

Market Analysis

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

The stockmarkets have performed well over the last two years, but shares still offer good value and a buoyant market can yield higher rates of returns. Remain fully invested in the recommended shares.

Investment Outlook.

Over the last 52 weeks the NZX50 Index rose +25.2%, an improvement on the previous year's gain of +23.6%. The Australian All Ordinaries index rose +22.9%, also beating its previous year's gain of just +9.0%. ^{Note 1.}

Our own performance has deteriorated . . . with the *Recommended Portfolio's* gain of +36.7% over the last year *failing* to beat our previous year's gain of +38.0%. Perhaps we will do better this year!

As we pointed out last month, the stockmarket is fairly buoyant - and this a favourable environment in which to make good investment gains. But it is not so buoyant that we risk being at a market peak. One recent newspaper article reported a prediction that the Australian stockmarket would decline 25% during 2005. Another article talked of downgrading profit forecasts for NZ companies owing to slow economic growth, higher interest rates and the higher exchange rate. At a market peak there will only be optimism and *certainty* that share prices are going higher! Pessimistic reports show there is the potential for further gains.

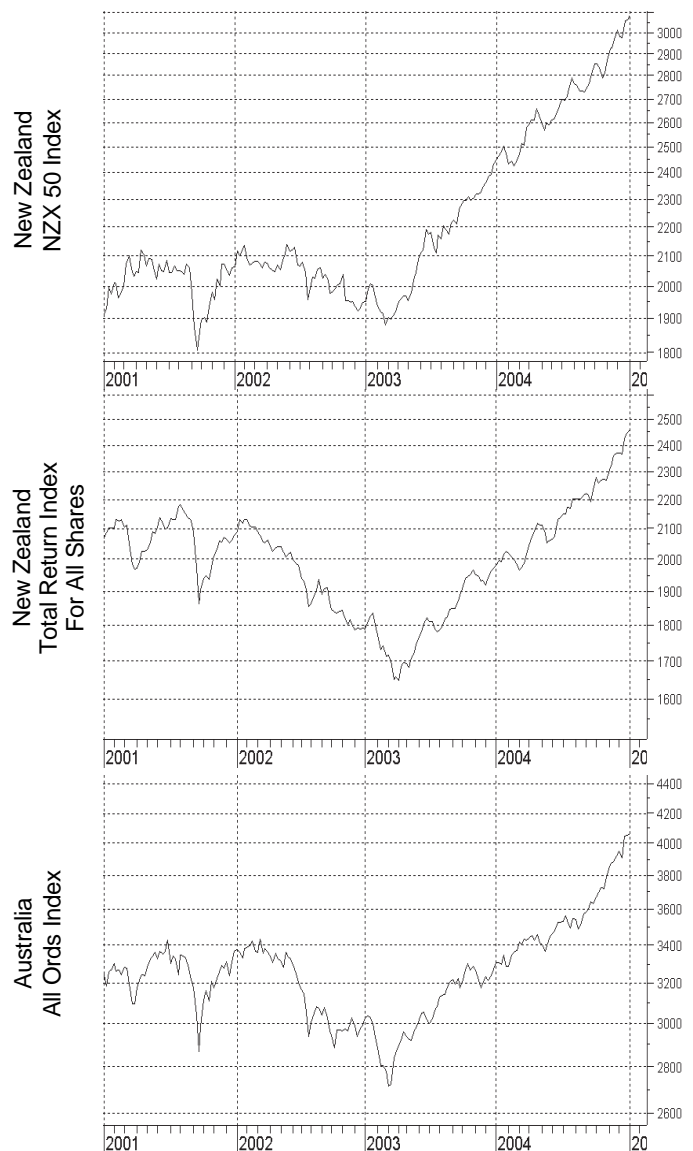
Our One-Year Forecast for the Australian stockmarket is Bullish at 67%, but our Forecast is only Neutral at 51% for NZ.

This outlook is confirmed by our *Insider Trades* reports (see Pages 13-15). Australian *insiders* are net buyers, with 64.9% buy trades over the last 13 weeks and only 35.1% sells. NZ *insiders* are net sellers, with just 34.1% buys and 65.9% sells. Private investors will usually do well to follow the example of these knowledgeable investors - and today that message is "Sell New Zealand, Buy Australia". Certainly investors cannot afford to be *under-weighted* in Australian shares or to ignore investment opportunities on the Australian market. In practical terms investors should be directing cash towards new purchases of Australian equities.

Note 1: Annual returns are to 7/1/05 (and 9/1/04 the previous year). The NZX50 *overstates* returns by including *tax credits*, while the All Ords *understates* returns by ignoring dividends.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	69% (Bullish)	67% (Bullish)
New Zealand:	74% (Bullish)	51% (Neutral)



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A2 Corporation	C	8.0	N/A	NE	Nil	Hirequip NZ Ltd	C	120	1.76	8	2.5	Pyne Gould G.	A	220	0.76	12	6.1
ABS Canterbury	C	394	N/A	NE	Nil	Horizon Energy	B	425	4.28	17	7.7	Pyne Gould Corp	A	415	0.97	12	5.0
AMP Limited	C	775	1.18	NE	2.3	ING Property	C	118	N/A	26	9.4	Renaissance	B	103	0.39	28	10.1
AMP NZ Office	C	92	5.93	11	7.6	Ind Newspapers	B	575	4.29	44	2.4	Restaurant Brds	D	128	0.40	15	11.7
AXA Asia Pac.	B	445	1.59	21	2.7	Infratil NZ	B	345	5.18	32	5.2	RetailX Limited	D	6.0	0.44	NE	Nil
Abano Health.	D	112	0.34	NE	Nil	Just Water Int.	E	80	4.01	24	Nil	Richina Pacific	C	79	0.26	30	Nil
Affco Holdings	C	44	0.25	4	Nil	Kidicorp	E	25	1.80	NE	Nil	Rubicon Limited	D	105	N/A	NE	Nil
Air New Zealand	C	163	0.28	6	Nil	Kingfish Ltd *	N/R	107	N/A	NE	Nil	Ryman Health.	B	370	3.38	20	2.4
Akd Int Airport	B	810	9.42	26	5.1	Kirkcaldie & St	C	226	0.54	21	4.9	Sanford Limited	D	460	1.23	8	7.1
Allied Farmers	A	260	0.55	14	6.0	Kiwi Property	C	115	N/A	15	7.5	Satara Co-op	E	130	N/A	NE	Nil
Apple Fields	C	4.5	N/A	NE	Nil	Lion Nathan Ltd	A	942	2.25	28	3.4	Savoy Equities	E	1.5	N/A	NE	Nil
Beauty Direct	C	10	N/A	NE	Nil	Livestock Imp.	B	114	0.34	7	14.3	Scott Tech. Ltd	C	310	2.16	21	6.3
Blis Technology	C	25	N/A	NE	Nil	Loan & Building	B	440	1.64	17	4.9	Sealegs Corp	D	39	N/A	NE	Nil
Blue Chip NZ	D	120	0.45	NE	Nil	Lytelton Port	C	175	2.89	15	9.4	Seeka Kiwifruit	B	480	0.75	12	5.6
Botry-Zen Ltd	D	9.0	N/A	NE	Nil	MG Property Trt	B	115	7.90	21	8.2	Shotover Jet	D	105	1.85	13	1.8
Brierley Invest	C	84	2.25	13	2.6	Mainfreight Grp	B	238	0.34	41	4.1	Skellmax Indust	C	125	1.18	11	8.4
Briscoe Group	C	114	0.75	10	9.2	Media Tech.	D	11	1.93	NE	Nil	Sky City Ltd	C	545	3.79	23	7.3
Broadway Ind	B	115	0.55	8	1.7	Methven Limited	D	165	N/A	NE	Nil	Sky Network TV	D	620	5.48	69	Nil
CACI Group Ltd	D	36	0.51	NE	Nil	Metro. LifeCare	A	345	2.71	21	1.4	Slavus Strat. *	N/R	90	N/A	NE	Nil
CDL Hotel NZ	C	60	1.25	12	3.5	Michael Hill	A	814	1.20	21	3.9	Smiths City	C	84	0.22	10	6.2
CDL Investments	D	32	2.34	10	7.5	Mid-Cap Index *	N/R	248	N/A	NE	Nil	Software of Exc	E	140	1.79	NE	Nil
Cabletalk Group	C	57	0.33	10	Nil	Mike Pero Mort.	C	70	0.89	14	12.8	Sol. Dynamics	D	160	1.08	NE	Nil
Cadmus Tech Ltd	C	26	4.39	NE	Nil	Mooring Systems	D	412	N/A	NE	Nil	South Port NZ	C	126	2.23	16	7.7
Calan Hlthcare	C	100	9.15	15	8.0	Mowbray Collect	D	162	3.55	NE	4.1	Spectrum Res.	E	1.6	1.74	NE	Nil
CanWest Media.	C	221	N/A	NE	Nil	Mr Chips Hold	D	100	0.69	12	7.5	Speirs Group	D	120	N/A	NE	Nil
Cap Properties	B	119	4.86	18	7.6	NGC Holdings	C	307	2.98	17	9.2	Steel & Tube	B	485	1.10	15	8.3
Carter Holt	C	205	0.79	12	2.9	NZ Exchange Ltd	C	938	8.58	40	Nil	Sthn Travel	E	126	N/A	NE	Nil
Cavalier Corp	B	460	1.50	14	8.8	NZ Experience	D	40	1.89	18	7.5	Summit Gold Ltd*	N/R	20	N/A	NE	Nil
Cert Organics	D	7.0	5.47	NE	Nil	NZ Finance Hold	E	41	N/A	NE	Nil	Tag Pacific Ltd	C	31	0.61	NE	Nil
Col Motor Co	B	299	0.21	10	10.0	NZ Invest Trust*	N/R	755	N/A	NE	1.1	Taylor's Grp Ltd	A	262	1.04	15	6.3
Commsort Group	E	0.3	N/A	NE	Nil	NZ Oil and Gas *	N/R	113	N/A	19	Nil	TeanTalk Ltd	B	263	2.64	20	9.4
Comvita	C	210	0.85	15	3.0	NZ Refining Co	A	3095	3.92	20	5.8	Telecom Corp	B	623	2.24	16	6.5
Connexion	E	66	N/A	NE	Nil	NZ Wine Company	B	200	2.22	23	4.2	Tenon Ltd	D	219	0.37	NE	Nil
Contact Energy	C	652	2.94	26	5.7	NZ Wool Service	D	54	N/A	NE	Nil	Tol NZ Ltd	C	275	0.83	5	Nil
Cube Capital	D	7.8	0.26	NE	Nil	NZSX 50 Port.	D	147	N/A	NE	Nil	Tourism Hold.	B	209	1.20	18	6.4
Cue Energy Ltd *	N/R	33	N/A	NE	Nil	NZSX 10 Fund *	N/R	120	N/A	NE	Nil	Tower Limited	C	211	0.83	16	Nil
Cynotech Hold.	B	28	2.28	NE	Nil	NZX Aust MidCap	C	448	N/A	NE	Nil	Training Sol.	E	0.1	0.59	NE	Nil
Dominion Fin.	C	115	N/A	11	7.1	Nat Property Tr	C	98	6.23	15	9.2	Trans-Tasman	E	38	3.53	11	Nil
Dorchester Pac	B	276	0.79	10	5.4	New Image Group	D	18	2.09	NE	Nil	Trust Power Ltd	A	561	1.40	14	4.7
Eastern Hi-Fi	E	88	N/A	NE	Nil	Northland Port	B	296	N/A	37	4.0	Turners & Grow.	E	300	N/A	NE	Nil
Ebos Group Ltd	A	453	0.55	15	6.6	Nuhaka Forestry	C	117	3.13	NE	53.8	Turners Auction	B	416	1.20	17	5.7
Evergreen	D	33	1.28	NE	Nil	Nuplex Indust	A	595	0.56	12	6.1	Urbus Property	B	110	2.62	5	8.2
F & P Appliance	C	435	1.21	13	7.0	Opio Forestry	C	87	N/A	NE	Nil	Utilico Int'l	D	60	3.86	NE	Nil
F & P Health.	B	318	7.57	30	4.9	Owens Group Ltd	E	102	0.16	NE	Nil	VTL Group Ltd	C	109	1.15	17	3.0
Feltex Ltd	C	163	0.74	12	3.7	Oyster Bay	D	288	N/A	NE	Nil	Vertex Group	C	162	0.59	10	3.7
Finnmedia Ltd	C	126	1.35	NE	Nil	Ozzy (Tortis) *	N/R	228	N/A	NE	Nil	WN Drive Tech.	D	58	N/A	NE	Nil
Finzsoft Sol'ns	D	100	1.54	26	Nil	POD Ltd	B	160	0.71	14	2.8	Wakefield Hosp.	A	370	1.27	20	3.2
Fletcher Build.	B	650	0.72	12	5.7	Pac Edge Bio.	D	28	N/A	NE	Nil	Warehouse Group	B	372	0.50	18	5.8
Forty Two Below	C	60	N/A	NE	Nil	Pacific Retail	D	212	0.13	NE	Nil	Waste Mgmt NZ	A	560	3.03	30	4.2
Freightways Ltd	A	310	N/A	30	5.5	Port Tauranga	B	560	4.96	22	5.3	Widespread Port	D	2.8	N/A	NE	Nil
GDC Communicat.	D	21	0.17	NE	Nil	Ports Auckland	B	710	4.57	17	8.5	Williams Kettle	A	464	0.61	16	5.5
Genesis Res.	C	46	1.21	NE	Nil	Postie Plus Grp	C	83	0.31	8	12.7	Windflow Tech.	E	300	N/A	NE	Nil
Guinness Peat	B	222	1.13	10	1.2	Property F Incl.	C	105	N/A	11	7.0	Wool Equities	D	64	N/A	NE	Nil
Gullivers Tr	E	151	N/A	NE	Nil	Pumpkin Patch	C	269	2.03	55	Nil	World Index Fd *	N/R	112	N/A	NE	Nil
Hallenstein G.	B	377	1.22	13	9.5	Pure NZ Limited	C	2.5	8.62	NE	Nil	Wrightson Ltd	C	199	0.44	27	8.6
Hellaby Hold.	B	646	0.96	16	8.1						Zintel Comm.	C	116	1.46	14	8.7	
Heritage Gold *	N/R	11	N/A	NE	Nil						Ave of 169 Cos	C	235	0.81	24	3.5	
ABB Grain Ltd	B	669	1.17	54	3.7	Energy Resource	A	640	4.63	46	1.7	Nufarm Limited	A	910	0.94	20	2.5
AMP Ltd	C	722	1.22	NE	2.2	Envestra	C	110	2.83	37	8.6	Oil Search Ltd	A	178	2.78	12	0.7
ANZ Bank	B	2062	4.04	26	4.9	Excel Coal Ltd	A	503	4.19	36	2.1	Onesteel Ltd	B	263	0.45	11	4.6
APN News Media	B	510	2.07	23	3.6	Fairfax (John)	A	447	2.28	15	3.7	Orica Ltd	A	1980	1.14	16	3.4
AWB Limited	B	470	0.30	17	5.3	Flight Centre	C	1880	2.21	22	3.2	Origin Energy	A	720	1.35	23	1.8
AXA Asia Pac	B	411	1.50	7	2.5	Foodland Assoc	B	2450	0.42	20	4.1	Oxiana Ltd	B	92	9.89	NE	Nil
Adelaide Bright	A	175	1.50	16	3.1	Foster's Group	B	584	3.00	15	3.3	Pacific Brands	A	313	4.26	NE	1.1
Adelaide Bank	B	1048	1.19	14	4.2	Futuris Corp.	B	217	0.53	60	3.7	Paperlin X Ltd	B	479	0.34	20	5.7
Alinta Limited	A	860	1.90	13	3.8	GWA Internat'l	B	325	1.34	15	5.5	Patrick Corp	A	656	3.18	19	2.0
Alumina Ltd	B	589	N/A	29	3.4	Gandel R. (CFS)	C	166	9.48	18	6.1	Perp Trust Aust	A	6400	7.71	27	2.3
Amcor Ltd	C	742	0.63	19	4.3	General Prop Tr	C	384	N/A	18	5.5	Primary Health	A	815	5.56	47	2.1
Ansell Ltd	C	890	1.39	22	1.5	Gt Sthn Plant'n	A	444	5.20	12	2.3	Promina Group	B	537	1.48	21	2.3
Argo Investment	B	537	N/A	31	3.1	Guinness Peat	B	204	1.02	10	1.2	Publishing & Br	B	1720	3.59	17	2.5
Aristocrat Leis	B	964	4.62	NE	0.6	Gunns Ltd	A	471	2.37	15	2.7	O.B.E. Insur.	B	1498	N/A	25	2.8
Arrow Pharm.	B	1226	2.89	61	Nil	HGG Pic	D	139	0.23	NE	Nil	Qantas Airways	C	371	0.60	11	4.6
Aust Foundation	B	354	N/A	26	3.7	Hardman Res.	D	157	N/A	NE	Nil	Ramsay Health	B	730	1.22	25	2.4
Aust Gas Light	B	1404	1.52	18	4.3	Harvey Norman	B	310	1.79	19	2.4	Record Invest.	A	587	N/A	37	3.1
Aust Pipeline	A	332	3.20	8	8.4	Hills Motorway	C	877	N/A	NE	4.2	Reece Australia	A	1350	1.54	22	2.1
Aust Stock Exch	A	2135	9.03	26	2.7	ING Indust Trt	B	217	9.60	15	6.6	Rinker Group	A	1054	1.84	23	1.3
Aust Leis & Hos	A	373	1.37	19	2.2	ING Office Fund	C	133	7.57	13	7.7	Rio Tinto Ltd	B	3925	4.19	26	2.3
Aust Pharm. Ind	A	365	0.28	44	3.6	Iuka Resources	A	630	1.81	17	3.5	Rural Press Ltd	B	1032	3.78	22	3.8
Austar United	C	92	2.97	NE	Nil	Incitec Pivot	A	2155	1.10	17	4.2	SFE Corporation	A	905	N/A	31	2.4
Australand Prop	B	182	0.89	13	7.3	Insurance Aust.	A	631	1.60	15	3.5	Santos Ltd	A	844	3.37	15	3.6
BHP Billiton	C	1520	1.66	12	2.4	Interoil Corpor	B	493	N/A	NE	Nil	Seven Network	B	640	1.16	15	3.7
Bank of O'land	B	1090	1.46	16	3.9	Investa Prop.	B	228	5.12	15	7.2	Sigma Company	B	956	0.71	31	2.1
Bendigo Bank	C	1002	3.40	18	3.3	Invocare Ltd	C	333	N/A	NE	Nil	Sims Group Ltd	A	1721	0.83	14	3.8
Billabong Int'l	B	1155	3.46	27	2.3	Ivanhoe Mines	D	1200	N/A	NE	Nil	Smorgon Steel	B	123	0.41	24	5.3
Bluescope Steel	B	859	1.09	11	3.5	James Hardie	B	653	2.18	17	1.2	Sonic Health	A	1200	3.10	56	1.7
Boral Limited	B	690	0.96	11	4.3	Leighton Hold	B	1210	0.67	30	3.7	Soul Pattinson	A	1010	4.56	15	2.0
Brambles Ind.	C	719	1.56	40	1.4	Lend Lease Corp	B	1308	0.54	16	3.4	Southcorp Ltd	B	431	2.77	69	Nil
Brickworks Ltd	B	1122	3.04	9	2.1	Lihir Gold	B	112	6.71	41	1.8	Spotless Group	C	506	0.43	47	4.5
Burns Philp	C	87	0.5														

