and overall offer investors low returns.

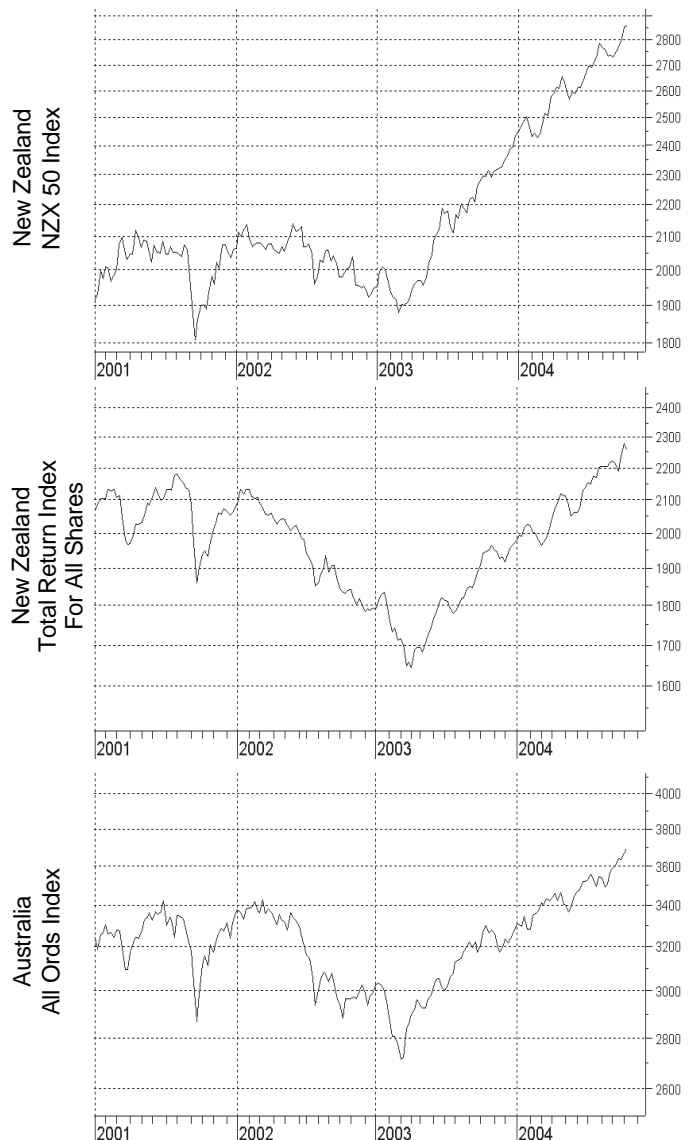
We have, of course, done well with Austral Coal - but that company has also benefited from its new developments which will (1) boost total production volumes and (2) lower production costs per tonne owing to easier to mine coal *and* new, more efficient equipment. Strong demand for coking coal (to make steel) and the higher coal price has further improved what was already an attractive expansion situation.

A *better* way to benefit from the commodity boom is through a company like Campbell Brothers which provides mineral analytical services. Mineral companies are investing billions *now* in the hope of profits in the future, while Campbell Brothers is earning higher revenues and profits *now* from its *existing* business by providing services to the exploration companies.

A third investment - that we believe could profit from the boom is Iluka Resources. (Continued on Page 16)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	73% (Bullish)	62% (Bullish)
New Zealand:	63% (Bullish)	60% (Bullish)



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
A2 Corporation	C	10	N/A	NE	Nil	Horizon Energy	B	419	4.22	17	7.8	Richina Pacific	D	49	0.16	19	Nil
AMP Limited	D	665	1.01	NE	2.7	ING Property	C	111	N/A	24	10.0	Richmond Hold.	C	312	0.10	10	3.6
AMP NZ Office	D	87	5.61	11	8.0	Ind Newspapers	C	511	3.82	39	2.7	Rocom Wireless	D	22	1.01	NE	Nil
AXA Asia Pac.	B	430	1.53	20	2.8	Infratil NZ	C	315	4.73	29	5.7	Rubicon Limited	D	98	N/A	NE	Nil
Abano Health.	D	13	0.39	NE	Nil	Just Water Int.	D	80	4.01	24	Nil	Ryman Health.	B	341	3.11	19	2.6
Affco Holdings	D	45	0.27	15	Nil	KidCorp	E	27	1.94	NE	Nil	Sanford Limited	C	460	1.28	11	6.3
Air New Zealand	C	160	0.27	6	Nil	Kingfish Ltd *	N/R	98	N/A	NE	Nil	Savoy Equities	E	1.9	N/A	NE	Nil
Akd Int Airport	B	718	8.35	23	5.8	Kingsgate Int'l	E	35	5.81	34	Nil	Scott Tech. Ltd	B	381	2.00	17	5.5
Allied Farmers	B	200	0.43	11	7.8	Kirkcaldie & St	B	250	0.47	14	8.6	Sealegs Corp	E	1.7	N/A	NE	Nil
Apple Fields	C	4.0	N/A	NE	Nil	Kiwi Property	C	110	9.85	15	7.8	Seeka Kiwifruit	B	468	0.73	12	5.7
Beauty Direct	C	12	N/A	NE	Nil	Lion Nathan Ltd	A	790	2.03	21	3.9	Selector Group	D	1.7	3.33	NE	Nil
Blis Technology	D	14	N/A	NE	Nil	Loan & Building	B	440	1.64	17	4.9	Shotover Jet	D	105	1.85	13	1.8
Blue Chip NZ	D	130	0.48	NE	Nil	Lytelton Port	C	178	2.94	15	9.2	Skellmax Indust	C	129	1.21	11	8.1
Botry-Zen Ltd	D	8.6	N/A	NE	Nil	MG Property Trt	C	103	7.07	19	9.2	Sky City Ltd	C	447	3.11	19	8.8
Brierley Invest	C	87	2.33	13	2.5	Mainfreight Grp	C	205	0.30	35	4.7	Sky Network TV	D	540	4.77	60	Nil
Briscoe Group	C	140	0.93	12	7.5	Media Tech.	D	13	2.20	NE	Nil	SkyCity Leisure	D	76	1.29	25	Nil
Broadway Ind	C	97	0.47	6	2.1	Metro. LifeCare	B	265	2.08	16	1.9	Slavus Strat. *	N/R	84	N/A	NE	Nil
CACI Group Ltd	D	34	0.49	NE	Nil	Michael Hill	A	745	1.10	19	4.2	Smiths City	C	71	0.18	9	7.4
CDL Hotel NZ	C	50	1.04	10	4.2	Mid-Cap Index *	N/R	230	N/A	NE	Nil	Software of Exc	E	142	1.82	NE	Nil
CDL Investments	E	32	2.34	10	7.5	Mike Pero Mort.	D	82	1.05	17	10.9	Sol. Dynamics	E	120	0.81	NE	Nil
Cabletalk Group	C	46	0.27	8	Nil	Mooring Systems	D	387	N/A	NE	Nil	South Port NZ	C	125	2.21	16	7.8
Cadmus Tech Ltd	C	15	2.53	NE	Nil	Mowbray Collect	D	150	3.29	NE	4.5	Spectrum Res.	D	1.2	1.30	NE	Nil
Calan Healthcare	D	92	8.42	14	8.7	Mr Chips Hold	C	120	0.83	14	6.2	Steel & Tube	A	472	1.07	15	8.5
CanWest Media.	E	176	N/A	NE	Nil	NGC Holdings	B	306	2.97	17	9.3	Sthn Travel	D	134	N/A	NE	Nil
Cap Properties	C	100	4.08	15	9.0	NZ Experience	C	32	1.51	14	9.3	Summit Gold Ltd*	N/R	11	N/A	NE	Nil
Carter Holt	C	234	0.90	14	2.6	NZ Exchange Ltd	D	785	7.18	34	Nil	Tag Pacific Ltd	B	30	0.59	NE	Nil
Cavalier Corp	B	494	1.61	15	8.2	NZ Invest Trust *	N/R	675	N/A	NE	1.2	Taylor's Grp Ltd	B	240	0.95	14	6.8
Cert Organics	D	7.5	5.86	NE	Nil	NZ Oil and Gas *	N/R	80	7.09	13	Nil	TeNZ *	N/R	113	N/A	NE	Nil
Col Motor Co	B	315	0.22	10	9.5	NZ Refining Co	A	2500	3.16	16	7.2	TeanTalk Ltd	A	270	2.71	21	9.1
Commssoft Group	D	0.3	N/A	NE	Nil	NZ Wine Company	B	200	2.22	23	4.2	Telecom Corp	B	599	2.16	15	6.7
Comvita	C	232	0.94	17	2.7	Nat Property Tr	D	92	5.85	14	9.8	Tenon Ltd	C	214	0.36	NE	Nil
Contact Energy	B	604	3.02	31	5.7	Northland Port	C	275	N/A	34	4.3	Tol NZ Ltd	B	266	0.81	5	Nil
Cube Capital	C	6.7	0.22	NE	Nil	Nuhaka Forestry	C	420	2.15	NE	15.0	Tourism Hold.	B	193	1.11	17	7.0
Cue Energy Ltd *	N/R	9.0	4.66	30	Nil	Nuplex Indust	B	515	0.49	10	7.1	Tower Limited	C	224	0.90	NE	6.7
DB Breweries	A	941	1.49	20	5.3	Opio Forestry	C	79	N/A	NE	Nil	Training Sol.	E	0.1	0.59	NE	Nil
Dominion Fin.	D	100	N/A	9	8.2	Owens Group Ltd	E	114	0.18	NE	Nil	Trans-Tasman	E	39	3.63	12	Nil
Dorchester Pac	B	294	0.84	10	5.1	Oyster Bay	B	280	N/A	NE	Nil	Trust Power Ltd	B	485	1.21	12	5.4
Ebos Group Ltd	A	416	0.50	14	7.2	Ozzy (Tortis) *	N/R	210	N/A	NE	Nil	Turners Auction	B	465	1.35	19	5.1
Evergreen	D	31	1.20	NE	Nil	POD Ltd	A	165	0.74	14	2.7	Turners & Grow.	E	343	N/A	NE	Nil
F & P Appliance	C	403	1.12	12	7.5	Pac Edge Bio.	C	28	N/A	NE	Nil	Urbus Property	B	102	2.43	5	8.8
F & P Health.	B	292	6.95	27	5.3	Pacific Retail	D	195	0.12	NE	Nil	Utilico Int'l	D	60	3.86	NE	Nil
Feltex Ltd	C	158	0.72	11	3.8	Port Tauranga	A	585	5.19	23	5.1	VTL Group Ltd	C	95	1.00	14	3.5
Finmedia Ltd	C	138	1.48	NE	Nil	Ports Auckland	B	670	4.31	16	9.0	Vertex Group	C	162	0.59	10	3.7
Finzsoft Sol'ns	C	90	1.38	23	Nil	Postie Plus Grp	B	104	0.38	10	10.1	WN Drive Tech.	D	44	N/A	NE	Nil
Fletcher Build.	A	584	0.64	11	6.4	Powerco Limited	B	212	2.06	12	7.5	Wakefield Hosp.	B	310	1.06	17	3.9
Forty Two Below	C	53	N/A	NE	Nil	Property F. Ind.	C	100	N/A	11	7.3	Warehouse Group	C	422	0.57	21	5.1
Freightways Ltd	A	260	N/A	25	6.6	Provenco Group	E	59	0.74	13	Nil	Waste Mgmt NZ	A	545	2.95	29	4.3
GDC Communicat.	D	17	0.14	NE	Nil	Pumpkin Patch	C	223	1.69	46	Nil	Widespread Port	E	2.1	7.89	NE	Nil
Genesis Res.	C	50	1.31	NE	Nil	Pure NZ Limited	E	2.5	8.62	NE	Nil	Williams Kettle	B	325	0.43	11	7.8
Guinness Peat	B	213	1.08	9	1.3	Pyne Gould G.	B	182	0.63	10	7.4	Windflow Tech.	D	310	N/A	NE	Nil
Hallenstein G.	A	365	1.18	13	9.8	Pyne Gould Corp	B	641	0.75	9	6.5	World Index Fd *	N/R	110	N/A	NE	Nil
Hellaby Hold.	A	608	0.90	15	8.6	Renaissance	C	65	0.25	18	16.1	Wrightson Ltd	C	155	0.34	21	11.1
Heritage Gold *	N/R	9.0	N/A	NE	Nil	Restaurant Brds	C	135	0.43	11	11.1	Zintel Comm.	C	130	1.64	16	7.7
Hirequip NZ Ltd	C	115	1.69	8	2.6	RetailX Limited	E	4.0	0.29	NE	Nil	Ave of 161 Cos	C	229	0.75	22	3.7
ABC Learning	B	440	6.28	24	2.3	Envestra	C	109	2.80	37	8.7	Nufarm Limited	A	711	0.75	14	2.8
AMP Ltd	C	623	1.05	NE	2.6	Excel Coal Ltd	B	407	3.39	29	2.7	OPSM Group Ltd	C	381	1.07	NE	Nil
ANZ Bank	C	1917	2.24	13	5.0	Fairfax (John)	B	381	1.95	13	4.3	Oil Search Ltd	A	169	2.64	11	0.8
APN News Media	B	460	1.86	21	4.0	Flight Centre	B	1905	2.24	22	3.2	Onesteel Ltd	A	305	0.52	13	3.9
AWB Limited	B	449	0.64	46	5.6	Foodland Assoc	B	1811	0.31	15	5.5	Orica Ltd	A	1711	1.15	47	3.0
AXA Asia Pac	A	401	1.47	7	2.6	Foster's Group	A	486	2.50	12	4.0	Origin Energy	A	630	1.18	21	2.1
Adelaide Bank	B	894	1.02	12	4.9	Futis Corp	B	188	0.45	51	3	Xixiana Ltd	C	88	9.46	NE	Nil
Adelaide Bright	B	157	1.35	15	3.5	G.U.D. Holdings	B	993	1.52	17	4.0	PMP Limited	C	173	0.41	29	Nil
Alinta Limited	A	736	1.63	11	4.5	GWA Internat'l	B	299	1.23	13	6.0	Pacific Brands	B	296	4.03	NE	1.2
Alumina Ltd	B	571	N/A	28	3.5	Gandel R. (CFS)	B	153	8.74	16	6.6	Paperlin X Ltd	A	531	0.38	22	5.2
Amcor Ltd	B	705	0.59	18	4.5	General Prop Tr	B	370	N/A	17	5.7	Patrick Corp	B	549	2.68	20	1.5
Ansell Ltd	A	887	1.38	22	1.5	Graincorp	D	1300	1.03	NE	Nil	Perp Trust Aust	A	4951	5.96	21	3.0
Aquarius Plat.	B	715	2.17	15	1.2	Gt Sthn Plant'n	B	310	3.63	8	3.2	Primary Health	A	673	4.59	39	2.6
Argo Investment	B	494	N/A	28	3.3	Guinness Peat	A	198	0.99	10	1.2	Prime Infra Grp	A	130	3.77	29	8.1
Aristocrat Leisure	B	783	3.76	NE	4.9	ING Office Fund	C	17	7.22	12	3.0	Rinko Group	B	863	1.51	19	1.6
Arrow Pharm.	B	1150	2.72	57	Nil	Iluka Resources	A	471	1.35	13	0.7	Rio Tinto Ltd	B	3918	4.18	26	2.3
Aust Pharm. Ind	B	306	0.23	37	4.2	Intcitec Pivot	C	1870	1.56	NE	Nil	Ronin Property	A	133	N/A	32	7.3
Aust Foundation	B	337	N/A	24	3.9	Insurance Aust.	A	519	1.32	12	4.2	Rural Press Ltd	B	912	3.34	20	4.3
Aust Gas Light	A	1333	1.45	17	4.5	Interoil Corpor	D	365	N/A	NE	Nil	SFE Corporation	A	735	9.55	25	3.0
Aust Pipeline	B	290	2.80	7	9.7	Investa Prop.	B	204	4.58	14	8.1	STW Comm Group	C	317	N/A	20	4.2
Aust Stock Exch	B	1653	6.99	20	3.4	Invocare Ltd	C	278	N/A	NE	Nil	Salmat Ltd	B	440	1.56	24	2.7
Aust Leics & Hos	A	325	1.20	16	2.6	Ivanhoe Mines	C	1200	N/A	NE	Nil	Santos Ltd	B	767	3.06	14	3.9
Aust Wwld Exp	B	193	N/A	89	Nil	JF Meridian Trt	B	114	3.08	13	8.0	Seven Network	C	497	0.90	11	4.7
Austar United	C	83	2.68	NE	Nil	James Hardie	C	580	1.93	15	1.3	Sigma Company	B	800	0.59	26	2.5
Austereo Group	B	131	2.24	13	5.5	Jubilee Mines	B	473	2.50	6	9.5	Sims Group Ltd	A	1440	0.70	12	4.6
Australand Prop	B	180	0.88	13	7.4	Just Group Ltd	A	262	0.92	14	1.3	Smorgon Steel	B	116	0.39	23	5.6
BHP Billiton	B	1482	1.62	12	2.4	Leighton Hold	B	960	0.53	24	4.7	Sonic Health	B	978	2.52	45	2.0
Bank of O'land	C	1061	1.80	18	3.0	Lend Lease Corp	B	1165	0.48	14	3.8	Soul Pattinson	A	910	5.03	25	1.9
Baycorp Advant.	C	303	3.50	32	Nil	Lihir Gold	B	114	6.83	42	1.8	Southcorp Ltd	C	329	2.11	53	Nil
Bendigo Bank	C	985	3.34	17	3.4	Lionore Mining	C	711	3.54	18	Nil	Spotless Group	C	466	0.40	43	4.3
Billabong Intl	B	972	2.91	23	2.7	Macarthur Coal	A	355	2.47	47	1.1	St George Bank	C	2204	2.55	18	4.7
Bluescope Steel	A	895	1.14	11	3.4	Macquarie Off.	C	122	7.86	11	8.4	Sithn Cross Brd.	A	1270	0.84	17	4.7
Boral Limited	B	689	0.96	11	4.4	Macquarie DDR	B	115	N/A	37	9.9	Sthn C. Filers	B	11200	N/A	12	8.1
Brambles Ind.	B	703	1.52	39	1.4	Macquarie C&I	C										

