

Market Analysis

Issue No. 406

www.stockmarket.co.nz

April 10, 2006

Inside Market Analysis

Lyttelton Port Coy survives *Wild West* shootout 4
 Vision Systems continues to grow strongly 7
 NZ Stockbroker Survey 7

Company Analysis:
 Methven 10, 11
 Smith City Group 11, 12
 Insiders buy HomeLeisure 15

Editor and Research Director: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Remain close to fully invested in the recommended shares, but with a small cash reserve to finance new investments over the next few months.

Investment Outlook.

Our One-Year Forecast for the NZ stockmarket has improved further over the last month to a Bullish 64%. This has been helped by a further decline in the NZ dollar exchange rate (which is generally favourable for the corporate sector) and an improvement in Technical and Trend Following indicators as share prices rallied.

The charts on the right of this page tell two different stories about NZ share prices over the last year. Larger company shares - as measured by the NZX50 index - dipped in March/April 2005 and in October/November 2005 but trended upwards during the rest of the year.

Smaller and medium sized shares (i.e. see the equally weighted Total Return index) suffered greater declines in value over the year. In fact, smaller and medium sized shares have *under-performed* larger NZ shares over the last four years.

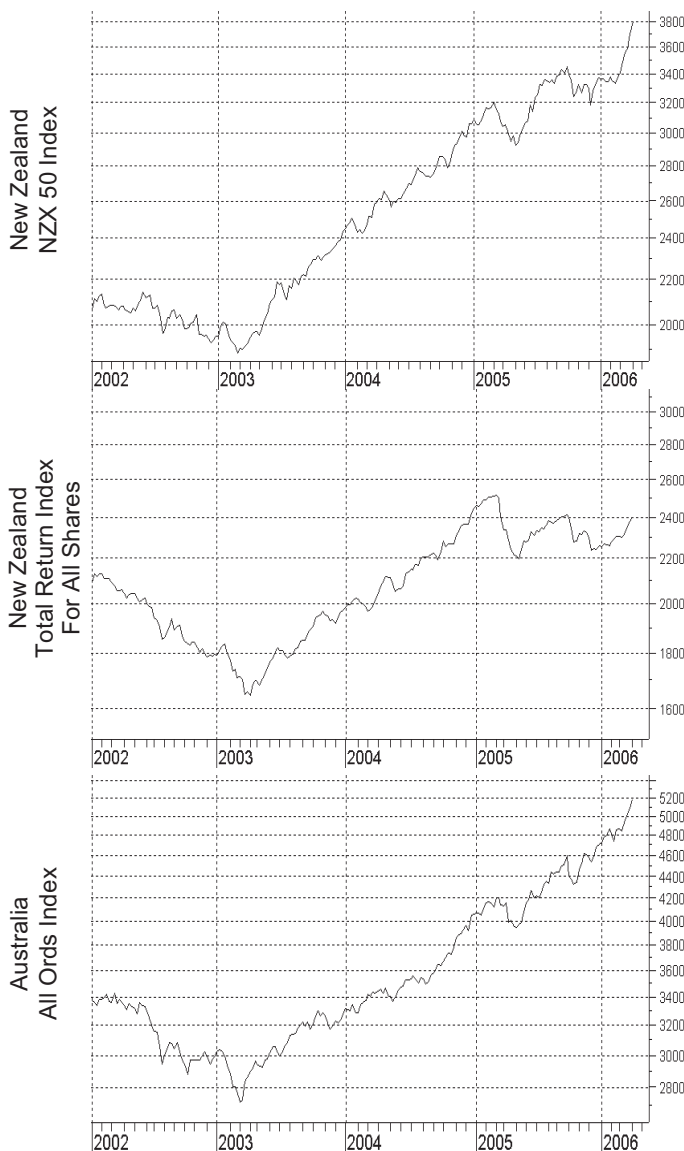
Over the longer term, investors should be able to expect higher returns from smaller and medium sized companies, which tend to have better growth potential than larger, mature companies.

Recent results can partly be explained by strong performance of large companies with monopoly pricing power (i.e. electricity, airports) which have been able to increase prices. Smaller company returns have been depressed by the near collapse of various “shell companies” and their generally uneconomic businesses. It is also a reflection of the economic slowdown. Smaller and medium sized companies tend to have greater exposure to the domestic economy - and share prices have fallen in *anticipation* of the current economic slowdown. We believe this sector now offers some very good value - and could outperform over the next year or two as the domestic economy recovers.

As our stockmarket Forecasts are favourable, investors should remain close to fully invested - perhaps using surplus cash to add to some positions - but we still suggest holding a small cash reserve pending suitable new investments.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	85% (Bullish)	69% (Bullish)
New Zealand:	76% (Bullish)	64% (Bullish)



Performance Forecasts

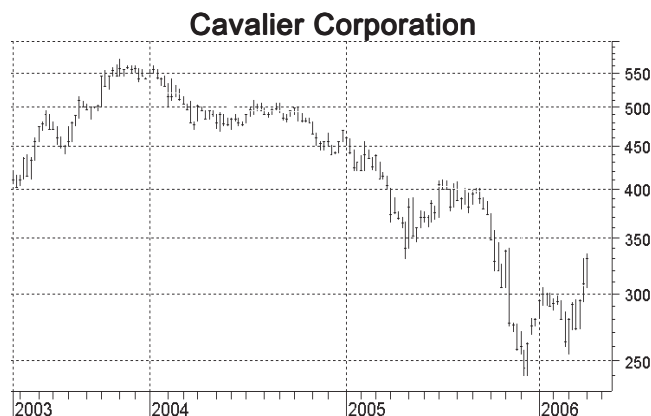
"Performance Forecasts" are computer generated predictions of the relative future price performance of a company's shares over the next three to six months. Performance Forecasts are calculated for every listed NZ share (except Investment Trusts) on a rating scale using the letters "A" (Highest potential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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A2 Corporation	E	8.0	N/A	NE	Nil	Heritage Gold *	N/R	5.7	N/A	NE	Nil	Postie Plus Grp	C	74	0.26	18	6.1
ABS Canterbury	C	430	1.29	15	4.9	Hirequip NZ Ltd	C	96	1.11	12	5.8	Property F Ind.	C	130	N/A	20	6.4
AMP Limited	A	1050	1.44	21	3.5	Horizon Energy	B	438	4.08	14	6.8	Provenco Group	C	80	0.70	9	5.6
AMP Onyx Mgmt	C	107	5.60	14	6.8	ING Property	C	119	8.26	15	9.0	Pumpkin Patch	B	403	2.39	27	3.0
AXA Asia Pac.	B	685	2.14	19	2.3	Infratil NZ	B	432	4.87	19	3.6	Pyne Gould Corp	C	445	0.95	11	6.0
Abano Health.	E	118	0.48	NE	Nil	Jasons Media	E	46	N/A	NE	Nil	Renaissance	B	149	0.37	11	10.0
Affco Holdings	E	39	0.20	9	2.6	Just Water Int.	D	94	3.08	20	5.1	Restaurant Brds	C	129	0.39	12	11.6
Air New Zealand	B	134	0.36	7	5.6	Kidicorp	E	16	1.17	NE	Nil	Richina Pacific	E	52	0.09	NE	Nil
Akd Int Airport	B	200	8.65	23	6.1	Kingfish Ltd	A	113	2.96	4	2.6	Rubicon Limited	E	92	0.57	NE	Nil
Allied Farmers	C	260	0.55	14	6.0	Kirkcaldie & St	B	270	0.62	22	4.4	Ryman Health.	A	660	5.44	28	1.7
Allied Work.	D	133	N/A	NE	Nil	Kiwi Property	C	129	N/A	17	6.7	Salvus Strat.	C	70	8.37	15	4.3
Apple Fields	D	1.5	N/A	NE	Nil	Life Pharmacy	D	82	N/A	NE	2.2	Sanford Limited	C	515	1.31	16	6.4
Blis Technology	E	14	N/A	NE	Nil	Lion Nathan Ltd	B	945	2.58	21	3.7	Satara Co-op	C	110	0.57	NE	4.1
Blue Chip Fin.	D	90	0.87	7	Nil	Livestock Imp.	C	148	0.46	9	13.4	Savoy Equities	D	1.5	N/A	50	Nil
Botry-Zen Ltd	E	4.6	N/A	NE	Nil	Loan & Building	B	434	1.29	14	5.2	Scott Tech. Ltd	C	238	1.47	NE	2.5
Brierley Invest	C	148	3.13	16	2.7	Lombard Group	E	2.6	N/A	NE	Nil	Sealegs Corp	E	18	3.33	NE	Nil
Briscoe Group	B	146	0.89	12	7.7	Lytelton Port	A	222	3.41	19	7.4	Seeka Kiwifruit	C	320	0.50	9	9.3
Broadway Ind	C	72	0.34	15	6.9	MDSnews	E	0.3	N/A	NE	Nil	Skellerup Hold.	B	135	1.14	11	7.7
CACI Group Ltd	D	26	0.33	59	Nil	MG Property Trt	C	120	N/A	23	9.4	Sky City Ltd	C	545	3.33	22	6.6
Millennium & C.	D	60	1.22	8	5.2	Mainfreight Grp	A	495	0.55	35	2.0	Sky Network TV	D	649	5.16	24	Nil
CDL Investments	D	38	3.26	9	7.9	Media Tech.	E	4.0	0.17	NE	Nil	Smiths City	C	61	0.14	4	8.2
Cabletalk Group	D	47	0.36	7	9.5	Methven Limited	B	132	1.23	11	8.6	Software of Exc	D	100	1.08	NE	Nil
Cadmus Tech Ltd	D	21	2.50	NE	Nil	Metro. LifeCare	B	465	N/A	19	0.5	Sol. Dynamics	D	40	0.29	NE	Nil
Calan Hlthcare	C	119	9.83	17	7.1	Michael Hill	C	742	1.05	17	4.6	South Port NZ	B	136	2.65	18	7.1
CanWest Media.	D	170	1.54	29	5.5	Mid-Cap Index	C	273	N/A	NE	Nil	Speirs Group	B	104	0.19	9	11.5
Cap Properties	C	147	5.84	19	6.1	Mike Pero Mort.	B	105	1.99	16	8.5	Steel & Tube	B	465	0.93	11	10.3
Carter Holt	B	274	1.07	28	2.7	Mooring Systems	D	400	N/A	NE	Nil	Sthn Travel	C	42	0.14	5	22.7
Cavalier Corp	C	330	1.04	11	12.2	Mowbray Collect	D	130	3.56	NE	3.4	Summit Gold Ltd*	N/R	162	N/A	NE	Nil
Cert Organics	D	5.5	2.48	NE	Nil	Mr Chips Hold	C	85	0.59	14	7.0	Tag Pacific Ltd	C	31	0.35	7	1.8
Charlie's Group	E	14	1.48	NE	Nil	NZ Exchange Ltd	B	874	5.44	23	4.3	Taylor's Grp Ltd	B	176	0.65	12	11.0
Col Motor Co	B	296	0.21	11	11.1	NZ Experience	E	28	1.25	13	10.7	TeamTalk Ltd	C	241	2.41	16	11.1
Comvita	B	270	N/A	22	2.8	NZ Finance Hold	C	122	7.25	32	Nil	Telecom Corp	C	586	1.99	13	9.8
Connexion	D	42	2.47	62	Nil	NZ Invest Trust	A	945	N/A	NE	0.9	Tenon Ltd	D	346	0.58	8	Nil
Contact Energy	B	810	3.66	32	4.6	NZ Oil and Gas *	N/R	97	N/A	NE	Nil	Toll NZ Ltd	C	310	0.96	16	Nil
Cube Capital	B	7.0	N/A	NE	Nil	NZ Refining Co	A	662	4.35	11	7.3	Tourism Hold.	C	182	1.00	17	9.0
Cynotech Hold.	E	16	1.57	13	4.7	NZ Windfarms	D	114	N/A	NE	Nil	Tower Limited	C	263	0.83	10	Nil
Dominion Fin.	A	145	3.24	11	7.1	NZ Wine Company	C	192	1.84	18	3.9	Training Sol.	C	0.2	1.43	NE	Nil
Dorchester Pac	B	224	0.57	8	6.8	NZ Wool Service	E	42	0.25	30	3.6	Trans-Tasman	E	44	3.36	75	Nil
Eastern Hi-Fi	C	80	0.45	15	Nil	NZSX 10 Fund	D	134	N/A	NE	Nil	Trust Power Ltd	B	690	3.55	30	4.2
Ebos Group Ltd	A	505	0.50	15	6.4	NZSX 50 Port.	C	171	N/A	NE	Nil	Turners & Grow.	C	255	0.39	15	Nil
Evergreen	E	32	1.52	NE	Nil	NZX Aust MidCap	C	611	N/A	NE	Nil	Turners Auction	C	224	0.77	12	9.3
F & P Appliance	A	432	1.10	17	6.2	Nat Property Tr	D	77	5.23	15	11.8	Utilico Int'l	D	46	2.96	NE	Nil
F & P Health.	B	408	8.63	34	4.0	New Image Group	D	5.5	1.55	NE	Nil	VTL Group Ltd	C	55	0.58	8	6.0
Feltex Ltd	C	38	0.19	5	23.6	Northland Port	B	280	N/A	15	5.3	Vector Ltd	D	275	2.37	51	Nil
Finzsoft Sol'ns	D	87	1.03	41	Nil	Nuplex Indust	A	605	0.49	16	6.5	WN Drive Tech.	C	51	N/A	NE	Nil
Fletcher Build.	A	935	0.93	13	5.1	Opio Forestry	D	90	N/A	NE	Nil	Wakefield Hlth	B	620	1.83	25	3.1
Forty Two Below	E	58	5.99	NE	Nil	Oyster Bay	D	254	3.19	43	3.9	Warehouse Group	B	403	0.55	32	5.4
Freightways Ltd	A	380	2.04	22	6.3	Ozzy (Tortis)	C	336	N/A	NE	Nil	Waste Mgmt NZ	A	860	3.43	28	5.3
GDC Communicat.	E	1.0	0.01	NE	Nil	PGG Wrightsons	C	206	0.75	14	6.5	Widespread Port*	N/R	2.2	N/A	NE	Nil
Genesis Res.	D	26	2.62	NE	Nil	POD Ltd	C	61	0.23	6	7.3	Windflow Tech.	D	220	N/A	NE	Nil
Guinness Peat	B	266	0.81	10	1.0	Pac Edge Bio.	E	18	N/A	NE	Nil	Wool Equities	D	56	0.61	NE	Nil
Gullivers Trv.	B	162	0.38	13	9.0	Pacific Retail	E	179	0.11	NE	Nil	World Index Fd	C	151	N/A	NE	Nil
Hallenstein G.	B	525	1.67	16	8.5	Plus SMS Hold.	D	70	N/A	NE	Nil	Zintel Comm.	D	68	0.96	10	7.6
Hellaby Hold.	C	465	0.59	11	12.5	Port Tauranga	B	530	4.88	21	5.6	Ave of 161 Cos	C	226	0.50	20	4.1
ABB Grain Ltd	A	773	0.99	61	2.2	Deutsche Div Tr	C	131	6.10	14	7.1	Oxiana Ltd	A	277	9.92	47	0.4
ABC Learning	A	792	6.77	38	1.4	Div. Utility	B	291	1.59	21	7.6	Pacific Brands	C	239	0.78	20	6.3
AMP Ltd	B	884	1.38	20	3.6	Downer EDI Ltd	A	874	0.67	25	2.1	Paladin Res.	B	494	N/A	NE	Nil
ANZ Bank	A	2677	5.24	34	3.8	Energy Resource	B	1519	N/A	71	1.1	Paperlin X Ltd	B	370	0.22	10	6.9
APN News Media	B	485	1.70	15	5.0	Excel Coal Ltd	A	769	4.24	16	3.1	Patrick Corp	A	808	2.34	33	1.0
AWB Limited	C	393	0.26	9	7.4	Fairfax (John)	B	400	1.96	14	4.6	Perpetual Ltd	B	7045	6.53	24	3.7
AXA Asia Pac	A	610	2.16	20	2.3	Flight Centre	C	1180	1.24	20	4.3	Portman Limited	A	600	5.39	32	1.3
Adelaide Bright	A	270	2.04	16	6.0	Fortescue Metal	E	612	N/A	NE	Nil	Primary Health	B	1224	7.14	52	2.0
Adelaide Bank	B	1304	4.34	15	4.1	Foster's Group	C	545	2.75	12	3.7	Promina Group	A	548	1.43	11	4.3
Alinta Limited	B	1137	2.78	29	3.9	Futuris Corp.	C	231	0.48	17	3.9	Publishing & Br	B	1845	3.53	26	2.8
Alumina Ltd	B	772	N/A	29	2.6	GPT Group	B	423	7.21	14	5.8	Q.B.E. Insur.	A	2325	1.47	17	3.1
Ancor Ltd	C	738	0.58	15	4.6	Gandel R. (CFS)	C	195	N/A	20	5.4	Qantas Airways	B	351	0.53	9	5.7
Ansell Ltd	A	1165	1.68	NE	1.2	Gt Sthn Plant'n	A	403	3.75	10	3.5	Ramsay Health	A	1025	1.21	58	2.0
Aquarius Plat.	A	2051	7.54	81	0.4	Guinness Peat	B	223	0.77	9	1.1	Record Invest.	A	1098	N/A	37	2.8
Argo Investment	B	700	N/A	31	3.0	Guns Ltd	C	314	1.52	11	4.0	Reece Australia	B	1550	1.53	20	2.5
Aristocrat Leis	B	1462	5.22	28	2.1	Hardman Res.	C	219	N/A	NE	Nil	Rinker Corp	A	2110	3.40	34	1.0
Aust Foundation	B	464	N/A	27	3.4	Harvey Norman	A	377	3.10	23	1.7	Rio Tinto Ltd	A	8370	6.05	30	1.2
Aust Stock Exch	B	3320	N/A	31	2.9	Henderson Group	A	211	2.12	12	1.6	Rural Press Ltd	B	1150	2.39	12	3.7
Aust Gas Light	B	1874	1.74	10	3.4	ING Indust Trt	B	225	N/A	16	6.6	SFE Corporation	B	1649	8.61	32	2.7
Aust Pipeline	A	446	3.29	18	5.0	ING Office Fund	A	144	7.91	13	7.1	Santos Ltd	B	1198	2.76	9	3.2
Austar United	C	119	3.13	24	Nil	Iluka Resources	B	804	1.88	14	2.7	Seek Ltd	B	398	N/A	58	0.3
Australand Prop	B	210	1.21	10	7.9	Incitec Pivot	B	1956	1.05	NE	0.8	Seven Network	B	960	1.67	23	2.4
B & B Infrast.	D	160	3.62	NE	6.7	Insurance Aust.	B	550	1.12	NE	4.8	Sigma Pharm.	C	256	1.12	34	2.6
BHP Billiton	A	2950	2.50	12	1.3	Investa Prop.	A	223	3.42	14	7.4	Sims Group Ltd	C	1808	0.64	9	7.7
Babcock & Brown	B	1800	4.99	23	0.8	James Hardie	B	955	2.78	26	0.8	Smorgon Steel	C	149	0.44	15	5.7
Bank of Q'land	A	1568	1.86	17	3.1	Jubilee Mines	B	840	4.56	14	5.4	Sonic Health	C	1570	3.12	56	1.5
Bendigo Bank	A	1415	2.10	22	2.8	Leighton Hold	B	1720	0.73	23	2.9	Soul Pattinson	C	930	1.74	5	2.7
Billabong Int'l	B	1597	3.87	26	2.4	Lend Lease Corp	B	1429	0.60	27	4.0	Spotless Group	B	510	0.40	19	4.7
Bluescope Steel	B	746	0.66	5	5.6	Lihir Gold	C	284	9.04	NE	Nil	St George Bank	B	3040	2.74	18	4.5
Boral Limited	A	918	1.22	14	3.7	Lionore Mining	B	635	2.44	13	Nil	Stockland	B	685	5.14	22	6.9
Brambles Ind.	A	1															

