Market Analysis

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Editor and Research Directo	or: James R Cornell (B Com)

Summary and Recommended Investment Strategy.

Remain invested in the recommended New Zealand and Australian shares, but with a 5-10% cash reserve which we shall probably re-invest in new shares over the months ahead.

Investment Outlook.

Sentiment towards the NZ stockmarket has improved slightly over the last month. December's interest rate increase is now widely expected to be the peak, with lower rates in mid-2006 as the economy weakens.

Some domestic shares - for example, retailers - are *out of favour* with investors. While profitability will suffer as the economy weakens - and this may drive share prices lower in the short to medium term - we can already see good value emerging in this sector. While brokers are rating these shares a "Sell", we are looking for an attractive buying opportunity to develop during 2006 when this sector becomes most depressed but when the next cyclical recovery cannot be too far away!

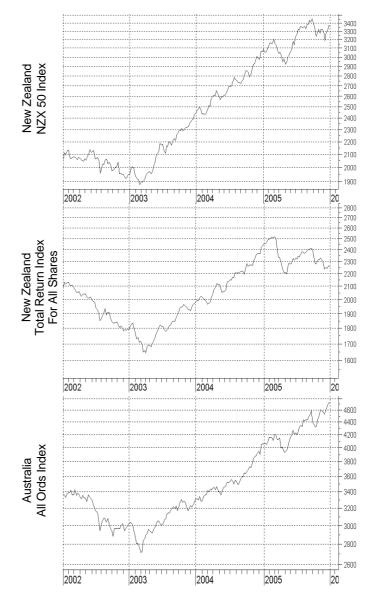
Weakness in the NZ dollar exchange rate is also a popular concern. With relatively high interest rates, we do <u>not</u> expect a major weakening in the immediate future - but exchange rate fluctuations are particularly difficult to predict! Sanford (see our *Company Analysis* on pages 12-13) should make a good investment *when* the NZ dollar falls in value - but with the short term risk of being only marginally profitable at the current exchange rate! Overall a weaker dollar would be good for the business sector, especially for companies with export markets or foreign businesses, but would probably lower consumer spending.

A number of medium sized and smaller company shares have dipped sharply in value over the last six months on both sides of the Tasman. This has been in response to weaker profit results, anticipation of lower economic growth and negative investor sentiment. This provides an interesting investment environment - with the possibility of some more weakness in the short term but many quality shares have come back to values at which we would like to start buying.

Overall we are happy to remain close to fully invested in the recommended shares, but with a 5-10% cash holding from recent sales which will allow us to take advantage of new buying opportunities as they emerge over the coming months.

Stockmarket Forecasts

Australia: One-Month 73% (Bullish) 70% (Bullish)
New Zealand: 62% (Bullish) 44% (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.

recommendation	Performa		Price/Sales Ratio	•	Gross	anneu purchases	Performar Forecas	ice	Price/Sales Ratio	P/E	Gross Yield	Performance Forecast Price	Price/Sales Ratio	P/E Gross Ratio Yield
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Recommended Investments

Our "Recommended Portfolio" recorded its 8th consecutive annual gain during 2005, albeit with its lowest gain over this period. Overall the portfolio rose just +3.8%.

This compares with a 10.9% gain by the NZX50 index (which *overstates* returns by a couple of percent by including tax credits), an 8.3% *decline* by our SRC Total Return index (which measures the performance of <u>all</u> NZ shares and shows the weakness by medium sized and small company shares over recent years) and a 16.6% gain by the Australian All Ordinaries index.

While there are always a few big winners and big losers each year, during 2005 our portfolio experienced a greater than normal spread of results: The bigger gains last year were AUO/CEY up +77.8%, TRS up +77.4%, ATP up +64.7%, IAS up +48.4%, SKE up

+46.2% and RNS up +45.1%. Amongst the losers, SNN was down 66.5%, LRX lost 57.9%, RHD fell 42.3% and AJL was down 44.1%.

Shares *are* volatile investments, so annual returns can fluctuate widely. Furthermore, we make no attempt to *index* our portfolio or to match market returns in any particular period - we simply seek to maximise our long term returns. We focus upon medium sized and smaller company shares, which offer the best expeted long term returns, but short term performance often varies from the larger company shares that make up the indices.

Despite last year's poor result, over the last three years our "Recommended Portfolio" has produced a +96% gain, significantly outperforming the overstated 69% increase in the NZX50, the 25% gain by the TRI and 56% gain by the All Ords. (Continued on Page 4)

	Portfolio	of	Rec	omi	me.	nde	ed	In	ves	stm	en	ts	
CURRENT ADVICE	Company	_	nitial Recomn			Shares	Vola- tility			Gross Dividend		Cash Dividends	
	NZ Shares	Code	- Date -	Price	Forecast	(mil.)	Ratio	Ratio	Ratio	Yield	Price	Rec'd	%
HOLD+		CDI	12/01/99	25	С	200.5	1.3	3.88	9	6.1	39	11.3	+101%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	С	65.5	0.5	0.93	10	13.7	295	173.0	+200%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	С	27.9	0.5	0.21	11	11.2	292	281.8	+283%
BUY	Lyttelton Port Company	LPC	12/12/00	150	С	102.3	0.6	2.77	16	9.1	180	54.3	+56%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	46*	Α	38.7	0.3	1.11	18	4.4	785	173.0	- 1983%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	В	76.7	0.5	0.38	12	8.6	460	127.5	+68%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	В	38.2	0.7	0.45	23	7.8	140	29.9	+100%
HOLD+	Richina Pacific	RPL	03/11/95	94*	D	148.7	1.1	0.14	17	3.6	56	11.4	-28%
HOLD	South Port New Zealand	SPN	13/02/96	120	С	26.2	0.8	2.35	16	8.0	121	81.5	+69%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	D	88.1	0.5	0.81	10	11.8	405	132.0	+268%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	С	24.3	0.6	0.65	12	11.1	175	50.0	+121%
	Australian Shares (in Aust	cents)											
HOLD	AJ Lucas Group	AJL	13/05/03	120	С	51.6	0.9	0.63	NE	3.9	91	20.5	-7%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	D	87.8	1.5	4.00	NE	Nil	27	8.0	-53%
HOLD	Austin Group Ltd	ATG	08/02/05	93	В	62.2	1.1	0.62	9	9.8	61	4.0	-30%
BUY	Campbell Brothers Ltd	CPB	12/10/99	406*	В	49.5	0.4	0.95	21	3.9	1081	192.6	+214%
BUY	Candle Australia	CND	08/04/03	86	Α	45.9	0.7	0.49	16	4.7	246	23.5	+213%
HOLD+	Cellnet Group Ltd	CLT	12/02/02	152	В	51.0	1.0	0.09	9	6.9	102	31.5	-12%
HOLD+	Centennial Coal Ltd	CEY	16/01/01	70*	В	268.5	0.5	1.50	19	3.6	362	13.0	+436%
HOLD	Circadian Technologies	CIR	10/02/04	188	D	40.1	0.9	N/A	NE	Nil	115	65.0	-4%
HOLD	Commander Comm.	CDR	11/09/01	92	С	170.2	8.0	0.55	14	3.0	197	17.2	+133%
BUY	Computershare Ltd	CPU	12/08/03	189	В	594.9	0.6	3.57	39	1.6	670	21.5	+266%
BUY	Int'l AllSports	IAS	11/02/03	180	С	66.4	1.3	0.05	NE	Nil	46	4.0	-73%
BUY	Iluka Resources Ltd	ILU	12/10/04	471	В	232.9	0.6	2.14	20	2.8	780	22.0	+70%
BUY	Keycorp Ltd	KYC	10/08/04	123*	С	81.6	1.0	0.85	19	Nil	146	Nil	+19%
HOLD+	LongReach Group Ltd	LRX	11/01/05	23½	С	174.5	2.6	0.48	76	Nil	10	Nil	-59%
BUY	Melbourne IT	MLB	10/02/04	53	В	52.8	0.7	1.23	19	3.9	140	10.5	+184%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	В	386.1	0.9	3.14	38	2.2	102	2.3	+24%
HOLD	Ross Human Directions	RHD	14/08/01	92	В	81.7	1.1	0.13	9	7.1	56	21.0	-16%
HOLD	Skilled Engineering	SKE	12/03/02	126	Α	100.5	0.5	0.46	29	4.2	383	57.5	+250%
HOLD	Sonnet Corporation	SNN	07/09/04	31½	С	137.3	2.6	0.33	5	16.9	9	3.0	-63%
HOLD+	Technology One Ltd	TNE	11/11/03	44	В	299.4	1.2	3.00	16	5.5	56	6.0	+41%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	Α	25.1	0.7	0.54	16	3.9	439	17.0	+77%
HOLD-	Toll Holdings	TOL	08/09/98	60*	В	330.2	0.5	1.23	22	1.8	1448	90.5 -	⊦ 2464%
HOLD	UXC Limited	UXC	11/01/00	55*	В	161.4	0.9	0.60	12	6.1	90	29.5	+117%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	Α	179.4	8.0	1.86	50	2.4	176	32.5	+202%
	age Total Return (i.e. both Capita												

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +217.2%. This is equal to an average annual rate of +41.3%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 35 current and 132 closed out) is +32.6%, compared with a market gain of +8.5% (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. (1) LongReach notes (LRXGA) last traded at 12 cents.

Recommended Investments (Continued from Page 3) Colonial Motor Company has agreed to purchase the business of Metro Ford, which operates in the Porirua Basin and Kapiti Coast, plus the Parumoana Street property in Porirua from which it operates. This motor vehicle dealer will be merged into the company's Capital City Ford business.

Australian Shares

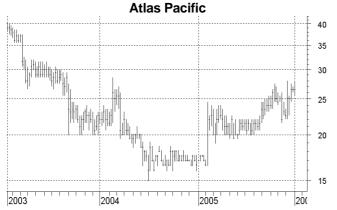
(This section is in Australian currency, unless stated.) Atlas Pacific's Shareholder Update for December was particularly optimistic. The company - which has returned to profitability and declared a dividend - has "grown from strength to strength" over the year and the directors expect "even better things to come in 2006" with "further significant improvement in revenue and profit as more pearls are harvested and sold".

There was a "significant improvement in quality, and consequently price" for pearls from the recent harvest, with "exceptional consistency in colour with over 99% being white". Atlas Pacific believes this is the highest percentage of any South Seas pearl farmer, and the results of its selective breeding programme.

Over the last year the company has seeded in excess of 350,000 oysters - up from about 300,000 in 2004 and 200,000 in 2003. Pearls are harvested 2-3 years after seeding, so this will lead to growing revenues and profits over the next few years.

Breeding at its *Penyabangan* hatchery and joint venture hatchery in West Lombok during September produced "commercial numbers of young oysters". These have since been graded and the company is "very happy with the results to date". Further breeding was scheduled for December and January.

The new pearl farm at *Karang Asem* now holds 60,000 oysters and development of this farm will be completed by the middle of the year. A third pearl farming site near *Nusa Lembongon* island is being developed, together with a joint venture tourist operation with **Bali Hai Cruises**. Development started in November and the tourism venture will commence next month (i.e. February 2006). The tourism venture could bring "in excess of 100 guests daily" and this will promote the company's pearls and boost its pearl jewellery manufacturing and marketing business.



Austin Group has issued a profit warning. Lower than expected sales in November and December will see revenues down 15% for the first half to December 2005, with profits down almost 50% on the same period last year. The problem is a "disappointing performance" by the Menswear division. A complete review of that

division is now being undertaken.

Despite this sharp downturn in a small part of the business the Austin Group's directors "anticipate maintaining" the interim dividend at 3.0 cents owing to the "strong balance sheet and low level of debt".

Campbell Brothers has reported that shareholders applying for additional shares in the recent cash issue were given all of the extra shares sought. This surprises us as we expected there would be only a small number of shares available. This was a renounceable issue and the rights had value, so we would have expected shareholders to either take up their entitlements or to sell the rights on-market. Some shareholders obviously allowed their valuable rights to expire and these were available for other shareholders to apply for additional shares at 900 cents.

Campbell Brothers reports greater difficulty finding laboratory acquisitions as private equity funds are becoming more interested in the industry. The company is seeking businesses that will take the group into a "new region" or which "added expertise". It is focusing upon the European environmental testing market which is worth around \$1,800 million annually. This is a fragmented market with, for example, 2000 laboratories in Germany competing for \$800 million in annual business. Campbell Brothers is seeking to buy a "medium sized" German environmental testing laboratory, with "some depth of management and systems" as a base from which to expand in this sector.

Cellnet Group believes its reorganisation is now about 70% complete. The first half result to December 2005 is expected to show a small profit of \$0.7-1.2 million - down 80-90% on last year - mainly owing to the cost of discounting to sell excess and slow moving inventory. The benefits of the changes - previously expected "in the June 2007 financial year" - are now forecast to show in the current half year (i.e. to June 2006) "when it is expected that profitability will start an upward trend".

Commander Communications has made a hostile takeover bid for Volante Group, offering 101 cents per share - or \$129.7 million in total for the company. This is widely seen as an "opportunistic" and "low bid" and Volante Group's shares are trading around 111 cents in anticipation that Commander Communications will increase its offer.