Recommended Investments

Richina Pacific is to significantly expand its leather interests in China. At present, Richina Pacific owns 95% of **Shanghai Richina Leather** (SRL) with the minority 5% interest held by **Shanghai Leather Company** (SLC) which also leases property to SRL. SRL approached SLC about purchasing the property and was offered a 90% interest in SLC for "less than the present value" of its "current lease obligations". Acquiring SLC will give SRL ownership of the its leased property *and* other "prime industrial land" which may "provide future development opportunities" plus majority equity ownership of 45 businesses and minority interests in eight other enterprises. These businesses

are mainly involved in the leather industry and employ almost 5,500 people.

Effectively Richina Pacific is receiving all of these assets and businesses for less than the value of its leased property - but also takes over responsibility for the 5,500 employees and the job of restructuring these diverse leather businesses and making them profitable - which would yield "considerable benefits" to Richina Pacific. The purchase price of RMB 171 million (US\$20.7 million) will be funded from existing cash resources (US\$14.1 million) and investment from the major US shareholders (US\$6.6 million).

Shanghai Richina Leather (Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation			Perform- ance 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									
NZ Shares													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	199.4	1.9	2.34	10	7.5	32	9.3	+65%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	B	64.9	0.6	1.61	15	8.2	494	143.0	+308%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.22	10	9.5	315	250.3	+277%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	C	102.1	0.9	2.94	15	9.2	178	36.0	+43%
BUY	Metlifecare Ltd	MET	10/08/04	236	B	86.4	1.0	2.08	16	1.9	265	2.0	+13%
HOLD+	Michael Hill Int'l Ltd	MHI	11/06/91	46*	A	38.7	0.5	1.10	19	4.2	745	137.0	+1817%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	B	62.1	0.8	0.49	10	7.1	515	101.0	+76%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	37.2	1.2	0.25	18	16.1	65	20.4	+0%
BUY	Richina Pacific	RPL	03/11/95	94*	D	144.4	1.5	0.16	19	Nil	49	9.4	-38%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	1.1	2.21	16	7.8	125	75.0	+67%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	A	88.0	0.7	1.07	15	8.5	472	100.0	+292%
HOLD	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	0.8	0.95	14	6.8	240	32.0	+167%
Australian Shares (in Aust cents)													
HOLD+	AJ Lucas Group	AJL	13/05/03	120	B	51.2	0.8	0.75	9	4.5	179	12.5	+60%
HOLD	Atlas Pacific Ltd	ATP	14/05/96	73	C	87.8	2.0	1.55	14	Nil	18	7.0	-66%
HOLD+	Austral Coal Ltd	AUO	16/01/01	19	C	203.2	1.2	1.34	30	Nil	77	Nil	+305%
HOLD	Aust Infrastructure	AIX	07/10/03	158	A	228.6	0.7	9.92	12	5.9	194	11.5	+30%
BUY	Campbell Brothers Ltd	CPB	12/10/99	418*	A	40.1	0.5	0.79	21	4.3	774	135.5	+118%
BUY	Candle Australia	CND	08/04/03	86	B	39.6	0.9	0.38	15	5.2	173	10.0	+113%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	B	49.8	0.9	0.16	8	8.1	142	24.5	+10%
BUY	Circadian Technology	CIR	10/02/04	188	C	40.1	1.2	13.91	17	Nil	252	Nil	+34%
BUY	Commander Comm.	CDR	11/09/01	92	A	154.6	0.7	0.58	30	1.1	184	11.2	+112%
BUY	Computershare Ltd	CPU	12/08/03	189	A	542.4	1.0	2.22	30	2.1	388	10.5	+111%
BUY	Health Communication	HCN	07/10/03	101	C	63.3	1.2	2.52	18	1.9	118	2.3	+19%
HOLD	Int'l AllSports	IAS	11/02/03	180	C	52.5	1.6	0.04	NE	Nil	40	2.5	-76%
BUY	Keycorp Ltd	KYC	10/08/04	154	A	81.7	1.2	1.53	20	1.6	190	Nil	+23%
BUY	Iluka Resources Ltd	ILU	12/10/04	471	A	232.8	0.8	1.35	13	4.7	471	Nil	+0%
HOLD+	Melbourne IT	MLB	10/02/04	53	B	50.9	1.0	1.10	26	2.8	108	4.0	+111%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	B	253.2	1.0	3.82	40	1.3	136	Nil	+62%
HOLD-	OAMPS Limited	OMP	15/05/01	106*	B	107.1	0.6	0.74	24	5.0	319	43.5	+242%
BUY	Ross Human Directions	RHD	14/08/01	92	B	59.1	1.3	0.30	13	4.1	85	17.0	+11%
HOLD	Skilled Engineering	SKE	12/03/02	126	C	95.6	0.7	0.34	15	6.1	262	41.5	+141%
BUY	Sonnet Corporation	SNN	07/09/04	31½	B	82.0	1.6	0.97	8	14.3	32	1.5	+3%
BUY	Technology One Ltd	TNE	11/11/03	44	A	298.7	1.2	3.48	19	4.8	60	2.9	+43%
HOLD-	Toll Holdings	TOL	08/09/98	60*	A	321.3	0.6	1.10	22	1.8	1135	64.0	+1898%
HOLD	UXC Limited	UXC	11/01/00	55*	A	144.8	1.2	0.64	14	6.0	84	21.0	+91%
HOLD-	Villa World Ltd	VWD	11/06/02	68	A	113.2	0.7	1.03	7	8.1	160	21.5	+167%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	C	173.4	1.1	1.06	13	4.8	87	28.3	+67%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +186.3%. This is equal to an average annual rate of +44.9%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 37 current and 126 closed out) is +32.3%, compared with a market gain of +9.2% (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) has completed an agreement with US based **GST AutoLeather** for a strategic partnership to manufacture automotive leather, following discussions that began in October 2003. Specialised equipment will be installed during the March quarter of 2005, with test batches of automotive leather produced in the June quarter and commercial operations starting in the second half of the year.

South Port NZ anticipates that profits to June 2005 will be "less than" 2004 owing to the loss of container shipping services. The company, however, "anticipates generating strong operating cashflows", has "limited future capital expenditure demands" and a "strong balance sheet".

Net operating cashflows in 2004 were \$4.2 million (15.9 cents per share) - more than *double* the net profit of \$2.0 million (7.8 cents per share) and 2½ times the annual dividend of 6.5 cents. Following some large capital expenditure last year, interest bearing debt has increased to \$6,250,000 - although that is low compared with Shareholders Equity of \$23.8 million.

If cash operating surpluses are used to (1) maintain the 6.5 cents annual dividend and (2) to repay debt, then South Port NZ will be debt free in about two years. More likely the company will choose to distribute some of this surplus cash through the payment of special dividends and/or a capital repayment.

South Port NZ offers investors a high regular income yield of 7.5% (gross) *plus* the potential to distribute a similar amount of cash irregularly as special dividends and/or capital repayments. So this is a depressed business at present, but offers high cash returns.

This type of investment should appeal to retired investors seeking a low-risk share producing a high cash income to meet living expenses. It may also appeal to higher risk investors, diversifying their portfolio with a low-risk share and receiving a high dividend cashflow to help finance future, more speculative investments in other companies.

Australian Shares

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

AJ Lucas Group is expecting a "very busy" year to 2005, although the first six months will be quiet. No pipeline revenues are expected in the current half year, but the outcome of two bids - the \$650 million **Trans Territory Pipeline** and the \$55 million **Sai Noi Ring Main Project** - should be announced in October/December. Coal Technologies and Stuart are expected to make a "strong contribution" to the half year, while Horizontal Directional Drilling's results will depend upon the timing of major projects. So revenues and profits will probably be low for the six months to December, but should improve strongly in the second half of the year.

The company remains optimistic about growth over the next several years.

Atlas Pacific has decided to defer harvesting pearls from 22,000 oysters until 2005 to allow pearl growth to "a larger size and yield better prices". This will, of course, defer revenues and income into the 2005 financial year and depress the 2004 result. So the company now

expects the 2004 result to be between a \$500,000 to \$1,000,000 loss.

60,000 pearls were harvested during the September quarter and the company reports a "marked improvement in quality". The pearl market "remains stable".

Austral Coal reports significant improvement after its start-up problems. Weekly coal production during September has increased from 48,059 tonnes in the first week, to 50,423 tonnes, to 69,527 tonnes and then to 80,395 tonnes.

Total monthly production for September was 282,072 tonnes - "approaching the target production level" - and up from 224,843 tonnes in August.

Austral Coal also started repaying its expansion project loans with the first \$5.2 million repayment at the end of September.

As we reported last month, the initial production problems, higher initial loss and the collapse of the share price presented a "buying opportunity" and the shares have since recovered strongly.

Two institutions - that earn management fees even when investing *other people's money* badly - dumped all their shares on market at prices in the low 60's. Your Editor - who is an investor and makes money investing his *own* money wisely - bought an additional 18,000 Austral Coal notes at 62½ cents (cum-entitlement to the interest payment).

With higher production and higher coal prices and no further significant capital expenditure, Austral Coal should now produce huge cashflows - allowing it to rapidly reduce its interest bearing debts and begin large dividend payments to shareholders within the next year or two. At this stage, however, we still prefer the income producing convertible notes (code AUOG). Each note will convert to 1.029217 shares in October 2006 or earlier at the option of investors (i.e. if the ordinary shares start paying a high dividend before then). We are downgrading Austral Coal to a "Hold+" as the price has recovered strongly from last month's "buying opportunity", but the shares (or notes) still offer the potential for further capital appreciation and a high income yield over the next several years.

Austral Coal



Campbell Brothers appears to be entering a period of strong growth. Profits for the six months to 30 September 2004 are "now expected to be approximately 40% up" on the previous year and up 20% on the six months to March 2004. Much of this growth is from the Laboratory Services division - and especially the mineral

assaying business - which is benefiting from the worldwide upturn in mineral exploration as a result of high commodity prices. Global mineral exploration peaked in 1997, but has recovered strongly, rising 26% in 2003 and an estimated 40-50% this year!

