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.

Stockmarkets suffered a short correction over the last month - which will help prevent shares rising too far, too fast and resulting in a boom/bust market. Our forecasts remain generally favourable, especially in Australia, so investors should remain close to fully invested in the recommended shares.

Investment Outlook.

Trying to make sense of stockmarket fluctuations is not unlike falling down a rabbit hole into *Wonderland* or exploring a mirror maze. This is a world where "bad news" is often "good news" and "good news" is "bad news". The least confusing example is perhaps economic growth. A *recession* is generally considered "bad news", but is actually "good news" for investors as share prices are probably *already* depressed and likely to *rise in the future*. Similar "good news" of a booming economy is "bad news" as shares are probably already too high!

Profit results can be even more confusing. These *historical* reports cover six month or twelve month periods that ended two months ago. So results reflect the business environment 2-8 months or 2-14 months in the *past*, while share price movements are caused by investors *anticipating future results*. Of course, these historical reports are often the indication of *current* and *future* levels of profitability and/or can influence *expectations* of current or future profitability.

Fortunately, not all stockmarket indicators exist down rabbit holes or inside a maze of mirrors! *Insiders* trading data is one of the most valuable (and most ignored) indicators and it is logical, current and forward looking. A knowledgeable *insider* buying shares on-market with his own money sends us a clear and undistorted message about the value and future potential of the shares!

Our main concern over recent months was that the Australian and New Zealand stockmarkets were getting too buoyant and rising too rapidly. That can lead to a boom/bust - and we don't much like the second part of that scenario! So the recent correction - which most investors consider "bad news" - is "good news" to us. It gives investors a little scare which will prevent them bidding shares up too far, too fast - and the Bull Market can go back to "climbing a wall of worry". The correction also throws up some interesting buying opportunities in LongReach, Ross Human Directions and Vision Systems.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**76%** (Bullish)	**71%** (Bullish)
New Zealand:	**66%** (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	430	N/A	NE	Nil
AMP Limited	B	780	1.22	14	3.8
AMP NZ Office	C	92	5.93	11	7.6
AXA Asia Pac.	B	466	1.66	22	2.5
Abano Health.	D	125	0.38	NE	Nil
Affco Holdings	C	46	0.26	4	Nil
Air New Zealand	C	162	0.28	6	Nil
Akd Int Airport	A	837	9.73	27	5.0
Allied Farmers	A	268	0.57	15	5.8
Apple Fields	D	1.9	N/A	NE	Nil
Beauty Direct	E	11	N/A	NE	Nil
Blis Technology	C	25	N/A	NE	Nil
Blue Chip NZ	C	105	2.55	12	Nil
Botry-Zen Ltd	D	8.0	N/A	NE	Nil
Brierley Invest	C	93	2.49	14	2.4
Briscoe Group	B	123	0.81	11	8.5
Broadway Ind	B	120	0.58	8	1.7
CACI Group Ltd	D	28	0.40	NE	Nil
CDL Hotel NZ	C	65	1.36	10	3.2
CDL Investments	D	39	3.88	9	6.1
Cabletalk Group	C	65	0.38	11	Nil
Cadmus Tech Ltd	C	35	5.91	NE	Nil
Calan Hlthcare	C	95	8.69	15	8.4
CanWest Media.	C	225	N/A	NE	Nil
Cap Properties	C	120	4.90	18	7.5
Carter Holt	C	226	0.83	7	1.8
Cavalier Corp	B	438	1.43	14	9.2
Cert Organics	D	7.0	5.34	NE	Nil
Col Motor Co	B	308	0.21	10	9.7
Commsoft Group	E	0.3	N/A	NE	Nil
Comvita	C	250	1.17	25	1.3
Connexion	E	50	N/A	NE	Nil
Contact Energy	B	708	3.20	28	5.3
Cube Capital	E	6.6	0.19	NE	Nil
Cue Energy Ltd *	N/R	26	N/A	87	Nil
Cynotech Hold.	C	22	1.79	NE	Nil
Dominion Fin.	C	118	N/A	11	6.9
Dorchester Pac	C	280	0.80	10	5.3
Eastern Hi-Fi	E	96	N/A	NE	Nil
Ebos Group Ltd	A	460	0.56	15	6.5
Evergreen	D	33	1.28	NE	Nil
F & P Appliance	C	327	0.91	10	9.3
F & P Health.	B	304	7.23	28	5.1
Feltex Ltd	C	162	0.74	12	3.7
Finmedia Ltd	C	140	3.12	4	Nil
Finzsoft Sol'ns	D	80	1.23	21	Nil
Fletcher Build.	A	738	0.81	13	5.1
Forty Two Below	C	80	N/A	NE	Nil
Freightways Ltd	A	320	N/A	30	5.4
GDC Communicat.	D	17	0.25	NE	Nil
Genesis Res.	D	40	2.36	NE	Nil
Guinness Peat	B	224	0.17	8	2.3
Gullivers Trv.	D	153	N/A	NE	Nil
Hallenstein G.	B	405	1.31	14	8.8
Hellaby Hold.	A	685	1.01	16	7.6
Heritage Gold *	N/R	10	N/A	NE	Nil
Hirequip NZ Ltd	C	124	1.82	9	2.4
Horizon Energy	B	420	4.23	17	7.8
ING Property	C	117	N/A	25	9.5
Ind Newspapers	B	635	4.74	49	2.2
Infratil NZ	B	362	5.43	34	4.9
Just Water Int.	D	112	5.62	34	Nil
KidiCorp	E	24	1.73	NE	Nil
Kingfish Ltd *	N/R	117	N/A	NE	Nil
Kirkcaldie & St	C	238	0.57	22	4.6
Kiwi Property	C	113	N/A	15	7.6
Lion Nathan Ltd	B	808	1.93	24	4.0
Livestock Imp.	B	130	0.39	8	12.5
Loan & Building	B	460	1.72	18	4.7
Lyttelton Port	C	179	2.96	15	9.2
MG Property Trt	C	121	8.31	22	7.8
Mainfreight Grp	B	270	0.39	47	3.6
Media Tech.	D	11	1.78	NE	Nil
Methven Limited	E	158	N/A	NE	Nil
Metro. LifeCare	A	370	2.94	18	1.5
Michael Hill	B	784	1.16	20	4.0
Mid-Cap Index *	N/R	256	N/A	NE	Nil
Mike Pero Mort.	C	77	0.98	16	11.6
Mooring Systems	C	510	N/A	NE	Nil
Mowbray Collect	D	155	3.40	NE	4.3
Mr Chips Hold	D	100	0.69	12	7.5
NGC Holdings	C	325	3.16	18	8.7
NZ Exchange Ltd	C	1000	7.00	35	Nil
NZ Experience	C	37	1.75	16	8.1
NZ Finance Hold	C	88	N/A	NE	Nil
NZ Invest Trust*	N/R	800	N/A	NE	1.0
NZ Oil and Gas *	N/R	126	N/A	21	Nil
NZ Refining Co	A	3680	3.14	9	12.2
NZ Wine Company	C	200	2.22	23	4.2
NZ Wool Service	D	52	N/A	NE	Nil
NZSX 50 Port.	D	151	N/A	NE	Nil
NZSX 10 Fund *	N/R	123	N/A	NE	Nil
NZX Aust MidCap	C	445	N/A	NE	Nil
Nat Property Tr	C	92	5.85	14	9.8
New Image Group	D	8.5	1.01	NE	Nil
Northland Port	B	320	N/A	40	3.7
Nuhaka Forestry	B	139	3.72	NE	45.3
Nuplex Indust	A	562	0.53	11	6.5
Opio Forestry	D	85	N/A	NE	Nil
Owens Group Ltd	E	111	0.17	NE	Nil
Oyster Bay	D	278	N/A	NE	Nil
Ozzy (Tortis) *	N/R	240	N/A	NE	Nil
POD Ltd	C	160	0.71	14	2.8
Pac Edge Bio.	E	25	N/A	NE	Nil
Pacific Retail	D	205	0.12	NE	Nil
Port Tauranga	B	560	4.96	22	5.3
Ports Auckland	B	700	4.50	17	8.6
Postie Plus Grp	B	77	0.28	8	13.7
Property F Ind.	C	104	8.84	17	7.6
Provenco Group	C	95	1.20	21	Nil
Pumpkin Patch	C	330	2.49	68	Nil
Pure NZ Limited	D	2.5	8.62	NE	Nil
Pyne Gould G.	B	200	0.69	11	6.7
Pyne Gould Corp	B	445	1.04	13	4.7
Renaissance	B	102	0.33	17	10.8
Restaurant Brds	D	134	0.41	16	11.1
RetailX Limited	D	8.0	0.58	NE	Nil
Richina Pacific	C	91	0.23	27	2.2
Rubicon Limited	E	105	N/A	NE	Nil
Ryman Health.	B	365	3.33	20	2.5
Sanford Limited	D	460	1.23	8	7.1
Satara Co-op	E	118	N/A	NE	Nil
Savoy Equities	D	2.2	N/A	NE	Nil
Scott Tech. Ltd	C	300	2.09	20	6.5
Sealegs Corp	D	38	N/A	NE	Nil
Seeka Kiwifruit	B	490	0.77	13	5.5
Skellmax Indust	C	135	1.27	12	7.7
Sky City Ltd	C	527	3.67	22	7.5
Sky Network TV	D	685	6.06	76	Nil
Slavus Strat. *	N/R	92	N/A	NE	Nil
Smiths City	D	72	0.19	9	7.3
Software of Exc	E	136	1.74	NE	Nil
Sol. Dynamics	E	124	0.84	NE	Nil
South Port NZ	D	128	2.26	16	7.6
Spectrum Res.	E	2.0	2.17	NE	Nil
Speirs Group	C	120	N/A	NE	Nil
Steel & Tube	B	555	1.26	17	7.3
Sthn Travel	E	118	N/A	NE	Nil
Summit Gold Ltd*	N/R	45	N/A	NE	Nil
Tag Pacific Ltd	C	31	0.61	NE	Nil
Taylors Grp Ltd	A	248	0.98	14	6.6
TeanTalk Ltd	A	255	2.56	19	9.7
Telecom Corp	A	642	2.31	16	6.3
Tenon Ltd	D	466	0.41	NE	Nil
Tol NZ Ltd	C	288	0.87	6	Nil
Tourism Hold.	B	200	1.15	17	6.7
Tower Limited	D	186	0.73	14	Nil
Training Sol.	D	0.2	1.18	NE	Nil
Trans-Tasman	E	38	2.86	8	Nil
Trust Power Ltd	B	575	1.43	15	4.5
Turners & Grow.	C	301	0.38	22	Nil
Turners Auction	B	416	1.44	16	7.2
Urbus Property	B	114	2.72	5	7.9
Utilico Int'l	D	63	4.05	NE	Nil
VTL Group Ltd	C	95	1.00	14	3.5
Vertex Group	B	191	0.70	12	3.1
WN Drive Tech.	D	52	N/A	NE	Nil
Wakefield Hosp.	A	380	1.30	21	3.1
Warehouse Group	B	417	0.56	21	5.2
Waste Mgmt NZ	A	646	3.00	25	6.1
Widespread Port	D	2.5	9.39	NE	Nil
Williams Kettle	A	451	0.60	16	5.6
Windflow Tech.	E	310	N/A	NE	Nil
Wool Equities	C	76	N/A	NE	Nil
World Index Fd *	N/R	111	N/A	NE	Nil
Wrightson Ltd	B	210	0.46	29	8.2
Zintel Comm.	C	110	1.38	13	9.2
Ave of 168 Cos	**C**	246	0.81	22	3.5

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
ABB Grain Ltd	B	675	1.18	55	3.7
AMP Ltd	A	733	1.25	15	3.7
ANZ Bank	B	2180	4.27	28	4.6
APN News Media	B	500	1.88	19	4.4
AWB Limited	B	460	0.29	16	5.4
AXA Asia Pac	A	436	1.59	8	2.4
Adelaide Bright	B	162	1.26	11	4.6
Adelaide Bank	A	1117	1.27	14	3.9
Alinta Limited	A	885	2.17	15	4.7
Alumina Ltd	B	590	N/A	25	3.4
Amcor Ltd	C	732	0.62	19	4.4
Ansell Ltd	B	1039	1.62	26	1.3
Argo Investment	A	566	N/A	33	2.9
Aristocrat Leis	A	1090	4.58	30	0.7
Arrow Pharm.	B	1260	2.36	41	0.8
Aust Foundation	B	365	N/A	26	3.6
Aust Gas Light	B	1446	1.57	19	4.1
Aust Pipeline	B	360	3.47	8	7.8
Aust Stock Exch	A	2120	8.97	26	2.7
Aust Leis & Hos	A	372	1.37	19	2.2
Austar United	C	81	2.46	NE	Nil
Australand Prop	C	174	1.22	10	9.5
BHP Billiton	B	1895	2.07	15	1.9
Babcock & Brown	B	1089	4.47	51	Nil
Bank of Q'land	B	1024	1.37	15	4.2
Bendigo Bank	B	989	3.35	17	3.4
Billabong Int'l	B	1354	4.05	32	2.0
Bluescope Steel	A	950	1.21	12	3.2
Boral Limited	B	635	0.88	10	4.7
Brambles Ind.	B	825	1.79	46	1.2
Brickworks Ltd	B	1165	3.16	10	2.1
Burns Philp	C	101	0.61	18	Nil
C'wth Prop Off.	C	122	7.06	13	7.9
C.S.R. Ltd	B	239	1.11	14	4.6
CSL Limited	B	3428	4.08	31	1.1
Caltex Austrlia	A	1397	0.28	7	2.8
Centennial Coal	B	455	1.78	17	2.9
Centro Prop.	B	462	N/A	16	6.6
Chal Financial	B	318	2.07	22	Nil
Coal & Allied	A	3650	2.98	28	2.7
Coates Hire	B	482	2.11	21	2.7
CocaCola Amatil	B	845	1.67	21	3.3
Cochlear Ltd	B	3088	5.85	45	2.6
Coles Myer	B	947	0.36	20	3.1
Com'wealth Bank	B	3643	2.71	18	5.0
Computershare	A	561	3.22	43	1.4
Corp Express	B	625	1.18	21	2.4
DCA Group Ltd	B	351	2.93	57	1.7
David Jones	C	195	0.44	12	5.6
Deutsche Div Tr	B	131	6.10	14	7.1
Div. Utility	C	245	1.17	17	Nil
Downer EDI Ltd	B	503	0.44	17	2.7
Energy Develop.	B	385	N/A	NE	0.4
Energy Resource	A	1175	6.99	43	1.4
Envestra	B	111	2.85	38	8.6
Excel Coal Ltd	B	643	5.36	46	1.7
Fairfax (John)	B	428	2.19	14	3.9
Flight Centre	C	1660	1.96	19	3.7
Foodland Assoc	B	2460	0.42	20	4.0
Foster's Group	B	531	2.73	13	3.6
Futuris Corp.	B	212	0.52	59	3.8
GWA Internat'l	B	302	1.24	14	6.0
Gandel R. (CFS)	C	157	8.97	17	6.4
General Prop Tr	C	363	9.38	17	6.1
Gt Sthn Plant'n	A	444	5.20	12	2.3
Guinness Peat	A	208	0.62	29	1.2
Gunns Ltd	A	443	2.23	14	2.8
HHG Plc	C	154	0.25	NE	Nil
Hardman Res.	C	201	N/A	NE	Nil
Harvey Norman	C	273	1.58	16	2.7
Hills Motorway	B	1098	N/A	NE	3.3
ING Indust Trt	B	207	9.16	14	6.9
ING Office Fund	C	123	7.00	12	8.3
Iluka Resources	A	582	1.60	15	3.8
Incitec Pivot	A	1955	1.00	15	4.6
Insurance Aust.	A	655	1.66	16	3.4
Interoil Corpor	C	540	N/A	NE	Nil
Investa Prop.	B	207	4.65	14	8.0
Ivanhoe Mines	D	1200	N/A	NE	Nil
James Hardie	A	610	2.03	15	1.3
Leighton Hold	B	1047	0.58	26	4.3
Lend Lease Corp	B	1305	0.54	16	3.4
Lihir Gold	C	110	4.74	3	Nil
Lionore Mining	C	763	3.80	19	Nil
Macarthur Coal	A	645	4.49	85	0.6
Macquarie Good.	A	236	8.46	22	5.7
Macquarie Bank	A	4990	4.37	22	2.4
Macquarie C'Wde	B	186	N/A	15	7.7
Macquarie Infra	B	365	5.89	5	2.1
Macquarie G Mgt	A	415	N/A	31	1.7
Macquarie DDR	B	113	N/A	37	5.0
Macquaries C&I	B	585	5.36	NE	3.5
Macquarie Off.	B	125	8.05	12	8.2
Macquarie Air.	A	319	2.77	5	3.8
Macquarie Prol.	A	111	6.48	13	9.6
Mayne Group Ltd	B	427	0.54	29	4.0
Metcash Trading	B	290	0.26	18	3.8
Milton Corp.	A	1677	N/A	27	3.2
Minara Resource	B	180	2.11	6	5.6
Mirvac Group	B	463	2.37	13	7.0
Multiplex Group	A	463	0.65	44	3.2
Nat'l Aust Bank	B	2946	1.87	14	5.6
Nat'l Foods	B	635	1.55	27	3.5
New Hope Corp.	B	129	3.79	15	1.7
Newcrest Mining	B	1742	8.05	47	0.3
News Corp.	B	2275	3.10	43	0.1
Nufarm Limited	A	1077	1.12	24	2.1
OAMPS	B	385	0.89	17	4.2
Oil Search Ltd	A	235	4.63	13	1.7
Onesteel Ltd	B	274	0.47	12	4.4
Orica Ltd	A	1980	1.14	16	3.4
Origin Energy	A	706	1.37	24	1.8
Oxiana Ltd	D	92	N/A	NE	Nil
Pacific Brands	C	266	3.62	NE	1.3
Paperlin X Ltd	B	458	0.33	19	6.0
Patrick Corp	A	606	2.94	17	2.1
Perp Trust Aust	A	6140	7.39	26	2.4
Primary Health	A	830	5.66	47	2.1
Promina Group	B	516	1.79	12	4.3
Publishing & Br	B	1627	3.40	16	2.6
Q.B.E. Insur.	B	1511	1.08	14	3.6
Qantas Airways	B	358	0.58	10	4.7
Ramsay Health	B	722	1.21	24	2.4
Record Invest.	A	593	N/A	37	3.1
Reece Australia	B	1300	1.48	21	2.2
Rinker Group	A	1174	2.05	26	1.2
Rio Tinto Ltd	A	4691	3.39	17	2.2
Rural Press Ltd	B	1010	3.70	22	3.9
SFE Corporation	A	953	6.22	24	3.6
Santos Ltd	A	885	2.95	14	3.7
Seven Network	A	748	1.36	17	3.1
Sigma Company	B	828	0.61	27	2.4
Sims Group Ltd	B	1780	0.86	14	3.7
Smorgon Steel	B	130	0.44	25	5.0
Sonic Health	B	1179	3.04	55	1.7
Soul Pattinson	A	1000	4.51	15	2.0
Southcorp Ltd	C	430	2.76	69	Nil
Spotless Group	B	504	0.43	47	4.6
St George Bank	B	2491	2.52	17	4.9
Sthn Cross Brd.	A	1360	1.97	18	4.4
Stockland	B	584	5.39	13	6.3
Suncorp-Metway	A	1941	1.77	17	3.6
Tabcorp Holding	B	1685	2.85	23	4.2
Telstra	B	537	3.19	16	4.8
Ten Network	B	379	2.26	24	4.7
Toll Holdings	A	1334	1.29	25	1.5
Transfield Serv	B	712	0.79	14	2.2
Transurban Grp	C	749	8.53	NE	3.4
UNiTAB Ltd	A	1390	3.75	34	2.9
United Group	A	762	0.71	26	2.4
Village Road.	B	245	0.38	16	Nil
Virgin Blue	C	199	1.34	12	Nil
WMC Resources	A	742	2.17	7	5.0
Wesfarmers Ltd	B	4000	1.79	17	3.5
West Aust News	B	862	5.11	21	4.4
Westfield Group	B	1675	7.55	17	6.2
Westpac Banking	B	1951	2.15	13	4.4
Woodside Petrol	A	2260	5.02	14	2.6
Woolworths Ltd	A	1580	0.62	27	2.8
Worley Group	A	625	2.49	30	1.9
Zinifex Ltd	B	316	3.25	30	Nil
Ave of 1525 Cos	**C**	199	0.43	25	1.4

