

Market Analysis

Inside Market Analysis

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Summary and Recommended Investment Strategy.

The general stockmarket outlook looks fairly flat for the next 6-12 months - so we continue to seek to boost long term returns through careful share selection!

Investment Outlook.

Smaller New Zealand shares have trended sideways over the last 18 months, reflecting the weaker domestic economic conditions. Larger company shares in NZ and Australia continued to rise until earlier this year, but have since weakened. Our stockmarket Forecasts are generally Neutral - so both of these markets will likely trend sideways over the next 6-12 months.

This, however, is not an unfavourable situation. Overall valuations are reasonable - and after 6-18 months of some weakness it is usually possible to find some under-valued shares in companies which are quietly working away and succeeding in their particular market.

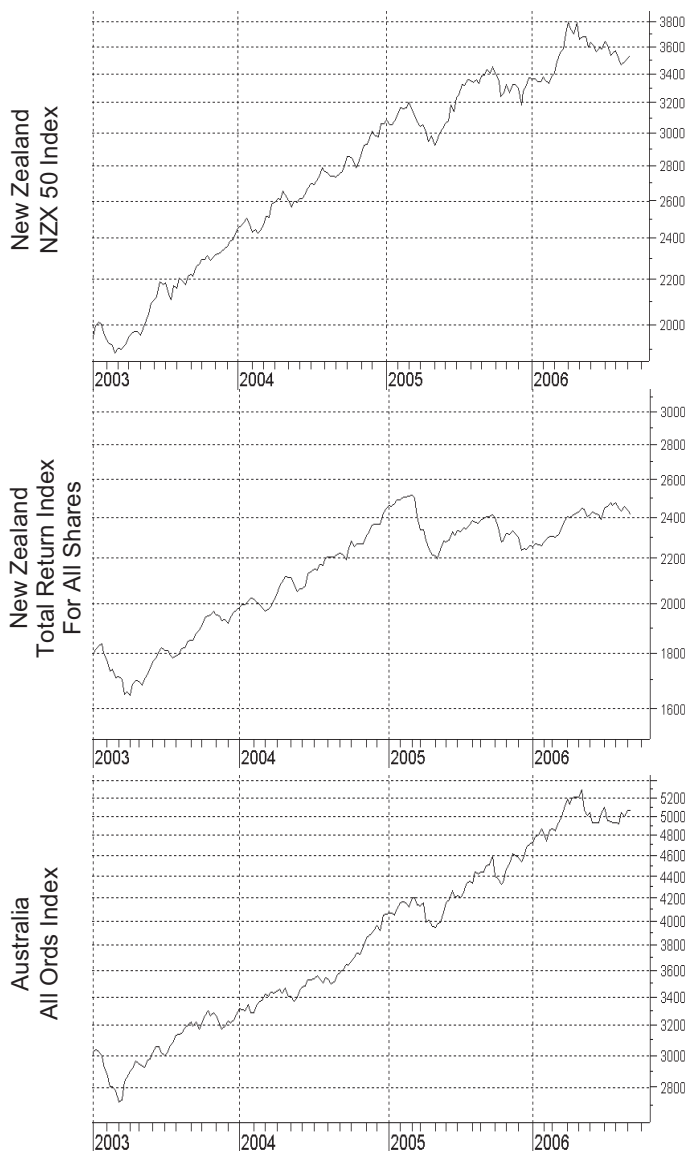
Many companies, especially in Australia, are now reporting for the year to June 2006. September and October is a busy time for assessing these reports to discover how successful (or otherwise) companies are at adapting to changing economic environments and growing their businesses. A flat outlook for the general market can be a very favourable investment environment for *stock picking*.

As subscribers to this newsletter will know, we take a long term approach to investing. We seek to select shares carefully - then give them enough time to succeed or fail. This is a strategy that has enabled us to find a number of big winners which have significantly dragged up our overall portfolio returns for over a quarter of a century! As is always the case, there will be a number of more mature investments in our portfolio which we may choose to realise to release funds for new, under-valued, growth investments. There will also be some shares that didn't - or have yet to - work out as we initially hoped. Long term subscribers will know that some shares have under-performed for many years before ultimately soaring many-fold in value.

At the present time we expect to find some new investments in the months immediately ahead - and that may lead us to take profits on some successful, but mature, investments and/or to cut our losses on some that haven't been successful for us.

Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	67% (Bullish)	57% (Neutral)
New Zealand:	52% (Neutral)	54% (Neutral)



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A2 Corporation	D	8.0	6.56	NE	Nil	Infratil NZ	D	415	3.02	NE	4.5	Pumpkin Patch	B	398	2.36	27	3.0
AMP Onyx Mgmt	B	114	5.71	15	6.5	Jasons Media	D	54	0.77	17	Nil	Pyne Gould Corp	B	425	0.90	11	6.3
AMP Limited	A	1071	1.47	22	3.4	Just Water Int.	B	98	2.37	17	5.5	Rakon Ltd	C	311	4.44	69	Nil
AXA Asia Pac.	B	685	2.14	19	2.3	Kidicorp	D	20	1.08	22	Nil	Renaissance	C	128	0.32	10	11.7
Abano Health.	C	117	0.41	17	Nil	Kingfish Ltd	B	130	3.24	4	2.9	Restaurant Brds	C	102	0.31	9	14.6
Affco Holdings	E	36	0.19	9	2.8	Kirkcaldie & St	C	235	0.54	19	5.1	Richina Pacific	E	49	0.09	NE	Nil
Air New Zealand	C	117	0.31	12	6.4	Kiwi Property	A	140	N/A	14	6.5	Rubicon Limited	E	95	0.40	30	Nil
Akd Int Airport	C	197	7.86	23	6.2	Life Pharmacy	C	86	4.03	22	4.7	Ryman Health.	A	880	6.16	25	1.9
Allied Work.	A	140	0.49	12	10.7	Lion Nathan Ltd	B	970	2.65	21	3.6	Salvus Strat.	C	79	N/A	NE	4.7
Allied Farmers	C	225	0.42	27	4.6	Livestock Imp.	A	168	0.50	7	14.6	Sanford Limited	C	487	1.24	15	6.7
Apple Fields	B	3.2	N/A	NE	Nil	Loan & Building	B	434	1.38	17	5.2	Satara Co-op	D	100	0.52	NE	4.5
Blis Technology	E	7.2	N/A	NE	Nil	Lombard Group	E	2.0	1.71	20	Nil	Savoy Equities	E	3.0	N/A	NE	Nil
Blue Chip Fin.	C	78	0.75	6	Nil	Lytelton Port	C	205	2.64	21	3.6	Scott Tech. Ltd	C	217	1.34	NE	2.8
Botry-Zen Ltd	E	5.0	N/A	NE	Nil	MDSnews	E	0.3	N/A	NE	Nil	Sealegs Corp	E	20	4.08	NE	Nil
Brierley Invest	D	144	3.33	31	2.4	MG Property Trt	B	128	N/A	19	7.7	Seeka Kiwifruit	B	390	0.48	11	7.7
Briscoe Group	B	155	0.95	13	7.2	Mainfreight Grp	A	610	0.66	20	2.9	Skellerup Hold.	B	138	0.91	11	8.7
Broadway Ind	C	85	0.43	21	4.7	Media Tech.	E	6.0	0.29	NE	Nil	Sky City Ltd	C	511	2.92	18	7.6
CACI Group Ltd	C	34	0.49	7	Nil	Methven Limited	A	151	1.33	11	9.1	Sky Network TV	D	540	3.83	35	2.2
CDL Investments	D	37	3.18	9	8.1	Metro. LifeCare	A	625	9.23	47	1.4	Smartpay NZ Ltd	D	6.0	N/A	NE	Nil
Cabletalk Group	D	36	0.31	11	8.3	Michael Hill	C	700	0.89	17	4.9	Smiths City	C	61	0.13	6	9.0
Cadmus Tech Ltd	D	19	1.81	NE	Nil	Mid-Cap Index	C	290	N/A	NE	Nil	Software of Exc	C	151	1.58	NE	Nil
Calan Hlthcare	B	128	9.50	17	7.2	Mike Pero Mort.	C	106	2.01	16	8.4	Sol. Dynamics	D	70	0.53	NE	Nil
CanWest Media.	D	131	1.19	23	7.2	Millennium & C.	C	61	1.24	8	5.1	South Port NZ	B	161	2.85	17	7.2
Canty Bldg Soc.	C	408	1.17	10	5.5	Mooring Systems	D	415	N/A	NE	Nil	Speirs Group	B	106	0.24	13	9.9