In addition, the Consumer Products division has completed the sale of its *brands* to **Colgate Palmolive** which will "generate a positive cash flow in the region of \$40 million" - or about 100 cents per share. This money will initially be used to reduce interest bearing debts but the company continues to look for "opportunities which have the potential to achieve higher rates of return". Campbell Brothers will continue to manufacture product for Colgate Palmolive for at least six months and will retain its contract manufacturing of products for other companies.

We are upgrading Campbell Brothers to a "Buy". The market in the shares, however, is relatively thin at present with very few sellers in the market. So some care may be necessary to avoid chasing the price up too high when buying shares.

Campbell Brothers



Candle Australia has acquired *The One Umbrella*, a recruitment business specialising in library, archive, records management and knowledge management personnel. This acquisition will cost around \$3.2 million (in cash and shares), plus an incentive for exceeding agreed profit targets. Revenues and profits are not disclosed, but this is a profitable business that will be "earnings per share positive" immediately and with "huge potential for growth". It will be merged into Candle Australia's *Alliance Recruitment* division.

Cellnet Group has secured the contract to distribute **Samsung** mobile phone handsets in Australia from 1 September - which is expected to add around \$20 million to revenues. The company already distributes Samsung mobile phone accessories and provides Samsung mobile entertainment content.

Cellnet Group is also increasing its interest in **Mercury Mobility** - which provides mobile entertainment content - from 55% to 100%. Cellnet Group originally invested over \$400,000 in convertible notes since 2001 and these converted to 55% of the ordinary shares in July this year. The remaining 45% will cost \$1,120,000 in cash immediately plus \$280,000 worth of new Cellnet shares to be issued at market value in June 2005 subject to achieving an earnings target. Further consideration *may* become payable in June 2006 based upon a valuation of four times earnings before interest and tax.

Circadian Technologies has received 14,132,292 shares in **Avexa** (17.6% of the company) which has been spun-off by **Amrad Corporation** (as we discussed in the August newsletter).

By the time you read this Circadian Technologies should be trading ex-entitlement to a 50 cents capital repayment - so the share price should be about 50 cents lower.

Some of **Commander Communications'** largest shareholders, **Allco Finance Group** and South African merchant bank **RMB**, have sold their 44.3 million shares to institutional investors at "just below \$2" per share. These shareholders originally invested in the company *before* it was floated on the stockmarket four years ago. This placement should improve liquidity in the shares and allow the company to be included in the ASX300 share index - which should increase interest in the shares from both "index funds" and other institutional investors.

Computershare has diversified away from the securities industry with a four year contract to administer a gas safety initiative for UK based **CORGI** (i.e. the Council for Registration of Gas Industries). Computershare will provide call centre services, develop the website, process payments and print and mail safety certificates and monthly statements.

Computershare is selling off some "non-core" assets to raise cash ahead of a possible major acquisition/merger in North America. The group has sold its 11,394,450 **E*Trade Australia** shares on-market to realise \$13,445,451 and is seeking to sell some Australian property and a call centre in the United States acquired as part of **Georgeson Shareholder Communications**. Computershare would like to expand its US share registry business where it is the fifth biggest operator. The acquisition or merger with one of the three biggest US registries "would require a capital raising" but a smaller acquisition could be funded with cash and debt. There is reported to be "powerful industry logic" in a merger and acquiring one of the big three competitors could realise cost savings of \$100 million annually.

Computershare's 900,000 reset preference shares have been repaid with the issue of 23,100,382 ordinary shares, increasing the issued capital to 562,563,658 shares.

Health Communication Network and arch rival **Pro Medicus** are both seeking to become the *sole* supplier of radiology software to the merged **DCA Group/MIA Group**. Pro Medicus currently provides software to *all of* MIA Group's radiology clinics and 40% of DCA Group's **I-Med** clinics. Revenues are not disclosed, but Pro Medicus considers this a "core part" of its business. Health Communication Network, as we have previously reported, is building a significant share with DCA Group - "replacing a home-grown system and some Pro Medicus contracts" with its *iRIS* software. HCN reports its software "has been shown to increase clinic efficiency, allowing radiologists to treat more patients with the same resources".

As we have previously reported the *iRIS* "trial" appears to be successful as (Continued on Page 6)

Recommended Investments (Continued from Page 5) it has been spread to increasing numbers of I-Med clinics. Furthermore, last month we reported that Health Communication Network was no longer calling this a "trial" but "the successful and continuing rollout across the I-Med group". Furthermore, DCA is *acquiring* MIA in the merger, so DCA management (that appears to favour *iRIS*) could prescribe the software that is used throughout the group.

Pro Medicus has recently launched GP software to take on Health Communication Network's *Medical Director*, so the two companies now compete head to head in two markets. Ultimately probably only one will survive and prosper - with the other either fading away, failing or being taken over (relatively cheaply) by the other. At this stage, Health Communication Network clearly dominates the important GP desktop market and, although smaller in radiology software, appears to have a competitive product - and a foot in the door at Australia's largest diagnostic imaging group.

International All Sports acquisition of **Canbet** is proceeding as planned. \$1,000,000 has been advanced to Canbet, another \$1,040,400 invested to subscribe for 51,000,000 Canbet shares and International All Sport took over management of Canbet on 9 August. Legal and commercial matters relating to the scheme of arrangement are "progressing well" and the "merger" should be completed within the next two months.

When this "merger" was announced in August we stated that the terms indicated Canbet was in some sort of trouble. The company has now announced that "a competing business has commenced trading in Gibraltar, substantially comprised of ex-Canbet staff". So it would appear that Canbet lost a significant part of its management, then turned to International All Sports to remain in business.

Keycorp and **Telstra** are investigating the use of internet protocol EFTPOS systems and the range of additional services this will allow them to offer merchants. This move, however, will ultimately make their current secure payment systems obsolete! The migration to IP payment, however, is not likely to happen any time in the immediate future as there are currently only 30,000 IP-ready EFTPOS terminals in Australia.

M.Y.O.B.'s Shareholders Bulletin talks about the company's aim to "get it right" rather than "do it fast" - but that philosophy doesn't appear to extend to shareholders! Firstly, the *Share Purchase Scheme* will only apply to Australian shareholders. Secondly, it will offer shares at a tiny 2½% discount to market value. So New Zealand based investors cannot participate in this issue, while most Australian shareholders probably won't bother with such a small discount.

The *Small Shareholders Sale Facility*, however, will apply to all shareholders. If you hold less than about 363 shares these will be sold *unless* you notify the company that you want to retain the shares.

OAMPS reports the first two months of the new financial year "consistent with expectations" and forecasts earnings per share growth of 10% for the full year to June 2005.

Skilled Engineering has sold its *Power Business* to **Abigroup** for \$14 million - plus up to another \$9.5 million based upon performance to June 2005. Based upon forecasts, Skilled Engineering expects to receive around \$18.5 million (less \$2.4 million of selling costs and repayment of leases), to generate an after tax profit of \$8.8 million over book value.

The annual profit to June 2005 is forecast at \$25-26 million *including* the \$8.8 million gain from the business sale. *Excluding* that gain it will be about \$16.2-17.2 million - which is similar to the 2004 profit of \$16.4 million.

Although Skilled Engineering's **Origin Healthcare** acquisition is under-performing, the vendor RK Biddle remains optimistic. His 9,000,000 performance shares may become worthless if Origin Healthcare fails to achieve performance targets, but he has been actively buying ordinary shares on-market. Over the last five weeks his holding has been increased by 440,716 shares to 4,740,716 shares (5.2% of the company)

Skilled Engineering



Sonnet Corporation is to acquire **Sernet Pty**, a Sydney based IT Professional Services business, for \$750,000 (i.e. \$100,000 in cash and \$650,000 worth of new Sonnet Corporation shares).

Over the last month there has been major *insider* selling in Sonnet Corporation shares. Managing Director, MDufour, made two sells totalling 2,200,000 shares, reducing his (direct and indirect) holdings to a still very large 8,000,000 shares. Chief Operating Officer, A Lopez, sold 500,000 shares but still retains a large holding of 1,985,690 shares. Non-executive director, E Kopp, sold *all* of his 400,000 shares on-market - but later that week exercised options to acquire 600,000 shares.

Obviously four insider trades in a month is not what we like to see, but we don't believe there is any need for concern. Two executives appear to have simply cashed in significant gains by selling 20-22% of their investments but still retain large holdings in the company. As these executives probably have a very large percentage of their wealth tied up in Sonnet Corporation shares, the sale of part of those holdings to reduce debt and/or diversify their investments is a sensible decision and need not reflect poorly upon the investment merits of the company. The third director obviously sold his existing shares to both realise a gain and to help finance the exercise of options. He also retains a large holding in the company.

On a positive note, this selling by the directors has

allowed our investors to buy all the shares they may have wanted in this small company at prices close to our recommendation price! Although this company involves high risks, the shares trade on a low valuation and appear to be starting to appreciate in value once again. "Buy".

Technology One believes that "market conditions should continue to improve" in 2005, with profits to June 2005 up 5-10%.

Toll Holdings plans to purchase **Western Stevedores Group** for an undisclosed sum. This business generates annual revenues of around \$12 million from stevedoring and cargo handling services at Fremantle, Dampier and Geraldton and owns a 50% interest in **WA Grain Stevedores**. This acquisition will expand the Toll Holdings' nationwide stevedoring and cargo handling port services.

Investors may have noticed that Toll Holdings has now paid us 64 cents in dividends - more than completely repaying (before tax) our initial investment of 60 cents just six years ago. The share price has also risen quite well - making Toll Holdings a 20-bagger investment!

UXC has increased its holding in listed **Alphawest** to 5,067,312 shares (18.96% of the company) with the purchase of 1,860,000 shares on-market at 50 cents.

Villa World has entered an option agreement for the sale of the *Dolphin Arcade* to **IDA Developments**, which is owned by interests in Dubai and the UAE. Villa World will receive an initial fee of \$250,000 for the put and call option that allows either the vendor or purchaser to exercise the option by 28 January 2005. An unconditional contract will then be completed and a \$3.0 million deposit becomes payable. Settlement will be 1 July 2005 when the balance of \$53.0 million is payable.

Villa World purchased the *Dolphin Arcade* in August 2002 and has been receiving a rental income of around

10% on its cost - although has spent money on re-development plans and approvals. This sale - if completed - will realise a \$23 million profit (70% on cost, and 20 cents per share before tax) for the company. IDA Developments intends to commence a marketing campaign to pre-sell the proposed development.

This type of transaction will help boost profits (and dividends?) and keep the share price high, but we are now near the top of the property cycle. Villa World's share price may continue to rise and become over-valued - but partial profit-taking is advised. "Hold".

Villa World



Vision Systems' launch of its *Bond* instruments in the United States will be delayed owing to the patent infringement dispute from competitor **Ventana Medical Systems**. The US court has denied Vision Systems' motion for judgement of non-infringement and will allow the dispute to go to trial. This prevents Vision Systems from marketing its instrument in the US, but "the substantial markets outside the USA are unaffected by the decision".

Vision Systems "remains confident" of its "position in going to trial" but, if unsuccessful, has "various options for modifying the *Bond* instrument to eliminate any infringement concerns".

Share Recommendation: Buy Australian listed Iluka Resources

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

BUY Iluka Resources (code ILU).

We recommend buying shares in Iluka Resources - a large Australian mineral sands producer - which is benefiting from the boom in commodity prices resulting from the current growth in the world economy.

Iluka Resources is a mineral producer generating strong cash flows, profits and paying dividends. The company has sought to improve efficiency and reduce operating costs over recent years, while selling prices for its products are rising sharply and predicted to increase further during 2005. A new development will maintain - and slightly increase - annual production. The company will have in excess of ten years (and probably around twenty years) of mining life from these new operations.

Company History

This company was formed in 1954 and was involved in oil exploration under the name **Westralian Oil**, but changed to **Westralian Sands** in 1968 and began mineral sands mining in 1972. The company merged with **RGC** in 1998 (which owned 76.7% of **Cudgen RZ** which in turn owned 43.0% of **Consolidated Rutile** which had significant mineral sands interests) and the group then changed its name to **Iluka Resources**.

In April 2000 the company announced an on-market share buy-back for up to 10% of the capital. Over the next year it acquired 7,289,088 shares (3.3% of its capital) at prices between 380 cents and 420 cents for a total cost of \$29.6 million.

In May 2001 the company *(Continued on Page 8)*

BUY Iluka Resources (Continued from Page 7) invested US\$23 million to upgrade its operation in Virginia, USA, to increase production by 50%. In June a further US\$36 million was invested to expand mining and processing in northern Florida and southern Georgia. This included a new mine and a new 1000 tonnes/hour mineral concentrator which became fully operational in early 2004.

In June 2001 Iluka Resources bid for the remaining shares in Consolidated Rutile but succeeded only in increasing its stake to 48.9%.

In July 2001 it closed a quicklime producing business and in November 2001 sold **Malaysian Smelting Corporation** (a tin smelter) and decided to dispose of its 75% interest in Indonesian based **Koba Tin** - owing to falling tin prices and political instability.

In May 2002 Iluka Resources made a successful \$135 million takeover offer for **Basin Minerals** (i.e. 210 cents per share in cash, or 10 Iluka Resources shares for 23 Basin Minerals shares). This combined Basin Minerals' *Douglas Project* and Iluka Resources' *KWR Project* into one larger mineral sands project in the Murray Basin. This resulted in significant development synergies (i.e. \$60 million in cost savings by eliminating duplicate planned infrastructure), long term operating savings from economies of scale and more flexibility in development and on-going operations. That merger also gave the company ownership of 70-80% of mineral sands deposits in the Murray Basin and this was further increased in November 2002 with the purchase of exploration titles from **Consolidated Broken Hill** for \$400,000.

Major Expansion Projects

Iluka Resources has begun the development of the *Douglas Project* which will require capital expenditure of \$270 million with mining scheduled in the fourth quarter of this year, commissioning of the mineral concentration and separation plant through 2005 and product sales (i.e. cash revenues) in the fourth quarter of 2005.

The commitment to proceed with the \$150-200 million *KWR Project* will be taken in mid-2006 after completing feasibility studies and mine production could start in the third quarter of 2007. A third project in the Murray Basin region, *Euston*, is under investigation and could be brought into production before 2010.