Recommended Investments

CDL Investments reported a 26.0% drop in revenues to just $20.2 million for the year to 31 December 2004, but net profits rose 28.5% to $8,477,000 (4.2 cents per share). The company will pay a steady 1.6 cents annual dividend (plus full imputation tax credits) *and* a special dividend of 0.4 cents (plus tax credits).

The net cash operating surplus fell 65.1% to $4.3 million.

CDL Investments is not being run in a way that maximises profits, but as a long term land holding company. The company's 245.9 hectares of land has a book value of $46.8 million but a *market* value of $107.8 million. Last year the book value was $31.0 million and the market value $63.1 million. So in addition to the $8.5 million trading profit the company has accrued a much larger $28.9 million unrealised increase in the value of its property holdings.

Eventually, of course, the company will develop and sell its properties and the unrealised $61.0 million appreciation will be realised and contribute strongly to future trading profits.

CDL Investments hasn't announced the *number* of residential sections sold but "sales volume was down" with a "lack of available stock" owing to "adverse weather conditions". In 2003 the company sold 302 sections. It now has 137 lots "to be released *(Continued on Page 4)*

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	200.5	1.6	3.88	9	6.1	39	9.3	+93%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	B	64.9	0.5	1.43	14	9.2	438	147.5	+275%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.21	10	9.7	308	259.8	+279%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	C	102.1	0.8	2.96	15	9.2	179	47.0	+51%
HOLD+	Metlifecare Ltd	MET	10/08/04	236	A	86.5	0.7	2.94	18	1.5	370	2.0	+58%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.7	0.4	1.16	20	4.0	784	150.0	+1930%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	A	62.1	0.6	0.53	11	6.5	562	101.0	+89%
HOLD	Renaissance Corp	RNS	13/08/96	85*	B	38.2	0.9	0.33	17	10.8	102	20.4	+44%
BUY	Richina Pacific	RPL	03/11/95	94*	C	148.7	1.1	0.23	27	2.2	91	9.4	+7%
HOLD	South Port New Zealand	SPN	13/02/96	120	D	26.2	0.9	2.26	16	7.6	128	77.3	+71%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	B	88.0	0.6	1.26	17	7.3	555	100.0	+349%
BUY	Taylors Group Ltd	TAY	09/11/99	102	A	24.3	0.6	0.98	14	6.6	248	43.0	+185%
	Australian Shares (in Aust cents)												
HOLD+	AJ Lucas Group	AJL	13/05/03	120	B	51.2	0.8	0.68	8	5.0	161	17.0	+48%
HOLD+	Atlas Pacific Ltd	ATP	14/05/96	73	D	87.8	2.0	3.02	NE	Nil	20	7.0	-63%
BUY	Austin Group Ltd	ATG	08/02/05	93	A	62.2	1.0	1.00	14	6.5	92	4.0	+3%
HOLD	Austral Coal Ltd	AUO	16/01/01	19	C	233.0	0.9	3.41	NE	Nil	123	Nil	+547%
SELL	Aust Infrastructure	AIX	07/10/03	153*	A	228.6	0.6	N/A	14	4.9	235	16.9	+65%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	418*	A	40.1	0.4	1.01	27	3.3	990	153.5	+174%
BUY	Candle Australia	CND	08/04/03	86	A	39.6	0.8	0.53	21	3.8	240	10.0	+191%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	B	49.8	0.9	0.18	9	7.0	165	24.5	+25%
HOLD	Circadian Technologies	CIR	10/02/04	188	C	40.1	1.0	N/A	13	Nil	190	65.0	+36%
BUY	Commander Comm.	CDR	11/09/01	92	A	154.6	0.7	0.73	38	0.9	234	11.2	+166%
BUY	Computershare Ltd	CPU	12/08/03	189	A	542.4	0.7	3.22	43	1.4	561	15.5	+205%
HOLD	Int'l AllSports	IAS	11/02/03	180	C	52.5	1.6	0.03	NE	Nil	34	2.5	-80%
BUY	Iluka Resources Ltd	ILU	12/10/04	471	A	232.9	0.6	1.60	15	3.8	582	Nil	+24%
BUY	Keycorp Ltd	KYC	10/08/04	154	B	81.7	1.1	1.46	19	1.7	181	Nil	+18%
BUY	LongReach Group Ltd	LRX	11/01/05	24	B	167.0	1.8	0.79	56	Nil	24	Nil	-2%
BUY	Melbourne IT	MLB	10/02/04	53	B	52.8	0.8	1.08	17	4.5	123	4.0	+140%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	C	386.1	0.9	3.70	44	1.9	120	Nil	+43%
BUY	Ross Human Directions	RHD	14/08/01	92	B	59.1	1.2	0.29	12	4.4	80	19.0	+8%
HOLD+	Skilled Engineering	SKE	12/03/02	126	B	95.6	0.7	0.36	16	5.8	275	41.5	+151%
BUY	Sonnet Corporation	SNN	07/09/04	31½	C	82.0	1.7	0.77	6	18.0	25	3.0	-13%
HOLD+	Technology One Ltd	TNE	11/11/03	44	A	298.7	1.2	4.00	22	4.1	69	2.9	+63%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	24.1	0.7	0.41	14	0.8	315	10.0	+26%
HOLD	Toll Holdings	TOL	08/09/98	60*	A	321.3	0.4	1.29	25	1.5	1334	75.0	+2248%
HOLD+	UXC Limited	UXC	11/01/00	55*	B	144.8	1.0	0.67	14	5.7	87	24.0	+102%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	B	173.4	0.9	1.37	17	3.7	112	30.3	+106%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +206.9%. This is equal to an average annual rate of +48.8%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 37 current and 129 closed out) is +34.2%, 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)*

early in the year" and "a good range of sections under construction".

CDL Investments should have little trouble earning increased profits over future years as it steadily develops its land holdings and realises the significant appreciation in its property values.

Based upon book value the net asset backing per share is 28.4 cents, but based upon market values it would be 58.8 cents (or 48.8 cents, allowing for future income taxes).

So at 39 cents, CDL Investments shares trade at a *discount* to their net asset backing, a Price/Earnings ratio of just 9 times trading profits and offer a gross Dividend Yield of 6.1%. "Hold+" for high income and steady capital appreciation.

Cavalier Corporation lifted revenues 2.1% to $101.3 million for the six months to 31 December 2004, while profits increased 4.6% to $10,958,000 (16.7 cents per share). The second interim dividend of 8.0 cents (plus tax credits) will maintain a steady payout to shareholders.

The net operating cash surplus rose 28% to $11.9 million.

The *Carpet Operations* increased revenues just 2%, although earnings rose 9% to $18.1 million. The division experienced a slowdown in residential carpet sales in Australia but steady demand in NZ. The commercial market was strong in both countries - with demand from both refurbishing and new construction.

Wool Operations recorded a 4% increase in revenues, but earnings were down 28% to $775,000.

Cavalier Corporation predicts full year profits of around $21-22 million - so approximately unchanged from last year's $21.4 million.

Cavalier Corporation shares have weakened over the last 15 months, but at current levels offer a high Dividend Yield of 9.2%. "Hold" for income.

Cavalier Corporation

Colonial Motor Company suffered a 3.0% fall in revenues to $204.7 million for the six months to December 2004, but managed to lift profits 6.5% to $4,400,000 (15.8 cents per share). The interim dividend will be raised 9.5% to 11.5 cents (plus tax credits).

The cash surplus from operations fell 14.% to a still very high $9.6 million.

The buoyant economy and "extremely attractive prices" - owing to the high NZ dollar - resulted in "strong" sales of new cars and commercial vehicles, but profit margins remained low owing to a "very competitive" retail market. This is not a favourable situation: The demand for new vehicles is booming, but competitive pressures are preventing the company from earning boom profits. If the economy or NZ dollar were to weaken significantly - which we are not expecting - then the new car market *could* decline and put further pressure on margins.

Net assets per share is 330 cents, the Price/Sales ratio a low 0.21, the Price/Earnings ratio is low at 10 and the Dividend Yield is a high 9.7% - so the shares still offer good value. The shares will be most attractive to investors seeking high income and some long term capital growth, but investors seeking maximum capital appreciation will be better looking elsewhere. "Hold" for income.

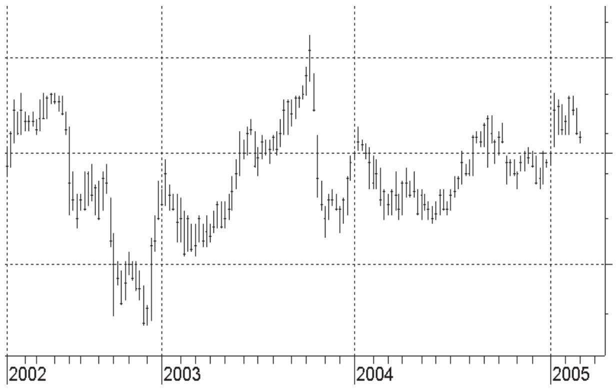
Lyttelton Port Company recorded a 9.3% increase in revenues to $31.9 million for the half year to 31 December 2004. Profits dipped 11.9% to $4,853,000 (4.7 cents per share) and a steady interim dividend of 3.75 cents (plus full imputation tax credits) will be paid.

Net operating cashflows rose 8% to $5.6 million.

The company is predicting a full year profit of $12.3-12.8 million - up slightly on last year's $12,020,000.

Lyttelton Port Company is another share that will appeal mainly to investors seeking a high 9.2% current income yield.

Lyttelton Port Company



MetLifeCare suffered a 1.1% drop in revenues for the full year to 31 December 2004, but profits grew 23.3% to $17,471,000 (20.2 cents per share). A final 3.5 cents dividend (*without* imputation tax credits) will lift the annual dividend 10.0% to 5.5 cents.

The net operating cashflow fell 22.2% to $27.8 million.

MetLifeCare now operates 1768 retirement villas and apartments. Current land holdings will enable the company to continue recent rates of expansion for the next 5-6 years, with the biggest development being 260 apartments planned for Takapuna, Auckland.

For the current year the company is expecting "to trade better than last year" with profits up 23% to around $21.5 million.

MetLifeCare shares trade on a Price/Earnings ratio of 18 but offer good potential for profit growth over the next few years so remain an attractive investment for investors seeking capital appreciation.

It is reported that "more than ten interested parties" have sought information about the company, with one, Australian listed **FKP** confirming its interest in bidding and three other Australian companies, **Primelife**, **Babcock & Brown** and **Pacific Equity Partners** still being named as "serious contenders" in the media.

MetLifeCare

Michael Hill International continues to quietly and steadily grow its business. For the six months to December 2004, revenues rose 9.1% to $153.3 million while profits grew 11.6% to $12,182,000 (31.5 cents per share). The interim dividend will be raised 12.5% to 9.0 cents (plus full tax credits).

Net operating cashflows fell 60% to only $7.6 million - but was depressed by a large number of new store openings (i.e. ten) *and* increased stock levels as NZ warehousing was centralised to Brisbane, Australia. Overall stock levels were up $17.6 million over the six months and "the directors expect a reduction in these higher than normal stock levels by June 2005".

NZ revenues rose 4.5% to $48.4 million with earnings up 2.7% at $6.9 million. In NZ dollar terms, Australian revenues were up 10.8% at $99.6 million (and up 15.8% in Australian dollars) and earnings up 13.0% at $12.3 million. The Canadian operations lifted revenues 40.8% to $4.7 million and *halved* their loss to just $0.2 million. The group opened one store in NZ (where it now has 47 stores), seven in Australia (100 stores) and three in Canada (seven stores).

The Canadian expansion appears to be successfully established. Two or three more stores should provide the economies of scale to reach break-even, with additional stores then making a *positive* contribution to profitability.

The directors "remain confident" of "continued growth" for the group.

Michael Hill International shares should appeal to a wide range of investors, offering reasonably assured capital appreciation and income growth for many, many years. We are upgrading these shares to a "Buy".

Michael Hill International

Nuplex Industries' first half revenues (i.e. to December 2004) rose 5.0% with profits up 7.8% to $16,229,000. Earnings per share, however, fell 12.4% to 21.2 cents owing to new capital raised to purchase the **Coatings Resins** business (which was settled on 31 December, so has not yet contributed toward revenues and profits). The interim dividend will be raised 4.3% to 12.0 cents (plus full tax credits in *both* NZ and Australia).

The net operating cash surplus fell 29.3% to $12.8 million.

Nuplex reports that "demand has softened" in some areas, while "major raw materials continue to rise in price", so will continue to focus upon "cost recovery" (i.e. passing on costs into higher selling prices) which it has been able to do in the resins and specialty products divisions.

The full year profit to June 2005 is forecast to be 4-14% higher at $32-35 million (42-46 cents per share, 7-15% *lower* owing to the increased capital) with the annual dividend "at least maintained" at 24.5 cents.

Nuplex Industries has successfully grown through acquisition in the past and the Coatings Resins business offers good potential for further profit growth in the years ahead. Profitability, however, can fluctuate from period to period owing to volatile prices of its petrochemical raw materials.

At 562 cents, Nuplex Industries shares trade on a low Price/Sales ratio of 0.53, a low Price/Earnings ratio of 11 and offer a gross Dividend Yield of 6.5%. That is a low valuation for a company with good growth potential as well as an attractive current income yield. So the current dip in share price offers an attractive opportunity to acquire more shares in this company. "Buy".

Nuplex Industries

Renaissance Corporation lifted revenues 23.0% to $120.0 million for the year to 31 December 2004 - with profits up 71.9% to $2,288,000 (6.0 cents per share). The final dividend of 5.5 cents (plus 1.0 cent imputation credits) lifts the annual dividend rate 21.4% to 8.5 cents.

With only partial imputation tax credits the *gross* annual dividend is 5.1% higher at 10.9776 cents.

This business continues to generate exceptionally strong cash flows, with the operating cash surplus up 184% to $11.5 million.

Renaissance Corporation experienced improvements in most of its businesses, but the strongest growth came from branded products and particularly *Apple Computer* products. With further new products to be released this year, this division should *(Continued on Page 6)*

Recommended Investments *(Continued from Page 5)*

increase revenues and profits during 2005.

Itas - the education division - was "not a contributor to profits" in 2004 owing to upfront costs of "securing major contracts". The group issued 476,321 new shares to re-purchase the 16.67% of **Conduit** sold to **DBS Bank of Singapore** during the technology boom. Conduit, which hosts online transactional websites was "profitable and cashflow positive". The PC manufacturing division, *Insite*, lifted revenues 7%, made a "solid contribution to group profits" and enabled the education division to configure hardware to meet customers needs.

At 102 cents, Renaissance Corporation shares trade on a Price/Sales ratio of 0.33, a Price/Earnings ratio of 17 and a gross Dividend Yield of 10.8%. Renaissance Corporation's profit performance and share price have been volatile and uncertain at times, but the current valuation is attractive and the business appears to be in a growth phase - so we are happy to "Hold" these shares for their high income and for further capital appreciation.

Richina Pacific has reported *trading* profits 31.0% higher at US$3,273,000 (US$0.022 per share) for the year to 31 December. Revenues were 46.8% higher at US$430.9 million. In addition there were abnormal gains of US$4.91 million on the acquisition of **Shanghai Leather Corporation** (i.e. *negative* goodwill and gains on its previous lease obligations). The company will reinstate dividends with the payment of 2.0 NZ cents (with *no* tax credits) in April.

