Information and Advice on the Australian and NZ Sharemarket from Securities Research Company's . . .

Market Analysis

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

Stockmarket conditions remain buoyant (especially in Australia), so investors should remain fully invested in shares. We continue to realise a few gains on fully valued shares and re-invest in more under-valued shares.

Investment Outlook.

Stockmarket conditions remain buoyant, with increased takeover activity and growing investor interest in the stockmarket. This is a favourable environment in which to earn high returns from our stockmarket investments. As investors chase today's "hottest" shares they will generate numerous opportunities for intelligent (and diversified) investors. "Under-performing" problem shares are dumped at low prices (e.g. Austral Coal last month?) while other shares get bid up too high (e.g. Villa World?).

There becomes two aspects to investing. Firstly, we still look for great companies at low prices. These are the shares we would happily "buy and hold" long term for dividend growth and capital appreciation. Secondly, there is an aspect of "playing the market". Warren Buffett who - like your Editor - has had some success in the stockmarket over the years, thinks of a "Mr Market". Villa World is a fine company, producing a good income for its shareholders. When Mr Market wanted to sell us his Villa World shares at 68 cents, we were happy to buy and enjoy the dividend income. If a few years later Mr Market wants to buy back those Villa World shares at 184 cents we are again happy to oblige. At that price we can find better value elsewhere.

So if the stockmarket eventually gets too high we may just need to sell out to Mr Market, put our money in the bank and wait for better value. But we haven't come close to that stage yet. It is, of course, important to keep one's feet firmly on the ground as the stockmarket soars to new high after new high. A buoyant market can become a booming market - and that will look like an endless source of easy money! Anyone who invested through the 1999 Technology boom and the 1980's Investment boom will know how difficult it is to retain a sense of perspective at these times.

So as one's portfolio swells in value, it is important to ensure that one's ego and sense of self importance do not! The comment above - where Mr Buffett and your humble Editor are mentioned in the same sentence - is, of course, intended purely as humour!

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**78%** (Bullish)	**73%** (Bullish)
New Zealand:	**69%** (Bullish)	**52%** (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
A2 Corporation	C	8.0	N/A	NE	Nil
ABS Canterbury	C	394	N/A	NE	Nil
AMP Limited	C	841	1.28	NE	2.1
AMP NZ Office	C	94	6.06	12	7.4
AXA Asia Pac.	B	470	1.68	22	2.5
Abano Health.	D	115	0.35	NE	Nil
Affco Holdings	D	42	0.24	4	Nil
Air New Zealand	C	162	0.28	6	Nil
Akd Int Airport	B	864	N/A	28	4.8
Allied Farmers	A	250	0.53	14	6.3
Apple Fields	C	3.0	N/A	NE	Nil
Beauty Direct	D	13	N/A	NE	Nil
Blis Technology	C	19	N/A	NE	Nil
Blue Chip NZ	D	101	0.38	NE	Nil
Botry-Zen Ltd	D	7.0	N/A	NE	Nil
Brierley Invest	C	94	2.51	14	2.3
Briscoe Group	C	119	0.79	11	8.8
Broadway Ind	B	122	0.59	8	1.6
CACI Group Ltd	D	36	0.51	NE	Nil
CDL Hotel NZ	C	63	1.31	13	3.3
CDL Investments	D	39	2.86	12	6.1
Cabletalk Group	C	64	0.37	11	Nil
Cadmus Tech Ltd	C	39	6.59	NE	Nil
Calan Hlthcare	C	99	9.06	15	8.1
CanWest Media.	C	219	N/A	NE	Nil
Cap Properties	B	120	4.90	18	7.5
Carter Holt	C	212	0.82	13	2.8
Cavalier Corp	C	421	1.38	13	9.6
Cert Organics	D	7.5	5.86	NE	Nil
Col Motor Co	B	300	0.21	10	10.0
Commsoft Group	E	0.3	N/A	NE	Nil
Comvita	C	250	1.01	18	2.5
Connexion	E	50	N/A	NE	Nil
Contact Energy	C	663	2.99	27	5.6
Cube Capital	E	7.5	0.25	NE	Nil
Cue Energy Ltd *	N/R	34	N/A	NE	Nil
Cynotech Hold.	C	26	2.11	NE	Nil
Dominion Fin.	C	112	N/A	10	7.3
Dorchester Pac	B	281	0.81	10	5.3
Eastern Hi-Fi	E	94	N/A	NE	Nil
Ebos Group Ltd	A	470	0.57	15	6.4
Evergreen	E	33	1.28	NE	Nil
F & P Appliance	C	340	0.95	10	8.9
F & P Health.	A	320	7.62	30	4.9
Feltex Ltd	C	166	0.76	12	3.6
Finmedia Ltd	D	126	1.35	NE	Nil
Finzsoft Sol'ns	D	100	1.54	26	Nil
Fletcher Build.	B	676	0.75	12	5.5
Forty Two Below	C	76	N/A	NE	Nil
Freightways Ltd	A	320	N/A	30	5.4
GDC Communicat.	D	21	0.17	NE	Nil
Genesis Res.	C	45	1.18	NE	Nil
Guinness Peat	B	231	1.17	10	1.2
Gullivers Trv.	E	161	N/A	NE	Nil
Hallenstein G.	B	391	1.27	13	9.2
Hellaby Hold.	A	685	1.01	16	7.6
Heritage Gold *	N/R	9.5	N/A	NE	Nil
Hirequip NZ Ltd	C	128	1.88	9	2.3
Horizon Energy	B	430	4.33	17	7.6
ING Property	C	120	N/A	26	9.3
Ind Newspapers	B	585	4.37	45	2.4
Infratil NZ	B	365	5.48	34	4.9
Just Water Int.	E	92	4.62	28	Nil
KidiCorp	E	27	1.94	NE	Nil
Kingfish Ltd *	N/R	120	N/A	NE	Nil
Kirkcaldie & St	C	230	0.55	21	4.8
Kiwi Property	C	113	N/A	15	7.6
Lion Nathan Ltd	A	880	2.10	26	3.7
Livestock Imp.	B	126	0.38	8	12.9
Loan & Building	B	450	1.68	17	4.8
Lyttelton Port	C	183	3.02	16	9.0
MG Property Trt	C	117	8.04	21	8.1
Mainfreight Grp	B	247	0.36	43	3.9
Media Tech.	D	11	1.78	NE	Nil
Methven Limited	E	157	N/A	NE	Nil
Metro. LifeCare	A	360	2.83	22	1.4
Michael Hill	B	735	1.09	19	4.3
Mid-Cap Index *	N/R	250	N/A	NE	Nil
Mike Pero Mort.	C	80	1.02	16	11.2
Mooring Systems	C	515	N/A	NE	Nil
Mowbray Collect	D	158	3.47	NE	4.3
Mr Chips Hold	D	105	0.72	13	7.1
NGC Holdings	C	313	3.04	17	9.1
NZ Exchange Ltd	B	950	8.69	41	Nil
NZ Experience	C	40	1.89	18	7.5
NZ Finance Hold	D	46	N/A	NE	Nil
NZ Invest Trust*	N/R	770	N/A	NE	1.1
NZ Oil and Gas *	N/R	127	N/A	21	Nil
NZ Refining Co	A	3170	4.01	21	5.6
NZ Wine Company	C	200	2.22	23	4.2
NZ Wool Service	D	52	N/A	NE	Nil
NZSX 50 Port.	D	148	N/A	NE	Nil
NZSX 10 Fund *	N/R	119	N/A	NE	Nil
NZX Aust MidCap	C	458	N/A	NE	Nil
Nat Property Tr	C	96	6.10	15	9.4
New Image Group	D	14	1.61	NE	Nil
Northland Port	B	325	N/A	40	3.7
Nuhaka Forestry	B	125	3.34	NE	50.4
Nuplex Indust	A	578	0.55	12	6.3
Opio Forestry	D	87	N/A	NE	Nil
Owens Group Ltd	E	103	0.16	NE	Nil
Oyster Bay	D	276	N/A	NE	Nil
Ozzy (Tortis) *	N/R	234	N/A	NE	Nil
POD Ltd	B	158	0.71	14	2.8
Pac Edge Bio.	D	27	N/A	NE	Nil
Pacific Retail	D	210	0.13	NE	Nil
Port Tauranga	B	560	4.96	22	5.3
Ports Auckland	B	670	4.31	16	9.0
Postie Plus Grp	C	71	0.26	7	14.8
Property F Ind.	C	108	N/A	12	6.8
Provenco Group	C	87	1.09	19	Nil
Pumpkin Patch	B	307	2.32	63	Nil
Pure NZ Limited	D	2.5	8.62	NE	Nil
Pyne Gould G.	B	195	0.67	11	6.9
Pyne Gould Corp	A	422	0.99	12	5.0
Renaissance	B	112	0.43	31	9.3
Restaurant Brds	D	131	0.40	15	11.4
RetailX Limited	C	6.0	0.44	NE	Nil
Richina Pacific	C	79	0.26	30	Nil
Rubicon Limited	D	104	N/A	NE	Nil
Ryman Health.	B	382	3.49	21	2.4
Sanford Limited	C	450	1.20	8	7.3
Satara Co-op	E	110	N/A	NE	Nil
Savoy Equities	D	2.4	N/A	NE	Nil
Scott Tech. Ltd	C	308	2.14	21	6.3
Sealegs Corp	D	42	N/A	NE	Nil
Seeka Kiwifruit	B	492	0.77	13	5.5
Skellmax Indust	C	130	1.22	11	8.0
Sky City Ltd	B	531	3.69	22	7.4
Sky Network TV	D	615	5.44	68	Nil
Slavus Strat. *	N/R	89	N/A	NE	Nil
Smiths City	C	80	0.21	10	6.5
Software of Exc	E	143	1.83	NE	Nil
Sol. Dynamics	C	144	0.97	NE	Nil
South Port NZ	D	139	2.45	18	7.0
Spectrum Res.	E	1.8	1.96	NE	Nil
Speirs Group	D	120	N/A	NE	Nil
Steel & Tube	B	485	1.10	15	8.3
Sthn Travel	E	120	N/A	NE	Nil
Summit Gold Ltd*	N/R	27	N/A	NE	Nil
Tag Pacific Ltd	C	31	0.61	NE	Nil
Taylors Grp Ltd	B	240	0.95	14	6.8
TeamTalk Ltd	B	255	2.56	19	9.7
Telecom Corp	A	628	2.26	16	6.4
Tenon Ltd	E	217	0.36	NE	Nil
Tol NZ Ltd	C	275	0.83	5	Nil
Tourism Hold.	B	214	1.23	19	6.3
Tower Limited	D	218	0.86	16	Nil
Training Sol.	D	0.1	0.59	NE	Nil
Trans-Tasman	E	37	3.44	11	Nil
Trust Power Ltd	A	590	1.47	15	4.4
Turners & Grow.	D	290	N/A	NE	Nil
Turners Auction	B	440	1.27	18	5.4
Urbus Property	B	109	2.60	5	8.3
Utilico Int'l	D	60	3.86	NE	Nil
VTL Group Ltd	C	115	1.22	17	2.9
Vertex Group	C	157	0.57	10	3.8
WN Drive Tech.	D	57	N/A	NE	Nil
Wakefield Hosp.	A	385	1.32	21	3.1
Warehouse Group	B	403	0.55	20	5.4
Waste Mgmt NZ	A	604	3.27	32	3.9
Widespread Port	D	2.8	N/A	NE	Nil
Williams Kettle	A	465	0.61	16	5.5
Windflow Tech.	E	280	N/A	NE	Nil
Wool Equities	C	70	N/A	NE	Nil
World Index Fd *	N/R	111	N/A	NE	Nil
Wrightson Ltd	B	185	0.41	25	9.3
Zintel Comm.	C	120	1.51	15	8.4
Ave of 168 Cos	C	238	0.80	25	3.5