Recommended Investments

Last month we failed to count the 14 cents interim dividend in our return from Toll Holdings. The shares traded ex-dividend from 27 February and it was paid on 24 March. The total dividends received from owning Toll Holdings shares was 104.5 cents - taking our *total return* from this investment to 2232.5% over 7½ years.

We are upgrading **Cavalier Corporation** shares to a "Buy", although they *may* dip a little over the next month or two which we would consider an attractive buying opportunity. The shares trade at a moderate valuation, while profits are depressed but should recover over the next couple of years. This will be helped by the lower exchange rate which will (Continued on Page 4)



Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation		Perform- ance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %	
		Code	- Date - Price										
NZ Shares													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	D	210.6	1.4	3.26	9	7.9	38	13.3	+105%
BUY	Cavalier Corporation	CAV	05/12/95	156*	C	65.5	0.5	1.04	11	12.2	330	178.0	+226%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.21	11	11.1	296	292.8	+293%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	A	102.3	0.6	3.41	19	7.4	222	54.3	+84%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	46*	C	38.7	0.3	1.05	17	4.6	742	182.0	+1909%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	A	76.7	0.5	0.49	16	6.5	605	141.5	+113%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	B	38.5	0.7	0.37	11	10.0	149	35.9	+118%
HOLD	Richina Pacific	RPL	03/11/95	94*	E	151.2	1.2	0.09	NE	Nil	52	11.4	-33%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.8	2.65	18	7.1	136	84.3	+84%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	B	88.1	0.5	0.93	11	10.3	465	147.0	+319%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	0.6	0.65	12	11.0	176	56.0	+127%
Australian Shares (in Aust cents)													
HOLD	AJ Lucas Group	AJL	13/05/03	120	C	51.6	0.9	0.73	NE	3.3	105	20.5	+5%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	B	87.8	1.5	2.60	13	3.3	30	8.0	-48%
HOLD	Austin Group Ltd	ATG	08/02/05	93	B	62.2	1.2	0.47	7	13.0	46	7.0	-43%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	406*	B	49.5	0.4	1.28	28	2.9	1450	192.6	+305%
BUY	Candle Australia	CND	08/04/03	86	A	45.9	0.7	0.65	21	3.5	330	31.5	+320%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	B	51.0	0.9	0.10	10	6.1	115	31.5	-4%
HOLD+	Centennial Coal Ltd	CEY	16/01/01	70*	B	268.5	0.5	1.59	20	3.4	384	19.0	+476%
HOLD	Circadian Technologies	CIR	10/02/04	188	D	40.1	1.0	0.88	NE	Nil	104	65.0	-10%
HOLD	Commander Comm.	CDR	11/09/01	92	A	170.2	0.8	0.64	17	2.6	230	17.2	+169%
BUY	Computershare Ltd	CPU	12/08/03	189	B	594.9	0.6	4.13	45	1.4	776	27.5	+325%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	C	61.2	1.3	1.50	NE	Nil	70	Nil	+42%
BUY	Int'l AllSports	IAS	11/02/03	180	C	66.4	1.3	0.05	NE	Nil	45	4.0	-73%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	B	232.9	0.6	1.88	14	2.7	804	34.0	+78%
HOLD	Keycorp Ltd	KYC	10/08/04	123*	C	81.6	1.1	0.65	14	Nil	112	Nil	-9%
HOLD+	LongReach Group Ltd	LRX	11/01/05	23½	C	174.5	3.5	0.29	46	Nil	6	Nil	-75%
BUY	Melbourne IT	MLB	10/02/04	53	B	54.3	0.7	1.29	17	4.4	172	15.0	+253%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	C	392.4	0.9	2.40	24	2.8	100	6.3	+26%
BUY	Namoi Cotton Co-op Ltd	NAM	14/03/06	65	C	114.5	1.0	0.27	10	7.4	68	Nil	+5%
HOLD	Ross Human Directions	RHD	14/08/01	92	B	81.7	1.2	0.12	8	7.7	52	23.0	-18%
HOLD-	Skilled Engineering	SKE	12/03/02	126	A	100.5	0.5	0.57	36	3.4	472	64.5	+326%
HOLD	Sonnet Corporation	SNN	07/09/04	31½	B	137.3	2.7	0.34	5	16.3	9	3.0	-62%
HOLD+	Technology One Ltd	TNE	11/11/03	44	B	299.4	1.2	3.57	19	4.7	67	7.4	+68%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	25.1	0.7	0.68	20	3.1	554	30.0	+127%
HOLD	UXC Limited	UXC	11/01/00	55*	B	161.4	0.8	0.74	15	5.0	111	32.0	+160%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	A	179.4	0.8	2.16	58	2.0	205	34.5	+247%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +164.6%. This is equal to an average annual rate of +31.9%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 36 current and 133 closed out) is +33.0%, compared with a market gain of +8.8% (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)

improve profitability on exports and its business in Australia. There have been six *insider* buys of Cavalier Corporation shares on-market over the last year.

The takeover offer for **Lyttelton Port Company** is an example of what is still very wrong with the NZ stockmarket. Major shareholders in NZ companies still seek to make private deals and to exclude the minority shareholders. Misleading statements are designed to intimidate the public shareholders into selling cheaply. The response from **NZ Exchange** appears to suggest compulsory retirement savings so individuals will be *forced* to invest more money in this *Wild West* market. Most of *our* portfolio will remain invested offshore - and only better *investor protection* would encourage us to invest a higher percentage in NZ.

Christchurch City Holdings (CCH) raised its takeover offer just 4.8% to 220 cents . . . and Lyttelton Port Company's directors have, for reasons we cannot understand, recommended the takeover despite seeing "considerable potential value" from a deal with **Hutchison Port Holdings**.

CCH has also sought to intimidate shareholders into accepting the takeover by suggesting that future dividends would be cut to finance capital expenditure. *After* CCH accepted its takeover would fail the Lyttelton Port Company directors did *eventually* come forward to deny this stating "there was no suggestion from the board that proposed capital expenditure would lower dividends".

Investors were told that the proposed deal with Hutchison Port Holdings had been "terminated" - with CCH "firmly of the view that there is very little prospect" of a deal "in the near or medium term".

Fortunately CCH has accepted that its takeover offer will fail and will not be extended. Perhaps the reason it failed is that *Market Analysis* subscribers own a few Lyttelton Port Company shares and last week we recommended not accepting the takeover. Or perhaps it was **Port Otago** buying a blocking 10.1% stake and then continuing to buy on-market at 222 cents, building up its holding to 12.2%. Or perhaps, on this occasion, the public shareholders just didn't believe the statements being made by CCH.

Now everything has changed. CCH is now telling us that it "will push on with plans for Lyttelton to form a joint venture with Hutchison" and that "we are having *continuing discussions* with Hutchison". So perhaps the

Lyttelton Port Company



deal wasn't really terminated and perhaps there was always some prospects for a deal. You can only get away with this in New Zealand!

Lyttelton Port Company will now remain a listed company with CCH owning around 71% (but perhaps rising if more acceptances are in the mail), Port Otago 12% and other investors up to 17%. The company should be able to maintain its current dividend and minority shareholders will also be able to participate in the "considerable value" that a future joint venture with Hutchison could create.

Nuplex Industries' shares have recovered very strongly over the last year - hitting a new all-time high over the last month.

Nuplex Industries



Richina Pacific plans to merge its NZ based **Mainzeal** construction business into its larger **Richina Land** division. Mainzeal will also apply for a construction licence in China. The company also plans to move its group headquarters from Singapore to Kuala Lumpur, Malaysia, which offers "significantly lower operating costs".