Iluka Resources' capital expenditure is forecast at \$180 million in 2004, \$97 million in 2005, \$82 million in 2006 and \$75 million in 2007, then falling to only \$10 million (unless it proceeds with other projects like *Euston*). This will be funded from cashflows and from debt. The *Douglas* and *KWR* projects are forecast to generate annual revenues of \$100 million in 2006, rising to \$200 million from 2009. Cash operating costs will be \$70-80 million annually from 2006, generating a cash surplus (before tax) of \$30 million rising to \$125 million and annual earnings (before tax) of \$100 million by 2009.

In May 2002 Iluka Resources and technology partner **Outokumpu-Lurgi Metallurgie** announced a new process, *NewGenSR*, for producing synthetic rutile (i.e. Titanium Dioxide used as a pigment) from Ilmenite

resources previously considered unsuitable. Iluka Resources will build a processing plant in the Murray Basin (at one of three sites under consideration) with production from around 2008 to coincide with mining production.

Recent Results

In the year to December 2000, revenues slipped 11.1% to \$850.4 million but profits rose 12.8% to \$90,500,000 (41.8 cents per share) and the annual dividend rose 10.0% to 22.0 cents. The net operating cashflow fell 23% to \$161.2 million.

Revenues recovered in the year to December 2001, up 8.8% to \$925.2 million. Profits fell 29.6% to \$63.7 million (29.3 cents per share) - mainly as the result of losses from discontinued businesses - so the dividend remained steady at 22.0 cents. The operating cash surplus fell a further 19% to \$131.0 million.

The December 2002 year produced steady revenues of \$930.2 million (up just 0.5%) and profits recovered to \$109.0 million (50.2 cents per share). The annual dividend remained steady at 22.0 cents. Net operating cashflows continued to slip, down 7% to \$121.8 million.

The year to December 2003 recorded a 12.7% drop in revenues to \$812.0 million, with profits down 21.8% at \$85,200,000 (36.6 cents per share). The dividend was again 22.0 cents. Net operating cashflows, however, improved 47% to \$179.0 million.

The company's operating performance improved in the six months to June 2004. Revenues rose 8.8% to \$407.0 million and pre-tax profits rose 55.5%. The company, however, has run out of past tax losses and full income taxes were payable, so the net profit rose just 3.5% to \$38,000,000 (16.3 cents per share). A steady interim 10.0 cents dividend was paid. The net operating cash surplus jumped 92% to \$151.3 million.

Like most commodity businesses there are a number of volatile factors that impact upon profitability: The AS/US\$ exchange rate (i.e. a high Australian dollar depresses the value of sales made in US dollars), selling prices (which are currently rising strongly) and mineral quality (e.g. a low grade ore body at its *Capel* operation was mined through in the June 2004 half year - depressing earnings - to reach higher grade ore which is now being mined). Selling prices, however, are expected to rise further during 2005 and the company reports efficiency gains from the US operations which "show a major turnaround" and "now make a positive contribution" to group profits. The full year to December 2004 is forecast to be similar to the previous year's \$38 million (i.e. pre-tax profits will be up very strongly but offset by full tax rates). The advantage of paying tax is that dividends will now be fully franked - making the shares more attractive to Australian resident investors.

Commodities

Zircon (Zirconium Silicate), used mainly in Ceramics, "continues to be a major strategic focus" for Iluka Resources. Unlike other products which are in oversupply, the market for zircon is "very tight" with global production "struggling to keep up with demand". The "Chinese market continues to be the major growth area". Iluka Resources has around a 37% market share in worldwide production of zircon. The company produced 405,685 tonnes in 2003 for revenues of US\$400/

tonne or around US\$160 million. The price of zircon is expected to rise to US\$500/tonne (a rise of 25%) this year and to US\$600/tonne (up 20%) during 2006.

Although prices appear relatively stable and rising at present, zircon has fluctuated widely in value in the past. From a low of US\$300 (per tonne) in 1971, it rose to a peak of US\$1,100 in 1975, then dropped sharply to US\$250 in 1980. The price continued to fall to a low of US\$200 in 1985 before jumping to US\$700 in 1989, then plunging to US\$125 in 1993.

To meet the shortfall in world production, Iluka Resources will boost zircon production starting in 2005 with an \$8.5 million mobile processing plant treating 323,000 tonnes of stockpiled material over 32 months to yield 104,000 tonnes of zircon (generating an additional US\$19-23 million in revenues per annum for 2½ years). An additional 40,000 tonnes per annum (worth US\$20-24 million annually) is expected from "improved recoveries" at existing operations. The *Douglas* and *KWR* projects will add around 102,000 tonnes of zircon production annually from 2006. No other major zircon rich deposits are currently being developed by competitors.

Iluka Resources' other main products are Rutile (i.e. naturally occurring Titanium Oxide, used as a pigment, mainly in paint) of which 141,641 tonnes was produced in 2003 and Synthetic Rutile (produced from Ilmenite) of which the company produced 471,776 tonnes in 2003. Iluka Resources also sells Ilmenite (i.e. Iron Titanium Oxide), producing 1,450,552 tonnes in 2003, of which 50% was used to produce Synthetic Rutile and 50% was sold to outside customers. Iluka Resources has around a 21% share of the world production of these minerals. Production slightly exceeds demand, which is growing at around 4% per annum. Prices have increased this year, with further increases expected in 2005. The company reports "strong demand growth" for Ilmenite in China.

Iluka Resources has a small coal joint venture producing just over one million tonnes, managed by its partner **Coal & Allied**, with the coal sold under long term contracts for power generation.

Investment Criteria

At 471 cents, Iluka Resources shares trade on a Price/Sales ratio of 1.35, a Price/Earnings ratio of 13 and offer a Dividend Yield of 4.7%. That is an attractive valuation for a company with good resources that will enable it to continue mining over the very long term. This valuation also offers the potential for strong capital appreciation if selling prices continue to rise with the current commodity boom. With an after tax profit margin of 9-11%, just a 5% increase in average selling prices would boost profits by 33%. So, subject to exchange rate fluctuations and other volatile factors, profits could double or triple over the next 2-3 years - with a similar increase in the share price!

While Iluka Resources produces strong operating cashflows, much of this needs to be re-invested in exploration, plant and equipment to *maintain* the business.

Iluka Resources is a *very large* Australian company with an issued capital of 232,814,349 ordinary shares and a market capitalisation of \$1,097 million. The

shares are actively traded, with a *daily* turnover worth \$1-7 million - so there should be no problem buying shares in this company!

All eight directors have shareholdings in Iluka Resources - ranging from 12,142 to 52,635 shares (i.e. worth \$57,000 to \$249,000).

There has been one *insider* buy and one *insider* sell over the last year. In March this year, DM Morley purchased 5000 shares on-market at 405 cents each. In September, KM Folwell sold 17,000 shares on-market at 482 cents.

Being a large company, Iluka Resources is already widely owned by institutional investors and widely followed by brokers (i.e. eight firms publish profit forecasts). These forecasts are for slight growth (i.e. 3%) for 2004 and an 18% increase in profits in 2005.

Technically the shares are in a moderate uptrend, with a Relative Strength rating of +5.7%, ranked 29 (on a scale of 0-99). Very long term the shares have under-performed, making very little progress but fluctuating between 300 cents and 533 cents over the last *ten* years! Recently they hit a low of 324 cents in September 2001, rose to a high of 533 cents in June 2002, then dipped to a low of 368 cents in March 2003, recovered to 473 cents in September 2003, dipped back to 383 cents in April 2003 - and have since appreciated strongly. If the company can expand profitability over the next several years then the share price could continue to appreciate to new highs around \$10-14.

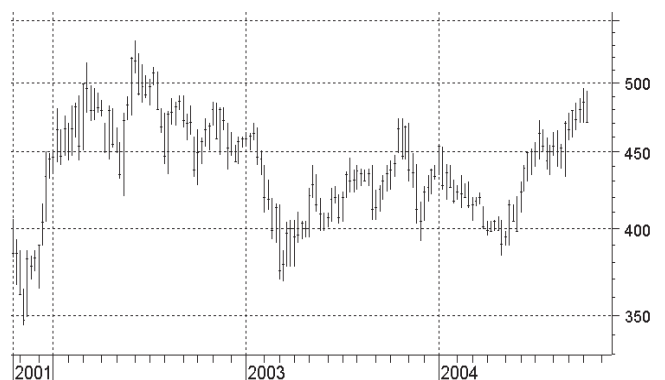
Summary and Recommendation

Iluka Resources is a lower risk investment in the volatile, boom/bust mineral sector. The company has under-performed in the past, but the business is now more efficient and has some long term projects to maintain, and slightly increase, annual production volumes. Global economic growth, especially from China, is boosting demand so selling prices are rising strongly and, in percentage terms, profitability could grow around 5-7 times faster than revenues!

So Iluka Resources offers the *potential* for significant profit growth and capital appreciation over the next several years. In the meantime, the shares offer a fairly attractive 4.5% current income yield which would also rise with the profit growth we anticipate.

Given that Iluka Resources is a large, profitable, dividend paying company it should be a suitable addition to the portfolios of most investors - offering a reasonable current income, with potential for strong income and capital appreciation.

Iluka Resources



Discount and Internet Stockbrokers

Access Brokerage

Access Brokerage was an innovator that brought in lower commissions and higher standards of service for private investors. Other brokers were forced to lower fees to compete. Now that Access has closed, expect other brokers to raise their fees within the next 6-12 months.

Other NZ Internet Brokers

There appear to be only three other firms offering internet discount broking in New Zealand: **National Bank** (through **First Capital**), **ASB Securities** and **Direct Broking**:

National Bank, www.nbnz.co.nz

This service is provided for the National Bank by NZX member First NZ Capital Securities.

Brokerage fees are \$29.50 on trades worth up to \$10,000 and 0.3% on larger trades. There is no mention of a separate "trade fee".

Your cash is secure as settlement for share purchases and sales will be from your personal "transaction account" (i.e. a separate, individual bank account) at the National Bank. What we don't like is that your shares will NOT be registered directly in your own name but held in a custodial (i.e. nominee) account at First Capital. Of course, we are sure that is perfectly safe - but not as safe as owning them directly!

One subscriber reports participation in dividend re-investment schemes is not available once your shares are held in the nominee account. There are also costs involved in depositing Australian dollar cheques. Either these are *converted* to NZ dollars, then converted back to Australian dollars (i.e. you pay two exchange rate margins) *or* there is a \$20 per cheque service fee!

There is also a *potential* problem with Australian *Share Purchase Plans*. Initially the nominee holding will receive only one allocation, despite holding shares on behalf of many individual investors - although it can apply for additional shares for each of these beneficial owners.

ASB Securities, www.asbsecurities.co.nz

ASB Securities is an NZX member firm and a wholly owned subsidiary of a bank.

Brokerage fees are competitive *up to* trades worth \$30,000 with a flat fee of \$24.95 plus a \$4.50 "trade" fee. Above \$30,000 however they jump to 0.3% plus the trade fee. So a trade worth \$29,999 will cost you \$29.45 but on a trade worth \$30,001 will jump to \$94.50. The ASB confirms this is correct and suggests splitting such a trade in two and paying \$58.90 (i.e. two times \$29.45). Better yet we suggest, selling only \$29,999 worth of shares (for \$29.45) and forgetting about the other \$2 worth!

Fees for Australian shares are the same, but in Australian currency and excluding the NZX trade fee.

Your cash is held in an ASB Cash Management account. Banks are fairly safe financial organisations and over the last 30 years major bank failures have happened on average about 6-8 *per year* worldwide - so your money is probably as safe here as anywhere.

ASB Securities is probably the best option for

investors. Larger investors, however, will have to remember to split orders into parcels of less than \$30,000 to get a competitive brokerage rate. For example, if you want to buy or sell \$100,000 worth of shares, placing one large order will cost you \$304.50 - so split it into four trades of around \$25,000 and pay a total of just \$117.80.

The ASB Securities website indicates that services are not available for non-residents - although the application form does have an option for non-residents!

Opening a brokerage account is usually straight forward (i.e. you need proof of identity, to complete some forms and deposit some cash) but ASB customer service is about what one might expect from a bank - so expect to have to make some phone calls, remain on hold and be transferred around before finding someone to get your account operational!

One subscriber reports being unhappy about the exchange rate charge when settling an Australian share purchase in NZ dollars.

Direct Broking, www.directbroking.co.nz

Unlike other internet brokers that require you to have cash on deposit with them prior to buying shares, Direct Broking offers both a "Cash Rate" service and a "Credit Rate" service.

To get the lower "Cash Rate" you need to have money in a Dorchester cash management account. That is a related party - so we hear alarm bells ringing - but apparently this meets the NZX's "best practice" requirement. [Editor's Note: Don't get me started on what I think of the NZX standards of "regulation".]

With the "Cash Rate" you pay \$29.50 for a trade worth up to \$15,000 and a *very small* 0.05% on the balance over \$15,000. So a \$30,000 trade would cost just \$37.00. In Australia it is A\$29.50 on the first \$15,000 and 0.3% on the balance. A large \$100,000 trade would therefore cost \$72.00.

If you don't have money in the Dorchester account you can buy shares on the "Credit Rate" and then pay by cheque. This costs \$29.50 *plus* 0.3% of the value. So a \$10,000 trade will cost \$59.50 and a \$30,000 trade \$119.50. In Australia the "Credit Rate" is 0.7%, with a minimum of A\$40.

Direct Broking is the *only* internet broker that states it will open accounts for non-residents.

Our only concerns would be (1) the related party cash management account (so investors holding large amounts of cash should transfer it to a separate interest earning bank account) and (2) recent share dealings by the Managing Director of the parent company, Dorchester Pacific (i.e. if the group treats its *own* public shareholders poorly, what hope is there for *outside* investors?).

Australian Brokers

Smaller investors will appreciate the added convenience of using one NZ broker for both NZ and Australian shares. Larger investors, however, should consider the added security - and significantly lower fees on larger trades - of using a separate Australian stockbroker. Many Australian stockbrokers will not open accounts

for non-residents, but at least three brokers will accept NZ investors

E*Trade Australia, www.etrade.com.au

Brokerage rates are 0.11%, with a minimum of A\$32.95. Cash is held in an ANZ Bank account.