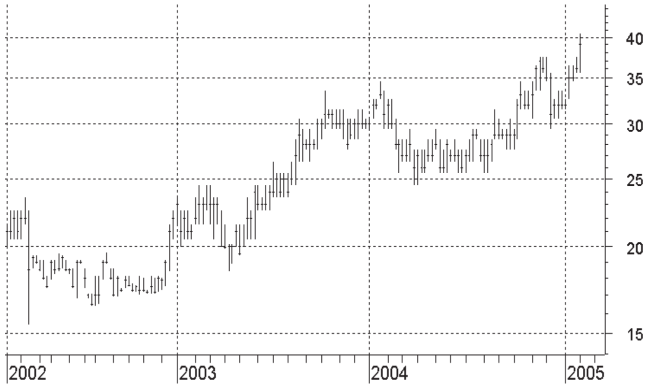
	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
ABB Grain Ltd	B	703	1.23	57	3.6
AMP Ltd	C	779	1.32	NE	2.1
ANZ Bank	C	2074	4.06	27	4.9
APN News Media	B	500	2.03	23	3.7
AWB Limited	B	461	0.30	16	5.4
AXA Asia Pac	A	432	1.58	8	2.4
Adelaide Bright	A	188	1.62	18	2.9
Adelaide Bank	B	1096	1.25	14	4.0
Alinta Limited	A	890	1.97	13	3.7
Alumina Ltd	B	595	N/A	29	3.4
Amcor Ltd	C	712	0.60	18	4.5
Ansell Ltd	C	924	1.44	23	1.4
Argo Investment	B	550	N/A	32	3.0
Aristocrat Leis	B	1070	5.13	NE	0.6
Aust Foundation	B	373	N/A	27	3.6
Aust Gas Light	B	1429	1.55	19	4.2
Aust Pipeline	A	372	3.59	8	7.5
Aust Stock Exch	A	2100	8.88	26	2.7
Aust Leis & Hos	B	373	1.37	19	2.2
Aust Pharm. Ind	B	355	0.27	43	3.7
Austar United	C	88	2.84	NE	Nil
Australand Prop	B	185	0.91	13	7.2
BHP Billiton	B	1695	1.85	14	2.1
Bank of Q'land	C	1049	1.40	16	4.1
Bendigo Bank	C	990	3.36	17	3.4
Billabong Int'l	B	1235	3.70	29	2.1
Bluescope Steel	A	957	1.21	12	3.1
Boral Limited	B	710	0.99	11	4.2
Brambles Ind.	B	752	1.63	41	1.3
Brickworks Ltd	B	1195	3.24	10	2.0
Burns Philp	C	94	0.56	17	Nil
C'wth Prop Off.	B	123	7.11	13	7.8
C.S.R. Ltd	B	253	1.18	15	4.3
CSL Limited	B	3255	3.87	29	1.2
Caltex Austrlia	A	1150	0.30	16	1.6
Centennial Coal	B	410	1.60	15	3.2
Centro Prop.	B	462	N/A	16	6.6
Chal Financial	B	352	2.29	24	Nil
Coal & Allied	B	3500	3.25	NE	Nil
Coates Hire	B	440	1.93	19	3.0
CocaCola Amatil	B	800	1.59	29	2.9
Cochlear Ltd	B	2800	5.31	41	2.8
Coles Myer	B	955	0.36	20	3.0
Com'wealth Bank	C	3435	2.55	17	5.3
Computershare	A	650	3.73	50	1.2
Corp Express	B	604	1.29	25	2.2
DCA Group Ltd	B	354	2.95	57	1.7
David Jones	A	221	0.50	14	5.0
Deutsche Div Tr	B	131	6.10	14	7.1
Div. Utility	C	259	1.24	18	Nil
Downer EDI Ltd	B	522	0.46	18	2.6
Energy Develop.	C	361	N/A	NE	0.4
Energy Resource	A	950	6.88	68	1.2
Envestra	C	110	2.83	37	8.6
Excel Coal Ltd	A	610	5.08	43	1.8
Fairfax (John)	B	454	2.32	15	3.6
Flight Centre	C	1604	1.89	18	3.8
Foodland Assoc	B	2440	0.42	20	4.1
Foster's Group	B	535	2.75	13	3.6
Futuris Corp.	B	222	0.54	61	3.6
GWA Internat'l	B	313	1.29	14	5.8
Gandel R. (CFS)	C	158	9.02	17	6.4
General Prop Tr	C	381	N/A	18	5.6
Gt Sthn Plant'n	A	487	5.70	13	2.1
Guinness Peat	B	213	1.07	10	1.2
Gunns Ltd	A	455	2.29	15	2.7
HHG Plc	C	169	0.28	NE	Nil
Hardman Res.	D	172	N/A	NE	Nil
Harvey Norman	B	292	1.69	18	2.6
Hills Motorway	C	1085	N/A	NE	3.4
ING Indust Trt	B	206	9.11	14	6.9
ING Office Fund	C	124	7.05	12	8.2
Iluka Resources	A	643	1.84	18	3.4
Incitec Pivot	A	2241	1.15	17	4.0
Insurance Aust.	A	690	1.75	17	3.2
Interoil Corpor	C	450	N/A	NE	Nil
Investa Prop.	B	208	4.67	14	7.9
Invocare Ltd	C	334	N/A	NE	Nil
Ivanhoe Mines	D	1200	N/A	NE	Nil
James Hardie	A	671	2.24	17	1.1
Leighton Hold	B	1218	0.67	30	3.7
Lend Lease Corp	A	1370	0.56	16	3.2
Lihir Gold	C	103	6.17	38	1.9
Lionore Mining	C	660	3.29	17	Nil
Macarthur Coal	A	595	4.14	78	0.6
Macquarie Prol.	B	113	6.60	13	9.5
Macquarie G Mgt	B	415	N/A	31	1.7
Macquarie Off.	C	128	8.24	12	8.0
Macquarie C'Wde	B	207	N/A	16	6.9
Macquarie Good.	B	236	8.46	22	5.7
Macquarie Bank	A	4870	4.27	21	2.5
Macquarie DDR	B	113	N/A	37	5.0
Macquaries C&I	B	630	5.77	NE	3.3
Macquarie Infra	B	380	6.13	5	2.0
Macquarie Air.	A	350	7.63	11	2.3
Mayne Group Ltd	B	478	0.61	32	3.6
Metcash Trading	B	341	0.30	21	3.2
Milton Corp.	B	1670	N/A	27	3.2
Minara Resource	C	193	2.41	5	Nil
Mirvac Group	B	466	2.39	13	6.9
Multiplex Group	A	598	0.83	57	2.4
Nat'l Aust Bank	C	3013	1.91	15	5.5
Nat'l Foods	B	628	1.53	27	3.5
New Hope Corp.	A	168	4.94	20	1.3
Newcrest Mining	B	1635	7.55	44	0.3
News Corp.	B	2248	3.07	43	0.1
Nufarm Limited	A	994	1.03	22	2.3
OAMPS	B	370	0.85	16	4.3
Oil Search Ltd	A	211	3.29	14	0.6
Onesteel Ltd	B	281	0.48	12	4.3
Orica Ltd	A	1975	1.13	16	3.4
Origin Energy	A	675	1.27	22	1.9
Oxiana Ltd	B	92	9.89	NE	Nil
Pacific Brands	C	314	4.27	NE	1.1
Paperlin X Ltd	B	462	0.33	19	6.0
Patrick Corp	A	617	2.99	18	2.1
Perp Trust Aust	A	6630	7.98	28	2.3
Primary Health	A	882	6.01	50	2.0
Promina Group	B	567	1.56	22	2.2
Publishing & Br	A	1639	3.42	16	2.6
Q.B.E. Insur.	B	1563	N/A	27	2.7
Qantas Airways	B	362	0.59	10	4.7
Ramsay Health	B	720	1.21	24	2.4
Record Invest.	A	605	N/A	38	3.0
Reece Australia	A	1325	1.51	21	2.1
Rinker Group	A	1113	1.95	25	1.3
Rio Tinto Ltd	A	4315	4.60	28	2.1
Rural Press Ltd	B	1021	3.74	22	3.8
SFE Corporation	A	1012	N/A	34	2.2
Santos Ltd	A	942	3.76	17	3.2
Seven Network	B	739	1.34	17	3.2
Sigma Company	B	888	0.66	28	2.3
Sims Group Ltd	A	1788	0.87	14	3.7
Smorgon Steel	B	125	0.42	24	5.2
Sonic Health	B	1149	2.97	53	1.7
Soul Pattinson	A	1070	4.83	16	1.9
Southcorp Ltd	B	439	2.82	71	Nil
Spotless Group	B	485	0.41	45	4.7
St George Bank	B	2456	2.48	16	5.0
Sthn Cross Brd.	A	1612	2.33	21	3.7
Stockland	B	584	5.39	13	6.3
Suncorp-Metway	A	1920	1.75	NE	3.6
Tabcorp Holding	B	1724	2.92	23	4.1
Telstra	B	510	3.03	16	5.1
Ten Network	B	423	2.52	27	4.3
Toll Holdings	A	1364	1.32	26	1.5
Transurban Grp	C	754	8.59	NE	3.4
Transfield Serv	B	682	0.76	14	2.3
UNiTAB Ltd	A	1310	3.54	32	3.1
Village Road.	B	243	0.38	16	Nil
Virgin Blue	B	207	1.40	12	Nil
WMC Resources	A	759	2.85	36	0.8
Wesfarmers Ltd	A	4037	1.81	17	3.5
West Aust News	B	880	5.22	22	4.3
Westfield Group	B	1712	8.42	33	1.5
Westpac Banking	B	1915	2.11	13	4.5
Woodside Petrol	A	2050	6.64	26	2.2
Woolworths Ltd	A	1455	0.57	25	3.1
Worley Group	A	573	2.28	28	2.1
Zinifex Ltd	B	296	3.04	28	Nil
Ave of 1528 Cos	C	200	0.42	23	1.4

Recommended Investments

CDL Investments has been suggested as a takeover target in a media report quoting a director that two parties had looked at the company owing to its large 240 hectare land holding. The NZX then temporarily suspended trading in the shares until the company clarified that two parties *had* looked at CDL Investments last year and not proceeded further.

As we have stated on previous occasions, as CDL Investments has a large land holding and as property prices have appreciated, then the company should be able to realise good profits from developing this land which was acquired relatively cheaply in the past. The shares, however, have risen strongly over the last two years reflecting this market upturn.

CDL Investments



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Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Initial Recommendation Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
	NZ Shares												
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	D	199.4	1.5	2.86	12	6.1	39	9.3	+93%
HOLD-	Cavalier Corporation	CAV	05/12/95	156*	C	64.9	0.5	1.38	13	9.6	421	147.5	+264%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.21	10	10.0	300	259.8	+273%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	C	102.1	0.8	3.02	16	9.0	183	43.3	+51%
HOLD+	Metlifecare Ltd	MET	10/08/04	236	A	86.4	0.7	2.83	22	1.4	360	2.0	+53%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.7	0.4	1.09	19	4.3	735	150.0	+1824%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	A	62.1	0.6	0.55	12	6.3	578	101.0	+94%
HOLD	Renaissance Corp	RNS	13/08/96	85*	B	37.2	0.9	0.43	31	9.3	112	20.4	+56%
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	D	26.2	0.9	2.45	18	7.0	139	75.0	+78%
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	B	24.3	0.7	0.95	14	6.8	240	43.0	+177%
	Australian Shares (in Aust cents)												
HOLD+	AJ Lucas Group	AJL	13/05/03	120	B	51.2	0.7	0.79	9	4.3	188	17.0	+71%
HOLD+	Atlas Pacific Ltd	ATP	14/05/96	73	D	87.8	2.2	1.46	13	Nil	17	7.0	-68%
BUY	Austin Group Ltd	ATG	08/02/05	93	A	62.2	1.0	1.01	14	6.5	93	Nil	
HOLD+	Austral Coal Ltd	AUO	16/01/01	19	C	203.2	1.0	1.89	42	Nil	109	Nil	+474%
HOLD-	Aust Infrastructure	AIX	07/10/03	158	A	228.6	0.6	N/A	17	4.2	273	17.5	+84%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	418*	A	40.1	0.5	0.98	26	3.4	964	153.5	+167%
BUY	Candle Australia	CND	08/04/03	86	A	39.6	0.8	0.50	20	4.0	225	10.0	+173%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	B	49.8	0.9	0.19	10	6.6	175	24.5	+31%
BUY	Circadian Technologies	CIR	10/02/04	188	C	40.1	1.0	10.76	13	Nil	195	65.0	+38%
BUY	Commander Comm.	CDR	11/09/01	92	A	154.6	0.7	0.76	39	0.8	241	11.2	+174%
BUY	Computershare Ltd	CPU	12/08/03	189	A	542.4	0.7	3.73	50	1.2	650	10.5	+249%
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	1.84	18	3.4	643	Nil	+37%
BUY	Keycorp Ltd	KYC	10/08/04	154	B	81.7	1.1	1.36	18	1.8	169	Nil	+10%
BUY	LongReach Group Ltd	LRX	11/01/05	23½	B	167.0	1.7	0.96	68	Nil	29	Nil	+23%
HOLD+	Melbourne IT	MLB	10/02/04	53	B	50.9	0.8	1.25	30	2.5	122	4.0	+138%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	C	253.2	0.9	3.26	34	1.5	116	Nil	+38%
BUY	Ross Human Directions	RHD	14/08/01	92	B	59.1	1.0	0.37	15	3.4	102	17.0	+29%
HOLD+	Skilled Engineering	SKE	12/03/02	126	C	95.6	0.7	0.35	16	5.9	270	41.5	+147%
BUY	Sonnet Corporation	SNN	07/09/04	31½	B	82.0	1.6	0.88	7	15.8	29	3.0	+0%
BUY	Technology One Ltd	TNE	11/11/03	44	A	298.7	1.1	4.23	23	3.9	73	2.9	+72%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	24.1	0.7	0.40	13	0.8	305	Nil	+19%
HOLD	Toll Holdings	TOL	08/09/98	60*	A	321.3	0.4	1.32	26	1.5	1364	64.0	+2280%
HOLD+	UXC Limited	UXC	11/01/00	55*	B	144.8	1.0	0.68	14	5.6	89	24.0	+105%
SELL	Villa World Ltd	VWD	11/06/02	68	A	113.2	0.7	1.19	9	7.1	184	29.0	+213%
HOLD+	Vision Systems Ltd	VSL	10/11/98	69*	A	173.4	0.8	1.81	23	2.8	148	28.3	+155%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +211.6%. This is equal to an average annual rate of +50.0%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 38 current and 128 closed out) is +34.3%, compared with a market gain of +9.8% (by the SRC Total Return Index). CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

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

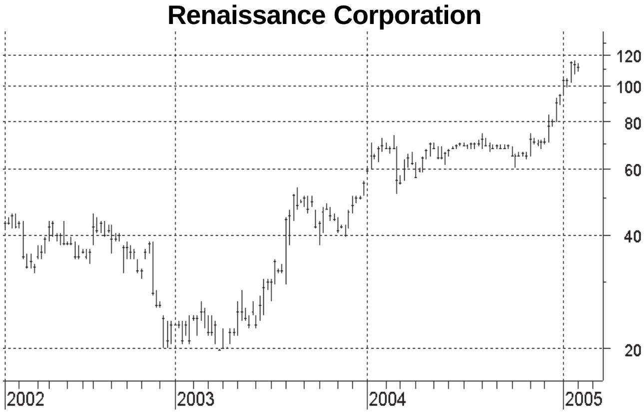
Recommended Investments *(Continued from Page 3)*

A stockbroker rated **Lyttelton Port Company** a "buy" after researching its 13-year coal contract with **Solid Energy**.

The company is also facing the threat of further industrial action in the short term with the **Combined Unions** planning an overtime ban from 17 February until 16 March.

Metlifecare remains the focus of takeover speculation, with media reports now naming investment bank **Babcock & Brown** and private equity investor **Pacific Equity Partners** as potential bidders along with **Primelife** and **FKP**.

Renaissance Corporation - whose shares have appreciated strongly over recent months - reports good performance "right across" its five divisions. Demand for *iPods* is certainly helping the company and the *Gizmondo* will become available from about mid-year. We mentioned the exclusive contract to import and distribute the *Gizmondo* device in Australia and New Zealand in our July 2004 newsletter, estimating annual demand at 150,000 units with a wholesale value of $50-75 million which will certainly give group revenues a boost!



Richina Pacific has announced that it plans to declare a dividend "once the results for 2004 are available". The company has also offered shareholders a Dividend Reinvestment Plan and the option to receive dividends in US dollars or the equivalent value in NZ dollars. NZ based shareholders who do not make an election will receive *cash* dividends in *NZ dollars*.

The *intention* to declare a dividend indicates an important stage in the company's development. The early stages of establishing a business require the input of new capital by shareholders. Early growth requires more cash - from shareholders and/or from retained profits. Eventually a business develops sufficient cashflow to finance continued growth *and* surplus cash that can be returned to shareholders as a dividend. So the payment of a dividend signals the emergence from the "development" stage to the "growth" stage - and the directors' confidence in continuing future cashflows and profitability.

South Port New Zealand has reported a 16.2% drop in revenues for the haf year to 31 December 2004. Trading profits fell 30.9% to $905,000 (3.4 cents per share) but there was also a $186,000 profit on the sale of property. The interim dividend will be 18.2% lower at 2.25 cents (plus full imputation tax credits). The cash operating surplus was just 5.2% lower at $1.5 million.

The loss of container shipping services - owing to soaring charter rates - has left South Port NZ's cargo handling infrastructure under-utilised and resulted in the current drop in revenues and profit. Also log exports are no longer economic owing to higher shipping rates. Partially offsetting that downturn, import tonnages of fertiliser and petroleum products increased, and exports of sawn timber, medium density fibreboard, pebbles and general cargo have all increased. Overall, cargo volumes were down 10.2% to 1,129,000 tonnes.

The **NZ Aluminium Smelter** is "evaluating several options" for its "long term energy requirements". This *could* involve coal powered electricity generation which would have a "positive impact on South Port" as that is where the coal would be brought in.

The company expects the full year's profit to be down about 20% on last year, but continues to "generate a strong operating cash flow" and has "limited future capital expenditure demands". South Port NZ has interest bearing debts of only $4.65 million - compared with Shareholders Equity of $24.5 million - so the directors "continue to assess the most effective use of the company's strong balance sheet". In the past that has allowed the company to pay special dividends and to make a capital repayment.

Australian Shares

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

Atlas Pacific has previously forecast a *loss* of $500,000 to $1,000,000 (*minus* 0.5-1.0 cents per share) for the year to December 2004 but that loss may be higher as revenue appears to be below expectations.

Revenues for the 2005 year, however, have been upgraded to "$9-12 million" from a "significantly bigger" pearl harvest. The company will not make a profit forecast for 2005 until after the first quarter's harvest and pearl sales, but this revenue is consistent with our earlier forecast (see *Market Analysis* 385, July 2004) of a $2-3 million profit (2.3-3.4 cents per share). The company's newsletter also mentions "a return to profitability" and "rewards for shareholders" (i.e. reinstating dividends).

Atlas Pacific exceeded its target of nucleating 300,000 oysters last year - up 50% on the 206,559 oysters nucleated in 2003. This will further boost the number of pearls to be harvested in 2006 and 2007.