The conflict of interests between Richina Pacific's major shareholders and the minority public shareholders is a cause for concern. Over the last year the group acquired **Shanghai No1 Shoe Factory** for a nominal RMB 1. Liabilities exceeded assets, so the acquisition included goodwill of US\$31.8 million. Subsequent to the acquisition, however, the business sold land for a gain of US\$18.2 million and settled bank debts and creditors at less than face value to record a gain of a further US\$24.4 million. Goodwill was written-down by US\$5.9 million, resulting in a net gain of US\$36.7 million and *15% of this, or US\$5.5 million*, was credited to the "Tracking Securities" owned by the major shareholders. The other 85% is also shown as a profit but may simply be the result of an inflated goodwill figure in the balance sheet. So this type of transaction *could* simply be (1) inflating reported profits and (2) transferring wealth to the major shareholders who own the tracking securities, at the expense of the ordinary shareholders.

Australian Shares

(This section is in Australian currency, unless stated.) **Atlas Pacific** lifted revenues 48.3% to \$10.1 million for the year to 31 December 2005, while profits recovered more than three-fold to \$1,960,269 (2.2 cents per share). A 1.0 cent dividend was paid in December. This result is up on the \$1.5 million it predicted in early December

but down on its February upgrade to \$2.1 million.

There was a net operating cash *deficit* of \$190,188 owing to a \$2.1 million increase in debtors as a result of sales just before the end of the financial year.

Atlas Pacific shares have slipped back to around 30 cents which is a relatively low Price/Earnings ratio of 14. Pearl production *volumes* should approximately *double* over the next two years - owing to the growth in the number of oysters seeded over the last two years - so revenues and profits should also grow very strongly over the next few years. The shares therefore have the potential to appreciate strongly in value and we continue to rate them as a "Buy".

Atlas Pacific



Cellnet Group's shares are showing further signs of recovery, so we are upgrading them to a "Buy".

Cellnet Group



Circadian Technologies is to invest \$250,000 over the next year to earn a 50% interest in a new research project with **Monash University** based upon the development of stable peptides.

Circadian Technologies listed investments and cash at 30 March 2006 were:

Circadian Technologies



Listed Companies (% owned)	Market Value
Metabolic Pharmaceuticals (18.9%)	\$21.1 million
Zenith Therapeutics (22.6%)	\$14.8 million
Antisense Therapeutics (20.4%)	\$4.4 million
Optiscan Imaging (6.4%)	\$2.5 million
Axeva (13.9%)	\$5.4 million
Cash	<u>\$17.0 million</u>
Total	\$65.2 million

This gives a net asset backing of 163 cents per share. While the shares trade at a large 36% discount to net asset value they are still in a decline so we rate them as a "Hold" until this technical situation improves.

Commander Communications has received acceptances for 78.3% of **Volante Group** under its takeover and has extended the takeover offer until 19 April.

Commander Communications



Ellex Medical Lasers has launched a new product, its *Integre Duo*, which is the world's first solid-state red and green photocoagulator. The laser has been approved in Japan where the first units will be installed this month and FDA clearance in the United States should allow sales in that country from July.

At a recent presentation, Ellex Medical Lasers has released more information on its market. Worldwide there are 50,000 laser eye surgery sites, with a total of 65,000 lasers which have an average useful life of around eight years. So the replacement market is around 8,000 lasers and at an average cost of US\$26,000 this market is worth around US\$205 million annually and growing at about 5% per year. Ellex Medical Lasers currently has about 12% of this market but is seeking to grow this market share. It is also seeking to expand its product range to access a larger part of the US\$2,000 million ophthalmic device market.

At current prices we shall rate the shares a "Hold+" but they would be a strong "Buy" in the low 60's.

Ellex Medical Lasers



(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

International All Sports remains a "Buy" with the shares having dipped back from their January high, but still in a long term uptrend.

International All Sports



Iluka Resources has begun mining and processing at its *Adamson* zircon-rich deposits at Eneabba in Western Australia where it has been removing overburden since November. Stage 1 of this deposit has 16.7 million tonnes, graded 5.0% heavy minerals. That is 831,000 tonnes of heavy minerals, with 20.4% zircon. Total development costs, including moving a mining unit plant, are less than \$4 million.

Iluka Resources has also committed to spend \$39 million to develop its *Waroona* mineral sands mining operation in Western Australia. The deposit consists of 8.4 million tonnes of ore, with 10.2% heavy minerals, mainly ilmenite. Most of the development cost will be to move and upgrade the Morgan wet concentrator plant currently being used at the *Yoganup Extended* mine. This should be in operation at *Waroona* by the end of 2006.

Iluka Resources has also taken over the operation of the mining unit plant and wet concentrator plant at its *Douglas* mineral sands project. **Roche Mining** now expects to complete the mineral separation plant by 23 September. To date, 800,000 tonnes of heavy mineral ore has been mined, with 260,000 tonnes processed through the wet concentrator (yielding 14,000 tonnes of concentrate) during commissioning.

Iluka Resources



Keycorp's report to 31 December 2005 is a little confusing as the previous year's result has been re-stated both for the new accounting standards and to eliminate the *Secure Transaction* business that was sold. Revenues from *continuing* businesses rose 17.0% to \$54.3 million, while *trading* profits were \$2,624,000 (3.2 cents per

share). This compares with the \$1.3 million profit actually reported a year ago or the re-stated *loss* of \$3.2 million. There was also a loss of \$4,645,000 for disputed tax on the *Secure Transaction* business, leaving an overall reported loss of \$1,814,000 for the period.

As usual, no interim dividend will be paid. The net operating cash surplus fell 73% to a still high \$4.1 million.

Cash in the bank is \$15.5 million (18.8 cents per share) and interest bearing debt is only \$1.2 million. Keycorp is seeking to use this cash, plus potential borrowings, to make suitable acquisitions.

The *Access Devices* division (to be renamed *Payment Solutions*) lifted revenues 11.4% to \$18.1 million with earnings (before interest and depreciation) of \$186,000 (compared with a *loss* of \$1,020,000 last year). This result was depressed by restructuring costs of \$800,000 but the company is expecting around \$3 million in annual cost savings. *Smart Cards* revenues fell 35.4% to \$11.1 million with earnings down 77% to \$539,000. The rollout of EMV smartcards in Asia was lower than expected, although sales of identity cards rose strongly. *Services & Fleet Management* revenues were 94% higher at \$25.0 million with earnings 261% higher at \$9,512,000.

The company is forecasting earnings (before interest and depreciation) of only \$2.8-5.8 million for the second half of this financial year to June 2006. This will give total earnings of \$10-13 million - down 10-30% from continuing businesses last year. The company had hoped to sign another "significant EFTPOS fleet management contract" with revenues earned in the June quarter, but despite "excellent progress in developing a number of significant opportunities" the revenues are unlikely before the end of the financial year. Smartcard sales are also continuing at lower than expected levels.

The tax dispute is expected to be settled by the end of this financial year and the company *may* then pay a final dividend. Longer term the company predicts a "relatively high payout ratio".

This slower growth and uneven revenues is disappointing for Keycorp and the share price has been marked down. At this time we are downgrading the shares to a "Hold".

Keycorp



Sonnet Corporation has renegotiated the payment schedule for its *Vertel* debts of \$8.5 million to **Vodafone**. Repayments have been extended from October 2006 out until 2010. Sonnet Corporation will also guarantee \$2.75 million of this debt. Lower debt repayments will leave the company cashflow to finance the growth and

April 10, 2006.

recovery of its businesses.

Sonnet Corporation needs to improve the performances of its business and until we can see signs of a recovery we shall continue to rate the shares as "Hold".

Sonnet Corporation



UXC has acquired **BCT Group Pty**, a Canberra based IT services business providing security cleared IT staff and services to government Defence and Security Agencies.

UXC



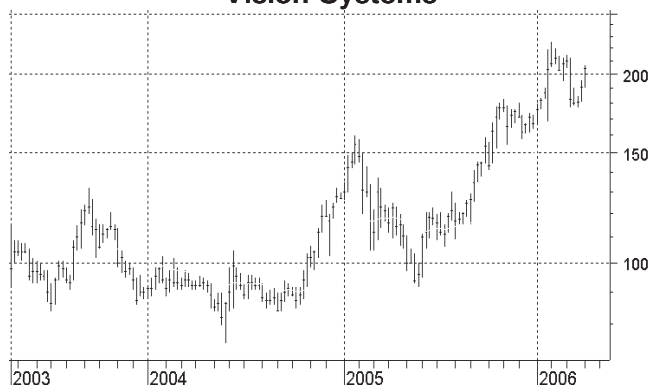
Vision Systems reports continued very strong growth from its *Vision BioSystems* business. Revenues for the March quarter were \$23.4 million, up 95% on the March 2005 quarter. The company also sold a further 70 *Bond* units, bringing the number worldwide to 330.

The company also reports sales of its *Peloris* tissue processors were "well up in the quarter".

Vision Systems plans to distribute 40 cents per share to investors in July, but if BioSystems revenues continue to double annually then this business will rapidly become extremely valuable.

"Buy" and Hold for further growth.

Vision Systems



NZ Stockbroker Commission Rates

Many people in the financial service industry have little *experience* (and probably even less success) at managing their own finances. If you have any doubts, just consider a recent letter from **ASB Securities**:

The letter starts by saying "At ASB Securities, we aim to make trading as easy as possible, with the best service, support and advice" . . . so obviously the person who composed this letter has never used the company's internet site to buy or sell shares, nor have they any experience of *other* online brokers! The letter then goes on to state "As part of this commitment" there is a "new streamlined rate structure" which is "simpler to calculate at a glance". What ASB Securities is trying to do is disclose their new brokerage commission - without mentioning that some charges have *tripled*!

ASB Securities *used* to charge a flat rate of \$29.45 on trades up to \$30,000. We would have thought that is about as simple to calculate as you can get! Now the fee is 0.3% with a minimum of \$30.

So a trade up to \$10,000 costs virtually the same (i.e. \$30 instead of \$29.45), but a \$20,000 trade is now \$60, up 104%, and a \$29,500 trade is now \$88.50, an increase of 200%!

What is more, the new fee structure is neither "simpler to calculate" nor available "at a glance". Last week when placing a trade worth around \$25,000 the ASB website continued to show the estimated commission at the old rate of \$29.45 - not the new fee of \$75 which was charged on the contract note!

Direct Broking has slightly changed their commissions since late 2004 when we last reviewed stockbrokers. They were charging \$29.50 on trades up to \$15,000 plus a very low 0.05% on the balance over that amount. Now the commission is \$29.90 on trades up to \$25,000 plus 0.2% on amounts in excess of \$25,000.

So trades up to \$15,000 cost virtually the same, while trades up to \$28,000 are cheaper, but commissions have increased for larger trades (although lower than with other NZ brokers).

A \$25,000 trade through Direct Broking will now cost \$29.90 - down 13% on previously - and 60% cheaper than ASB.

The **National Bank** stockbroking service continues to charge 0.3% with a minimum of \$29.50.

While investors can buy and sell Australian shares through any of these brokers, better rates (and better websites) are available from Australian brokers. For example, **Sanford Securities** charges A\$19.95 on trades under A\$10,000 and A\$29.95 on trades up to A\$30,000 and just 0.11% on larger trades. **E*Trade Australia** charges 0.11% with a minimum of A\$32.95.

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

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

Company	STRENGTH RATING				Insider Buying	Insider Selling	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Postie Plus Grp	74	+1.5	+5.2	42	0-0	1	1.1	6	1.0	18	6.1	0.26	30
Tag Pacific Ltd	31	+13.0	+2.7	9	2-0	-	1.2	18	1.6	7	1.8	0.35	20
Air New Zealand	134	+3.1	+0.8	34	7-4	4	0.9	12	0.9	7	5.6	0.36	1,340
Renaissance	149	+12.6	-2.9	9	1-4	-	5.1	45	0.7	11	10.0	0.37	57
Gullivers Trv.	162	+2.2	+5.4	39	0-0	-	1.0	7	0.8	13	9.0	0.38	162
Nuplex Indust	605	+13.5	+6.7	7	1-0	5	1.9	12	0.5	16	6.5	0.49	464
Ebos Group Ltd	505	+4.2	+2.0	29	0-0	2	2.8	18	0.4	15	6.4	0.50	139
Warehouse Group	403	+0.4	+2.6	46	0-3	6	3.5	11	0.5	32	5.4	0.55	1,231
Mainfreight Grp	495	+18.4	+4.3	3	2-5	5	5.4	15	0.4	35	2.0	0.55	475
Satara Co-op	110	+16.3	+8.2	4	0-0	-	0.9	NE	4.1	NE	4.1	0.57	29
VTL Group Ltd	55	+2.3	-5.6	38	0-1	-	0.9	11	1.4	8	6.0	0.58	17
Kirkcaldie & St	270	+3.4	+3.4	33	0-1	1	1.2	5	0.5	22	4.4	0.62	27
Guinness Peat	266	+10.8	+4.7	10	0-1	1	3.9	39	0.6	10	1.0	0.81	2,605
Briscoe Group	146	+3.4	+3.3	32	2-1	5	2.9	24	0.9	12	7.7	0.89	310
Fletcher Build.	935	+7.0	+4.2	17	4-4	4	3.0	23	0.3	13	5.1	0.93	4,340

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Nuplex Indust	605	+13.5	+6.7	7	1-0	5	1.9	12	0.4	16	6.5	0.49	464
Tag Pacific Ltd	31	+13.0	+2.7	9	2-0	-	1.2	18	1.2	7	1.8	0.35	20
Renaissance	149	+12.6	-2.9	9	1-4	-	5.1	45	0.5	11	10.0	0.37	57
Guinness Peat	266	+10.8	+4.7	10	0-1	1	3.9	39	0.4	10	1.0	0.81	2,605
Fletcher Build.	935	+7.0	+4.2	17	4-4	4	3.0	23	0.3	13	5.1	0.93	4,340
Tower Limited	263	+6.6	+4.8	20	3-0	4	1.2	13	0.5	10	Nil	0.83	943
Turners & Grow.	255	+5.4	+6.0	23	0-1	-	0.9	6	0.5	15	Nil	0.39	191
Ebos Group Ltd	505	+4.2	+2.0	29	0-0	2	2.8	18	0.3	15	6.4	0.50	139
Briscoe Group	146	+3.4	+3.3	32	2-1	5	2.9	24	0.7	12	7.7	0.89	310
Air New Zealand	134	+3.1	+0.8	34	7-4	4	0.9	12	0.7	7	5.6	0.36	1,340
VTL Group Ltd	55	+2.3	-5.6	38	0-1	-	0.9	11	1.1	8	6.0	0.58	17
Gullivers Trv.	162	+2.2	+5.4	39	0-0	-	1.0	7	0.6	13	9.0	0.38	162
Postie Plus Grp	74	+1.5	+5.2	42	0-0	1	1.1	6	0.7	18	6.1	0.26	30
Eastern Hi-Fi	80	+0.5	+2.6	45	0-0	-	1.0	7	0.8	15	Nil	0.45	8

INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													
Hellaby Hold.	465	-6.9	+1.7	82	1-0	3	2.3	21	0.3	11	12.5	0.59	229
Cavalier Corp	330	-6.1	+3.7	77	6-0	3	3.4	31	0.3	11	12.2	1.04	216
Restaurant Brds	129	-1.4	+0.9	55	0-0	5	2.8	23	0.6	12	11.6	0.39	125
Telecom Corp	586	-4.1	-0.7	66	0-16	8	4.7	38	0.3	13	9.8	1.99	11,471
MG Property Trt	120	-0.2	-1.3	52	3-0	6	1.2	5	0.4	23	9.4	N/A	410
Tourism Hold.	182	-1.3	+4.3	54	2-1	4	1.1	6	0.5	17	9.0	1.00	179
Gullivers Trv.	162	+2.2	+5.4	39	0-0	-	1.0	7	0.5	13	9.0	0.38	162
ING Property	119	-0.2	-0.7	50	0-0	5	1.1	7	0.4	15	9.0	8.26	286
Hallenstein G.	525	+6.9	+1.7	18	1-1	2	5.3	33	0.2	16	8.5	1.67	310
Skellerup Hold.	135	+0.5	+2.2	45	0-0	4	4.1	38	0.5	11	7.7	1.14	135

INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Comvita	270	+2.4	+3.6	37	10-2	-	2.1	9	0.3	22	2.8	N/A	35
AMP Limited	1050	+13.2	+3.6	8	4-0	-	6.1	29	0.3	21	3.5	1.44	19,634
Tower Limited	263	+6.6	+4.8	20	3-0	4	1.2	13	0.4	10	Nil	0.83	943
Wakefield Hlth	620	+2.9	-0.1	36	3-0	-	2.6	10	0.2	25	3.1	1.83	79
Port Tauranga	530	+4.2	+4.0	28	5-2	5	1.7	8	0.3	21	5.6	4.88	710
Air New Zealand	134	+3.1	+0.8	34	7-4	4	0.9	12	0.5	7	5.6	0.36	1,340
Tag Pacific Ltd	31	+13.0	+2.7	9	2-0	-	1.2	18	0.9	7	1.8	0.35	20
Ryman Health.	660	+13.5	+2.9	7	2-0	4	3.6	13	0.2	28	1.7	5.44	660
Summit Gold Ltd	162	+34.5	+24.1	0	1-0	-	25.0	-	0.5	NE	Nil	N/A	304
Nuplex Indust	605	+13.5	+6.7	7	1-0	5	1.9	12	0.3	16	6.5	0.49	464

Company	STRENGTH RATING				Insider Buying	Insider Selling	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Akd Int Airport	200	-2.4	+1.2	57	0-2	6	5.3	23	0.3	23	6.1	8.65	2,445
Salvus Strat.	70	-9.1	+0.8	88	0-0	-	0.7	4	0.6	15	4.3	8.37	14
ING Property	119	-0.2	-0.7	50	0-0	5	1.1	7	0.4	15	9.0	8.26	286
Forty Two Below	58	-7.0	+0.9	83	0-3	-	6.0	-	0.6	NE	Nil	5.99	75
Nat Property Tr	77	-9.9	-3.5	90	0-0	2	0.7	5	0.4	15	11.8	5.23	93
Mowbray Collect	130	-7.2	-1.5	84	0-2	-	2.6	-	0.3	NE	3.4	3.56	13
Sealegs Corp	18	-10.3	+2.4	91	2-2	-	6.7	-	1.5	NE	Nil	3.33	11
Oyster Bay	254	-6.8	-11.8	82	0-1	-	1.3	3	0.3	43	3.9	3.19	23
Just Water Int.	94	-4.1	+0.0	66	2-1	-	4.4	22	0.5	20	5.1	3.08	62
Genesis Res.	26	-4.2	+5.4	68	2-0	-	1.1	-	0.9	NE	Nil	2.62	7
Cadmus Tech Ltd	21	-4.2	-0.3	68	0-2	-	4.1	3	1.0	140	Nil	2.50	49
Vector Ltd	275	-4.6	+2.1	69	6-0	-	1.8	4	0.5	51	Nil	2.37	2,653

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Charlie's Group	14	-58.3	+0.0	98	1-0	-	18.6	-	1.0	NE	Nil	1.48	42
A2 Corporation	8	-23.5	-2.4	96	0-0	-	-	-	1.3	NE	Nil	N/A	5
New Image Group	6	-14.5	+1.5	93	0-0	-	1.2	-	1.9	NE	Nil	1.55	10
Botry-Zen Ltd	5	-12.7	-1.0	92	2-1	-	7.5	-	1.6	NE	Nil	N/A	15
Life Pharmacy	82	-12.6	+1.3	92	1-1	-	16.4	-	0.6	NE	2.2	N/A	441
Sealegs Corp	18	-10.3	+2.4	91	2-2	-	6.7	-	1.5	NE	Nil	3.33	11
Abano Health.	118	-9.4	-4.2	88	0-0	2	0.7	-	0.5	NE	Nil	0.48	32
Salvus Strat.	70	-9.1	+0.8	88	0-0	-	0.7	4	0.5	15	4.3	8.37	14
Lombard Group	3	-8.7	+0.5	87	0-0	-	-	-	2.4	NE	Nil	N/A	59
Zintel Comm.	68	-8.5	+0.6	86	3-2	-	5.1	51	0.5	10	7.6	0.96	34
Tenon Ltd	346	-7.7	+0.8	85	1-0	4	1.3	16	0.4	8	Nil	0.58	241
Blis Technology	14	-7.5	-1.6	84	0-0	-	7.0	-	1.1	NE	Nil	N/A	13
Mowbray Collect	130	-7.2	-1.5	84	0-2	-	2.6	-	0.3	NE	3.4	3.56	13
Forty Two Below	58	-7.0	+0.9	83	0-3	-	6.0	-	0.6	NE	Nil	5.99	75
Oyster Bay	254	-6.8	-11.8	82	0-1	-	1.3	3	0.3	43	3.9	3.19	23
Software of Exc	100	-6.6	+3.3	80	2-1	1	5.0	5	0.7	111	Nil	1.08	23
Broadway Ind	72	-6.4	-0.8	79	0-0	-	0.8	5	0.4	15	6.9	0.34	14
Evergreen	32	-6.3	+6.0	77	2-0	-	0.6	-	0.6	NE	Nil	1.52	50
Pyne Gould Corp	445	-6.1	+2.6	76	1-0	-	2.5	22	0.3	11	6.0	0.95	436
Allied Work.	133	-5.8	+3.5	75	0-1	-	-	-	0.6	NE	Nil	N/A	35

INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Telecom Corp	586	-4.1	-0.7	66	0-16	8	4.7	38	0.2	13	9.8	1.99	11,471
Mooring Systems	400	-5.5	+5.2	73	0-4	-	9.4	-	0.2	NE	Nil	N/A	51
Forty Two Below	58	-7.0	+0.9	83	0-3	-	6.0	-	0.5	NE	Nil	5.99	75
Cadmus Tech Ltd	21	-4.2	-0.3	68	0-2	-	4.1	3	0.8	140	Nil	2.50	49
Mowbray Collect	130	-7.2	-1.5	84	0-2	-	2.6	-	0.3	NE	3.4	3.56	13
Akd Int Airport	200	-2.4	+1.2	57	0-2	6	5.3	23	0.3	23	6.1	8.65	2,445
Allied Work.	133	-5.8	+3.5	75	0-1	-	-	-	0.5	NE			

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.