The net operating cash surplus was 9.0% lower, but still very high, at US$24.9 million. This large surplus, however, reflects the massive US$60.5 million increase in trade creditors!

The company is looking for "further improvements in revenue and profits in the years ahead".

At 91 cents, Richina Pacific trades on a low Price/Sales ratio of 0.23, a high Price/Earnings ratio of 27 and a low Dividend Yield of 2.2%. That gives mixed signals about the share valuation - but it is always difficult to value *emerging* businesses. Profits *should* grow strongly over future years which will improve the P/E ratio and Dividend Yield. What is important is that (1) the business is profitable, (2) that profits will likely grow strongly and (3) the payment of a dividend indicates - more than just words - the directors' confidence in *future* profitability and the company's improving financial position. The shares are also in a very strong uptrend, with a Relative Strength rating of +39.7%, ranked 2 (i.e. on a scale of 0-99). So at the very least, investors should let their profits run. "Buy".

Steel & Tube Holdings reported a 55.5% increase in profits to $18,579,000 (21.1 cents per share) for the six months to December 2004 - so the share price *fell* in response to this good result! Revenues were 17.2% higher at $216.5 million. The interim dividend will be raised 25.0% to 15.0 cents (plus full imputation tax credits).

The net operating surplus *fell* 8.5% to $14.9 million- mainly as a result of a large increase in steel prices and the value of stock.

Roofing Products and *Reinforcing* products enjoyed strong demand owing to record levels of residential and light commercial construction. Sales to the rural sector were weaker. Similarly favourable trading conditions are expected for the second half of the year with "any softening in the residential construction sector offset by growth in commercial construction".

Cyclical shares like Steel & Tube Holdings can go from extremes of under-valuation in a recession to extremes of over-valuation in an economic boom. Economic conditions are favourable now - so there is need for caution. Economic conditions, however, are likely to remain favourable in the period ahead and the current valuation (i.e. a P/E of 17, Yield of 7.3%) appears reasonable and the shares are in an established uptrend.

So investors can let profits run for the present. There is potential for the shares to continue appreciating in value, plus a healthy income from regular dividends and potential for further special dividends and/or capital repayments. "Hold".

Steel & Tube Holdings

Taylors Group's revenues rose 11.6% to $33.2 million for the six months to 31 December 2004. Owing to higher energy and labour costs, profits slipped 1.7% to $2,202,000 (9.1 cents per share). As the company has a very strong balance sheet and high cashflows the interim dividend is being raised 40.0% to 7.0 cents (plus full imputation tax credits). In addition there was a $200,000 gain (after tax) from the sale of surplus land.

The operating cash surplus fell 13%, but is still extremely high at $7.0 million. Interest bearing debts are just $2.5 million - so Taylors Group may need to further increase its dividends, make a capital repayment or find a major acquisition to spend its cashflows - although "some additional" capital investment will be necessary to maintain the company's competitive position.

Energy costs rose 40% to about $1.5 million and labour costs are rising owing to the new holiday provisions and a shortage of available labour. The company has yet to achieve the full benefits of combining its Auckland laundry operations on one site, but achieving this should help improve profitability this year.

Taylors Group shares have weakened over the last year, falling from a high of 306 cents in January 2004 to a recent low of 225 cents in October 2004. The shares now appear to be in the early stages of a new uptrend. The Relative Strength rating has just *turned positive* at +0.2%, ranked 69. The valuation is attractive with a P/S ratio of 0.98, a P/E ratio of 14 and a Yield of 6.6%. One *insider* purchased a few shares on-market at 245 cents last month. Although operating in a competitive industry, Taylors Group is in a strong financial position with very little debt, a strong balance sheet and high cashflows. "Buy" for both current income and capital growth.

Taylors Group

Australian Shares

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

AJ Lucas Group has reported a poor first half year to December 2004 - as previously predicted by the company. Revenues fell 33.1% to $35.7 million and the company operated at a *loss* of $2,366,000 (*minus* 4.6 cents per share), down from a profit of $2,351,000 last year. The interim dividend will be maintained at 3.5 cents.

The net operating *deficit* was $4.0 million (last year a *deficit* of $19.2 million).

Despite the result for the period, AJ Lucas Group is very optimistic, having repositioned the business "for sustained growth in the future". Work in hand is $90 million - up from $68 million at December 2003 - with all divisions, except *Pipelines*, at record levels. The result for the *full* year to June 2005 is expected to show revenues "in excess of $100 million" and pre-tax profits of $3.3-3.6 million (6.4-7.0 cents per share), with little or no tax payable. The directors state that "the 2005 calendar year is going to be both frantic and profitable".

Directional Drilling recorded a 46% drop in revenues to just $3.0 million owing to delays in commencing projects but has won new contracts worth $28.1 million. For the period this division *lost* $0.5 million (mainly owing to depreciation), compared with earnings of $1.6 million the previous year. This division is currently involved in five HDD projects and has been awarded a number of others. Revenues for the second half to June 2005 will be "in excess of $15 million".

Pipelines revenues were down 96% to $1.2 million, with a *loss* of $0.6 million (previously earnings of $4.1 million). This division has focused upon tendering for the **Trans Territory Pipeline**, a $650 million project where AJ Lucas Group's consortium is one of three preferred tenders. The project is expected to be awarded in mid-March. The division also tendered unsuccessfully for a number of smaller pipeline projects. Many large gas and water pipelines are planned for the next 3-5 years, so there is good potential for this division to win profitable business.

Gas Management Services increased revenues 130% to $11.5 million - owing to buoyant conditions in the coal sector - with earnings up 18-fold (although off a very small base) to $1.8 million. This division has $20.6 million of work in hand and "continued strong growth" is expected! The company is now "well and truly" the leader in this business and seeking to "expand our service capability" through internal growth and a "number of acquisitions". The Gloucester Basin coal seam development is now at a "critical" stage of development that will demonstrate whether or not it is commercial - although "existing testing suggests that it could be a highly viable commercial prospect". The company is assessing "commercialisation alternatives", including "restructuring" its interests to "fast track development" and "realise some of its value" to shareholders (i.e. floating the business on the stockmarket, raising cash for development and creating a valuable, marketable holding). At present the project is not "recognised on the balance sheet in any meaningful way".

Specialist Infrastructure Services lifted revenues 71% to $20.7 million with earnings of $0.1 million. "Competitive pressure" and "increased overheads" to grow and improve the quality of the business resulted in the close to break-even result.

AJ Lucas Group's profitability is volatile owing to the timing of large pipeline and HDD projects - but it is seeking more reliable cashflows and profits from its new businesses. In this situation, valuation statistics based upon current profits (i.e. the P/E ratio) can be misleading. The low Price/Sales ratio of 0.68 and the Dividend Yield of 5.0% are a better indication of value. At the present time we shall continue to rate the shares as a "Hold+".

AJ Lucas Group

Atlas Pacific has reported a 30.3% drop in revenues to $6.8 million for the year to 31 December 2004. The company *lost* $1,469,956 (*minus* 1.7 cents per share), compared with a profit of $1.2 million in 2003. No dividend will be paid.

The business continued to generate a small net operating surplus of $95,791. Cash in the bank is $3.2 million (3.7 cents per share) and there is no interest bearing debt.

Atlas Pacific nucleated "over 300,000 oysters" during 2004 - 318,000 for itself and 42,000 for joint ventures. This is up 74% on 2003 and up 20% on budget. These pearls will be harvested in 2-3 years, so will result in significant growth in volumes (and revenues and profits) in 2006 and 2007.

Pearl harvests last year were *(Continued on Page 8)*

Recommended Investments *(Continued from Page 7)* from "oysters seeded during the difficult 2002 year" but pearl quality improved with each harvest and the company is "hopeful that this trend will continue in 2005". Pearl prices "appear to have been relatively stable" and the company will seek to add value by developing jewellery lines this year and is investigating retail opportunities in the tourist areas of Bali. Atlas Pacific expects to return to profitability this year and reinstate dividends "as soon as sufficient cash reserves are available".

There is no easy way to *value* a company like Atlas Pacific. The company was unprofitable *last* year and is not paying a dividend, so we cannot use the P/E ratio or Yield. The Price/Sales ratio looks high at 3.02. Usually we like to buy shares trading on a P/S ratio of less than 1.00. In this case, however, the business has the potential to produce *very high* profit margins, so a high P/S ratio is justified.

The only way to value the company is to assess its potential for *future* revenues and profits. The one thing that is certain (or at least as certain as anything can be in a rural business subject to environmental factors) is that the *number* of pearls available for harvest will increase significantly over the next 2-3 years. This will be the direct result of the higher number of pearls nucleated over the last two years. Quality should also improve from the poor results experienced this year. So *revenues* are likely to increase very strongly and, as many costs are fixed, this additional revenue will flow through into bottom line profits!

Our comments last month - that the shares could "start to rise within the next 3-6 months and then appreciate strongly over the next 3-4 years, perhaps to around 75 cents" - appear to have boosted the share price from 17 cents to a high of 24 cents. Investors should avoid bidding shares up like this as they usually fall back a few weeks later! In fact, Atlas Pacific shares are now back at 20 cents and can probably be picked up easily at prices around 18-20 cents over the next couple of months.

Austin Group has reported 18.3% revenue growth to $33.7 million for the half year to December 2004, with profits up 8.5% at $2,860,000 (4.6 cents per share). The interim dividend will be steady at 3.0 cents, but the company will also pay a *special* dividend of 1.0 cent.

The cash operating surplus increased 3½ fold to $2.6 million.

Austin Group has no interest bearing debt and is paying the special dividend to help return surplus cash to shareholders. Similar growth is expected in the second half, with the directors "committed to returning maximum amounts of profits to shareholders in the form of fully franked dividends". Unfortunately the NZ government does not recognise Australian franking credits and will tax NZ investors a *second* time on these dividends. [Editor's Note: This taxation is probably the "economic benefit" that the Minister of Finance sees in encouraging New Zealanders to invest in shares!]

Austin Group has announced two new brands: Firstly, the company will launch its own *Triple 8 Racing Engineering* brand of motor sport apparel and accessories which will be sold at race events, through dealerships and independent retailers. Secondly, Austin Group has signed a licencing agreement to market *Town & Country Surf Designs* in Australia and NZ from next summer. This brand was established in Hawaii in 1971 and launched internationally in 1990, offering high quality surf wear and action sports wear for the 14-25 year old market.

Austin Group is a relatively low risk company offering a high current income yield *and* the potential for above average longer term capital appreciation. As discussed last month, if Austin Group can grow revenues at just 10% per annum - and profits at 15-25% per annum owing to economies and operational efficiencies - then the share price *could* be re-rated 2-4 fold over the next five years. All we have to do is sit back and wait, whilst receiving a big dividend cheque twice a year. "Buy".

Austin Group

Austral Coal and **Centennial Coal** are proposing to merge. This is a great deal - especially for the *Centennial Coal* shareholders - but at least we are being offered Centennial Coal shares so will share in *some* of the merger benefits.

This is a very good deal for Centennial Coal which is being valued at 8.1 times 2006 forecast profits, while Austral Coal is being valued at a bargain 3.1 times 2006 forecast profits! Austral Coal's share and note holders will also contribute 46% of the combined group's equity, but will own just 30% of the merged entity's capital.

A reason for this lower valuation of Austral Coal is the significantly higher risk. Austral Coal has just one underground coal mine - which has experienced some initial problems - has higher development debts and is exposed to the risks (and possible growth) in prices for its export coking coal. Centennial Coal has many underground mines and sells mainly thermal coal

Austral Coal

domestically on *very long term*, fixed price supply contracts to power stations. This is a low risk structure, but limits exposure to the growth in coal prices.

A merger will exchange our *risky*, but *high potential*, investment in Austral Coal for a much safer, dividend paying investment in the enlarged Centennial Coal. Merger benefits should help to re-rate the share price in the short to medium term, while the company does offer steady long term growth from expanding its mines (and well priced acquisitions!).

The combined Shareholders Equity and additional diversification will substantially benefit the merged entity. The improved financial position and lower risk will allow the group to refinance Austral Coal's existing debt at lower interest rates, while the additional profits and cashflow from Austral Coal's mine will help Centennial Coal raise funding to develop its *Anvil Hill* mine. There should also be annual cost savings of about $6 million from combined administration and corporate overheads.

Centennial Coal will offer 10 of its own shares for every 37 Austral Coal shares and we recommend that *share*holders accept this takeover and retain the Centennial Coal shares received. With Centennial Coal now trading around 455 cents, this values Austral Coal shares at 123 cents.

If the takeover offer reaches 90% acceptances *then* the Austral Coal notes can be converted to ordinary shares and also participate in the merger. Each note will convert to 1.029217 ordinary Austral Coal shares *plus* accrued interest to the date of conversion (i.e. about 2.6 cents). The notes can also be converted to 1.029217 ordinary shares during the period from 8-31 March but we recommend that convertible note holders ***wait*** *until the takeover becomes unconditional*, then convert them to ordinary shares and accept the takeover offer. This avoids the risk that the merger fails, in which case we want to retain the considerably less risky, income producing notes!

Centennial Coal has acquired a 9.6% holding in Austral Coal through an equivalent share swap with the major shareholder **Nobel Group**.

For the year to 31 December 2004, Austral Coal's revenues fell 8.2% to $84.1 million and the company *lost* $30,263,000 (*minus* 13.0 cents per share), compared with a profit of $2.7 million in 2003. No dividend will be paid. This loss represents higher fixed costs, as the company geared up for much higher production, but initial equipment problems which left production and sales virtually unchanged during the period.

Centennial Coal

The net operating cash surplus fell 93.3% to $3.4 million, but the company continued to invest a further $88.6 million in plant, equipment and mine development. With the initial problems mining coal, and the resulting lower than expected cashflows, there has been a rapid increase in interest bearing debts, up $44.8 million to $102.2 million (excluding the convertible notes).

Candle Australia had predicted a first half profit to 31 December 2004 of around $3.0 million, with the actual result of $3,274,000 (7.9 cents per share) being 58.6% ahead of last year. Revenues rose 35.0% to $114.9 million. The interim dividend will be 37.5% higher at 5.5 cents.

The operating cash surplus fell 63.8% to only $1.3 million owing to increased working capital invested in acquisitions.

Candle Australia reports a "distinct increase in demand for skilled Information and Communications Technology personnel" and also "an increasing staff and skills shortage" - which is a favourable environment for a recruitment business helping companies find staff. So Candle Australia is predicting "strong profit growth" for the full year to June 2005.

Candle Australia, **Ross Human Directions** and **Skilled Engineering** could all benefit from the tighter Australian job market and skills shortage. Firstly, the volume of business increases in a tight employment market as employers are more likely to use a recruitment agency than try to fill vacancies themselves. Secondly, profit margins increase as there is less discounting of commissions - although this is partially offset by recruitment firms needing to spend more on searching for candidates and a lower success rate filling vacancies. Thirdly, the tight market *favours the larger, listed companies* - who are more likely than smaller firms to be able to fill vacancies - and this will force further rationalisation in this fragmented industry. So the larger companies in which we hold investments should continue to enjoy revenue and profit growth, while smaller unlisted agencies may experience more difficult trading conditions. This will allow the larger companies to acquire their smaller competitors at attractive valuations and help consolidate the industry into a smaller number of larger firms that enjoy improved economies of scale.

Cellnet Group's revenues rose strongly during the six months to December 2004: up 48.9% to $306.1 million. Profits increased just 5.9% to $5,440,000 (10.8 cents per share) and the interim dividend will be raised 7.7% to 7.0 cents per share.

The net operating surplus was $3.6 million, compared with a *deficit* of $15.5 million in the previous period.

Revenues from *Mobile Phone Products* increased 46% to $188.5 million with earnings up 1% to $7.4 million. *IT Products* recorded a 54% increase in revenues to $118 million with earnings up 33% to $1.8 million.

Over the last year Cellnet Group has enlarged its warehouse capacity in both Sydney and Melbourne by 60% and established a warehouse in Brisbane.

At 165 cents, Cellnet Group shares trade on a very low Price/Sales ratio of 0.18, *(Continued on Page 10)*

Recommended Investments *(Continued from Page 9)*

a low Price/Earnings ratio of 9 and produce a current Dividend Yield of 7.0%. That is a very attractive valuation. Three *insiders* have bought shares on-market over the last year and the shares are in a long term uptrend (i.e. the Relative Strength rating is +9.7%, ranked 28). All of that can only mean one thing: "Buy" for capital appreciation and high income.

Cellnet Group

Commander Communications' revenues rose 24.6% to $290.2 million for the six months to December 2004. The company earned a profit of $8,164,000 (4.8 cents per share), compared with a *loss* of $1,929,000 in the same period last year. The company will reinstate interim dividends with a payment of 2.0 cents per share.

The net operating surplus was a high $17.1 million.

The company expects to achieve brokers forecasts of a 28% increase in revenues to $630-650 million to June 2005, with profits *tripling* to around $31 million (18 cents per share).

The *historical* P/E looks high at 38 (i.e. owing to last year's low profits), but achieving this year's forecast will put the P/E ratio at a low 13. That is a low valuation for a company that is growing rapidly and strategically placed within the telecommunications market. Commander Communications *competitive advantages* are that it operates a *virtual* network (i.e. reselling services bought from other telecom companies, without the capital investment in a physical network) and its historical relationship with small and medium sized businesses (i.e. it was originally **Telstra**'s monopoly seller to this segment of the market). "Buy" for growth.

Commander Communications

Computershare lifted revenues 16.6% to $520.6 million for the six months to 31 December, but trading profits rose only 6.4% to $34,630,000 (6.3 cents per share). The interim dividend, however, will be raised 66.7% to 5.0 cents.

In addition, there were gains of $9.5 million on the written down value of shares and property sold.