It is likely that Atlas Pacific's share price is at its lows and will start to rise within the next 3-6 months - and then appreciate strongly over the next 3-4 years, perhaps *quadrupling* to around 75 cents!

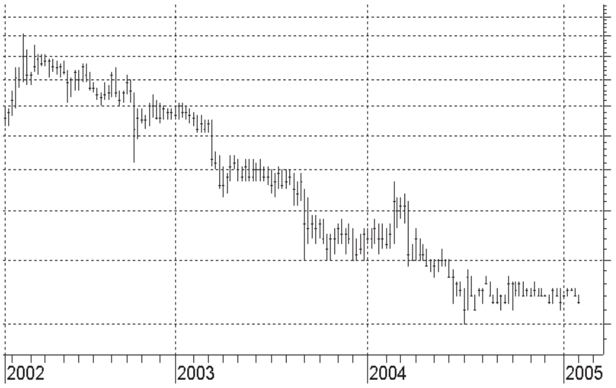
Many factors will impact favourably on future results: The *quality* (and value) of pearl production over the last two years has been poor owing to unfavourable results from re-nucleated oysters, but all future harvests will be "first operation" pearls of better quality. The *quantity* of pearls harvested will grow strongly over the next several years as a result of the larger number of oysters nucleated over the last couple of years. Significant cost savings in the production of juvenile oysters (which were carried forward as a lower cost of stock) will lower expenses - and improve reported profits - from 2006 onwards. Many operating costs are relatively fixed, so the growth in revenues will lead to even more rapid growth in profitability and with little need to retain cash within the business, the annual dividend payments will grow rapidly.

Atlas Pacific is also seeking to improve profitability by selling its growing quantities of by-products (i.e. mother of pearl and pearl meat). It has established a mother of pearl jewellery business, *South Seas Creations*, which is already generating 10% of group revenues.

Of course, like any farming operation, this business is subject to many factors (i.e. climate, commodity prices, exchange rates) that can impact significantly on profits - but Atlas Pacific has the potential to generate strong profits and cashflows, to pay high dividends and for the share price to be significantly re-rated.

At this stage we are upgrading Atlas Pacific shares from "Hold" to "Hold+".

Atlas Pacific



Austral Coal has made significant progress over the last month and the share and convertible note prices have jumped sharply - up 90% - reflecting this improved outlook.

Further equipment problems resulted in the company halting production during December to allow for "major rectification" of "all known engineering deficiencies", so coal production was a very low 78,556 tonnes. Having borrowed heavily to finance its mine expansion and new equipment, and with low production over the last seven months resulting in lower than expected cashflows, Austral Coal is not in a strong financial position - so it was necessary to make a placement of 30,311,045 shares at 48 cents in early January to raise $14.5 million.

The good news is firstly that "rectification works have been successful" with 100,000 tonnes of coal being produced in the first half of January and secondly that the company's coking coal prices will be increased "over 120%" for the 2005/2006 contract period. As a result of the low production over the last half year Austral Coal has been unable to meet its contract volumes and *could* have been required to deliver that coal at the old contract prices. Owing to the strong demand for coal, a "significant volume" of this "carryover tonnage" has been cancelled and will be delivered at the new contract prices with the remainder being delivered at the average of the 2004/5 and 2005/6 prices. So the company will start to benefit from the higher coal price earlier than expected!

For the full month of January, Austral Coal produced 205,014 tonnes of coal and shipped 132,848 tonnes to customers "of which half was priced at the contract price for 2005".

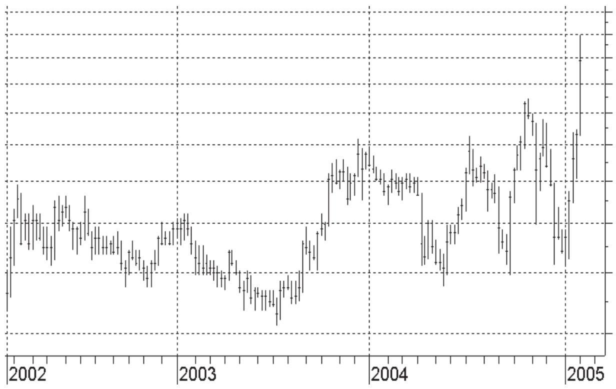
If Austral Coal can avoid major problems and lift annual production towards its target of 3.5 million tonnes (i.e. around 300,000 tonnes per month) then the 120% price increase will make a massive impact upon the value of the company's shares! Operating costs - mainly interest on development loans, depreciation of equipment and labour - are relatively fixed, so most of the additional revenue will flow through to profits. On 2.5-3.5 million tonnes of coal annually the new price will boost revenues by around $200-300 million - perhaps adding $60-100 million (20-33 cents per share) annually to *future* net paid profits.

The income producing convertible notes still remain the most attractive entry, as Austral Coal will need to apply its profits and cashflows *initially* to reducing its development debt and improving its financial position. With some cash in the bank (or undrawn credit facilities) Austral Coal will be in a better financial position to deal with any future mining problems without the need to place new shares at unfavourable prices to raise cash to meet its operating expenses and interest costs.

Austral Coal *may* experience some further mining problems in the future, but hopefully the performance of its new equipment will continue to improve towards its projected capacity. If that is the case then the shares should rise further in value over the next few years as the high coal price boosts cashflows and profits - enabling the company to quickly reduce its interest bearing debts and begin the payment of large dividends.

We rate Austral Coal a "Hold+" for further capital appreciation, income on the convertible notes and higher dividends on the ordinary shares from 2007 or 2008. Investors, however, who over-weighted their portfolio in Austral Coal at last month's low prices will now be *considerably* over-weighted and may wish to realise partial profits by selling 30-50% of this holding.

Austral Coal



Circadian Technologies' portfolio was worth $114.5 million (285 cents per share) on 31 January:

Listed Companies (% owned)	Market Value
Metabolic Pharmaceuticals (21%)	$53.3 million
Amrad Corporation (22%)	$14.7 million
Antisense Therapeutics (27%)	$13.9 million
Optiscan Imaging (7%)	$2.4 million
Axeva (18%)	$3.3 million
Cash	$27.0 million
Total	$114.5 million

The company also holds unlisted investments in a number of research projects which may eventually lead to the establishment of new companies that will be floated on the stockmarket. *(Continued on Page 6)*

Recommended Investments *(Continued from Page 5)*

The company paid 50 cents in cash (i.e. a 38 cents capital repayment and 12 cents dividend) to shareholders in November 2004 to distribute $20.1 million of surplus cash following the sale of **Axon Instruments** which realised $29.9 million.

Circadian Technologies has announced another special dividend of 15 cents per share and trades "ex-dividend" from last Friday. This will distribute a further $6 million to shareholders and reduce the net asset value to around 271 cents.

Circadian Technologies shares currently trade around 195 cents - which is a large 28% discount to its listed investments and cash. With the sale of Axon Instruments the portfolio is less well diversified and Metabolic Pharmaceuticals now makes up 46.6% of the portfolio. Nevertheless, Circadian Technologies shares still provide a discounted entry into the Biotechnology sector and we rate the shares a "Buy" for further capital appreciation.

International All Sports has acquired a 76% shareholding in UK based **Global Sports (UK)** for £76,000. This company operates an online horse racing and soccer bookmaking business with "an extensive client base and revenues of approximately £20 million per annum".

International All Sports business, however, appears to still be operating around a break-even level. The December quarterly cashflow report shows receipts up 12% to $148.1 million and a small cash operating *deficit* of $142,000 (up from a *deficit* of $2,791,000 in the December 2003 quarter). Cash on hand is $26.6 million ($25.3 million last year), or about 40 cents per share.

While this business *may* not recover in the immediate future the shares rate a firm "Hold". There is little risk, owing to the high cash holding and break-even level of trading, and also potential to develop a very profitable business. So we rate these shares a "Hold", will continue to sit on our existing investment . . . and upgrade them to a "Buy" (and add significantly to our holding) *when* the business shows signs of a return to profitability and growth.

Iluka Resources is on schedule to commission its $270 million *Douglas Project* that will start to produce revenues at the end of 2005. Top soil was stripped from the site in December and **Abigroup Contractors** has been awarded a four year mining contract, with "full scale mining operations beginning in early February". Commissioning of a wet concentrator plant in the June quarter and the separation plant in the September quarter will result in road transportation of finished product to the Port of Portland during the December 2005 quarter.

The company's revenues for the full year to December 2004 were 4.3% higher at $819.7 million.

Keycorp has signed a Memorandum of Understanding to co-operate with **Thales e-Transactions**, a subsidiary of European based **Thales Group**. Initially Keycorp will begin marketing Thales' *Artema* payment terminals but the two groups will co-operate on future terminal development, with Keycorp focusing upon *software* architecture and Thales managing the development of hardware and system software. Thales will also gain access to Keycorp's expertise in smart cards.

This arrangement should lower Research & Development costs in bringing new products to market and also yield production cost savings through economies of scale. If co-operation proved *very* successful then the obvious long term outcome would be for the very much larger Thales to make a takeover offer for Keycorp and assimilate it within its secure payments business.

LongReach Group's Chairman M Symonds is to retire from the board - and has sold 12,000,000 shares which is about half of his investment in the company.

Skilled Group has acquired **Medistaff Nursing Agency** for $3.5-7.5 million, based upon earnings for 2005. The company employs around 1000 specialist nurses in Victoria, New South Wales and Queensland, generating annual revenues of about $16 million. So this acquisition is being made at a Price/Sales ratio of 0.2-0.5, which would appear to be an attractive valuation.

As we have previously reported, the nursing agency market is "highly fragmented". Skilled Group entered this market in February last year with the acquisition of **Origin Healthcare** for $57 million, valued on a P/S ratio of 0.6-0.7.

Sonnet Corporation's quarterly cashflow report indicates the company is continuing to trade profitably. Receipts from customers during the December 2004 quarter were $8.0 million - up 24.9% on the previous year. Receipts for the half year were up 39.5% at $16.5 million, with the net operating surplus up 34.7% to $2.5 million. Cash on hand is $5.2 million (6.4 cents per share).

Share Recommendations: Sell Villa World

SELL Villa World (code VWD).

We are recommending the sale of Villa World shares. The residential property market is near the top of its cycle, and while we don't expect a sharp decline, Villa World shares now appear fully valued for such a cyclical business.

We originally recommended buying Villa World shares in June 2002 at around 68 cents. Profits had fallen 75% from a peak in 1994 and the shares had declined significantly in value - although were showing signs of a recovery. We saw Villa World as a no-growth, but cyclical company, with the potential for profitability and dividends to recover. This situation offered a high income yield (5.1% based upon the 3.5 cents dividend, rising to 11.8% if the dividend recovered to 8.0 cents as we expected) and capital appreciation of 50-100% over about two years as profits recovered and the shares were re-rated.

Villa World has actually performed better than we anticipated. The annual dividend recovered and was raised to 13.0 cents last year. Overall we have collected 29.0 cents in dividends - returning almost half of our purchase price. The shares achieved our initial price target of 100-140 cents within a year, and with potential for further gains we let these profits run. Over the last six months we have suggested realising partial profits at prices around 155-160 cents. The shares have now risen to around 184 cents - and at that price we recommend selling and taking the cash!

Overall our investment in Villa World shares has produced a total return of 213% (i.e. *tripled*) over just 32 months!

Apart from the risk that *Market Analysis* subscribers seek to sell out too quickly and temporarily depress the price, we would expect Villa World shares to remain strong in the immediate future. On the stockmarket there are a large number of buyers for Villa World shares and not too many sellers.

The share price *could* weaken slightly, however, if the sale of the **Dolphin Arcade** is not completed. The company has extended the exercise period on the option for **IDE Developments** to acquire this property by one month until 28 February in return for an additional fee of $100,000.

Summary and Recommendation

Villa World is a soundly financed and profitable company with many long term projects offering long term profitability. The shares, however, were under-valued in 2002 owing to difficult market conditions and declining profits. Since then the residential property market has improved, profits and dividends have recovered and the shares have been re-rated strongly. Around current prices the shares are fully valued and other investments probably offer better potential for *future* returns.

Valuing Cyclical Shares

Cyclical shares can make excellent investments - but valuing these shares and deciding *when* to buy or sell is not easy.

At a cyclical low, profits and dividends will have declined significantly over several years. So investors will never be sure whether they are looking at a company in a permanent decline or at a cyclical low. Although the share price will be low, profits and dividends may be even more depressed. Often a company will be trading at around break-even or at a loss and the dividend may have been cut to zero. So the Price/Earnings ratio will often be *high* - reflecting low *earnings*, rather than a high share price. The Dividend Yield will also probably be low - again reflecting the low dividend at the bottom of the cycle. So the P/E and Yield are not good indicators for valuing cyclical shares. The Price/Sales ratio is therefore often the best indication of value.

The opposite situation occurs at the peak of the cycle. With a history of increasing profits and dividends, the cyclical company will look like a *growth* company, while the high profits and dividends will result in a low P/E and high Yield, so the shares will also look under-valued.

In the case of Villa World, the P/E ratio was 13 and the Yield 5.1% in June 2002, while the P/S ratio of 0.41 was the best guide to under-valuation. Today, the P/E is only 9 and the Yield is 7.1% - but this reflects the higher profits and dividends at this stae of the property cycle. The P/S ratio of 1.19 more accurately shows that the shares are now 2½ times more expensive than in 2002.

Buy Austin Group

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

BUY Australian listed Austin Group (code ATG). Austin Group is a clothing designer, importer and wholesaler. The company appears to offer good growth potential - driven by improvements in the operation of the business, a move towards *branding* its clothing and an expansion in its sales force. The shares currently trade at a low valuation and could be re-rated over the next few years. In fact, it is this *compounding* impact of growth and the improvement in valuations that usually produces the strongest capital appreciation.

Company History

This business was started in the early 1980's and transferred to Austin Group in 1993 ahead of the public share issue at 150 cents. Austin Group performed very poorly, although the share price recovered in 1996/97 before falling again as the company became unprofitable in 1999. The business was re-capitalised with a $3.3 million rights issue in 2000 and restructured to return to profitability. In September 2003 the company released a five year strategic plan to improve the business and guide future growth.

Recent Results

Austin Group traded unprofitably in the June 1999 and 2000 years, resulting in a restructuring of the business and recapitalisation through a 1 for 1 cash issue at 12 cents per share.

The company returned to profitability in the year to June 2001. Revenues fell 25.9% to $40.5 million following the sale or closure of some businesses, but the company earned a profit of $1,007,000 (1.8 cents per share) and reinstated a 1.0 cent annual dividend.

The business improved significantly in the year to June 2002. Revenues rose 20.9% to $48.9 million and profits were up 186.7% to $2,887,000 (5.3 cents per share). The annual dividend was doubled to 2.0 cents. The company's financial position also improved significantly. The new head office and warehouse building in Geelong was sold and leased back, releasing $3.0 million to repay virtually all of the company's interest bearing debts.

Revenues rose 12.4% to $55.0 million in the year to June 2003, with profits up 42.2% to $4,104,000 (6.8 cents per share) and the dividend *tripled* to 6.0 cents.

The year to June 2004 - the first under its new strategic plan - was a little disappointing. Revenues rose just 3.9% to $57.1 million while profits were ahead just 2.4% to $4,201,000 (6.8 cents per share) and the dividend remained steady at 6.0 cents.

Five Year Strategic Plan

Restructuring the business and improving operations resulted in good profits in 2002 and 2003 but the company realised it needed more strategic direction.