Recommended Investments

Our *Recommended Portfolio* has performed very well over the last 24 years - but investors need to be aware that in any particular twelve month period somewhere between 15% and 50% of individual shares will be unprofitable. Stock selection aims to improve our *chances* of buying future winners (and avoiding under-performers) but diversification is important as shares are very volatile investments!

New Zealand Shares

Metlifecare's founder CJ Cook has appointed an investment banker to advise "in respect of developing its future ownership options" - which means to find a

buyer for his 25% stake in the company.

Nuplex Industries' Share Purchase Plan was heavily over-subscribed, so all applications were scaled back 38.8% to 624 shares. In fact, the company refunded \$1938.77 from our \$5000.00 investment in the SPP, so they charged us \$3061.23 whereas 624 shares at 490 cents should be \$3057.60. Of course we are not too worried about this \$3.63 over-charge as this money goes to the company, so we benefit as shareholders! What they have done is allocate 624.74 shares at 490 cents to each investor - and rounded that down to 624 shares. How difficult is it to apply *(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	D	199.4	1.7	2.34	10	7.5	32	9.3	+65%
HOLD-	Cavalier Corporation	CAV	05/12/95	156*	B	64.9	0.5	1.50	14	8.8	460	147.5	+289%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.21	10	10.0	299	259.8	+273%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	C	102.1	0.8	2.89	15	9.4	175	43.3	+46%
HOLD+	Metlifecare Ltd	MET	10/08/04	236	A	86.4	0.7	2.71	21	1.4	345	2.0	+47%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	A	38.7	0.4	1.20	21	3.9	814	150.0	+1996%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	A	62.1	0.6	0.56	12	6.1	595	101.0	+99%
HOLD	Renaissance Corp	RNS	13/08/96	85*	B	37.2	0.9	0.39	28	10.1	103	20.4	+45%
BUY	Richina Pacific	RPL	03/11/95	94*	C	144.4	1.1	0.26	30	Nil	79	9.4	-6%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	0.9	2.23	16	7.7	126	75.0	+67%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	B	88.0	0.6	1.10	15	8.3	485	100.0	+301%
HOLD	Taylors Group Ltd	TAY	09/11/99	102	A	24.3	0.6	1.04	15	6.3	262	43.0	+199%
Australian Shares (in Aust cents)													
HOLD+	AJ Lucas Group	AJL	13/05/03	120	C	51.2	0.8	0.71	8	4.7	169	17.0	+55%
HOLD	Atlas Pacific Ltd	ATP	14/05/96	73	D	87.8	2.1	1.51	13	Nil	17	7.0	-67%
BUY	Austral Coal Ltd	AUO	16/01/01	19	C	203.2	1.3	0.99	22	Nil	57	Nil	+200%
HOLD	Aust Infrastructure	AIX	07/10/03	158	A	228.6	0.6	N/A	15	4.7	246	17.5	+67%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	418*	A	40.1	0.4	1.11	30	3.0	1089	153.5	+197%
BUY	Candle Australia	CND	08/04/03	86	B	39.6	0.8	0.49	19	4.0	223	10.0	+171%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	B	49.8	0.9	0.20	10	6.5	176	24.5	+32%
HOLD+	Circadian Technology	CIR	10/02/04	188	C	40.1	1.0	N/A	14	Nil	201	50.0	+34%
BUY	Commander Comm.	CDR	11/09/01	92	A	154.6	0.7	0.77	40	0.8	246	11.2	+180%
BUY	Computershare Ltd	CPU	12/08/03	189	A	542.4	0.7	3.46	47	1.3	604	10.5	+225%
SELL	Health Communication	HCN	07/10/03	101	A	63.3	0.9	3.75	27	1.3	175	2.3	+76%
HOLD	Int'l AllSports	IAS	11/02/03	180	C	52.5	1.7	0.03	NE	Nil	32	2.5	-81%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	A	232.8	0.6	1.81	17	3.5	630	Nil	+34%
BUY	Keycorp Ltd	KYC	10/08/04	154	B	81.7	1.0	1.51	20	1.6	187	Nil	+21%
BUY	Longreach Group Ltd	LRX	11/01/05	23½	B	167.0	1.8	0.79	56	Nil	23½	Nil	
HOLD+	Melbourne IT	MLB	10/02/04	53	B	50.9	0.9	1.22	29	2.5	120	4.0	+134%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	B	253.2	0.9	3.74	39	1.3	133	Nil	+58%
SELL	OAMPS Limited	OMP	15/05/01	106*	B	107.1	0.6	0.85	28	4.3	368	43.5	+288%
BUY	Ross Human Directions	RHD	14/08/01	92	B	59.1	1.0	0.37	16	3.4	104	17.0	+32%
HOLD	Skilled Engineering	SKE	12/03/02	126	C	95.6	0.7	0.35	16	5.9	273	41.5	+150%
BUY	Sonnet Corporation	SNN	07/09/04	31½	B	82.0	1.5	0.96	7	14.5	31	1.5	+3%
BUY	Technology One Ltd	TNE	11/11/03	44	A	298.7	1.1	4.23	23	3.9	73	2.9	+72%
BUY	The Reject Shop Ltd	TRS	11/01/05	257	A	24.1	0.8	0.34	11	1.0	257	Nil	
HOLD	Toll Holdings	TOL	08/09/98	60*	A	321.3	0.4	1.25	24	1.6	1285	64.0	+2148%
HOLD+	UXC Limited	UXC	11/01/00	55*	B	144.8	1.1	0.64	13	6.0	83	24.0	+95%
HOLD-	Villa World Ltd	VWD	11/06/02	68	B	113.2	0.7	1.00	7	8.4	154	29.0	+169%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	B	173.4	0.9	1.59	20	3.2	130	28.3	+129%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +211.7%. This is equal to an average annual rate of +49.4%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 39 current and 126 closed out) is +33.8%, compared with a market gain of +9.7% (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) common sense and issue 624 shares for \$3057.60? Or be honest and say the issue price is 490.58173 cents if the company really needs those few extra dollars?

Nuplex Industries shares still offer very good value, trading on a Price/Sales ratio of 0.56, a Price/Earnings ratio of 12 and a Dividend Yield of 6.1%. The shares are in an uptrend, with a Relative Strength rating of +5.1%, ranked 46. So the shares should continue to perform well in the future and remain an attractive "Buy" for both high current income and capital appreciation.

Nuplex Industries



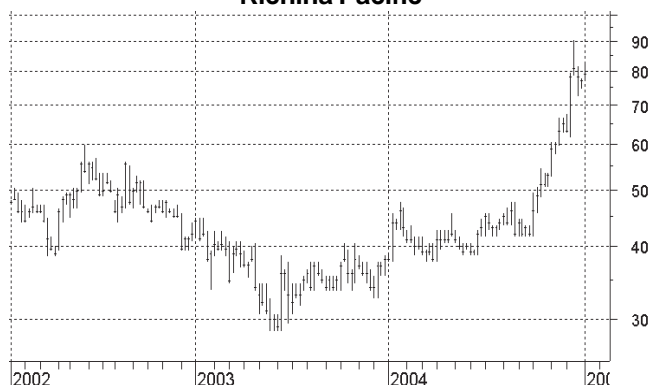
Renaissance Corporation reports "strong trading conditions" in the six months to December 2004 and expects profits for this second half year to be "considerably ahead" of the \$775,000 (2.1 cents per share) result for the first half. The share price, however, has risen strongly over the last couple of years, so may be getting a little expensive. "Hold".

Renaissance Corporation



Richina Pacific expects to report a profit of around US\$6 million (US\$0.04 per share) for the year to December 2004. This will be a 160% increase on the 2003 result and 20% ahead of its previous forecast, with the improvement "directly attributable" to the recent acquisition of **Shanghai Leather Company**.

Richina Pacific



Australian Shares

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

AJ Lucas Group has raised \$10 million from the placement of three year, redeemable convertible notes. These pay 9.5% interest and can be converted to ordinary shares at a 10% discount to their market value, subject to new shares being issued at a minimum price of \$2.00 and a maximum of \$2.50 (i.e. the notes do not participate in the capital appreciation of the ordinary shares unless they have risen at least 64% to above 278 cents). Funds raised will be used to help fund current projects and to provide security bonds for new projects.

AJ Lucas Group has acquired the **Mace Group** for an undisclosed consideration. This company provides facilities management services to catering and prepared food industries - and will be integrated with its existing similar business.

Austral Coal's share price fell after announcing production figures for November and predicting its second half loss (to December 2004) would be similar to the first half loss of \$9.5 million (*minus* 5 cents per share). This situation, however, offers a "must Buy" opportunity to increase holdings in the October 2006 convertible notes (code AUOG).

November's production was only 164,000 tonnes, compared with 237,000 tonnes in October. "Major equipment malfunction" with the longwall tailgate drive, BSL chain and 7LS shearer required extensive downtime while the manufacturers rectified problems. This led to lower coal production, lower coal revenues and the larger than expected operating loss.

More importantly, however, the company reports that "rectification of a number of issues has been completed" and should allow "production approaching budget levels" in the future. Also the price of coking coal is booming! Major producers have completed contract negotiations with a coal price up 110% to US\$120/tonne and Austral Coal should enjoy a similar price increase! So even at *depressed* production levels Austral Coal should be able to *exceed* its future revenue, cashflow and profit budgets.

The convertible notes - which pay interest of 5.225 cents per year until 1 October 2006 - and then convert to 1.029217 ordinary shares *or* (at the investor's option) can be redeemed in cash at 55 cents - remain the best entry into this company. In fact, at current market prices around 57-60 cents the notes are *virtually riskless* (i.e. at worst, they can be redeemed for 55 cents in cash in October next year) but offer *excellent potential for capital appreciation* (i.e. as they can be converted to ordinary shares) when production recovers and with the significantly higher revenue per tonne of coal. The next interest payment of 2.6125 cents is payable in April, with four semi-annual interest payments (i.e. a total of 10.45 cents) payable over the next 21 months until maturity. That is an annualised interest yield of 10.7%.

So the notes offer a high income yield, the potential for high capital appreciation and very little risk!

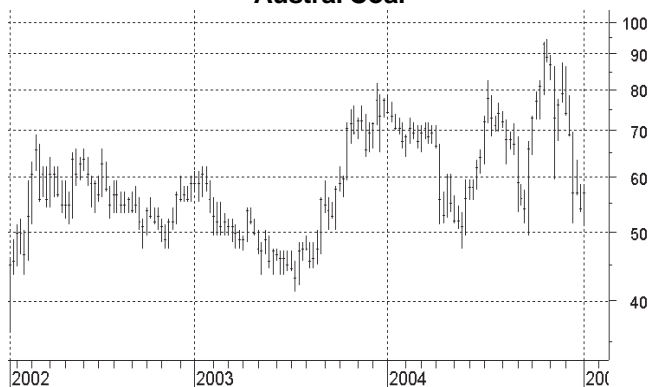
Austral Coal's issued capital consists of 233.0 million ordinary shares and 40.0 million convertible notes. The ordinary shares are *very* actively traded, while the notes are actively traded *most* of the time. Occasionally

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trading volumes in the notes drop for a day or two and the bid/offer spread widens - but 90% of the time there is no problem buying or selling the notes. The notes usually trade at a 1-3 cents premium over the price of the ordinary shares. This is actually a bargain as the conversion ratio is worth an extra 1½ cents, the interest income is worth at least 6 cents (after tax) and the cash redemption option (which removes most of the risk of loss) is probably worth about 5 cents.

This is a "must Buy" (or "must buy more") investment opportunity (although, of course, investors should never become *too* over-weighted in any one security).

Austral Coal



Australian Infrastructure Fund will pay a 9.1% higher interim dividend of 6.0 cents.

Cellnet Group has won the contract to distribute **Acer** computers in New Zealand, as it has in Australia since 2001. The company believes that the merger of two competitors, **Ingram Micro** and **Tech Pacific**, offers the opportunity to win other distribution business in NZ.

Circadian Technologies' share price has been volatile over the last month, reflecting volatility in the value of its investment in **Metabolic Pharmaceuticals**, which reported favourable results for its obesity drug.