The net operating cash surplus rose 19.5% to $50.9 million.

Regulatory approval to acquire **Equiserve** - previously expected by early January - is taking longer than anticipated. The full year forecast therefore conservatively excludes the "expected positive contribution" from that acquisition, with the directors staying with their earlier forecast of better than 10% revenue growth and greater than 20% earnings per share growth.

Computershare has arranged US$318 million in long term (i.e. 6-12 year) financing from 12 US institutions at an average interest rate just 1.05% above US Treasury bonds. This money will be used to pay the US$200 million for Equiserve and to repay existing bank debt.

Computershare's share price initially fell in response to this relatively flat result and delays with Equiserve - from a recent high of 663 cents to a low of 533 cents. A Computershare director used this as an opportunity to acquire another 83,000 shares on-market at an average price of 560 cents - which is probably the *best* information available to investors on the value and future potential of this company!

The valuation statistics for Computershare (i.e. P/S of 3.22, P/E of 43) are a little frightening, but we are still looking for strong recovery and growth potential over the next three years. Already this investment has *tripled* in just 19 months - slightly outperforming our initial suggestion that "the shares could easily double in value over the next 18-24 months". With excellent growth potential we continue to rate Computershare shares a "Buy".

Computershare

Iluka Resources has reported full year profits to 31 December 2004 up 4.8% to $89,300,000 (38.3 cents per share) from revenues up 4.6% at $849.6 million. A steady 12.0 cents final dividend maintains the annual dividend at 22.0 cents.

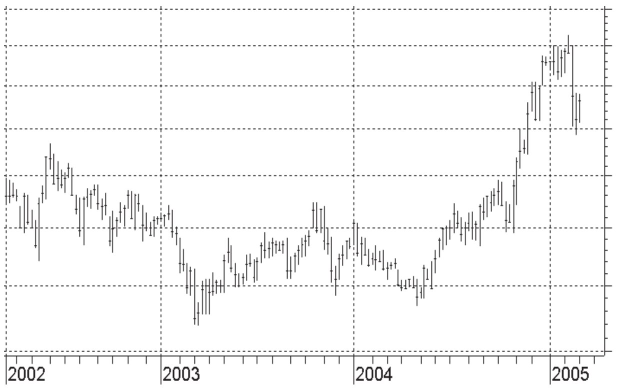
Net operating cashflows improved 29.9% to $231.5 million.

The bottom line profit under-states the growth in profits as the 2003 result was boosted by a $14.1 million pre-tax currency gain in US borrowings, while the *partial* reversal of the currency movement cost $9.1 million (before tax) in the 2004 result. If these currency fluctuations are removed then the net profit increased about 27%.

The demand for Zircon continues to "outstrip supply", with prices rising US$100/tonne in 2004 and with a "slightly higher" increase expected for 2005.

Iluka Resources shares also fell in response to their recent results, from a high of 664 cents to a low of 543 cents. One *insider* used this decline to purchase 5000 shares on-market at 581 cents. The shares probably had risen a bit rapidly recently - which is the reason we had downgraded them to a "Hold+" - but, with good exploration results and steady progress with new projects, this latest decline is an opportunity to upgrade the shares to a "Buy".

Iluka Resources



International All Sports recorded a 7.8% drop in wagering turnover to $237.1 million for the six months to December 2004. Total revenues (i.e. its margin on wagering turnover) grew 32.3% to $13.0 million. This improved its bottom line, but it still traded at a *loss* of $1,256,000 (*minus* 1.9 cents per share). No dividend will be paid. The company recorded a small $75,000 net operating surplus - which is at least an improvement on the previous year's *deficit* of $1.3 million.

Keycorp increased revenues 20.7% to $57.0 million during the six months to 31 December 2004. The net profit rose only 13.4% to $1,295,000 (1.6 cents per share), but the net operating cash surplus soared 46.0% to a very high $15.4 million.

No interim dividend will be paid, but the final dividend is "expected to exceed the previous dividend" of 3.0 cents. In addition, the company is currently *considering* an on-market buy-back of up to 4.0 million shares (i.e. about 5% of the capital) to return $6-8 million of cash to shareholders. Keycorp may also spend some of its cash on acquisitions and is continuing to search for suitable opportunities. The company states that "future cash flow is expected to remain strong".

The current reporting period saw the "emergence" of the "*Smartcards* business as a genuine source of revenue growth", driven by the new credit card standards. Revenues for this division rose 131% to $17.2 million with earnings up 128% to $2.3 million.

Secure Transactions remains the largest division, but is in decline. Revenues fell 29% to $10.4 million with earnings down 30% to $9.9 million. Much of this is a result of its revenue share under the joint venture with **Telstra** falling from 50% to 43%, but the company also lost market share in a competitive market. Over the *very* long term Internet Protocol technologies will lead to the steady decline in this type of separate secure payment network.

The *Access Devices* division (i.e. EFTPOS terminals) recorded steady revenues of $16.3 million, but made a small profit contribution of $0.4 million - compared with a *loss* of $3.5 million last year. The company has released a new K71X terminal for the **Commonwealth Bank**'s merchants.

The *Services & Fleet Management* division lifted revenues 50% to $12.9 million, with earnings down 9% to $3.3 million. The **Westpac** contract contributed $6.6 million to revenues during the period and this will rise to $15 million for the full year to June 2005 and around $20 million in future years. Profitability was low in the early phase of this contract but will now increase and make a "significant boost to operating cash flow and earnings".

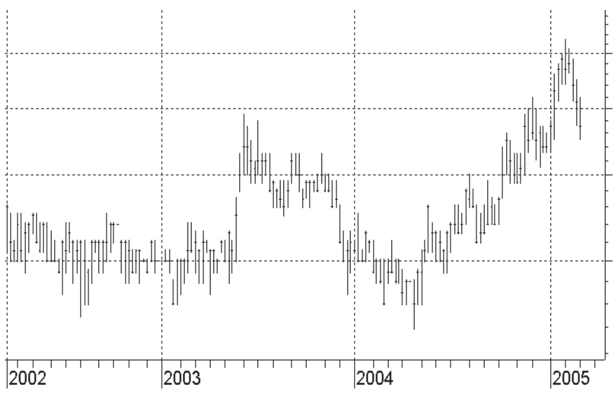
Keycorp shares remain a "Buy".

LongReach Group has won a contract worth $5.5 million from a federal government department for "a range of multiservice switches". Deliveries will begin this month and continue over the next year. This contract will make a significant contribution to *next* year's revenues and earnings from the emerging *Networks/Wireless* division which is forecasting annual revenues of $18 million for the year to March 2005.

LongReach Group has entered a "partnership arrangement" with **Infotechs**, an existing distributor in Sri Lanka, to target **World Bank** funded projects in Sri Lanka, Malaysia, Indonesia, Vietnam, Cambodia and Bangladesh. Under the arrangement, LongReach Group will establish an office in Colombo and negotiate terms of sales, while Infotechs will finance the overhead expenses. Infotechs will receive their current distribution margin on any sales *plus* 500,000 three-year options (up to a maximum of 8,000,000 options) to buy LongReach shares at 25 cents for every US$2.5 million in revenues (i.e. up to revenues of US$40.0 million) over the next three years. This arrangement "will reduce selling overhead expenditure whilst maximising sales potential" in these markets.

Despite these favourable developments, LongReach Group shares have fallen back over the last month and can now be purchased around our initial recommendation price of 23½ cents. "Buy".

LongReach Group



Melbourne ITs revenues for the year to December 2004 are up only 20.9% to $60.3 million, but profits are ahead 81.6% to $3,809,000 (7.2 cents per share). The final dividend will be 3.5 cents, raising the annual dividend 83.3% to 5.5 cents.

The net operating surplus *(Continued on Page 12)*

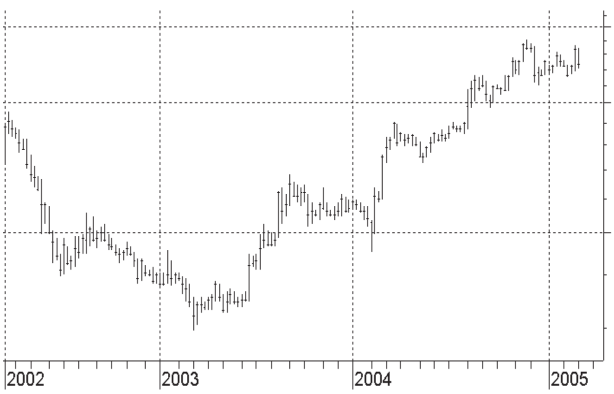
Recommended Investments *(Continued from Page 11)* is up 44.0% to $8.6 million, so the company remains debt-free and has $20.8 million (39.5 cents per share) of cash in the bank.

Melbourne IT grew its domain names under management by 22% to 2.8 million. The company has introduced "value added products" - website building, hosting, promotion - which provide additional revenues and better profit margins.

The company is cautious about predicting the 2005 year at this stage, but "2005 has started well" and they "anticipate outperforming 2004 by a healthy margin".

This strong growth improves the share's fundamental valuation. At 123 cents the Price/Sales ratio is 1.08, the Price/Earnings ratio is 17 and the Dividend Yield is 4.5%. The shares are in a long term uptrend, with a Relative Strength rating of +9.1%, ranked 29. The company has a strong balance sheet and generates high cashflows. The core domain name market is likely to grow steadily for at least a decade, with the potential for Melbourne IT to increase profitability more rapidly by selling higher margin "value added" services. <u>We are upgrading Melbourne IT shares to a "Buy" and these shares will be most suitable for investors seeking maximum long term capital appreciation</u>.

Melbourne IT



<u>**M.Y.O.B.**</u> - aided by the merger with **Solution 6** - has reported a 39.2% increase in revenues to $125.3 million for the year to 31 December 2004. *Trading* profits were 20.0% higher at $10,407,000 but earnings per share were *down* 20.6% at 2.7 cents. The final (and annual) dividend will be raised 28.6% to 2.25 cents. In addition there were abnormal losses of $8.7 million on merger integration and writing down intangibles.

The net operating cash surplus fell 29.0% to $10.4 million. MYOB has $45.7 million in cash (11.8 cents per share) and only $5.8 million of interest bearing debts.

<u>MYOB is predicting revenue growth of over 30% to "greater than $165 million" during 2005 with a larger percentage increase in earnings</u>.

The valuation on MYOB shares is a little scary - with a Price/Sales ratio of 3.70, a Price/Earnings ratio of 44 and a Dividend Yield of only 1.9% - but this is a high fixed cost and therefore potentially a high profit margin business. So with revenue growth of 30% expected in the current year we are happy to hold these shares - acquired when MYOB took over Solution 6 - and see what impact that has on profitability. "Hold".

<u>**Ross Human Directions**</u> - helped by its acquisition of **Spherion** - lifted revenues 126.9% to $181.2 million for the six months to December 2004. Profits were 87.0% higher at $2,811,000 with earnings per share up 39.0% to 3.5 cents. The interim dividend will be 33.3% higher at 2.0 cents.

There was a cash operating *deficit* of $4.7 million (compared with a surplus of $3.6 million last year) owing to the need to invest working capital (i.e. higher debtors) in the Spherion business.

The company is "well positioned to take advantage" of the improved market conditions and "continued positive economic environment".

<u>Ross Human Directions' share price has been marked down sharply over the last month, while at the same time we believe the growth potential for this sector has improved</u> (see our comments under Candle Australia). At 80 cents and based upon *last year's results* (i.e. excluding the recent half year revenue, profit and dividend growth) <u>the shares trade on a very low Price/Sales ratio of 0.29, a low Price/Earnings ratio of 12 and offer a high Dividend Yield of 4.4%. We see the potential for above average, long term capital appreciation - so Ross Human Directions shares are an attractive "Buy"</u>.

Ross Human Directions

<u>**Skilled Group**</u> lifted revenues 23.6% to $428.3 million for the six months to December 2004, but *trading* profits *fell* 35.3% to $6,347,000 (6.4 cents per share). The interim dividend will be steady at 6.0 cents.

There was a cash operating *deficit* of $1.4 million, compared with a surplus of $7.0 million last year, but this is a result of accounting rules on businesses sold. The $22.4 million of proceeds from business sales is shown as cash flow from *investing*, but included $8.8 million of working capital which would normally have been reported as an *operating* cash flow.

In addition, the company made a net profit of $11,164,000 on the sale of businesses (i.e. mainly *Skilled Communications* and *Skilled Power Services*).

The *Managed Labour Services* (i.e. the only continuing division) lifted revenues 37% to $382.5 million. Earnings before depreciation and goodwill amortisation rose a similar 39% to $15.9 million, but higher goodwill kept the earnings only 12% higher at $10.4 million. The company is seeking to improve margins - which should boost net earnings about 30% over the next 12-18 months.

Skilled Group has *downgraded* its forecast full year *trading* profit by around $1 million to $12.8-14.8 million (13-15 cents per share) - down from $16.4 million last year. The company is in a period of restructuring and its new nursing agency, **Origin Healthcare**, is under-performing initial expectations but should "deliver a meaningful increase" in profits in the next financial year (i.e. to June 2006).

Sonnet Corporation lifted revenues 30.9% to $16.1 million for the six months to December 2004. Profits, however, fell 11.0% to $1,170,743 (1.4 cents per share) owing mainly to full income taxes in the current period as previous tax losses have been exhausted. The interim dividend - paid in early February - was a steady 1.5 cents.

The cash operating surplus rose 39.2% to $2.3 million. Cash in the bank is $5.1 million (6.0 cents per share) and there is no significant interest bearing debt.

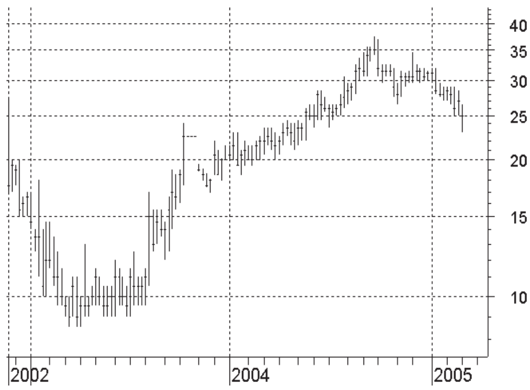
The acquisition of **Kinetica** (in April 2004) added virtually all of the increase in revenues during the last six months and its annual service revenues of $6-7 million should offset a similar loss of revenue from the group's contract for its "primary client" which is expected to expire in June 2005. Sonnet Corporation has also increased its technical and sales staff as it seeks to expand - but this has yet to make a contribution to profitability. The company is also continuing to seek "worthwhile acquisitions" and is currently undertaking due diligence of a possible acquisition.

Sonnet Corporation is forecasting profits of around $2.5-2.7 million (3.0-3.2 cents per share) for the year to June 2005 - but the expiry of its largest contract will depress future profitability. Growth potential, however, could come from its ability to make further attractive acquisitions and/or its ability to expand its existing businesses.

The shares trade on a low valuation, the business generates strong cashflows, the company is virtually debt-free and cash-rich, and management have been successful to date with acquisitions and winning new business. So there is good potential for investment gains *if* management can continue to run Sonnet Corporation well in the future.

Sonnet Corporation shares have weakened since three directors sold shares on-market in September, but last week one of them started *buying* shares on-market. In September, Managing Director M Dufour sold 2,000,000 shares on-market in two trades at prices between 33½ cents and 36 cents. Last week he bought 400,000 shares on-market at prices around 25½-26 cents. "Buy".

Sonnet Corporation



Technology One has reported a 7.1% growth in revenues to $26.3 million for the six months to December 2004, with profits up 17.5% to $4,494,000 (1.5 cents per share). The interim dividend will be raised 12.0% to 1.4 cents.

The net operating cash surplus was up 31.8% $5.6 million, lifting the company's cash holding to $24.5 million (8.2 cents per share). Interest bearing debt is just $1.2 million.

Technology One spent (and expensed) $4,965,000 (up 2.1%) on Research & Development for the period. The *Connected Intelligence* version of *Finance One* was "released and successfully implemented" at a "number of sites" but a "major upgrade" is expected within the next few months - which would appear to suggest some problems in the initial version. *CI* versions of the company's other programs will be released over the next two years. Technology One has also released a new *Work One* application for Asset and Project Management.

Plans to expand into the UK market are "quite advanced". Full year profit growth is still expected to be around 5-10%, with heavy expenditure in Research & Development on *Connected Intelligence* programs and increased support staff which will raise costs.

While we still like the medium to long term potential of Technology One, we are downgrading them to a "Hold+" owing to the moderate short term growth potential and as other shares may be more attractive for *new* purchases at this time.

The Reject Shop has outperformed its retail competitors to report a 12.8% increase in revenues and 22.5% rise in net profits to $7,451,000 (29.7 cents per share) for the half year to December 2004. An interim dividend of 10.0 cents will be paid - which suggests the company may well exceed the 15.0 cents expected for the full year to June 2005.

The net operating cash surplus was down 5.8% to a still very high $15.4 million.

The Reject Shop normally operates at a *small loss* in the second half of the year, and the full year profit forecast has been upgraded from $6.0-6.2 million to $6.5-6.7 million (26-27 cents per share). Same store sales for January and February were up about 6% on last year.

The company opened six new stores, but closed four during the last six months - making 105 stores. Two stores will re-open in the second half together with four new stores. The Reject Shop "aimed to increase store numbers by about 10% annually" which will take it to about 160 stores within five years.

The Reject Shop

(Continued on Page 14)

Recommended Investments *(Continued from Page 13)*

Toll Holdings' revenues rose a further 23.6% to $1,938.2 million for the six months to December 2004. Profits rose 28.2% to $109,228,000 (33.7 cents per share) and the interim dividend is being lifted 29.4% to 11.0 cents per share.

The net operating surplus was 74.3% higher at $111.2 million.

The Managing Director reports that "the company is in an outstanding position to continue its record of earnings and cashflow growth and deliver excellent results for shareholders". The second half is "well ahead of last year" and the company is heading for "another full year record".