STRENGTH RATING												STRENGTH RATING																									
Company	Share Price	Cur- rent	4-Wk Chg.	Rank	Buyers Following	Price to NTA	Return on Equity	Volatility	Price-Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank	Insider Buying	Price to NTA	Return on Equity	Volatility	Price-Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n												
																										0-99	0-99	0-99	0-99								
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																																					
Sthn Cross Exp.	6	-3.9	-2.8	70	0-0	-	-	2.0	NE	Nil	9.84	5	Virax Holdings	12	-24.6	+0.4	97	0-1	-	2.9	-	1.5	NE	Nil	4.47	9											
Samson Oil/Gas	44	-3.5	-1.8	69	0-0	-	-	0.8	15	Nil	9.84	34	Longreach Group	6	-24.0	-0.9	97	0-0	-	1.2	3	1.5	46	Nil	0.29	10											
Biodiem Ltd	53	-1.8	-6.8	64	0-0	-	3.1	-	0.6	NE	Nil	9.65	17	Bounty Oil Gas	5	-24.0	-4.7	96	1-0	-	-	-	2.1	NE	Nil	N/A	8										
Medivac Ltd	6	-16.8	-2.7	92	1-0	-	1.5	-	2.5	NE	Nil	9.38	5	Ord River Res.	13	-23.9	-8.9	96	0-0	-	-	-	1.2	NE	Nil	N/A	15										
Jervois Mining	1	-12.5	-2.0	88	0-2	-	1.3	-	3.6	NE	Nil	9.29	12	Minerals Corp.	2	-23.8	-1.2	96	3-0	-	0.1	-	2.3	NE	Nil	0.81	11										
Safe Effect	9	-2.2	-2.1	65	0-0	-	-	-	1.3	NE	Nil	8.70	13	Gas2Grid Ltd	11	-23.6	-9.7	96	0-0	-	-	-	1.2	NE	Nil	N/A	6										
Cygenics Ltd	35	-9.9	-0.2	84	4-0	-	1.9	-	0.9	NE	Nil	8.31	18	Tawana Resource	30	-22.6	-1.8	96	7-0	-	-	-	0.7	NE	Nil	N/A	17										
Haoma Mining NL	4	-21.0	-0.8	95	0-0	-	0.7	-	1.8	NE	Nil	8.00	7	Adv. Ocular	21	-22.2	-4.2	96	3-0	-	5.3	-	0.9	NE	Nil	N/A	42										
Cleland (P) Ent	38	-0.9	+1.5	61	0-0	-	0.7	0	0.8	211	Nil	7.97	6	Norwest Energy	10	-22.0	-4.8	96	0-0	-	-	-	1.5	NE	Nil	N/A	17										
Westgold Res.	14	-1.2	-5.0	62	2-0	-	-	-	1.4	NE	Nil	7.91	11	Open Telecom.	20	-21.3	+1.0	95	0-0	-	-	-	0.8	NE	Nil	0.65	6										
Dia-B Tech Ltd	7	-4.6	-9.1	72	0-0	-	-	-	1.6	NE	Nil	7.87	5	Medical Dev Int	39	-21.1	-3.8	95	6-0	-	-	-	12.8	10	0.9	133	Nil	4.06	22								
CMC Power Syst.	2	-0.2	+0.1	58	0-0	-	-	-	3.0	NE	Nil	7.73	5	Haoma Mining NL	4	-21.0	-0.8	95	0-0	-	0.7	-	1.7	NE	Nil	8.00	7										
East'n Star Gas	12	-5.9	+1.9	75	0-0	-	-	-	1.3	NE	Nil	7.64	30	Stirling Prod.	14	-21.0	-2.6	95	1-0	-	4.7	-	1.3	NE	Nil	N/A	13										
Optima Corp Ltd	8	-14.5	+1.5	90	2-0	-	4.0	-	1.7	NE	Nil	7.41	7	Legend Mining	6	-20.7	-1.0	95	0-0	-	-	-	1.6	NE	Nil	0.41	10										
Unwired Group	39	-5.9	+0.9	75	2-0	1	1.7	-	1.0	NE	Nil	7.40	98	Pac. Star Netwk	3	-20.6	-7.0	95	3-0	-	-	-	2.3	NE	Nil	2.28	8										
Thundelarra Exp	22	-6.0	+3.8	75	5-0	-	-	-	1.0	NE	Nil	7.19	16	Eurogold Ltd	8	-20.3	+0.2	95	4-0	-	-	-	1.2	NE	Nil	N/A	20										
Mosaic Oil NL	19	-8.3	+1.5	81	0-0	-	-	-	0.9	109	Nil	7.14	83	Affiance Group	4	-20.2	+0.7	95	3-1	-	-	-	2.0	NE	Nil	0.52	9										
Nuenco NL	3	-14.8	-3.4	91	1-2	-	-	-	2.4	NE	Nil	7.03	13	Multiemedia Ltd	1	-20.2	+1.4	95	0-0	-	-	-	4.1	NE	Nil	1.20	25										
Sun Resources	14	-10.3	-3.7	85	1-1	-	-	-	1.3	NE	Nil	6.97	16	Advanced Engine	11	-20.0	-3.8	95	0-0	-	-	-	1.1	NE	Nil	5.00	9										
Premier Bionics	23	-10.0	+0.5	84	0-0	-	3.8	-	0.9	NE	Nil	6.90	11	Two Way TV Aust	49	-20.0	+3.0	95	0-1	-	2.2	-	0.6	NE	Nil	N/A	44										
Sun Capital Grp	4	-8.8	-3.8	81	2-0	-	4.0	-	2.1	NE	Nil	6.78	5	Namakwa Diamond	7	-19.9	-0.8	94	1-0	-	-	-	1.3	NE	Nil	5.92	8										
Ezenet Limited	12	-2.9	-2.7	67	0-0	-	12.0	-	1.4	NE	Nil	6.59	7	Impact Capital	56	-19.7	+1.1	94	0-0	-	-	-	0.7	NE	Nil	N/A	6										
Victoria Petrol	3	-1.1	-1.3	61	0-0	-	-	-	2.5	NE	Nil	6.59	50	Konekt Limited	47	-19.7	+5.0	94	2-0	-	-	-	0.7	NE	Nil	0.63	19										
Pan Palladium	22	-11.8	+3.8	87	1-0	-	-	-	1.0	NE	Nil	6.48	23	Hitech Energy	2	-19.6	-0.2	94	0-0	-	2.0	-	2.7	NE	Nil	N/A	9										
DenX Ltd	6	-13.8	-2.0	89	2-0	-	0.1	-	1.4	NE	Nil	6.43	11	Falcon Minerals	27	-19.6	-8.9	94	0-0	-	-	-	1.2	NE	Nil	N/A	38										
Asset Loans Ltd	43	-2.5	+1.6	66	0-0	-	-	-	1.1	28	2.3	6.36	20	Norton Gold	11	-19.4	-3.6	94	0-0	-	-	-	1.2	NE	Nil	N/A	5										
D'Aguilar Gold	7	-10.7	+1.4	85	1-0	-	-	-	1.6	NE	Nil	6.09	5	LV Living Ltd	5	-19.2	+4.3	94	0-0	-	4.8	-	2.6	NE	Nil	N/A	6										
Mariner Retire.	19	-13.9	-2.6	89	0-0	-	3.8	-	1.1	NE	Nil	5.94	25	SP Telecom.	93	-19.1	-0.5	94	5-0	2	2.9	15	0.5	20	2.4	1.46	329										
Namakwa Diamond	7	-19.9	-0.8	94	1-0	-	-	-	1.4	NE	Nil	5.92	8	Ambri Limited	6	-18.8	-0.1	94	0-0	-	1.1	-	1.5	NE	Nil	N/A	11										
Connxon Ltd	17	-1.1	+3.7	61	0-0	-	-	-	1.1	131	Nil	5.90	16	Resources Min.	6	-18.4	+3.7	94	2-0	-	-	-	1.7	NE	Nil	N/A	17										
Pan Pacific Pet	13	-1.3	+2.5	62	1-0	-	-	-	1.3	NE	Nil	5.86	47	Harrington Grp	8	-18.2	-3.0	93	0-0	-	-	-	1.8	NE	Nil	4.26	10										
Avastra Ltd	18	-3.1	+4.4	68	4-0	-	0.9	-	1.0	NE	Nil	5.69	8	Excalibur Min.	1	-18.1	-2.0	93	0-0	-	-	-	3.4	NE	Nil	5.65	5										
Excalibur Min.	1	-18.1	-2.0	93	0-0	-	-	-	3.7	NE	Nil	5.65	5	Synergy Metals	4	-17.9	-2.4	93	0-0	-	-	-	2.1	NE	Nil	N/A	9										
QRSciences Hold	6	-17.8	-3.6	93	2-0	-	2.9	-	1.5	NE	Nil	5.59	13	QRSciences Hold	6	-17.8	-3.6	93	2-0	-	2.9	-	1.4	NE	Nil	5.59	13										
Argus Solutions	7	-11.1	+5.2	85	0-0	-	1.3	-	1.8	NE	Nil	5.55	12	Medical Monitor	12	-17.8	+3.0	93	0-0	-	-	-	1.1	NE	Nil	N/A	6										
Baxter Group	480	-6.5	-0.7	77	1-1	1	4.0	16	0.4	25	3.6	5.52	187	Orchid Capital	4	-17.5	+3.1	93	11-0	-	1.4	-	1.8	NE	Nil	0.54	8										
Anadis Limited	33	-0.2	-3.8	58	0-0	-	4.7	-	0.9	NE	Nil	5.24	30	Cent. Asia Gold	49	-17.4	-0.8	93	0-0	-	-	-	0.8	NE	Nil	N/A	53										
Mikoh Corp.	7	-6.7	+3.4	77	1-0	-	0.1	-	1.4	NE	Nil	5.04	8	Global Property	52	-17.2	-7.6	92	0-0	-	2.6	-	0.8	NE	Nil	N/A	8										
Advanced Engine	11	-20.0	-3.8	95	0-0	-	-	-	1.2	NE	Nil	5.00	9	INSIDER SELLING: Most Insider Selling, Relative Strength < 0																							
Community Life	23	-13.7	+0.6	89	7-0	-	0.4	0	1.1	94	Nil	4.89	11	Cons Minerals	279	-11.7	+0.2	87	0-5	2	2.9	34	0.5	9	6.5	2.14	608										
TZ Limited	60	-1.0	+3.3	61	0-0	-	8.6	40	1.1	22	Nil	4.80	89	DCA Group Ltd	365	-2.7	-1.2	67	0-5	8	-	-	0.4	94	1.9	2.27	1,630										
Desane Group	90	-3.3	-0.2	68	0-1	-	1.0	6	0.5	17	2.2	4.74	24	Medec Limited	30	-14.0	-7.5	90	0-5	-	3.3	-	0.7	NE	Nil	1.61	13										
New Hope Corp.	139	-0.5	+3.5	59	2-0	1	1.5	8	0.5	19	2.2	4.64	1,070	Ent Media & Tel	1	-40.4	+3.1	99	0-4	-	-	-	2.9	NE	Nil	0.93	8										
Sipa Resources	6	-9.0	-0.9	82	0-0	-	-	-	1.7	NE	Nil	4.51	14	Yamana Goldfld	1	-3.9	+6.5	70	3-7	-	-	-	4.1	NE	Nil	1.35	8										
Probiomics Ltd	6	-15.0	-0.3	91	0-0	-	-	-	1.7	NE	Nil	4.48	7	De Grey Mining	19	-13.8	-0.3	89	0-3	-	-	-	1.1	NE	Nil	N/A	20										
Virax Holdings	12	-24.6	+0.4	97	0-1	-	2.9	-	1.6	NE	Nil	4.47	9	CO2 Group Ltd	23	-7.0	-4.2	78	0-3	-	3.3	-	0.7	NE	Nil	N/A	45										
West Aust News	783	-2.3	-1.3	65	0-0	6	97.9	-	0.3	18	5.5	4.39	1,638	Macarthur Coal	556	-5.6	+2.8	75	0-3	7	3.9	25	0.3	16	3.2	2.60	961										
Redflex Holding	236	-11.1	-4.2	85	2-4	4	4.1	12	0.4	35	Nil	4.36	202	Rusina Mining	15	-10.0	-8.4	84	0-3	-	-	-	1.3	NE	Nil	N/A	18										
Energy Develop.	418	-2.6	+0.4	67	0-0	3	2.2	10	0.4	21	0.8	4.31	599	Universal Res.	16	-7.0	+5.6	78	0-3	1	-	-	1.2	NE	Nil	N/A	36										
Harrington Grp	8	-18.2	-3.0	93	0-0	-	-	-	1.9	NE	Nil	4.26	10	IFC Capital Ltd	22	-6.8	-0.2	77	1-4	-	0.7	-	1.0	NE	Nil	N/A	7										
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																																					
Ent Media & Tel	1	-40.4	+3.1	99	0-4	-	-	-	3.1	NE	Nil	0.93	8	Solco Ltd	23	-11.8	+2.4	87	1-4	-	3.2	-	0.9	NE	Nil	1.68	17										
E-pay Asia Ltd	27	-30.7	+5.7	98	0-0	-	-	-	1.2	NE	Nil	0.59	51	Village Road.	230	-7.7	-2.7	79	3-6	2	1.1	7	0.5	16	Nil	0.41	637										
Clinical Cell	16	-29.0	-4.1	98	2-0	-	3.1	-	1.3	NE	Nil	N/A	30	Amcom Telecom.	16	-6.6	-0.5	77	0-2	1	1.0	3	1.1	38	1.6	2.34	57										
Palm Springs	3	-28.0	-2.5	98	0-0	-	1.5	-	2.1	NE	Nil	0.39	9	Funtastic Ltd	180	-4.7	+1.6	72	0-2	3	5.3	50	0.3	11	5.8	0.66	228										
Chemeq Ltd	40	-28.0	-2.0	98	0-0	1	1.4	-	0.8	NE	Nil	N/A	41	Jervois Mining	1	-12.5	-2.0	88	0-2	-	1.3	-	3.0	NE	Nil	9.29	12										
Compumedics Ltd	7	-27.6	-0.6	98	1-0	-	1.2	-	1.3	NE	Nil	0.27	10	Iatia Limited	8	-5.6	+2.0	75	0-2	-	8.1	-	1.1	NE	Nil	N/A	13										
Marine Produce	5	-27.3	-4.1	97	1-0																																

Company Analysis: Methven

Methven Ltd (code MVN)

Methven is a small company designing and manufacturing tapware, showers and valves. The shares trade at a low valuation, while growth potential is possible by developing its export markets in Australia, Europe and the United States.

Company History

This company listed on the NZ stockmarket in November 2004 after raising \$36.2 million from offering 25,300,000 shares to the public at 143 cents. The existing investors - who acquired this business in a management buyout in 2001 - received over 90% of this money. 55% went directly to the existing investors who reduced their interest in the company to 50% and another 36% indirectly funded a pre-listing dividend distribution of \$13.5 million.

Recent Results

For the full year to March 2005, revenues rose 15.7% to \$54.8 million with profits up 31.8% to \$6,321,000 (12.3 cents per share). The dividend - for the four months as a listed company - was 2.54 cents (plus full imputation tax credits), up 5.0% on the prospectus forecast. The net operating cash surplus was 16% higher at \$6.3 million.

NZ domestic sales rose 8.8% to \$35.4 million, NZ exports - mainly to Australia - rose 12.9% to \$6.9 million and sales by the Australian subsidiary increased 44.3% to \$12.4 million.

The six months to September 2005 saw revenues rise 7.1% to \$29.8 million and profits up 14.0% to \$3,515,000 (6.9 cents per share). The interim dividend was 4.12 cents (plus full imputation tax credits). The operating cash surplus rose 30% to \$5.4 million.

As a result of lower than expected second half sales and tough trading conditions in Australia the company expects the full year profit to be similar or "marginally behind" the previous year.

Current Business and Growth Potential

65% of the company's revenues - and 92% of its profits - are currently earned in NZ, where it is the largest designer, manufacturer and supplier of tap and showerware with a 40% market share.

Methven is seeking to grow its business with new product design and expansion into new international markets. Australia is the current target for expansion, where it now has over 450 retailers displaying the company's products. Expenditure in building brands and distribution channels is depressing the short term profit performance in Australia.

The lower end of the market is very competitive, so Methven is focusing upon the medium to high end of the market. This requires it to invest in design and technology to create a competitive advantage with new products

such as its *SatinJet* shower which uses less water and can handle uneven water pressures.

In March 2005 the company licensed an Italian luxury bathroomware supplier **Visentin** to manufacture and distribute its *SatinJet* products in Italy and France. Methven will seek to expand in the UK, Europe, North America and Asia through other licensing agreements.

High quality product is manufactured in Auckland, with lower and middle range products, plus components, outsourced in China. Overall 10% of products and 60% of components are outsourced.

In April 2005 the company opened a "small office in New York" and began exporting to "high end boutique plumbing stores" in the United States. The company expects only "modest export revenues" initially but strong growth, and for this market to become profitable by around September 2007.

Investment Criteria

At 132 cents, Methven shares are trading on a Price/Sales ratio of 1.23, a low Price/Earnings ratio of 11 and offer a high Dividend Yield of 8.6%. The company aims to distribute around 60% of profits as a dividend - so these shares should offer an attractive income yield while retaining sufficient funds to finance steady growth in the business.

The issued capital is 51,188,810 shares, so the market capitalisation is \$68 million. This makes Methven a *smaller* NZ listed company.

The directors have a reasonable holding in this company. Managing Director R Falla and Executive Director J Krill each own 2,559,441 shares or 5.0% of the company. Chairman R Cutfield holds 50,000 shares.

There has been one *insider* trade over the last year, with R Cutfield buying 15,000 shares on-market in December 2005 at 128 cents per share.

AMP still owns about 30.5% of the company, which it acquired in the 2001 management buyout. Since listing on the stockmarket, Tower has acquired a 5.6% shareholding and Walker Capital has recently built up a 6.2% holding. The shares are relatively *neglected* or only *moderately followed* by stockbrokers, with two firms publishing profit forecasts.

Methven shares are fairly weak and appear to still be in a downtrend. Initially the shares listed at a premium, reaching a high of 172 cents soon after listing in late 2004. Although the company is making steady progress, the shares quickly fell *out of favour*, hitting a low of 119 cents in May 2005 and a recent low of 120 cents in December. The Relative Strength rating is -2.5%, ranked 59. An improvement in the share price trend (i.e. a *positive* strength rating or a ranking between 0-49) would probably indicate a good time to upgrade Methven shares to a "Buy".

Summary and Recommendation

Methven shares appear to offer good value and hold the potential for steady long term growth if it can expand its export business. These overseas operations currently generate little profits, but margins should improve as the business grows. Overseas expansion and licensing is also necessary to provide the economies of scale necessary to earn a return on the company's continuing investment in new design.

The share price trend is still unfavourable at present, so the shares may drift sideways over the next few months, but Methven shares do offer a high current income yield and *potential* for growth.



Company Analysis: Smith City Group

Smith City Group (code SCY)

Smith City Group is a retail and finance business whose shares offer good value. The company has significant tax losses and won't need to pay income tax for another 6-7 years and this will boost profits and cashflows which should help to finance future expansion and growth. There are no imputation credits on dividends, but the shares still offer a high gross dividend yield regardless of your personal tax rate, and some investors on lower tax rates may benefit from this situation (i.e. surplus imputation credits from other dividends may cover the personal tax on these unimputed dividends).