HSBC, www.broking.hsbc.com.au

This is probably a good option for investors seeking the security of dealing with a major bank. Brokerage is 0.11%, with a flat fee of A\$29.95 for trades under \$30,000 and just A\$23.95 for trades under \$10,000.

You can also use this account to invest on several foreign stockmarkets, but at a relatively high A\$99 minimum fee.

HSBC is probably an attractive option, with low fees and the security of dealing through the subsidiary of a major international banking group.

Sanford Securities, www.sanford.com.au

Brokerage is 0.11%, with a minimum of A\$29.95. For trades under \$10,000 and if you had a minimum balance of \$5000 in your cash management account (with Bankwest), then brokerage is just A\$19.95.

Sanford Securities is one of the few brokers not providing clients with free market depth quotes. These are available as an additional service at A\$10 per month.

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

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

Company	STRENGTH RATING				Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur-rent	4Wk Chg.	Rank 0-99									
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Richmond Hold.	312	+7.3	-2.3	32	0-1	-1.0	10	0.6	10	3.6	0.10		128
Smiths City	71	+17.9	-3.7	7	0-1	-1.2	14	0.9	9	7.4	0.18		38
Col Motor Co	315	+2.7	+0.5	55	2-0	-1.0	10	0.5	10	9.5	0.22		88
Renaissance	65	+5.5	-3.3	37	1-7	-2.6	15	1.2	18	16.1	0.25		24
Mainfreight Grp	205	+8.2	-0.2	28	0-5	4	2.7	8	0.8	35	4.7	0.30	196
Wrightson Ltd	155	+3.4	-0.2	50	1-11	3	2.0	9	1.2	21	11.1	0.34	217
Restaurant Brds	135	+2.8	+1.2	54	2-0	4	2.5	23	1.1	11	11.1	0.43	128
Allied Farmers	200	+11.4	+0.3	16	0-1	-1.6	14	0.9	11	7.8	0.43		32
Williams Kettle	325	+4.0	+0.7	49	1-1	-1.8	16	0.6	11	7.8	0.43		72
Broadway Ind	97	+8.6	-8.6	27	0-0	-1.2	18	0.8	6	2.1	0.47		19
Nuplex Indust	515	+4.8	-2.1	43	1-0	4	1.9	19	0.8	10	7.1	0.49	320
Ebos Group Ltd	416	+8.1	+2.6	30	0-0	-2.4	18	0.7	14	7.2	0.50		115
Vertex Group	162	+4.5	-1.3	45	0-5	-2.1	20	1.1	10	3.7	0.59		52
Pyne Gould G.	182	+13.2	-3.9	13	0-0	-1.7	16	0.8	10	7.4	0.63		182
Fletcher Build.	584	+13.9	+3.5	10	7-0	5	2.3	2.1	0.6	11	6.4	0.64	2,551
Feltex Ltd	158	+0.1	-1.7	69	1-0	-2.6	23	1.1	11	3.8	0.72		236
Seeka Kiwifruit	468	+6.6	-2.8	35	1-0	-1.5	12	0.7	12	5.7	0.73		38
POD Ltd	165	+26.4	+10.3	4	0-0	-3.0	2.1	10	1.4	2.7	0.74		53
Pyne Gould Corp	641	+5.2	+1.3	41	0-0	-2.0	2.1	0.8	9	6.5	0.75		314
Mr Chips Hold	120	+8.2	-1.9	29	0-0	-2.3	16	1.1	14	6.2	0.83		29

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Cabletalk Group	46	+39.8	+10.3	1	1-2	-3.0	39	1.7	8	Nil	0.27		15
Affco Holdings	45	+33.6	-2.7	2	0-0	-1.5	10	0.9	15	Nil	0.27		244
TD NZ Ltd	266	+31.9	+9.1	3	0-0	2	8.3	-0.8	5	Nil	0.81		559
POD Ltd	165	+26.4	+10.3	4	0-0	-3.0	2.1	0.9	14	2.7	0.74		53
Smiths City	71	+17.9	-3.7	7	0-1	-1.2	14	0.6	9	7.4	0.18		38
Fletcher Build.	584	+13.9	+3.5	10	7-0	5	2.3	2.1	0.5	11	6.4	0.64	2,551
Pyne Gould G.	182	+13.2	-3.9	13	0-0	-1.7	16	0.7	10	7.4	0.63		182
Allied Farmers	200	+11.4	+0.3	16	0-1	-1.6	14	0.7	11	7.8	0.43		32
Hellaby Hold.	608	+9.3	+3.2	23	1-1	2	3.0	2.1	0.4	15	8.6	0.90	299
Broadway Ind	97	+8.6	-8.6	27	0-0	-1.2	18	0.6	6	2.1	0.47		19
Mr Chips Hold	120	+8.2	-1.9	29	0-0	-2.3	16	0.9	14	6.2	0.83		29
Ebos Group Ltd	416	+8.1	+2.6	30	0-0	-2.4	18	0.5	14	7.2	0.50		115
Richmond Hold.	312	+7.3	-2.3	32	0-1	-1.0	10	0.4	10	3.6	0.10		128
Seeka Kiwifruit	468	+6.6	-2.8	35	1-0	-1.5	12	0.6	12	5.7	0.73		38
Renaissance	65	+5.5	-3.3	37	1-7	-2.6	15	0.9	18	16.1	0.25		24
Richina Pacific	49	+5.5	-0.6	38	0-0	-1.0	5	1.2	19	Nil	0.16		71
Dorchester Pac	294	+5.4	-0.4	39	0-2	-2.0	20	0.7	10	5.1	0.84		61
Pyne Gould Corp	641	+5.2	+1.3	41	0-0	-2.0	2.1	0.7	9	6.5	0.75		314
Nuplex Indust	515	+4.8	-2.1	43	1-0	4	1.9	19	0.7	10	7.1	0.49	320
Vertex Group	162	+4.5	-1.3	45	0-5	-2.1	20	0.9	10	3.7	0.59		52

INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													
Wrightson Ltd	155	+3.4	-0.2	50	1-11	3	2.0	9	1.0	21	11.1	0.34	217
Restaurant Brds	135	+2.8	+1.2	54	2-0	4	2.5	23	0.9	11	11.1	0.43	128
Hallenstein G.	365	+9.4	+3.1	22	1-2	3	3.9	3.1	0.4	13	9.8	1.18	215
NGC Holdings	306	+12.7	-1.5	14	3-0	-4.4	27	0.7	17	9.3	2.97		1,355
Lytelton Port	178	+4.1	+1.5	48	0-0	5	3.6	24	0.6	15	9.2	2.94	182
Ports Auckland	670	-4.0	-0.5	83	1-0	5	1.8	11	0.5	16	9.0	4.31	710
Sky City Ltd	447	+0.6	-1.1	64	0-2	6	8.8	4.7	0.5	19	8.8	3.11	1,861
Hellaby Hold.	608	+9.3	+3.2	23	1-1	2	3.0	2.1	0.4	15	8.6	0.90	299
Steel & Tube	472	+8.8	+1.0	26	1-0	4	3.3	23	0.6	15	8.5	1.07	415
Cavalier Corp	494	-0.2	+0.5	71	2-2	2	4.8	31	0.4	15	8.2	1.61	321

Company	STRENGTH RATING				Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur-rent	4Wk Chg.	Rank 0-99									
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Fletcher Build.	584	+13.9	+3.5	10	7-0	5	2.3	2.1	0.4	11	6.4	0.64	2,551
Michael Hill	745	+13.5	+2.5	12	5-0	2	5.0	26	0.4	19	4.2	1.10	288
Skellmax Indust	129	+0.6	-1.5	63	3-0	-4.5	41	0.6	11	8.1	1.21		129
Cue Energy Ltd	9	+2.2	+2.4	57	3-0	-0.8	3	2.0	30	Nil	4.66		30
NGC Holdings	306	+12.7	-1.5	14	3-0	-4.4	27	0.6	17	9.3	2.97		1,355
F & P Appliance	403	+0.6	-3.3	65	3-0	6	1.9	15	0.6	12	7.5	1.12	1,055
Loan & Building	440	+5.6	+2.2	37	4-1	-1.3	8	0.2	17	4.9	1.64		13
Restaurant Brds	135	+2.8	+1.2	54	2-0	4	2.5	23	0.8	11	11.1	0.43	128
MG Property Trt	103	+0.3	+1.0	67	2-0	-1.1	6	0.5	19	9.2	7.07		149
F & P Health.	292	+6.7	+2.3	34	2-0	8	1.6	6	0.6	27	5.3	6.95	1,493

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Widespread Port	2	-37.1	+2.8	98	0-1	-0.8	-2.6	NE	Nil	7.89			6
Ports Auckland	670	-4.0	-0.5	83	1-0	5	1.8	11	0.4	16	9.0	4.22	710
NZ Wine Company	200	-5.9	+1.4	87	0-0	-1.0	4	0.5	23	4.2	2.22		17
South Port NZ	125	-3.4	-0.9	82	0-0	2	1.4	9	0.7	16	7.8	2.21	33
Media Tech.	13	-22.8	-1.7	97	0-3	-2.1	-2.8	NE	Nil	2.20			11
Nuhaka Forestry	420	-4.2	-1.1	84	0-0	-0.8	-0.3	NE	15.0	2.15			7

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Widespread Port	2	-37.1	+2.8	98	0-1	-0.8	-2.4	NE	Nil	7.89			6
Media Tech.	13	-22.8	-1.7	97	0-3	-2.1	-2.7	NE	Nil	2.20			11
WN Drive Tech.	44	-13.0	-0.6	95	0-1	-11.8	-0.9	NE	Nil	N/A			61
Genesis Res.	50	-12.6	-3.1	94	0-0	-0.5	-1.2	NE	Nil	1.31			13
Botry-Zen Ltd	9	-11.6	-0.9	93	0-2	-8.1	-1.3	NE	Nil	N/A			14
SkyCity Leisure	76	-11.4	+2.7	93	0-0	-2.8	11	1.5	25	Nil	1.29		52
Finzsoft Sol'ns	90	-11.1	-0.5	92	0-0	-2.3	10	0.5	23	Nil	1.38		7
Blue Chip NZ	130	-9.9	+1.7	91	0-0	-	-	1.2	NE	Nil	0.48		68
Abano Health.	14	-9.3	+3.0	90	0-1	-2.9	-1.4	NE	Nil	N/A			9
Evergreen	31	-9.1	-1.9	90	3-0	-0.6	-0.8	NE	Nil	1.20			48
Air New Zealand	160	-7.3	-2.3	89	1-0	6	0.8	14	0.8	6	Nil	0.27	959
Sealegs Corp	2	-6.4	-5.0	88	0-0	-8.9	-4.6	NE	Nil	N/A			18
NZ Wine Company	200	-5.9	+1.4	87	0-0	-1.0	4	0.5	23	4.2	2.22		17
Sanford Limited	460	-5.6	+1.1	87	0-1	1	1.0	9	0.4	11	6.3	1.28	440
VTL Group Ltd	95	-4.8	+1.8	84	0-0	-1.5	11	1.2	14	3.5	1.00		29
Sol. Dynamics	120	-2.9	-1.4	80	0-0	-20.1	-0.8	NE	Nil	0.81			10
Slavus Strat.	84	-2.8	-1.2	80	0-0	-	-	0.8	NE	Nil			

Computer Selections of Australian Shares based upon our Comprehensive Share Selection Criteria