In New Zealand, **Toll Logistics** has acquired Wellington based warehousing and linehaul company **JD Lyons & Co**. There is also an expectation that Toll Holdings will soon make a big acquisition in Asia.

Over just 6½ years our investment in Toll Holdings has increased 22-fold in value! So an initial $10,000 investment in these shares will have grown in value to over $220,000. Future growth probably cannot equal that rate of return, but if Toll Holdings can still deliver 20-30% profit and dividend growth then this investment should be able to continue to add significantly to our investment wealth. "Hold".

Toll Holdings

Vision Systems has reported a 23.9% increase in revenues to $80.5 million for the six months to December 2004 but profits were down 11.8% to $4,276,000 (2.4 cents per share). A steady 2.0 cents interim dividend will be paid.

The net operating surplus fell 72.2% to $1.6 million.

The drop in profits largely reflects "increased sales and marketing" as the company seeks to rapidly build *future* equipment sales and on-going reagent sales in its BioSystems division plus "higher R & D amortisation". The lower operating cash surplus resulted from a $9.7 million increase in Debtors at the end of the period.

As the company moves from *development* to *marketing*, the cash expenditure on R & D was down $3.4 million to $9.1 million, although the R & D amortisation *expensed* during the period increased $2.0 million to $7.5 million. Total marketing expenses increased $3.6 million to $19.9 million.

Vision BioSystems recorded a 50% increase in revenues to $17.9 million, but increased earnings were offset by a 158% increase in "start-up phase" marketing expenses of $4.1 million. As a result, earnings rose only 8% to $1.4 million for the period. This "significant commitment" to marketing is "expected to support strong growth and improved earnings" in the future.

This division is experiencing *rapid* and *accelerating* growth in the sale of *Bond-X* and *Bond-maX* machines: 10 in the December 2003 half year, 18 in the six months to June 2004 and 35 over the half year to December 2004. This in turn is creating a growing *new* demand for its high margin reagents - with about $80,000 of reagents sold for the *Bond* equipment in the December 2003 half year, $345,000 in the following six months and around $900,000 in the half year to December 2004.

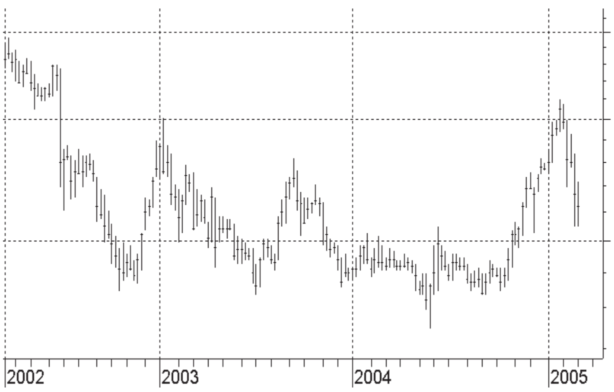
This growth is continuing into the second half year, with seven *Bond* instruments sold in January and 17 in February, plus reagents sales of $182,000 in January and $320,000 in February. Vision Systems has spent a very large amount of R & D and is now spending a lot on marketing, which has depressed profitability over recent periods. These investments, however, are now starting to generate explosive growth in high margin, recurring, reagent sales - which should soon have a very positive impact upon profitability!

Vision Fire & Security experienced 12% revenue growth to $46.9 million, with earnings steady at $6.8 million.

Invetech was involved in less internal R & D for the Vision System group, but very strong growth in external work lifted revenues 40% to $15.3 million. Earnings were 78% higher at $1.6 million.

Vision Systems has been in our recommended share portfolio for almost 6½ years and although it has produced a reasonable overall rate of return (i.e. 12% per annum compounded) the shares have been volatile and the company has never quite achieved the potential that we believe is possible. The emerging growth in the Biosystems division could now change all of that and create *significant* investor wealth over the next few years. Despite this potential, the share price has fallen sharply over the last month - which we believe offers a very attractive buying opportunity. Vision Systems is a "strong Buy" for investors seeking capital appreciation.

Vision Systems



Of course, if Vision Systems again *fails* to earn *super profits* on our investment and just keeps plodding away at 12% per annum then our wealth will still increase 3-fold over 10 years, 17-fold over 25 years and 100-fold over 41 years! Of course, our objective is to help investors make 25% per annum - multiplying investment wealth 100-fold in just 25 years!

Share Recommendation: Sell Australian Infrastructure Fund (and rights)

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

SELL Australian Infrastructure Fund (code AIX). We are recommending the sale of Australian Infrastructure Fund stapled units - and the rights to the current renounceable cash issue - as we believe the fund is now fairly valued.

When we initially recommended investing in Australian Infrastructure Fund these shares traded at a 19% *discount* to net asset backing of 195 cents, offered a high 7.0% dividend yield, seven *insiders* had bought shares on-market and the fund was being re-rated after many years of poor investments and negative returns. We anticipated that the shares would continue to perform well over the next 12-24 months - and have actually held them for 17 months for a total return of 64.9%.

The fund has expanded rapidly over recent months - acquiring the Gold Coast Airport in December and now planning two further purchases totalling $275 million - but these acquisitions do require raising additional capital. So the fund gets bigger, but that doesn't increase the value *per share*. In fact, this type of growth usually requires making placements of new shares at a discount to the market, which will slightly lower the value of existing shares.

We last rated the shares a "Buy" in July 2004 (at 172 cents) and over recent months have rated them as "Hold" or "Hold-". The fund revalued many of its investments as at 31 December 2004 which increased the net asset value to 204.8 cents, but at 235 cents the shares are now trading at a 15% *premium*. The fund intends paying an annual distribution of 12.5 cents, so now offers a slightly lower yield of 5.3%. Over the last year there has been just one *insider* buy (i.e. 25,000 shares bought at $2.00 in November).

The shares now trade "ex-entitlement" to the "rights" at 235 cents so the "rights" should be worth around 10 cents. Australian Infrastructure Fund was never going to become a ten-bagger for us, just a low risk, high yielding investment that offered the potential for above average returns. Those returns have averaged around 42% per annum over 1½ years - which makes a nice contribution to building our investment wealth - but now we recommend realising those gains to provide cash for new investments.

Summary and Recommendation

Given that we see these shares as *fairly valued and a possible investment in which to realise profits* we are reluctant to invest more of our capital in the current, large, renounceable cash issue. In fact, there is the potential for this $225 million cash issue to slightly depress the share price and/or lower the potential for gains in the future. Therefore we believe this is a good time to realise gains by selling *both* the existing shares and the "rights" to the cash issue.

Australian Infrastructure Fund

Recent Results

Australian Infrastructure Fund's profit results aren't particularly meaningful as the fund accounts for income received from its investments and fluctuations in their value. For the six months to December, income increased 35.6% to $9,190,000 and the fund revalued its investments by $41.8 million. Net asset backing increased to 204.77 cents.

New Acquisitions

The fund's 49.1% owned **Queensland Airports** (which owns the Gold Coast Airport) has agreed to purchase all of the **Townsville and Mount Isa Airports** for $75.1 million (plus existing debt). This acquisition will be funded by Queensland Airports raising $26.2 million in additional debt and $48.9 million in new equity, of which Australian Infrastructure Fund will subscribe $24 million to maintain its 49.1% shareholding.

Australian Infrastructure Fund will also invest $200.4 million to take a 40% stake in a new fund, **Hochtief Airport Capital**, which will own 5.1% of Sydney Airport, 13.3% of the Athens airport, 10.0% of the Dusseldorf airport and 13.1% of the Hamburg airport.

Cash Issue

These two acquisitions will initially be funded by debt, which will be repaid from the proceeds of the current $225 million renounceable rights issue. The fund will make an "approximately 5 for 13" cash issue at 225 cents per new share.

NZ Income Tax on the Recent Distribution

Australian Infrastructure Fund's distributions are very confusing for NZ resident taxpayers. Franked Dividends are subject to *no* Australian withholding taxes, Unfranked Dividends are subject to 15% withholding tax but the Tax-deferred amount is subject to a 48.5% withholding tax on trust distributions.

So a NZ investor with *(Continued on Page 16)*

Australian Infrastructure Fund

(Continued from Page 15)

10,000 Australian Infrastructure Fund shares/units will have received a gross distribution of A$600 consisting of a franked dividend of A$128.60, an unfranked dividend of A$59.90, less withholding tax of A$8.98, and a Tax-Deferred Amount of A$411.50, less withholding tax of A$199.57. So the gross income to declare on a NZ Tax Return - where all amounts would need to be converted to NZ currency - would be A$600.00, while the A$208.55 *withholding* taxes (but *not* the franking credits) can be claimed as a tax credit against NZ income tax payable. Just to slightly confuse things a little more, the total amount of withholding tax will be *rounded down to the nearest dollar*, so in our example above it would be A$199.00, not A$199.57. As most NZ tax payers will be on 33% or 39% tax rates, the A$199 withholding tax credit will offset all or most of the A$198 or A$234 of NZ tax on this A$600 of income.

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.

UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0

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
Guinness Peat	224	+6.0	-0.1	45	0-11	3	0.4	5	0.7	8	2.3	0.17	522
Smiths City	72	+7.6	-6.6	35	1-2	-	1.2	14	0.9	9	7.3	0.19	38
Col Motor Co	308	+0.2	+0.8	68	1-0	-	1.0	10	0.5	10	9.7	0.21	86
Richina Pacific	91	+39.7	+2.6	2	0-0	-	1.5	6	1.1	27	2.2	0.23	135
Renaissance	102	+31.8	+7.0	3	1-8	-	4.0	23	1.0	17	10.8	0.33	39
Mainfreight Grp	270	+14.6	+2.9	15	2-6	4	3.5	8	0.6	47	3.6	0.39	257
Livestock Imp.	130	+3.0	+3.0	58	2-0	-	-	-	1.0	8	12.5	0.39	38
Wrightson Ltd	210	+15.8	+0.7	14	4-13	2	2.7	9	0.9	29	8.2	0.46	295
Nuplex Indust	562	+7.5	+0.4	35	1-0	4	2.1	19	0.6	11	6.5	0.53	349
Ebos Group Ltd	460	+8.3	-0.4	32	0-0	-	2.7	18	0.5	15	6.5	0.56	127
Allied Farmers	268	+21.3	+2.8	9	0-0	-	2.1	14	0.7	15	5.8	0.57	43
Broadway Ind	120	+8.7	+1.0	31	0-0	-	1.4	18	0.8	8	1.7	0.58	23
Williams Kettle	451	+28.0	+2.7	5	1-1	-	2.5	16	0.5	16	5.6	0.60	100
Pyne Gould G.	200	+9.7	-0.6	27	0-0	-	1.8	16	0.7	11	6.7	0.69	200
Vertex Group	191	+1.5	+3.1	64	0-7	-	2.5	20	0.9	12	3.1	0.70	61
POD Ltd	160	+9.4	-4.9	28	1-0	-	2.9	21	0.9	14	2.8	0.71	51
Feltex Ltd	162	+0.3	+1.2	68	3-0	-	2.7	23	0.9	12	3.7	0.74	242
Seeka Kiwifruit	490	+3.1	+0.8	57	1-0	-	1.6	12	0.5	13	5.5	0.77	39
Dorchester Pac	280	+0.7	+0.7	67	0-2	-	1.9	20	0.7	10	5.3	0.80	58
Fletcher Build.	738	+15.9	+0.8	14	2-0	6	2.9	21	0.4	13	5.1	0.81	3,224

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0

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
Renaissance	102	+31.8	+7.0	3	1-8	-	4.0	23	0.7	17	10.8	0.33	39
Cabletalk Group	65	+28.0	-6.7	4	3-2	-	4.3	39	1.2	11	Nil	0.38	21
Williams Kettle	451	+28.0	+2.7	5	1-1	-	2.5	16	0.4	16	5.6	0.60	100
Allied Farmers	268	+21.3	+2.8	9	0-0	-	2.1	14	0.6	15	5.8	0.57	43
Fletcher Build.	738	+15.9	+0.8	14	2-0	6	2.9	21	0.4	13	5.1	0.81	3,224
Tol NZ Ltd	288	+11.7	-3.6	19	0-0	1	8.9	-	0.6	6	Nil	0.87	605
Pyne Gould G.	200	+9.7	-0.6	27	0-0	-	1.8	16	0.6	11	6.7	0.69	200
POD Ltd	160	+9.4	-4.9	28	1-0	-	2.9	21	0.7	14	2.8	0.71	51
Broadway Ind	120	+8.7	+1.0	31	0-0	-	1.4	18	0.5	8	1.7	0.58	23
Affco Holdings	46	+8.5	-0.5	32	0-1	-	1.2	27	0.9	4	Nil	0.26	249
Ebos Group Ltd	460	+8.3	-0.4	32	0-0	-	2.7	18	0.4	15	6.5	0.56	127
Smiths City	72	+7.6	-6.6	35	1-2	-	1.2	14	0.7	9	7.3	0.19	38
Nuplex Indust	562	+7.5	+0.4	35	1-0	4	2.1	19	0.5	11	6.5	0.53	349
Guinness Peat	224	+6.0	-0.1	45	0-11	3	0.4	5	0.6	8	2.3	0.17	522
Seeka Kiwifruit	490	+3.1	+0.8	57	1-0	-	1.6	12	0.4	13	5.5	0.77	39
Livestock Imp.	130	+3.0	+3.0	58	2-0	-	-	-	0.8	8	12.5	0.39	38
Vertex Group	191	+1.5	+3.1	64	0-7	-	2.5	20	0.7	12	3.1	0.70	61
Tower Limited	186	+1.1	-5.4	65	0-0	7	1.0	7	0.7	14	Nil	0.73	767
Dorchester Pac	280	+0.7	+0.7	67	0-2	-	1.9	20	0.6	10	5.3	0.80	58
Feltex Ltd	162	+0.3	+1.2	68	3-0	-	2.7	23	0.7	12	3.7	0.74	242

INCOME SHARES: Highest Yields, Capitalisation > NZ$100 million

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
NZ Refining Co	3680	+23.5	+1.0	8	0-0	2	2.3	26	0.1	9	12.2	3.14	883
Restaurant Brds	134	-0.2	-0.4	71	1-0	3	2.6	16	0.7	16	11.1	0.41	127
F & P Appliance	327	-6.5	-5.7	90	2-9	5	1.5	15	0.5	10	9.3	0.91	856
Cavalier Corp	438	-5.3	+0.2	88	4-11	1	4.2	31	0.4	14	9.2	1.43	284
Lyttelton Port	179	+2.6	+0.9	59	0-0	4	3.6	24	0.5	15	9.2	2.96	183
Hallenstein G.	405	+6.9	-0.4	41	1-1	2	4.4	31	0.3	14	8.8	1.31	239
NGC Holdings	325	+4.4	-0.7	52	0-0	-	4.7	27	0.5	18	8.7	3.16	1,439
Ports Auckland	700	-1.3	+0.9	76	1-0	6	1.9	11	0.4	17	8.6	4.50	742
Briscoe Group	123	-7.8	+0.6	93	1-2	3	2.9	26	0.8	11	8.5	0.81	258
Wrightson Ltd	210	+15.8	+0.7	14	4-13	2	2.7	9	0.7	29	8.2	0.46	295

INSIDER BUYING: Most Insider Buying, Relative Strength > 0

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
Skellmax Indust	135	+2.2	+2.2	61	5-0	-	4.8	41	0.5	12	7.7	1.27	135
Feltex Ltd	162	+0.3	+1.2	68	3-0	-	2.7	23	0.6	12	3.7	0.74	242
Loan & Building	460	+6.9	-0.7	41	4-1	-	1.4	8	0.2	18	4.7	1.72	14
MG Property Trt	121	+7.5	-0.0	36	2-0	-	1.3	6	0.4	22	7.8	8.31	175
Livestock Imp.	130	+3.0	+3.0	58	2-0	-	-	-	0.6	8	12.5	0.39	38
Fletcher Build.	738	+15.9	+0.8	14	2-0	6	2.9	21	0.3	13	5.1	0.81	3,224
GDC Communicat.	17	+1.4	+0.1	64	3-1	-	2.0	-	1.5	NE	Nil	0.25	12
Kiwi Property	113	+2.6	+0.2	59	1-0	5	1.0	7	0.5	15	7.6	N/A	736
Nuplex Indust	562	+7.5	+0.4	35	1-0	4	2.1	19	0.4	11	6.5	0.53	349
Wakefield Hosp.	380	+16.3	-2.6	12	1-0	-	1.8	9	0.3	21	3.1	1.30	49

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0

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
A2 Corporation	8	-6.9	+3.2	91	0-0	-	0.8	-	1.6	NE	Nil	N/A	7
Widespread Port	3	-9.2	+4.2	94	0-2	-	1.0	-	2.5	NE	Nil	9.39	7
Ports Auckland	700	-1.3	+0.9	76	1-0	6	1.9	11	0.3	17	8.6	4.50	742
Blue Chip NZ	105	-6.4	+3.2	89	0-4	-	6.0	52	0.9	12	Nil	2.55	55
Genesis Res.	40	-15.7	+0.4	97	0-0	-	0.8	-	1.0	NE	Nil	2.36	10
South Port NZ	128	-1.1	+0.3	74	0-0	1	1.4	9	0.5	16	7.6	2.26	34
NZ Wine Company	200	-0.6	+0.2	72	1-0	-	1.0	4	0.4	23	4.2	2.22	17
Spectrum Res.	2	-58.3	-0.0	98	1-0	-	2.7	-	3.0	NE	Nil	2.17	6
Scott Tech. Ltd	300	-2.7	-1.5	79	0-0	-	4.4	22	0.4	20	6.5	2.09	75