This is a larger than normal acquisition for Commander Communications which describes Volante Group as "complementary to our business". That is another way of saying that its IT hardware and managed services businesses don't have too much in common with Commander Communication's current telecommunications, internet and data businesses. The bid is conditional on 90% acceptances, but Commander Communications has indicated that it may be happy to get at least a 50.1% controlling stake.

To partially fund this acquisition, Commander Communications has placed 22,050,954 shares at 200 cents - a 5.2% *premium* to its market price at the time - to raise \$44.1 million. The balance of the acquisition will be debt funded.

<u>Computershare</u> has paid £20 million (i.e. 85% in cash, 15% in shares) to acquire **Interactive Meetings**,

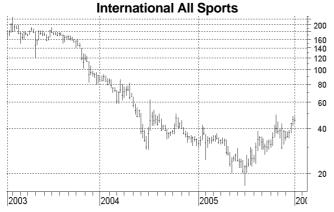
a "key player in the European meetings technology market". Interactive Meetings has developed "audience response systems" - such as wireless shareholder voting - targeting AGMs and is currently involved with 1000 meetings annually in the UK. It also has distributors in the US, Canada, Japan, South Africa, Australia and Belgium, but Computershare is a better partner to take this technology global.

The business will be "marginally EPS accretive in the first year" which in plain English means current profits will slightly exceed the interest cost on money borrowed to fund this acquisition. That would equal a Price/Earnings ratio of 20-25, but revenues and profits should be capable of growing rapidly over many years so this should prove a good expansion for the group.

Computershare has also expanded its AGM services in Europe with the acquisition of the German company **SLS Group** for Euros 14.85 million (A\$24 million).

<u>International All Sports</u> - which we upgraded to a "Buy" two months ago - has reported more good news confirming its improving fortunes. In a short statement the company re-instated dividend payments "from current period earnings" of 1.5 cents. The shares are now ex-dividend which will be paid on 20 January.

This announcement *confirms* the return to profitability and the payment of a dividend is an even more favourable development. "Profit" is simply the result of applying accounting ules that measure revenues and expenses - but there is no obligation on a company to *ever* pay a dividend. A dividend also requires a company to transfer real cash from its bank account to its shareholders. So a company can manipulate its accounting to report a profit, but the payment of a dividend confirms that a company is in a sound financial position and indicates that the directors *expect* future positive cashflows and profitability. "Buy".



LongReach Group reported a 30.2% increase in revenues (from its continuing businesses) to \$7.8 million for the six months to September 2005, but profits from this Networks/Wireless business fell 77.9% to \$494,000 (0.3 cents per share). No dividend will be paid for the period. The net operating cash surplus was \$396,000.

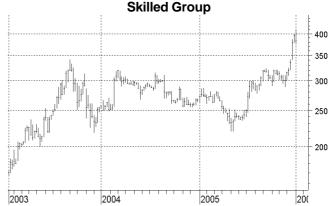
The second half of the year has started well with the company earning strong revenues from equipment delivered in October and November.

Skilled Group has upgraded its profit forecasts, increasing its earlier prediction that earnings (before interest, tax and depreciation) would rise 15-25% to now expect a 25-30% increase to around \$42-44 million. We

estimate that would give a net profit 30-43% higher at \$17½-19 million (17-18½ cents per share).

Skilled Group under-performed from late 2003 until mid-2005 owing to its restructuring and initial problems with its *Origin Healthcare* acquisition. The business is now back on track and the share price has risen 40% since we upgraded them to a "Buy" in July 2005. In fact, even allowing for the expected 30-43% profit increase this year the shares are now starting to look a little expensive relative to other similar listed companies, so we are downgrading our recommendation to "Hold".

Investors who are *heavily* over-weighted in Skilled Group-which is up 3½-fold in just four years-may wish to consider selling 25-35% of these shares to realise partial profits and improve their portfolio diversification.

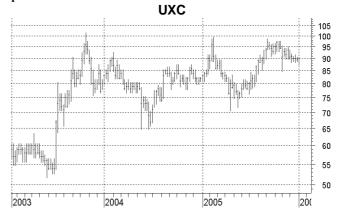


<u>Toll Holdings</u> has extended its takeover for **Patrick Corporation** to 1 February.

Toll Holdings together with **POSCO Engineering & Construction** and an unnamed "major Japanese industrial group" are carrying out a feasibility study to establish a new deep water port at Oakajee (23km north of Geraldton) in Western Australia and rail links to iron ore projects being developed by **Murchison Metals**. The cost of these rail and port facilities would probably exceed \$1.1-1.3 billion.

UXC has won a contract worth over \$6 million to develop and support a new system to administer entitlements and allowances for Parliament.

UXC has also negotiated to acquire **Oxygen Business Solutions** from **Carter Holt Harvey** for an undisclosed cash consideration, plus a deferred incentive to *management* and *staff* based upon earnings for 2006 and 2007. The business provides *SAP* consulting, with 140 professional staff and annual revenues in excess of \$25 million. This acquisition will be "immediately EPS positive".



Page 6 Market Analysis

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

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

Company	Share Price	STRE Cur- rent		ATING Rank 0.99	Insider Buy-Sell	Following	Price to NTA	Return on Equity	Vola- til- ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	STRE Cur- rent	NGTH RA 4-Wk Chg.	ATING Rank 0.99	Insider Buy-Sell	Brokers of Pollowing TN Pollowing	e Return on A Equity	Vola- til- ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED S	HARES	: Lowe	st Pric	e/Sale	es. Yld	> 0	Rel S	Strenc	ath >	0				Cert Organics	5	-7.3	+1.2	78	0-0	- 1.0) .	1.8	NE	Nil	3.93	5
Guinness Peat		+1.4			0-0		0.4		0.6		2.5	0.17	2,026	Contact Energy	658	-5.5	-2.5	63	0-0	4 1.3		0.2	26		2.97	3,794
Broadway Ind	87	+0.2	-4.8		0.0		0.9	5	0.8	18	5.7	0.41	17	Just Water Int.	90	-0.3	-1.9	38	2-1	- 4.2		0.5	19		2.95	60
Mainfreight Grp	365	+9.7	-2.7	5	6-7	5	4.0	15	0.5	26	2.7	0.41	350	Sealegs Corp	15	-13.6	-2.7	89	2-2	- 5.8	3 .	1.6	NE	Nil	2.91	10
Renaissance	140	+8.4	+1.2	7	0-0		5.5	23	0.7	23	7.8	0.45	54	Sky City Ltd	473	-1.8	-0.4	47	0-5	7 10.4	4 55	0.3	19	7.6	2.89	1,975
Fletcher Build.	748	+3.1	-3.4	19	4-5	4	2.4	23	0.3	11	6.4	0.74	3,472	Lyttelton Port	180	-1.6	-3.0	45	0.0	3 1.:	3 9	0.4	16	9.1	2.77	184
PGG Wrightsons	221	+10.1	-3.2	4	5-3	-	1.9	13	0.6	15	6.1	0.81	442	Waste Mgmt NZ	594	-2.2	-0.1	51	2-9	5 3.	1 14	0.3	23	6.7	2.76	591
Carter Holt	253	+4.9	-1.7	14	1-4	3	0.9	11	0.6	8	1.6	0.92	3,311	Connexion	44	-1.4	+5.1	43	0-0	- 14.6	5 23	0.7	65	Nil	2.59	8
														Finmedia Ltd	114	-3.5	+0.6	58	0-0	- 1.0	32	0.3	3	Nil	2.54	14
BEST PERFORMIN	ig sha	RES: S	tronge	est Sh	ares, P)/E <	< 20,	P/S <	1.0					Blue Chip Fin.	102	-1.1	+4.4	42	0-0	- 5.8	3 52	0.6	11	Nil	2.48	54
PGG Wrightsons	221	+10.1	-3.2	4	5-3	-	1.9	13	0.4	15	6.1	0.81	442	Kingfish Ltd	94	-1.9	-0.7	48	0-0	- 0.	7 22	0.5	3	3.2	2.46	55
Carter Holt	253	+4.9	-1.7	14	1-4	3	0.9	11	0.5	8	1.6	0.92	3,311	South Port NZ	121		+0.4		0-0	- 1.3		0.4	16	8.0	2.35	32
Fletcher Build.	748	+3.1	-3.4		4-5	4	2.4		0.3	11		0.74	3,472	Vector Ltd	264	-5.7	-3.0	65	2-0	- 1.8	3 4	0.5	49	Nil	2.28	2,547
Toll NZ Ltd	320	+2.0	-4.9		0-1	-	2.2	14	0.4	16	Nil	0.99	673													
Guinness Peat	210	+1.4	-0.9		0-0		0.4			8	2.5	0.17		WORST PERFORM									eld < T			
Broadway Ind	87	+0.2	-4.8	31	0-0	-	0.9	5	0.6	18	5.7	0.41	17	Charlie's Group		-58.3			0.0	- 19.		0.9	NE		1.55	44
														A2 Corporation		-34.2			0-0			1.1	NE	Nil	N/A	7
INCOME SHARES	9													POD Ltd		-20.5	-9.8	96	1-0			0.5	6		0.25	21
Cavalier Corp		-16.2	-2.5		9-0		3.1		0.3		13.7	0.93	193	Life Pharmacy					1-2	- 17.0		0.5	NE	2.0	N/A	474
Hellaby Hold.	460	-12.0	-3.7		1-0		2.3	21	0.3		12.7	0.58	226	New Image Group		-16.6	-1.3		0-0	- 1.1		1.8	NE		1.58	10
Steel & Tube	405	-7.2	-2.9		2-2		2.6	27	0.3		11.8	0.81	357	Scott Tech. Ltd		-14.1	-2.7		3-0			0.3			1.19	48
Gullivers Trv.	126	-5.0	-3.0		0-0		8.0		0.5		11.6	0.30	126	Sealegs Corp		-13.6	-2.7		2-2	- 5.8		1.5	NE		2.91	10
Restaurant Brds	130	-7.5	-1.0		0.0	4	2.5	21	0.5		11.5	0.40	126	Media Tech.		-12.3	-6.9	87	0-0	- 1.3		1.9	NE		0.25	5
Tourism Hold.	157	-9.5	-3.5		4-2		0.9		0.5		10.5	0.86	154	Software of Exc		-12.0	-2.8		0-0				106			21
Hallenstein G.	460	+5.7	-4.3		1-0		4.7	33	0.2	14	9.7	1.46	272	Zintel Comm.		-11.0	-0.6	84	3-2	- 5.4		0.5	11	—	1.02	36
Telecom Corp	599		+0.2		3-25		4.8		0.3	13	9.6		11,726	Hirequip NZ Ltd		-10.2	-1.3		0.0			0.4	11 NE		0.98	100 7
Lyttelton Port	180	-1.6	-3.0		0-0		1.3	9	0.4	16	9.1	2.77	184 353	Genesis Res.		-10.0	-4.0	82	2-0	- 0.!		0.8	NE		1.53	
Nuplex Indust	460	-2.0	+2.0	54	2-0	4	1.4	12	0.3	12	8.0	0.38	303	Rubicon Limited	88 72	-8.8	-2.8	81	1-0	1 1.		0.4	NE 10		0.54	250 7
INSIDER BUYING:	Most In	cidor D	undna	Doloti	un Ctro	nath	0							Eastern Hi-Fi	345	-8.2	+0.2		0-0 0-3	- 8.1		0.5	NE	Nil	0.52 N/A	44
Michael Hill	785	+2.1					4.6	25	0.2	18	4.4	1.11	304	Mooring Systems VTL Group Ltd	68		+7.5	79	0-3	- o. - 1.		0.2	10		0.72	20
Comvita	220		-1.1		8-3		1.8	8	0.2	22	1.4	1.03	28	Tenon Ltd	348	-7.6	-3.0		0.0	4 1.		0.7	8			243
MG Property Trt	124	+1.0	-0.4		3-0		1.2		0.3	24	9.1	N/A	424	Cert Organics	5		+1.2		0-0	- 1.0		1.7	NE		3.93	5
PGG Wrightsons		+10.1	-3.2	4	5-3		1.9		0.3	15	6.1	0.81	442	Finzsoft Sol'ns	69		+1.7	77	0-0	- 1.		0.4	33		0.81	6
Summit Gold Ltd		+7.3		9	1-0		9.9		0.7	NE	Nil	N/A	120	Widespread Port		-7.2			0-0	- 0.8		2.4	NE	Nil	N/A	6
Wakefield Hlth		+12.0		2	1.0		2.5	10		24	3.3	1.75	76	widespread rort	_	7.2	11.0	, 0	00	0.0	,	2.1			14//1	Ü
Hallenstein G.	460	+5.7	-4.3		1-0	2	4.7			14		1.46	272	INSIDER SELLING:	: Most I	nsider	Sellina	Rela	tive St	renath <	: 0					
Ryman Health.	515	+15.3	-1.3	1	1-0		2.8	13	0.3	22	2.2	4.25	515	Telecom Corp	599		+0.2		3-25	6 4.8		0.2	13	9.6	2.04	11.726
AMP Limited	840	+2.9	-0.7	20	1-0		3.4	22	0.3		3.5	1.32	15,625	Waste Mgmt NZ	594	-2.2	-0.1		2-9	5 3.		0.2	23	6.7	2.76	591
														Sky City Ltd	473	-1.8	-0.4	47	0-5	7 10.4	4 55	0.2	19	7.6	2.89	1,975
OVER-VALUED SH	IARES:	Highes	t Price	/Sales	Ratio	s, Re	elative	Strer	ngth <	0				Akd Int Airport	203	-6.0	-1.8	68	0-4	6 5.4		0.3	23	6.0	8.78	2,482
Salvus Strat.	76	-4.4	-3.3	61	0.0	-	0.7	4	0.5	17	3.9	9.09	15	TeamTalk Ltd	215	-5.8	-2.6	66	0-4	1 2.0) 14	0.4		12.5	2.15	43
Akd Int Airport	203	-6.0	-1.8	68	0-4		5.4	23	0.3	23	6.0	8.78	2,482	Forty Two Below	54	-6.7	-3.8	73	0-3	- 5.0	<u> </u>	0.5	NE	Nil	5.57	70
Forty Two Below	54	-6.7	-3.8	73	0-3	-	5.6		0.6	NE	Nil	5.57	70	Mooring Systems	345	-8.2	-3.7	80	0-3	- 8.		0.2	NE	Nil	N/A	44
NZ Exchange Ltd	710	-6.5	+0.9	71	0-0	1	3.0	12	0.3	25	Nil	4.97	90	Turners & Grow.	190	-13.1	+1.9	88	0-2	- 0.	7 5	0.4	14	Nil	0.24	137
Infratil NZ	369	-0.3	-1.2	37	0-0		1.5	10	0.2	16		4.16	809	Warehouse Group	347	-0.5	-3.3	40	1-3	5 3.0) 11	0.3	27	6.2	0.48	1,060
Port Tauranga	443		+1.1		4-1		1.4		0.2	18		4.08	593	Allied Work.	120	-7.1	-4.3	75	0-1		-	0.5	NE	Nil	N/A	31
Horizon Energy	430	-0.1	-1.0	35	0-0	2	2.2	16	0.3	14	6.9	4.01	107													