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

Company	STRENGTH RATING				Insider Buy/Sell	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	STRENGTH RATING				Insider Buy/Sell	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n		
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99										Cur. rent	4-Wk Chg.	Rank 0-99	Cur. rent									4-Wk Chg.	Rank 0-99
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													Medical Corp	11	-27.9	-3.9	97	1.0	-	3.5	-	1.4	NE	Nil	N/A	13	
Infracorp Ltd	27	-4.5	+2.5	67	2.0	-	0.7	-	0.8	NE	Nil	9.64	6	AMCIL Limited	49	-27.6	+4.4	97	2.0	-	1.0	1	0.6	70	Nil	N/A	43
Oxiana Ltd	88	-3.2	-0.5	64	0.0	-	4.4	4	0.5	102	Nil	9.46	834	Rockeby Biomed	7	-27.3	-0.1	97	2.0	-	1.8	-	1.4	NE	Nil	N/A	7
Int'l Wine Inv.	195	-0.6	-0.6	55	0.0	1	0.7	2	0.5	30	5.1	9.05	124	E.R.G.	29	-26.9	-0.6	97	0.0	1	1.3	-	1.1	NE	Nil	0.66	175
Int'l Goldfield	33	-11.9	-0.0	84	2.2	-	-	-	0.9	15	Nil	8.98	10	Quantum Energy	16	-26.6	+0.9	96	4.0	-	16.0	-	1.0	NE	Nil	N/A	141
Bionomics Ltd	28	-5.7	+7.3	70	0.0	-	2.0	-	1.2	NE	Nil	8.95	18	World.net Serv.	15	-26.4	-0.1	96	0.0	-	2.1	-	1.2	NE	Nil	2.12	10
Pro Medicus Ltd	75	-3.0	+4.7	63	0.0	2	7.5	36	0.4	21	4.7	8.93	75	ITL Limited	23	-26.1	-2.2	96	1.0	-	-	-	0.9	NE	Nil	1.30	23
VRI Biomedical	20	-3.3	+11.3	64	0.0	-	6.7	-	1.4	NE	Nil	8.85	17	Signature Brand	18	-26.1	-7.8	96	0.0	-	-	-	1.2	NE	Nil	4.18	9
Sub-Sahara Res.	4	-20.1	-10.6	93	0.0	-	-	-	2.7	NE	Nil	8.78	9	Sirius Telecom.	15	-26.0	-0.1	96	1.0	-	2.1	-	1.1	NE	Nil	0.25	7
Legend Mining	8	-14.0	-6.2	87	3.1	-	-	-	1.7	NE	Nil	8.65	11	AVT Bioplasma	10	-25.2	+6.0	96	4.0	-	9.6	-	1.6	NE	Nil	N/A	6
Northern Gold	28	-0.0	+1.9	51	3.0	-	-	-	0.7	NE	Nil	8.54	41	Goldalbie Gold	7	-25.1	+1.6	95	2.1	-	-	-	1.3	NE	Nil	0.64	13
Hitech Energy	5	-5.4	+1.8	70	0.0	-	4.5	-	2.4	NE	Nil	8.33	14	Chemeq Ltd	243	-25.1	-9.9	95	0.2	-	3.9	-	0.7	NE	Nil	N/A	247
Kimberley Oil	8	-2.9	-0.6	63	0.0	-	-	-	2.0	NE	Nil	8.30	8	AFT Corporation	2	-25.0	-3.3	95	0.1	-	-	-	3.2	NE	Nil	8.21	15
AFT Corporation	2	-25.0	-3.3	95	0.1	-	-	-	3.4	NE	Nil	8.21	15	MultiMedia Ltd	3	-24.4	-3.9	95	1.8	-	2.7	-	2.9	NE	Nil	1.62	31
Ezenet Limited	13	-23.7	-2.4	95	0.0	-	4.3	-	1.6	NE	Nil	8.18	8	Ezenet Limited	13	-23.7	-2.4	95	0.0	-	4.3	-	1.5	NE	Nil	8.18	8
Peplin Biotech	71	-3.5	-1.2	65	0.0	-	7.9	-	0.7	NE	Nil	8.16	52	Argosy Minerals	9	-23.7	+0.2	95	0.0	-	-	-	1.5	NE	Nil	7.46	9
Biota Holdings	67	-2.8	+0.3	63	2.0	1	2.5	-	1.0	NE	Nil	8.06	65	Legalco Limited	75	-23.6	+2.7	95	0.2	-	2.4	1	0.9	313	Nil	0.48	28
Renew. Energy	13	-5.8	-0.7	70	2.0	-	1.1	-	1.2	NE	Nil	7.88	8	Austminex Ltd	10	-22.9	+3.8	95	0.0	-	-	-	2.0	NE	Nil	N/A	14
Argosy Minerals	9	-23.7	+0.2	95	0.0	-	-	-	1.6	NE	Nil	7.46	9	Visionmed Group	3	-22.4	+2.3	94	1.0	-	-	-	2.3	NE	Nil	5.77	6
Alkane Explor.	21	-21.4	+0.4	94	9.3	-	-	-	1.2	NE	Nil	7.39	28	Norwood Abbey	65	-22.3	-1.5	94	0.2	1	3.0	-	1.0	NE	Nil	N/A	105
Bounty Oil Gas	14	-6.1	+2.1	71	0.0	-	-	-	1.6	NE	Nil	7.26	11	Cogstate Ltd	25	-22.2	+4.1	94	0.0	-	-	-	1.1	NE	Nil	N/A	9
Tech Star Ltd	14	-16.2	+2.9	89	0.0	-	-	-	1.2	NE	Nil	7.14	6	Prime Life Corp	132	-21.4	+1.6	94	1.3	-	1.0	-	0.5	NE	Nil	0.85	81
Sylvania Res.	30	-9.5	+3.3	79	1.0	-	-	-	1.1	NE	Nil	7.09	9	Alkane Explor.	21	-21.4	+0.4	94	9.3	-	-	-	1.1	NE	Nil	7.39	28
Sino Gold Ltd	204	-10.5	-0.6	81	0.0	-	-	-	0.7	78	Nil	7.05	263	Audax Resources	9	-21.4	+2.2	94	0.0	-	-	-	1.2	NE	Nil	N/A	6
Aust Stock Exch	1653	-0.5	+0.8	55	1.5	9	8.0	40	0.6	20	3.4	6.99	1,686	Millepede Int'l	11	-21.3	+0.7	94	0.0	-	3.7	-	1.1	NE	Nil	N/A	8
Lihir Gold	114	-3.9	+1.7	66	0.0	8	2.2	5	0.4	42	1.8	6.83	1,464	Advanced Energy	6	-21.2	+2.8	94	2.0	-	1.2	18	1.4	7	Nil	0.47	19
Amity Oil NL	61	-8.7	-0.6	78	4.1	-	-	-	0.7	339	Nil	6.24	97	Palm Springs	12	-21.2	+0.8	94	0.2	-	3.8	-	0.9	NE	Nil	1.06	21
Jervois Mining	1	-18.6	+9.2	92	0.0	-	-	-	4.3	NE	Nil	6.15	6	Monarch Res.	14	-21.0	+0.9	93	0.0	-	-	-	0.9	NE	Nil	N/A	6
East'd Medical	26	-7.5	-1.8	75	0.2	-	5.2	-	1.3	NE	Nil	5.95	32	Adacel Tech.	34	-20.9	-1.4	93	0.0	1	2.1	-	0.9	NE	Nil	0.38	22
Tantalum Aust.	6	-10.5	+1.9	81	0.0	-	-	-	1.7	NE	Nil	5.93	15	Pancontinental	9	-20.5	+4.1	93	0.0	-	-	-	1.5	NE	Nil	N/A	13
BMA Gold Ltd	24	-7.4	+5.7	74	2.0	-	-	-	1.3	14	Nil	5.86	18	Midwest Corp	33	-20.2	-3.6	93	0.0	-	-	-	0.8	NE	Nil	N/A	18
Visionmed Group	3	-22.4	+2.3	94	1.0	-	-	-	2.5	NE	Nil	5.77	6	Sub-Sahara Res.	4	-20.1	-10.6	93	0.0	-	-	-	2.5	NE	Nil	8.78	9
Optiscan Image	31	-13.9	+0.0	86	0.0	-	2.1	-	1.0	NE	Nil	5.59	25	Indcor Limited	22	-19.5	-0.5	92	0.0	-	-	-	1.9	NE	Nil	N/A	5
Polartechnics	46	-19.3	+0.1	92	5.0	-	2.3	-	0.7	NE	Nil	5.58	28	Polartechnics	46	-19.3	+0.1	92	5.0	-	2.3	-	0.6	NE	Nil	5.58	28
Luminus Systems	7	-0.0	+0.0	51	0.0	-	-	-	1.4	NE	Nil	5.46	21	Metal Storm Ltd	25	-19.3	-2.4	92	0.0	-	12.3	-	0.8	NE	Nil	N/A	113
Horizon Oil Ltd	9	-8.1	+9.6	76	2.0	-	-	-	1.5	NE	Nil	5.40	39	Midwest Limited	5	-18.9	-1.8	92	3.0	-	-	-	1.7	NE	Nil	0.39	10
Absolute Return	82	-6.9	-0.6	73	0.0	-	0.8	12	0.5	7	18.2	5.37	34	Prima Biomed	14	-18.8	-0.8	92	6.4	-	-	-	1.4	NE	Nil	N/A	10
Neighbourhood C	1	-18.1	+1.3	91	0.0	-	0.1	-	3.5	NE	Nil	5.22	28	Jervois Mining	1	-18.6	+9.2	92	0.0	-	-	-	3.9	NE	Nil	6.15	6
Peppercorn I Fd	114	-12.1	-0.2	84	0.0	-	1.1	7	0.6	15	8.5	5.19	84	INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
SDI Limited	940	-5.2	+2.5	69	0.1	-	12.7	46	0.2	27	0.9	5.18	220	Aust Energy	85	-7.6	+0.2	75	0.7	-	7.7	70	0.5	11	2.4	0.54	38
Afinmix Limited	3	-0.4	+8.3	54	2.1	-	-	-	2.4	NE	Nil	4.90	8	MultiMedia Ltd	3	-24.4	-3.9	95	1.8	-	2.7	-	2.8	NE	Nil	1.62	31
Carnegie Corp	2	-4.4	-0.7	67	1.0	-	-	-	2.5	NE	Nil	4.80	6	Citic Australia	45	-0.6	+0.6	55	0.5	-	2.5	36	0.7	7	4.5	0.08	36
Cryosite Ltd	23	-1.9	+2.3	60	0.0	-	3.3	-	1.2	NE	Nil	4.78	10	Alumina Ltd	571	-0.3	+1.0	54	0.5	-	5.4	19	0.6	28	3.5	N/A	6,621
Bullion Min.	18	-6.2	-2.0	71	14.4	-	-	-	1.3	NE	Nil	4.74	6	Mobilesoft Ltd	8	-1.1	-9.5	58	1.6	-	8.0	18	1.2	44	Nil	0.93	9
Astro Mining NL	6	-16.0	+0.8	89	0.1	-	-	-	2.4	NE	Nil	4.72	9	News Corporatio	1110	-4.8	-1.4	68	2.7	8	-	-	0.8	4.2	0.3	3.03	23,309
Cochlear Ltd	2480	-3.2	+1.0	64	5.1	8	-	-	0.3	37	3.2	4.70	1,343	Aust Stock Exch	1653	-0.5	+0.8	55	1.5	9	8.0	40	0.5	20	3.4	6.99	1,686
Queste Comm's	19	-4.6	-2.4	68	0.0	-	0.4	-	1.1	NE	Nil	4.60	9	Leighton Hold	960	-0.7	+2.2	56	0.3	7	3.2	13	0.3	24	4.7	0.53	2,618
DenX Ltd	14	-9.7	-1.2	79	2.0	-	7.0	-	1.0	NE	Nil	4.24	19	Giralia Res.	22	-4.1	+6.7	66	0.3	-	-	-	1.2	NE	Nil	N/A	17
Kagara Zinc Ltd	90	-4.1	-0.4	67	4.0	-	-	-	0.6	44	Nil	4.23	149	Titan Resources	30	-13.0	+1.9	85	0.3	-	2.0	-	0.9	NE	Nil	N/A	54
Signature Brand	18	-26.1	-7.8	96	0.0	-	-	-	1.2	NE	Nil	4.18	9	Ent Media & Tel	2	-5.4	-4.1	69	1.4	-	-	-	2.2	NE	Nil	2.47	15
Asset Backed	11	-15.6	+0.4	89	0.0	-	0.6	-	1.7	NE	Nil	4.12	6	Macmin Silver	17	-6.7	+3.6	73									