In fact, Metabolic Pharmaceuticals' share price fell very sharply - down 41% to a low of 121 cents - in the couple of days *after* announcing its successful Phase 2b trials. If you expect *us* to be able to *explain* that, all we can say is "share prices fluctuate" and "sometimes the market does some very strange things". Perhaps the current fall is simply a *correction* to the strong share price appreciation since July 2004?

What we do know is that Metabolic Pharmaceuticals has completed "proof of concept" testing of its AOD9604 obesity drug. This drug stimulates the metabolism of body fat with the test results showing weight losses in line with competing products which work by reducing appetite or food absorption. In addition to a placebo (i.e. zero drug), the company tested dosages of 1 mg, 5 mg, 10 mg, 20 mg and 30 mg. The 1 mg dose provided the best results suggesting the drug "operates very efficiently in humans" and the low dose also has "very positive implications" for cost of production and "ease of supplying a large market". A Phase 3 trial is planned for the second half of 2005 and the company will test dosages of less than 1 mg prior to that trial.

Metabolic Pharmaceuticals' intention is to use the recent Phase 2b test results to "secure a partnership with a major pharmaceutical company to help fund

further development and provide ultimate marketing and distribution". The company also reports that "within 24 hours" of releasing the test results it received "unsolicited requests for meetings and further data from several major international pharmaceutical companies".

Metabolic Pharmaceuticals



Circadian Technology



Commander Communications has placed 8,850,000 shares at 230 cents to raise \$20.3 million which will be used to reduce debt and/or to finance further acquisitions.

International All Sports has completed its "merger" with **Canbet**, issuing 13,852,752 new shares to acquire the company.

Iuka Resources is spending \$43 million to develop its **Gingin** mine in Western Australia. Production will begin in mid-2005 and continue until the end of 2008. Over this 3½ year period the mine will yield 600,000 tonnes of ilmenite feedstock (which will be processed into 360,000 tonnes of synthetic rutile at the company's **Geraldton** operation), 310,000 tonnes of chloride grade ilmenite (for a US customer), 75,000 tonnes of rutile and 65,000 tonnes of zircon.

Work at its **Jacinth** deposit in South Australia "confirms initial views" that this is "the most significant zircon deposit discovered since the **Eneabba** discovery in the early 1970's". The inferred resource is 3.5 million tonnes of zircon and 3.0 million tonnes of rutile and secondary ilmenite.

The company has also discovered a second zircon-rich mineral sands prospect, named the **Ambrosia** prospect, just two kilometres north of the Jacinth deposits. The initial samples suggest a Zircon concentration even higher than Jacinth.

M.Y.O.B. has sold its non-strategic UK based *Network & Integration Services* business for \$2.5 million in cash, which completes its strategic review and restructuring following the

(Continued on Page 6)

Recommended Investments (Continued from Page 5)
merger with **Solution 6**.

The group expects to report revenues of \$121 million for the year that ended on 31 December 2004 and expects to pay a final (annual) dividend in excess of last year's 1.75 cents. Cash on hand is \$40 million (10 cents per share).

Toll Holdings has formed a joint venture, merging **Toll Logistics (NZ)** with its competitor **Owens Cargo Company**, to provide marshalling and stevedoring services at twelve New Zealand ports.

UXC has acquired Queensland based **C4 Systems Pty**, a business providing services related to data networking, wireless and security solutions and IP telephony. The business, established in March 2002, has been "consistently profitable", generating over \$1 million in revenues in the year to June 2004 and this is expected to "grow dramatically" this financial year. The undisclosed consideration will be cash and shares, based upon the level of the current year's profits.

UXC has purchased Wellington based **Sequel Software**, an independent provider of **Oracle** software

development and database administration services for government and corporate customers. The undisclosed consideration will be payable in cash and shares based upon profitability for the current and next two years.

Villa World released two new projects in December: Stage I of its *Sommerton Ridge* residential sub-division in Upper Coomera and the launch of its 211 home project, *The Reserve*, in Oxenford. Development approval has been obtained for two other projects, the 134 section *Aspect* subdivision at Mudgeeraba and a 316 home project at Berrinba, with work starting on both projects in early 2005.

The company reports that "the housing market throughout Australia has cooled" but remains confident that the company will "continue to perform solidly" with profits to June 2005 in line with the previous year.

So Villa World continues to offer a high income yield - with the potential for a special dividend around mid-year to distribute cash from the sale of the Dolphin Arcade - but we continue to recommend partial profit-taking on strength (i.e. when the price rises around 155-160 cents).

Share Recommendations: Buy Longreach Group

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

BUY Longreach Group (code LRX).

Longreach Group has been listed on the stockmarket for a decade and consistently performed poorly . . . but two recent developments may have changed everything. Firstly, a loss making division has merged with a competitor, significantly improving the economic viability of both businesses. This division *lost* \$5.3 million in the year to March 2004, but should approximately break-even this year and perhaps contribute \$3.0-3.5 million in profits next year! Secondly, over the last few years the company has purchased a couple of neglected Network and Wireless businesses and introduced new third party products as well as investing in Research & Development to create its own new products. This telecommunications equipment business now offers the potential for strong revenue and profit growth, with Longreach Group recently winning significant orders!

Of course, both of these businesses still involve high risks - but also hold the potential to yield high investment returns!

Company History

This business was established in 1983 by **James Hardie Industries** to expand into electronics manufacturing, and incorporated as **Hardie Technologies** in 1986. When James Hardie Industries decided to focus on its building products businesses it sold the entire company, renamed **HarTec**, in a stockmarket float in May 1994 at 100 cents per share.

Over the last decade the company has been fairly consistently *unprofitable* but has survived with the help of regular infusions of new capital from share placements and cash issues.

The name was changed to **Longreach Group** in September 2003 following the company's plan to focus upon wireless and network telecommunications.

New Businesses and Restructuring

Longreach Group has developed skills in sophisticated electronics manufacturing: In 1994 it won a large contract to manufacture telecommunications equipment for **JNA Telecommunications** and currently produces sophisticated security and fire protection products under contract for **Vision Systems**. It also repairs the electronics modules for **Fisher & Paykel Appliances** in both Australia and NZ. This Manufacturing & Repair division, however, continued to trade unprofitably, losing \$5.3 million on revenues of \$37.2 million in the year to March 2004.

This situation, however, appears likely to improve significantly following the recent merger with its largest competitor, AEMS, to form Startronics in which Longreach Group will own a 40% equity interest. This has removed interest bearing debt from Longreach Group's balance sheet - reducing both costs and financial risks - and turned an unprofitable division into a profitable joint venture. Venture capital firm **Pacific Equity Partners** owns about 42% of Startronics, with management owning the remaining 18% - and the company plans to list on the Australian Stock Exchange via an Initial Public Offering in 2005, once annual revenues reach \$150 million.

Longreach Group has outsourced all of its manufacturing to Startronics with the joint venture expected to generate annual revenues of about \$100 million, annual cost savings of \$12 million from plant

January 11, 2005.

rationalisation, better utilisation of assets and other economies of scale. The joint venture has its own debt funding (for which Longreach Group is not liable), which has enabled Longreach Group to repay its own interest bearing debts. Longreach Group incurred *losses* from this division in the five months prior to the merger of \$1.5-2.0 million, but post-merger profits of \$116,000 (i.e. for a five week period). The contract manufacturing and repair industry remains very fragmented, but Startronics will be the largest business with about 20% of the market and will seek to participate in further industry rationalisation.

Longreach Group will focus upon developing its extremely profitable wireless and network telecommunications equipment business. This business has been built out of acquisitions and significant Research & Development to produce new products.

In August 2001 the company announced the acquisition of the assets of the communications division of **Plessey Asia Pacific** - which in turn were acquired in 1997 when that company took over **AWA Communications**. This acquisition became *Longreach Wireless*. The AWA business was very profitable in the 1980's and early 1990's - generating revenues totalling \$300 million - but declined in the late 1990's owing to "lack of management focus" and no investment in new product development under Plessey. Nevertheless, Longreach Group has acquired a "strong, highly regarded brand" with 15,000 wireless units installed in 46 countries and from this base plans (1) to establish and develop new marketing partners in its traditional markets of Asia Pacific and the Middle East, (2) to acquire new products for manufacture and distribution and (3) invest in Research & Development to create new products.

In April 2004 Longreach Group entered into an agreement with **Tellumat** to manufacture and market its *High Reach* microwave and RF products which were complimentary to the group's existing *Long Reach* products.

Longreach Group re-established export markets, winning a \$500,000 contract to supply digital microwave radios to Indonesia in February 2003 and an initial \$600,000 order from China the same month.

R&D of new wireless and network products was partially funded with a \$1.4 million government grant in 2004.

In May 2003 the company also acquired the assets and intellectual property of the Ericsson ATM Device Business **EAX** (previously known as **Jtec**) for \$2.25 million (plus the payment of royalties from future sales) which became Longreach Networks. These assets included advanced voice, data and video switching technologies. The company also negotiated long term distribution agreements for EAX products with **Ericsson** and **Kongsberg Defence & Aerospace**, with guaranteed minimum revenues of \$33 million over the two years to May 2005.

In early 2004 the *Wireless* and *Network* businesses were merged - with cost savings of \$1.5 million - with Longreach becoming a "leading Australian manufacturer and supplier" of multi-service switches, intelligent access devices and microwave radios for use

in telecommunications.

In September 2004, **Marconi** selected Longreach Group as its partner to supply intelligent *IR Series* microwave radio equipment for its three year contract to supply IP infrastructure equipment to **Telstra**. This is a major, long term contract for Longreach, that expects to deploy around 200 radio devices worth around \$4 million annually, over the next three years. Deliveries will commence in early 2005.

In November 2004, Ericsson placed initial orders for multiserve switches which will be supplied to two European telecommunications carriers that are upgrading their systems over the next 2-3 years. This could produce orders worth \$10 million for Longreach Group.

An Australian Government department also placed an initial \$1.5 million order for multiserve switches that will be delivered through to March 2005.

Overall Longreach Group is seeking to increase Network/Wireless revenues over 40% to \$18 million for the year to March 2005.

Recent Results

The company did make a profit in the year to March 1996 - and paid a 2.0 cents dividend - but was then consistently unprofitable.

In the year to March 2003, revenues rose 10.1% to \$35.7 million but the *loss* increased 60.2% to \$4,434,000 (*minus* 3.4 cents per share).

The year to March 2004 saw revenues jump 38.8% to \$49.6 million and the company returned to profitability earning \$705,000 (0.4 cents per share). Longreach Group provided divisional information for the first time showing that *Manufacturing & Repair* (since merged into Startronics) generated revenues of \$37.2 million but lost \$5.3 million, while *Networks/Wireless* generated \$12.6 million in revenues and \$6.0 million in earnings. This is a very high 47% pre-tax profit margin on the Networks/Wireless business.

The six months to September 2004 shows total revenues up 4.9% to \$23.8 million and a profit of \$803,000 (0.5 cents per share), compared with a loss of \$1,132,000 in the same period the previous year. The divisional breakdown shows continuing losses by the *Manufacturing & Repair* division prior to the formation of Startronics, but *Networks/Wireless* revenues up 108.6% to \$6.0 million and earnings up 225.9% to \$2.8 million (i.e. a 43% profit margin).

Investment Criteria

Based upon historical results to March 2004, Longreach Group shares at 23½ cents are trading on a Price/Sales ratio of 0.79, a Price/Earnings ratio of 56 and pay no dividend. The business, however, has changed considerably over the last year so these statistics are fairly meaningless.

The merger of the *Manufacturing & Repair* division into a 40% equity accounted stake in Startronics will remove annual revenues of about \$37 million from Longreach Group but also removes significant operating losses - with the merged business expected to make a *positive* contribution to group profits. Pre-tax profits for the six months to March 2005 could be around \$0.5-1.0 million (so about a \$0.5-1.0 million *loss* for the year), perhaps rising to around (Continued on Page 8)

BUY Longreach Group (Continued from Page 7)
 \$3.0-3.5 million to March 2006 as cost savings are realised. This 40% equity stake in Startronics has a book value of \$3,770,000 but could be worth \$20-30 million (11-17 cents per share) when the company is floated on the stockmarket.

Forecast revenues of \$18.0 million from the *Networks/Wireless* business could generate profits of around \$5.0-5.5 million. The company has tax loss benefits worth \$8.5 million and will therefore not need to pay income tax for at least 3-5 years.

So profits to March 2005 could be around \$4.0-5.0 million (2½-3 cents per share). That would put the shares on a P/E ratio of about 8-9. Profits could more than double to \$8.5-10.7 million (5-6 cents per share) in the year to March 2006 with growth in the telecommunications business and a higher contribution from Startronics.

The company's financial position has improved with the transfer of interest bearing debts from Longreach Group's balance sheet to Startronics, so the *potential* to re-instate a dividend has increased significantly. Nevertheless, it is likely that a dividend will not be paid for the year to March 2005 as cash is retained to fund growth in the telecommunications business. An initial public offering of Startronics during 2005, however, would create a valuable and saleable asset, with a partial realisation of this asset providing significant cash and likely to lead to the payment of dividends. Longreach Group has franking credits of \$2.17 million, which should encourage the payment of dividends.

With an issued capital of 172,302,675 shares the market capitalisation is just \$40 million making Longreach Group a *smaller* listed company. The shares, however, have been actively traded in large volumes over recent months, although it may take a while for investors to accumulate holdings.

Management have significant shareholdings in Longreach Group. The Chairman, M Symonds, owns 23,906,912 shares (13.9% of the company). Non-executive directors A Farrar and R Fynmore each hold 250,000 shares and S Wilks has 110,000 shares. Executive R Lewis owns no shares but holds 1,000,000 options.

There have been three insider buys over the last year - all in the last three months. New director, S Wilks, bought 110,000 shares on-market in September at prices around 18-18½ cents, while Chairman M Symonds

added to his large investment in the company with on-market purchases of 103,530 shares (at 17-18 cents) in September and a further 156,640 shares (at 23½ cents) in early December.

The shares are *neglected* by both institutional investors and brokers. *Neglected* shares tend to be under-valued (relative to *widely followed* shares) and also have the potential to perform well if they are *discovered* in the future and institutions start buying!

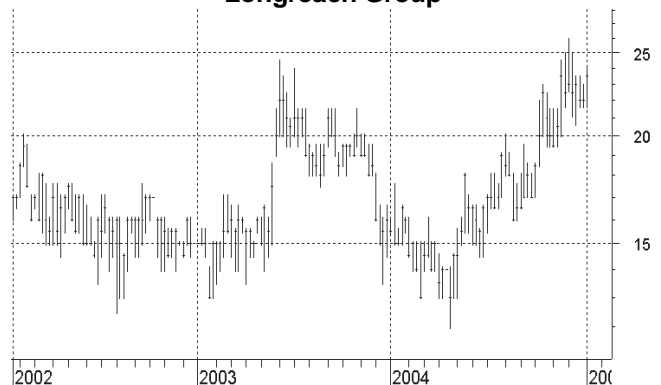
Longreach Group shares have performed poorly over the long term - losing 92% of their value from a 1994 peak of 110 cents to a low of 9 cents in 1998. The shares quadrupled in value during the 1999 Technology boom, only to steadily decline through to a low of 12 cents in April 2004. Over the last nine months the shares have entered a strong new uptrend and almost doubled in value. The Relative Strength rating is +17.9%, ranked 17. This is a favourable uptrend and recent developments within the company to improve profitability should help drive the share price higher over the next 12-24 months and beyond.

Summary and Recommendation

An investment in Longreach Group holds the potential for far above average gains over the medium to longer term - but also involves high risks. The risk to us as investors is, of course, limited to a 100% loss of the capital we invest in the shares - and that shouldn't be more than 1-3% of our *total investment* capital. Potential returns - if the company's businesses are successful - are *unlimited*. So a high risk/high return share is usually an attractive addition to a diversified portfolio.