This new strategy involves *branding* its own designed clothing (e.g. *Purr* and *Purr Girl* for the 15-25 female market, *Eight4 Roar* male surf and sports wear, *globalocal* urban/street wear, *Milly Girl* children's beach wear, *Precious Pumpkins* baby wear) and the distribution of other *licenced* brands (e.g. *French Kitty*, *Playboy* swimwear and the recently acquired *Brian Rochford* swimwear and apparel trademarks, with other licences "under negotiation"). Branded product sales are expected to grow in excess of 15% per annum and lift the company's market share, while the two licenced brands each added about 2% to company revenues in their first season.

Revenue growth should also be driven by Austin Group's 35% expansion of its sales force to provide increased visits and service to its 1750 independent retail customers. The independent clothing wholesale market has annual turnover of $1.5 *billion* in Australia, of which Austin Group currently has a 3.2% market share - so there is plenty of potential for expansion.

The group is also working to further improve its communications and supply chains. Customer orders are captured electronically and communicated to 100 contracted suppliers in China and India. The company will improve this system to allow monitoring of orders at every stage through to delivery to the customer.

Direct selling of ladieswear and menswear to major retailers is a small part of the business, but growing at 40% annually. The company also sees "considerable opportunities" in New Zealand with 15-20% annual growth expected from that market.

Overall the company has 220 employees with 68 in marketing, 48 in product design, 43 in Asia involved in product sourcing, 17 in quality control, 15 in distribution and 29 in management.

On the financial side, the company is focusing upon operational cost controls and "targeting a 10% improvement in the expenses to sales ratio". Achieving that alone would approximately *double* profitability.

Investment Criteria

At 93 cents Austin Group shares trade on a Price/Sales ratio of 1.01, a Price/Earnings ratio of 14 and a Dividend Yield of 6.5%. This is a low valuation - from which level investors could earn far above average returns *if* the company can generate growth. Austin Group believes it can expand revenues *and* improve its profit margins - so profits should grow faster than revenues.

Just 10% per annum growth over five years would raise group revenues by around 60% - with profits perhaps rising 100-200% (i.e. 15-25% per annum). That would increase earnings per share to around 13.5-20.0 cents, while 15-25% per annum growth would justify a P/E ratio of 15-20, valuing the shares at 200-400 cents. That is potential capital appreciation of 100-330% or 17-35% per annum in addition to the high 6½% income yield.

The issued capital is 62,182,019 shares, giving a market capitalisation of $58 million. This makes Austin Group a *smaller* listed company. The shares are reasonably actively traded, with daily turnover usually around $50-150,000. So investors will have to have some patience to accumulate larger shareholdings.

The founders retain a significant investment in Austin Group. Founder and Deputy Chairman RG

Austin holds 13,054,117 shares or 21.0% of the company. Non-executive director G Zappelli holds 4,910,446 shares (7.9%) while non-executive director K Elkington holds 50,000 shares. The Chairman BJ Beattie owns 282,090 shares. A company associated with the deceased founder G Austin continues to hold 6,037,336 shares (9.7%).

There have been two *insider* buys over the last year. K Elkington purchased 40,000 shares on-market at 68½ cents in November to increase his holding to 50,000 shares, while NJ Beattie purchased all of his 282,090 shares on-market at 70 cents the next week.

Austin Group is *neglected* by both institutional investors (i.e. they own very little of the company) and by brokers (i.e. none publish profit forecasts).

Technically the shares are in an uptrend, with a Relative Strength rating of +13.6%, ranked 23 (on a scale of 0-99).

Summary and Recommendation

This is a relatively low risk investment that offers a high current income yield *and* the potential for strong capital appreciation (i.e. 17-35% p.a.) *if* the company can achieve just a moderate revenue growth (i.e. around 10% p.a.) over a number of years.

Austin Group shares should therefore appeal to a wide range of investors although some patience will be necessary building up shareholdings. This, however, could prove a successful long term investment providing an above average total return. "Buy" for current income *and* capital appreciation.

Austin Group

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 Current	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Smiths City	80	+14.2	-0.2	15	0-2	-	1.3	14	0.9	10	6.5	0.21	42
Mainfreight Grp	247	+11.7	+3.9	22	1-4	5	3.2	8	0.6	43	3.9	0.36	236
Restaurant Brds	131	+0.2	-1.5	65	1-0	2	2.5	16	1.0	15	11.4	0.40	124
Wrightson Ltd	185	+15.2	+1.9	12	3-12	2	2.4	9	0.9	25	9.3	0.41	259
Renaissance	112	+24.8	+12.8	5	1-8	-	4.5	15	0.9	31	9.3	0.43	42
Allied Farmers	250	+18.5	+1.7	8	0-0	-	2.0	14	0.7	14	6.3	0.53	40
Nuplex Indust	578	+7.1	+2.0	41	1-0	4	2.2	19	0.6	12	6.3	0.55	359
Ebos Group Ltd	470	+8.8	-0.8	31	0-0	-	2.8	18	0.5	15	6.4	0.57	130
Broadway Ind	122	+7.7	+3.7	38	0-0	-	1.5	18	0.7	8	1.6	0.59	24
Williams Kettle	465	+25.3	+6.8	5	1-1	-	2.6	16	0.5	16	5.5	0.61	103
Pyne Gould G.	195	+10.3	-1.3	26	0-0	-	1.8	16	0.7	11	6.9	0.67	195
POD Ltd	158	+14.3	-8.3	14	1-0	-	2.9	21	0.9	14	2.8	0.71	51
Fletcher Build.	676	+15.1	+1.0	12	5-0	6	2.6	21	0.4	12	5.5	0.75	2,953
Seeka Kiwifruit	492	+2.3	+0.9	61	1-0	-	1.6	12	0.5	13	5.5	0.77	39
Dorchester Pac	281	+0.0	-0.7	67	0-2	-	1.9	20	0.7	10	5.3	0.81	59
Pyne Gould Corp	422	+18.9	+3.8	8	0-0	-	1.3	11	0.7	12	5.0	0.99	413
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Cabletalk Group	64	+34.8	-7.3	3	3-2	-	4.2	39	1.2	11	Nil	0.37	20
Williams Kettle	465	+25.3	+6.8	5	1-1	-	2.6	16	0.4	16	5.5	0.61	103
Pyne Gould Corp	422	+18.9	+3.8	8	0-0	-	1.3	11	0.6	12	5.0	0.99	413
Allied Farmers	250	+18.5	+1.7	8	0-0	-	2.0	14	0.6	14	6.3	0.53	40
Tol NZ Ltd	275	+15.3	-5.8	11	0-0	1	8.5	-	0.6	5	Nil	0.83	578
Fletcher Build.	676	+15.1	+1.0	12	5-0	6	2.6	21	0.4	12	5.5	0.75	2,953
POD Ltd	158	+14.3	-8.3	14	1-0	-	2.9	21	0.7	14	2.8	0.71	51
Smiths City	80	+14.2	-0.2	15	0-2	-	1.3	14	0.6	10	6.5	0.21	42
Pyne Gould G.	195	+10.3	-1.3	26	0-0	-	1.8	16	0.6	11	6.9	0.67	195
Affco Holdings	42	+9.0	-5.0	29	0-0	-	1.1	27	0.9	4	Nil	0.24	227
Ebos Group Ltd	470	+8.8	-0.8	31	0-0	-	2.8	18	0.4	15	6.4	0.57	130
Broadway Ind	122	+7.7	+3.7	38	0-0	-	1.5	18	0.5	8	1.6	0.59	24
Nuplex Indust	578	+7.1	+2.0	41	1-0	4	2.2	19	0.5	12	6.3	0.55	359
Tower Limited	218	+6.5	-5.3	44	0-0	7	1.1	7	0.6	16	Nil	0.86	899
Seeka Kiwifruit	492	+2.3	+0.9	61	1-0	-	1.6	12	0.4	13	5.5	0.77	39
Restaurant Brds	131	+0.2	-1.5	65	1-0	2	2.5	16	0.8	15	11.4	0.40	124
INCOME SHARES: Highest Yields, Capitalisation > NZ$100 million													
Restaurant Brds	131	+0.2	-1.5	65	1-0	2	2.5	16	0.7	15	11.4	0.40	124
Cavalier Corp	421	-5.5	-1.4	87	3-11	1	4.1	31	0.4	13	9.6	1.38	273
Wrightson Ltd	185	+15.2	+1.9	12	3-12	2	2.4	9	0.7	25	9.3	0.41	259
Hallenstein G.	391	+7.4	-1.7	40	1-1	2	4.2	31	0.3	13	9.2	1.27	230
NGC Holdings	313	+5.1	-1.8	51	0-0	-	4.5	27	0.5	17	9.1	3.04	1,386
Ports Auckland	670	-2.1	+0.7	79	1-0	6	1.8	11	0.4	16	9.0	4.31	710
Lyttelton Port	183	+1.7	+1.8	62	0-0	4	3.7	24	0.5	16	9.0	3.02	187
F & P Appliance	340	-0.8	-0.7	73	1-9	6	1.6	15	0.5	10	8.9	0.95	890
Briscoe Group	119	-8.4	-2.0	91	1-2	4	2.8	26	0.8	11	8.8	0.79	250
Steel & Tube	485	+5.4	-0.4	49	1-0	4	3.4	23	0.4	15	8.3	1.10	427

Company	Share Price	STRENGTH RATING Current	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Skellmax Indust	130	+0.0	+1.2	67	5-0	-	4.6	41	0.5	11	8.0	1.22	130
Fletcher Build.	676	+15.1	+1.0	12	5-0	6	2.6	21	0.3	12	5.5	0.75	2,953
Pacific Retail	210	+2.3	+1.7	61	3-0	2	1.8	-	0.7	NE	Nil	0.13	129
Loan & Building	450	+7.5	-2.7	39	4-1	-	1.4	8	0.2	17	4.8	1.68	14
MG Property Trt	117	+7.5	+1.0	39	2-0	-	1.2	6	0.4	21	8.1	8.04	170
GDC Communicat.	21	+1.4	+4.6	63	3-1	1	0.8	-	1.4	NE	Nil	0.17	14
Finmedia Ltd	126	+9.0	-5.4	30	1-0	-	2.3	-	0.4	NE	Nil	1.35	14
Nuplex Indust	578	+7.1	+2.0	41	1-0	4	2.2	19	0.4	12	6.3	0.55	359
Steel & Tube	485	+5.4	-0.4	49	1-0	4	3.4	23	0.4	15	8.3	1.10	427
Restaurant Brds	131	+0.2	-1.5	65	1-0	2	2.5	16	0.6	15	11.4	0.40	124
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
A2 Corporation	8	-10.1	+1.4	94	0-0	-	0.8	-	1.6	NE	Nil	N/A	7
Ports Auckland	670	-2.1	+0.7	79	1-0	6	1.8	11	0.3	16	9.0	4.31	710
South Port NZ	139	-1.4	+1.6	77	0-0	1	1.5	9	0.5	18	7.0	2.45	36
NZ Wine Company	200	-0.8	+0.5	72	1-0	-	1.0	4	0.4	23	4.2	2.22	17
Scott Tech. Ltd	308	-1.2	-2.1	76	0-0	-	4.5	22	0.4	21	6.3	2.14	77
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Spectrum Res.	2	-58.3	+0.0	98	1-0	-	2.5	-	2.8	NE	Nil	1.96	6
Genesis Res.	45	-16.2	+3.5	96	0-0	-	0.4	-	0.9	NE	Nil	1.18	12
Media Tech.	11	-14.4	-0.1	95	0-3	-	1.7	-	2.1	NE	Nil	1.78	9
Widespread Port	3	-13.4	+8.3	94	0-2	-	1.1	-	2.1	NE	Nil	N/A	8
A2 Corporation	8	-10.1	+1.4	94	0-0	-	0.8	-	1.5	NE	Nil	N/A	7
Blue Chip NZ	101	-9.6	+2.0	93	0-1	-	-	-	0.9	NE	Nil	0.38	53
Evergreen	33	-8.7	-0.9	92	5-2	-	0.6	-	0.7	NE	Nil	1.28	51
Abano Health.	115	-8.1	-0.8	90	1-0	-	5.5	-	0.6	NE	Nil	0.35	22
Warehouse Group	403	-8.0	+0.7	89	4-3	7	3.4	17	0.4	20	5.4	0.55	1,231
Botry-Zen Ltd	7	-6.3	+0.9	89	0-4	-	6.6	-	1.4	NE	Nil	N/A	12
Air New Zealand	162	-6.3	+3.2	88	8-1	6	0.8	13	0.6	6	Nil	0.28	1,133
Turners Auction	440	-5.2	+0.7	86	0-12	-	5.3	30	0.3	18	5.4	1.27	99
Carter Holt	212	-5.0	+0.9	85	3-1	4	0.9	7	0.5	13	2.8	0.82	2,771
Kirkcaldie & St	230	-4.9	-0.0	85	0-0	-	1.1	5	0.3	21	4.8	0.55	23
Turners & Grow.	290	-4.7	-0.4	84	1-0	-	-	-	0.5	NE	Nil	N/A	209
Connexion	50	-4.3	-2.6	83	0-0	-	-	-	0.7	NE	Nil	N/A	9
Sthn Travel	120	-3.7	-1.9	82	0-0	-	-	-	0.6	NE	Nil	N/A	16
INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Turners Auction	440	-5.2	+0.7	86	0-12	-	5.3	30	0.3	18	5.4	1.27	99
F & P Appliance	340	-0.8	-0.7	73	1-9	6	1.6	15	0.4	10	8.9	0.95	890
Cavalier Corp	421	-5.5	-1.4	87	3-11	1	4.1	31	0.3	13	9.6	1.38	273
Vertex Group	157	-1.6	+0.7	78	0-7	-	2.1	20	0.5	10	3.8	0.57	50
Zintel Comm.	120	-5.6	-0.9	87	1-6	-	11.3	77	0.5	15	8.4	1.51	60
Botry-Zen Ltd	7	-6.3	+0.9	89	0-4	-	6.6	-	1.3	NE	Nil	N/A	12
Media Tech.	11	-14.4	-0.1	95	0-3	-	1.7	-	2.0	NE	Nil	1.78	9
Widespread Port	3	-13.4	+8.3	94	0-2	-	1.1	-	1.9	NE	Nil	N/A	8