The business suffers from all of the normal cyclical exposure to the NZ economy and the retailing sector - but shares in this sector are currently *out of favour* and *depressed*, anticipating weaker retail sales - so investors should watch Smith City Group as a potential cyclical recovery situation.

Company History

The company was incorporated in 1938 as **Smith City Market** to continue an auctioning and retail business that was started in 1918. The company listed on the NZ stockmarket in 1972 but rapid expansion during the 1980's boom resulted in the shares being delisted and the company was placed in receivership in 1991. The current company, Smith City Group, was formed from a subsidiary that was released from receivership in 1994 and entered a Scheme of Arrangement with creditors. The shares were relisted on the NZ stockmarket in November 2003.

In 2004 the company again ventured into the North Island with the purchase of an 80% interest in Wellington based **L V Martin & Son**.

As a result of the receivership and prior losses, in November 2004 the company received a binding ruling from the **Inland Revenue Department** for tax losses of \$52.2 million. Smith City Group therefore received a

tax refund of \$3.2 million (of tax paid in prior years). After the April 2005 financial year the group had tax losses of \$35.6 million.

In March 2005 the group further expanded in the North Island with the acquisition of **Meikles**, a Bay of Plenty retailer with six stores selling appliances and furniture, and **Meikles Finance** for around \$7.5 million.

In March the group also announced plans to open a *Smith City* store in Palmerston North.

Recent Results

For the year to 30 April 2002, revenues increased 6.3% to \$180.9 million but profits jumped 41.4% to \$3,366,000 (6.4 cents per share). A 20% lower dividend of 2.0 cents (plus full imputation tax credits) was paid.

To April 2003, revenues were 6.6% higher at \$192.7 million with profits ahead 20.3% at \$4,048,000 (7.6 cents per share). The annual dividend was raised 50.0% to 3.0 cents (plus full imputation tax credits).

Revenues rose a further 6.4% to \$205.1 million in 2004, with profits rising 7.1% to \$4,343,000 (8.2 cents per share). The annual dividend was 16.7% higher at 3.5 cents (plus tax credits).

The year to April 2005 recorded a 10.9% lift in revenues to \$227.5 million, but pre-tax profits slipped 18.2% to \$5,187,000 (9.8 cents per share) while a \$3.6 million tax *refund* boosted the total reported profits to \$8,761,000 (16.5 cents per share). The annual dividend rate was 42.9% higher at 5.0 cents but *without* imputation tax credits (i.e. the gross dividend was 4.3% *lower*), plus there was a 1.5 cents unimputed special dividend.

For the six months to October 2005 the company reported revenues 12.4% higher at \$116.3 million but "intense competition" lowered margins so pre-tax profits were 5.9% *lower* at \$2,423,000. A small tax provision and minority interests resulted in a net profit of \$2,272,000 (4.3 cents per share) - down 42.4% from the previous year's \$3.9 million (Continued on Page 12)

Company Analysis: Smith City Group

(Continued from Page 11)

profit which was boosted by the tax refund. A steady 1.5 cents unimputed dividend was paid in February.

The company expects the second half to April 2006 to remain “challenging” and reported “disappointing” trading during November and December.

Investment Criteria

At 61 cents Smith City Group shares trade on a low Price/Earnings ratio of 0.14, a very low Price/Earnings ratio of 4 and a high Dividend Yield of 8.2%. Removing the tax credit from last year's result increases the P/E ratio, but to a still low 6. So the shares are under-valued, although profits will likely weaken in the short term owing to the slowing economy and weak retail sector.

The issued capital is 52,956,844 shares, making this a *smaller* company with a market capitalisation of just \$32 million.

Over the last year there have been three small *insider* trades - two buys and one sell - by senior company executives.

The directors have a significant investment in Smith City Group. Chairman CD Boyce owns 3,415,039 shares (6.4% of the company), Chief Executive R Hollings holds 4,778,075 shares (9.0%) and director JW Holdsworth has 7,732,284 shares (14.6%).

The shares are *neglected* by brokers - none follow the company closely enough to publish profit forecasts - and institutional investors own very little of the company.

The shares rose strongly during 2004, reaching a

peak of 94 cents in December 2004, but have since weakened and still appear to be in a decline. The Relative Strength rating is -5.0%, ranked 72.

Summary and Recommendation

Most investment advisers are avoiding companies like Smith City Group which are exposed to the domestic economy and the cyclical retail market. The shares, however, have *already* fallen in price *anticipating* the current economic slowdown and difficult trading conditions. Smith City Group shares, like many retailers, are *out of favour* and *depressed* and so offer good *value* at current prices - although the shares may drift sideways in the immediate future.

A more attractive buying opportunity may develop later in 2006.

Smith City Group



“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: 47.1% Buyers
Last 13 wks: 46.3% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AMP Limited	4-0	Cube Capital	0-1	MG Property Trt	3-0	Port Tauranga	5-2	Telecom Corp	0-16
Air New Zealand	7-4	Dominion Fin.	0-1	Mainfreight Grp	2-5	Pumpkin Patch	0-5	Tenon Ltd	1-0
Akd Int Airport	0-2	Evergreen	2-0	Methven Limited	1-0	Pyne Gould Corp	1-0	Toll NZ Ltd	0-1
Allied Farmers	2-0	F & P Appliance	1-3	Metro. LifeCare	0-1	Renaissance	1-4	Tourism Hold.	2-1
Allied Work.	0-1	F & P Health.	1-18	Michael Hill	17-1	Rubicon Limited	2-0	Tower Limited	3-0
Botry-Zen Ltd	2-1	Feltex Ltd	3-2	Mr Chips Hold	0-1	Ryman Health.	2-0	Trust Power Ltd	0-2
Brierley Invest	0-1	Forty Two Below	0-3	Mooring Systems	0-4	Sanford Limited	0-1	Turners & Grow.	0-1
Briscoe Group	2-1	Freightways Ltd	1-2	Mowbray Collect	0-2	Scott Tech. Ltd	4-0	Turners Auction	3-1
Cadmus Tech Ltd	0-2	Genesis Res.	2-0	Mr Chips Hold	1-0	Seeka Kiwifruit	2-0	VTL Group Ltd	0-1
Calan Hlthcare	1-0	Guinness Peat	0-1	NZ Exchange Ltd	0-3	Sky City Ltd	0-12	Vector Ltd	6-0
CanWest Media.	1-0	Hellaby Hold.	1-0	NZ Invest Trust	0-2	Smiths City	2-1	WN Drive Tech.	1-2
Cap Properties	0-3	Heritage Gold	1-0	NZ Refining Co	0-1	Software of Exc	2-1	Wakefield Hlth	3-0
Carter Holt	0-3	Infratil NZ	0-1	NZ Wool Service	2-0	Speirs Group	1-0	Warehouse Group	0-3
Cavalier Corp	6-0	Jasons Media	0-1	Northland Port	3-1	Steel & Tube	2-1	Waste Mgmt NZ	2-8
Charlie's Group	1-0	Just Water Int.	2-1	Nuxtel Indust	1-0	Summit Gold Ltd	1-0	Widespread Port	0-1
Col Motor Co	5-0	Kirkcaldie & St	0-1	Oyster Bay	0-1	Tag Pacific Ltd	2-0	Windflow Tech.	2-0
Comvita	10-2	Loan & Building	4-0	POD Ltd	2-0	TeamTalk Ltd	0-10	Wool Equities	2-0
								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: 69.7% Buyers
 Last 13 wks: 71.1% Buyers