New Takeover Offer for Citect Corporation

Last month we recommended investors either sell their **Citect Corporation** shares on-market or wait for the payout under the Scheme of Arrangement. We have recorded that as a sale at 153 cents in December for our *Recommended Portfolio* - but last Friday the company finally received a rival takeover bid, just four days ahead of the meeting to approve the Scheme of Arrangement that would have transferred full ownership of the company to **Schneider Electric**.

US based private equity firm **Thoma Cressey Equity Partners** has announced its intention to offer 170 cents for Citect Corporation - being 165 cents for the shares plus a 5 cents dividend to be paid by the company. The takeover is conditional upon at least 50.1% acceptances and documentation will be mailed to shareholders on 31 January.

The meeting on 12 January to approve the Scheme of Arrangement has been adjourned and the directors now recommend this higher offer.

In the current situation, investors still holding Citect Corporation shares should do nothing in the short term as there is always the possibility that Schneider Electric will over-bid the new offer.

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

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

UNDER-VALUED SHARES: Lowest Price/Sales, Yid > 0, Rel Strength > 0
Citic Australia
Ruralco Hold. 415 + 0.6
Devine 73 +0.1 -0.3 -48 20 - 1.0 -18 1.0 -0.1 -0.1 -0.1 -0.1 -0.1 -0.1 -0.1
Bridgestone Bridge
KLM Group Ltd
Al Limited 23 +15.2 +3.7 14 2.1 - 1.4 11 1.6 12 8.7 0.22 29 Watpac Ltd 195 +23.9 +4.9 8 2.0 1 3.7 26 0.7 14 4.4 0.36 149 Structural Syst 94 +14.2 +2.3 15 5.0 - 2.4 28 0.9 8 1.6 0.22 24 Index Limited 32 +19.7 +0.1 10 10 10 10 10 10 10 10 10 10 10 10 10
Structural Syst
Paperlin X Ltd
Cordukes Ltd 57 +16.6 0.1 13 0.0 - 6.3 50 1.2 13 3.5 0.24 38 The Reject Shop 439 +18.5 0.4 11 0.0 1 4.8 31 0.6 16 3.9 0.54 110 Tag Pacific 23 +1.2 +3.4 44 20 - 0.9 10 1.7 9 2.2 0.25 15 Eumundi Group 25 +18.0 1.0 11 2.0 - 1.1 9 1.5 1.3 Nii 0.97 21 Skywest Ltd 19 +1.5 +2.3 43 8.0 - 1.1 6 2.0 1.1 6 2.0 18 5.4 0.26 19 Tolhurst Noall 34 +17.8 2.0 12 0.0 - 3.0 20 1.1 15 3.0 0.85 33 Namoi Cotton 66 +3.3 4.7 36 0.0 - 0.7 7 1.0 9 7.6 0.26 76 Cordukes Ltd 57 +16.6 0.1 13 0.0 - 6.3 50 0.9 13 3.5 0.24 38 Wilson Leaders 96 +0.4 0.4 47 0.5 - 0.9 7 1.0 12 7.3 0.27 54 Stadium Aust. 11 +15.7 +2.7 13 0.0 - 6.3 50 0.9 13 3.5 0.24 10 Data 3 Ltd 345 +5.9 +2.1 28 12 - 5.6 41 0.7 14 5.5 0.27 53 Al Limited 23 +15.2 +3.7 14 2.1 - 1.4 11 1.2 12 8.7 0.22 29 Crane Group 1032 +2.9 4.4 38 0.3 2.0 3 2.1 13 0.5 1.5 0.29 55 Eugend Corp. 74 +7.5 3.1 25 2.0 3.0 27 1.3 11 2.0 0.29 51 Structural Syst 94 +14.2 +2.3 15 5.0 - 2.4 28 0.6 8 1.6 0.22 24 Catalyst Recmt 83 +3.0 -2.0 37 1.0 -6.9 48 1.0 15 8.4 0.29 37 KLM Group Ltd 33 +14.1 +2.8 15 0.0 - 2.5 37 1.1 7 3.0 0.22 13 Wrigdways Aust 92 +1.2 0.4 44 3.1 0.9 10 6.0 0.32 29 Jetset Travel 92 +13.3 +1.1 16 0.0 - 8.4 56 0.9 15 4.3 0.84 5.5 0.76
Tag Pacific 23 +1.2 +3.4 44 20 - 0.9 10 1.7 9 2.2 0.25 15 Eumundi Group 25 +18.0 1.0 11 2.0 - 1.1 9 1.5 13 Nii 0.97 21 Skywest Ltd 19 +1.5 +2.3 43 80 - 1.1 6 2.0 18 5.4 0.26 19 Tolhurst Noall 34 +17.8 2.0 12 0.0 - 3.0 20 1.1 15 3.0 0.85 33 Namoi Cotton 66 +3.3 -4.7 36 0.0 - 0.7 7 1.0 9 7.6 0.26 76 Cordukes Ltd 57 +16.6 0.1 13 0.0 - 6.3 50 0.9 13 3.5 0.24 38 Wilson Leaders 96 +0.4 0.4 47 0.5 - 0.9 7 1.0 12 7.3 0.27 54 Stadium Aust. 11 +15.7 +2.7 13 0.0 - 6.3 50 0.9 13 3.5 0.24 10 Data Ltd 345 +5.9 +2.1 28 1.2 - 5.6 41 0.7 14 5.5 0.27 53 Al Limited 23 +15.2 +3.7 14 2.1 - 1.4 11 1.2 12 8.7 0.22 29 Crane Group 1032 +2.9 -4.4 38 0.0 3 2.1 13 0.5 16 5.8 0.28 601 Raptis Group 90 +14.9 +2.7 14 0.0 - 3.8 50 0.6 6 15.6 0.37 55 Legend Corp. 74 +7.5 3.1 25 2.0 3 7 1.0 - 6.9 48 1.0 15 8.4 0.29 37 KLM Group Ltd 33 +14.1 +2.8 15 0.0 - 2.5 37 1.1 7 3.0 0.22 13 Wirgdways Aust 92 +1.2 0.4 44 3.1 - 8 0.9 1.0 1.3 17 1.5 8 4.5 0.34 24 Caltex Austrila 1880 +13.2 4.8 16 10 5 2.9 3.2 0.5 9 2.1 0.38 5,076
Namoi Cotton 66 +3.3
Wilson Leaders 96 +0.4
Data 3 Ltd
Crane Group 1032 +2.9
Legend Corp. 74 +7.5 3.1 25 2.0 - 3.0 27 1.3 11 2.0 0.29 51 Structural Syst 94 +14.2 +2.3 15 5.0 - 2.4 28 0.6 8 1.6 0.22 24 Catalyst Rec'mt 83 +3.0 -2.0 37 1.0 - 6.9 48 1.0 15 8.4 0.29 37 KLM Group Ltd 33 +14.1 +2.8 15 0.0 - 2.5 37 1.1 7 3.0 0.22 13 Wrigdways Aust 92 +1.2 0.4 44 3.1 - 0.0 36 1.0 - 1.3 17 1.5 8 4.5 0.34 24 Caltex Austrila 1880 +13.2 4.8 16 10 5 2.9 32 0.5 9 2.1 0.38 5.076
Catalyst Rec'mt 83 +3.0 -2.0 37 1-0 - 6.9 48 1.0 15 8.4 0.29 37 KLM Group Ltd 33 +14.1 +2.8 15 0-0 - 2.5 37 1.1 7 3.0 0.22 13 Wrigdways Aust 92 +1.2 -0.4 44 3-1 0.9 10 6.0 0.32 29 Jetset Travel 92 +13.3 +1.1 16 0-0 - 8.4 56 0.9 15 4.3 0.84 85 Becker Group 34 +3.4 -1.6 36 1-0 - 1.3 17 1.5 8 4.5 0.34 24 Caltex Austrila 1880 +13.2 -4.8 16 1-0 5 2.9 32 0.5 9 2.1 0.38 5,076
Wrigdways Aust 92 +1.2 0.4 44 3.1 - 0.9 10 6.0 0.32 29 Jetset Travel 92 +13.3 +1.1 16 0.0 8.4 56 0.9 15 4.3 0.84 85 Becker Group 34 +3.4 1.6 36 1.0 1.3 17 1.5 8 4.5 0.34 24 Caltex Austrila 1880 +13.2 4.8 16 1.0 5 2.9 32 0.5 9 2.1 0.38 5,076
Becker Group 34 +3.4 -1.6 36 1-0 - 1.3 17 1.5 8 4.5 0.34 24 Caltex Austrlia 1880 +13.2 -4.8 16 1-0 5 2.9 32 0.5 9 2.1 0.38 5,076
Metapah Trading 207 .07 0.2 4/ 0.2 0.4 2/ 0.5 20 0.05 2.417 Matapah Trading 207 .07 0.4 0.4 0.4 0.4 0.4 0.4 0.4 0.4 0.4 0.4
Metcash Trading 327 +0.7 -0.2 46 0-3 - 8.4 36 0.5 23 2.9 0.35 2,417 MacMahon Hold 64 +13.0 +0.6 16 0-1 - 2.2 17 1.1 13 1.6 0.45 285
Watpac Ltd 195 + 23.9 + 4.9 8 2.0 1 3.7 26 0.9 14 4.4 0.36 149 Ausdrill Ltd 103 + 12.7 + 2.0 17 1.0 - 1.4 14 0.6 10 4.1 0.52 111
Webster Ltd 80 +0.1 -0.3 49 0.1 - 1.0 4 1.1 23 5.7 0.36 47 Embelton Ltd 400 +12.1 +0.9 17 0.0 - 1.3 9 0.4 15 1.9 0.48 9
Joyce Corp. 104 +10.5 +6.8 20 3.0 - 1.3 14 0.8 9 4.8 0.36 21 Alesco Corp Ltd 980 +11.5 +3.5 18 5.2 4 24.5 - 0.3 17 4.6 0.94 681 Coles Myer 1057 +2.6 0.5 39 1.1 8 4.2 20 0.5 21 3.1 0.36 13,088 AWB Limited 623 +11.2 +3.2 18 3.0 4 3.6 26 0.4 14 4.7 0.42 2,146
Coles Myer 1057 +2.6 -0.5 39 1.1 8 4.2 20 0.5 21 3.1 0.36 13,088 AWB Limited 623 +11.2 +3.2 18 3-0 4 3.6 26 0.4 14 4.7 0.42 2,146 Raptis Group 90 +14.9 +2.7 14 0-0 -3.8 59 0.8 6 15.6 0.37 55 CTI Logistics 95 +11.1 +1.8 18 0-0 -0.9 8 0.6 11 3.2 0.37 21