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Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Electrometals	5	-3.8	-1.6	76	0-0	-	4.8	-	2.1	NE	Nil	9.80	5
Eiffel Tech.	6	-12.9	+0.8	91	0-0	-	6.2	-	1.9	NE	Nil	9.69	12
Kip McGrath EC	210	-1.4	-1.9	70	1-1	-	10.5	30	0.4	35	2.4	9.58	36
Intec Ltd	7	-15.8	-1.6	93	0-2	-	6.8	-	1.9	NE	Nil	9.07	17
Bionomics Ltd	26	-0.6	-2.3	66	0-1	-	1.9	-	1.1	NE	Nil	8.31	16
Northern Gold	27	-1.1	-3.0	69	0-0	-	-	-	0.8	NE	Nil	8.08	39
Ezenet Limited	12	-16.3	+0.3	94	0-0	-	3.0	-	1.4	NE	Nil	7.55	7
Alkane Explor.	21	-6.1	+0.2	80	7-1	-	-	-	1.2	NE	Nil	7.39	28
Legend Mining	7	-21.5	+2.0	96	3-1	-	-	-	1.7	NE	Nil	7.29	9
AFT Corporation	2	-22.0	+2.8	97	0-0	-	-	-	3.3	NE	Nil	6.79	12
Visionmed Group	4	-11.1	+7.4	88	1-0	-	-	-	2.4	NE	Nil	6.73	7
Tech Star Ltd	13	-2.7	+2.3	73	0-0	-	-	-	1.1	NE	Nil	6.63	5
Sino Gold Ltd	190	-1.8	-1.2	71	0-0	-	2.8	4	0.6	73	Nil	6.56	245
Optiscan Image	35	-0.3	-1.4	65	0-0	-	2.5	-	0.9	NE	Nil	6.31	28
Peplin Ltd	51	-16.4	+5.1	94	0-0	-	5.7	-	0.6	NE	Nil	6.16	50
Biota Holdings	49	-5.4	-2.8	79	2-0	1	2.2	-	1.0	NE	Nil	5.84	47
Cryosite Ltd	28	-0.3	+1.6	65	0-0	-	3.9	-	1.1	NE	Nil	5.72	12
Argosy Minerals	7	-20.5	+0.9	96	0-0	-	-	-	1.8	NE	Nil	5.66	7
Bounty Oil Gas	11	-6.9	-0.8	82	0-0	-	-	-	1.9	NE	Nil	5.65	9
Eastl'd Medical	24	-11.6	-1.9	89	0-2	-	4.7	-	1.1	NE	Nil	5.38	28
Verus Investm't	25	-18.3	+7.4	95	1-0	-	4.2	-	0.7	NE	Nil	5.35	5
Tennant Creek G	11	-3.7	-0.5	75	5-0	-	-	-	1.4	NE	Nil	4.88	6
Easycall Int'l	8	-5.3	-5.7	79	0-0	-	1.1	-	2.0	NE	Nil	4.60	20
Pan Pacific Pet	14	-0.2	-0.9	64	0-0	-	-	-	1.2	NE	Nil	4.59	35
Astro Diamond	6	-11.4	-1.2	89	0-0	-	-	-	2.1	NE	Nil	4.48	8
Polartechnics	36	-15.4	-0.0	93	5-0	1	2.4	-	0.9	NE	Nil	4.37	22
Reckon Limited	78	-4.8	-1.4	78	0-0	-	6.5	32	0.7	20	Nil	4.35	107
Bullion Min.	17	-0.4	+0.8	65	10-3	-	-	-	1.2	NE	Nil	4.34	6
Amrad Corp.	55	-6.7	+2.0	81	7-0	1	1.5	-	0.5	NE	Nil	4.30	71
First Aust Res.	7	-1.3	-3.3	69	3-1	-	-	-	1.4	NE	Nil	4.28	11
GoldLink Income	113	-1.1	-1.5	69	0-0	-	1.1	9	0.6	12	6.2	4.26	54
Tantalum Aust.	5	-8.1	-3.8	84	0-0	-	-	-	1.9	NE	Nil	4.26	11
Jumbuck Enter.	29	-6.3	-3.9	81	1-0	-	-	-	1.1	14	Nil	4.11	12
Q-Mastor Ltd	14	-2.4	-3.4	72	0-0	-	3.5	-	1.3	NE	Nil	4.01	5
Institute Drug	224	-1.5	-2.7	70	1-2	1	3.7	16	0.6	23	3.1	3.76	96
SDI Limited	130	-11.9	-6.8	90	0-2	-	7.6	40	0.4	19	6.5	3.58	152
Stuart Petrol.	86	-2.6	-5.9	73	0-1	-	-	-	0.8	14	Nil	3.54	52
Healthpoint Tec	43	-3.7	+3.5	75	0-0	-	42.5	-	1.4	27	Nil	3.41	16
Bass St Oil Trt	219	-3.4	-0.9	75	0-0	-	1.5	17	0.3	8	14.5	3.36	123
M.Y.O.B. Ltd	116	-2.4	-4.2	72	1-0	4	11.6	34	0.5	34	1.5	3.26	294
Signature Brand	14	-30.8	+3.5	99	0-0	-	-	-	1.5	NE	Nil	3.25	7
Icon Energy	3	-9.2	-17.7	86	0-0	-	-	-	2.3	NE	Nil	3.21	6
Sthn Pacific	24	-0.1	+0.0	64	0-0	-	-	-	0.9	NE	Nil	3.15	110
Infomedia Ltd	70	-0.4	+0.5	66	0-0	4	7.8	71	0.6	11	5.4	3.11	227
Envirozel Ltd	12	-12.7	-0.7	90	1-0	-	-	-	1.1	NE	Nil	3.11	7
Impress Venture	5	-8.9	-12.1	85	8-0	-	-	-	2.3	NE	Nil	2.98	6
Planet Platinum	36	-12.3	+0.5	90	1-0	-	2.0	3	0.9	80	5.9	2.86	12
Hudson Res. Ltd	12	-1.1	-13.7	69	1-1	-	2.4	8	1.3	29	Nil	2.68	11
Clover Corp.	32	-2.0	-2.2	71	1-1	-	2.6	7	1.6	39	3.2	2.64	48
Orbital Corp	11	-13.5	-2.1	92	0-0	-	-	-	1.4	13	Nil	2.57	43
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
ETT Ltd	10	-39.9	+3.1	99	0-0	-	9.6	-	1.1	NE	Nil	N/A	58
Intellect Hold	3	-37.4	+1.7	99	0-0	-	-	-	2.7	NE	Nil	N/A	22
Open Telecom.	40	-34.8	+3.0	99	0-0	1	2.2	-	0.7	NE	Nil	0.40	5
Titan Resources	8	-31.0	-7.4	99	0-3	-	0.6	-	1.3	NE	Nil	N/A	29
Signature Brand	14	-30.8	+3.5	99	0-0	-	-	-	1.4	NE	Nil	3.25	7
Chemeq Ltd	161	-30.3	-0.3	99	0-2	-	2.3	-	0.6	NE	Nil	N/A	164
ITL Limited	14	-28.8	-1.4	98	4-0	-	-	-	1.0	NE	Nil	0.79	14
Ambri Limited	13	-28.5	-2.0	98	2-0	1	-	-	1.3	NE	Nil	N/A	22
Neighbourhood C	24	-27.3	-2.4	98	0-0	-	12.0	-	0.8	NE	Nil	2.09	11
BresaGen Ltd	10	-26.5	-11.4	98	0-0	-	-	-	1.5	NE	Nil	1.01	5
Mark Sensing	6	-25.2	+0.3	98	5-1	-	1.2	8	1.4	16	Nil	0.57	12
QPSX Limited	16	-24.3	+9.1	97	1-0	-	-	-	1.0	NE	Nil	N/A	22
Marlborough Res	1	-22.9	+3.8	97	0-0	-	-	-	3.2	NE	Nil	0.72	7
AFT Corporation	2	-22.0	+2.8	97	0-0	-	-	-	3.0	NE	Nil	6.79	12
DenX Ltd	8	-21.9	-1.9	97	2-0	-	8.0	-	1.1	NE	Nil	2.42	11
Lumacom	14	-21.7	+4.9	97	3-0	-	3.5	-	1.0	NE	Nil	N/A	14
Monto Minerals	4	-21.7	-3.7	97	1-0	-	-	-	1.7	NE	Nil	N/A	7
Unlife Medical	81	-21.6	-1.0	97	1-0	-	-	-	1.2	NE	Nil	N/A	71
Legend Mining	7	-21.5	+2.0	96	3-1	-	-	-	1.6	NE	Nil	7.29	9
Cryptome Pharm.	12	-21.4	-2.9	96	1-0	-	1.2	-	1.1	NE	Nil	N/A	6
Occupational Md	100	-21.1	-2.4	96	0-0	-	4.8	-	0.9	NE	Nil	N/A	30
Argosy Minerals	7	-20.5	+0.9	96	0-0	-	-	-	1.7	NE	Nil	5.66	7
Acclaim Explor	3	-19.3	-1.7	96	0-0	-	-	-	2.0	NE	Nil	N/A	11
Strategic Min.	15	-19.3	+2.1	95	0-0	-	-	-	0.8	NE	Nil	N/A	32
Aeris Tech Ltd	64	-19.3	-1.0	95	0-0	-	12.8	-	1.1	NE	Nil	N/A	29
Range River Gld	13	-19.2	-4.0	95	1-0	-	-	-	0.9	NE	Nil	N/A	11
Verus Investm't	25	-18.3	+7.4	95	1-0	-	4.2	-	0.7	NE	Nil	5.35	5
Haoma Mining NL	13	-18.3	+1.4	95	0-0	-	-	-	0.9	NE	Nil	N/A	24
Benitec Ltd	52	-18.3	+0.7	95	3-2	-	-	-	0.9	NE	Nil	N/A	42
Medical Monitor	4	-18.2	+0.2	95	1-0	-	-	-	1.7	NE	Nil	N/A	9
Medaire Inc	64	-17.9	-5.3	95	2-0	-	9.1	-	0.8	NE	Nil	1.96	34
Thundelarra Exp	33	-17.8	-3.0	95	8-3	-	-	-	0.9	NE	Nil	N/A	19
Midwest Corp	38	-17.0	+7.2	94	0-0	-	-	-	0.8	NE	Nil	N/A	21
Adacel Tech.	38	-17.0	+1.7	94	0-0	1	5.4	-	0.8	NE	Nil	0.43	25
Sam's Seafood	122	-16.9	-1.1	94	0-2	-	-	-	0.6	12	Nil	0.42	30
Medivac Ltd	16	-16.9	+0.7	94	1-0	-	2.7	-	1.5	NE	Nil	N/A	5
Sons of Gwalia	130	-16.8	+3.4	94	0-0	-	-	-	0.8	6	Nil	0.36	217
Legalco Limited	68	-16.8	+2.5	94	2-2	-	2.3	1	1.2	283	Nil	0.43	25
Hampton Hill	13	-16.7	-4.2	94	0-0	-	-	-	1.2	NE	Nil	N/A	11
Multiemedia Ltd	3	-16.5	+0.7	94	1-4	-	3.0	-	2.5	NE	Nil	1.80	34
Peplin Ltd	51	-16.4	+5.1	94	0-0	-	5.7	-	0.6	NE	Nil	6.16	50
Strike Oil Ltd	14	-16.3	-20.6	94	0-0	-	-	-	1.1	1	Nil	0.43	11
Ezenet Limited	12	-16.3	+0.3	94	0-0	-	3.0	-	1.3	NE	Nil	7.55	7
Prima Biomed	12	-16.0	-1.1	93	5-5	-	-	-	1.3	NE	Nil	N/A	8
Cygenics Ltd	69	-15.8	-4.9	93	2-0	-	-	-	0.6	NE	Nil	N/A	33
Intec Ltd	7	-15.8	-1.6	93	0-2	-	6.8	-	1.8	NE	Nil	9.07	17
World.net Serv.	14	-15.6	+1.9	93	0-0	-	2.0	-	1.2	NE	Nil	1.98	9
Polartechnics	36	-15.4	-0.0	93	5-0	1	2.4	-	0.8	NE	Nil	4.37	22
Medigard Ltd	14	-15.2	-2.0	93	0-0	-	-	-	1.5	NE	Nil	N/A	9
Xanadu Wines	5	-14.7	-1.9	93	1-0	-	0.3	-	1.8	NE	Nil	0.40	12
INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Kimberley Diam.	88	-12.4	+0.9	90	1-6	-	-	-	0.6	NE	Nil	N/A	150
Titan Resources	8	-31.0	-7.4	99	0-3	-	0.6	-	1.2	NE	Nil	N/A	29
Allied Tech Grp	32	-9.4	-9.6	86	0-3	-	0.7	8	1.3	10	4.7	0.85	10
AAV Limited	163	-16.1	-1.5	94	0-3	-	4.2	34	0.6	12	4.0	1.28	133
Multiemedia Ltd	3	-16.5	+0.7	94	1-4	-	3.0	-	2.3	NE	Nil	1.80	34
Hardman Res.	172	-7.3	-4.5	82	1-4	-	-	-	0.5	NE	Nil	N/A	852
Sam's Seafood	122	-16.9	-1.1	94	0-2	-	-	-	0.6	12	Nil	0.42	30
Intec Ltd	7	-15.8	-1.6	93	0-2	-	6.8	-	1.7	NE	Nil	9.07	17
Chemeq Ltd	161	-30.3	-0.3	99	0-2	-	2.3	-	0.5	NE	Nil	N/A	164
SDI Limited	130	-11.9	-6.8	90	0-2	-	7.6	40	0.3	19	6.5	3.58	152
Eastl'd Medical	24	-11.6	-1.9	89	0-2	-	4.7	-	1.0	NE	Nil	5.38	28
De Grey Mining	37	-8.0	-6.1	84	2-4	-	-	-	0.7	NE	Nil	N/A	20
WAM Capital Ltd	156	-1.6	-0.6	70	2-4	-	1.0	9	0.4	12	6.4	N/A	88
Netcomm Limited	20	-15.7	+0.5	93	2-4	-	2.5	34	0.8	7	6.5	0.59	14
View Resources	43	-8.4	-3.0	85	0-1	-	-	-	1.1	NE	Nil	N/A	12
Virotec Int'l	61	-4.2	+4.7	77	0-1	-	20.3	-	0.6	NE	Nil	N/A	122
Reefton Mining	5	-7.7	-0.9	83	0-1	-	-	-	1.7	NE	Nil	N/A	10
Nat'l Can	147	-0.4	+0.5	66	0-1	-	0.9	5	0.3	17	3.7	0.54	98
Wavenet Int'l	15	-10.1	-7.6	87	0-1	-	1.2	1	1.2	100	Nil	1.21	8
Bionomics Ltd	26	-0.6	-2.3	66	0-1	-	1.9	-	1.0	NE	Nil	8.31	16
Dragon Mining	25	-7.3	-3.1	83	0-1	-	-	-	1.0	NE	Nil	N/A	49
Mincor Resource	70	-6.0	+1.3	80	0-1	2	2.7	46	0.7	6	2.1	0.76	136
Emperor Mines	60	-2.9	+2.2	74	0-1	1	1.5	-	0.7	NE	Nil	1.10	95
Scigen Ltd	5	-11.0	-4.1	88	0-1	-	2.6	-	1.5	NE	Nil	1.83	12
Citigold Corp	14	-2.4	-2.7	72	0-1	-	-	-	1.2	NE	Nil	N/A	44

Total Return Index for All Listed Shares

Jan 10	2455.29	Jan 17	2459.42
Jan 11	2455.97	Jan 18	2471.41
Jan 12	2452.09	Jan 19	2472.41
Jan 13	2458.55	Jan 20	2468.47
Jan 14	2454.43	Jan 21	2467.51
Jan 24	2476.08	Jan 31	2493.10
Jan 25	2483.84	Feb 1	2493.33
Jan 26	2483.61	Feb 2	2491.37
Jan 27	2479.15	Feb 3	2491.45
Jan 28	2490.43	Feb 4	2493.38

D i v i d e n d $

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Calan Healthcare Properties	1.8377	14-02	01-03	0.3123
South Port NZ	2.25	21-02	04-03	Full
Australian Shares				
Aust Infrastructure Fund	6.00	23-12	17-02	
Circadian Technolgies	15.00	04-02	24-02	
Sonnet Corporation	1.50	13-01	02-02	

Australian Company Analysis: Avatar Industries

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

Avatar Industries (code AVR) has two major divisions where profits are booming plus one small emerging technology project which *may* offer the potential for significant medium to long term growth. The shares trade on a low valuation, with an historical Price/Earnings ratio of just 12 and a Dividend Yield of 3.6%. Strong growth in profitability this year should improve the P/E to 6-7 and the Yield to around 6.0-6.5% - so the shares are likely to be re-rated strongly over the next 6-12 months.

Company History

This company was formed in 1970 as **Osborne Metals**, listed on the Perth Stock Exchange in that year but was suspended and placed in receivership in 1986.