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	Aurora Minerals	1-0	Brickworks Inv.	3-0	CopperCo Ltd	3-0	GBST Holdings	3-0
AAV Limited	1-0	Aurox Resources	4-2	Brickworks Ltd	1-0	Corp Express	2-0	GPT Group	1-0
ABB Grain Ltd	3-0	Auselect Ltd	1-0	Buderim Ginger	6-0	Cougar Metals	3-0	GWA Internat'l	2-1
ABC Learning	8-0	Ausmelt Ltd	2-0	Buka Gold Ltd	2-0	Coventry Group	5-0	Gale Pacific	9-0
AED Oil Ltd	4-0	Auspine Ltd	6-0	Buka Minerals	5-0	Crescent Gold	0-1	Galileo Shop Am	0-1
AFT Corporation	1-0	Ausquest Ltd	5-0	Bullion Min.	8-0	Cromwell Corp	0-1	Gallery Gold	0-2
AGD Mining	1-0	Ausron Limited	6-0	Bunnings W/hse	2-0	Cryosite Ltd	1-0	Gandel R. (CFS)	1-0
AI Limited	2-1	Aust Foundation	2-0	C.S.R. Ltd	1-0	Cumminscorp Ltd	1-0	Garratt's Ltd	1-0
AJ Lucas	1-0	Aust Mines Ltd	0-1	CBD Energy Ltd	1-0	Cumamona En.	1-0	Gateway Mining	3-0
AMP Ltd	8-0	Aust Oriental	2-0	CCI Holdings	4-0	Cygenics Ltd	4-0	Gazal Corp	7-0
APN News Media	3-1	Aust Mining Inv	2-0	CDS Tech	1-3	Cypress Lakes	0-1	Genesis Bio.	1-0
ARC Energy	1-0	Aust Stock Exch	1-2	CMA Corporation	2-0	Cytopia Ltd	1-0	Genetic Tech.	3-0
ASG Group Ltd	2-1	Aust Ethical In	0-1	CMI Limited	1-0	D'Aguilar Gold	1-0	Gippsland Off.	0-1
AV Jennings	1-0	Aust Education	4-0	CO2 Group Ltd	0-3	DCA Group Ltd	0-5	Giralia Res.	1-0
AWB Limited	3-0	Aust Gas Light	1-0	CSL Limited	0-2	DKN Financial	1-0	Global Approach	6-0
Abra Mining Ltd	2-0	Aust Wealth Mgt	8-0	CVC Limited	3-0	Danks Holdings	1-0	Gloucester Coal	5-0
Access Provider	2-0	Aust Agricult.	10-0	Cabcharge Ltd	0-5	Dark Blue Sea	3-0	Go Connect Ltd	1-0
Acrux Ltd	1-0	Aust Pharm. Ind	1-0	Calliden Group	3-0	Data 3 Ltd	1-4	Gold Aura Ltd	2-0
Adamus Resource	0-1	Aust Zircon NL	1-0	Caltex Australia	2-1	Datadot Tech.	2-0	GoldLink Income	2-0
Adcorp Aust.	2-0	Aust Infra.	4-0	Campbell Bros	3-2	De Grey Mining	0-3	Golden Tiger	0-1
Adelaide Bright	8-0	Austal Limited	2-0	Candle Aust.	3-1	DenX Ltd	2-0	Goldlink Growth	3-0
Adelaide Bank	0-2	Austin Group	2-0	Capral Alum.	4-0	Desane Group	0-1	Goldsearch Ltd	2-0
Admerex Ltd	2-0	Australand Prop	1-0	Cardia Tech.	1-2	Destra Corp Ltd	1-0	Goldstar Res.	1-0
Admiralty Res.	2-0	Avastra Ltd	4-0	Cardno Ltd	8-2	Devine	2-0	Gowing Brothers	1-0
Adsteam Marine	1-0	Avatar Indust.	1-0	Carnarvon Pet.	4-0	Diamonex Ltd	1-0	Grange Resource	12-1
Adtrans Group	3-1	Avexa Limited	6-0	Carpathian Res.	7-0	Diatreme Res.	0-4	Gravity Diamond	1-0
Adv Nanotech.	2-0	Aztec Resources	1-0	Carrick Gold	5-1	Dioro Explor.	4-0	Great Gold Mine	1-0
Adv. Magnesium	1-0	B & B Infrastr.	5-0	Caspian Oil & G	4-0	Discovery Nick.	1-0	Green's Foods	14-0
Adv. Ocular	3-0	B & B Env. Inv.	1-2	Catalyst Rec'mt	4-0	Dominion Mining	1-0	Green Rock En.	2-0
Aequus Capital	2-0	B Digital Ltd	2-1	Cathrx Ltd	2-0	Drake Resources	1-0	Gregory Aust.	3-0
Aevum Ltd	3-0	B&B Japan Prop.	0-1	Cazaly Res Ltd	1-0	E-Bet Limited	5-0	Gro Pep Limited	0-1
Affiance Group	3-1	BBX Holdings	6-0	Cellestis Ltd	0-2	E.R.G.	2-0	Gryphon Mineral	1-0
Agenix Limited	1-0	BHP Billiton	1-2	Centamin Egypt	1-0	EC-Asia Int'l	1-0	Gt Stn Plant'n	3-0
Aim Resources	4-0	BMA Gold Ltd	0-2	Centennial Coal	1-0	ETRADE Aust.	1-0	Guinness Peat	0-2
Albidon Ltd	3-0	BQT Solutions	9-0	Centro Property	2-1	Eastern Corp	2-0	Gullewa Gold NL	1-0
Alcaston Mining	4-0	Bakehouse Quart	30-0	Centro Retail	4-0	Echelon Res.	2-1	Gunns Ltd	4-1
Alchemia Ltd	0-1	Baraka Petrol.	1-0	Century Aust In	2-0	Elixir Petrol.	2-0	Gunson Res.	0-1
Ale Property	5-0	Bass Metals Ltd	1-0	Ceramic Fuel C.	2-0	Elk Petroleum	3-0	Hamilton James	1-0
Alesco Corp Ltd	5-1	Baycorp Advant.	2-1	Chal Wine Trust	1-0	Ellex Medical	7-0	Hampton Hill	2-0
Alexander Res.	1-0	Beach Petroleum	2-1	Chal Financial	2-0	Emitch Limited	2-1	Hannans Reward	2-0
Alinta Limited	2-0	Beaconsfield Gl	2-0	Chandler McLeod	0-1	Emperor Mines	2-0	Hardman Res.	0-1
Alkane Explor.	3-0	Becker Group	4-0	Chariot Limited	0-1	Ent Media & Tel	0-4	Harvey Norman	0-3
Allegiance Min.	0-1	Bendigo Mining	1-0	ChemGenex Pharm	1-0	Entek Energy	1-0	Hastie Group	2-0
Allied Tech Grp	0-1	Bendigo Bank	0-3	Cheviot Bridge	5-0	Envestra	1-0	Havilah Res.	4-0
Alpha Tech.	6-0	Bentley Int'l	7-0	Childs Family	0-3	Environ'm't Grp	1-0	Healthscope	1-0
Altium Limited	2-0	Berkeley Res.	2-0	Chiquita Brands	1-0	Equigold NL	2-0	Heartware Ltd	2-0
Alumina Ltd	0-1	Betcorp Ltd	16-0	Choiseul Inv.	1-0	Equity Trustees	8-0	Heemskirk Cons.	1-0
Ambertech Ltd	2-1	Beyond Int'l	2-0	Circadian Tech	1-0	Espreon Ltd	0-1	Helix Resources	2-1
Ambition Group	1-0	Bill Express	1-0	Citic Australia	0-1	Eumundi Group	2-0	Heron Resources	1-0
Amcom Telecom.	0-2	Billabong Int'l	0-5	Citofresh Int.	0-1	Eurogold Ltd	4-0	Hill End Gold	5-0
Amcor Ltd	1-0	Biomd Ltd	1-0	City Pacific	2-0	Evans & Tate	4-0	Hillcrest Liitg	1-0
Analytica Ltd	2-0	Biometrics Ltd	1-0	Clinical Corp	2-0	Everest B&B Alt	14-0	Hillgrove Res.	2-1
Anglo Pacific	1-0	Bionomics Ltd	1-0	Clover Corp.	8-0	Excel Coal Ltd	0-6	Hills Indust.	0-1
Anglo Australia	2-0	Biota Holdings	2-0	Cluff Resource	0-2	Extract Res.	1-0	Hindmarsh Res.	1-0
Angus & Coote	1-0	Biotech Capital	1-0	CocaCola Amatil	0-1	F.F.I. Holdings	1-0	Hire Intell.	11-0
Antares Energy	13-0	Biron Apparel	1-0	Cochlear Ltd	2-0	Farm Pride Food	1-0	Hodges Res.	2-0
Anvil Mining	0-1	Black Range Min	0-2	Codan Ltd	1-0	Felix Resources	7-2	Home Bldg Soc.	0-7
Anzon Australia	1-0	Blackmores Ltd	2-0	Coffey Int'l	3-1	Fiducian P Serv	1-0	HomeLeisure Ltd	4-0
Apex Minerals	1-0	Blaze Intern'l	1-0	Coles Myer	2-1	Financial Res.	6-0	Homeloans Ltd	4-0
Apollo Life Sci	1-0	Blina Diamonds	2-0	Colorado Group	0-1	Finbar Intern'l	5-1	Horizon Oil Ltd	4-0
Aquarius Plat.	0-3	Bluescope Steel	6-0	Colorpak Ltd	1-0	Fleetwood Corp	1-2	Hostworks Group	0-6
Aquila Res.	1-0	Bluestone Tin	3-0	ComOps Limited	1-0	Flight Centre	1-0	Housewares Int.	1-0
Arafura Res.	1-2	Boom Logistics	0-2	Comet Ridge Ltd	5-0	Flinders Diam.	1-0	Hunter H Global	1-0
Argo Investment	2-0	Boral Limited	1-0	Comet Resources	1-0	Focus Minerals	1-0	Hunter Hall Int	0-2
Argosy Minerals	1-0	Boulder Steel	1-0	Commander Comm.	1-3	Folkestone Ltd	1-0	Huntley Invest	1-0
Aristocrat Leis	2-0	Bounty Oil Gas	1-0	Community Life	7-0	Fortescue Metal	0-1	Hut. Child Care	1-0
Arrow Energy	1-0	Bow Energy Ltd	5-0	Compass Res	1-0	Foster's Group	1-0	Hutchison Tel.	1-0
Aspen Group Ltd	8-0	Bradken Ltd	2-0	Compumedics Ltd	1-0	Fox Resources	9-0	Hydromet Corp.	7-0
Atcor Medical	2-0	Brain Resource	2-0	Concept Hire	1-0	Frigrite Ltd	1-0	Hyperion Flag.	5-2
Atlantic Gold	0-1	Brainytoys Ltd	1-0	ConnectEast Grp	8-0	Funtastic Ltd	0-2	IBA Health Ltd	1-0
Atlas Pacific	4-0	Brambles Ind.	4-0	Cons Minerals	0-5	Futuris Corp.	1-0	IBT Education	0-3
Atlas Grp Hold.	3-4	Brandrill	5-0	Cons Rutile	1-0	G Retail Ltd	2-0	IC2 Global Ltd	1-0
Atlas Iron Ltd	12-1	Brazin Limited	5-0	Contango Micro.	0-1	G.R.D. NL	7-1	IFC Capital Ltd	1-4
Audax Resources	1-0	BresaGen Ltd	2-0	Cooper Energy	1-2	G.U.D. Holdings	0-1	IM Medical Ltd	3-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
IMF (Aust) Ltd	1-3	Marengo Mining	3-0	Orica Ltd	1-0	Rock Build Soc.	1-0	Tennant Creek G	1-5
IMT Holdings	2-0	Mariner Fin.	1-0	Oriel Comm.	1-0	Rocklands Rich.	3-0	Terrain Mineral	1-0
ING Priv Equity	5-0	Mariner Wealth	3-0	Orient Res Hold	2-0	Ross Human Dir.	7-0	Territory Iron	1-0
IT & e Limited	3-0	Marine Produce	1-0	Orion Telecom.	2-1	Run Corporation	4-0	Tethyan Copper	1-0
ITL Limited	3-0	Marion Energy	1-0	P-Sivida Ltd	3-0	Ruralco Hold.	1-0	The Reject Shop	1-0
IWL Limited	3-0	Mark Sensing	1-0	PCH Group	0-1	Rural Press Ltd	1-0	Thomas & Coffey	1-0
Iatia Limited	0-2	Marybor'gh Suga	0-1	PMP Limited	5-3	Rusina Mining	0-3	Thundelarra Exp	5-0
Image Resources	11-8	Matilda Mineral	3-0	Pac. Star Netwk	3-0	S8 Limited	3-0	Tianshan Gold.	4-0
Imdex Resources	1-0	Mayne Pharma	2-0	Pacific Energy	2-0	SFE Corporation	2-0	Tiger Resources	1-2
Impress Venture	6-0	McGuigan Simeon	3-1	Pacifica Group	6-0	SMS Mgmt & Tech	1-0	Timbercorp	0-2
Incremental Pet	3-0	McPherson's Ltd	4-1	Pacrim Energy	3-0	SP Telecom.	5-0	Titan Resources	2-0
Ind Practition.	2-1	Medec Limited	0-5	Paladio Group	2-0	ST Synergy Ltd	0-1	Tolhurst Noall	0-1
Independ. Group	0-1	Medical Corp	0-2	Pan Australian	1-0	Saferoads Hold.	1-0	Tomahawk Energy	2-0
Indo Mines Ltd	1-0	Medical Therapy	2-0	Pan Pacific Pet	1-0	Safety Medical	1-0	Total Com Infra	0-1
Info Choice Ltd	2-0	Medical Dev Int	6-0	Pan Palladium	1-0	Sally Malay Min	1-0	Traffic Tech.	3-0
Insurance Aust.	1-0	Medivac Ltd	1-0	Panbio Ltd	4-0	Salmat Ltd	7-0	Traka Resources	1-0
Int Research	2-1	Melbourne IT	0-1	Paperlin X Ltd	2-0	Santos Ltd	1-0	Transol Corp	1-0
Int Tree Crop.	2-0	Mermaid Marine	6-2	Pengana Hedge.	1-0	Saracen Mineral	2-1	Transfield Serv	2-0
Int'l Concert	0-1	Metabolic Phar.	4-0	PeopleBank Aust	3-0	Scantech	2-0	TransPacific In	1-0
Integrated Inv.	1-0	Metals Exp.	2-0	People Telecom	1-0	Scarborough Equ	1-0	Transonic Trav.	2-0
Integrated Grp	5-0	Meteorite Res.	7-0	Pepinnini Min.	0-1	Schaffer Corp	1-0	Transurban Grp	2-0
Intermin Res	6-0	Metex Resources	1-0	Peplin Ltd	2-0	Scigen Ltd	0-1	Tranzact Fin.	2-0
Investa Prop.	7-0	Methanol Aust.	1-0	Peptech Limited	1-0	Seek Ltd	0-1	Travel.com.au	3-2
Investika Ltd	10-0	Metroland Aust	4-0	Perpetual Ltd	5-2	Select harvest	4-0	Treasury Group	0-6
Ironbark Cap.	6-0	Michelago Ltd	1-0	Perseverance	0-1	Select Vaccines	3-0	Trent Capital	7-0
JB Hi-Fi Ltd	1-2	Microview Ltd	1-0	Perseus Mining	6-0	Select Managed	1-0	Tri Origin Min.	1-0
JF Meridian Trt	2-0	Midas Resources	2-0	Petratherm Ltd	3-0	Senetas Corp	2-3	Triako Res.	1-0
JV Global Ltd	1-0	Mikoh Corp.	1-0	Pharmaxis Ltd	2-0	Seven Network	1-0	Tribeca Learn.	1-0
Jackgreen Ltd	1-0	Millers Retail	3-0	Pharmaust Ltd	5-0	Sherlock Bay N.	3-2	Trinity Cons	1-0
Jackson Gold	1-0	Minara Resource	2-0	Phileo Aust.	3-0	Sino Gold Ltd	3-1	Tritton Res.	0-1
James Hardie	1-0	Mineral Sec.	1-0	Phoslock Water	1-0	Shosil Telecom.	3-0	Trojan Equity	1-0
Jervois Mining	0-2	Minerals Corp.	3-0	Phosphagenics	4-0	Skilled Group	8-0	Troy Resources	0-5
Jindalee Res.	4-1	Mintails Ltd	2-1	Pinnacle VRB	1-0	Skywest Ltd	9-0	Tutt Bryant Grp	0-1
Joyce Corp.	4-0	Mirvac Group	2-3	Pioneer Nickel	1-0	Smorgon Steel	0-1	Two Way TV Aust	0-1
Jubilee Mines	1-3	Mobilesoft Ltd	2-3	Pipe Networks	2-0	Snowball Group	6-0	UXC Limited	0-8
Jupiter Mines	0-1	MobileActive	1-0	Plaspak Group	1-0	So Natural Food	8-0	Union Resources	3-7
Jupiter Energy	4-0	Moby Oil & Gas	0-1	Platinum Aust	1-0	Solagran Ltd	3-0	United Kimberly	4-0
Just Group Ltd	7-2	Moly Mines Ltd	2-0	Platsearch NL	1-0	Solbec Pharm.	1-0	United Group	4-0
Kagara Zinc Ltd	0-1	Monadelphous Gr	1-3	Port Bouvard	1-0	Solco Ltd	1-4	Universal Res.	0-3
Kimberley Diam.	0-4	Monarch Res.	2-0	Powerlan Ltd	2-0	Somnomed Ltd	2-0	Unwired Group	2-0
Kip McGrath EC	3-0	Monaro Mining	1-0	PowerTel Ltd	4-0	Sonic Health	0-2	Uranex NL	1-0
Konekt Limited	2-0	Monax Mining	1-0	Precious Metals	1-3	Soul Pattinson	3-0	Uscom Limited	1-0
Korab Resources	2-0	Montec Int'l	1-0	Prima Biomed	2-0	Souls Priv Equ	2-0	VPH Limited	0-1
Korvest Ltd	2-0	Morn. Star Gold	0-1	Prime Life Corp	3-0	Southern Gold	0-1	Van Eyk Three P	1-0
Kresta Holdings	3-0	Mortgage Choice	0-1	Pro-Pac Pack.	2-1	St Barbara Ltd	5-2	VeCommerce Ltd	4-0
Lakes Oil NL	5-0	Mt Burgess Min.	8-1	Promina Group	4-0	St George Bank	1-0	Verticon Group	8-0
Landmark White	7-0	Mt Gibson Iron	0-4	Prophecy Int'l	4-0	Stericorp Ltd	2-0	Verus Investm't	2-0
Lefroy Res.	1-0	Multiplex Group	1-0	Prosperity Res.	1-0	Sthn Cross Brd.	2-1	Viculus Ltd	1-0
Legend Corp.	2-1	NGM Resources	10-0	Publishing & Br	2-1	Stirling Prod.	1-0	Vietnam Indust.	3-0
Leighton Hold	0-6	Namakwa Diamond	1-0	Q'ld Trustees	1-0	Stockland	4-1	Village Life	2-0
Lemarne Corp	1-0	Nat'l Can	4-0	Q-Mastor Ltd	1-0	Straits Res.	0-11	Village Road.	3-6
Lend Lease Corp	1-0	Nat'l Leisure	2-0	Q.B.E. Insur.	2-3	Strike Res.	1-0	Villa World	1-2
Leviathan Res.	4-0	Nat'l Aust Bank	3-0	QM Technologies	4-0	Strike Oil Ltd	6-0	Virax Holdings	0-1
Leyshon Res.	0-1	Navigator Res	2-0	QRSciences Hold	2-0	Structural Syst	6-0	Virgin Blue	0-1
Liberty Gold NL	5-0	Netcomm Limited	4-0	Qantas Airways	2-0	Stuart Petrol.	0-1	Vision Group	1-3
Life Therapeut.	7-0	Neurodiscovery	5-0	Quadrant Irid.	0-1	Sub-Sahara Res.	0-3	Visionmed Group	3-0
Lighting Corp.	2-0	New Holland Min	3-0	Quantum Energy	2-0	Sun Capital Grp	2-0	Vital Metals	1-0
Lihir Gold	3-0	New Hope Corp.	2-0	Queensland Ores	1-0	Suncorp-Metway	3-2	Volante Group	10-0
Lindsay Aust	2-0	New Horizon En.	1-0	Queensland Gas	4-0	Sundowner Group	7-0	Voltage IP Ltd	1-0
Linq Resources	2-0	New Opportunity	1-0	Quiktrak Netwks	7-1	Sunland Group	9-3	Voxson Limited	1-0
Lionore Mining	2-1	Newhaven Hotels	1-0	RCR Tomlinson	1-8	Sunshine Heart	2-0	W'bool Cheese	1-0
Living Cell T.	1-0	Nexus Energy	3-4	RIM Capital Ltd	1-0	Sunvest Corp	1-0	WAM Capital Ltd	4-0
Loftus Capital	5-1	Niagara Mining	0-1	Ramelius Res.	0-2	Supply Network	1-0	WRF Securities	0-1
Ludowici Ltd	1-0	Nickel Aust Ltd	2-0	Ramsay Health	0-1	Sydney Gas Ltd	4-0	Waterco Ltd	1-0
Lycopodium Ltd	0-6	Nido Petroleum	0-1	Rebel Sport	0-1	Sylvastate Ltd	6-0	Watpac Ltd	0-1
Lynas Corp Ltd	2-0	Noni B Limited	1-3	Reclaim Indust.	1-0	Sylvania Res.	1-0	Wavenet Int'l	1-0
M.Y.O.B. Ltd	1-0	Novogen Ltd	1-2	Red Fork Energy	4-0	Symbion Health	1-0	Webcentral Grp	1-2
M2 Telecom. Grp	3-0	Nuenco NL	1-2	Red River Res.	0-1	Symex Holdings	1-0	Webjet NL	1-8
MFS Limited	26-0	Nufarm Limited	5-0	Redflex Holding	2-4	Synergy Equity	3-0	Webspy Limited	1-0
MFS Living & L.	4-0	Nustar Mining	1-0	Reece Australia	1-0	TFS Corporation	6-1	Wesfarmers Ltd	1-0
MGM Wireless	0-1	Nylex Ltd	6-0	Reed Resources	4-0	Tabcorp Holding	3-0	West Gas Power	1-0
MMC Contranian	1-0	OAMPS	1-5	Reef Casino Trt	4-0	Tag Pacific	2-0	Westgold Res.	2-0
MXL Limited	3-0	OBJ Limited	0-1	Reefton Mining	0-1	Takoradi Ltd	0-1	Westmag Limited	4-0
Macarthur Coal	0-3	OFM Investment	5-0	Regis Resources	6-1	Talent2 Int'l	1-0	Westonia Mines	2-0
Macarthur Cook	2-0	OM Holdings	3-0	Renison Cons	3-1	Tamawood Ltd	6-0	Westpac Banking	1-3
Macmin Silver	1-9	ORT Ltd	1-0	Repco Corp Ltd	1-0	Tanami Gold NL	6-0	Whitefield Ltd	3-0
Macquarie C Tel	1-0	Oaks Hotel	0-1	Republic Gold	1-0	Tandou Ltd	0-1	Willmott Forest	2-0
Macquarie Good.	2-0	Oakton Limited	1-0	Resolute Mining	2-0	Tap Oil	2-3	Wilson Leaders	0-2
Macquarie Leis.	2-0	Occupational Md	4-0	Resource Pac.	5-0	Tasman Resource	1-0	Wilson Inv Fund	3-0
Macquarie Off.	2-1	Ocean Capital	1-0	Resources Min.	2-0	Tasmanian Perp	6-0	Woodsie Petrol	2-0
Macquarie C'Wde	0-2	Oceana Gold Ltd	1-0	Retail Cube	7-0	Tassal Group	5-0	Woolworths Ltd	0-1
Macquaries C&I	0-1	Oilx NL	8-0	Reward Minerals	3-0	Tattersall's	3-1	Working Systems	2-0
Macquarie Bank	5-3	Oldfields Hold	4-0	Rimfire Pacific	1-0	Tawana Resource	7-0	Worley Group	0-2
Macquarie DDR	2-0	On Q Group Ltd	2-1	Rinker Group	4-0	Technology One	1-0	Wrigdays Aust	4-2
Macquarie Prol.	0-1	Optima Corp Ltd	2-0	Rio Tinto Ltd	0-1	Tectonic Res.	3-0	Xceed Biotech.	1-0
Macquarie Priv.	4-0	Optiscan Image	5-0	Riversdale Min.	5-0	Templeton Globa	2-0	Yamana Goldfld	3-7
Macquarie Infra	5-0	Orchid Capital	11-0	Roberts Ltd	4-0	Ten Network	0-2	Yilgarn Gold	1-0
Malachite Res.	1-0			Roc Oil Company	0-3			ZBB Energy Corp	1-0