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average

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
Spectrum Res.	2	-58.3	-0.0	98	1-0	-	2.7	-	2.7	NE	Nil	2.17	6
Genesis Res.	40	-15.7	+0.4	97	0-0	-	0.8	-	1.0	NE	Nil	2.36	10
Media Tech.	11	-14.5	-0.1	96	0-3	-	1.7	-	2.1	NE	Nil	1.78	9
Widespread Port	3	-9.2	+4.2	94	0-2	-	1.0	-	2.2	NE	Nil	9.39	7
Evergreen	33	-7.7	+0.9	92	5-2	-	0.6	-	0.7	NE	Nil	1.28	51
Botry-Zen Ltd	8	-7.5	-1.2	92	0-4	-	7.5	-	1.3	NE	Nil	N/A	13
A2 Corporation	8	-6.9	+3.2	91	0-0	-	0.8	-	1.5	NE	Nil	N/A	7
Connexion	50	-6.8	-2.6	91	0-0	-	-	-	0.8	NE	Nil	N/A	9
Blue Chip NZ	105	-6.4	+3.2	89	0-4	-	6.0	52	0.9	12	Nil	2.55	55
Air New Zealand	162	-5.0	+1.3	87	8-1	5	0.8	13	0.6	6	Nil	0.28	1,133
Sthn Travel	118	-4.8	-1.2	86	0-0	-	-	-	0.6	NE	Nil	N/A	15
Turners & Grow.	301	-4.8	-0.2	85	1-0	-	1.1	5	0.5	22	Nil	0.38	217
Satara Co-op	118	-4.7	-2.8	85	0-0	-	-	-	0.6	NE	Nil	N/A	19
Abano Health.	125	-4.7	+3.4	84	1-0	-	6.0	-	0.6	NE	Nil	0.38	24
Kirkcaldie & St	238	-3.9	+1.0	82	0-0	-	1.1	5	0.3	22	4.6	0.57	24
Warehouse Group	417	-3.8	+4.2	82	4-3	6	3.6	17	0.4	21	5.2	0.56	1,274
Carter Holt	226	-3.8	+1.3	81	4-1	7	0.8	11	0.5	7	1.8	0.83	2,957
Eastern Hi-Fi	96	-3.2	-0.1	80	0-0	-	-	-	0.6	NE	Nil	N/A	10
Scott Tech. Ltd	300	-2.7	-1.5	79	0-0	-	4.4	22	0.4	20	6.5	2.09	75
Software of Exc	136	-2.1	-2.3	79	2-3	-	6.4	-	0.9	NE	Nil	1.74	30

INSIDER SELLING: Most Insider Selling, Relative Strength < 0

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
Turners Auction	416	-4.2	+1.0	84	0-12	-	5.2	32	0.3	16	7.2	1.44	114
F & P Appliance	327	-6.5	-5.7	90	2-9	5	1.5	15	0.4	10	9.3	0.91	856
Cavalier Corp	438	-5.3	+0.2	88	4-11	1	4.2	31	0.3	14	9.2	1.43	284
Zintel Comm.	110	-6.1	-0.5	88	1-6	-	10.3	77	0.5	13	9.2	1.38	55
Blue Chip NZ	105	-6.4	+3.2	89	0-4	-	6.0	52	0.8	12	Nil	2.55	55
Botry-Zen Ltd	8	-7.5	-1.2	92	0-4	-	7.5	-	1.2	NE	Nil	N/A	13
Media Tech.	11	-14.5	-0.1	96	0-3	-	1.7	-	2.0	NE	Nil	1.78	9
Widespread Port	3	-9.2	+4.2	94	0-2	-	1.0	-	2.1	NE	Nil	9.39	7
Postie Plus Grp	77	-11.7	-2.2	95	0-1	-	1.1	15	0.5	8	13.7	0.28	31
Sanford Limited	460	-1.5	-0.4	77	0-1	2	0.9	11	0.3	8	7.1	1.23	440

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

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UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0

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
Auto Group Ltd	73	+2.8	-2.6	48	1-0	-	5.2	52	0.9	10	2.7	0.04	24
Citic Australia	54	+8.9	+0.3	30	0-5	-	3.0	39	1.1	8	6.5	0.07	44
Ruralco Hold.	411	+4.2	+0.8	43	1-0	-	-	-	0.6	18	3.6	0.07	45
Cordukes Ltd	41	+19.2	+8.7	13	1-0	-	13.7	69	1.2	20	2.4	0.12	20
AI Limited	21	+10.5	-4.6	26	3-1	-	1.2	15	1.7	8	4.9	0.13	26
Namoi Cotton	55	+4.5	-5.7	42	2-0	-	0.7	10	1.2	7	4.5	0.18	61
Cellnet Group	165	+9.7	-4.1	28	3-0	2	1.7	19	0.9	9	7.0	0.18	82
Tempo Services	139	+10.9	-0.3	25	0-3	3	-	-	0.9	25	1.4	0.19	146
Lindsay Aust	29	+0.6	+2.8	56	0-0	-	1.5	12	1.6	12	3.5	0.20	31
Bridgestone	334	+4.0	-3.8	43	0-0	-	0.7	7	0.5	11	3.7	0.22	122
Devine	73	+0.1	+2.1	58	2-0	-	1.1	20	1.0	5	11.0	0.23	85
Aust Pharm. Ind	298	+8.3	-5.5	31	0-0	6	3.4	9	0.7	36	4.4	0.23	666
Joyce Corp.	76	+10.3	-8.5	26	0-0	-	1.0	16	1.0	7	6.6	0.24	15
Queens'd Cotton	485	+4.6	-0.7	41	1-0	1	1.0	10	0.4	10	2.1	0.25	135
Metcash Trading	290	+8.7	-3.4	30	0-2	9	7.4	41	0.5	18	3.8	0.26	1,847
Catalyst Rec'mt	77	+5.4	-5.3	40	1-0	-	-	-	0.9	13	5.2	0.26	29
CTI Logistics	78	+10.7	+3.5	25	2-0	-	0.9	8	0.9	12	1.3	0.27	20
Data 3 Ltd	320	+20.5	-4.7	12	0-0	-	7.0	49	0.7	14	4.8	0.27	48
Caltex Austrlia	1397	+20.9	+7.7	12	0-0	8	2.5	38	0.5	7	2.8	0.28	3,772
Ross Human Dir.	80	+10.3	-5.8	26	0-0	-	3.3	28	1.1	12	4.4	0.29	47
Raptis Group	65	+25.1	-2.9	9	0-0	-	1.9	39	1.0	5	3.1	0.30	40
Ridley Corp.	140	+3.2	+1.1	46	0-0	4	1.4	6	0.8	21	4.1	0.32	378
Watpac Ltd	130	+17.8	-3.2	14	3-0	1	3.0	28	0.9	11	5.4	0.34	96
Hamilton James	62	+29.9	+5.0	6	1-0	-	20.7	-	1.1	17	4.0	0.36	38
Coles Myer	947	+2.4	-2.6	49	1-0	11	4.1	20	0.4	20	3.1	0.36	11,611
Tag Pacific	30	+8.7	-0.6	30	0-0	-	1.3	20	1.6	6	1.7	0.36	19
Atlas Grp Hold.	140	+10.5	+1.7	25	3-2	-	2.5	21	0.9	12	5.6	0.37	117
Wrigdways Aust	100	+10.2	+3.3	26	3-0	-	-	-	1.0	13	5.0	0.39	32
Embelton Ltd	335	+0.6	+1.2	57	0-0	-	1.1	9	0.6	12	4.0	0.40	7
The Reject Shop	315	+13.2	+2.1	21	1-0	-	-	-	0.7	14	0.8	0.41	76
Supply Network	65	+16.3	+0.1	16	0-0	-	1.6	15	1.0	10	3.8	0.42	14
Foodland Assoc	2460	+17.1	+2.2	16	1-0	10	9.9	49	0.3	20	4.0	0.42	2,881
Spotless Group	504	+2.6	-0.1	49	0-0	8	14.4	31	0.6	47	4.6	0.43	1,059
RCR Tomlinson	77	+29.4	-5.5	7	0-2	-	1.6	9	1.2	17	1.9	0.44	46
Smorgon Steel	130	+6.1	+1.0	38	0-1	9	-	-	1.0	25	5.0	0.44	1,145
David Jones	195	+7.2	-6.4	34	3-2	7	2.0	16	0.6	12	5.6	0.44	814
Lighting Corp.	79	+0.8	+0.0	56	2-0	-	2.2	18	1.0	12	4.4	0.44	66
Downer EDI Ltd	503	+16.3	-0.5	16	1-0	5	2.9	17	0.7	17	2.7	0.44	1,419
Oldfields Hold	110	+6.5	-0.3	36	2-0	-	1.0	8	0.7	13	4.5	0.46	11
Onesteel Ltd	274	+0.8	+0.6	56	0-1	9	-	-	0.7	12	4.4	0.47	1,529
Buderim Ginger	63	+1.1	+1.2	55	2-0	-	0.8	1	1.0	57	2.4	0.47	17
MacMahon Hold	47	+19.4	-4.8	13	1-0	-	1.9	12	1.3	15	1.1	0.47	176
Angus & Coote	950	+6.5	-3.7	36	1-0	-	2.0	14	0.4	14	4.2	0.47	113
Integrated Grp	230	+7.6	-5.3	33	0-0	2	5.2	38	0.6	14	4.3	0.48	162
Futuris Corp.	212	+10.2	-2.8	26	3-0	6	2.1	4	0.8	59	3.8	0.52	1,397
Volante Group	142	+9.3	-1.0	29	2-1	2	5.1	21	0.8	24	6.0	0.52	182
Housewares Int.	206	+1.4	-5.7	53	1-0	-	3.0	28	0.8	11	5.1	0.53	242
Candle Aust.	240	+16.0	+1.1	17	5-2	-	-	-	0.7	21	3.8	0.53	95
Chalmers	270	+9.5	+1.3	28	1-0	-	0.8	3	0.6	32	2.2	0.54	15
W'bool Cheese	400	+12.6	-2.5	22	2-0	-	-	-	0.7	11	1.5	0.54	153
Lend Lease Corp	1305	+10.4	-1.1	26	2-0	8	2.4	15	0.5	16	3.4	0.54	5,223
Mayne Group Ltd	427	+7.9	-2.0	32	0-0	6	7.1	25	0.5	29	4.0	0.54	2,734
Avatar Indust.	100	+35.2	+8.1	5	1-0	-	1.9	13	1.1	15	3.0	0.56	79
Coventry Group	710	+6.6	-3.6	36	2-0	-	1.7	10	0.4	17	4.8	0.57	249
Graincorp	1336	+3.6	+0.3	45	0-1	3	2.0	10	0.4	21	2.3	0.57	546
Leighton Hold	1047	+7.5	-4.4	33	0-1	9	3.4	13	0.4	26	4.3	0.58	2,855
Qantas Airways	358	+3.1	-0.7	47	1-0	10	1.2	11	0.5	10	4.7	0.58	6,606
Roberts Ltd	900	+11.3	+2.3	23	0-1	-	2.8	22	0.4	13	4.9	0.61	116
Sigma Company	828	+4.8	-4.1	41	0-0	9	10.5	40	0.4	27	2.4	0.61	1,172
Woolworths Ltd	1580	+7.9	-1.5	32	0-3	11	18.2	68	0.4	27	2.8	0.62	16,288
Guinness Peat	208	+6.6	-0.0	36	0-13	-	1.4	5	0.7	29	1.2	0.62	1,808
Multiplex Group	463	+10.2	-4.6	27	3-0	-	-	-	0.5	44	3.2	0.65	2,631
Brazin Limited	233	+15.5	-0.3	18	1-0	2	5.0	22	0.7	23	2.6	0.65	274
UXC Limited	87	+4.1	+0.8	43	0-1	-	7.3	52	1.0	14	5.7	0.67	126
Repco Corp Ltd	318	+8.2	-2.0	31	1-2	-	19.9	-	0.6	18	2.2	0.67	530
AJ Lucas	161	+1.0	+0.8	55	0-0	-	1.7	21	0.7	8	5.0	0.68	82
Steamships Trad	320	+6.6	+0.3	36	0-0	-	-	-	1.0	35	1.9	0.68	99
K&S Corporation	350	+11.6	+2.3	23	0-0	4	3.7	21	0.5	17	3.1	0.70	210
Ludowici Ltd	510	+1.7	+0.9	53	0-1	-	2.0	14	0.4	15	4.0	0.71	84
United Group	762	+11.5	+2.1	23	2-0	6	7.9	30	0.5	26	2.4	0.71	766

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0

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
Murchison Un.	9	+54.3	+3.1	2	0-0	-	-	-	2.1	7	Nil	0.39	16
Avatar Indust.	100	+35.2	+8.1	5	1-0	-	1.9	13	0.9	15	3.0	0.56	79
Hamilton James	62	+29.9	+5.0	6	1-0	-	20.7	-	0.9	17	4.0	0.36	38
Promentum Ltd	220	+29.4	-4.2	7	2-0	-	4.6	24	0.4	19	2.5	0.77	83
RCR Tomlinson	77	+29.4	-5.5	7	0-2	-	1.6	9	0.9	17	1.9	0.44	46
Computronics	33	+25.1	-8.8	9	0-0	-	3.7	41	1.1	9	Nil	0.64	11
Raptis Group	65	+25.1	-2.9	9	0-0	-	1.9	39	0.7	5	3.1	0.30	40
OM Holdings	164	+24.1	-0.6	9	0-0	-	5.9	41	0.8	14	1.2	0.72	157
Belmont Hold.	283	+23.8	-13.8	9	0-0	-	1.8	43	0.7	4	3.9	0.90	8
Int'l Equities	6	+22.5	+19.1	10	0-0	-	0.5	26	3.2	2	Nil	0.23	8
Caltex Austrlia	1397	+20.9	+7.7	12	0-0	8	2.5	38	0.5	7	2.8	0.28	3,772
Data 3 Ltd	320	+20.5	-4.7	12	0-0	-	7.0	49	0.6	14	4.8	0.27	48
MacMahon Hold	47	+19.4	-4.8	13	1-0	-	1.9	12	1.0	15	1.1	0.47	176
Cordukes Ltd	41	+19.2	+8.7	13	1-0	-	13.7	69	0.9	20	2.4	0.12	20
Watpac Ltd	130	+17.8	-3.2	14	3-0	1	3.0	28	0.7	11	5.4	0.34	96
General Publish	22	+17.1	+19.6	16	0-0	-	-	-	1.3	14	Nil	0.27	3
Downer EDI Ltd	503	+16.3	-0.5	16	1-0	5	2.9	17	0.6	17	2.7	0.44	1,419
Supply Network	65	+16.3	+0.1	16	0-0	-	1.6	15	0.7	10	3.8	0.42	14
Sims Group Ltd	1780	+14.9	-6.0	19	0-1	9	4.5	31	0.3	14	3.7	0.86	1,621
MBF Carpenters	40	+14.8	-1.4	19	0-0	-	0.4	7	1.5	6	Nil	0.11	40
Ambition Group	50	+14.6	-8.2	19	1-1	-	16.7	-	0.8	15	Nil	0.34	8
Transfield Serv	712	+13.5	+0.0	21	1-0	6	5.7	40	0.5	14	2.2	0.79	983
The Reject Shop	315	+13.2	+2.1	21	1-0	-	-	-	0.6	14	0.8	0.41	76
Burns Philp	101	+12.9	-0.6	21	0-0	7	-	-	0.8	18	Nil	0.61	2,052
W'bool Cheese	400	+12.6	-2.5	22	2-0	-	-	-	0.5	11	1.5	0.54	153
K&S Corporation	350	+11.6	+2.3	23	0-0	4	3.7	21	0.4	17	3.1	0.70	210
Roberts Ltd	900	+11.3	+2.3	23	0-1	-	2.8	22	0.3	13	4.9	0.61	116
Club Crocodile	31	+11.2	-1.9	24	1-0	-	1.4	9	1.0	16	Nil	0.93	17
CTI Logistics	78	+10.7	+3.5	25	2-0	-	0.9	8	0.7	12	1.3	0.27	20
Atlas Grp Hold.	140	+10.5	+1.7	25	3-2	-	2.5	21	0.7	12	5.6	0.37	117
AI Limited	21	+10.5	-4.6	26	3-1	-	1.2	15	1.2	8	4.9	0.13	26
Lend Lease Corp	1305	+10.4	-1.1	26	2-0	8	2.4	15	0.5	16	3.4	0.54	5,223
Joyce Corp.	76	+10.3	-8.5	26	0-0	-	1.0	16	0.8	7	6.6	0.24	15
Ross Human Dir.	80	+10.3	-5.8	26	0-0	-	3.3	28	0.8	12	4.4	0.29	47
CEC Group Ltd	149	+10.3	-2.2	26	0-1	-	-	-	0.7	8	15.4	0.93	60
Wrigdways Aust	100	+10.2	+3.3	26	3-0	-	-	-	0.8	13	5.0	0.39	32
Gregory Aust.	40	+10.2	+1.6	27	0-0	-	1.4	13	1.0	11	Nil	0.33	5
Cellnet Group	165	+9.7	-4.1	28	3-0	2	1.7	19	0.7	9	7.0	0.18	82
Korvest Ltd	450	+9.7	+0.1	28	0-1	-	2.3	21	0.4	11	2.0	0.76	38
Beyond Int'l	38	+9.3	-0.6	29	2-0	-	1.1	10	0.9	11	Nil	0.26	23
Citic Australia	54	+8.9	+0.3	30	0-5	-	3.0	39	0.8	8	6.5	0.07	44
Village Road.	245	+8.8	+1.6	30	0-4	3	1.1	7	0.8	16	Nil	0.38	844
Tag Pacific	30	+8.7	-0.6	30	0-0	-	1.3	20	1.2	6	1.7	0.36	19
Metcash Trading	290	+8.7	-3.4	30	0-2	9	7.4	41	0.4	18	3.8	0.26	1,847
Perilya Mines	117	+8.7	+6.0	30	2-1	-	9.0	60	0.8	15	Nil	0.99	192
Tolhurst Noall	19	+8.5	+7.1	31	0-0	-	2.1	32	1.6	6	Nil	0.51	18
Repco Corp Ltd	318	+8.2	-2.0	31	1-2	-	19.9	-	0.5	18	2.2	0.67	530
Trysoft Corp	16	+8.1	+3.0	31	0-0	-	4.0	24	1.5	16	Nil	0.43	4
Integrated Grp	230	+7.6	-5.3	33	0-0	2	5.2	38	0.5	14	4.3	0.48	162
David Jones	195	+7.2	-6.4	34	3-2	7	2.0	16	0.5	12	5.6	0.44	814
Tassal Group	100	+6.7	-1.3	35	0-0	-	-	-	0.7	7	2.0	0.80	82
East African Co	615	+6.7	+1.5	36	0-1	-	1.1	6	0.5	18	4.7	0.76	40
OAMPS	385	+6.7	+0.0	36	0-3	-	11.3	68	0.4	17	4.2	0.89	3,877
Coventry Group	710	+6.6	-3.6	36	2-0	-	1.7	10	0.4	17	4.8	0.57	249
Oldfields Hold	110	+6.5	-0.3	36	2-0	-	1.0	8	0.5	13	4.5	0.46	11
Angus & Coote	950	+6.5	-3.7	36	1-0	-	2.0	14	0.4	14	4.2	0.47	113
TransMetro Corp	60	+6.4	+4.2	37	1-0	-	5.5	-	0.8	4	Nil	0.27	8
Just Group Ltd	274	+6.3	-5.0	37	1-0	-	-	-	0.6	15	1.3	0.96	597
Noni B Limited	277	+6.1	-3.7	38	0-0	-	5.2	26	0.7	20	3.1	0.88	88
Catalyst Rec'mt	77	+5.4	-5.3	40	1-0	-	-	-	0.7	13	5.2	0.26	29
Brisbane Bronco	15	+5.4	-0.1	40	0-0	-	3.6	26	1.6	14	Nil	0.78	14
Shearer (John)	300	+5.3	+2.2	40	2-0	-	-	-	0.4	12	3.3	0.73	37
Maxi TRANS	90	+5.1	-6.3	40	0-0	-	4.5	26	0.7	17	3.9	0.95	153
Yilgarn Mining	15	+4.9	-5.8	41	2-0	-	0.0	0	1.4	15	Nil	0.06	8
McPherson's Ltd	424	+4.9	-5.8	41	1-1	-	-	-	0.4	14	4.5	0.72	240
Tasmania Mines	22	+4.8	-18.9	41	0-0	-	4.4	28	1.3	15	Nil	0.44	4
Grand Hotel	76	+4.8	-2.3	41	0-0	3	0.8	11	0.9	8	2.6	0.72	169
Queens'd Cotton	485	+4.6	-0.7	41	1-0	1	1.0	10	0.3	10	2.1	0.25	135
Namoi Cotton	55	+4.5	-5.7	42	2-0	-	0.7	10	0.9	7	4.5	0.18	61
Lemarne Corp	260	+4.2	-0.3	43	0-0	-	1.7	13	0.5	13	4.8	0.74	46