Longreach Group shares, however, are most suitable for investors seeking maximum capital appreciation, prepared to accept intelligent risks (i.e. when justified by potential returns and when limited by diversification) and not requiring immediate income.

Longreach Group



Buy The Reject Shop

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

BUY The Reject Shop (code TRS).

The Reject Shop is a successful discount retailer that offers the potential for above average growth over the next 5-20 years. In addition, the shares are rated as a "Buy" in the *Under-Valued Shares* and *Best Performing Shares* sections of our *Comprehensive Share Selection*

Criteria. The shares offer a high current income of 5.8% plus excellent long term growth potential, so are an attractive investment, suitable for most investors.

Company History

The Reject Shop is a *discount variety retailer* that competes directly against **Millers Retail** discount

divisions (i.e. *Go-Lo*, *Crazy Clark's* and *Chickenfeed*) and **The Warehouse**. The business started with one store in Melbourne in 1981 and grew to 100 stores by November 2003. The Reject Shop listed on the Australian stockmarket in May 2004 after an initial public offering of shares at 200 cents at which time the existing investors - mainly some **Macquarie** investment funds, directors and management sold all or most of their investment in the company.

Future revenue growth of at least 10% per annum is expected with around half of this from additional sales from existing stores and half from plans to open around 9-11 new stores each year. Profit growth could be higher owing to economies of scale as the business grows. Existing stores are mainly located in New South Wales (43 stores), Victoria (39 stores) and South Australia (14 stores) with three in the ACT. In June 2004 the company opened its first Queensland store, on the Gold Coast. Expansion over the next five years will continue to focus on existing states in which the company operates, having "identified target locations in more than 70 specific additional retail areas" in NSW, VIC, ACT and South East Queensland. The eventual expansion into the rest of Queensland and Western Australia will be considered at a later time. So The Reject Shop offers investors the potential for real growth over a decade or longer as it continues to expand store numbers.

Recent Results

For the year to June 2002, revenues rose 10.8% to \$148.2 million with profits up 44.5% to \$3,687,000.

In the year to June 2003 revenues rose 12.4% to \$166.6 million and profits grew 25.2% to \$4,616,000. The business generated a very high operating cash surplus of \$7.7 million.

Revenues to June 2004 were up 10.4% at \$183.9 million with profits up 20.9% at \$5,581,000 (23.2 cents per share). The company paid a 2.5 cents dividend. The operating cash surplus rose 85% to \$14.4 million.

The prospectus predicted revenues of \$179.3 million for the year to June 2005, with a profit of \$5.7 million and dividend of around 14.3 cents. This profit forecast has since been upgraded to \$6.0-6.2 million (25-26 cents per share).

Investment Criteria

At 257 cents, The Reject Shop shares trade on a low Price/Sales ratio of 0.34 and a low Price/Earnings ratio of 11. The Dividend Yield is a low 1.0%, but this reflects the small 2004 dividend paid to cover just a couple of months of public ownership. The prospectus forecast, and stated 60% dividend payout ratio, suggests that a dividend of about 15.0 cents can be expected this year - which will produce a Dividend Yield of 5.8%.

This is a low valuation for a successful company which appears to offer reliable long term growth potential in excess of 10% per annum.

The Reject Shop's valuation compares favourably with the current valuation of the Warehouse Group (i.e. a P/S of 0.50, P/E of 18 and Yield of 5.8%). Furthermore, the Warehouse Group would appear to hold *inferior growth potential* as it (1) has saturated its home market in New Zealand and (2) continues to experience

difficulties in its attempts to enter the Australian market.

Retailing is a cashflow, non-capital intensive business where companies can grow rapidly (or fade away) based upon management's ability to run the business. Retailers that are successful in their niche market (e.g. Michael Hill in NZ, Australia and, hopefully, Canada or The Warehouse in NZ) can use internally generated cashflows to grow steadily without the need to raise additional capital that would dilute earnings per share growth. The Reject Shop would appear to have significant potential to grow its successful business in its existing markets (i.e. in NSW, VIC and SA) and into other states (i.e. QLD, WA).

With an issued capital of 24,075,110 shares The Reject Shop has a market capitalisation of \$62 million making this still a relatively small listed company. By comparison, the Warehouse Group which operates mainly in the NZ economy generates revenues of NZ\$2,200 million and has a market capitalisation of NZ\$1,100 million. So The Reject Shop probably has huge potential for expansion - being a relatively small retailer and operating in a larger market.

The founders and existing management sold much of their investment in The Reject Shop in the May 2004 initial public offering, but the Managing Director B Saunders owns 521,706 shares and a joint founder and non-executive director J Shuster retains 575,000. A non-executive director AC McMorrison purchased 70,000 shares on-market at 261 cents in November to raise his holding to 140,000 shares.

There are several institutional *nominee* shareholders - but these are probably held for private investors - and institutions appear to own only around 20% of the company. The company is also *neglected* by brokers, with just one firm publishing profit forecasts.

Technically the shares are in an uptrend and have risen fairly steadily since listing in May 2004. The Relative Strength rating is +10.5%, ranked 30.

Summary and Recommendation

An investment in The Reject Shop offers investors both a high current dividend yield plus the potential for further steady growth in income and capital appreciation that over the medium to long term can compound to a significant value! The shares also trade on a low valuation at present, so a re-rating of the shares would further increase the rate of capital appreciation.

No equity investment is without risk, but The Reject Shop probably involves slightly below average risks but offers an above average income yield and above average growth potential. An investment in The Reject Shop should therefore be suitable for both retired investors seeking a high current income (plus capital appreciation) as well as younger investors seeking reasonably assured long term capital appreciation.

The Reject Shop



Accept the Cash Takeover for Health Communications Network

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

Accept the 175 cents cash takeover.

We recommend accepting the 175 cents cash takeover offer for Health Communications Network (code HCN) - either by (1) selling on-market at 175 cents (and paying a small brokerage fee but receiving immediate payment) or (2) accepting the off-market offer from Primary Health Care (which is free of costs and a cheque will be mailed within five days).

IBA Health increased their previous takeover offer by announcing the *intention* to offer IBA Health shares worth 172 cents for each Health Communications Network share, but later withdrew this offer following a 175 cents cash takeover offer from Primary Health Care which is *unconditionally* offering to buy Health Communications Network shares either on-market or off-market at 175 cents.

IBA Health has not indicated any intentions for its 19.9% shareholding in Health Communications Network, so there is a possibility it will hold on to these shares. That would prevent Primary Health Care from reaching 90% and the compulsory acquisition of the remaining shares, so there is a possibility that Health Communications Network will remain a listed company with two large shareholders and a small number of public shareholders. In this situation there is a *possibility* that a tight-scrip situation could further inflate the share price. However, the shares could also *decline* in price and would be inactively traded.

We believe 175 cents is a fair price for Health Communications Network, so will accept the takeover offer as we see plenty of new investment opportunities.

We originally bought into Health Communications Network owing to the potential for “far above average growth over the next 5-10 years”. Many of the better growth companies, of course, get taken over by larger businesses. So Health Communications Network will not provide us with a 5-10 fold gain over the next 5-10 years (i.e. about 25-40% per annum rate of return), but will realise a large 75.5% profit over just 15 months since we formally recommended these shares for investment in October 2003. This makes a very positive contribution to the growth in our investment wealth - with a return of about 60% per annum (and a significantly higher rate of return on any shares bought more recently and held for a shorter period of time).

We originally reviewed - and informally recommended - Health Communications Network in an *Insider Buying* review in July 2003 - with the shares up 122% over that 18 month period.

Health Communications Network



Sell OAMPS

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

SELL OAMPS (code OMP).

We are recommending the sale of OAMPS shares which have produced outstanding returns for us over recent years but which are now looking fully valued.

Last month the company slightly upgraded its profit forecast for the year to June 2005. Earnings per share growth is now predicted at 10-15%, up from its earlier predictions of 10% growth. We are happy with 10-15% profit growth, but the shares are getting a little expensive.

When we bought into OAMPS in May 2001 the shares traded on a Price/Earnings ratio of 9 and the Yield was 6.1%. Since then the P/E has been re-rated to 28. This has partly been helped by a higher dividend payout - so the Yield has declined only slightly to 4.3%. Nevertheless, the re-rating has contributed significantly to the capital appreciation in OAMPS shares and from current valuation levels the potential for further re-rating would appear limited.

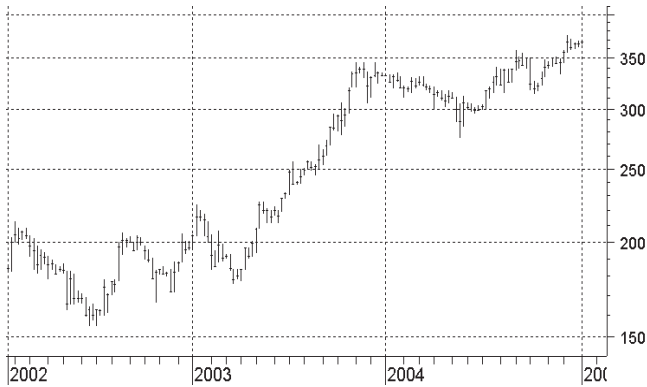
The company also notes that its “operating environment is less favourable than in prior years”, that

“premiums have started to decline” and that cyclical declines can be “quite dramatic” although at this stage will not stop the company increasing earnings per share by 10-15% this year.

Given this situation, however, we feel it is better to quit while the business and the share price are at a high. The strong gains - we have almost quadrupled our investment (i.e. up +288%) in less than four years - reduces the potential for future gains. So we recommend selling this *fully priced* share to release funds for re-investment in *under-valued* shares that offer better potential for future gains.

Sometimes when we recommend selling a share, investors all try to get out immediately and that can temporarily depress the share price. There is no reason to *rush* to sell OAMPS, so if that happens it would be best to wait a few days or weeks as the share price will probably recover. The shares are actively traded in large volumes, so there shouldn't be any problems realising profits on this investment.

OAMPS



Total Return Index for All Listed Shares

Dec 6	2375.86
Dec 7	2372.98
Dec 8	2362.31
Dec 9	2355.68
Dec 10	2365.55
Dec 13	2386.29
Dec 14	2391.42
Dec 15	2387.21
Dec 16	2394.14
Dec 17	2390.77
Dec 20	2393.64
Dec 21	2396.22
Dec 22	2403.33
Dec 23	2414.72
Dec 24	2423.49
Dec 27	Holiday
Dec 28	Holiday
Dec 29	2421.44
Dec 30	2432.26
Dec 31	2443.25
Jan 3	Holiday
Jan 4	Holiday
Jan 5	2446.25
Jan 6	2449.44
Jan 7	2459.58

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

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

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
		Cur. rent	4-Wk Chg.	Rank 0-99									
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Smiths City	84	+14.4	+1.7	12	0-2	-1.4	14	0.9	10	6.2	0.22	44	
Mainfreight Grp	238	+7.8	+1.1	32	0-4	5	3.1	8	0.6	41	4.1	0.34	227
Renaissance	103	+12.0	+8.3	18	1-8	-4.2	15	0.9	28	10.1	0.39	38	
Restaurant Brds	128	+1.7	-1.1	59	1-0	2	2.4	16	1.0	15	11.7	0.40	121
Wrightson Ltd	199	+13.3	+5.4	16	3-12	2	2.6	9	0.9	27	8.6	0.44	279
Ebos Group Ltd	453	+9.6	-0.6	26	0-0	-2.7	18	0.5	15	6.6	0.55	125	
Allied Farmers	260	+16.8	+5.3	8	0-0	-2.0	14	0.7	14	6.0	0.55	41	
Broadway Ind	115	+3.9	+3.5	52	0-0	-1.4	18	0.8	8	1.7	0.55	22	
Nuplex Indust	595	+5.1	+2.1	46	1-0	4	2.2	19	0.6	12	6.1	0.56	369
Williams Kettle	464	+18.6	+10.1	6	1-1	-2.6	16	0.5	16	5.5	0.61	103	
Mr Chips Hold	100	+0.4	-2.9	64	0-0	-1.9	16	1.0	12	7.5	0.69	24	
POD Ltd	160	+22.6	-7.1	5	1-0	-2.9	21	0.9	14	2.8	0.71	51	
Fletcher Build.	650	+14.1	-0.5	13	5-0	6	2.5	21	0.5	12	5.7	0.72	2,839
Seeka Kiwifruit	480	+1.5	+1.2	59	1-0	-1.5	12	0.5	12	5.6	0.75	38	
Pyne Gould G.	220	+11.6	+2.2	20	0-0	-2.0	16	0.7	12	6.1	0.76	220	
Dorchester Pac	276	+0.8	-1.4	61	0-2	-1.9	20	0.7	10	5.4	0.79	57	
Hellaby Hold.	646	+8.7	-0.6	29	0-1	2	3.2	21	0.4	16	8.1	0.96	318
Pyne Gould Corp	415	+15.2	+5.1	11	0-0	-1.3	11	0.7	12	5.0	0.97	406	

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Cabletalk Group	57	+42.0	-1.9	2	2-2	-3.8	39	1.3	10	Nil	0.33	18	
POD Ltd	160	+22.6	-7.1	5	1-0	-2.9	21	0.7	14	2.8	0.71	51	
Toi NZ Ltd	275	+21.1	-8.4	6	0-0	1	8.5	-0.6	5	Nil	0.83	578	
Williams Kettle	464	+18.6	+10.1	6	1-1	-2.6	16	0.4	16	5.5	0.61	103	
Allied Farmers	260	+16.8	+5.3	8	0-0	-2.0	14	0.5	14	6.0	0.55	41	
Pyne Gould Corp	415	+15.2	+5.1	11	0-0	-1.3	11	0.6	12	5.0	0.97	406	
Smiths City	84	+14.4	+1.7	12	0-2	-1.4	14	0.6	10	6.2	0.22	44	
Fletcher Build.	650	+14.1	-0.5	13	5-0	6	2.5	21	0.4	12	5.7	0.72	2,839
Provenco Group	74	+14.1	+4.2	14	2-2	-4.3	26	1.0	16	Nil	0.93	68	
Affco Holdings	44	+14.0	-7.1	15	0-0	-1.1	27	0.9	4	Nil	0.25	238	
Tower Limited	211	+11.8	-5.0	19	0-0	7	1.7	0.6	16	Nil	0.83	870	
Pyne Gould G.	220	+11.6	+2.2	20	0-0	-2.0	16	0.5	12	6.1	0.76	220	
Ebos Group Ltd	453	+9.6	-0.6	26	0-0	-2.7	18	0.4	15	6.6	0.55	125	
Hellaby Hold.	646	+8.7	-0.6	29	0-1	2	3.2	21	0.3	16	8.1	0.96	318
Nuplex Indust	595	+5.1	+2.1	46	1-0	4	2.2	19	0.5	12	6.1	0.56	369
Broadway Ind	115	+3.9	+3.5	52	0-0	-1.4	18	0.5	8	1.7	0.55	22	
Restaurant Brds	128	+1.7	-1.1	59	1-0	2	2.4	16	0.8	15	11.7	0.40	121
Seeka Kiwifruit	480	+1.5	+1.2	59	1-0	-1.5	12	0.4	12	5.6	0.75	38	
Dorchester Pac	276	+0.8	-1.4	61	0-2	-1.9	20	0.6	10	5.4	0.79	57	
Mr Chips Hold	100	+0.4	-2.9	64	0-0	-1.9	16	0.8	12	7.5	0.69	24	

INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													
Restaurant Brds	128	+1.7	-1.1	59	1-0	2	2.4	16	0.7	15	11.7	0.40	121
Hallenstein G.	377	+9.0	-1.6	28	1-1	2	4.1	31	0.3	13	9.5	1.22	222
Lyttelton Port	175	-0.1	-1.0	67	0-0	4	3.5	24	0.5	15	9.4	2.89	179
NGC Holdings	307	+6.9	-2.5	34	0-0	-4.4	27	0.5	17	9.2	2.98	1,359	
Briscoe Group	114	-6.3	-2.9	88	1-2	4	2.7	26	0.8	10	9.2	0.75	239
Cavalier Corp	460	-4.1	-1.0	83	3-11	1	4.4	31	0.4	14	8.8	1.50	299
Wrightson Ltd	199	+13.3	+5.4	16	3-12	2	2.6	9	0.7	27	8.6	0.44	279
Ports Auckland	710	-2.9	+1.7	81	1-0	6	1.9	11	0.4	17	8.5	4.57	753
Skellmax Indust	125	-1.2	+0.4	73	5-0	-4.4	41	0.6	11	8.4	1.18	125	
Steel & Tube	485	+5.8	-0.7	41	1-0	4	3.4	23	0.4	15	8.3	1.10	427

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
		Cur. rent	4-Wk Chg.	Rank 0-99									
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Fletcher Build.	650	+14.1	-0.5	13	5-0	6	2.5	21	0.3	12	5.7	0.72	2,839
Loan & Building	440	+10.2	-1.2	24	4-1	-1.3	8	0.2	17	4.9	1.64	13	
MG Property Trt	115	+6.5	+1.9	38	2-0	-1.2	6	0.4	21	8.2	7.90	167	
Pacific Retail	212	+0.7	+2.1	63	2-0	2	1.8	-0.7	NE	Nil	0.13	130	
Nuplex Indust	595	+5.1	+2.1	46	1-0	4	2.2	19	0.4	12	6.1	0.56	369
Speirs Group	120	+6.6	+6.6	36	1-0	-	-	-0.6	NE	Nil	N/A	10	
Kiwi Property	115	+1.8	-0.2	58	1-0	5	1.0	7	0.4	15	7.5	N/A	749
Finmedia Ltd	126	+14.4	-4.1	12	1-0	-2.3	-	-0.4	NE	Nil	1.35	14	
Seeka Kiwifruit	480	+1.5	+1.2	59	1-0	-1.5	12	0.4	12	5.6	0.75	38	
Steel & Tube	485	+5.8	-0.7	41	1-0	4	3.4	23	0.4	15	8.3	1.10	427
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
A2 Corporation	8	-11.5	-4.0	93	0-0	-	0.8	-1.6	NE	Nil	N/A	7	
Ports Auckland	710	-2.9	+1.7	81	1-0	6	1.9	11	0.3	17	8.5	4.57	753
Lyttelton Port	175	-0.1	-1.0	67	0-0	4	3.5	24	0.5	15	9.4	2.89	179
South Port NZ	126	-3.1	+1.1	82	0-0	1	1.4	9	0.5	16	7.7	2.23	33
NZ Wine Company	200	-1.3	+0.6	74	1-0	-	1.0	4	0.4	23	4.2	2.22	17

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Widespread Port	3	-21.7	+8.2	97	0-1	-1.1	-	2.1	NE	Nil	N/A	8	
Genesis Res.	46	-19.7	+0.2	96	0-0	-0.4	-	0.9	NE	Nil	1.21	12	
Media Tech.	11	-14.3	+2.0	95	0-3	-1.8	-	2.0	NE	Nil	1.93	10	
Blue Chip NZ	120	-11.6	+1.3	94	0-1	-	-	-0.8	NE	Nil	0.45	62	
A2 Corporation	8	-11.5	-4.0	93	0-0	-	0.8	-1.4	NE	Nil	N/A	7	
Air New Zealand	163	-9.5	+1.7	92	8-1	6	0.8	13	0.6	6	Nil	0.28	1,140
Warehouse Group	372	-8.7	-1.2	92	4-3	7	3.2	17	0.4	18	5.8	0.50	1,136
Evergreen	33	-7.8	+2.4	91	5-2	-0.6	-	0.7	NE	Nil	1.28	51	
Abano Health.	112	-7.3	-1.5	90	1-0	-	5.4	-0.6	NE	Nil	0.34	22	
Botry-Zen Ltd	9	-7.2	+3.1	90	0-4	-	8.5	-1.2	NE	Nil	N/A	15	
Carter Holt	205	-6.0	-1.5	88	3-0	4	0.9	7	0.5	12	2.9	0.79	2,680
Turners Auction	416	-5.9	-1.6	87	0-12	-	5.0	30	0.3	17	5.7	1.20	94
Comvita	210	-5.2	-2.0	87	0-1	-	2.5	17	0.4	15	3.0	0.85	19
Kirkcaldie & St	226	-4.9	-1.2	86	0-0	-	1.0	5	0.3	21	4.9	0.54	23
Turners & Grow.	300	-4.3	-2.4	84	1-0	-	-	-0.5	NE	Nil	N/A	216	
Taylor's Grp Ltd	262	-2.8	+2.6	81	0-0	-	2.4	16	0.3	15	6.3	1.04	64
Feltex Ltd	163	-2.7	+1.0	80	3-0	-	2.7	23	0.5	12	3.7	0.74	244
Vertsoft Sol'ns	100	-2.6	+3.8	80	0-0	-	2.6	10	0.4	26	Nil	1.54	8
Fintex Group	162	-2.4	-0.4	79	0-7	-	2.1	20	0.5	10	3.7	0.59	52
WN Drive Tech.	58	-2.3	+6.8	78	0-2	-	15.6	-	0.7	NE	Nil	N/A	80

INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Turners Auction	416	-5.9	-1.6	87	0-12	-	5.0	30	0.3	17	5.7	1.20	94
F & P Appliance	435	-0.2	+1.9	68	1-9	6	2.0	15	0.4	13	7.0	1.21	1,138
Cavalier Corp	460	-4.1	-1.0	83	3-11	1	4.4	31	0.3	14	8.8	1.50	299
Vertex Group	162	-2.4	-0.4	79	0-7	-	2.1	20	0.5	10	3.7	0.59	52
Zintel Comm.	116	-4.7	-2.2	85	1-6	-	10.9	77	0.5	14	8.7	1.46	58
Botry-Zen Ltd	9	-7.2	+3.1	90	0-4	-	8.5	-1.1	NE	Nil	N/A	15	
Media Tech.	11	-14.3	+2.0	95	0-3	-	1.8	-	2.0	NE	Nil	1.93	10
VTL Group Ltd	109	-1.6	+3.6	76	0-2	-	1.8	11	0.8	17	3.0	1.15	33
WN Drive Tech.	58	-2.3	+6.8	78	0-2	-	15.6	-	0.7	NE	Nil	N/A	80
Software of Exc	140	-0.2	-0.9	68	2-4	-	6.6	-	0.8	NE	Nil	1.79	31

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Company	STRENGTH RATING					Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	STRENGTH RATING					Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n															
	Share Price	Cur. rent	4-Wk Chg.	Rank	Insider Buy-Sell									Brokers Following	Share Price	Cur. rent	4-Wk Chg.	Rank								Insider Buy-Sell	Brokers Following	Share Price	Cur. rent	4-Wk Chg.	Rank	Insider Buy-Sell	Brokers Following							
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0																											
Auto Group Ltd	70	+5.5	+0.1	43	1.0	- 5.0	52	0.9	10	2.9	0.04	23	Tasmania Mines	31	+48.3	+0.5	2	0.0	- 6.2	38	1.2	16	Nil	0.93	6	Belmont Hold.	266	+45.5	+7.3	3	2.0	- 1.7	43	0.7	4	4.1	0.84	8		
Ruralco Hold.	410	+1.8	+0.9	56	0.0	-	-	0.6	18	3.7	0.07	45	Murchison Un.	5	+45.4	+2.7	3	0.0	-	-	2.8	3	Nil	0.20	8	Churchill Sec.	7	+37.2	-30.8	4	0.1	- 1.0	-	2.3	0	Nil	0.27	1		
Citic Australia	49	+5.6	+0.3	43	0.5	- 2.7	36	1.2	8	4.1	0.09	39	RCR Tomlinson	62	+37.2	+4.7	4	0.0	- 1.3	10	1.0	14	2.4	0.35	37	Promentum Ltd	215	+34.4	+1.8	5	2.0	- 4.5	24	0.4	19	2.6	0.75	81		
Cordukes Ltd	36	+1.1	+5.0	58	1.0	-12.0	69	1.3	17	2.8	0.10	18	Zicom Australia	3	+33.5	+2.1	6	0.0	-	-	3.2	15	Nil	0.11	3	MacMahon Hold	50	+28.2	-1.2	8	1.0	- 2.0	12	0.9	16	1.0	0.50	185		
AI Limited	19	+15.1	+2.4	21	3.1	- 1.1	15	1.8	7	5.4	0.11	23	SPC Ardmona Ltd	221	+27.2	+6.0	9	1.0	- 2.5	14	0.7	17	2.7	0.94	447	Computronics	45	+26.5	+6.9	9	0.0	- 5.0	41	0.9	12	Nil	0.87	15		
Namoi Cotton	55	+11.4	+0.0	28	2.0	- 0.7	10	1.2	7	4.5	0.18	61	Avatar Indust.	83	+26.0	+7.2	10	1.0	- 1.5	13	0.9	12	3.6	0.46	66	Raptis Group	100	+25.6	+16.0	10	0.0	- 2.9	39	0.6	8	2.0	0.46	61		
Tempo Services	138	+10.5	+3.4	30	0.3	4	-	0.9	25	1.4	0.19	145	Sims Group Ltd	1721	+23.0	+2.1	11	0.1	8	4.3	31	0.3	14	3.8	0.83	1,568	Data 3 Ltd	323	+21.8	+5.5	13	0.0	- 7.0	49	0.6	14	4.8	0.28	49	
Cellnet Group	176	+15.5	+0.6	20	4.0	3	1.8	19	0.8	10	6.5	88	Watpac Ltd	130	+20.5	+0.3	14	4.0	- 3.0	28	0.7	11	5.4	0.34	96	Joyce Corp.	98	+20.4	+2.3	14	0.0	- 1.3	16	0.7	8	5.1	0.31	20		
CTI Logistics	63	+4.9	+0.4	45	2.0	- 0.7	8	1.0	9	1.6	0.21	16	MBF Carpenters	40	+18.2	-4.1	16	0.0	- 0.4	9	1.5	5	Nil	0.13	40	Downer EDI Ltd	475	+18.0	+0.3	17	0.0	7	2.7	17	0.6	16	2.9	0.42	1,340	
Queens'd Cotton	430	+7.7	-2.4	37	1.0	1	0.9	10	0.4	9	2.3	120	Catalyst Rec'mt	108	+17.9	-11.7	17	1.0	-	-	0.6	18	3.7	0.37	41	Nat'l Telecoms	6	+16.9	+7.0	18	0.1	-	-	2.7	3	Nil	0.14	12		
Bridgestone	332	+10.0	+0.3	31	0.0	- 0.7	7	0.5	11	3.8	0.23	121	Just Group Ltd	281	+16.5	-2.0	18	1.0	-	-	0.6	15	1.2	0.98	613	Integrated Grp	259	+15.6	-1.9	20	0.0	2	5.9	38	0.5	15	3.9	0.55	182	
Crane Group	977	+4.6	-2.0	47	1.0	5	2.2	-	0.4	NE	6.1	537	Hamilton James	60	+15.6	+5.4	20	1.0	- 2.0	-	0.9	17	4.2	0.34	37	Hamilton James	60	+15.6	+5.4	20	1.0	- 2.0	-	0.9	17	4.2	0.34	37		
Data 3 Ltd	323	+21.8	+5.5	13	0.0	- 7.0	49	0.7	14	4.8	0.28	49	Cellnet Group	176	+15.5	+0.6	20	4.0	3	1.8	19	0.7	10	6.5	0.20	88	McPherson's Ltd	575	+15.1	+3.1	20	1.2	-	-	0.3	19	3.3	0.98	325	
Caltex Australia	1067	+9.2	+2.7	33	0.0	5	1.9	13	0.5	15	1.7	2881	AI Limited	19	+15.1	+2.4	21	3.1	- 1.1	15	1.3	7	5.4	0.11	23	Monadelphous Gr	786	+15.1	-2.4	21	1.0	- 3.9	22	0.3	18	3.8	0.69	154		
Aust Pharm. Ind	365	+16.1	+0.7	19	0.0	6	4.2	9	0.7	44	3.6	816	Transfield Serv	679	+15.0	+1.7	21	1.0	6	5.5	40	0.5	14	2.4	0.76	937	Woolf Cheese	385	+14.7	+2.5	21	2.0	-	-	0.5	11	1.6	0.52	147	
York Group	42	+2.8	+3.5	53	2.3	- 1.4	22	1.4	6	1.8	0.29	12	Ross Human Dir.	104	+14.2	+2.0	22	0.0	- 4.3	28	0.8	16	3.4	0.37	61	Ross Human Dir.	104	+14.2	+2.0	22	0.0	- 4.3	28	0.8	16	3.4	0.37	61		
Metcash Trading	336	+11.5	+2.9	27	0.3	10	8.6	41	0.5	21	3.3	2,140	David Jones	225	+14.1	+0.1	22	3.2	8	2.3	16	0.5	14	4.9	0.51	939	Burns Philp	87	+14.0	+1.0	22	0.0	7	-	0.9	16	Nil	0.52	1,768	
AWB Limited	470	+1.1	+0.2	58	0.0	3	3.0	18	0.6	17	5.3	1,608	Tag Pacific	28	+13.8	-8.6	22	0.0	- 1.2	20	1.2	6	1.8	0.34	18	Terrain Aust	23	+13.2	+6.6	23	0.1	-	-	1.2	16	Nil	0.95	37		
Joyce Corp.	98	+20.4	+2.3	14	0.0	- 1.3	16	0.9	8	5.1	0.31	20	Club Crocodile	29	+13.0	+3.8	24	1.0	- 1.3	9	1.1	14	Nil	0.86	16	Coventry Group	769	+12.8	+0.8	24	2.0	- 1.8	10	0.3	18	4.4	0.61	270		
Ridley Corp.	137	+0.7	-0.4	60	0.0	5	1.3	6	0.8	21	4.2	369	Angus & Coote	1025	+12.1	-1.4	26	1.0	- 2.2	14	0.3	15	3.9	0.51	122	Namoi Cotton	55	+11.4	+0.0	28	2.0	- 0.7	10	0.9	7	4.5	0.18	61		
<u>The Reject Shop</u>	257	+10.5	-1.9	30	1.0	-	-	0.7	11	1.0	0.34	62	Gregory Indust.	32	+10.5	-4.5	30	0.0	- 1.1	13	1.1	9	Nil	0.27	4	<u>The Reject Shop</u>	257	+10.5	-1.9	30	1.0	-	-	0.6	11	1.0	0.34	62		
Watpac Ltd	130	+20.5	+0.3	14	4.0	- 3.0	28	0.8	11	5.4	0.34	96	AI Limited	19	+15.1	+2.4	21	3.1	- 1.1	15	1.3	7	5.4	0.11	23	Candle Aust.	223	+10.2	+3.0	31	5.2	1	-	0.6	19	4.0	0.49	88		
Tag Pacific	28	+13.8	-8.6	22	0.0	- 1.2	20	1.6	6	1.8	0.34	18	Monadelphous Gr	786	+15.1	-2.4	21	1.0	- 3.9	22	0.3	18	3.8	0.69	154	Recco Corp Ltd	351	+10.0	+1.3	31	1.1	-21.9	-	0.4	20	2.0	0.74	585		
Atlas Grp Hold.	129	+9.1	-1.4	34	3.0	- 2.3	21	0.9	11	6.0	0.34	108	Transfield Serv	679	+15.0	+1.7	21	1.0	6	5.5	40	0.5	14	2.4	0.76	937	Bridgestone	332	+10.0	+0.3	31	0.0	- 0.7	7	0.4	11	3.8	0.23	121	
Hamilton James	60	+15.6	+5.4	20	1.0	-20.0	-	1.1	17	4.2	0.34	37	Woolf Cheese	385	+14.7	+2.5	21	2.0	-	-	0.5	11	1.6	0.52	147	Lako Pacific	6	+9.9	-3.6	31	1.2	- 1.0	9	2.4	11	Nil	0.38	4		
RCR Tomlinson	62	+37.2	+4.7	4	0.0	- 1.3	10	1.3	14	2.4	0.35	37	Ross Human Dir.	104	+14.2	+2.0	22	0.0	- 4.3	28	0.8	16	3.4	0.37	61	Yilgarn Mining	16	+9.8	+2.9	31	1.0	- 0.0	0	1.4	16	Nil	0.07	8		
Supply Network	57	+9.0	+0.7	34	0.0	- 1.4	15	1.0	9	4.4	0.37	12	David Jones	225	+14.1	+0.1	22	3.2	8	2.3	16	0.5	14	4.9	0.51	939	Lend Lease Corp	1308	+9.8	+1.9	31	1.0	9	2.4	16	0.5	16	3.4	0.54	5,235
Catalyst Rec'mt	108	+17.9	-11.7	17	1.0	-	-	0.8	18	3.7	0.37	41	Burns Philp	87	+14.0	+1.0	22	0.0	7	-	0.9	16	Nil	0.52	1,768	Aircrusing Aust	6	+9.8	+6.5	31	0.0	- 6.1	69	2.3	9	Nil	0.11	1		
Coles Myer	977	+6.9	-0.5	39	1.0	12	4.2	20	0.4	21	3.0	11,979	Tag Pacific	28	+13.8	-8.6	22	0.0	- 1.2	20	1.2	6	1.8	0.34	18	Caltex Australia	1067	+9.2	+2.7	33	0.0	5	1.9	13	0.5	15	1.7	0.28	2,881	
Ross Human Dir.	104	+14.2	+2.0	22	0.0	- 4.3	28	1.0	16	3.4	0.37	61	Terrain Aust	23	+13.2	+6.6	23	0.1	-	-	1.2	16	Nil	0.95	37	Atlas Grp Hold.	129	+9.1	-1.4	34	3.0	- 2.3	21	0.7	11	6.0	0.34	108		
Wrigdways Aust	100	+2.4	+2.6	54	3.0	-	-	1.0	13	5.0	0.39	32	Club Crocodile	29	+13.0	+3.8	24	1.0	- 1.3	9	1.1	14	Nil	0.86	16	Supply Network	57	+9.0	+0.7	34	0.0	- 1.4	15	0.8	9	4.4	0.37	12		
Smorgon Steel	123	+6.1	-0.1	42	0.1	8	-	1.0	24	5.3	0.41	1,084	Coventry Group	769	+12.8	+0.8	24	2.0	- 1.8	10	0.3	18	4.4	0.61	270	Korvest Ltd	450	+8.9	+0.6	34	0.1	- 2.4	22	0.4	11	2.0	0.76	38		
Downer EDI Ltd	475	+18.0	+0.3	17	0.0	7	2.7	17	0.7	16	2.9	1,340	Angus & Coote	1025	+12.1	-1.4	26	1.0	- 2.2	14	0.3	15	3.9	0.51	122	Grand Hotel	79	+8.3	-0.7	36	0.0	2	0.8	11	0.8	8	2.5	0.75	176	
Foodland Assoc	2450	+10.7																																						