Insider Buying Identifies Company with Strong Recovery and Growth Potential

HomeLeisure (code HLD).

HomeLeisure is an Australian company that has performed very poorly in the past but has restructured its business over recent years, improved its financial position and is more focussed upon future growth. *Insiders* have been buying shares which appear to be in the early stages of a new uptrend.

The current group was formed from the unsuccessful Skansen giftware business and is now involved in Giftware, Houswares and Entertainment.

In 2001 and 2002 the company expanded into Houseware with the acquisition of **Prestige**, **Addis** and **Reko** companies. All of these, however, either manufactured in Australia or bought from other local manufacturers. The strong Australian dollar and high local manufacturing costs has forced this division to restructure - closing its local manufacturing businesses and becoming an importer. The company has restructured successfully, but with significant redundancy costs and with a 33% drop in revenues from the Houseware division as low margin and unprofitable products were discontinued.

In November 2003 the entertainment division was expanded with the acquisition of **Central Station**, a publisher of dance music, for \$11.8 million (i.e. 8.0 million shares at 50 cents, plus \$7.8 million in cash).

Although the company has remained profitable and paid dividends over recent years the share price fell 75% in value over the two years to January 2006 while the group underwent significant restructuring. In September 2004 the group sold its wholesale Horticultural business. In December 2004 it closed its houseware manufacturing and moved to outsourcing and importing.

For the year to December 2004, revenues slipped 1.8% to \$87.5 million with profits down 34.7% to \$2,443,000 (2.0 cents per share). The annual dividend was steady at 3.0 cents. The net cash surplus from operations was a high \$4.0 million.

Revenues fell 16.8% to \$72.8 million for the year to 31 December 2005, with profits recovering 30.5% to \$3,188,000 (2.6 cents per share). The annual dividend was cut 41.7% to 1.75 cents. The net operating cash surplus was only \$969,000.

The final 1.25 cents dividend is payable on 29 May, with the shares trading ex-dividend on 16 May.

The dividend payout in 2003 and 2004 appears to have been too high, with the current payout being sustainable at about two-thirds of profits. HomeLeisure now appears to be in a sound financial position. Interest bearing debts are a manageable \$17.1 million, compared with Shareholders Equity of \$20.4 million. The company has suspended its dividend re-investment plan - which indicates it has surplus cash - and this is supported by the announcement in March of plans to buy-back up to 10%

of the shares on-market.

At 26 cents, HomeLeisure shares trade on a low Price/Sales ratio of 0.43, a low Price/Earnings ratio of 10 and offer a high Dividend Yield of 6.7%.

The directors have large shareholdings in HomeLeisure *and* have been buying shares on-market over the last year. G Molloy bought 40,000 shares at 28 cents each in April 2005 and a further 200,000 shares at 23¼ cents in May 2005 to increase his holding to 6,300,000 shares (5.0% of the company). J Abernethy purchased 50,000 shares on-market at 23 cents last month and now owns 757,518 shares (excluding shares held by **Loftus Capital** of which he is a director). G Elkington also bought 100,000 shares on-market last month at 23½ cents to raise his holding to 6,170,000 shares (5.1% of the company).

Directors D Schwartz own 2,652,738 shares (2.2%) and J Wowk 220,000 shares.

HomeLeisure has significant tax losses, so profitability will be boosted over the next decade as it will not need to pay income taxes. Dividends, however, will remain fully franked as the company also has over \$7 million in franking credits.

The shares fell sharply in value over the last two years but now appear to be in the early stages of a strong recovery. The Relative Strength rating is +8.1%, ranked 32, and rising rapidly.

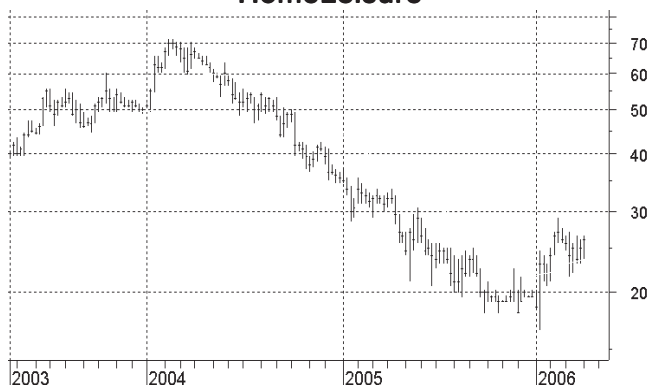
Summary and Recommendation

This company has not performed well in the past, but has expanded and restructured over recent years and now appears to have built a more secure business with potential for good growth over the next several years.

Insiders have been buying shares on-market and the company also plans to repurchase shares on-market over the next year. The shares trade at a low valuation, so there is excellent potential for the share price to be re-rated in future.

Investors with diversified portfolios should consider buying HomeLeisure shares for both a high current income and strong capital appreciation.

HomeLeisure



New Issue: Delegat's Group

(This report was emailed to subscribers on 30 March).

Delegat's Group is seeking to raise \$45.0 million in new equity from selling 32,142,858 new shares to the public. Existing investors will retain their 67,858,142 shares.

Media reports state the company is being offered on a Price/Earnings ratio of 10.1. That is true . . . if you are talking about forecast profits of \$13.8 million for the year to June 2007. Usually we calculate a P/E ratio using last years *actual* profits. Delegat's Group earned a net profit of \$2.6 million for the year to June 2005, so this New Issue values the company at 54 times earnings. That is the sort of valuation usually only seen on high tech growth companies!

Delegat's Group is forecasting that wine sales will increase 97% by volume over the next two years, revenues will rise 111% and profits will soar 431%. The company will have additional grape supplies in future years, so production and revenues may increase strongly. In Australia, however, the industry has suffered from higher grape harvests, with over-supply depressing wine prices and destroying profitability.

Even if Delegat's Group manages to avoid this problem, selling its wine *at higher prices* and *significantly increasing its net profit margin* would be an outstanding performance which would justify the price currently being asked for these shares. So the public investors are exposed to the risk that profits fall short of increasing over 5-fold over the next two years but have little potential for investment gain if the company can achieve this excellent growth.

The company has anticipated criticism of its high current valuation with the Organising Broker stating "Institutional investors *who had the time to do the analysis* had understood the growth story" while "some retail advisers" may not. This sounds very much like the technology boom when advisers who warned about high valuations were accused by the promoters of "not understanding Technology".

Summary and Recommendation

Delegat's Group is a sound company that may well grow strongly over the next few years . . . but the issue price of the shares already reflects the value of that forecast growth. The shares are just too pricey to be an attractive investment. Other shares will involve lower risk and/or offer better potential for future capital appreciation.

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Ashburton Building Society	7.50	27-03	31-03	Full
Briscoe Group	4.50	13-04	05-05	Full
Broadway Industries	2.00	24-04	28-04	Nil
CanWest Media	4.50	05-05	15-05	Full
Comvita	3.00	17-04	28-04	Full
Cynotech	0.50	21-04	01-05	Nil
Ebos Group	9.50	03-04	07-04	Full
Fletcher Building	19.00	27-03	13-04	Full
Guinness Peat Group	1.00p	27-03	30-05	Nil
Hallenstein Glassons	17.00	13-04	21-04	Full
Hellaby Holdings	15.00	24-04	28-04	Full
Just Water International	1.60	13-04	21-04	Full
MG Properties	2.24	20-03	07-04	0.2220
NZ Exchange	25.00	20-03	17-04	Full
NZ Wine Company	3.00	27-03	03-04	Full
Provenco	1.30	12-04	28-04	Full
Postie Plus Group	3.00	13-04	21-04	Full
Restaurant Brands	5.50	02-06	16-06	Full
TeamTalk	9.00	13-04	21-06	Full
Tourism Holdings	5.00	24-04	28-04	Full
Turners Auctions	6.00	10-04	13-04	Full
Warehouse Group	10.50	13-04	24-04	Full
<u>Australian Shares</u>				
Centennial Coal	6.00	03-04	21-04	
Iluka Resources	12.00	31-03	20-04	
Melbourne IT	4.50	20-03	21-04	
MYOB	2.75	28-03	21-04	
MYOB special	1.25	28-03	21-04	
Skilled Group	7.00	28-03	19-04	
UXC	2.50	07-04	01-05	

Total Return Index for All Listed Shares

Mar 13	2309.26	Mar 20	2328.92
Mar 14	2313.05	Mar 21	2331.28
Mar 15	2318.93	Mar 22	2339.75
Mar 16	2312.98	Mar 23	2345.28
Mar 17	2314.47	Mar 24	2349.48
Mar 27	2360.23	Apr 3	2370.84
Mar 28	2363.57	Apr 4	2390.89
Mar 29	2369.80	Apr 5	2388.84
Mar 30	2372.39	Apr 6	2398.17
Mar 31	2380.00	Apr 7	2401.23

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday May 8, 2006.

The print version will be delivered later that week, depending upon printing and postal delivery times.

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Birkenhead, Auckland. Subscribe online at www.stockmarket.co.nz or www.australia-stockmarket.com or email james@stockmarket.co.nz.

Readers are advised that they should not assume that every recommendation made in the future will be profitable or equal the performance of recommendations made in the past. A summary of All prior recommendations is available is published on the website. The information presented has been obtained from original and published sources believed to be reliable, but its accuracy cannot be guaranteed.

The entire contents are copyright. Reproduction in whole or part is strictly forbidden without the approval of the publisher.