The company survived owing to a scheme of arrangement sponsored by **Barrack House Group** in 1987 and re-listed on the stockmarket under the name **Barrack Industries** in 1989. The parent company experienced financial troubles in 1990/91 and this company assumed the name **Avatar Industries** in 1993.

Avatar Industries acquired **Sunshine General Industries** in 1993. In 1994 it acquired a 19.9% interest in **Australian Consolidated Equities** and a 40% shareholding in **Kalamazoo Holdings** - which was eventually followed by a full takeover in 1999.

By this stage, however, the company had become a conglomerate with around $150 million of interest bearing debts and was trading unprofitably. Avatar Industries began selling assets to repay debts and focus on a smaller number of core businesses. In 1999 it sold its **Building Products Group** business for $33 million, its **Electronic Components** business for $17.4 million, **Kalamazoo Printing** for $7.7 million and two properties for $4.9 million. In 2000, **Arlec Power** was sold for $14.8 million. In 2001 it sold the heater and barbecue business for $9.5 million and **Sunstate Fuel** for $5.5 million. In 2002 it sold a property for $8.5 million and in late 2003 raised $10.7 million of new equity in a cash issue. This reduced interest bearing debt to a manageable $18.8 million.

Current Businesses

Avatar Industries two main businesses are **DrillCorp** and **Arlec**. DrillCorp operates fleets of drilling rigs in Australia and in Southern Africa. The boom in mineral exploration is "driving higher sales revenue and margins". Arlec is involved in importing and distributing consumer products (i.e. electrical products, hardware, barbecues).

Avatar Industries is also seeking to commercialise its **Lednium** research project which holds patents for the use of light emitting diodes (LED) in solid state lighting products. LEDs are more energy efficient than current light bulbs and will last for tens of thousands of hours. The company hopes to commercialise this technology within 12-18 months - so this has the *potential* to grow rapidly and develop into a major business over the next decade.

Recent Results

Since re-listing in 1993 the company traded profitably until the year to June 1998 when it lost $4.9 million. Avatar Industries made further large losses over the next two years: $22.1 million in 1999 and $18.8 million in 2000.

A smaller Avatar Industries returned to profitability in the year to June 2001. Revenues fell 47.4% to $168.2 million but the company earned a profit of $7,079,000 (5.0 cents per share).

Revenues fell another 15.9% to $141.5 million in the year to June 2002 and the company reported a loss of $21,921,000 - mainly as the result of writing down asset values and writing off intangible assets.

In the year to June 2003, revenues rose 1.8% to $144.0 million and the company made a small operating *loss* of $480,000 (*minus* 0.6 cents per share).

The year to June 2004 saw revenues down 1.6% at $141.7 million but a profit of $5,392,000 (6.8 cents per share). Dividends were reinstated with a total payment of 3.0 cents.

Results for the six months to December 2004 will be released over the next couple of weeks, but the company has already announced that first half profits will be up about 100% to around $5.0 million (7 cents per share) with the second half profits also likely to be "well ahead" of last year. Company policy is to distribute 40-50% of profits as a dividend - so the interim dividend is likely to double to around 3.0 cents.

Investment Criteria

At 84 cents, Avatar Industries shares trade on a low Price/Sales ratio of 0.47, a low Price/Earnings ratio of 12 and a Dividend Yield of 3.6%. Strong profit growth this year, however, will improve the P/E to a very low 6-7 and the Yield to 6.0-6.5%. That is very under-valued and the shares should be re-rated strongly this year.

Longer term the Lednium project could grow into a third division and provide good revenue and profit growth over the next decade - although at this stage this division has no meaningful revenues and the technology has not yet been commercialised.

With an issued capital of 79,238,464 shares the market capitalisation is $66 million making this a *smaller* listed company. Trading volumes in the shares average around $20-50,000 daily - which is a little low for us to be able to consider Avatar Industries as a formal buy recommendation.

The directors have large investments in Avatar Industries. The Executive Chairman IN Trahar holds 36,470,864 shares or 46.0% of the company! Managing Director PJ Favretto owns 12,006,393 shares (15.2%). A non-executive director *(Continued on Page 12)*

Avatar Industries *(Continued from Page 11)*

WH Cairns has 61,734 shares. These large holdings probably explain the low volume of shares trading on the stockmarket.

There has been one *insider* buy over the last year, when WH Cairns purchased 30,000 shares on-market at 36 cents to increase his holding to 61,734 shares. These shares were actually bought in November 2003, but not reported until March 2004.

Avatar Industries shares are *neglected* by both institutional investors and stockbrokers. *Neglected* shares, of course, tend to be under-valued relative to *widely held* and *widely followed* shares.

Technically the shares are in a strong uptrend with a Relative Strength rating of +27.1%, ranked 9 (i.e. on a scale of 0-99, so in the top 10%).

Summary and Recommendation

Avatar Industries shares trade on a low valuation - perhaps owing to the company's poor performance just a few year's ago - but profits are booming and the shares should be re-rated. The large director shareholdings align management interest with those of shareholders. When institutions and brokers *discover* the company and start to buy shares the price could appreciate significantly further. Unfortunately the relatively low volume of shares trading on the stockmarket will make it difficult for investors to acquire large shareholdings in the company, so for that reason we are <u>not</u> formally rating the shares as a "Buy".

Avatar Industries

Australian Warrant / Option Analysis

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/ Under-Valued	Share Vola-tility	Option Lever-age	Options to Buy 1 Share	Break-Even Rate
AKD Limited	1	20	0-1	0.1	0.0	+999	0.61	9.99	1.00	+999
Adultshop.com	5	10	1-4	0.7	0.2	+264	0.46	4.39	1.00	+80
Aeris Technologies	64	20	0-4	44.0	44.4	-1	0.56	1.44	1.00	+0
Alcaston Mining	3	15	2-7	0.8	0.5	+72	0.74	2.20	1.00	+81
Alkane Exploration	21	35	0-1	0.2	0.0	+999	0.45	9.99	1.00	+999
Allied Gold	23	20	2-4	9.6	10.7	-11	0.66	1.67	1.00	+11
Amcil Ltd	50	50	2-0	6.5	6.9	-5	0.15	5.15	1.00	+7
Analytica Ltd	6	9	0-6	2.0	0.2	+999	0.50	6.03	1.00	+252
Anitsense Therapeutic	13	20	1-11	5.0	1.4	+261	0.42	3.33	1.00	+44
Aquacarotene	4	5	0-4	1.7	0.6	+186	0.97	3.14	1.00	+370
Arafura Resources	19	20	3-4	8.1	8.4	-3	0.61	1.64	1.00	+13
Argonaut Resources	16	30	2-4	6.5	3.3	+98	0.60	2.27	1.00	+42
Ashburton Minerals	17	32	2-1	5.7	4.6	+23	0.76	1.95	1.00	+47
Aspen Group	22	25	0-8	1.4	0.8	+71	0.23	9.07	1.00	+34
Astro Mining	6	5	7-9	2.7	5.2	-48	1.17	1.05	1.00	+4
Astro Mining NL	6	75	4-10	2.5	2.8	-11	1.17	1.29	1.00	+72
Aurora Minerals	29	20	1-5	13.5	11.8	+15	0.49	2.06	1.00	+12
Aurox Resources	12	20	2-8	3.0	0.6	+386	0.26	4.88	1.00	+28
Ausmet Resources	20	20	1-10	6.4	6.7	-4	0.57	2.08	1.00	+16
Ausquest Ltd	14	20	1-9	5.0	4.2	+18	0.79	1.90	1.00	+42
Aust Food & Fibre	37	32	1-4	6.3	7.9	-21	0.24	3.73	1.00	+4
Aust Magnesium	2	125	0-5	0.1	0.0	+999	0.78	9.99	1.00	+999
Aust Mining Investments	5	10	1-5	1.3	0.5	+141	0.56	3.17	1.00	+68
Aust Pure Fruits	80	30	3-3	62.0	56.8	+9	0.51	1.35	1.00	+4
Auth Investments	16	25	5-1	3.0	10.5	-72	0.94	1.22	1.00	+12
Auth Investments	16	25	1-10	5.5	5.8	-6	0.94	1.68	1.00	+45
Autron Corporation	18	18	2-3	7.6	5.1	+48	0.44	2.33	1.00	+18
Aviva Corporation	5	10	0-10	0.7	0.3	+122	0.68	3.65	1.00	+149
Ballarat Goldfields	17	15	0-7	3.6	3.4	+6	0.49	3.39	1.00	+23
Barra Resources	5	20	1-6	1.0	0.6	+69	0.88	2.40	1.00	+150
Batavia Mining	5	20	1-7	1.1	0.2	+471	0.69	3.19	1.00	+158
Beach Petroleum	48	34	0-3	15.5	15.0	+3	0.34	3.16	1.00	+9
Berkeley Resources	11	20	1-9	4.0	2.2	+82	0.68	2.30	1.00	+56
Biometrics Ltd	9	20	2-10	2.5	3.2	-22	0.82	1.66	1.00	+38
Bionomics Ltd	26	50	2-5	4.0	3.0	+35	0.45	3.01	1.00	+35
Bioprospect	7	20	0-11	0.9	0.5	+98	0.81	3.19	1.00	+215
Biosignal Ltd	28	20	1-10	8.5	13.4	-37	0.67	1.68	1.00	+2
Biosignal Ltd	28	50	1-4	4.0	3.9	+3	0.67	2.71	1.00	+66
Biotech Capital	42	55	1-8	4.2	2.5	+68	0.25	5.66	1.00	+24
Boulder Steel	18	20	0-9	3.0	3.4	-13	0.63	2.94	1.00	+39
Brandrill	9	10	0-7	0.3	5.8	-95	2.60	1.25	1.00	+31
CBD Energy	30	2	1-11	8.0	27.7	-71	0.46	1.07	1.00	-44
CBD Energy	30	100	1-11	10.0	0.5	+999	0.46	4.53	1.00	+102
CO2 Group	39	12	6-8	30.5	32.9	-7	0.63	1.14	1.00	+1
CP1 Ltd	480	150	1-1	320.0	338.6	-6	0.35	1.42	1.00	-2
Cardia Technologies	7	10	2-10	2.0	2.9	-31	0.73	1.65	1.00	+20
Carnarvon Petroleum	3	6	1-10	0.7	0.6	+12	0.70	2.25	1.00	+52
Carpathian Resources	8	20	0-2	0.2	0.0	+999	0.72	9.99	1.00	+999
Cazaly Resources	41	20	0-11	22.5	23.5	-4	0.84	1.57	1.00	+5
Central Asia Gold	80	12	0-9	56.0	68.5	-18	0.59	1.17	1.00	-19
Central Equity	200	220	0-2	0.2	0.1	+45	0.12	9.99	1.00	+78
Cervantes Seafood	3	20	0-6	0.3	0.0	+999	0.92	5.80	1.00	+999
Chameleon Mining	4	20	2-10	0.6	0.3	+117	0.67	2.49	1.00	+87
Chemeq Ltd	161	240	0-4	20.0	11.8	+69	0.85	4.06	1.00	+321
Chemgenex Pharm.	59	125	5-1	21.0	13.7	+53	0.43	2.14	1.00	+20
Citrofresh International	29	25	3-3	18.0	20.3	-11	1.03	1.24	1.00	+13
City Pacific	514	30	1-4	466.0	486.1	-4	0.25	1.06	1.00	-3
City Pacific	514	100	1-6	395.0	421.9	-6	0.25	1.22	1.00	-2
Clime Capital	95	100	0-10	2.7	3.3	-18	0.11	9.99	1.00	+10
Cockatoo Ridge Wines	56	55	0-10	8.5	7.4	+14	0.28	4.87	1.00	+16
Colltech Australia	21	25	0-4	3.6	1.3	+175	0.52	5.72	1.00	+153
Commoditel Ltd	3	3	1-10	1.2	1.1	+5	0.89	1.62	1.00	+30
Conquest Mining	22	20	0-4	0.2	4.5	-96	0.67	3.34	1.00	-23
Conquest Mining	22	20	1-10	8.5	9.2	-7	0.67	1.80	1.00	+15
Contango Microcap	112	100	0-7	11.0	16.3	-33	0.19	5.92	1.00	-2
Cool or Cosy	72	20	3-3	52.0	55.8	-7	0.49	1.27	1.00	+0
Cougar Metals NL	10	25	1-10	1.5	1.1	+38	0.63	2.71	1.00	+71
Crescent Gold	11	20	0-9	1.2	0.3	+345	0.49	5.54	1.00	+140
Crusader Holdings	22	20	1-10	5.0	6.0	-17	0.39	2.57	1.00	+9
Cryptome Pharm.	12	35	0-4	0.2	0.0	+455	0.83	6.61	1.00	+999
D'Aguilar Gold	8	20	1-1	1.6	0.4	+259	0.67	3.46	1.00	+150
DCA Group	354	235	0-7	122.0	126.4	-4	0.21	2.79	1.00	+1
Datafast Telecom.	2	3	0-4	0.2	0.0	+999	0.57	8.35	1.00	+700
Datafast Telecom.	2	20	0-9	0.1	0.0	+999	0.57	6.99	1.00	+999
De Grey Mining Ltd	37	20	0-4	17.5	16.9	+3	0.51	2.13	1.00	+8
Denx Ltd	8	60	0-8	0.1	0.0	+999	0.55	9.99	1.00	+999
Diamond Ventures	13	10	1-4	5.0	5.4	-8	0.65	1.90	1.00	+11
Diamonex Ltd	28	20	1-4	9.2	11.4	-20	0.53	2.05	1.00	+3
Dromana Estate	31	150	0-7	0.1	0.1	+56	0.79	5.79	1.00	+999
Earth Sanctuaries Ltd	15	350	0-1	0.1	0.0	+999	0.90	9.99	1.00	+999
Eastern Corporation	7	4	0-4	4.0	3.2	+25	0.55	2.17	1.00	+43
Ellendale Resources	7	12	1-4	2.6	1.5	+73	0.87	2.11	1.00	+83
Empire Oil	1	20	0-10	0.1	0.0	+999	0.90	5.56	1.00	+999
Enterprise Energy	15	20	2-10	7.5	7.5	+0	0.86	1.48	1.00	+24
Eqitx Limited	26	20	2-4	15.0	13.3	+13	0.68	1.59	1.00	+14
Evans & Tate	110	150	2-8	6.1	8.2	-25	0.21	5.08	1.00	+14
Exco Resources NL	21	20	1-6	9.0	6.4	+40	0.53	2.29	1.00	+24
Ezenet Ltd	12	15	2-4	6.0	5.1	+18	0.78	1.65	1.00	+27
FSA Group Limited	4	20	0-10	0.1	0.2	-54	1.10	2.82	1.00	+574
Falcon Minerals	79	20	0-4	60.0	59.5	+1	1.11	1.32	1.00	+4
Farsands Corporation	23	30	3-9	4.5	5.4	-16	0.34	2.53	1.00	+11
Financial Resources	21	20	3-3	7.0	8.9	-21	0.50	1.80	1.00	+8
First Aust Resources	7	7	0-5	1.5	1.4	+5	0.73	3.09	1.00	+54
Flinders Diamonds	3	20	0-0	0.1	1.4	-93	0.62	3.09	1.00	+999