"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: 68.9% Buyers

Last 13 wks: 69.0% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
A1 Minerals Ltd	1-0	Aust Mines Ltd	4-1	Cellnet Group	4-0	Djerriwarrh	1-4	Gloucester Coal	1-0
AAV Limited	0-5	Aust Energy	0-7	Cent West Gold	3-0	Dragon Mining	0-2	Go Connect Ltd	1-0
ABB Grain Ltd	2-0	Aust Stock Exch	1-5	Cent. Asia Gold	1-0	Drillsearch	1-0	Gold Aura Ltd	7-0
ABC Learning	0-4	Aust Leis & Hos	3-0	Central Exch.	2-0	Dromana Estate	1-0	Golden State	1-0
AFT Corporation	0-1	Aust Wwide Exp	1-3	Centro Prop.	3-0	E-Bet Limited	8-0	Gondwana Res.	0-1
AGD Mining	0-1	Austal Limited	1-0	Ceramic Fuel C.	1-0	ECSI Limited	0-1	Gowing Brothers	5-1
AI Limited	3-1	Austereo Group	0-1	Cervantes Sea.	1-0	Earth Sanct.	1-0	Gradiopore Ltd	5-0
AJ Lucas	0-1	Austral Coal	2-0	Chal Financial	7-0	East'n Star Gas	1-0	Graincorp	1-3
AMCIL Limited	2-0	Auth Invest Fd	2-0	Charter Pacific	2-0	Eastern Corp	3-0	Grange Resource	6-0
AMP Ltd	2-0	Auto Group Ltd	1-0	ChemGenex Pharm	4-0	East'd Medical	0-2	Great Aust Res	2-0
ANZ Bank	1-3	Avatar Indust.	2-0	Chemeq Ltd	0-2	Echo Technology	14-1	Green's Foods	2-1
APN News Media	5-1	Avexa Limited	4-0	Chieftain Sec.	0-1	Elixir Petrol.	1-0	Gt Sthn Plant'n	1-0
ARB Corporation	1-0	Aviva Corp Ltd	3-0	Child Care C.A.	1-0	Ellex Medical	1-0	Guinness Peat	0-11
ARC Energy	1-0	Avoca Resources	2-0	Choiseul Inv.	2-0	Emitch Limited	2-0	Gunns Ltd	2-1
ASG Group Ltd	1-2	Axiom Property	2-1	Citadel Pooled	1-0	Emperor Mines	0-2	Gunson Res.	2-1
AV Jennings	6-1	B Digital Ltd	3-0	Citic Australia	0-5	Energy Develop.	1-0	HHG Plc	12-0
AVT Bioplasma	4-0	BMA Gold Ltd	2-0	Citrofresh Int.	1-0	Ent Media & Tel	1-4	Haddington Res.	0-1
AWB Limited	1-0	BOT Solutions	8-0	City Pacific	0-6	Entek Energy	2-0	Hamilton James	1-0
Aberdeen Leader	1-4	Bank of Qland	1-0	Climax Mining	1-0	Enterprise En.	3-0	Hannans Reward	5-0
Acrux Ltd	2-0	Batavia Mining	1-0	Climo Capital	1-0	Environ. Sol'n	4-0	Hansen Tech.	2-0
Acumen Cap Prop	5-0	Baycorp Advant.	1-0	Clinical Cell	5-0	Envirozel Ltd	1-0	Haoma Mining NL	0-1
Adamus Resource	0-1	Beaconsfield Gl	3-0	Club Crocodile	1-0	Epitan Limited	0-3	Hardman Res.	0-5
Adelaide Bank	2-0	Belmont Hold.	2-0	Cluff Resource	2-3	Eqitj Limited	4-0	Harris (Keith)	1-0
Adelaide Bright	2-0	Bemax Resources	7-0	Coates Hire	3-0	Equigold NL	3-0	Harvey Norman	0-1
Adelaide Res.	0-1	Bendigo Bank	12-0	Cochlear Ltd	5-1	Equity Trustees	4-0	Harvey Wld Trav	1-0
Admiralty Res.	2-0	Bendigo Mining	1-0	Coffey Int'l	1-0	Eumundi Brewing	0-1	Healthscope	1-4
Advanced Energy	2-0	Benitec Ltd	1-2	Collection Hse	1-0	Eurogold Ltd	1-0	Health Com Ntwk	0-1
Advance Health.	5-0	Bentley Int'l	8-0	Colorpak Ltd	1-0	Euroz Limited	1-0	Helix Resources	1-0
Afminex Limited	2-1	Beyond Int'l	4-0	Comwealth Bank	0-1	Exco Resources	4-0	Herald Resource	0-1
Agincourt Res.	0-4	Big Kev's Ltd	3-0	ComOps Limited	1-0	Extract Res.	1-2	Heron Resources	10-0
Aim Resources	2-0	Billabong Int'l	0-1	Comdek Ltd	0-1	F.F.I. Holdings	5-0	Highland Pac.	1-0
Ainsworth Game	4-0	Biometrics Ltd	4-0	Comet Ridge Ltd	1-0	FKP Limited	2-0	Hillcrest Res.	11-0
Alchemia Ltd	3-0	Bioprospects	1-0	Comet Resources	2-0	Farm Pride Food	1-0	Hillgrove Res.	1-0
Alinta Limited	1-0	Biota Holdings	2-0	Commander Comm.	1-0	Felix Resources	3-0	Hills Indust.	0-3
Alkane Explor.	9-3	Biotech Capital	1-0	Commoditel Ltd	2-0	Fiducian P Serv	4-0	Hills Motorway	2-0
Allied Gold Ltd	5-0	Biron Capital	1-0	Compumedics Ltd	1-0	Financial Res.	1-0	Hire Intell.	2-0
Alphawest Ltd	1-0	Blackmores Ltd	0-1	Computershare	6-1	Finbar Internl	6-0	Home Bldg Soc.	4-0
Altium Limited	5-0	Bluescope Steel	1-0	Computronics	1-0	First Aust Res.	2-1	HomeLeisure Ltd	5-1
Alumina Ltd	0-5	Brambles Ind.	4-0	Con Broken Hill	0-8	Fleetwood Corp	0-4	Horizon Oil Ltd	2-0
Amcom Telecom.	2-1	Brazin Limited	1-0	Concept Hire	1-0	Flight Centre	0-2	Hostworks Group	0-1
Ancor Ltd	1-0	Breakfree Ltd	5-0	Conquest Mining	0-1	Flinders Diam.	2-0	Hpal Limited	1-0
Amity Oil NL	4-1	Brickworks Ltd	7-0	Cons Minerals	0-2	Folkestone Ltd	1-0	Hudson Sec.	3-0
Ammtec Ltd	0-4	Brickworks Inv.	3-0	Contango Micro.	1-0	Foodland Assoc	6-2	Hudson Timber	4-1
Amrad Corp.	11-0	Broadcast Serv.	1-3	Cool or Cosy	3-0	Forest Ent Aust	0-3	Hudson Res. Ltd	1-0
Anglo Pacific	1-0	Buderim Ginger	1-0	Cooper Energy	0-1	Fortescue Metal	3-1	Hunter Hall Int	0-9
Angus & Coote	2-0	Bullion Min.	14-4	Cougar Metals	1-0	Fox Resources	2-0	Huntley Invest	1-0
Ansell Ltd	2-0	Bunnings W/hse	1-2	Coventry Group	2-0	Funtastic Ltd	1-3	Hutchison Tel.	1-0
Antisense T.	1-0	Burdekin Pacifi	1-0	Crane Group	2-0	Futuris Corp.	5-0	Hyro Limited	1-0
Apex Minerals	1-0	C.S.R. Ltd	1-0	Creatable Media	3-0	Future Corp	6-0	IBA Health Ltd	2-0
Aquacarotene	0-2	CBD Energy Ltd	6-0	Crescent Gold	4-0	G.R.D. NL	11-1	IC2 Global Ltd	1-0
Aquarius Plat.	3-0	CCI Holdings	1-0	Croesus Mining	1-0	GTN Resources	1-0	IM Medical Ltd	3-2
Aquila Res.	1-0	CFS Private Cap	1-0	Crown Diamonds	5-1	GWA Internatl	1-0	IMF (Aust) Ltd	0-4
Arafura Res.	1-0	CPT Global Ltd	1-0	Crusader Hold.	4-0	Gale Pacific	7-2	ING Indust Trt	4-0
Ariadne Aust	5-0	CSL Limited	2-0	Customers Ltd	2-0	Gallery Gold	4-1	ING Office Fund	4-0
Aristocrat Leis	3-0	Cabcharge Ltd	0-1	Cypress Lakes	1-0	Gaming & Ent.	11-1	ION Limited	2-1
Arrow Energy	1-0	Campbell Bros	4-0	Cytopia Ltd	2-0	Gateway Mining	3-0	IT & e Limited	5-3
Ashburton Min.	0-1	Canberra Invest	4-0	Danks Holdings	1-0	Gazzal Corp	1-0	ITL Limited	1-0
Astro Mining NL	0-1	Capral Alum.	1-0	Dark Blue Sea	1-0	General Prop Tr	1-0	IWL Limited	1-2
Atlas Grp Hold.	5-0	Cardno Ltd	1-0	Datafast Tel.	6-2	Genetic Tech.	2-0	Ideas Internl	5-0
Ausdrill Ltd	0-2	Carlton Invest	1-3	De Grey Mining	2-3	Giants Reef Min	4-0	iNet	0-2
Auselect Ltd	1-0	Carnarvon Pet.	4-0	Deakin Fin Serv	4-0	Gindalbie Gold	2-1	Image Resources	4-0
Auspine Ltd	5-0	Carnegie Corp	1-0	Deep Sea Fish.	0-1	Gippsland Ltd	0-1	Imdex Limited	2-0
Ausquest Ltd	6-0	Carpathian Res.	4-0	Deep Green Min.	0-1	Giralia Res.	0-3	Imperial One	0-1
Aust Wine Hold.	1-2	Carpenter Pac.	0-1	DenX Ltd	2-0	Gleneagle Gold	3-0	Impress Venture	7-0
Aust Foundation	4-6	Catalyst Rec'mt	1-0	Desane Group	0-1	Glengarry Res.	1-0	Incitec Pivot	3-1
Aust Food Fibre	1-0	Cazaly Res Ltd	8-0	Destra Corp Ltd	5-0	Global Approach	1-0	Ind Practition.	1-0
Aust Ethical In	2-1	Cedar Woods Prp	1-0	Diamonex Ltd	1-0	Global Mining I	4-0	Independ. Group	2-1
Aust Healthcare	1-0	Cellestis Ltd	0-1	Dioro Explor.	4-0	Globe Int'l Ltd	8-0	Info Choice Ltd	1-2

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Infracorp Ltd	2-0	McPherson's Ltd	1-2	Oroton Group	5-0	Retail Tech.	1-0	Tamawood Ltd	3-1
Innaminka Pet.	3-0	Medaire Inc	2-0	PCH Group	1-0	Retail Cube	3-0	Tanami Gold NL	2-0
Institute Drug	1-2	Medec Limited	1-0	PMP Limited	2-0	Rinker Group	4-0	Tap Oil	0-5
Int Research	2-0	Medical Monitor	1-0	Pac. Star Netwk	1-0	Rivkin Fin Serv	2-0	Tasman Resource	1-0
Intec Ltd	0-1	Medical Dev Int	8-0	Pacific Hydro	2-0	Roc Oil Company	0-2	Tassal Group	1-0
Integrated Inv.	1-0	Medical Corp	1-0	Pacific Energy	3-0	Rock Build Soc.	0-9	Tawana Resource	0-7
Intermoco Ltd	1-0	Meditech Rsrch	3-1	Pacific Brands	2-0	Rockeby Biomed	2-0	Technology One	0-1
Intermin Res	9-0	Medivac Ltd	1-0	Pacrim Energy	0-1	Ronin Property	4-0	Tectonic Res.	2-0
Interoil Corpor	3-1	Medusa Mining	0-1	Paladin Res.	2-1	Rox Resources	1-0	Tele-IP Limited	3-0
Investa Prop.	4-0	Mermaid Marine	0-1	Palm Springs	0-2	S8 Limited	2-0	Templeton Globa	2-0
Investika Ltd	3-0	Metabolic Phar.	1-0	Pan Australian	0-1	SAI Global Ltd	1-0	Ten Network	0-1
Investor Group	0-1	Metals Exp.	3-0	Pan Palladium	1-0	SDI Limited	0-1	Tennant Creek G	5-0
Iress Mkt Tech	1-0	Metcash Trading	0-3	Panbio Ltd	2-0	SDS Corporation	0-3	Terra Gold Min.	0-2
Ironbark Cap.	5-1	Meteorite Res.	1-0	Paperlin X Ltd	4-0	SFE Corporation	7-0	Three-D Global	0-2
JB Hi-Fi Ltd	1-0	Methanol Aust.	1-0	Patrick Corp	1-0	SMC Gold Ltd	1-0	Thundelarra Exp	4-7
JDV Ltd	1-0	Metroland Aust	4-0	Pearl Consol.	4-0	SMS Mgmt & Tech	0-2	Tianshan Gold.	2-0
Jackson Gold	2-0	Michelago Ltd	0-1	Pearl Healthcare	6-0	SP Telecom.	2-0	Tiger Int'l	7-0
James Hardie	2-1	Midas Resources	3-0	Pelican Res.	1-0	SPC Ardmona Ltd	1-0	Timbercorp	0-2
James Fielding	1-0	Midware Limited	3-0	Pelorus Pipes	5-1	SSH Medical Ltd	3-0	Titan Resources	0-3
Jetset Travel	3-0	Mikoh Corp.	1-0	Penfold Buscomb	5-0	Salmat Ltd	2-0	Toll Holdings	0-3
Jindalee Res.	5-0	Millers Retail	0-2	Peninsula Min.	1-0	Santos Ltd	1-0	Tomato Tech.	1-2
Jumbo Corp	1-0	Mincor Resource	1-2	Peppercorn Mgmt	0-1	Saracen Mineral	2-0	Transfield Serv	1-0
Jumbuck Enter.	1-0	Mineral Commod.	0-1	Peptech Limited	2-0	Scantech	3-0	Transurban Grp	1-5
Just Group Ltd	1-0	Mineral Sec.	2-0	Perilya Mines	3-1	Schaffer Corp	1-0	Transerv Aust.	1-0
KLM Group Ltd	2-0	Mirraboooka Inv.	1-4	Perp Trust Aust	4-0	Select harvest	1-0	Transol Corp.	2-1
Kagara Zinc Ltd	4-0	Minvac Group	0-1	Perseverance	1-0	Select Vaccines	2-1	Travel.com.au	3-0
Kids Campus Ltd	0-2	Mithril Res.	0-1	Persec Mining	2-0	Senetas Corp	2-1	Treasury Group	0-4
Kimberley Diam.	1-4	Mobilesoft Ltd	1-6	Petsec Energy	3-0	Servcorp Ltd	9-1	Trent Capital	7-0
Kings Minerals	1-0	Mobile Innov.	4-0	PharmNet Online	2-1	Shearer (John)	2-0	Triako Res.	1-0
Kip McGrath EC	1-0	Moby Oil & Gas	0-2	Photon Group	1-0	Sherlock Bay N.	2-0	Tribeca Learn.	0-2
Konekt Limited	2-0	Monadelphous Gr	2-1	Pioneer Nickel	2-0	Siberia Mining	2-0	Troy Resources	0-1
Korvest Ltd	3-1	Monteray Group	0-2	Planoct Platinum	2-0	Sietel Ltd	1-0	Trust Co of Aus	2-1
Lafayette Min.	2-0	Mosaic Oil NL	0-1	Plaspak Group	0-1	Sipa Resources	1-0	UNITAB Ltd	1-0
Lake Technology	0-1	Motion Picture	1-0	Platinum Cap'l	0-1	Sirius Telecom.	1-0	United Group	1-0
Lakes Oil NL	2-0	Moto Goldmines	3-1	Pohsphagenics	3-0	Sirtex Medical	4-0	Unitract Ltd	1-0
Landmark White	2-0	Mt Burgess Min.	2-0	Polaris Metals	1-0	Skilled Eng.	5-0	Unwired Group	1-0
Legalco Limited	0-2	Mt Conqueror	2-0	Polartech	5-0	Sky Net Global	2-0	Uscom Limited	5-1
Legend Mining	3-1	Multiimedia Ltd	1-8	Port Bouvard	6-2	Skydome Holding	0-1	Van Eyk Three P	1-0
Legend Corp.	2-0	NKWE Platinum	1-0	Port Douglas	2-0	Smorgon Steel	1-0	VeCommerce Ltd	3-0
Leighton Hold	0-3	Namakwa Diamond	0-1	PowerTel Ltd	1-0	Snowball Group	6-1	Ventracor Ltd	1-0
Liberty Gold NL	2-0	Namoi Cotton	1-0	Precious Metals	2-0	So Natural Food	2-0	Viagold Capital	0-2
Lighting Corp.	6-1	Nat'l Can	0-1	Primary Health	2-3	Solbec Pharm.	5-0	View Resources	0-1
Lion Equities	2-0	Navigator Res	1-0	Prima Biomed	6-4	Sonnomed Ltd	2-0	Village Road.	0-2
Lion Energy Ltd	4-0	Netcomm Limited	0-3	Prime Retail	0-1	Sonic Health	1-0	Villa World	1-2
Lionore Mining	2-5	Network Ltd	1-0	Prime Infra Grp	3-0	Sonnet Corp Ltd	1-4	Virotec Int'l	0-1
Living Cell T.	1-0	New Holland Min	2-0	Prime Life Corp	1-3	Sons of Gwalia	0-1	Visionmed Group	1-0
Loftus Capital	11-0	New Horizon En.	2-1	Prin. Amer. Off	2-0	Soul Pattinson	5-0	Vision Systems	2-0
Longreach Group	2-0	New World Alloy	2-0	Pro Maintenance	0-3	Southcorp Ltd	5-0	Volante Group	2-1
Lumacom	3-0	Newcrest Mining	4-0	Progen Indust.	0-2	Sphere Invest.	1-0	Voyager Energy	1-0
M-Box.com	4-0	Newhaven Park	1-0	Promina Group	3-0	St Barbara Mine	1-0	W'bool Cheese	2-0
M.Y.O.B. Ltd	1-0	Newland Res.	1-0	Prophecy Int'l	2-1	St George Bank	2-0	WAM Capital Ltd	1-3
MFS Diversified	6-1	News Corporatio	2-7	Prosperity Res.	2-0	Stargames Ltd	1-2	WRF Securities	6-0
MFS Hotel Prop.	2-0	Nexus Energy	0-2	Psiron Limited	0-1	Starpharma Hold	0-2	Wadepack Ltd	0-1
MFS Lev Invest.	1-0	Nickel Aust Ltd	3-0	Q Ltd	0-1	Stericorp Ltd	4-0	Waterco Ltd	6-0
MGM Wireless	2-0	Nido Petroleum	1-0	Q.B.E. Insur.	0-2	Stockland	3-1	Watpac Ltd	2-0
MMC Contrarian	2-1	Niquest Ltd	2-0	OED Occtech Ltd	2-0	Straits Res.	0-4	Wattyl Ltd	3-1
MPI Mines Ltd	2-0	Noni B Limited	2-1	QPSX Limited	1-2	Strathfield Grp	4-1	Wavenet Int'l	0-1
MXL Limited	5-0	Northern Gold	3-0	QRSciences Hold	2-0	Stratetel Ltd	0-1	Webjet NL	1-4
MacMahon Hold	1-0	Norwood Abbey	0-2	Quantum Energy	4-0	Striker Res.	1-0	Wedgetail Exp.	4-0
Macarthur Cook	2-0	Nova Health Ltd	1-0	Queens'd Cotton	2-0	Structural Syst	4-0	Wentworth Mut.	1-0
Macarthur Coal	0-2	Novera Energy	2-0	Quiktrak Netwks	0-1	Stuart Petrol.	0-2	Wesfarmers Ltd	1-2
Macmin Silver	1-4	Novogen Ltd	1-3	RCR Tomlinson	1-0	Sun Capital Grp	2-0	West Aust Metal	4-0
Macquarie Off.	1-0	Nthn Star Res.	3-0	RIM Capital Ltd	4-1	Sun Resources	1-0	Western Areas	4-2
Macquarie DDR	3-0	Nufarm Limited	2-1	Rabinvo Div Prp	1-0	Suncorp-Metway	2-1	Westmag Limited	2-0
Macquaries C&I	1-0	Nustar Mining	2-0	Ramsay Health	0-1	Sundance Res.	3-0	Westonia Mines	5-0
Macquarie C'Wde	1-0	Nylex Ltd	5-0	Reclaim Indust.	3-1	Sundowner Group	12-0	Westpac Banking	2-1
Macquarie Infra	3-0	OAMPS	2-4	Red 5 Ltd	4-0	Sunland Group	3-7	Westralia Prop.	1-0
Macquarie Leis.	1-0	OFM Investment	2-0	Red Metal Ltd	1-0	Sunshine Gas	0-2	Whitefield Ltd	12-2
Macquarie Bank	2-4	Objective Corp.	1-3	Reece Australia	2-0	Swish Group	1-0	Willmott Forest	0-2
Macquarie Good.	2-0	Oceana Gold Ltd	1-0	Reed Resources	2-0	Sydney Aquarium	1-0	Wilson Invest.	2-0
Macquarie Air.	4-0	Oil Search Ltd	0-1	Reefton Mining	0-1	Sylvania Res.	1-0	Wilson Inv Fund	4-0
Magnum Gold NL	0-1	Oilex NL	3-1	Reinsurance Aus	0-2	Sylvastate Ltd	4-0	Wilson Leaders	5-0
Marengo Mining	4-0	Oldfields Hold	1-0	Reliance Mining	2-0	Symex Holdings	0-3	Woolworths Ltd	0-2
Mariner Fin.	1-0	Olea Australia	1-0	Renew. Energy	2-0	Synergy Equity	5-1	Working Systems	1-0
Mark Sensing	4-1	Olympia Res.	0-1	Renison Cons	2-0	TVSN Limited	10-1	Worley Group	0-1
Maryborgh Suga	0-5	Onesteel Ltd	0-1	Repcco Corp Ltd	1-0	TZ Limited	3-0	Wrigdways Aust	3-0
Mawson West Ltd	2-0	Organic Res Tec	2-0	Repol Ltd	1-0	Tabcorp Holding	1-0	Xanadu Wines	1-0
Maxi TRANS	0-1	Orica Ltd	4-1	Republic Gold	1-0	Takoradi Ltd	0-1	Xceed Biotech.	6-0
Mayne Group Ltd	1-0	Origin Energy	1-2	Resonance Hlth	1-0	Talent2 Int'l	1-2	Yamana Goldfld	3-2
McGuigan Simeon	0-1			Resources Min.	2-0			ZyloTech	0-1