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
INCOME SHARES: Highest Yields, Capitalisation > A$250 million													
Australand Prop	174	+1.3	-1.2	54	0-0	3	1.2	12	0.4	10	9.5	1.22	1,506
Millers Retail	103	-14.3	-0.1	91	3-2	4	2.5	3	0.6	83	9.2	0.65	250
Envestra	111	+1.6	+1.1	53	0-0	7	-	-	0.5	38	8.6	2.85	854
Jubilee Mines	541	+9.8	+4.8	27	1-0	3	4.6	65	0.3	7	8.3	2.86	674
Sthn C. Fliers	11395	+0.4	+0.2	57	0-0	-	1.1	9	0.1	12	8.0	N/A	684
Gasnet Aust Grp	254	+6.2	-0.6	37	0-0	5	1.3	6	0.4	22	7.9	3.17	356
Aust Pipeline	360	+14.2	+2.5	20	0-0	8	1.7	21	0.4	8	7.8	3.47	989
AV Jennings	145	-8.8	-0.6	82	4-0	-	1.2	26	0.5	5	7.6	0.56	312
Prime Infra Grp	144	+6.4	+4.2	37	0-2	-	1.6	5	0.5	32	7.3	4.18	637
Crane Group	835	-2.5	-4.4	69	1-0	4	1.8	-	0.3	NE	7.2	0.22	459
Pacifica Group	295	-11.4	-2.0	87	0-0	6	1.6	14	0.5	12	6.9	0.45	549
City Pacific	498	+5.0	+3.1	40	0-4	-	6.1	60	0.4	10	6.6	7.64	451
Peet & Company	159	+4.1	-4.4	43	2-0	-	-	-	0.8	11	6.3	4.92	318
Djerriwarrh	357	+3.8	+0.4	44	2-7	-	0.9	5	0.4	19	6.0	N/A	563
Paperlin X Ltd	458	-4.2	-0.2	72	1-0	9	1.5	8	0.4	19	6.0	0.33	2,043
GWA Internat'l	302	-0.1	-2.6	60	1-1	5	1.9	14	0.3	14	6.0	1.24	840
Wattyl Ltd	337	-5.2	-2.2	75	4-2	6	1.7	-	0.4	NE	5.9	0.53	282
Skilled Group	275	-1.0	+1.4	64	8-0	4	9.8	61	0.5	16	5.8	0.36	263
G.U.D. Holdings	693	-8.9	-9.3	83	2-0	6	5.5	46	0.3	12	5.8	1.06	422
David Jones	195	+7.2	-6.4	34	3-2	7	2.0	16	0.4	12	5.6	0.44	814
Nat'l Aust Bank	2946	+2.0	+0.8	51	2-0	13	2.6	18	0.3	14	5.6	1.87	45,700
Minara Resource	180	-12.1	-1.6	88	0-0	-	-	-	0.8	6	5.6	2.11	834
AWB Limited	460	-0.8	-1.7	63	0-0	4	3.0	18	0.5	16	5.4	0.29	1,573
Hills Indust.	435	+3.0	-1.1	47	0-1	4	3.2	16	0.3	20	5.2	0.84	609
Com'wealth Bank	3643	+5.2	+2.6	40	0-2	11	2.9	16	0.3	18	5.0	2.71	46,060
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Heron Resources	29	+7.9	-1.6	32	12-0	-	-	-	1.1	NE	Nil	N/A	31
SFE Corporation	953	+19.1	-0.6	13	12-1	-	7.3	30	0.3	24	3.6	6.22	1,275
E-Bet Limited	28	+25.8	+5.2	8	10-0	-	-	-	1.3	NE	Nil	2.80	52
Structural Syst	64	+3.6	-0.9	45	10-0	-	2.2	-	0.6	NE	Nil	0.21	16
Antares Energy	64	+0.1	-3.6	58	9-0	-	-	-	0.7	356	Nil	6.55	102
Carpathian Res.	8	+0.7	-1.0	56	9-0	-	-	-	1.4	NE	Nil	N/A	3
Intermin Res	8	+2.6	-1.7	49	9-0	-	-	-	1.5	6	Nil	1.73	8
Grange Resource	140	+54.1	+21.5	2	9-0	-	-	-	0.6	19	Nil	3.57	98
Gaming & Ent.	16	+3.3	-3.6	46	10-1	-	1.5	-	1.4	NE	Nil	6.45	4
Sundowner Group	16	+0.1	+0.5	58	8-0	-	-	-	1.0	8	5.2	1.25	29
Western Areas	194	+9.6	+1.4	28	8-0	-	-	-	0.6	NE	Nil	N/A	147
WRF Securities	44	+26.9	-2.2	8	9-1	-	1.4	16	0.7	9	Nil	1.74	17
Leviathan Res.	99	+5.8	+1.4	39	7-0	-	-	-	0.8	NE	Nil	1.03	80
Medical Dev Int	107	+7.1	-17.6	34	7-0	-	-	84	0.6	127	0.2	N/A	61
Fiducian P Serv	83	+12.6	+4.2	22	7-0	-	3.1	2	0.9	157	0.6	1.97	29
Waterco Ltd	395	+15.3	-5.0	18	7-0	-	2.6	17	0.3	15	3.8	1.11	82
Brickworks Ltd	1165	+5.7	-1.6	39	7-0	2	2.2	22	0.2	10	2.1	3.16	1,535
Servcorp Ltd	270	+8.2	-1.5	31	9-2	1	3.3	14	0.6	23	2.8	2.01	216
F.F.I. Holdings	385	+14.9	+0.2	19	6-0	-	3.1	14	0.2	22	3.1	1.42	23
Peptech Limited	164	+6.2	-7.7	37	6-0	1	4.3	46	0.5	9	Nil	5.55	265
Hillcrest Res.	15	+50.3	+28.9	2	6-0	-	-	-	1.3	NE	Nil	N/A	14

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
Aristocrat Leis	1090	+32.7	-4.5	5	6-0	7	24.2	81	0.5	30	0.7	4.58	5,198
Perp Trust Aust	6140	+15.5	-1.3	18	6-0	9	9.5	37	0.3	26	2.4	7.39	2,350
Chal Financial	318	+10.6	-1.3	25	6-0	-	3.3	15	0.4	22	Nil	2.07	1,694
Cazaly Res Ltd	38	+43.8	-11.1	3	9-3	-	-	-	1.2	NE	Nil	N/A	13
Wilson Leaders	103	+3.9	-0.1	44	5-0	-	-	-	0.7	28	1.5	N/A	45
Global Mining I	107	+5.9	+1.0	38	5-0	-	-	-	0.7	306	Nil	N/A	83
West Aust Metal	3	+2.9	-8.7	48	5-0	-	-	-	2.9	NE	Nil	1.08	3
Resources Min.	14	+33.6	+25.6	5	5-0	-	-	-	1.6	NE	Nil	N/A	6
Trent Capital	95	+0.9	-0.9	56	5-0	-	1.1	3	0.6	32	Nil	2.21	10
Pacific Energy	55	+45.2	+8.9	3	5-0	-	1.1	-	0.7	NE	Nil	4.78	10
Snowball Group	38	+18.5	+2.0	14	6-1	-	-	-	1.1	NE	Nil	2.48	16
APN News Media	500	+6.7	-2.9	35	6-1	10	2.1	11	0.4	19	4.4	1.88	2,412
Biometrics Ltd	7	+10.9	+0.2	24	6-1	-	-	-	1.6	NE	Nil	N/A	3
MFS Diversified	91	+0.6	-1.2	56	6-1	-	91.0	-	0.5	10	11.6	4.77	41
St Barbara Mine	6	+14.7	-8.4	19	4-0	-	-	-	2.2	NE	Nil	1.39	46
Phosphagenics	34	+18.0	-9.8	14	4-0	-	0.0	-	0.9	NE	Nil	N/A	170
Acumen Cap Prop	111	+3.3	-0.8	46	4-0	-	-	-	0.5	13	8.5	N/A	105
Canberra Invest	91	+4.4	+3.4	42	4-0	-	1.2	5	0.6	23	3.3	1.42	56
Soul Pattinson	1000	+14.5	-2.9	20	4-0	1	3.2	21	0.4	15	2.0	4.51	2,386
DKN Financial	76	+6.5	+0.9	37	4-0	-	2.2	-	0.6	NE	0.5	1.32	33
TFS Corporation	27	+10.7	+4.6	25	4-0	-	1.8	-	1.1	NE	Nil	N/A	N/A
Aviva Corp Ltd	6	+15.1	-2.1	18	4-0	-	-	-	2.3	NE	Nil	N/A	14
Centro Property	527	+9.8	-3.0	27	4-0	-	1.4	10	0.3	15	1.4	N/A	490
Newcrest Mining	1742	+6.8	-3.8	35	4-0	8	5.7	12	0.3	47	0.3	8.05	5,724
Destra Corp Ltd	13	+9.9	-8.6	27	4-0	-	-	-	1.6	NE	Nil	1.07	10
Macarthur Cook	92	+3.7	-5.4	45	4-0	-	-	-	0.7	NE	Nil	4.23	17
Pacific Brands	266	+1.5	-5.5	53	4-0	-	-	-	0.5	114	1.3	3.62	1,338
Nylex Ltd	41	+14.8	+0.9	19	4-0	-	-	-	1.0	NE	Nil	0.29	265
Ariadne Aust	37	+1.7	-2.2	52	4-0	-	-	-	0.6	16	2.7	0.77	82
Synergy Metals	12	+25.9	-13.1	8	4-0	-	-	-	1.3	NE	Nil	N/A	13
Brambles Ind.	825	+8.2	+0.9	31	4-0	11	7.2	16	0.5	46	1.2	1.79	13,950
Equity Trustees	1201	+23.4	-0.7	10	4-0	-	5.1	19	0.4	27	2.5	3.86	76
Home Bldg Soc.	697	+14.3	+1.0	20	4-0	-	1.9	10	0.3	19	3.2	1.54	105
Solbec Pharm.	14	+4.3	-3.2	43	4-0	-	6.8	-	1.1	NE	Nil	N/A	22
Pelorus Pipes	380	+0.4	-2.6	57	5-1	-	1.3	6	0.3	20	8.5	N/A	23
Ironbark Cap.	55	+2.4	+0.5	50	5-1	-	0.9	9	0.6	10	5.5	8.62	64
Wilson Invest.	135	+8.7	+2.3	30	5-1	-	0.9	1	0.4	64	3.3	N/A	19
BMA Gold Ltd	30	+21.7	+0.7	11	5-1	-	-	-	1.2	18	Nil	7.48	23
Computershare	561	+25.1	-5.6	9	7-3	7	-	-	0.6	43	1.4	3.22	3,043
HHG Plc	154	+15.9	+4.3	17	3-0	-	1.0	-	0.7	NE	Nil	0.25	2,258
Golden Valley	3	+14.7	+6.0	19	3-0	-	-	-	2.6	NE	Nil	5.00	7
Promina Group	516	+13.5	-2.2	21	3-0	-	2.5	21	0.4	12	4.3	1.79	5,479
Precious Metals	10	+28.0	-23.5	7	3-0	-	-	-	1.9	5	Nil	2.40	2
AMP Ltd	733	+10.2	-0.9	27	3-0	12	4.1	28	0.6	15	3.7	1.25	13,635
TZ Limited	61	+8.2	-6.4	31	3-0	-	10.2	-	1.1	NE	Nil	N/A	68
Campbell Bros	990	+18.2	-3.5	14	3-0	1	6.0	22	0.3	27	3.3	1.01	396
Brickworks Inv.	114	+7.0	+0.4	34	3-0	-	0.9	2	0.6	54	1.8	N/A	195
Infracorp Ltd	27	+0.5	-4.3	57	3-0	-	0.7	-	0.8	NE	Nil	9.64	6
Moto Goldmines	49	+25.0	-4.9	9	3-0	-	-	-	0.8	NE	Nil	N/A	44

"Strongest" NZ Shares

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
Summit Gold Ltd	45	+88.1	-0.7	-0	0-0	-	10.9	-	1.5	NE	Nil	N/A	42
Cadmus Tech Ltd	35	+83.9	+15.4	0	1-5	-	7.8	2	1.7	318	Nil	5.91	78
Cue Energy Ltd	26	+62.4	-77.4	1	0-0	-	2.3	3	2.1	87	Nil	N/A	87
Richina Pacific	91	+39.7	+2.6	1	0-0	-	1.5	6	1.1	27	2.2	0.23	135
Pumpkin Patch	330	+33.5	+2.0	2	1-6	-	8.6	13	0.7	68	Nil	2.49	549
Renaissance	102	+31.8	+7.0	3	1-8	-	4.0	23	1.0	17	10.8	0.33	39
Cynotech Hold.	22	+29.3	-36.1	3	0-0	-	-	-	2.1	NE	Nil	1.79	6
Cabletalk Group	65	+28.0	-6.7	4	3-2	-	4.3	39	1.5	11	Nil	0.38	21
Williams Kettle	451	+28.0	+2.7	4	1-1	-	2.5	16	0.5	16	5.6	0.60	100
NZ Finance Hold	88	+27.7	+20.1	5	0-0	-	-	-	1.1	NE	Nil	N/A	61
NZ Oil and Gas	126	+25.8	-4.2	6	0-0	-	3.3	16	0.9	21	Nil	N/A	161
Metro. LifeCare	370	+24.8	+4.6	6	0-2	1	1.7	9	0.7	18	1.5	2.94	320
Blis Technology	25	+24.5	+9.4	7	0-0	-	5.0	-	2.0	NE	Nil	N/A	16
NZ Refining Co	3680	+23.5	+1.0	7	0-0	2	2.3	26	0.2	9	12.2	3.14	883
Nuhaka Forestry	139	+22.8	+11.3	8	0-0	-	0.3	-	0.8	NE	45.3	3.72	2
Allied Farmers	268	+21.3	+2.8	8	0-0	-	2.1	14	0.7	15	5.8	0.57	43
Forty Two Below	80	+20.7	+5.3	9	0-0	-	7.2	-	1.2	NE	Nil	N/A	97
Wool Equities	76	+20.1	+8.4	10	0-0	-	-	-	1.2	NE	Nil	N/A	18
Pyne Gould Corp	445	+18.8	-0.1	10	0-0	-	1.4	11	0.7	13	4.7	1.04	436
Speirs Group	120	+18.6	+5.0	11	1-0	-	-	-	1.0	NE	Nil	N/A	10
CanWest Media.	225	+17.4	+1.0	11	0-0	-	-	-	0.8	NE	Nil	N/A	510
Wakefield Hosp.	380	+16.3	-2.6	12	1-0	-	1.8	9	0.5	21	3.1	1.30	49
Provenco Group	95	+15.9	-1.0	13	2-2	-	5.5	26	1.1	21	Nil	1.20	87
Fletcher Build.	738	+15.9	+0.8	13	2-0	6	2.9	21	0.4	13	5.1	0.81	3,224
Wrightson Ltd	210	+15.8	+0.7	14	4-13	2	2.7	9	0.9	29	8.2	0.46	295