STRENGTH RATING														STRENGTH RATING													
Company	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Vola-ti-ty	Price/Earn. Ratio	Divi-dend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Vola-ti-ty	Price/Earn. Ratio	Divi-dend Yield	Price/Sales Ratio	Market Cap'n
INCOME SHARES: Highest Yields, Capitalisation > A\$250 million																											
Jubilee Mines	442	+3.4	-2.0	51	1-0	3	4.1	71	0.3	6	10.2	2.34	551	Gale Pacific	301	+2.8	+3.1	53	9-2	-	3.2	15	0.3	22	2.5	1.42	152
Millers Retail	104	-13.0	-2.6	90	0-2	5	2.5	3	0.6	84	9.1	0.65	253	Perp Trust Aust	6400	+16.4	+3.6	18	6-0	11	9.9	37	0.3	27	2.3	7.71	2,449
Gasnet Aust Grp	254	+4.5	+2.7	47	0-0	5	1.3	8	0.4	16	8.7	3.57	356	Fiducian P Serv	70	+9.2	-3.0	33	6-0	-	2.6	2	0.9	132	0.7	1.66	24
Envestra	110	+0.8	-0.1	59	0-0	7	-	-	0.5	37	8.6	2.83	847	Brickworks Ltd	1122	+8.4	-3.6	35	6-0	2	2.3	24	0.2	9	2.1	3.04	1,479
Aust Pipeline	332	+9.0	+1.9	34	0-0	6	1.6	21	0.4	8	8.4	3.20	912	Medical Dev Int	137	+35.1	-0.8	5	6-0	-	-	84	0.6	163	0.2	N/A	78
Prime Infra Grp	128	+0.8	-1.1	59	0-2	-	1.4	5	0.5	29	8.2	3.71	567	Servcorp Ltd	265	+10.2	-1.4	30	8-2	1	3.2	14	0.6	22	2.8	1.98	212
Sthn C. Fliers	11380	+0.1	+0.0	63	0-0	-	1.1	9	0.1	12	8.0	N/A	683	West Aust Metal	3	+6.6	+14.3	40	5-0	-	-	-	2.6	NE	Nil	1.35	3
Australand Prop	182	+4.6	-1.7	47	0-0	3	1.3	10	0.4	13	7.3	0.89	1,256	Soul Pattinson	1010	+16.2	-2.0	19	5-0	1	3.3	21	0.4	15	2.0	4.56	2,410
AV Jennings	154	-7.8	-3.3	84	4-0	-	1.2	26	0.5	5	7.1	0.60	331	Peptech Limited	177	+11.5	+1.4	27	5-0	1	4.7	46	0.5	10	Nil	5.99	286
City Pacific	466	+0.2	+0.2	62	0-6	-	5.8	60	0.4	10	7.1	7.15	422	Allied Gold Ltd	25	+4.2	+1.3	48	5-0	-	-	-	1.1	NE	Nil	N/A	6
Pacifica Group	307	-7.2	-0.9	83	0-0	7	1.7	20	0.5	9	7.0	0.42	418	Biometrics Ltd	14	+1.4	+16.0	57	5-0	-	-	-	1.3	NE	Nil	N/A	5
Platinum Cap'l	220	-1.9	-2.3	72	0-0	-	1.3	10	0.4	13	6.8	N/A	256	Nylex Ltd	39	+11.3	-1.4	28	5-0	-	-	-	1.0	NE	Nil	0.28	249
Crane Group	977	+4.6	-2.0	47	1-0	5	2.2	-	0.3	NE	6.1	0.26	537	Pacific Energy	45	+24.9	+11.1	10	5-0	-	0.9	-	0.8	NE	Nil	2.45	7
Peet & Company	166	+12.3	-0.2	25	1-0	-	-	-	0.7	12	6.0	5.13	332	Lion Energy Ltd	1	+61.0	-13.2	2	5-0	-	-	-	4.7	NE	Nil	2.63	17
Wattyl Ltd	340	+0.7	-2.4	60	4-2	5	1.8	-	0.4	NE	5.9	0.53	285	F.F.I. Holdings	435	+8.7	+7.0	35	5-0	-	3.5	14	0.2	25	2.8	1.61	26
Skilled Group	273	-3.7	+1.0	76	9-0	3	9.8	61	0.5	16	5.6	2.41	261	Global Mining I	101	+4.5	-0.8	47	5-0	-	-	-	0.7	289	Nil	N/A	79
Djerriwarrh	369	+2.2	+1.2	55	2-7	-	1.0	5	0.4	19	5.8	N/A	582	Yamama Goldfld	1	+4.3	+0.2	47	5-0	-	-	-	5.1	NE	Nil	3.11	6
Natl Aust Bank	2882	+0.0	+1.9	63	2-0	13	2.6	18	0.3	14	5.8	1.82	44,707	Newcrest Mining	1708	+14.1	+0.1	22	5-0	10	5.6	12	0.3	46	0.3	7.89	5,612
Paperlin X Ltd	479	-3.3	-2.1	76	5-0	9	1.5	8	0.4	20	5.7	0.34	2,137	Acumen Cap Prop	111	+3.6	+0.7	50	5-0	-	-	-	0.5	13	8.5	N/A	105
Comwealth Bank	3242	+1.8	+1.5	56	0-1	15	2.7	17	0.3	16	5.6	2.41	40,990	Snowball Group	36	+20.3	+0.9	14	6-1	-	-	-	1.2	NE	Nil	2.35	15
GWA Internat'l	325	+4.1	+0.2	48	0-1	5	2.1	14	0.3	15	5.5	1.34	904	MFS Diversified	92	+3.1	-0.8	52	6-1	-	92.0	-	0.5	10	11.5	4.83	42
Hills Indust.	416	+3.9	+0.5	49	0-3	4	3.2	17	0.3	19	5.4	0.80	583	Ironbark Cap.	57	+0.9	+0.1	59	6-1	-	0.9	9	0.6	10	5.3	8.93	66
AWB Limited	470	+1.1	+0.2	58	0-0	3	3.0	18	0.5	17	5.3	0.30	1,608	Watpac Ltd	130	+20.5	+0.3	14	4-0	-	3.0	28	0.5	11	5.4	0.34	96
Smorgon Steel	123	+6.1	-0.1	42	0-1	8	-	-	0.7	24	5.3	0.41	1,084	Celnet Group	176	+15.5	+0.6	20	4-0	3	1.8	19	0.6	10	6.5	0.20	88
Telstra	494	+0.2	+1.2	62	0-0	14	4.6	30	0.4	15	5.3	2.93	62,384	Macquarie Air.	316	+22.5	+0.3	12	4-0	-	1.4	14	0.3	10	2.5	6.89	3,323
INSIDER BUYING: Most Insider Buying, Relative Strength > 0																											
Heron Resources	26	+6.8	-3.4	39	13-0	-	-	-	1.2	NE	Nil	N/A	28	Metroland Aust	23	+0.5	+1.1	61	4-0	-	1.8	28	0.8	6	8.7	1.73	18
Intermin Res	8	+3.7	+1.5	50	11-0	-	-	-	1.5	6	Nil	1.65	7	Eqitx Limited	31	+6.1	+3.0	42	4-0	-	2.8	-	0.9	NE	Nil	N/A	10
Western Areas	145	+15.6	-5.6	20	10-0	-	-	-	0.7	NE	Nil	N/A	110	Resources Min.	6	+0.6	-0.5	61	4-0	-	-	-	2.1	NE	Nil	N/A	2
E-Bet Limited	15	+24.3	-3.7	11	9-0	-	-	-	1.5	NE	Nil	1.48	27	Equigold NL	148	+2.4	-0.4	54	4-0	-	-	-	0.4	13	4.7	2.30	220
Jabiru Metals	18	+3.2	+1.6	51	9-0	-	-	-	1.4	NE	Nil	N/A	15	Futuris Corp.	217	+13.1	+0.2	23	4-0	5	2.3	4	0.5	60	3.7	0.53	1,430
Structural Syst	60	+7.1	-3.1	39	9-0	-	2.1	-	0.6	NE	Nil	0.19	15	Mobile Innov.	18	+16.3	-11.1	19	4-0	-	1.9	28	1.4	7	Nil	1.20	20
Gaming & Ent.	20	+10.4	+1.0	30	10-1	-	1.8	-	1.3	NE	Nil	7.86	5	Crusader Hold.	21	+0.4	-13.8	61	4-0	-	-	-	1.1	NE	Nil	N/A	4
Whitefield Ltd	325	+1.6	+0.5	56	11-2	-	0.9	3	0.4	28	3.9	3.86	156	Harvey Wild Trav	154	+1.0	-3.3	58	4-0	-	7.3	50	0.7	15	4.5	1.24	60
Antares Energy	69	+1.2	+4.3	58	8-0	-	-	-	0.6	383	Nil	7.06	110	TFS Corporation	26	+2.9	+2.9	53	4-0	-	-	-	1.1	NE	Nil	N/A	N/A
Wilson Leaders	102	+3.8	+1.0	50	8-0	-	-	-	0.7	28	1.5	N/A	45	Phosphagenics	32	+33.7	+10.0	6	4-0	-	2.9	-	0.9	NE	Nil	N/A	55
Impress Venture	6	+3.2	-6.9	51	8-0	-	-	-	2.4	NE	Nil	3.31	7	ING Indust Trt	217	+8.6	+0.0	35	4-0	7	1.3	9	0.4	15	6.6	9.60	1,543
Grange Resource	79	+9.1	-0.6	33	8-0	-	-	-	0.7	11	Nil	2.01	55	Ariadne Aust	38	+6.1	-2.6	42	4-0	-	-	-	0.6	16	2.6	0.79	84
WRF Securities	42	+32.4	+3.4	6	9-1	-	1.3	16	0.7	8	Nil	1.66	16	Brambles Ind.	719	+8.5	-3.4	35	4-0	11	6.3	16	0.5	40	1.4	1.56	12,158
Cazaly Res Ltd	40	+35.5	+17.8	5	9-1	-	-	-	1.1	NE	Nil	N/A	13	Aviva Corp Ltd	4	+9.9	+2.5	31	4-0	-	-	-	2.6	NE	Nil	N/A	10
Hillcrest Res.	6	+30.3	+3.0	7	7-0	-	-	-	1.9	NE	Nil	N/A	6	BMA Gold Ltd	32	+12.9	+7.8	24	4-0	-	-	-	1.2	19	Nil	7.86	24
Waterco Ltd	400	+22.0	-2.3	12	7-0	-	2.6	17	0.3	15	3.8	1.12	84	Jindalee Res.	24	+9.5	+7.4	32	4-0	-	-	-	1.3	35	Nil	8.76	5
Trent Capital	100	+4.1	-0.0	48	7-0	-	1.1	3	0.6	34	Nil	2.33	11	Home Bldg Soc.	660	+9.7	-0.6	32	4-0	-	1.8	10	0.3	18	3.3	1.46	100
Chal Financial	291	+13.1	-1.0	24	7-0	-	3.1	15	0.4	20	Nil	1.89	1,550	ING Office Fund	133	+5.8	-0.1	43	4-0	8	1.2	9	0.4	13	7.7	7.57	1,200
Xceed Biotech.	30	+3.4	-4.3	51	7-0	-	2.1	-	0.8	NE	Nil	N/A	26	DKN Financial	68	+5.1	+0.7	45	4-0	-	1.9	-	0.6	NE	0.6	1.18	29
G.R.D. NL	270	+22.3	-0.1	12	8-1	-	2.7	9	0.5	29	1.1	2.55	575	HG Plc	139	+5.9	+4.4	42	4-0	-	0.9	-	0.7	NE	Nil	0.23	2,038
SFE Corporation	905	+18.9	+1.5	16	8-1	-	6.9	22	0.3	31	2.4	N/A	1,194	Finbar Intern'l	42	+19.4	-3.5	15	4-0	-	1.2	14	0.7	8	4.8	3.72	38