CTI Logistics 95 +11.1 +1.8 18 00 - 0.9 8 0.8 11 3.2 0.37 21 Joyce Corp. 104 +10.5 +6.8 20 3.0 - 1.3 14 0.6 9 4.8 0.36 21
Caltex Austrilia 1880 +13.2 -4.8 16 1-0 5 2.9 32 0.5 9 2.1 0.38 5.076 Onesteel Ltd 345 +9.3 -6.9 22 0-1 6 - 0.6 15 3.9 0.49 1,945
Oldfields Hold 108 +0.7 +2.3 45 1.0 - 1.0 10 0.7 9 5.1 0.40 11 Rebel Sport 300 +7.8 +3.1 24 0.0 - 2.7 19 0.4 14 3.3 0.73 231
AWB Limited 623 +11.2 +3.2 18 3.0 4 3.6 26 0.5 14 4.7 0.42 2,146 Legend Corp. 74 +7.5 3.1 25 2.0 - 3.0 27 1.0 11 2.0 0.29 51
Smorgon Steel 148 +3.6 -4.5 36 0·1 5 1.0 15 5.7 0.44 1,310 Brisbane Bronco 18 +7.4 +5.4 25 0·0 - 3.0 17 1.5 18 Nil 0.97 18
MacMahon Hold 64 +13.0 +0.6 16 0.1 - 2.2 17 1.4 13 1.6 0.45 285 Qantas Airways 405 +7.3 +3.5 26 3.0 7 1.2 12 0.4 10 4.9 0.61 7.685
Skilled Group 383 +11.0 +3.8 18 8-0 5 8.5 29 0.6 29 4.2 0.46 385 Scott Corp Ltd 39 +7.1 +1.9 26 0-0 - 1.6 24 1.0 6 Nil 0.17 22 Embelton Ltd 400 +12.1 +0.9 17 0-0 - 1.3 9 0.5 15 1.9 0.48 9 JB Hi Fi Ltd 400 +6.3 +4.6 28 2-0 5 - 0.4 20 1.8 0.59 411
Candle Aust. 246 +5.6 -2.4 29 3.0 3 0.7 16 4.7 0.49 113 Sietel Ltd 93 +6.1 3.4 28 0.0 - 0.6 7 0.7 9 Nil 0.26 7
Onested Ltd 345 +9.3 -6.9 22 0.1 6 - 0.7 15 3.9 0.49 1,945 Data 3 Ltd 345 +5.9 +2.1 28 1.2 - 5.6 41 0.6 14 5.5 0.27 53
Chalmers 300 +3.0 ·1.0 37 ·0.0 · 0.9 ·4 ·0.6 ·25 ·2.7 ·0.50 ·17 Candle Aust. 246 +5.6 ·2.4 ·29 ·3.0 ·3 · · ·0.6 ·16 ·4.7 ·0.49 ·113
Ausdrill Ltd 103 +12.7 +2.0 17 1.0 - 1.4 14 0.8 10 4.1 0.52 111 David Jones 230 +5.2 -4.7 30 0.0 6 2.3 18 0.5 13 5.7 0.54 978
Natl Can 149 +0.5 +0.9 47 20 · 0.9 8 0.8 11 4.0 0.54 99 OM Holdings 124 +4.7 +1.8 32 30 · 2.5 23 0.7 11 1.6 0.54 119
The Reject Shop 439 +18.5 3.4 11 0.0 1 4.8 31 0.7 16 3.9 0.54 110 Homeloans Ltd 42 +3.9 5.6 34 3.0 1.2 8 1.0 15 3.6 0.58 21
OM Holdings 124 +4.7 +1.8 32 3.0 - 2.5 23 0.9 11 1.6 0.54 119 Charter Pacific 43 +3.7 0.3 35 0.0 - 0.8 14 0.9 6 Nil 0.98 30 David Jones 230 +5.2 -4.7 30 0.0 6 2.3 18 0.7 13 5.7 0.54 978 Smorgon Steel 148 +3.6 4.5 36 0.1 5 - 0.8 15 5.7 0.44 1,310
Downer EDI Ltd 723 +14.2 +1.6 15 1-0 3 3.8 19 0.7 20 2.5 0.56 2,109 Becker Group 34 +3.4 -1.6 36 1-0 - 1.3 17 1.1 8 4.5 0.34 24
K&S Corporation 330 +1.4 -1.3 43 00 3 2.6 26 0.5 10 4.1 0.56 198 Namoi Cotton 66 +3.3 4.7 36 00 - 0.7 7 0.8 9 7.6 0.26 76
Woolworths Ltd 1690 +3.1 +0.4 37 0.1 8 · 0.4 23 3.0 0.57 17,954 Just Group Ltd 242 +3.3 1.0 37 7.1 5 · 0.7 13 5.6 0.83 528
Homeloans Ltd 42 +3.9 -5.6 34 30 - 1.2 8 1.4 15 3.6 0.58 21 UXC Limited 90 +3.1 -2.7 37 0-2 110.0 81 0.7 12 6.1 0.60 145
AmcorLtd 743 +2.2 +2.7 40 1-0 7 3.0 20 0.5 15 4.6 0.59 6,526 Catalyst Rec'mt 83 +3.0 -2.0 37 1-0 - 6.9 48 0.8 15 8.4 0.29 37
JB HiFi Ltd 400 +6.3 +4.6 28 2-0 5 - 0.5 20 1.8 0.59 411 Crane Group 1032 +2.9 4.4 38 0-0 3 2.1 13 0.4 16 5.8 0.28 601 UXC Limited 90 +3.1 -2.7 37 0-2 1 10.0 81 0.9 12 6.1 0.60 145 Nat'l Telecoms 40 +2.6 +1.1 39 0-0 - 1.3 3 Nil 0.11 8
UXC Limited 90 +3.1 -2.7 37 0-2 1 10.0 81 0.9 12 6.1 0.60 145 Natl Telecoms 40 +2.6 +1.1 39 0-0 - 1.3 3 Nil 0.11 8 Qantas Airways 405 +7.3 +3.5 26 3-0 7 1.2 12 0.5 10 4.9 0.61 7,685 Citic Australia 47 +2.6 0.6 39 0-1 - 2.1 32 0.9 7 7.4 0.06 38
Wattyl Ltd 342 +2.5 +4.8 39 1-0 3 1.9 7 0.9 29 3.5 0.61 289 Shearer (John) 310 +2.6 -0.8 39 0-0 0.4 12 3.5 0.79 38
RCR Tomlinson 128 + 26.3 0.8 7 0.7 - 2.4 15 1.0 16 2.0 0.62 101 CDS Tech 240 + 2.3 + 0.6 40 0.3 - 4.6 27 0.6 17 1.7 0.96 85
Lend Lease Corp 1484 +4.6 +0.5 32 1.0 6 2.7 10 0.5 28 3.8 0.62 5,915 Paperlin X Ltd 386 +2.3 +5.8 40 2.0 5 1.2 12 0.5 10 6.6 0.23 1,722
Sims Group Ltd 1770 +1.5 -2.9 42 00 6 - 0.4 9 7.9 0.63 1,612 Amcor Ltd 743 +2.2 +2.7 40 1.0 7 3.0 20 0.4 15 4.6 0.59 6,526
Guinness Peat 194 +2.6 -0.8 39 0-1 - 1.7 6 0.7 30 1.3 0.63 1,850 Vealls Ltd 135 +1.7 -0.5 42 0-0 0.6 4 6.5 0.95 16
Roberts Ltd 253 +0.5 +0.1 46 40 - 2.9 23 0.7 13 5.7 0.64 130 Sims Group Ltd 1770 +1.5 2.9 42 0.0 6 - 0.3 9 7.9 0.63 1,612
Avatar Indust. 125 +19.1 +3.0 11 2.0 - 2.0 24 1.1 8 4.8 0.66 99 Skywest Ltd 19 +1.5 +2.3 43 8.0 - 1.1 6 1.5 18 5.4 0.26 19 Macro Corp. 9 +36.5 +29.3 4 0.0 - 0.9 3 3.1 26 3.6 0.69 8 K&S Corporation 330 +1.4 1.3 43 0.0 3 2.6 26 0.4 10 4.1 0.56 198
Tamawood Ltd 151 +0.4 -1.8 47 50 - 2.7 24 0.8 11 8.6 0.71 48 PMP Limited 160 +1.3 +3.2 43 7.3 3 4.6 34 0.9 13 Nil 0.34 473
Rebel Sport 300 +7.8 +3.1 24 00 - 2.7 19 0.5 14 3.3 0.73 231 Tag Pacific 23 +1.2 +3.4 44 2.0 - 0.9 10 1.2 9 2.2 0.25 15
HGL Limited 184 +0.9 -0.3 45 00 - 1.5 15 0.7 10 5.5 0.74 94 Wrigdways Aust 92 +1.2 -0.4 44 3.1 0.7 10 6.0 0.32 29
Leighton Hold 1807 +18.1 +2.3 11 0.5 5 5.7 24 0.3 24 2.8 0.77 4,927 Global TV Ltd 97 +1.2 +1.5 44 0.0 48.3 0.9 7 Nil 0.58 37
Shearer (John) 310 +2.6 -0.8 39 00 0.6 12 3.5 0.79 38 Amalgamated Hld 465 +1.1 +0.2 44 1-0 - 1.5 11 0.4 15 4.0 0.94 584
Aust Energy 193 + 30.1 + 9.5 5 0.3 - 9.6 49 0.6 20 1.2 0.82 96 Webcentral Grp 141 + 1.1 - 2.2 45 0.2 - 8.3 76 0.8 11 1.8 0.94 55
Just Group Ltd 242 +3.3 -1.0 37 7-1 5 - 0.8 13 5.6 0.83 528 HGL Limited 184 +0.9 0.3 45 0.0 - 1.5 15 0.5 10 5.5 0.74 94
Hastie Group 197 +6.1 -2.3 28 2-0 0.9 46 2.9 0.83 196 Oldfields Hold 108 +0.7 +2.3 45 1-0 - 1.0 10 0.5 9 5.1 0.40 11 Jetset Travel 92 +13.3 +1.1 16 0-0 - 8.4 56 1.1 15 4.3 0.84 85 MBF Carpenters 40 +0.7 0.2 46 0-0 - 0.4 7 1.2 6 Nil 0.11 40
Tassal Group 119 +12.1 +1.2 17 20 1 2.2 11 0.9 21 2.1 0.84 132 Ruralco Hold. 415 +0.6 1.7 46 20 1.9 14 0.4 14 3.9 0.08 46
Tolhurst Noall 34 +17.8 -2.0 12 00 - 3.0 20 1.5 15 3.0 0.85 33 Roberts Ltd 253 +0.5 +0.1 46 40 - 2.9 23 0.5 13 5.7 0.64 130
Pacific Brands 264 +1.8 -3.1 41 30 5 17.6 81 0.7 22 5.7 0.86 1,328 Natl Can 149 +0.5 +0.9 47 20 - 0.9 8 0.7 11 4.0 0.54 99

Page 8																						N	1arl	ket A	Anal	lysis
		STRE	NGTH RA	TING	능등 오드	P Price	Return	Vola-	Price	Divi-	Price					STRE	NGTH RAT	TING ,	. ≥ 5	P Price	Return	Vola-	Price	Divi-	Price	
Company	Share	Cur-	4-Wk	Rank	Insider Buy-Sell Brokers	to	on	til-	Eam.	dend	Sales	Market	Comp	any	Share	Cur-	4-Wk I	Rank ₹	See 3	to	on	til-	Earn.	dend	Sales	Market Can'n
	Prico	ront	Cha	0.00	프로 호증	NTΛ	Fauity.	itv	Patio	Viold	Patio	Can'n		•	Prico	ront	Cha	n.aa 🚊	<u>=</u> 25 25.5	δ NTΔ	Equity	itv	Patio	Viold	Patio	Can'n