Cavalier Corp.	C	330	1.07	15	8.1	Mowbray Collect	E	145	3.42	NE	Nil	Steel & Tube	C	443	0.89	13	10.8
Cert Organics	E	3.9	1.76	NE	Nil	Mr Chips Hold	C	99	0.56	81	Nil	Sthn Travel	D	36	0.14	9	12.4
Charlie's Group	E	11	2.03	NE	Nil	NZ Experience	D	31	1.32	14	9.6	Summit Gold Ltd*	N/R	180	N/A	NE	Nil
Col Motor Co	B	305	0.18	12	11.7	NZ Exchange Ltd	A	560	6.84	30	6.7	Tag Pacific Ltd	D	35	0.39	8	1.6
Comvita	A	344	N/A	28	2.2	NZ Finance Hold	C	160	5.07	32	1.2	Taylor's Grp Ltd	B	175	0.63	12	10.2
Connexion	D	26	3.14	NE	Nil	NZ Invest Trust	C	920	N/A	NE	0.9	TeamTalk Ltd	C	240	2.37	15	11.8
Contact Energy	D	692	1.71	14	5.6	NZ Oil and Gas *	N/R	97	N/A	90	Nil	Telecom Corp	C	428	1.44	10	12.4
Cynotech Hold.	D	8.0	0.79	6	9.3	NZ Refining Co	B	704	4.63	12	6.9	Tenon Ltd	D	310	0.35	16	Nil
Delegat's Group	B	220	2.58	42	1.1	NZ Wine Company	B	200	1.84	17	5.2	Toll NZ Ltd	C	318	0.97	13	Nil
Dominion Fin.	A	143	2.84	10	7.9	NZ Windfarms	C	146	N/A	NE	Nil	Tourism Hold.	C	178	0.99	16	9.2
Dorchester Pac	B	215	0.60	8	7.6	NZ Wool Service	C	48	0.25	12	9.3	Tower Limited	B	320	1.01	12	Nil
Eastern Hi-Fi	B	60	0.33	11	14.9	NZSX 10 Fund	E	113	N/A	NE	Nil	Training Sol.	E	20	0.40	NE	Nil
Ebos Group Ltd	A	530	0.52	16	6.1	NZSX 50 Port.	D	173	N/A	NE	Nil	Trans-Tasman	C	54	4.13	92	Nil
Evergreen	E	32	1.52	NE	Nil	NZX Aust MidCap	D	591	N/A	NE	Nil	Trust Power Ltd	C	690	3.21	27	5.0
F & P Appliance	B	374	0.82	15	7.2	Nat Property Tr	C	71	4.71	17	5.8	Turners & Grow.	C	245	0.37	14	Nil
F & P Health.	B	405	6.36	29	4.6	New Image Group	C	15	4.23	NE	Nil	Turners Auction	C	176	0.61	10	11.9
Feltex Ltd	D	10	0.05	1	86.1	Northland Port	C	295	N/A	64	3.0	Utilico Int'l	D	45	3.53	NE	Nil
Finzsoft Sol'ns	D	100	1.05	16	Nil	Nuplex Indust	B	638	0.38	13	7.0	VTL Group Ltd	C	90	0.57	12	Nil
Fletcher Build.	C	858	0.73	11	7.0	Opio Forestry	D	91	N/A	38	Nil	Vector Ltd	D	227	N/A	50	7.9
Forty Two Below	D	57	N/A	NE	Nil	Oyster Bay	B	230	1.94	23	6.5	Viking Capital	E	26	N/A	NE	Nil
Freightways Ltd	B	372	1.86	20	6.9	Ozzy (Tortis)	D	327	N/A	NE	Nil	WN Drive Tech.	D	52	N/A	NE	Nil
GDC Communicat.	E	1.0	0.01	NE	Nil	PGG Wrightsons	C	180	0.60	19	8.3	Wakefield Hlth	A	735	2.03	30	2.8
Genesis Res.	E	27	2.72	NE	Nil	POD Ltd	E	46	0.20	NE	Nil	Warehouse Group	B	500	0.69	39	4.3
Guinness Peat	C	248	0.83	10	1.1	Pac Edge Bio.	E	16	N/A	NE	Nil	Waste Mgmt NZ	A	862	3.43	28	5.3
Gullivers Trv.	B	233	0.38	30	3.5	Pacific Retail	E	155	0.15	NE	Nil	Widespread Port*	N/R	2.2	3.49	5	Nil
Hallenstein G.	B	510	1.62	16	8.8	Plus SMS Hold.	E	18	N/A	NE	Nil	Windflow Tech.	D	272	N/A	NE	Nil
Hellaby Hold.	C	507	0.64	12	11.5	Port Tauranga	C	498	5.45	22	6.0	Wool Equities	D	64	0.69	NE	Nil