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/ Under-Valued	Share Vola-tility	Option Lever-age	Options to Buy 1 Share	Break-Even Rate
Flinders Resources	3	10	3-7	0.7	0.5	+55	0.62	2.13	1.00	+47
Fox Resources Ltd	48	20	0-11	26.5	29.0	-9	0.35	1.65	1.00	-3
Future Corporation	3	3	1-3	0.3	1.1	-73	0.75	1.97	1.00	+5
Future Corporation	3	3	0-6	0.1	0.7	-86	0.75	2.78	1.00	+0
GEC Asian Value Fund	98	100	0-0	0.2	0.7	-72	0.18	2.78	1.00	+999
GEC Aust Healthcare Fd	109	100	0-2	7.0	10.1	-31	0.13	9.99	1.00	-11
Gaming & Entertainment	18	15	1-4	8.0	6.8	+18	0.63	2.02	1.00	+20
Gateway Mining NL	10	30	2-0	3.1	0.7	+341	0.61	2.92	1.00	+87
Gippsland	14	9	2-10	7.6	9.3	-19	0.87	1.31	1.00	+6
Glengarry Resources Ltd	3	15	0-1	0.1	0.0	+999	0.56	9.99	1.00	+999
Global Mining Inv.	108	100	1-9	14.0	18.7	-25	0.14	4.92	1.00	+3
Golden State Petroleum	32	65	1-10	6.5	2.6	+153	0.48	3.38	1.00	+55
Golden State Res.	3	10	2-4	0.8	0.3	+129	0.70	2.36	1.00	+78
Golden Valley Mines	3	10	0-7	0.2	0.0	+999	0.61	7.43	1.00	+764
Goldlink IncomePlus	113	100	1-4	15.0	22.5	-33	0.19	4.21	1.00	+1
Goldsearch	3	8	0-7	0.6	0.1	+372	0.88	3.74	1.00	+475
Great Australian Res	15	20	0-11	3.6	2.1	+68	0.64	3.02	1.00	+70
Great Gold Mines	11	10	8-0	5.6	7.8	-28	0.68	1.20	1.00	+5
Great Western Explor.	35	20	4-3	13.5	22.2	-39	0.52	1.42	1.00	-1
Hailian International	12	25	0-7	4.0	0.6	+521	0.81	3.77	1.00	+354
Halcyon Group	2	3	0-1	0.4	0.0	+999	0.66	9.99	1.00	+999
Hannans Reward NL	18	20	1-1	3.8	4.6	-17	0.71	2.32	1.00	+33
Helix Resources	17	25	0-9	3.9	0.8	+415	0.47	5.10	1.00	+111
Hill End Gold	10	25	0-4	1.4	0.0	+999	0.71	7.59	1.00	+999
Hugall & Hoile	7	11	0-2	0.1	0.0	+999	0.39	9.99	1.00	+999
Hunter Hall Global Value	96	100	2-2	9.3	8.8	+6	0.08	8.34	1.00	+6
IM Medical	2	4	3-10	1.0	0.9	+8	0.80	1.48	1.00	+27
Iatia Ltd	12	25	1-1	1.0	1.6	-37	0.80	2.64	1.00	+104
Image Resources	37	25	1-6	11.5	16.6	-31	0.54	1.90	1.00	-1
Indigo Pacific Capital	155	150	2-1	40.0	45.7	-12	0.42	2.40	1.00	+10
JAM Developments	38	25	0-9	14.0	14.9	-6	0.49	2.31	1.00	+4
Jabiru Metals	17	20	0-1	0.5	0.1	+360	0.49	9.99	1.00	+999
Jaguar Minerals	15	20	3-7	7.5	6.4	+17	0.63	1.64	1.00	+18
Jervois Mining Ltd	3	5	0-0	0.2	6.4	-97	1.25	1.64	1.00	+999
Jindalee Resources	33	25	0-4	8.0	11.1	-28	0.91	2.37	1.00	+0
KLM Group	23	20	0-10	6.0	6.2	-4	0.58	2.59	1.00	+19
Karoon Gas Australia	92	20	1-4	71.0	73.5	-3	0.59	1.25	1.00	-1
Kmiberley Diamond	88	35	1-2	51.0	55.6	-8	0.52	1.55	1.00	-2
Knights Insolvency	32	50	2-0	7.5	13.5	-45	0.97	1.58	1.00	+34
Legend Mining Ltd	7	15	0-2	0.6	0.0	+999	0.77	9.99	1.00	+999
Liberty Gold NL	21	20	2-3	6.0	7.8	-23	0.53	1.98	1.00	+10
M2M Corporation	1	20	4-12	0.2	0.3	-24	1.06	1.44	1.00	+92
MFS Diversified Trust	90	120	0-5	0.2	0.0	+513	0.17	9.99	1.00	+100
MFS Leveraged Inv Grp	165	150	0-4	18.0	22.3	-19	0.31	5.65	1.00	+6
MGM Wireless	3	20	5-9	0.2	0.4	-46	0.56	2.07	1.00	+42
MMC Contrarian	105	100	0-4	4.8	7.0	-32	0.09	9.99	1.00	-1
Macmin	12	12	0-7	3.5	2.1	+70	0.52	3.55	1.00	+55
Macmin Silver	12	25	3-8	6.4	2.8	+132	0.52	2.12	1.00	+30
Malachiti Resources	14	20	1-0	3.1	1.4	+120	0.51	3.67	1.00	+65
Marengo Mining	10	20	3-0	3.0	2.0	+46	0.57	2.16	1.00	+34
Medical Monitors	4	20	0-4	0.2	0.0	+999	0.63	9.99	1.00	+999
Medusa Mining Ltd	73	20	1-11	49.0	55.6	-12	0.62	1.29	1.00	-3
Metex Resources	6	10	1-7	2.1	0.2	+999	0.34	5.35	1.00	+65
Methanol Australia	11	25	0-7	3.5	0.0	+999	0.50	7.76	1.00	+411
Metroland Australia	22	26	4-3	4.5	7.5	-40	0.40	2.01	1.00	+8
Midas Resources	12	25	1-9	2.3	1.0	+130	0.51	3.27	1.00	+60
Millepede International	14	20	0-10	3.5	2.5	+40	0.79	2.64	1.00	+86
Mineral Securities	95	115	2-11	16.0	20.8	-23	0.34	2.72	1.00	+12
Minerals Commodities	17	30	2-4	5.0	4.1	+22	0.66	2.07	1.00	+38
Minerals Corporation	11	9	2-7	6.0	4.3	+41	0.48	1.92	1.00	+15
Mokuti Mining Ltd	25	20	1-10	7.0	11.7	-40	0.70	1.69	1.00	+4
Molopo Australia	4	10	2-4	1.3	0.7	+73	0.62	2.34	1.00	+50
Monarch Resources	18	20	1-5	4.0	6.6	-40	0.83	1.84	1.00	+23
Monteray Group	1	1	3-10	0.5	0.5	+1	0.73	1.43	1.00	+14
Mosaic Oil NL	18	23	0-7	4.0	1.1	+249	0.49	4.94	1.00	+110
Moto Goldmines	41	28	1-3	17.0	18.5	-8	0.64	1.86	1.00	+8
Mt Gibson Iron	47	22	0-8	26.5	25.8	+3	0.47	1.80	1.00	+5
NGM Resources	15	20	2-1	3.5	4.8	-27	0.71	1.89	1.00	+26
NGM Resources Ltd	15	20	2-1	3.5	4.8	-27	0.71	1.89	1.00	+26
Navigator Resources	14	20	2-4	4.5	4.1	+10	0.62	2.02	1.00	+27
Neptune Marine Serv.	70	20	5-10	50.0	61.7	-19	0.85	1.09	1.00	+0
New Hope Corporation	168	45	3-6	120.0	131.1	-8	0.35	1.28	1.00	-1
New Horozon Energy	6	20	1-4	1.1	0.6	+90	0.83	2.63	1.00	+154
Nido Petroleum	7	2	0-4	5.4	5.4	-1	0.75	1.36	1.00	+0
Novera Energy	35	55	0-9	3.0	5.1	-42	0.82	2.80	1.00	+96
Nuenco NL	5	5	0-12	2.5	1.2	+115	0.62	2.58	1.00	+59
Olea Australia	3	25	0-9	0.1	0.0	+999	0.78	6.27	1.00	+999
Open Telecommuications	40	2	0-11	1.7	38.6	-96	0.71	1.04	1.00	-94
Optum Health	1	1	1-4	0.2	0.1	+38	1.04	1.85	1.00	+93
Orchid Capital	8	5	1-9	2.8	4.1	-32	0.69	1.61	1.00	+0
ORT	10	10	3-0	5.0	4.7	+7	0.71	1.54	1.00	+16
ORT	10	20	3-0	2.0	2.9	-32	0.71	1.80	1.00	+32

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/ Under-Valued	Share Vola-tility	Option Lever-age	Options to Buy 1 Share	Break-Even Rate
Oropa Ltd	3	5	2-10	1.0	0.7	+43	0.64	1.97	1.00	+34
Pacific Magnesium Corp	1	5	1-9	0.2	0.2	+4	0.90	2.17	1.00	+121
Pancontinental Oil & Gas	8	20	0-1	0.2	0.0	+999	1.19	9.73	1.00	+999
Paradigm Gold	7	25	3-3	2.1	1.6	+32	0.73	1.90	1.00	+52
Paramount Mining Corp	12	20	1-10	3.0	3.4	-13	0.83	1.88	1.00	+46
Pelican Resources	5	20	1-1	0.7	0.1	+893	0.66	4.26	1.00	+260
Penfold Buscombe Ltd	227	100	0-1	130.0	127.5	+2	0.38	1.78	1.00	+17
Peninsula Minerals	2	20	0-4	0.1	0.0	+999	1.04	8.14	1.00	+999
People Telecom	15	20	0-1	1.0	0.1	+999	0.91	9.99	1.00	+999
Perseus Mining	16	20	4-1	4.2	2.9	+45	0.23	3.26	1.00	+11
Peters MacGregor Inv.	100	100	0-8	3.8	3.8	+0	0.04	9.99	1.00	+6
Pharmanet Group	7	5	1-10	3.9	6.0	-35	2.48	1.04	1.00	+19
Phosphagenics	28	20	4-3	18.0	16.4	+10	0.54	1.46	1.00	+7
Platinum Australia	22	20	1-9	9.0	8.4	+8	0.61	1.94	1.00	+17
Polaris Metals NL	18	20	3-10	7.5	9.1	-17	0.65	1.52	1.00	+12
Precious Metals	13	200	0-9	0.1	0.7	-85	1.64	2.35	1.00	+999
Premier Bionics Ltd	35	20	1-10	15.0	17.9	-16	0.45	1.79	1.00	+0
Progen Industries	440	250	0-3	219.0	193.7	+13	0.51	2.25	1.00	+29
Proteome Systems	43	120	0-7	4.1	0.0	+999	0.39	9.99	1.00	+515
Q-Mastor	14	25	0-10	0.3	0.5	-36	0.49	5.03	1.00	+103
QRScience Holdings	18	40	0-11	3.9	0.4	+821	0.55	4.88	1.00	+177
Quantum Resources	3	10	5-8	1.8	1.8	-3	1.13	1.17	1.00	+31
Quantum Resources	3	5	7-9	0.8	2.3	-65	1.13	1.07	1.00	+11
Ramelius Resources	15	20	2-10	6.4	8.2	-22	0.95	1.39	1.00	+22
Reefton Mining NL	5	10	4-9	1.2	1.7	-28	0.49	1.89	1.00	+17
Regis Resources	12	5	8-11	8.6	10.8	-20	1.03	1.04	1.00	+2
Republic Gold	19	25	1-9	4.0	5.5	-28	0.68	2.06	1.00	+27
Resolute Mining Ltd	135	80	0-4	58.0	56.5	+3	0.49	2.35	1.00	+8
Resonance Health	21	40	2-11	5.0	7.1	-29	0.73	1.75	1.00	+30
Resonance Health	21	15	1-11	11.5	10.9	+5	0.73	1.59	1.00	+13
Resources Mining	9	2	1-4	1.4	6.8	-79	0.95	1.22	1.00	-50
Rimfire Pacific Mining	3	8	1-7	0.7	0.3	+144	0.72	2.66	1.00	+105
Ritract Ltd	37	75	1-10	4.2	4.7	-10	0.58	2.76	1.00	+51
Riversdale Mining	66	20	0-6	47.0	46.6	+1	0.78	1.41	1.00	+3
S8 Ltd	211	300	2-2	59.0	29.8	+98	0.38	3.18	1.00	+28
SP Telecommunication	244	25	1-3	212.0	220.6	-4	0.35	1.11	1.00	-2
Sandfire Resources NL	17	10	0-7	3.1	7.6	-59	0.60	2.07	1.00	-36
Saracen Mineral Hold.	9	10	8-4	2.0	5.6	-64	0.51	1.35	1.00	+4
Select Vaccines	46	20	3-3	29.5	33.0	-11	0.70	1.29	1.00	+2
Select-Tel Ltd	46	20	1-11	9.0	30.3	-70	0.70	1.41	1.00	-21
Senetas Corporation	32	8	0-3	22.0	23.6	-7	0.74	1.33	1.00	-18
Solbec Pharmaceuticals	14	20	0-7	2.6	0.8	+214	0.54	4.75	1.00	+127
Solbec Pharmaceuticals	14	30	1-7	2.6	1.1	+139	0.54	3.31	1.00	+71
Stirling Products	53	20	2-10	36.0	39.9	-10	0.80	1.24	1.00	+2
Stratatel Limited	14	25	0-6	1.8	0.3	+438	0.62	5.38	1.00	+294
Striker Resources	4	15	0-9	0.8	0.0	+999	0.35	18.15	1.00	+524
Structural Monitoring	17	20	2-2	6.1	5.5	+11	0.59	2.01	1.00	+22
Style Plantation	14	20	3-11	2.0	3.7	-46	0.44	2.13	1.00	+13
Sun Resources NL	18	15	0-4	3.6	4.0	-11	0.53	3.54	1.00	+10
Sunnycove Mgmt	139	150	4-3	40.0	47.4	-16	0.35	2.11	1.00	+8
Sylvannia	46	20	0-4	27.0	26.4	+2	0.51	1.74	1.00	+7
Synergy Metals	15	10	2-0	7.0	7.7	-9	0.61	1.66	1.00	+6
Tasgold Ltd	14	20	2-9	5.5	5.5	+0	0.72	1.69	1.00	+24
Tasman Resources	14	20	1-0	4.8	5.2	-8	1.21	1.71	1.00	+77
Tawana Resources	145	75	0-9	78.0	73.4	+6	0.41	1.94	1.00	+7
Terraplanet Ltd	1	10	0-3	0.1	0.0	+999	0.00	9.99	1.00	+999
Thundelarra Explor.	33	23	0-2	9.5	9.8	-3	0.45	3.26	1.00	+0
Tiger Resources	12	10	0-4	4.0	3.7	+9	0.98	2.41	1.00	+59
Tomahawk Energy	146	20	3-10	138.0	131.1	+5	0.70	1.10	1.00	+2
Transol Corporation	32	25	1-3	13.5	12.2	+11	0.62	2.02	1.00	+17
Trent Capital	91	125	4-3	13.0	15.4	-16	0.25	3.16	1.00	+10
Union Capital	4	100	0-1	0.1	0.0	+999	0.67	9.99	1.00	+999
Universal Resources Ltd	14	20	0-5	1.2	0.2	+559	0.45	8.35	1.00	+233
VRI Biomedical	18	25	1-4	4.5	2.4	+86	0.52	3.11	1.00	+48
VRI Biomedical	18	75	1-0	2.7	0.0	+999	0.52	6.93	1.00	+344
Van Eyk Three Pillars	103	100	0-3	3.3	5.2	-37	0.14	9.99	1.00	+1
Verus Investments	25	20	1-4	4.0	10.5	-62	0.70	1.86	1.00	-3
Virax Holdings	42	25	0-11	25.0	19.0	+32	0.51	2.04	1.00	+22
Virax Holdings Ltd	42	50	0-10	12.0	5.4	+123	0.51	3.70	1.00	+64
Visiomed Group	4	12	3-1	0.8	0.7	+15	0.70	2.01	1.00	+52
Voyager Energy	27	25	1-1	13.0	6.4	+103	0.43	2.95	1.00	+37
Vulcan Resources	24	25	0-10	6.0	7.6	-21	0.89	2.08	1.00	+36
WAM Capital	156	155	0-4	2.8	5.7	-51	0.11	9.99	1.00	+4
Webspy Ltd	3	8	1-3	0.1	0.1	-6	0.68	3.43	1.00	+156
Wedgetail Exploration	5	5	0-10	1.8	1.2	+45	0.60	2.68	1.00	+41
West Aust Metals	3	20	0-1	0.1	0.0	+999	0.69	9.99	1.00	+999
Westcoast Mining	7	20	1-8	2.3	0.6	+307	0.63	2.97	1.00	+97
Westonia Mines Ltd	20	20	1-6	11.0	5.4	+104	0.50	2.48	1.00	+35
Wilson Leaders	100	100	0-4	3.1	2.4	+28	0.07	9.99	1.00	+11
Yilgarn Gold Ltd	3	10	0-3	0.2	0.0	+999	0.81	9.99	1.00	+999
Yilgarn Mining	15	25	2-4	4.5	2.7	+67	0.51	2.54	1.00	+34
Zylotech Limited	1	6	0-1	0.1	0.0	+999	1.11	9.99	1.00	+999

Australian Warrant / Option Analysis

New Options

Global Mining Investments (code GMI and GMIO). Global Mining Investments is an investment company with an $89 million portfolio of international mining company shares. Net asset backing is 109 cents.