			NGTH RA	<u>ATING</u>	<u>=</u>	See Price	Return	Vola-	Price		Price					NGTH RA		<u>=</u>	ers		Return		Price	Divi-	Price	
Company	Share	Cur-	4-Wk	Rank	Insider Buy-Sell	in seek		***	Earn.	dend	Sales	Market	Company	Share	Cur-	4·Wk		Insider Buy-Sell	Page Folloy			til-	Earn.	dend	Sales	Market Contra
	Price	rent	Chg.	0.99	-ш	프로 NTA	Equity	ity	Ratio	Yield	Ratio	Cap'n		Price	rent	Chg.	0.99	-ш	-ш	NTA	Equity	ity	Ratio	Yield	Ratio	Cap'n
INCOME SHARES	: Highes	Yields	. Capit	talisat	ion >	A\$250 m	illion						Avexa Limited	32	+30.9	+4.3	5	7-0	-	2.9		0.9	NE	Nil	N/A	43
Macquarie Infra	369		-1.0	70	3-0	2 1.1	13	0.4	9	21.0	1.81	8,053	Carrick Gold	70	+24.2		7	7-0	-		-	0.9	NE	Nil	N/A	42
City Pacific	368		+0.4	71	2-1	- 2.6		0.3		12.2	2.80	466	Impress Venture	6	+7.4		25	7-0		-		2.2	NE	Nil	N/A	12
Pacifica Group	180	-10.2	-1.5	82	6.0	4 -		0.9		11.4	0.27	335	Caspian Oil & G	8	+41.7	-9.0	2	8-1		-		1.5	NE	Nil	N/A	47
Virgin Blue	158		+0.9	67	0-1	5 -		0.6		10.5	0.98	1.656	Cardno Ltd	380	+8.4	-6.5	23	9-2	1			0.5	20	3.7	1.47	149
Div. Utility	245	-0.8	-1.7	56	0.0	3 -		0.4	17	9.0	1.34	1,034	Ironbark Cap.	59	+0.2		48	6-0		0.9		0.6	7	5.5	N/A	69
,	11177	-0.6	-0.2	55	0-0	- 1.1		0.1		8.5	N/A	671	Nufarm Limited	1125	+5.6	-0.2		6-0		4.2		0.4	18	2.3	1.07	1.909
Envestra	112	-0.1	-2.1	52	1.0	5 -		0.5	NE	8.5	2.81	862	Financial Res.	22		-1.0		6-0		1.3	18	1.1	7	6.5	1.10	1,707
Gasnet Aust Grp	246	-0.5	-3.0	54	0-0	3 1.7		0.3	21	8.1	3.07	345	Sundowner Group		+0.1	-2.6		6-0				1.0	10		1.12	27
McGuigan Simeon		-14.8	-3.6	89	2.0	4 1.1	12		9	8.1	0.88	329	Novera Energy	127	+2.5		40	6.0		-	3	0.7	58	Nil	2.16	53
Sims Group Ltd	1770	+1.5	-2.9	42	0.0	6 -		0.3	9	7.9	0.63	1,612	Quiktrak Netwks		+38.5		3	6-0		9.3		1.8	NE	Nil	0.76	140
Australand Prop		+10.2	-0.4	20	1.0	2 1.5			13	7.8	1.48	1.826	Perseus Mining		+34.2		4	6-0		-		1.1	NE	Nil	N/A	22
Telstra	399		+0.6	80		10 3.8		0.3	11	7.0		50,387	Ale Property	242		-0.6	25	6.0			3	0.3	41	5.3	4.66	220
	214	+0.9	-0.5	45	0.0	- 1.3		0.4	50	7.0	2.22 N/A	254	Meteoric Res.		+7.4		10	6-0		-	3	0.3	NE	S.S Nil	N/A	14
Platinum Cap'l							3											o-∪ 7-1		3.6	54	0.8	7			536
Ten Network	309	-6.3	-1.9 -3.2	72	0-5	U	-	0.4	12	7.0	1.29	1,232	G.R.D. NL	282					_		54		-	2.1	2.13	528
B & B Infrastr.	157	-0.7		56	4-0		10	0	NE 10	6.8	3.55	1,536	Just Group Ltd	242				7-1	-			0.6	13	5.6	0.83	
Paperlin X Ltd	386	+2.3		40	2.0	5 1.2		0.5	10	6.6	0.23	1,722	Centro Property	638	+5.6		30	7-1		1.7	8	0.4	22	5.3	N/A	4,975
G.U.D. Holdings	780	+0.3		47	2-1	4 6.3			16	6.4	1.18	467	Tamawood Ltd	151	+0.4	-1.8	47	5-0		2.7	24	0.5	11	8.6	0.71	48
Sunland Group	160		+0.9	70	15-1	1 1.3	22	0.5	6	6.3	0.86	399	Select harvest		+18.0	-3.6		5-0		8.2	34	0.2	24	3.1	2.96	527
Repco Corp Ltd	227	-9.3	-3.6	81	1-3	4 11.9	45	0.5	11	6.2	0.50	429	Mariner Fin.	107		+2.9		5-0			-	0.5	NE	Nil	3.90	64
GWA Internat'l	296	-1.6	-2.6	59	3-0	3 1.9			13	6.1	1.27	824	Millers Retail		+15.0			5-0	-			0.7	NE	Nil	0.26	295
Jubilee Mines	745	+1.4	-0.2	43	1-3	2 5.7	45	0.3	13	6.0	4.05	953	Aristocrat Leis	1216	+3.0			5-0			67	0.5	33	0.7	5.10	5,799
Bluescope Steel		-11.0	-5.4	84	4-0	7 1.5		0.4	5	6.0	0.62		Equity Trustees	1225	+7.5			5-0				0.4	21	3.3	3.68	79
Cons Minerals		-11.2	-5.5	84	2-3	2 3.1	34	0.5	9	6.0	2.29	652	Solagran Ltd	18	+9.7	-7.2		5-0	-			1.2	NE	Nil	N/A	27
Colorado Group	411	-5.9	-2.4	71	1-0	4 3.7	44	0.4	8	5.8	0.79	374	Structural Syst		+14.2		15	5-0		2.4		0.5	8	1.6	0.22	24
Crane Group	1032	+2.9	-4.4	38	0-0	3 2.1	13	0.4	16	5.8	0.28	601	Snowball Group	44		+0.9		5-0		-	-	0.9	NE	Nil	2.55	21
													Platinum Aust		+58.2		1	5-0			-	1.0	NE	Nil	N/A	37
INSIDER BUYING:						-							Sylvastate Ltd	480	+5.6			5-0	-			0.3	NE	Nil	N/A	440
MFS Limited		+34.5			30-0	- 38.4		0.5	NE	Nil	7.52	682	Intermin Res	8	+2.3	-0.9	40	5-0				1.5	5	Nil	1.34	7
Grange Resource		+22.9	-2.2		16-1	- 45.0		0.6	NE	Nil	N/A	112	St Barbara Mine		+59.8		1	6-1		8.9			445	Nil	3.74	252
Atlas Gold Ltd		+10.0			13-0			1.1	NE	Nil	N/A	15	Mermaid Marine	42			42	6-1		1.2		8.0	23	Nil	1.08	58
Bullion Min.	21	+4.4			11-0			1.1	NE	Nil	N/A	20	Soul Pattinson	995	+2.5		39	4-0		2.3	41	0.5	6	2.5	1.86	2,374
Hire Intell.	13	+4.9	-3.1		11-0	- 1.3		1.4	NE	Nil	1.08	10	Servcorp Ltd		+13.8			4-0			21	0.5	20	2.0	2.50	310
Leviathan Res.	111		+5.8		10-0	- 1.5		0.7	NE	Nil	1.15	90	Aim Resources	6	+4.2		33	4-0	-	•	-	1.6	NE	Nil	N/A	33
Betcorp Ltd		+23.8	-3.5	8	10-0	- 27.0		0.8	NE	Nil	1.75	41	Novacoat Hold.		+39.6		3	4-0		•		0.7	NE	Nil	6.04	16
Heartware Ltd	87	+36.4+		4	9-0			0.8	NE	Nil	N/A	N/A	Comet Ridge Ltd		+24.2		8	4-0		-		1.0	NE	Nil	N/A	14
Adelaide Bright	206	+2.8	-2.6	38	9-0	4 2.5		0.5	14	3.6	1.60	1,116	Fiducian P Serv		+10.9		19	4-0		3.4	19	0.7	18	4.3	1.81	34
Aust Agricult.	162	+0.6	-2.9	46	9-0	3 -	-	0.4	15	3.7	1.86	389	Aust Education	154		+0.8	36	4-0	_	1.6	3	0.4	50	6.5	9.24	114
Aust Wealth Mgt	148		+3.5	21	9-0		-	0.7	70	Nil	3.75	430	Cochlear Ltd	4669	+8.1		24	4-0	,	-	-	0.4	46	1.7	7.27	2,535
Skilled Group	383	+11.0	+3.8	18	8-0	5 8.5	29	0.4	29	4.2	0.46	385	Bunnings W/hse	196	+3.6	-2.9	36	4-0	4	1.4	8	0.4	16	6.1	N/A	591
Skywest Ltd	19	+1.5	+2.3	43	8-0	- 1.1	6	1.1	18	5.4	0.26	19	AED Oil Ltd	95	+7.1	-13.7	26	4-0	-	-	-	8.0	NE	Nil	N/A	104
Life Therapeut.	145	+40.2	-12.6	3	8-0	- 4.7	-	0.4	NE	Nil	2.91	110	Reed Resources	24	+2.1	-1.9	41	4-0	-	-	-	1.2	NE	Nil	N/A	17
Optiscan Image	33	+0.5	+5.5	47	8-0	- 2.8	-	0.9	NE	Nil	N/A	33	Resource Pac.	117	+0.5	-5.3	46	4-0	-	2.4	1	0.7	390	Nil	N/A	63
Ellex Medical	38	+32.6	+4.8	4	7-0	- 2.5	-	1.0	NE	Nil	0.82	23	Roberts Ltd	253	+0.5	+0.1	46	4-0	-	2.9	23	0.4	13	5.7	0.64	130
Riversdale Min.	94	+17.5	+0.6	12	7-0			1.2	NE	Nil	N/A	46	Global Approach	10	+4.2	+8.0	33	4-0	-	-		1.5	NE	Nil	1.60	5
SFE Corporation	1345		-1.3	17	7-0	6 12.0	35	0.3	34	2.5	8.78	1,800	Oceana Gold Ltd	72	+5.2	-2.4	31	4-0		1.7	13	0.6	13	1.4	2.12	259
Alcaston Mining	15	+30.8	-41.5	5	7-0			1.1	NE	Nil	N/A	23	PowerTel Ltd	120	+5.9	+2.2	28	4-0	2	1.7		0.6	NE	Nil	0.96	159
Alpha Tech.	2	+11.4	-0.6	18	7-0		-	2.7	10	Nil	1.36	17	Hill End Gold	9	+1.2	+1.3	44	4-0	-	-	-	1.5	NE	Nil	N/A	5
ITL Limited	25	+19.7	-0.4	10	7-0	- 1.7	-	0.9	NE	Nil	1.03	25	S8 Limited	265	+23.3	+0.3	8	4-0	1	9.5	99	0.4	10	3.1	2.78	185

"Insider" Trades in NZ Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding "Neutral" situations where the number of Buyers and Sellers were equal). Shares where many "insiders" have been buying can outperform the market for up to two years, while shares where many "insiders" have sold can under-perform for a similar period.

"Insider" Indicators

Last 5 wks: 42.1% Buyers Last 13 wks: 52.6% Buyers

Company	Insider Buyers- Sellers								
AMP Limited	1-0	Comvita	8-3	Life Pharmacy	1-2	Nuplex Indust	2-0	Tag Pacific Ltd	2-0
AXA Asia Pac.	0-1	Cynotech Hold.	1-0	Livestock Imp.	1-0	PGG Wrightsons	5-3	Taylors Grp Ltd	1-0
Affco Holdings	0-1	Ebos Group Ltd	0-1	Loan & Building	4-0	POD Ltd	1-0	TeamTalk Ltd	0-4
Air New Zealand	7-2	Evergreen .	2-0	MG Property Trt	3-0	Pacific Retail	1-0	Telecom Corp	3-25
Akd Int Airport	0-4	F & P Appliance	2-0	Mainfreight Grp	6-7	Port Tauranga	4-1	Toll NZ Ltd	0-1
Allied Farmers	2-0	F & P Health.	1-14	Methven Limited	1-0	Pumpkin Patch	0-4	Tourism Hold.	4-2
Allied Work.	0-1	Feltex Ltd	3-2	Metro. LifeCare	0-2	Pyne Gould Corp	1-0	Tower Limited	3-0
Botry-Zen Ltd	2-1	Fletcher Build.	4-5	Michael Hill	12-1	Rubicon Limited	1-0	Trust Power Ltd	0-1
Brierley Invest	0-1	Forty Two Below	0-3	Mike Pero Mort.	0-1	Ryman Health.	1-0	Turners & Grow.	0-2
CDL Hotel NZ	0-3	Freightways Ltd	0-2	Mooring Systems	0-3	Scott Tech. Ltd	3-0	VTL Group Ltd	0-1
Cabletalk Group	1-0	Genesis Res.	2-0	Mowbray Collect	0-2	Seeka Kiwifruit	1-0	Vector Ltd	2-0
Cadmus Tech Ltd	0-3	Hallenstein G.	1-0	Mr Chips Hold	1-0	Skellmax Indust	1-0	WN Drive Tech.	1-2
CanWest Media.	1-0	Hellaby Hold.	1-0	NZ Experience	0-2	Sky City Ltd	0-5	Wakefield Hlth	1-0
Cap Properties	0-4	Jasons Media	0-1	NZ Wool Service	1-0	Smiths City	2-1	Warehouse Group	1-3
Carter Holt	1-4	Just Water Int.	2-1	Nat Property Tr	1-2	Sthn Travel	2-0	Waste Mgmt NZ	2-9
Cavalier Corp	9-0	Kirkcaldie & St	0-1	Northland Port	1-2	Summit Gold Ltd	1-0	Windflow Tech.	1-0
Col Motor Co	4-0							Zintel Comm.	3-2

"Insider" Trades in Australian Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding "Neutral" situations where the number of Buyers and Sellers were equal). Shares where many "insiders" have been buying can outperform the market for up to two years, while shares where many "insiders" have sold can under-perform for a similar period.