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
Mooring Systems	510	+14.6	+4.3	14	0-1	-	12.1	0	0.5	5100	Nil	N/A	63
Mainfreight Grp	270	+14.6	+2.9	15	2-6	4	3.5	8	0.6	47	3.6	0.39	257
Freightways Ltd	320	+14.5	-0.3	16	0-2	-	-	-	0.6	30	5.4	N/A	386
CDL Hotel NZ	65	+14.1	-1.4	16	0-1	-	0.9	9	1.2	10	3.2	1.36	227
NZ Experience	37	+13.7	+0.8	17	0-0	-	3.0	18	1.7	16	8.1	1.75	14
Sealegs Corp	38	+13.2	-0.2	17	0-0	-	-	-	2.5	NE	Nil	N/A	25
Ryman Health.	365	+12.5	-1.0	18	1-0	-	2.5	13	0.6	20	2.5	3.33	365
Just Water Int.	112	+12.2	+7.9	19	0-0	-	6.2	18	1.1	34	Nil	5.62	74
Tol NZ Ltd	288	+11.7	-3.6	19	0-0	1	8.9	-	0.7	6	Nil	0.87	605
Kingfish Ltd	117	+11.3	+2.7	20	0-1	-	-	-	1.0	NE	Nil	N/A	68
Tag Pacific Ltd	31	+11.3	-2.3	20	0-0	-	1.4	0	1.8	1033	Nil	0.61	20
Savoy Equities	2	+11.2	+0.0	21	0-0	-	7.1	-	7.4	NE	Nil	N/A	3
NZX Aust MidCap	445	+11.2	+3.2	21	0-0	-	-	-	0.7	NE	Nil	N/A	37
Waste Mgmt NZ	646	+11.0	+2.0	22	0-4	4	3.4	14	0.5	25	6.1	3.00	642
NZ Exchange Ltd	1000	+11.0	+2.3	23	1-1	-	4.3	12	0.5	35	Nil	7.00	127
Hellaby Hold.	685	+10.9	+0.5	23	0-1	2	3.4	21	0.4	16	7.6	1.01	337
CDL Investments	39	+10.6	+0.1	24	0-0	-	1.4	15	1.6	9	6.1	3.88	78
Cap Properties	120	+10.6	-1.4	24	0-2	4	1.3	7	0.8	18	7.5	4.90	282
Trust Power Ltd	575	+10.5	-3.7	25	0-1	3	1.0	7	0.4	15	4.5	1.43	905
NZ Invest Trust	800	+10.3	+0.7	26	0-1	-	-	-	0.4	NE	1.0	N/A	81
Ind Newspapers	635	+9.9	+2.0	26	0-0	2	1.9	4	0.6	49	2.2	4.74	2,316
Pyne Gould G.	200	+9.7	-0.6	27	0-0	-	1.8	16	0.7	11	6.7	0.69	200
POD Ltd	160	+9.4	-4.9	27	1-0	-	2.9	21	0.9	14	2.8	0.71	51
Sky Network TV	685	+9.3	+1.5	28	0-0	5	29.2	39	0.6	76	Nil	6.06	2,668
Opio Forestry	85	+9.3	-3.5	29	0-0	-	0.8	-	1.0	NE	Nil	N/A	13

"Neglect" Ratings of Australian Shares

"Neglected" Shares = 1-4 Brokers, "Moderately Followed" Shares = 5-10 Brokers, "Widely Followed" Shares = 11 or more Brokers.

Company	No. of Brokers Following Company	Market Capital-isation (A$ Mill.)
A.P. Eagers	1	150
AMP Ltd	12	13,635
ANZ Bank	12	39,641
APN News Media	10	2,412
ARB Corporation	5	240
AWB Limited	4	1,573
AXA Asia Pac	1	7,586
Adcorp Aust.	1	69
Adelaide Bright	6	878
Adelaide Bank	11	982
Adsteam Marine	5	465
Adtrans Group	1	86
Ainsworth Game	1	126
Alesco Corp Ltd	5	464
Alinta Limited	1	2,178
Altium Limited	1	29
Amalgamated Hld	1	543
Ambri Limited	1	21
Amcor Ltd	9	6,427
Aristocrat Leis	7	5,198
Auspine Ltd	1	213
Aust Infra.	8	537
Aust Gas Light	9	6,597
Aust Pipeline	8	989
Aust Stock Exch	10	2,163
Aust W'wide Exp	6	486
Aust Agricult.	3	378
Aust Pharm. Ind	6	666
Austal Limited	3	367
Austar United	4	962
Austereo Group	10	684
Australand Prop	3	1,506
BHP Billiton	12	71,232
Bank of Q'land	7	978
Baycorp Advant.	7	636
Bendigo Bank	10	1,378
Billabong Int'l	9	2,755
Boral Limited	10	3,700
Brambles Ind.	11	13,950
Brazin Limited	2	274
Brickworks Ltd	2	1,535
Bunnings W/hse	5	493
Burns Philp	7	2,052
C'wth Prop Off.	7	1,767
C.S.R. Ltd	10	2,195
CMI Limited	1	48
CPI Group	4	37
CSL Limited	7	6,734
Cabcharge Ltd	7	511
Caltex Austrlia	8	3,772
Campbell Bros	1	396
Capral Alum.	2	199
Cellnet Group	2	82
Centennial Coal	8	890
Chiquita Brands	2	120
Citect Corp Ltd	2	53
Clough Limited	1	219
Coal & Allied	2	3,160
Coates Hire	7	990
CocaCola Amatil	11	5,980
Cochlear Ltd	9	1,673
Coles Myer	11	11,611
Collection Hse	2	143
Colorado Group	7	495
Com'wealth Bank	11	46,060
Commander Comm.	5	362
Computershare	7	3,043
Corp Express	9	1,197
Count Financial	2	318
Crane Group	4	459
DCA Group Ltd	7	1,018
David Jones	7	814
Downer EDI Ltd	5	1,419
ETRADE Aust.	1	183
Ellex Medical	1	13
Emperor Mines	1	82
Energy Develop.	7	1,442
Envestra	7	854
EservGlobal Ltd	1	95
Evans & Tate	1	93
FKP Limited	3	532
Fairfax (John)	8	3,881
Fantastic Hold.	2	359
Flight Centre	6	1,562
Foodland Assoc	10	2,881
Foster's Group	11	10,667
Futuris Corp.	6	1,397
G.U.D. Holdings	6	422
GWA Internat'l	5	840
Gandel R. (CFS)	8	2,990
Gasnet Aust Grp	5	356
General Prop Tr	8	7,321
Globe Int'l Ltd	3	147
Graincorp	3	546
Grand Hotel	3	169
Gro Pep Limited	1	55
Gt Sthn Plant'n	2	1,082
Gunns Ltd	4	1,502
Harvey Norman	8	2,885
Healthscope	6	374
Henry Walker E.	4	100
Hills Motorway	9	2,031
Hills Indust.	4	609
Hpal Limited	3	198
Hutchison Tel.	8	227
IBA Health Ltd	1	127
ING Indust Trt	8	1,472
ING Office Fund	8	1,109
ION Limited	6	236
IiNet	1	255
Iluka Resources	11	1,356
Infomedia Ltd	3	205
Institute Drug	2	96
Insurance Aust.	10	10,427
Int Research	1	74
Int'l Wine Inv.	1	144
Integrated Grp	2	162
Investor Group	5	298
Investa Prop.	7	2,970
Iress Mkt Tech	6	448
James Hardie	11	2,797
Jubilee Mines	3	674
K&S Corporation	4	210
Keycorp ltd	1	148
Lafayette Min.	1	104
Leighton Hold	9	2,855
Lend Lease Corp	8	5,223
Lihir Gold	8	1,413
M.Y.O.B. Ltd	3	463
Macarthur Coal	6	998
Macquarie Good.	6	3,797
Macquarie Bank	9	10,775
Macquarie C'Wde	4	1,785
Macquarie C Tel	2	32
Macquarie Infra	5	3,376
Macquarie G Mgt	3	1,134
Macquarie Off.	7	1,196
Macquarie Leis.	2	306
Mayne Group Ltd	6	2,734
McGuigan Simeon	7	605
Metabolic Phar.	1	190
Metcash Trading	9	1,847
Millers Retail	4	250
Mincor Resource	1	155
Mirvac Group	7	3,285
Nat'l Aust Bank	13	45,700
Nat'l Foods	8	1,885
Newcrest Mining	8	5,724
News Corp.	8	23,887
Novogen Ltd	7	464
Nufarm Limited	7	1,807
Oil Search Ltd	9	2,619
Onesteel Ltd	9	1,529
Orica Ltd	9	5,387
Origin Energy	10	5,508
Oroton Group	2	93
PMP Limited	4	585
Pacifica Group	6	549
Pacific Hydro	6	685
Panbio Ltd	1	15
Paperlin X Ltd	9	2,043
Patrick Corp	10	3,749
Peptech Limited	1	265
Perp Trust Aust	9	2,350
Portman Limited	5	680
PowerTel Ltd	2	172
Primary Health	5	857
Prime TV	9	378
Prime Life Corp	9	71
Pro Maintenance	8	213
Pro Medicus Ltd	2	127
Progen Indust.	1	135
Publishing & Br	7	10,770
Q.B.E. Insur.	9	11,262
Qantas Airways	10	6,606
Queens'd Cotton	1	135
Ramsay Health	7	931
Reece Australia	1	1,295
Ridley Corp.	4	378
Rio Tinto Ltd	10	64,698
Roc Oil Company	2	337
Rural Press Ltd	8	1,198
SMS Mgmt & Tech	1	112
SP Telecom.	2	588
STW Comm Group	6	521
Santos Ltd	6	5,181
Servcorp Ltd	1	216
Seven Network	8	1,614
Sigma Company	9	1,172
Sims Group Ltd	9	1,621
Skilled Group	4	263
Smorgon Steel	9	1,145
Sonic Health	7	3,157
Sons of Gwalia	5	217
Soul Pattinson	1	2,386
Southcorp Ltd	11	3,201
Spotless Group	8	1,059
St George Bank	8	12,809
Stargames Ltd	2	152
Starpharma Hold	1	93
Sthn Cross Brd.	10	817
Stockford Ltd	8	7
Straits Res.	1	259
Suncorp-Metway	10	10,416
Sydney Aquarium	4	132
Symex Holdings	1	151
TV & Media Serv	1	39
TVSN Limited	1	14
Tabcorp Holding	10	7,136
Tap Oil	5	315
Technology One	5	206
Telstra	12	67,814
Tempo Services	3	146
Ten Network	9	1,500
Thakral Holding	3	483
Ticor Ltd	2	384
Toll Holdings	7	4,286
Transfield Serv	6	983
Transurban Grp	9	3,989
United Group	6	766
Village Road.	3	844
Villa World	1	189
Vision Systems	2	194
Volante Group	2	182
Watpac Ltd	1	96
Wattyl Ltd	6	282
Wesfarmers Ltd	10	15,054
West Aust News	7	1,804
Westpac Banking	12	34,768
Woodside Petrol	10	15,067
Woolworths Ltd	11	16,288

"Neglect" Ratings of NZ Shares

"Neglected" Shares = 1-2 Brokers, "Moderately Followed" Shares = 3-4 Brokers, "Widely Followed" Shares = 5 or more Brokers.

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
AMP NZ Office	4	394
Air New Zealand	5	1,133
Akd Int Airport	7	2,553
Briscoe Group	3	258
Calan Hlthcare	4	128
Cap Properties	4	282
Carter Holt	7	2,957
Cavalier Corp	1	284
Contact Energy	6	4,083
F & P Appliance	5	856
F & P Health.	6	1,554
Fletcher Build.	6	3,224
Guinness Peat	3	522
Hallenstein G.	2	239
Hellaby Hold.	2	337
Horizon Energy	2	105
Ind Newspapers	2	2,316
Infratil NZ	3	821
Kiwi Property	5	736
Lyttelton Port	4	183
Mainfreight Grp	4	257
Metro. LifeCare	1	320
Michael Hill	2	303
NZ Refining Co	2	883
Northland Port	2	133
Nuplex Indust	4	349
Port Tauranga	3	190
Ports Auckland	6	742
Property F Ind.	5	212
Restaurant Brds	3	127
Sanford Limited	2	440
Sky City Ltd	8	2,194
Sky Network TV	5	2,668
South Port NZ	1	34
Steel & Tube	4	489
Telecom Corp	10	12,435
Tol NZ Ltd	1	605
Tourism Hold.	3	196
Tower Limited	7	767
Trans-Tasman	3	226
Trust Power Ltd	3	905
Warehouse Group	6	1,274
Waste Mgmt NZ	4	642
Wrightson Ltd	2	295

Dividend$

Company	Cents per Share	Ex-Date	Payable	Tax Credit
Air New Zealand	2.50	18-04	29-04	Full
Allied Farmers	5.00	21-03	24-03	Full
AMP Office Trust	1.80	14-02	22-02	Nil
Auckland International Airport	15.00	21-03	31-03	Full
Broadway Industries	2.00	25-05	29-04	Full
Capital Properties	1.85	21-03	01-04	0.40
Cavalier Corporation	8.00	07-03	11-03	Full
CDL Hotels	1.40	-	-04	Full
CDL Hotels - special	0.70	-	-04	Full
CDL Investments	1.60	-	-04	Full
CDL Investments - special	0.40	-	-04	Full
Colonial Motor Company	11.50	21-03	04-04	Full
Comvita	2.10	21-03	31-03	Full
Ebos Group	9.00	14-03	18-03	Full
Feltex	6.00	04-04	08-04	Full
Fletcher Building	15.00	21-03	06-04	Full
Freightways	7.50	21-03	31-03	Full
Hellaby Holdings	19.00	03-04	08-04	Full
Hirequip	1.25	14-03	18-03	Full
ING Property Trust	2.0675	14-03	18-03	0.6075
INL	11.00	14-03	18-03	Full
Just Water	1.45	29-03	01-04	Full
Livestock Improvement	8.20	28-02	04-03	Nil
Lyttelton Port Company	3.75	21-02	25-02	Full
MetLifeCare	3.50	14-03	18-03	Nil
Michael Hill International	9.00	21-03	29-03	Full
Mike Pero Mortgages	3.00	18-04	22-04	Full
NGC Holdings	3.00	10-03	16-03	Full
Northland Port	3.50	07-03	04-03	Full
Nuhaka Farm Forestry - capital	59.40	28-02	04-03	Tax-Free
Nuhaka Farm Forestry - special	77.52	28-02	04-03	Nil
Nuplex Industries	12.00	21-03	01-04	Full
NZ Exchange - special	40.00	02-05	11-05	Full
NZ Investment Trust	5.00pence	30-03	27-04	Nil
NZ Refining	200.00	22-03	30-03	Full
Ports of Auckland	15.00	14-03	18-03	Full
Port of Tauranga	7.00	10-03	18-03	Full
Property For Industry	2.00234482	06-03	11-03	0.688838
Pumpkin Patch	3.75	29-03	06-04	Full
Pyne Gould Guinness	4.00	14-03	18-03	Full
Renaissance Corporation	5.50	28-03	01-04	1.0
Richina Pacific	2.00	21-03	-	Nil
Skellmax Industries	3.00	04-04	08-04	Full
Sky City Entertainment	12.00	21-03	01-04	Full
Sky Network TV	12.50	07-03	11-03	Full
Southern Travel	2.50	29-03	08-04	Full
Steel & Tube Holdings	15.00	07-03	11-03	Full
Taylors Group	7.00	14-03	24-03	Full
TeamTalk	9.00	18-04	22-04	Full
Telecom NZ	9.50	24-02	11-03	Full
Tourism Holdings	5.00	18-04	22-04	Full
Turners Auctions	10.00	11-04	15-04	Full
Waste Management NZ	16.70	14-03	18-03	Full
Williams & Kettle	23.00	16-02	21-02	Full
Wrightson	3.50	15-03	31-03	Full
Australian Shares				
AJ Lucas Group	3.50	07-03	24-06	
Austin Group	3.00	28-02	18-03	
Austin Group - special	1.00	28-02	18-03	
Candle Australia	5.50	07-03	18-03	
Cellnet Group	7.00	30-03	19-04	
Commander Communications	2.00	15-03	05-04	
Computershare	5.00	02-03	01-04	
Iluka Resources	12.00	23-03	12-04	
Melbourne IT	3.50	07-03	08-04	
MYOB	2.25	29-03	22-04	
Ross Human Directions	2.00	03-03	24-03	
Skilled Group	6.00	29-03	20-04	
Technology One	1.40	07-03	24-03	
The Reject Shop	10.00	28-02	23-03	
Toll Holdings	11.00	28-02	24-03	
Vision Systems	2.00	24-02	16-03	

Total Return Index for All Listed Shares

Feb 7	2498.93	Feb 14	2512.22
Feb 8	2498.71	Feb 15	2515.55
Feb 9	2513.46	Feb 16	2526.29
Feb 10	2500.98	Feb 17	2510.11
Feb 11	2506.93	Feb 18	2505.24
Feb 21	2513.47	Feb 29	2526.83
Feb 22	2515.85	Mar 1	2523.00
Feb 23	2500.00	Mar 2	2524.76
Feb 24	2498.38	Mar 3	2521.17
Feb 25	2512.81	Mar 4	2515.59

Current Issues

SHARE SPLIT

	Ratio	Ex-Date
Auckland International Airport	4:1	11-04

SHARE RECONSTRUCTIONS

Auckland International Airport is seeking to return $100-300 million to shareholders (i.e. about 33-100 cents per share).

Next Issue

The next issue of *Market Analysis* will be posted in five weeks time on Tuesday April 12, 2005 (and delivered in most areas on Wednesday 13).

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