The options to buy shares at 100 cents on 30 November 2006 offer a high 4.92 times leverage which will multiple any further gains in this sector above the "break-even" rate of a low 3%. The shares trade slightly above the option exercise price, so these options are "in the money" with an intrinsic value of about 8 cents.

These options are actively traded in large volumes.

Summary and Recommendation

Mining company shares are performing well at present and these options provide a highly leveraged investment in this sector over the next 21 months. The main attraction of the options is simply a very high leveraged potential for gain with a low "break-even" rate after which we start to make profits!

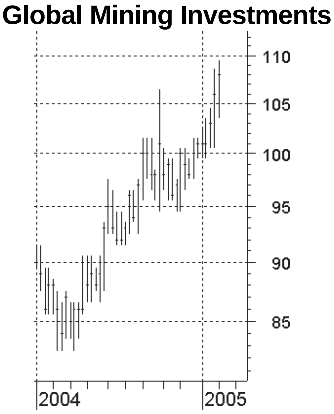


Image Resources (codes IMA and IMAO). Image Resources is a mineral exploration company using its aeromagnetic database to identify possible projects which are then farmed out to financially stronger joint venture partners.

The company holds interests in at least 28 exploration projects - mainly for nickel and gold. 16 of these are currently being funded solely by joint venture partners.

The issued capital consists of 55.7 million shares and 15.1 million options to buy shares at 25 cents on 25 August 2006. This is a small company with a market capitalisation of just $21 million, so a major discovery could have a big impact upon the share price. The company holds 4.2 million shares in listed **Meteoric Resources**, worth $1.2 million, plus $2.75 million in cash. As there is no revenue, the annual cash deficit is around $1.2 million.

There is a reasonably active market in Image Resources options.

Summary and Recommendation

Mineral exploration is very risky but this company has a wide range of projects and seeks to conserve its own cash by bringing in joint venture partners to fund further exploration.

The options have only 18 months until expiry but (1) are "in the money" (i.e. the shares trade well *above* the 25 cents exercise price), (2) offer good leverage (i.e. 1.90 times) and (3) have a low "break-even" of zero so *any* appreciation in the share price will start to boost the option value. This is extremely speculative - but a good way to gain some exposure to the mineral exploration sector.

Metroland Australia (code MTD and MTDO). Metroland Australia is involved in property development, property investment and rental, and property management services.

Current major projects include:

1. The **Greenway SupaCentre** development. Metroland holds a 50% share in a joint venture that owns (1) the **Greenway Plaza** (cost $18.6 million, current income $1.5 million), (2) holds a contract to purchase the **Glendale Chemical Factory** site - subject to a satisfactory Contamination Report - for $7.5 million with settlement in April 2005 and (3) owns the **Abruzzi Sports Club** (cost $6.45 million and currently on a one year lease). The company plans to upgrade and develop these three sites - each with 20-22,000 m^2 of land - into a 30,000 m^2 **Greenway SupaCentre** which "will generate substantial income for the company".
2. The **Bay Plaza**, Neutral Bay, re-development. The plaza is currently leased at $620,000 annually but Metroland is seeking to re-develop this and adjacent land into two levels of basement carparking, 14 ground floor retail shops totalling 1200 m^2 and 64 residential units over four levels.
3. The **Ridge**, Cattai at Windsor. This is a 50% joint venture with completed plans for a golf course and 200 homes. Marketing to pre-sell these residential properties is expected "shortly".
4. The **Gladesville Property** redevelopment. This consists of eight shop houses and a carpark - fully leased for $180,000 annually. The company is seeking to redevelop this site and adjacent church owned land and community hall. The local council is currently drawing up a master plan for the area and Metroland believes a redevelopment will benefit all parties.
5. The **Wentworth Mall** was recently purchased for $17.8 million and provides an annual rental income of $2 million from 32 tenancies.

The options - to buy shares at 26 cents on 28 May 2009 - were distributed to shareholders in September in a bonus issue of one option for every six shares held.

This is a small company with an issued capital of 94.7 million, giving a market capitalisation of just $20 million. The business is heavily leveraged with development debts - so does involve high risks - but property development can yield high returns and with a relatively small capital base this would provide large *percentage* returns to investors.

In addition, to this *company leverage*, the options further leverage our exposure, as the initial investment in an option is just 20% of the cost of buying a share. The options have a long life of four years and three months until their final exercise/expiry date - which is plenty of time for the company to grow and increase the value of the shares. At worst the company will go bust - and the shares and options will both become worthless (i.e. a 100% loss). If the company is moderately successful the shares could grow 30% per annum (i.e. up 3-fold) to around 60 cents in 2009. That would value the options at 34 cents - for a 650% gain.

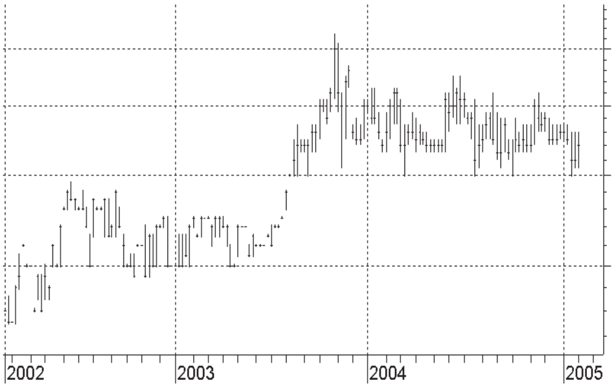
The negative factor is that the options are infrequently traded in only small volumes. So investors will need to buy options when they become available over future weeks (or months).

Summary and Recommendation

Metroland Australia is a high risk situation - but options are a good way to gain exposure to a high risk company. The company also offers the potential for very high returns. The options further multiply those potential returns, while the long period until the final exercise/expiry gives over three years for the company to grow in value and make our options valuable!

Although risky, we would rate this as an *investment quality* option for investors seeking the potential for maximum capital appreciation over many years.

Metroland Australia



Review of Existing Options

Biotech Capital (codes BTC and BTCOA).
The shares recovered 14% to 42 cents over the last quarter but are still below the option exercise price of 55 cents. The options are up 8% to 4.2 cents for the last three months but below our initial purchase price of 9 cents in November 2003.

Biotech Capital has sold its stake in **Xenome** to **Queensland Investment Corporation** for "in excess of $3.5 million". It has agreed to invest $2 million in drug discovery company **Phylogica** and another $500,000 when the company makes an initial public offering and lists on the stockmarket - which is planned for early this year. Biotech Capital holds five listed shares (worth $15.2 million) and six unlisted investments (at a cost of $17.9 million) plus cash of $10.4 million. Net asset backing is 48.4 cents per share.

These options are not attractive for new purchases. They are a little over-valued and require a high "break-even" rate of 24% - which may be difficult to achieve. They do, however, offer a high 5.66 times leverage and have 20 months to run . . . so "Hold" existing options.

Datafast Telecom. (codes DFT and DFTOA).
The final exercise date for these options was 10 January 2005 and we exercised them, paying 1 cent, so will continue our investment in this company as a shareholder. We originally bought the options at 0.8 cents, and the shares are now worth 1.6 cents, so we are down a little on this position.

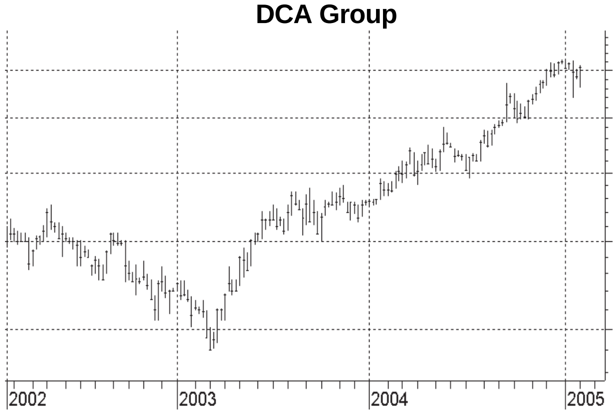
The company continues to hold merger discussions with **Chariot** and has continued to expand through the acquisition of **Affinity ISP** and **broadband.com.au**.

DCA Group (codes DVC and DVCO).
This position continues to appreciate in value. Over the last three months the shares are up 11% to 354 cents and the options up a further 40% to 122 cents. We originally reviewed these options at 24½ cents in August 2003 - so they are up almost 5-fold in 18 months.

These options are well "in the money" but still offer a high 2.79 times leverage, so we shall let our profits run for a few more months and probably sell close to the 30 September 2005 exercise date.

DCA Group - which recently merged with **MIA Group** - is continuing to expand aggressively. The company has purchased two aged healthcare facilities, with 244 beds, which expands its aged care facilities to 2852 beds. It also acquired a 33% interest in **HeartCare Partners**, a Brisbane cardiology practice. DCA Group already has a joint venture with **Adelaide Cardiology Group** owing to synergies with its **I-MED** radiology business.

DCA Group



Farsands Corporation (code FCO and FCOO).
The shares are down 8% to 23 cents and the options down 2% to 4.5 cents since we first reviewed this company in November 2004.

The company would appear to be on target to make a $3.0 million profit (2.0 cents per share) to June 2005 and pay an annual 1.25 cents dividend. An interim 0.5 cents dividend has already been paid. This would put the shares on a P/E of 12 and a Yield of 5.4% - which appears to be good value.

The options offer a high 2.53 times leverage and have 3¾ years until the final exercise/expiry date. That is plenty of time for the company to grow and increase the value of its shares and our options.

These options are still an attractive long term "Buy".

(Continued on Page 16)

Warrant/Option Analysis *(Continued from Page 15)*

Financial Resources (codes FRL and FRLO).
This company was also first reviewed three months ago and the shares have since risen 11% to 21 cents, with the options - which were very under-valued - up 75% to 7 cents. This is a very small company - which is risky - but this looks to be a sound business and the options continue to offer good leverage and have several years until their final exercise/expiry date. "Buy".

ORT (code ORT and ORTO).
ORT which had a proper name - Organic Resources Technology - when we first reviewed it in November 2003 has made steady progress over the last quarter:

Firstly, the company has signed a Memorandum of Understanding with **Richgro Garden Products** who will market compost from the commercial-scale organic waste processing plant being constructed at Shenton Park and from the full scale commercial plant that will later be developed. Secondly, a "significant investor" has undertaken due diligence and ORT is negotiating with a "number of parties" interested in becoming a cornerstone shareholder and providing some much needing funding for ORT. This investor will likely have construction capabilities and an existing presence in the waste industry which will improve growth potential for ORT. Thirdly, the company has applied for a *Commercial Ready* grant from **AusIndustry** which, if approved, will provide dollar for dollar funding up to $5 million for the Shenton Park plant! Fourthly, ORT has also applied to **AusIndustry** for a Research & Development tax concession (i.e. 37.5% on expenditure up to $1.0 million) and expects to receive a $300,000 refund this quarter - which will almost double the company's very limited cash reserves of $388,000.

The shares are down 5% to 9½ cents while the options are steady at 5.0 cents. This is a high risk situation - the company has little cash and is seeking to commercialise technology - but this is a very small company so a successful outcome could have a significant impact on the value of the shares and the options. The main attraction of the options in this situation is that they minimise our initial investment in a risky company - with three years for the company to succeed or fail before we need decide whether to exercise the options and invest further capital. "Buy".

Orchid Capital (codes ORC and ORCO).
These shares and options have changed little over the last quarter, but we have realised half our option holding at 3.0 cents - up 275% on our original cost of 0.8 cents in August 2003. We are happy to "Hold" the remainder of these options at this time.

PharmaNet Group (code PNO and PNOO).
These options are up 160% to 3.9 cents since we first reviewed this speculative investment just three months ago. The shares are up 30% to 6½ cents.

PharmaNet Group has transferred its interest in developing the pain killing *Tripeptofen* compound to a new wholly owned subsidiary **Cambridge Scientific Pty** and then issued a worldwide *licence* to use this compound in human therapies to **Molecular Pharmacology plc**. The intention is to later list Molecular Pharmacology on the *Alternative Investment Market* of the London Stock Exchange.

A *possible* AIM float could see 30-35% of the company sold to outside investors for about A$1.3 million with PharmaNet contributing another A$315,000 in cash but receiving shares with a total market value of $2.5-3.0 million. PharmaNet Group would still retain ownership of Tripeptofen (for use in non-human applications) and receive on-going licence royalties.

This is still an extremely high risk investment - but there is good leverage - and potential to create further value in this $11 million *micro-cap* company.

We are happy to let our profits run for now.

WAM Capital (WAM and WAMO).
These options are slightly "in the money" (i.e. the shares trade at 156 cents, just above the option exercise price of 155 cents) and continue to offer very high leverage . . . but they expire in only four months (i.e. on 17 June 2006), the shares trade at a small premium to net assets of 149 cents and the Fund Manager is pessimistic and holds 34% of the portfolio in cash which limits the potential for capital appreciation. Furthermore the shares have made little progress - up just 1.3% - over the last year and the options have already fallen 73% from our initial cost of 10½ cents. "Hold".

NZ Warrant / Option Analysis

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/ Under-Valued	Share Vola-tility	Option Lever-age	Options to Buy 1 Share	Break-Even Rate
Forty Two Below (05)	76	50	0-8	28.0	28.4	-1	0.30	2.6	1.00	+4%
Forty Two Below (06)	76	50	1-8	37.0	32.2	+15	0.30	2.2	1.00	+8%
Dorchester Pac (05)	281	170	0-7	105.0	117.6	-11	0.21	2.4	1.00	-4%
Dorchester Pac (06)	281	170	1-7	110.0	128.5	-14	0.21	2.2	1.00	-0%
Heritage Gold	10	7	2-3	5.0	6.4	-22	1.07	1.3	1.00	+11%
Kingfish	120	100	2-10	34.0	37.7	-10	0.12	3.1	1.00	+4%
Salvus Strategic	89	100	2-10	19.0	11.2	+70	0.13	5.4	1.00	+11%

Next Issue

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

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

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