“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: 33.3% Buyers
Last 13 wks: 34.1% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Abano Health.	1-0	Cue Energy Ltd	1-0	Kiwi Property	1-0	Ports Auckland	1-0	Telecom Corp	0-7
Air New Zealand	8-1	Dominion Fin.	0-1	Livestock Imp.	2-0	Postie Plus Grp	0-1	Tenon Ltd	1-0
Akd Int Airport	0-2	Dorchester Pac	0-2	Loan & Building	4-1	Pumpkin Patch	1-5	Tourism Hold.	0-1
Blis Technology	0-1	Evergreen	5-2	MG Property Trt	2-0	Renaissance	1-8	Trust Power Ltd	0-1
Blue Chip NZ	0-1	F & P Appliance	1-9	Mainfreight Grp	0-4	Restaurant Brds	1-0	Turners & Grow.	1-0
Botry-Zen Ltd	0-4	F & P Health.	2-3	Media Tech.	0-3	Rubicon Limited	1-7	Turners Auction	0-12
Briscoe Group	1-2	Feltex Ltd	3-0	Metro. LifeCare	0-2	Ryman Health.	1-0	VTL Group Ltd	0-2
CDL Hotel NZ	0-1	Finmedia Ltd	1-0	Mike Pero Mort.	2-0	Sanford Limited	0-1	Vertex Group	0-7
Cadmus Tech Ltd	1-4	Fletcher Build.	5-0	Mooring Systems	0-3	Seeka Kiwifruit	1-0	WN Drive Tech.	0-2
Cap Properties	0-1	Freightways Ltd	0-1	NZ Wine Company	1-0	Skellmax Indust	5-0	Wakefield Hosp.	1-0
Carter Holt	3-0	GDC Communicat.	3-1	NZ Wool Service	1-0	Sky City Ltd	0-6	Warehouse Group	4-3
Cavalier Corp	3-11	Guinness Peat	0-11	Nuplex Indust	1-0	Smiths City	0-2	Waste Mgmt NZ	0-4
Cert Organics	0-1	Hellaby Hold.	0-1	POD Ltd	1-0	Software of Exc	2-4	Widespread Port	0-1
Col Motor Co	1-0	Heritage Gold	1-0	Pacific Retail	2-0	Spectrum Res.	1-0	Wrightson Ltd	3-12
Comvita	0-1	Infratil NZ	0-5	Port Tauranga	0-4	Speirs Group	1-0	Zintel Comm.	1-6

"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: 65.8% Buyers

Last 13 wks: 64.9% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AAV Limited	0.3	Ballarat Gold	1.0	Cockatoo Ridge	1.0	Farsands Corp.	0.7	Imdex Limited	2.0
ABB Grain Ltd	1.0	Bank of Qland	1.0	Coffey Int'l	1.0	Felix Resources	2.0	Impress Venture	8.0
ABC Learning	0.5	Barlow (Tony)	1.0	Cogstate Ltd	3.0	Fiducian P Serv	6.0	Ind Practition.	1.0
AFT Corporation	0.1	Bass St Oil Coy	0.1	Coles Myer	1.0	Financial Res.	1.0	Independ. Group	2.0
AI Limited	3.1	Baxter Group	2.0	Collection Hse	1.0	Finbar Internl	4.0	Infracorp Ltd	1.0
AMCIL Limited	2.0	Baycorp Advant.	1.0	Colorpak Ltd	1.0	Fleetwood Corp	0.4	Innamincka Pet.	3.0
AMP Ltd	2.0	Beach Petroleum	1.0	Comwealth Bank	0.1	Flinders Diam.	2.0	Institute Drug	1.2
ANZ Bank	2.4	Beaconsfield Gl	3.0	ComOps Limited	1.0	Foodland Assoc	1.0	Int Research	1.0
APN News Media	4.1	Belmont Hold.	2.0	Comdek Ltd	0.1	Forest Ent Aust	0.2	Int'l Goldfield	3.1
ARB Corporation	1.0	Bemax Resources	6.0	Comet Ridge Ltd	1.0	Fox Resources	2.0	Intec Ltd	0.2
ARC Energy	1.2	Bendigo Mining	2.0	Comet Resources	2.0	Funtastic Ltd	5.2	Integrated Inv.	1.0
ASG Group Ltd	1.6	Bendigo Bank	5.1	Commander Comm.	2.0	Future Corp	2.0	Intermin Res	11.0
AV Jennings	4.0	Benitec Ltd	3.2	Commoditel Ltd	2.0	Futuris Corp.	4.0	Interoil Corpor	0.1
AVT Bioplasma	1.0	Bentley Int'l	12.0	Commsecure Ltd	0.1	G.R.D. NL	8.1	Investor Group	0.1
Access Provider	2.1	Beyond Int'l	3.0	Community Life	2.0	GTN Resources	1.0	Investa Prop.	2.0
AcruX Ltd	2.0	Big Kev's Ltd	3.1	Computershare	7.3	GWA Internat'l	0.1	Investika Ltd	1.0
Acumen Cap Prop	5.0	Billabong Int'l	0.1	Concept Hire	1.0	Gale Pacific	9.2	Iress Mkt Tech	0.1
Adamus Resource	0.1	Biomd Ltd	1.0	Cons Minerals	1.4	Gallery Gold	3.0	Ironbark Cap.	6.1
Adcorp Aust.	1.2	Biometrics Ltd	5.0	Contango Micro.	1.0	Gaming & Ent.	10.1	JB Hi-Fi Ltd	1.0
Adelaide Bright	2.0	Bionomics Ltd	0.1	Cool or Cosy	4.1	Gateway Mining	3.0	JDV Ltd	1.0
Adelaide Bank	2.0	Bioprospects	1.0	Coonawarra Aust	0.1	General Prop Tr	1.0	Jabiru Metals	9.0
Adelaide Res.	0.1	Biosignal Ltd	1.0	Cordukes Ltd	1.0	Giants Reef Min	2.0	Jackson Gold	2.0
Admiralty Res.	2.0	Biota Holdings	2.0	Cougar Metals	1.0	Gindalbie Gold	3.0	James Hardie	1.0
Advanced Energy	1.0	Biotech Capital	1.0	Coventry Group	2.0	Giralia Res.	0.3	Jetset Travel	1.0
Advance Health.	3.0	Biron Capital	0.3	Crane Group	1.0	Gleneagle Gold	3.0	Jindalee Res.	4.0
Affiance Group	2.0	Bluescope Steel	2.0	Creatable Media	10.0	Glengarry Res.	1.0	Jubilee Mines	1.0
Agincourt Res.	0.7	Brambles Ind.	4.0	Crescent Gold	4.0	Global Mining I	5.0	Jumbo Corp	1.0
Aim Resources	1.0	Brazin Limited	2.0	Croesus Mining	1.3	Global Approach	1.0	Jumbuck Enter.	1.0
Ainsworth Game	1.0	Breakfree Ltd	1.0	Crown Diamonds	3.0	Globe Int'l Ltd	3.0	Just Group Ltd	1.0
Alchemia Ltd	3.0	Brickworks Inv.	3.0	Crusader Hold.	4.0	Gloucester Coal	1.0	KLM Group Ltd	3.0
Ale Property	1.0	Brickworks Ltd	6.0	Cryptome Pharm.	1.0	Globe Aura Ltd	4.0	Kagara Zinc Ltd	2.1
Alesco Corp Ltd	1.2	Broadcast Serv.	0.5	Cullen Resource	0.4	Golden State	1.0	Keycorp Ltd	1.0
Alinta Limited	1.0	Buderim Ginger	2.0	Customers Ltd	2.0	Golden Valley	3.0	Kids Campus Ltd	0.1
Alkane Explor.	9.1	Bullion Min.	10.4	Cygenics Ltd	2.0	Goldsearch Ltd	3.0	Kimberley Diam.	1.6
Allied Gold Ltd	5.0	Bunnings W/hse	0.1	Cypress Lakes	1.0	Gowing Brothers	3.1	Kings Minerals	1.0
Allied Tech Grp	0.3	Burdekin Pacifi	3.0	Cytopia Ltd	2.0	Grange Resource	8.0	Kip McGrath EC	0.1
Alphawest Ltd	1.0	C.S.R. Ltd	1.0	DCA Group Ltd	2.0	Great Aust Res	2.0	Konekt Limited	1.0
Altium Limited	5.0	CBD Energy Ltd	2.0	DKN Financial	4.0	Greater Pacific	1.0	Korvest Ltd	0.1
Alumina Ltd	0.4	CBH Resources	0.3	Danks Holdings	1.0	Green's Foods	2.1	Lafayette Min.	2.0
Amalgamated Hld	0.1	CCI Holdings	1.0	Dark Blue Sea	3.0	Gro Pep Limited	1.0	Lakes Oil NL	1.0
Amcom Telecom.	2.4	CFS Private Cap	2.0	Datafast Tel.	4.2	Lako Pacific	3.1	Lako Pacific	1.2
Ancor Ltd	1.0	CPT Global Ltd	1.0	David Jones	3.2	Guinness Peat	0.13	Landmark White	2.0
Ammtec Ltd	0.1	CSL Limited	2.0	De Grey Mining	2.4	Gunson Res.	2.1	Legend Corp.	2.0
Amrad Corp.	8.0	CTI Logistics	2.0	DenX Ltd	2.0	HHG Plc	4.0	Legend Mining	3.1
Anglo Pacific	2.4	Cabcharge Ltd	0.3	Desane Group	0.1	Hamilton James	1.0	Leighton Hold	0.1
Angus & Coote	1.0	Campbell Bros	3.0	Destra Corp Ltd	3.0	Hannans Reward	2.0	Lend Lease Corp	1.0
Antares Energy	8.0	Canberra Invest	4.0	Devine	2.0	Hansen Tech.	2.0	Leviathan Res.	2.0
Apex Minerals	2.0	Candle Aust.	5.2	Diamonex Ltd	1.0	Hardman Res.	1.4	Liberty Gold NL	2.0
Aquarius Plat.	8.0	Capral Alum.	1.0	Didasko Ltd	1.0	Harvey Norman	0.1	Lighting Corp.	2.0
Aquila Res.	2.0	Cardia Tech.	1.0	Dioro Explor.	3.0	Harvey Wid Trav	4.0	Lion Energy Ltd	5.0
Ariadne Aust	4.0	Cardno Ltd	2.0	Discovery Nick.	1.0	Healthscope	0.3	Lionore Mining	1.2
Aristocrat Leis	3.0	Carlton Invest	0.3	Div. Utility	0.1	Health Com Ntwk	0.1	Living Cell T.	1.0
Arrow Energy	2.1	Carnarvon Pet.	3.0	Div. United Inv	3.0	Heemskirk Cons.	1.0	Loftus Capital	12.0
Ashburton Min.	0.1	Carnegie Corp	1.0	Djerriwarh	2.7	Helix Resources	1.0	Longreach Group	3.0
Aspen Group Ltd	0.2	Carpathian Res.	9.0	Dragon Mining	0.1	Heron Resources	13.0	Ludowici Ltd	0.1
Atlas Grp Hold.	3.0	Carpenter Pac.	0.1	Drillsearch	1.0	Highland Pac.	1.0	Lumacom	3.0
Atlas Gold Ltd	1.0	Caspian Oil & G	2.1	Dromana Estate	1.0	Hillcrest Res.	7.0	M.Y.O.B. Ltd	1.0
Aurox Resources	1.0	Catalyst Rec'mt	1.0	E-Bet Limited	9.0	Hillgrove Res.	1.0	MFS Diversified	6.1
Auselect Ltd	1.0	Cazaly Res Ltd	9.1	ECSI Limited	0.1	Hills Indust.	0.3	MFS Living & L.	2.0
Auspine Ltd	3.0	Cellessis Ltd	0.2	ETRADE Aust.	1.2	Hills Motorway	1.0	MFS Lev Invest.	1.0
Ausquest Ltd	6.0	Cellnet Group	4.0	Earth Sanct.	5.0	Hire Intell.	2.0	MGM Wireless	2.0
Ausron Limited	1.0	Cent West Gold	2.0	East'n Star Gas	1.0	Home Bldg Soc.	4.0	MPI Mines Ltd	2.0
Aust Ethical In	2.0	Cent. Asia Gold	1.0	Eastern Corp	2.0	HomeLeisure Ltd	6.1	MXL Limited	6.0
Aust Healthcare	2.0	Central Exch.	2.0	East'd Medical	0.2	Hostworks Group	0.1	MacMahon Hold	1.0
Aust Infra.	1.0	Centro Property	0.1	Ellex Medical	1.0	Housewares Int.	1.0	Macarthur Cook	3.0
Aust Energy	0.7	Centro Prop.	2.0	Emitch Limited	1.0	Hudson Sec.	3.1	Macarthur Coal	0.2
Aust Stock Exch	1.4	Century Aust In	1.0	Empire Oil, Gas	0.1	Hudson Timber	5.0	Macmin Silver	1.2
Aust Leis & Hos	2.0	Ceramic Fuel C.	1.0	Empire Oil, Gas	0.1	Hudson Res. Ltd	1.0	Macquarie Bank	2.4
Aust Wwilde Exp	0.2	Cervantes Sea.	1.0	Energy Develop.	1.0	Hugall & Holle	1.0	Macquarie Leis.	1.0
Aust Agricut.	0.1	Chal Financial	7.0	Energy Resource	0.1	Hunter Hall Int	0.7	Macquarie Air.	4.0
Aust United In	1.0	Chalmers	1.0	Ent Media & Tel	1.3	Huntley Invest	3.0	Macquarie DDR	3.0
Aust Wine Hold.	0.1	Charter Pacific	1.0	Entek Energy	3.0	Hutchison Tel.	1.0	Macquaries C&I	1.0
Aust Mines Ltd	4.0	ChemGenex Pharm	3.0	Environ. Sol'n	4.0	Hydromet Corp.	2.0	Macquarie Infra	2.0
Austal Limited	2.1	Chemeq Ltd	0.2	Environmt Grp	1.0	Hyro Limited	1.0	Macquarie Good.	3.0
Austereo Group	0.2	Chieftain Sec.	0.1	Envirozel Ltd	1.0	IBA Health Ltd	2.0	Macquarie Off.	1.0
Austin Group	2.0	Choiseul Inv.	3.0	Epitax Limited	0.4	IBT Education	0.1	Macquarie C Tel	1.0
Austral Coal	2.0	Citic Australia	0.5	Eqitx Limited	4.0	IC2 Global Ltd	1.0	Macquarie C'Wde	1.0
Auth Invest Fd	1.0	Citigold Corp	0.1	Equigold NL	4.0	IMF (Aust) Ltd	0.3	Magnum Gold NL	0.1
Auto Group Ltd	1.0	Citrofresh Int.	2.0	Equity Trustees	4.0	IMT Holdings	1.0	Marengo Mining	2.0
Avatar Indust.	1.0	City Pacific	0.6	Eurogld Ltd	1.0	ING Indust Trt	4.0	Mariner Fin.	2.0
Avexa Limited	5.0	Clearview Capl	1.0	Eumundi Group	0.1	ING Office Fund	4.0	Marine Produce	6.1
Aviva Corp Ltd	4.0	Climax Mining	1.0	Exco Resources	1.0	IOOF Holdings	2.0	Mark Sensing	5.1
Avoca Resources	2.0	Clime Capital	2.0	Extract Res.	1.0	IT & e Limited	3.0	Maryborough Suga	0.4
Axiom Property	1.0	Clinical Cell	2.0	F.F.I. Holdings	5.0	ITL Limited	4.0	Mawson West Ltd	3.2
B Digital Ltd	3.0	Club Crocodile	1.0	FKP Limited	2.1	IWL Limited	1.0	McPherson's Ltd	1.2
BMA Gold Ltd	4.0	Cluff Resource	1.0			Iberian Res.	1.0	Medaire Inc	2.0
BQT Solutions	14.0	Coates Hire	1.0			Ideas Internl	5.0	Medical Corp	1.0
		Cochlear Ltd	5.1			iINet	0.2		