"Insider" Indicators

Last 5 wks: 81.3% Buyers Last 13 wks: 81.2% Buyers

period.									
Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers
1300 Smiles Ltd	0-1	Ausdrill Ltd	1-0	Buka Minerals	6-0	Cooper Energy	1-3	Foster's Group	1-0
A.P. Eagers	1.0	Auselect Ltd	1-0	Bullion Min.	11-0	Copper Strike	1.0	Fox Resources	5-0
ABB Grain Ltd	3-0	Ausmelt Ltd	1-0	Bunnings W/hse	4-0	CopperCo Ltd	3.0	Frigrite Ltd	1-0
ABC Learning	6-2	Auspine Ltd	4-0	C.S.R. Ltd	1-0	Corp Express	1-2	Funtastic Ltd	1-3
AED Oil Ltd	4-0	Ausquest Ltd	3-0	CBH Resources	1-3	Cougar Metals	1-0	Futuris Corp.	1-0
AFT Corporation	1-0	Ausron Limited	6-0	CCI Holdings	1-0	Coventry Group	3-0	G Retail Ltd	2-0
AHC Ltd	0-1	Aust Oriental	2-0	CDS Tech	0-3	Creatable Media	2-0	G.R.D. NL	7-1
Al Limited	2-1	Aust Mining Inv	1-0	CEC Group Ltd	0-1	Credit Corp	2-0	G.U.D. Holdings	2-1
AMCIL Limited	3-0	Aust United In	2-0	CMA Corporation	2-0	Cromwell Corp	0-1	GPT Group	1-0
AMP Ltd	3-0	Aust Stock Exch	1-2	CMI Limited	1-0	Cryosite Ltd .	2-0	GWA Internat'l	3-0
ANZ Bank	2-1	Aust Energy	0-3	CO2 Group Ltd	0-2	Customers Ltd	0-2	Gale Pacific	11-0
APN News Media	4-0	Aust Ethical In	0-1	CPT Global Ltd	1-0	Cygenics Ltd	3-0	Galileo Shop Am	0-1
ARB Corporation	1-0	Aust Education	4-0	CSL Limited	1-2	Cypress Lakes	0-1	Garratt's Ltd	3-0
ASG Group Ltd	2-0	Aust Gas Light	1-0	CVC Limited	3-0	Cytopia Ltd	1-0	Gateway Mining	2-0
AV Jennings	2-0	Aust Foundation	1-0	Cabcharge Ltd	0-5	D'Aguilar Gold	1-0	Gazal Corp	7-0
AWB Limited	3-0	Aust Wealth Mgt	9-0	Calliden Group	1-0	DCA Group Ltd	0-8	Genetic Tech.	3-0
AXA Asia Pac	1-2	Aust Agricult.	9-0	Caltex Austrlia	1-0	DKN Financial	1-0	Gindalbie Met.	0-1
Abra Mining Ltd	2-0	Aust Pharm. Ind	1.0	Campbell Bros	3-2	Dark Blue Sea	3-0	Gippsland Ltd	0-1
Access Provider	2-0	Aust Zircon NL	1.0	Candle Aust.	3-0	Data 3 Ltd	1.2	Gippsland Off.	0-1
Acrux Ltd	1-0	Aust Infra.	1.0	Capral Alum.	2-0	Datadot Tech.	2-0	Giralia Res.	1.0
Adamus Resource	0-1	Austar United	2-1	Cardia Tech.	1-2	De Grey Mining	0·5 2·3	Global Mining I	0-1
Adcorp Aust.	2-0 9-0	Australand Prop	0-1 1-0	Cardno Ltd	9-2 0-1	Deep Yellow Ltd Deep Sea Fish.	2-3 1-0	Global Approach Gloucester Coal	4-0 6-0
Adelaide Bright	2-0	Australand Prop	3.0	Carlton Invest	4-0	Deep Sea Fish. DenX Ltd	5-0	Go Connect Ltd	1.0
Admerex Ltd	2 . 0	Avastra Ltd Avatar Indust.	3-0 2-0	Carnaryon Pet.	4-0 6-0	Desane Group	0-2	Gold Aura Ltd	3.0
Admiralty Res. Adsteam Marine	2 . 0 1.0	Avatal Indust. Avexa Limited	2-0 7-0	Carpathian Res. Carrick Gold	7-0	Destra Corp Ltd	3.0	Golden Cross	3·0 2·0
Adtrans Group	2-0	Axiom Property	1.0	Caspian Oil & G	8-1	Devine	2.0	Goldstream Min.	0.1
Adv Magnesium	1.0	Axiom Property Aztec Resources	2.0	Caspian Oil & G Catalyst Rec'mt	1.0	Dia-B Tech Ltd	1.0	Goldsearch Ltd	2-0
Adv Nanotech.	3.0	B & B Infrastr.	4.0	Cazaly Res Ltd	3-2	Diamonex Ltd	1.0	Gowing Brothers	2-0
Aegus Capital	2-0	BBX Holdings	4-0	Cellestis Ltd	0.2	Diatreme Res.	0-1	Grange Resource	16-1
Aevum Ltd	3.0	BQT Solutions	7.0	Cellnet Group	1-3	Dioro Explor.	4-0	Gravity Diamond	1.0
Affiance Group	0-1	Bakehouse Quart	13-0	Centamin Egypt	1.0	Discovery Nick.	1-0	Greater Pacific	2-4
Agenix Limited	5-0	Baraka Petrol.	1-0	Centennial Coal	1.0	Dominion Mining	3-0	Green Rock En.	2-0
Aim Resources	4-0	Bass St Oil Coy	0-2	Centro Property	7-1	Downer EDI Ltd	1-0	Green's Foods	11-0
Albidon Ltd	3-0	Batavia Mining	7-5	Centro Retail	3-0	Drake Resources	1-0	Gregory Aust.	3.0
Alcaston Mining	7-0	Baxter Group	1-2	Century Aust In	2-0	E-Bet Limited	5-0	Gro Pep Limited	2-1
Alchemia Ltd	0-1	Baycorp Advant.	2-1	Ceramic Fuel C.	1-0	E.R.G.	2-0	Gryphon Mineral	1-0
Ale Property	6-0	Beach Petroleum	2-1	Chal Wine Trust	1-0	EC-Asia Int'l	1-0	Gt Sthn Plant'n	2-1
Alesco Corp Ltd	5-2	Beaconsfield Gl	1-0	Chal Financial	1-0	ETRADE Aust.	1-0	Guinness Peat	0-1
Alexander Res.	2-0	Becker Group	1-0	Chandler McLeod	0-1	Eastern Corp	2-0	Gullewa Gold NL	1-0
Alinta Limited	2-1	Bendigo Bank	0-3	Chariot Limited	1-0	Echelon Res.	2-1	Gunns Ltd	4-2
Alkane Explor.	3-0	Bendigo Mining	2-0	ChemGenex Pharm	1-0	Elixir Petrol.	2-0	Gunson Res.	0-1
Allegiance Min.	0-1	Benitec Ltd	1-2	Chemeq Ltd	0-1	Elkedra Diamond	2-0	Hamilton James	1-0
Allied Tech Grp	2-0	Bentley Int'l	10-0	Cheviot Bridge	6-0	Ellex Medical	7-0	Hampton Hill	2-0
Allied Gold Ltd	2-0	Berkeley Res.	3-0	Childs Family	0-2	Emperor Mines	2-0	Hannans Reward	1-0
Alpha Tech.	7-0	Betcorp Ltd	10-0	Chiquita Brands	2-0	Ent Media & Tel	0-5	Hardman Res.	0-1
Altium Limited	2-0	Beyond Int'l	3-0	Choiseul Inv.	3-0	Entek Energy	3-0	Harrington Grp	1-0
Alumina Ltd	0-1	Bill Express	1-0	Circadian Tech	2-1	Envestra	1-0	Harvey Norman	0-1
Amalgamated Hld	1-0	Billabong Int'l	0-2	Citic Australia	0-1	Environm't Grp	1-0	Hastie Group	2-0
Ambertech Ltd	2-1	Biodiem Ltd	1-0	Citrofresh Int.	0-1	Epitan Limited	2-0	Heartware Ltd	9-0
Ambition Group	1-0	Biomd Ltd	1.0	City Pacific	2-1	Equigold NL	4-0	Heemskirk Cons.	1-0
Ambri Limited Amcom Telecom.	2-0	Biometrics Ltd	2-1	Clime Capital	1-0	Equinox Min.	1-0	Helix Resources	2-0
	0-2	Bionomics Ltd Biota Holdings	1-0 2-0	Clinical Cell Clover Corp.	2-0 6-0	Equity Trustees Espreon Ltd	5-0 0-1	Henderson Group Heron Resources	1-0 1-0
Amcor Ltd Analytica Ltd	1-0 6-0	Biotech Capital	1.0	Cluff Resource	0-1	Espreon Llu Essa Australia	3-2	Hill End Gold	4-0
Anglo Pacific	1-0	Biron Apparel	1.0	Coates Hire	1.0	Essa Australia Eumundi Group	3-2 2-0	Hillcrest Litig	2-0
Angus & Coote	1-0	Blackmores Ltd	3.0	CocaCola Amatil	0-1	Eurogold Ltd	4-0	Hillgrove Res.	2-0
Angus & Coole Ansell Ltd	0-2	Black Range Min	0.2	Cochlear Ltd	4-0	Evans & Tate	5-0	Hire Intell.	11-0
Antares Energy	13-0	Blaze Intern'l	1.0	Codan Ltd	1.0	Everest B&B Alt	13-0	Hodges Res.	1.0
Anvil Mining	0-2	Blina Diamonds	2.0	Coffey Int'l	2-1	Exco Resources	1.0	HomeLeisure Ltd	5-0
Anzon Australia	1-0	Bluescope Steel	4.0	Coney into	1.0	Extract Res.	1.0	Homeloans Ltd	3.0
Apex Minerals	1-0	Bluestone Tin	3.0	Colorado Group	1.0	F.F.I. Holdings	2.0	Horizon Oil Ltd	1.0
Apollo Life Sci	1-0	Bone Medical	1-0	Colorpak Ltd	1.0	FSA Group Ltd	0-1	Hostworks Group	0.5
Aquarius Plat.	0-1	Boom Logistics	1-2	Com'wealth Bank	0.1	Falcon Minerals	3-1	Hpal Limited	0-1
Aguila Res.	1-0	Bounty Oil Gas	1.0	Comet Resources	1-0	Farm Pride Food	1-0	Hudson Timber	1-0
Argo Investment	1-0	Bow Energy Ltd	3-0	Comet Ridge Ltd	4-0	Fast Scout Ltd	1-0	Hudson Invest.	1.0
Aristocrat Leis	50	Bradken Ltd	3-0	Commander Comm.	0.2	Felix Resources	3-1	Hudson Res. Ltd	0-1
Arrow Energy	1-0	Brain Resource	2-0	Community Life	80	Fiducian P Serv	4-0	Hunter H Global	1.0
Aspen Group Ltd	7-3	Brambles Ind.	3-0	Compass Res	2-0	Financial Res.	6-0	Hunter Hall Int	0-2
Atlas Gold Ltd	13-0	Brandrill	5-0	Computershare	3-1	Finbar Intern'l	5-1	Huntley Invest	1.0
Atlas Grp Hold.	3-6	Brazin Limited	5-0	Compumedics Ltd	1-0	First Aust Res.	2-0	Hut. Child Care	1-0
Atlas Pacific	3-0	BresaGen Ltd	2-0	Concept Hire	1.0	Fleetwood Corp	1-2	Hutchison Tel.	2.0
Audax Resources	1.0	Brickworks Inv.	3-0	Cons Rutile	1-0	Flight Centre	1.0	Hydromet Corp.	7-0
Aurora Minerals	1-0	Brickworks Ltd	2-1	Cons Minerals	2-3	Folkestone Ltd	1-0	Hyperion Flag.	3-0
Aurox Resources	6-2	Buderim Ginger	7-0	Contango Micro.	0-1	Fortescue Metal	0-1	IBA Health Ltd	1-0
		•		-					