“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: 51.1% Buyers
Last 13 wks: 39.8% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Air New Zealand	1-0	Dorchester Pac	0-2	Kingsgate Int'l	1-0	Powerco Limited	0-1	Software of Exc	2-3
Akd Int Airport	0-1	Evergreen	3-0	Loan & Building	4-1	Provenco Group	2-3	Spectrum Res.	1-0
Allied Farmers	0-1	F & P Appliance	3-0	MG Property Trt	2-0	Pumpkin Patch	1-3	Steel & Tube	1-0
Blis Technology	0-1	F & P Health.	2-0	Mainfreight Grp	0-5	Renaissance	1-7	Telecom Corp	0-2
Botry-Zen Ltd	0-2	Feltex Ltd	1-0	Media Tech.	0-3	Restaurant Brds	2-0	Tenon Ltd	1-0
CDL Hotel NZ	0-1	Finmedia Ltd	1-0	Metro. LifeCare	0-2	Richmond Hold.	0-1	Urbus Property	2-0
Cabletalk Group	1-2	Fletcher Build.	7-0	Michael Hill	5-0	Rocom Wireless	0-2	Vertex Group	0-5
Cadmus Tech Ltd	0-2	Forty Two Below	2-0	Mooring Systems	0-6	Rubicon Limited	1-7	WN Drive Tech.	0-1
Cap Properties	0-1	Freightways Ltd	0-1	NGC Holdings	3-0	Sanford Limited	0-1	Wakefield Hosp.	1-0
Carter Holt	2-0	Guinness Peat	0-11	NZ Invest Trust	1-0	Scott Tech. Ltd	1-0	Warehouse Group	3-1
Col Motor Co	2-0	Hallenstein G.	1-2	NZ Oil and Gas	1-0	Seeka Kiwifruit	1-0	Waste Mgmt NZ	0-4
Comvita	0-1	Heritage Gold	1-0	Nuplex Indust	1-0	Skellmax Indust	3-0	Widespread Port	0-1
Cue Energy Ltd	3-0	Hirequip NZ Ltd	0-1	Port Tauranga	0-3	Sky City Ltd	0-2	Wrightson Ltd	1-11
DB Breweries	1-0	Infratil NZ	0-5	Ports Auckland	1-0	Smiths City	0-1	Zintel Comm.	0-6
				Postie Plus Grp	0-1				

Insider Buying Identifies High Growth Start-Up Business

Medical Developments International (code MVP). Medical Developments International is a new, very small company seeking to expand the use of *Penthrox* for pain relief in emergencies, the military, in mass disasters and in veterinary applications. Longer term it could be used in surgery.

Penthrox is light (i.e. easy to transport), easy to administer to the patient (i.e. inhaled) and relatively free of side effects. It is currently used by the Australian Ambulance Service, the Australian Defence Forces and the NZ Defence Forces and the company is seeking to expand *Penthrox* usage into many other countries over the next several years.

It is difficult to assess the potential of a start up business like Medical Developments but the directors have large shareholdings and have been buying on-market. One director owns 22,180,000 shares (38.9% of the company) and the other four own between 100,000 shares and 680,000 shares each. There have been eight *insider* buys on-market since the company listed in December 2003, plus four smaller buys (i.e. less than \$10,000) which we do not count. These trades have been made by four of the five directors, with recent buys around 100 cents (last week) and two buys in September at 85 cents and 90 cents.

For the nine months to June 2004, the company recorded revenues of \$3.1 million and a profit of \$481,000 (0.8 cents per share) and paid a dividend of 0.25 cents. That, however, puts the shares on a P/S of 18.39, a P/E of 119 and a Yield of 0.3%. In other words, current revenues and profits are meaningless in relation to *expected* future results. For the year to June 2005 the

company is predicting revenues of \$8-12 million and a profit of \$1.5-2.4 million. That would improve the P/S ratio to a still high 5-7 and the P/E ratio to 24-38.

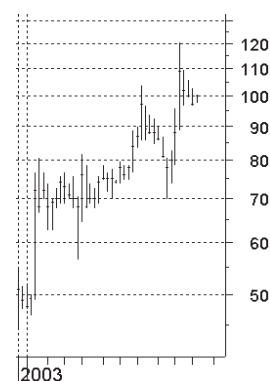
Summary and Recommendation

Based upon *current* revenues, profits and the dividend these shares look extremely expensive - but this is a start-up business (that is already earning high profit margins), so current results are meaningless. In these situations the directors have the best knowledge about the company and its future potential. The shares have risen strongly over the last year, but rather than cash in profits on their large investment the directors have been buying more shares on-market!

The forecast revenue and profit growth to June 2005 would still leave the shares looking very expensive, but if the company can grow 50-100% from its current very low levels in 2006 and 2007 then there will be plenty of room for capital appreciation.

This is a *very* high risk situation - mainly owing to the high share valuation - but directors have a big stake in the company and these knowledgeable investors are *increasing* those shareholdings. Higher risk investors, with diversified share portfolios, should therefore consider making a small investment in Medical Developments International shares.

Medical Developments



Investment Outlook (Continued from Page 1)

This is a profitable business, prices are rising but no major expansion is planned by competitors that could depress prices.

The best solution to the growth in the Chinese economy, however, is for companies (and countries) to adapt and focus upon their comparative advantage. China offers virtually unlimited low cost labour and low cost land - so the rest of the world needs to move away from manufacturing and towards knowledge based businesses. For example, high value computer chips are designed and produced in countries like Japan and Taiwan, then shipped to China for low cost assembly into computers and then shipped around the world.

Examples of some of our investments that are correctly adapting to the changing world economy include:

Vision Systems which designs and produces high technology fire detection equipment for computer chip manufacturers.

Keycorp which recently licensed a joint venture to produce its EFTPOS terminals in China.

McPhersons was a successful investment for us as this business focused upon marketing, outsourcing production and supply from China.

Atlas Pacific, with its competitive advantage combining Australian capital and knowledge of pearl farming with favourable climatic conditions and low cost labour and land in Indonesia.

The performance of individual companies will vary widely owing to the type of business, their success (or otherwise) at developing opportunities and their competitive position in the global economy. With over 1600 listed companies in Australia and New Zealand we remain confident of finding enough companies with the potential to produce strong returns for our portfolio.

The performance of the whole economy will depend upon developing comparative advantages (e.g. in agriculture, tourism) and adding value to the production of commodities which over the very long term will continue to decline in real value. Adding value requires investment in education and technology, and rewarding successful companies and/or individuals.

Unfortunately New Zealand often appears to be following the wrong policies: A secondary school qualification that fails no-one (i.e. fails to acknowledge ability and performance), substantial financial incentives for young people with tertiary qualifications to leave permanently (i.e. rather than stay in NZ and pay off interest bearing student debts) and a high 39% tax rate that starts at just \$60,000 (i.e. an income at which a person with a non-working spouse and children qualifies for welfare).

Such policies will result in the continual slow decline in the wealth of the nation relative to other countries in the world. While it would be nice to solve the whole nation's problems, realistically we must follow our own advice and focus upon our own comparative advantage - building investment wealth for individual subscribers and ourselves through intelligent investment!

Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Allied Farmers	5.00	27-09	11-10	Full
Auckland Int'l Airport	17.30	18-10	29-10	Full
Brierley Investments	\$S0.025	-	18-11	-
Broadway Industries	2.00	25-10	29-10	Nil
Colonial Motor Company	9.50	14-10	27-10	Full
Ebos Group	11.00	04-10	08-10	Full
Feltex	6.00	04-10	08-10	Nil
Fletcher Building	14.00	25-10	11-11	Full
Hallenstein Glassons	14.00	06-12	13-12	Full
Lyttelton Port Company	7.25	11-10	15-10	Full
Michael Hill International	13.00	11-10	18-10	Full
Nuplex Industries	13.00	04-10	15-10	Full
Port of Tauranga	13.00	27-09	08-10	Full
Postie Plus Group	4.00	11-10	05-11	Full
Renaissance Corporation	3.00	27-09	01-10	Full
South Port NZ	3.75	04-10	08-11	Full
Teamtalk	9.00	18-09	-	Full
Tourism Holdings	5.00	18-10	22-10	Full
VTL Holdings	3.32	08-11	19-11	Ni
Warehouse Group	4.00	15-11	22-11	Full
Williams & Kettle	9.00	18-10	27-10	Full
Australian Shares				
AJ Lucas Group	4.50	25-11	16-12	
Cellnet Group	5.00	06-09	15-10	
Circadian Technologies	50.00	11-10	-	
OAMPS	10.00	01-10	29-10	
Ross Human Directions	2.00	20-09	15-10	
Skilled Engineering	10.00	21-09	19-10	
Sonnet Corporation	1.50	01-10	15-10	
UXC	3.00	11-10	29-10	
Villa World	7.50	11-10	29-10	

Total Return Index for All Listed Shares

Sep 6	2214.88		
Sep 7	2203.29		
Sep 8	2205.32		
Sep 9	2211.26		
Sep 10	2214.63		
Sep 13	2208.91	Sep 20	2212.74
Sep 14	2210.59	Sep 21	2222.51
Sep 15	2203.33	Sep 22	2231.20
Sep 16	2199.81	Sep 23	2236.06
Sep 17	2192.18	Sep 24	2235.68
Sep 27	2250.37	Oct 4	2265.39
Sep 28	2253.40	Oct 5	2260.78
Sep 29	2267.59	Oct 6	2252.27
Sep 30	2274.31	Oct 7	2256.71
Oct 1	2280.15	Oct 8	2258.22

Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday November 9, 2004 (and delivered in most areas on Wednesday 10).

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