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Medical Monitor	1-0	Oakton Limited	0-3	Quadrant Irid.	0-1	Snowball Group	6-1	Travel.com.au	2-0
Medical Dev Int	6-0	Objective Corp.	0-4	Quantum Energy	1-0	So Natural Food	3-0	Treasury Group	0-4
Meditech Rsrch	2-0	Oceana Gold Ltd	2-0	Queens'd Cotton	1-0	Solbec Pharm.	2-0	Trent Capital	7-0
Medivac Ltd	1-0	Oil Search Ltd	0-1	Queensland Gas	1-0	Solco Ltd	0-1	Triako Res.	1-0
Medusa Mining	0-1	Oilex NL	4-1	Rabinvo Div Pp	2-0	Somnored Ltd	2-0	Troy Resources	0-2
Mermaid Marine	0-2	Oldfields Hold	2-0	Range Resource	0-1	Sonic Health	1-2	Two Way TV Aust	3-0
Metabolic Phar.	0-1	Olea Australia	1-0	Range River Gld	1-0	Sonnet Corp Ltd	1-5	UNITAB Ltd	1-0
Metals Exp.	3-0	Olympia Res.	0-1	Reclaim Indust.	2-1	Soul Pattinson	5-0	UXC Limited	0-1
Metcash Trading	0-3	Onesteel Ltd	0-1	Red 5 Ltd	4-0	Southcorp Ltd	2-0	United Kimberly	1-0
Meteorite Res.	2-0	Orica Ltd	5-3	Red Metal Ltd	2-0	St Barbara Mine	2-0	United Group	2-0
Metroland Aust	4-0	Origin Energy	0-1	Redflex Holding	0-3	St George Bank	1-0	Unlife Medical	2-0
Michelago Ltd	0-1	Oroton Group	1-0	Reece Australia	2-0	Starpharma Hold	0-2	Unwired Group	1-0
Midas Resources	2-0	P-Sivida Ltd	1-0	Reed Resources	2-0	Sth Boulder Min	0-1	Uscom Limited	7-0
Mikoh Corp.	2-0	PCH Group	1-0	Reefton Mining	0-1	Stirling Prod.	2-0	Van Eyk Three P	1-0
Millers Retail	0-2	Pac. Star Netwk	1-0	Regenera Ltd	1-0	Stockland	3-0	VeCommerce Ltd	1-0
Mincor Resource	0-2	Pacific Brands	2-0	Reinsurance Aus	0-2	Straits Res.	0-5	Ventracor Ltd	1-0
Mindax Limited	2-0	Pacific Hydro	1-0	Renew. Energy	2-1	Strathfield Grp	4-3	Viagold Capital	0-2
Mineral Sec.	2-0	Pacific Energy	5-0	Republic Gold	1-0	Stratetel Ltd	0-1	Vietnam Indust.	1-0
Mirrabooka Inv.	3-4	Pacrim Energy	0-1	Republic Gold	1-0	Striker Res.	1-0	View Resources	0-2
Mirvac Group	0-2	Pan Palladium	1-0	Republco Hlth	1-0	Structural Mon.	1-0	Village Road.	0-4
Mithril Res.	1-3	Panbio Ltd	3-0	Resources Min.	4-0	Structural Syst	9-0	Villa World	1-2
Mobilesoft Ltd	1-7	Paperlin X Ltd	5-0	Revolv. Energy	3-1	Stuart Petrol.	0-2	Virgin Blue	0-1
Mobile Innov.	4-0	Patrick Corp	1-0	Rivkin Fin Serv	2-0	Sun Capital Grp	3-0	Virotec Int'l	0-1
Moby Oil & Gas	0-2	Payce Consol.	0-1	Roberts Ltd	0-1	Sun Resources	2-0	Visionmed Group	1-0
Monadelphous Gr	1-0	Pearl Healthcare	9-0	Roc Oil Company	0-3	Sundance Res.	2-0	Vision Systems	1-0
Monteray Group	0-2	Peet & Company	1-0	Rock Build Soc.	1-8	Sundowner Group	8-0	Volante Group	2-1
Monto Minerals	1-0	Pelican Res.	1-0	Rockeby Biomed	3-0	Sunland Group	1-7	Voxson Limited	1-0
Mortgage Choice	2-0	Pelorus Pipes	5-1	Rox Resources	1-0	Sunshine Gas	0-2	Voyager Energy	1-0
Mosaic Oil NL	0-1	Pengana Mngrs	1-0	Rubicon America	1-0	SuperCheap Auto	1-0	W'bool Cheese	2-0
Motion Picture	1-0	People Telecom	1-0	S8 Limited	3-0	Swish Group	1-0	WAM Capital Ltd	2-4
Moto Goldmines	3-1	Peptech Limited	5-0	SAL Global Ltd	1-0	Sydney Gas Ltd	0-1	WMC Resources	1-0
Mt Conqueror	1-0	Perilya Mines	3-0	SDI Limited	0-2	Sydney Aquarium	1-0	WRF Securities	9-1
Multiplex Group	2-0	Perp Trust Aust	6-0	SDS Corporation	0-2	Sylvania Res.	1-2	Wadepack Ltd	0-1
Multimedia Ltd	1-6	Perseverance	1-0	SFE Corporation	8-1	Sylvastate Ltd	4-0	Wallace Abs Ret	0-1
Murchison Hold.	0-1	Perseus Mining	3-0	SMS Mgmt & Tech	0-1	Symex Holdings	0-2	Wasabi Energy	0-1
NGM Resources	1-0	Petsec Energy	3-0	SPC Ardmona Ltd	1-0	Synergy Metals	2-0	Waterco Ltd	7-0
Namoi Cotton	2-0	PharmNet Online	2-3	Sally Malay Min	2-1	Synergy Equity	4-0	Watpac Ltd	4-0
Natl Telecoms	0-1	Phosphagenics	4-0	Salmat Ltd	1-0	TFS Corporation	4-0	Wattyl Ltd	4-2
Natl Can	0-1	Photon Group	1-0	Sam's Seafood	0-1	TVSN Limited	10-1	Wavenet Int'l	0-1
Natl Aust Bank	2-0	Pioneer Nickel	2-0	Santos Ltd	1-0	TZ Limited	3-0	Webspy Limited	1-0
Navigator Res	1-0	Planet Platinum	1-0	Saracen Mineral	2-0	Talent2 Int'l	1-2	Wedgetail Exp.	3-0
Netcomm Limited	2-3	Plaspak Group	4-1	Scantech	6-0	Tamawood Ltd	3-1	Wentworth Mut.	1-0
New Holland Min	2-0	Platinum Aust	2-0	Schaffer Corp	1-0	Tap Oil	0-6	Wesfarmers Ltd	0-2
New Horizon En.	2-1	Polartechics	5-0	Select Vaccines	2-0	Tasman Resource	2-0	West Aust Metal	5-0
New World Alloy	2-0	Polaris Metals	1-0	Select harvest	1-0	Tawana Resource	0-11	West Aust News	2-0
Newcrest Mining	5-0	Port Douglas	2-0	Senetas Corp	0-2	Technology One	0-1	Western Areas	10-0
Newland Res.	1-0	Port Bouvard	0-1	Servcorp Ltd	8-2	Teconic Res.	1-3	Westmag Limited	2-0
Nexus Energy	0-8	Powerlan Ltd	3-2	Seven Network	1-0	TeleIP Limited	1-0	Westonia Mines	4-1
Nickel Aust Ltd	3-0	Precious Metals	3-0	Shearer (John)	2-0	Templeton Globa	1-0	Westralia Prop.	1-0
Niquest Ltd	2-0	Premium Invest.	2-0	Sherlock Bay N.	3-0	Tempo Services	0-3	Whitefield Ltd	11-2
Noni B Limited	2-0	Preston Res.	0-1	Siberia Mining	2-0	Ten Network	5-0	Willmott Forest	0-2
Norwood Abbey	0-1	Primary Health	2-1	Sietaf Ltd	1-0	Tennant Creek G	0-1	Wilson Invest.	4-0
Nova Health Ltd	1-0	Prime Infra Grp	0-2	Silex Systems	0-1	Terra Gold Min.	0-1	Wilson Leaders	8-0
Novera Energy	2-0	Pro Maintenance	0-3	Sims Group Ltd	0-1	The Reject Shop	1-0	Wilson Inv Fund	1-0
Novogen Ltd	1-3	Progen Indust.	0-2	Sipa Resources	1-0	Thundelarra Exp	7-3	Winepros Ltd	1-0
Nthn Star Res.	3-0	Promentum Ltd	2-0	Sirius Telecom.	1-0	Tianshan Gold.	2-0	Woolworths Ltd	0-3
Nuenco NL	2-0	Promina Group	3-0	Sirtex Medical	4-0	Working Systems	2-0	Working Systems	0-2
Nufarm Limited	4-3	Prophecy Int'l	3-2	Skilled Group	9-0	Wrigdways Aust	0-2	Xanadu Wines	3-0
Nustar Mining	2-0	Prosperity Res.	4-0	Sky Net Global	2-0	Xceed Biotech.	0-2	Xanadu Wines	1-0
Nylex Ltd	5-0	Proteome Syst	3-0	Skydome Holding	0-1	Yamarna Goldfid	0-1	Yamarna Goldfid	7-0
OAMPS	1-3	Psiron Limited	0-1	Skywest Ltd	0-1	Transerv Aust.	1-0	Yilgarn Mining	1-0
OBJ Limited	0-2	Q.B.E. Insur.	0-2	Smorgon Steel	0-1	Transfield Serv	1-0	York Group	2-3
OFM Investment	1-0	QED Occtech Ltd	2-0			Transol Corp	0-1	Zylotech	1-0
ORT Ltd	2-0	QPSX Limited	1-0			Transurban Grp	0-2		
		QRSciences Hold	2-0						

Insider Buying Identifies Potential Growth Investments

Heron Resources (code HRR).

There have been 13 *insider* buys on-market (and no sells) over the last year in this company's shares. The Managing Director, I Buchhorn, holds a *very* large 34,963,298 shares or 24.7% of the company (worth about \$9 million), with three other directors holding between 184,500 shares and 299,325 shares each.

What is it that the directors find so interesting about this company? Probably that it owns the second largest nickel resource in the world, the **Kalgoorlie Nickel Project**. That is estimated to hold 6.6 million tonnes of nickel - worth about US\$51 *billion!* Heron Resources has an issued capital of 141.3 million shares, so this company's market capitalisation is a very low \$33 million.

Getting this nickel out of the ground and the cash into

the company's bank account presents a few interesting challenges - and a massive potential for profit. This is a low grade deposit (i.e. with 0.74% Ni), so will require screen concentration to 1.5% Ni before it becomes economic to extract the metal. Testing has proven this is achievable, allowing low cost bulk mining of the deposits. Mine development and concentrating plant will require capital investments of about \$1,400 million which will be funded from about \$1000 million of debt and \$400 million of equity), to create a 25+ year mining project generating annual pre-tax profits of around \$275 million. So this project is a viable and economic development. The only problem is that Heron Resources has only a few million dollars of cash in the bank.

The next stages of

(Continued on Page 16)

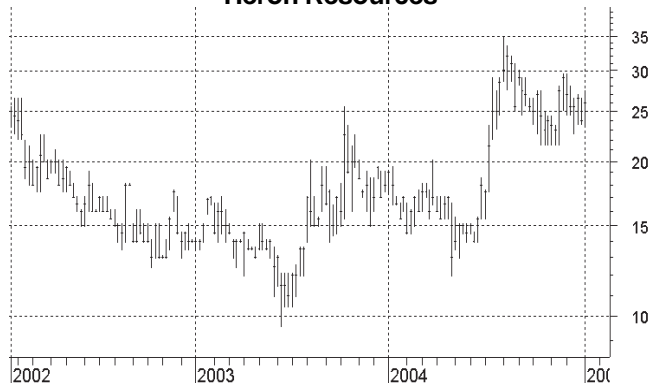
Insider Buying*(Continued from Page 15)*

development - which will probably need to be funded from periodic share placements - involve (1) further exploration (to upgrade the deposits to "indicated resources") and (2) bringing in a nickel industry partner to provide the \$400 million in equity funding!

The development should be very profitable, with an estimated *internal rate of return* of 25% (after tax). At a discount rate of 10%, the *net present value* is over \$600 million - or in excess of 400 cents per share. Heron Resources shares trade on-market at around 23½ cents. Given the significant project value in Heron Resources, it is possible that a potential "nickel industry partner" may simply make a takeover offer for the whole company, acquiring the whole project at a relatively cheap price (i.e. 50 cents? 100 cents per share?) rather than share on-going profits and pay royalties to Heron Resources.

Summary and Recommendation

Heron Resources is a high risk company in the early stages of trying to develop a *hugenickel* mine that would generate significant wealth for shareholders. Directors' on-market buying - and the Managing Director's very large shareholding - indicate faith in this project. So it would probably be a sensible *long term* investment for investors to buy and hold a few shares in this company!

Heron Resources**Xceed Biotechnology** (code XBL).

Xceed Biotechnology was formed earlier this year from the listed shell of **Southpointe** (which had about \$7.0 million in cash and tax losses) and a public issue of 22,500,000 new shares at 20 cents to raise a further \$4.5 million.

There have been seven *insider* buys (and no sells) over the last year - plus another five *small* buys (i.e. less than \$10,000 and less than 10% of a director's holding) that we don't count. So overall there have been 12 on-market buys since July 2004. Directors bought shares at prices around 27-30½ cents in July 2004, at 28 cents in August and at 27-28 cents in September. No trades were made in October and the five small trades were made in November at prices around 31-36 cents. There was one buy in December at 25

cents. The four directors now own 708,500 shares, 512,334 shares, 410,000 shares and 28,570 shares.

Xceed Biotechnology has investments in two businesses:

The company contributed \$5.1 million to **PolyNovo Biomaterials** in return for a 50% shareholding. The remaining shares are owed by **CSIRO** which contributed an exclusive licence to use biodegradable polymers which are being developed for use in orthopaedics, orthodontics, stents, drug delivery, wound care and other biomedical applications for human healthcare.

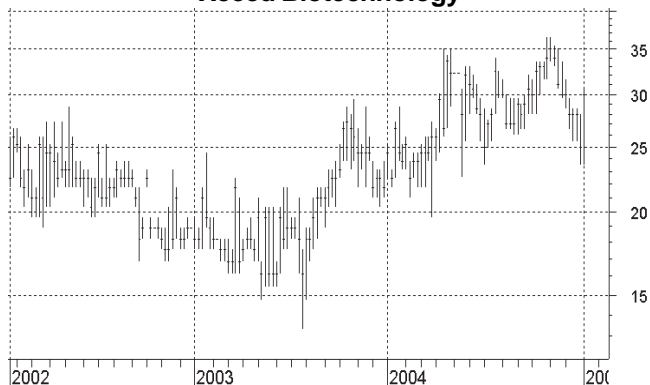
Current research includes orthopaedic trials (on sheep), trials of coatings on coronary stents (on pigs), an alliances with the **Bionic Ear Institute** in Australia to research nerve regeneration and with the **Royal College of London** to further develop the use of polymers in bone repair.

The second business is 100% owned **Boron Molecular** which was acquired in May 2004 from **CSIRO** for about \$5.0 million (i.e. 22.3 million shares and \$500,000 in cash). This company produces over 480 high-value organoboron compounds that are used by other biotechnology companies in drug discovery programs. The business has over 160 customers around the world. Revenues are growing rapidly - up 40% to \$1.43 million in the year to June 2004, with further 40% growth to \$2.0 million expected this year.

The issued capital is 82,844,552 ordinary shares giving the company a market value of \$24.9 million. The company is debt-free with \$10.0 million (12.1 cents per share) of cash in the bank. The shares are inactively traded and are currently quoted at 26½-30 cents - so investors need to be careful when buying or selling.

Summary and Recommendation

This company is in a sound financial position with significant cash reserves to fund future research and product development. Revenues are still low, but growing rapidly in the Boron Molecular division. The very high risks involved in Xceed Biotechnology are only partially offset by the large cash holding. The high level of *insider* buying, however, suggests that high risk investors may wish to consider a *small* investment in this emerging company.

Xceed Biotechnology

Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Loan & Building	7.00	20-12	21-12	Full
Aust Infrastructure Fund	6.00	23-12	17-02	

Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday February 8, 2005 (and delivered in most areas on Wednesday 9).

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