Page 10 Market Analysis

Page 10								Market .	Analysis
Company	Insider Buyers-	Company	Insider Buyers-	Company	Insider Buyers- Sellers	Company	Insider Buyers-	Company	Insider Buyers-
IC2 Global Ltd	Séllers 1-0	Macquarie Bank	Sellers 6-4	OAMPS	Sellers 1.5	Resources Min.	Séllers 3-0	Tandou Ltd	Sellers 0-1
IFC Capital Ltd	3-4	Macquarie DDR	2-0	OBJ Limited	0-3	Resource Pac.	4-0	Tap Oil	2-3
IMF (Aust) Ltd	0-3	Macquarie Infra	3-0	OFM Investment	3-0	Retail Cube	6-0	Tasman Resource	2-0
IMT Holdings	2-1 2-1	Macquarie Prol.	1-0 1-0	OM Holdings ORT Ltd	3-0 1-0	Rimfire Pacific	1-0 2-0	Tasmanian Perp Tassal Group	1-0 2-0
IOOF Holdings IT & e Limited	3-0	Macquaries C&I Macquarie C Tel	1.0	Oakton Limited	1.0	Rinker Group Riversdale Min.	2-0 7-0	Tawana Resource	2 - 0 7-0
ITL Limited	7-0	Macquarie Priv.	8-0	Occupational Md	3.0	Roberts Ltd	4-0	Tectonic Res.	3-0
IWL Limited	4-0	Macquarie Off.	2-1	Oceana Gold Ltd	4-0	Roc Oil Company	0-3	Templeton Globa	2-0
latia Limited Iberian Res.	0-2 1-0	Magnesium Int'l Malachite Res.	1-0 1-0	Oilex NL Oldfields Hold	7-0 1-0	Rock Build Soc. Ross Human Dir.	1-0 3-0	Ten Network Tennant Creek G	0·5 1·3
Ideas Intern'l	1.0	Marengo Mining	2-0	Olympia Res.	1.0	Rox Resources	1-0	Tethyan Copper	3-0
lluka Resources	1-0	Mariner Fin.	5-0	Omegacorp Ltd	1-0	Rural Press Ltd	1-0	Thundelarra Exp	5-0
Image Resources Imdex Limited	9-7 1-0	Marine Produce Mariner Wealth	4-0 3-2	Onesteel Ltd Optima Corp Ltd	0·1 2·0	Ruralco Hold. Rusina Mining	2-0 0-3	Tianshan Gold. Tiger Resources	3-0 1-3
Impress Venture	7-0	Marion Energy	1.0	Optima ICM Ltd	2-0 2-1	S Gilbert Wines	1-0	Timbercorp	0-2
Incitec Pivot	1-2	Mark Sensing	1-0	Optiscan Image	8-0	S8 Limited	4-0	Toll Holdings	0-1
Incremental Pet Ind Practition.	3-0 0-1	Marybor'gh Suga Matilda Mineral	0-1 2-0	Orchard Petrol. Orchid Capital	0-1 7-0	SDI Limited SFE Corporation	1-0 7-0	Tomahawk Energy Traka Resources	2-0 1-0
Independ. Group	0-1	Maxi TRANS	1-2	Orica Ltd	1-2	SMS Mgmt & Tech	1.0	Transol Corp	1.0
Info Choice Ltd	3-1	Mayne Pharma	2-0	Orion Telecom.	3-1	SP Telecom.	4-0	Transonic Trav.	2-0
Infomedia Ltd Int Research	0·1 1·2	McGuigan Simeon McPherson's Ltd	2-0 2-1	Ottoman Energy Oxiana Ltd	2-0 1-0	SSH Medical Ltd ST Synergy Ltd	3-0 0-1	TransMetro Corp Transurban Grp	1-0 2-0
Integrated Inv.	1.0	Medec Limited	0.7	P-Sivida Ltd	0-1	STW Comm Group	0-1	TransPacific In	1.0
Integrated Grp	7-0	Medical Therapy	2-0	PCH Group	1-2	Safety Medical	1-0	Tranzact Fin.	2-0
Intellect Hold	0·2 5·0	Medical Corp	0-2 6-0	PMP Limited	7-3	Sally Malay Min	1-2	Travel.com.au	3-2
Intermin Res Investa Prop.	5-0 6-0	Medical Dev Int Medivac Ltd	2-0	Pacifica Group Pacific Brands	6-0 3-0	Salmat Ltd Sam's Seafood	6-0 0-1	Treasury Group Trent Capital	0-6 9-0
Investika Ltd	7-0	Melbourne IT	0-1	Pacific Energy	3-0	Santos Ltd	1-0	Tri Origin Min.	2-0
Invocare Ltd	0-1	Mermaid Marine	6-1	Pacrim Energy	2-1	Saracen Mineral	2-0	Triako Res.	1.0
Ironbark Cap. JB Hi-Fi Ltd	6·0 2·0	Metabolic Phar. Metals Exp.	4-0 2-0	Paladin Res. Pan Pacific Pet	1-3 1-0	Scantech Schaffer Corp	2-0 1-0	Tribeca Learn. Tritton Res.	1-0 0-1
JF Meridian Trt	2-0	Metallica Min.	3-0	Panbio Ltd	2-0	Scigen Ltd	0-3	Trojan Equity	1-0
JV Global Ltd	1-0	Metcash Trading	0-3	Paperlin X Ltd	2-0	Scimitar Res.	2-0	Troy Resources	0-4
Jackgreen Ltd Jackson Gold	3-0 1-0	Meteoric Res. Metex Resources	6-0 1-0	Peet & Company Pengana Hedge.	1-0 1-0	Select harvest Select Vaccines	5-0 2-0	Two Way TV Aust UXC Limited	0-2 0-2
Jervois Mining	0-2	Metroland Aust	1.0	PeopleBank Aust	1-0	Senetas Corp	2-3	Union Resources	3-6
Jindalee Res.	4-1	Michelago Ltd	1-0	People Telecom	2-0	Servcorp Ltd	4-0	United Group	2.0
Joyce Corp. Jubilee Mines	3·0 1·3	Microview Ltd Midas Resources	1-0 1-0	Peplin Ltd Peptech Limited	2-0 2-0	Seven Network Siberia Mining	1-0 1-0	United Kimberly Universal Res.	4-0 0-3
Jumbo Corp	0.4	Mikoh Corp.	2-0	Perp Trust Aust	4-1	Sino Gold Ltd	5-1	Unwired Group	2.0
Jupiter Energy	3-0	Millers Retail	5-0	Perseus Mining	6-0	Sirius Telecom.	3-0	Uranex NL .	1.0
Just Group Ltd KH Foods Ltd	7-1 1-0	Milton Corp. Minara Resource	1-0 2-0	Petratherm Ltd Pharmaust Ltd	1-0 7-0	Skilled Group Skywest Ltd	8-0 8-0	Uscom Limited Van Eyk Three P	1-0 1-0
Keycorp Itd	1.0	Mindax Limited	1.0	Pharmaxis Ltd	2-0	Smorgon Steel	0-0 0-1	Valleyk fillee P	5.0
Kimberley Diam.	0-5	Minerals Corp.	3-0	Phileo Aust.	2-1	Snowball Group	5-0	Verticon Group	7-0
Kimberley Oil Kip McGrath EC	1-0 2-0	Mineral Sec. Minotaur Exp.	1-0 1-0	Phosphagenics Pipe Networks	3-0 1-0	So Natural Food Solagran Ltd	8-0 5-0	Verus Investm't Viculus Ltd	1-0 1-0
Knights Insol.	1.0	Mirvac Group	1-3	Plaspak Group	1.0	Solbec Pharm.	3.0	Vietnam Indust.	4-0
Konekt Limited	1.0	MobileActive	1-0	Platinum Aust	5-0	Solco Ltd	1-3	Village Life	2-0
Korab Resources	1-0	Moby Oil & Gas	0-1	Platsearch NL	1.0	Somnomed Ltd	2-0	Village Road.	0-6
Korvest Ltd Kresta Holdings	1-0 4-0	Molly Mines Ltd Monarch Res.	2-0 2-0	Polartechnics Port Bouvard	1-0 1-0	Sonic Health Sonnet Corp Ltd	0-4 2-1	Villa World Virgin Blue	1-4 0-1
Lakes Oil NL	5-0	Monax Mining	1-0	Powerlan Ltd	1-0	Soul Pattinson	4-0	Vision Group	1-2
Landmark White	6-0	Monitor Hold.	2-0	PowerTel Ltd	4-0	Souls Priv Equ	2-0	Visionmed Group	5-0
Lefroy Res. Legend Corp.	1-0 2-0	Montec Int'l Morn. Star Gold	1-0 0-1	Precious Metals Premier Bionics	1-3 1-0	St Barbara Mine Starpharma Hold	6-1 1-0	Volante Group Voxson Limited	10-0 1-0
Legend Mining	0-1	Mt Burgess Min.	6-1	Prima Biomed	3-0	Stericorp Ltd	2-0	WHK Group Ltd	0-2
Leighton Hold	0.5	Mt Gibson Iron	0-4	Prime Life Corp	2-0	Sthn Cross Brd.	2-1	WRF Securities	0-1
Lemarne Corp Lend Lease Corp	1-0 1-0	Multiplex Group Murchison Metal	4-1 0-1	Pro-Pac Pack. Promentum Ltd	2-1 2-4	Stirling Prod. Stockland	1-0 3-1	Waterco Ltd Watpac Ltd	2-0 2-0
Leviathan Res.	10-0	Murchison Hold.	0.2	Promina Group	6-0	Straits Res.	0.5	Wattyl Ltd	1.0
Liberty Gold NL	1-0	NGM Resources	7-0	Prophecy Int'l	5-0	Strike Oil Ltd	1-0	Wavenet Int'l	1-0
Life Therapeut. Lighting Corp.	8-0 2-0	NSX Limited Namakwa Diamond	0-2 1-0	Prosperity Res. Q'ld Trustees	1-0 1-0	Structural Syst Stuart Petrol.	5-0 0-1	Webcentral Grp Webiet NL	0·2 2·7
Lihir Gold	1.0	Nat'l Aust Bank	3.0	Q.B.E. Insur.	2-1	Sub-Sahara Res.	1-3	Webspy Limited	1.0
Lindsay Aust	1.0	Nat'l Can	2-0	QM Technologies	2-0	Sun Capital Grp	2-0	Webster Ltd	0-1
Linq Resources Lionore Mining	1-0 2-6	Navigator Res Neptune Marine	2-0 0-2	QRSciences Hold Qantas Airways	2·0 3·0	Sun Resources Suncorp-Metway	2-1 3-1	Wesfarmers Ltd West Gas Power	1-0 1-0
Living Cell T.	1.0	Netcomm Limited	4-1	Quantum Energy	1-0	Sundance Res.	0-1	Western Areas	4-2
Loftus Capital	4-0	Neuren Pharm.	2-0	Quay Magnesium	1-0	Sundowner Group	6-0	Westfield Group	0-1
Longreach Group Ludowici Ltd	0-1 1-0	Neurodiscovery New Hope Corp.	5-0 2-0	Queensland Ores Quiktrak Netwks	1-0 6-0	Sunland Group Sunshine Heart	15-1 1-0	Westgold Res. Westmag Limited	2-0 2-0
Lynas Corp Ltd	2-0	New Holland Min	3-0	RCR Tomlinson	0-7	Sunvest Corp	1.0	Westonia Mines	3.0
M.Y.O.B. Ltd	1-2	New Horizon En.	2-0	Ramelius Res.	0-2	Supply Network	1-0	Westpac Banking	1-3
M2 Telecom. Grp MFS Diversified	2-0 0-1	New Opportunity New World Alloy	1-0 1-0	Ramsay Health Range River Gld	0·2 1·0	Sydney Gas Ltd Sylvastate Ltd	3-0 5-0	Whitefield Ltd Willmott Forest	3-0 1-0
MFS Limited	30-0	Newhaven Hotels	1.0	Red Fork Energy	3-0	Sylvania Res.	1-0	Wilson Leaders	0-5
MFS Living & L.	5-0	Nexus Energy	4-3	Red River Res.	0-1	Symbion Health	1-0	Wilson Inv Fund	5-0
MGM Wireless	0·1	Niagara Mining	0.1	Redflex Holding	1.3	Symex Holdings	1-0	Woodside Petrol	2-0
MMC Contrarian MXL Limited	1-0 4-0	Nido Petroleum Noni B Limited	0·1 1·3	Reece Australia Reed Resources	1-0 4-0	Synergy Equity Synergy Metals	3-0 3-0	Woolworths Ltd Working Systems	0-1 2-0
MacMahon Hold	0-1	Novacoat Hold.	4-0	Reef Casino Trt	2-0	TFS Corporation	5-1	Worley Group	0-1
Macarthur Cook	3-0	Novera Energy	6-0 1.2	Reefton Mining	0-1	Tabcorp Holding	2-0	Wrigdways Aust	3-1
Macarthur Coal Macmin Silver	0·2 1·5	Novogen Ltd Nuenco NL	1-3 0-1	Regenera Ltd Regis Resources	2-0 2-0	Tag Pacific Takoradi Ltd	2-0 0-1	Xceed Biotech. Yamarna Goldfld	3-0 3-4
Macquarie Leis.	1-0	Nufarm Limited	6-0	Repco Corp Ltd	1-3	Talent2 Int'l	1-0	Yilgarn Gold	1-0
Macquarie C'Wde	0-2 1.0	Nustar Mining	2-0 4-0	Republic Gold	1-0 1-0	Tamawood Ltd	5-0	Yilgarn Mining	1-0 3-1
Macquarie Air. Macquarie Good.	1-0 1-0	Nylex Ltd	4-0	Resolute Mining	1-0	Tanami Gold NL	3-0	Zylotech	J-1
		(onwright	© Securities Re	search Co	mnany I td			

Insiders Buy Depressed Share

Verticon Group (code VGP).

This company went public in December 2004, issuing 41.7 million shares to the public at 120 cents to raise \$50.0 million. All of this cash went to acquire two tower hoist and crane businesses, Queensland based **Seca** and Victoria based **Econ Construction Equipment**. Verticon is seeking further acquisitions to consolidate this fragmented industry.

In April 2005 the company bought six tower and three mobile cranes operated by **Eltrax** in Victoria for \$6.5 million.

In May 2005 it bought four tower cranes operated by an undisclosed NZ construction company for NZ\$1,236,000 and the same month bought **BFB Engineering** - a specialist business manufacturing steel components and providing services for tower cranes - for \$231,000 in shares, plus cash for work in progress.

The company slightly under-performed its prospectus forecast for the six month period to 30 June 2005. Revenues were 3% lower than forecast at \$24.4 million and profits 8% lower than expected at \$4,486,000 (7.1 cents per share). The dividend, however, was raised 12.5% above the prospectus forecast to 4.5 cents.

Since then the company has made two other acquisitions which have been financed with debt:

In September 2005 it acquired Sydney based **Fire Up Cranes & Rigging** for \$4.8 million. That was a Price/Sales ratio of just over 1.0 and a EBITDA multiple of 3.9 - which we estimate to be around a Price/Earnings ratio of 7 which looks to be a reasonably attractive value. The business also has "excellent management" and a "great reputation in the marketplace" but growth was limited by finance to buy additional equipment to meet demand - so the business also has good growth potential.

In December 2005 it bought NZ based **Daniel Smith Industries** for NZ\$41 million - acquired on an EBITDA multiple of 4.6 (i.e. probably equal to a P/E ratio of about 9).

The Directors and management have a large investment in this company - and have been actively buying shares on-market. The Chairman owns 140,000 shares, the Managing Director has 57,000 shares and an executive director (who was a part owner of Seca) owns 2,487,166 shares (4.0% of the company). The two non-executive directors jointly own 15,038,333 shares (24.0% of the company). 14,583,333 of these shares were received at no cost prior to promoting the initial public offering, but 420,000 shares were bought on-market at 69 cents in December and 35,000 shares were previously bought on-market in May at 100 cents.

Two other executives, part owners of the Seca and Econ Construction businesses, own 2,534,166 shares (4.0%) and 1,500,833 shares (2.4%).

There have been seven insider buys on-market over

the last year. In addition to the two buys by the major shareholder, the Managing Director bought 27,000 shares on-market at 109 cents in September, while the Chairman bought 20,000 shares at 111 cents in August and 20,000 shares at 101 cents in May.

Despite this bullish *insider* buying, Verticon Group's share price collapsed in October when the directors reported "slower than anticipated" trading for the current year. The forecast earnings per share to June 2006 was downgraded 27-33% from 15 cents to 10-11 cents. On the current share price of 69 cents, however, that rates the shares on a prospective Price/Earnings ratio of just 6-7 which looks very low.

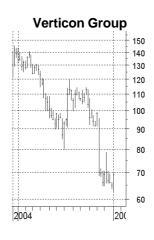
The risks are that having taken on significant interest bearing debt for recent acquisitions the company would need to issue new equity to at least partially finance *future* acquisitions to achieve its goal of consolidating crane businesses. This is clearly unfavourable when the share price is so low.

We are also cautious about buying shares which are so weak. The shares are in a strong downtrend - the Relative Strength rating is -18.6%, ranked 93. <u>Very weak shares can continue to under-perform and sometimes this price weakness anticipates future problems for the company</u>.

Summary and Recommendation

There are some financial and operational risks in this business, but the market does appear to be pricing the shares too cheaply. *Insider* buying would suggest there was good value in the shares at around a dollar and after the profit downgrade *insiders* bought more shares at 69 cents.

Nevertheless, we would rather see the share price stabilise - and perhaps start to recover - before investing heavily in this company. Verticon Group shares, however, are worth watching and could become suitable for purchase as a high income and recovery situation in mid to late 2006.



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Company Analysis: Sanford and the Exchange Rate

Sanford Ltd (code SAN).

New Zealand based fishing company Sanford is a well managed and usually very profitable business but suffers from a number of potential problems - including a high sensitivity to the NZ dollar exchange rate. As a result, profitability and the share price fluctuate inversely to the exchange rate. So *if* the NZ dollar declines in value in the future, then Sanford's share price should rise strongly. Unfortunately, at the current exchange rate the business will be only marginally profitable. If the exchange rate doesn't improve, the share price could weaken in the short to medium term as profits fall.

Company History

This is a very old company, incorporated in 1904 to continue a small fishing business that began in 1881.

Recent Results

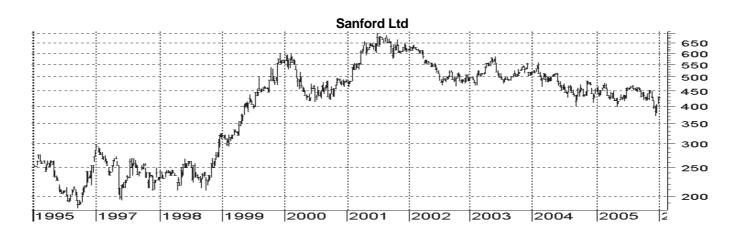
This business grew strongly - and the shares traded on a high valuation - through until the late 1980's. Since then the business has become more volatile with profitability tied to fluctuations in the NZ dollar exchange rate. The company also made some large debt funded acquisitions in early 1990's and suffered

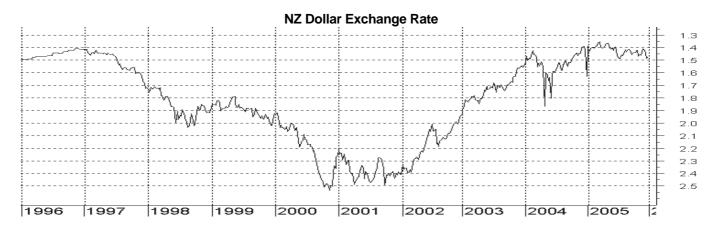
owing to the high interest rates during that period. Interest bearing debts were completely repaid by 2004, but the company borrowed \$143.0 million last year to fund acquisitions.

90% of revenues are earned overseas, so the current exchange rate - plus or minus gains or losses on forward exchange contracts - therefore have the greatest impact on profits.

Year	Revenue	Net Profit	Exchange	Net Profit	Earn.	Div.
	(mil.)	from	Gains/	After	Per	Per
		Operations	(Losses)	Tax	Share	Share
2001	354.9	48.8	(18.6)	30.2	31.6	20.0
2002	393.5	41.5	(4.5)	37.0	38.7	20.0
2003	367.7	23.4	23.9	47.3	49.4	21.0
2004	350.4	16.9	37.0	53.9	56.3	22.0
2005	365.8	3.3	27.1	30.4	32.1	22.0

As shown in the table above, the net profit (after tax) from operations has declined significantly over the last three years reflecting the rise in the NZ dollar over the last four years. This decline in profitability has been largely offset by large gains on forward exchange rate contracts over the last three years. Unfortunately, forward exchange contracts were exhausted in November 2005, producing a pre-tax





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gain of only \$5 million for the current financial year.

Every 1 cent movement in the exchange rate results in a \$1-2 million change in net profits - so even a significant fall in the exchange rate may leave profits short of their historical levels.

Investment Criteria

At 429 cents, Sanford shares trade on an historical Price/Sales ratio of 1.09, a Price/Earnings ratio of 13 and offer a Dividend Yield of 7.7%. Unfortunately, profits will probably decline significantly in the current year - which will raise the P/E, although the company will probably seek to maintain the 22.0 cents dividend.

Under most circumstances the business generates strong cashflows and over the last year spent \$8.6 million re-purchasing its own shares on-market. That repurchase is also a favourable factor, indicating that the directors consider the shares under-valued.

The issued capital is 93,626,735 shares, giving the company a market capitalisation of \$402 million and making this a large listed NZ company.

Directors have a significant investment in Sanford. **Amalgamated Dairies**, a company associated with some of the directors, holds 35,822,078 shares or 38.3% of the company. Chairman D Goodfellow owns a further 1,169,858 shares (1.25%) directly, Managing Director E Barratt has 416,655 shares and the previous Managing Director D Anderson holds 171,952 shares. The other four directors own between 804 and 74,650 shares each.

There have been no *insider* trades on-market over the last year.

The company announced an on-market share buyback in March 2005 - which may continue through until the end of March 2006. To date the company has re-purchased 2,036,982 shares, all acquired in April 2005 at prices from 415-425 cents.

Although Sanford is a large NZ company the

shares are relatively *neglected* with only two brokerage firms following the company closely enough to publish profit forecasts.

Sanford shares have lost 40% of their value since peaking at 700 cents in mid-2001 and technically are still weak and in a downtrend. The Relative Strength rating is -3.2%, ranked 55.

Summary and Recommendation

Sanford is a well managed business, which can be very profitable, but also faces many risks of which the exchange rate is the largest and most obvious. Medium to long term there is a large negative correlation between the NZ dollar and the company's profits and share price. So if the NZ dollar is to weaken over the next few years then Sanford's shares should appreciate strongly.

The short term risk is that at the *current* exchange rate the business is only marginally profitable. Forward exchange contracts are exhausted and cannot support profits as they have over the last three years. So - unless the NZ dollar drops *very* sharply - profits will decline this year and the dividend *may* be cut. This in turn *may* result in the share price dropping to new lows over the next 3-9 months.

On the other hand, the market may look beyond the decline in current profitability and the shares *could* rise in *anticipation* of the NZ dollar depreciating significantly over the next few years.

So while there is good medium to long term recovery and growth potential from investing in Sanford shares we are concerned about the short to medium term risk that the shares decline further. At this stage, investors should probably wait, while monitoring the exchange rate, Sanford's interim result and dividend (expected in late May) and other investment indicators (i.e. look for an improvement in the Relative Strength rating or insider buying).

Dividend\$

Company	Cents per Share	Ex- Date	Pay- able (Tax Credit
Ashburton Building Socie	ty 7.50	-	-	Full
Blue Chip Finanancial	1.90	09-01	30-03	Full
Jasons Travel Media	1.50	21-01	31-01	Full
Seeka Kiwifruit	10.00	10-02	20-02	Full
Smith City Market	1.50	06-02	10-02	Nil
<u>Au</u> :	stralian Share	<u>s</u>		
Atlas Pacific	1.00	13-12	29-12	
International All Sports	1.50	23-12	20-01	

Total Return Index for All Listed Shares			
Dec 12	2225.73	Dec 19	2247.38
Dec 13	2226.96	Dec 20	2234.94
Dec 14	2231.77	Dec 21	2241.08
Dec 15	2224.64	Dec 22	2242.44
Dec 16	2246.46	Dec 23	2244.55
Dec 26	Holiday	Jan 2	Holiday
Dec 27	Holiday	Jan 3	Holiday
Dec 28	2249.06	Jan 4	2258.97
Dec 29	2255.67	Jan 5	2267.47
Dec 30	2262.00	Jan 6	2256.47

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A New Service: Individual Portfolio Management

Securities Research Company plans to offer a new service - but one that we hope most of you will never use!

In response to requests from long term "Market Analysis" subscribers we shall now offer an "Individually Managed Portfolio" service for a small number of investors. It is <u>not</u> our intention to grow funds management into a major part of our business.

<u>Helping Investors to</u> <u>Manage Their Own Investments</u>

We believe that whenever possible investors should seek to manage their own share portfolios as, over the longer term, this can make a very significant difference to the compounding growth in your investment wealth. For the last 25 years we have published this newsletter to help investors to take control of their investments. With hard work, and perhaps a bit of skill and intelligence (i.e. "luck" to those who never took a subscription or have never made a share investment) this newsletter has helped investors mange their own portfolios, avoiding annual fees and expenses, and we have succeeded in picking more than a few big winners which have significantly boosted the overall performance!

Our focus in the future will continue to remain on "Market Analysis" to provide the independent research and unbiased advice that investors need to manage their own share portfolios.

Our new service, however, will offer an alternative for investors who wish to continue investing in the shares we are recommending but have become unable to continue to efficiently manage their own portfolio.

Two Reasons Why You Should NOT Use This Service . . .

Firstly, we have always considered *Professional Funds Management* to be an oxymoron. Why would anyone with skills at investment want to manage millions of dollars of *other people's money?* Even starting with no capital, saving just \$10,000 annually for 15 years and investing at a 25% annual return will build up an

investment portfolio of over a million dollars of *your own money*. Or \$10,000 annually for 20 years at 20% will grow to almost two million dollars. Of course, that first million or two is always the hardest, but at 20-25% a portfolio will continue to *double* in value every 3-4 years. So the best people to manage your money probably are not offering their service as they are busy building up their own investment wealth.

Secondly, the *total costs* to your wealth of having someone else manage your portfolio will always far exceed the annual costs of hiring an investment manager. For example, \$100,000 self invested at 15% for 20 years will grow to \$1,636,000. Professional management might cost 2% annually-orjust \$2000 the first year-but your money will only *compound* at 13% so will grow to about \$1,152,000. Over two decades you will be \$484,000 worse off - a loss of 30% of your wealth - mainly as there is less to re-invest each year and to compound in value.

... And One Reason Why You Might ...

Half of the people reading this newsletter have been subscribing for over ten years - and some of you for over 20 years. Many subscribers in their 80's and 90's still manage their investments and take a keen interest in the stockmarket. In fact, stockmarket investing is one of the new skills and interests that many people develop during retirement!

Some subscribers, however, have indicated they are getting "too old" to continue managing their own investments. In some of these cases it may be appropriate to simply sell off everything and put the money in a bank deposit and live off the interest and capital. In other cases - especially where there are larger amounts of capital which will eventually pass to future generations - the portfolio should remain invested in equities for long term capital growth.

By offering this new service we seek to provide an alternative for investors who should be investing in equities but for some reason are unable to do this for themselves.

Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday February 7, 2006 (and delivered in most areas on Wednesday 8).

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

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