Heritage Gold *	N/R	4.3	N/A	NE	Nil	Postie Plus Grp	C	89	0.31	21	5.0	World Index Fd	D	144	N/A	NE	Nil
Hirequip NZ Ltd	B	121	1.39	15	4.6	Property F Ind.	B	136	N/A	21	6.2	Zintel Comm.	D	64	0.79	10	8.1
Horizon Energy	C	390	3.51	18	7.3	Propertyfinance	C	130	N/A	NE	Nil	Ave of 163 Cos	C	225	0.48	19	4.5
ING Property	B	123	9.46	15	8.1	Provenco Group	C	88	0.68	28	4.4						
ABC Learning	A	624	3.89	30	1.8	DUET Group	C	272	1.64	NE	8.6	Orica Ltd	C	2196	1.14	25	3.2
AMP Ltd	B	900	1.40	21	3.6	David Jones	B	355	0.84	19	3.7	Origin Energy	B	658	1.06	20	2.3
ANZ Bank	A	2740	5.37	35	3.7	Deutsche Div Tr	C	131	6.10	14	7.1	Oxiana Ltd	B	307	N/A	52	0.3
APN News Media	A	507	1.78	16	4.8	Downer EDI Ltd	D	537	0.36	NE	3.7	Pacific Brands	C	256	0.79	13	5.9
AWB Limited	C	346	0.23	8	8.4	Energy Resource	B	1282	9.19	60	1.3	Paladin Res.	D	493	N/A	NE	Nil
AXA Asia Pac	C	647	2.29	21	2.2	Excel Coal Ltd	A	845	3.51	19	2.8	Paperlin X Ltd	C	338	0.20	23	3.0
Adelaide Bank	A	1337	0.89	15	4.3	Fairfax (John)	B	400	1.96	14	4.6	Perpetual Ltd	B	7068	6.85	21	4.6
Adelaide Bright	A	221	1.67	13	7.3	Flight Centre	B	1235	1.30	21	4.1	Primary Health	A	1130	5.75	29	3.7
Ainta Limited	B	1086	2.66	28	4.1	Fortescue Metal	D	882	N/A	NE	Nil	Promina Group	A	574	1.50	12	4.1
Allco Finance	B	1045	N/A	31	3.9	Foster's Group	C	621	2.45	11	3.5	Publishing & Br	A	1825	3.43	20	3.2
Alumina Ltd	C	643	N/A	24	3.1	Futures Corp.	B	213	0.46	18	4.2	Q.B.E. Insur.	A	2375	1.50	17	3.0
Ancor Ltd	B	661	0.54	17	5.1	GPT Group	B	454	7.74	16	5.4	Qantas Airways	B	343	0.49	14	6.4
Ansell Ltd	B	934	1.23	12	1.3	Galileo Shop Am	B	116	6.46	9	8.8	Ramsay Health	B	959	0.83	19	2.5
Aquarius Plat.	A	2300	4.55	23	1.0	Gandel R. (CFS)	B	194	N/A	19	5.4	Reece Australia	B	1622	1.60	21	2.3
Argo Investment	B	707	N/A	28	3.4	Goodman Fielder	B	223	1.94	20	2.5	Rinker Group	C	1322	1.81	13	2.9
Aristocrat Leis	B	1270	4.54	24	2.4	Guinness Peat	C	208	0.72	9	1.1	Rio Tinto Ltd	B	7340	5.31	27	1.4
Aust Foundation	B	471	N/A	24	3.6	Harvey Norman	C	350	2.88	22	1.9	Rural Press Ltd	A	1112	2.31	12	3.8
Aust Stock Exch	B	3290	N/A	25	3.7	Healthscope	B	495	1.03	21	2.9	SP Ausnet	B	130	3.59	8	2.5
Aust Pipeline	A	470	3.94	24	5.1	Henderson Group	B	230	2.31	13	1.4	Santos Ltd	C	1116	2.57	9	3.4
Australand Prop	C	182	1.05	8	9.1	ING Office Fund	B	154	7.66	5	6.7	Seek Ltd	B	513	N/A	42	0.9
Austar United	C	113	2.97	23	Nil	ING Indust Trt	B	226	N/A	16	6.5	Seven Network	B	938	1.63	19	1.7
Aust W'wide Exp	C	310	N/A	NE	Nil	Iluka Resources	C	735	1.71	13	3.0	Sigma Pharm.	C	242	1.06	32	2.8
Aust Gas Light	B	2085	2.24	21	3.2	Incitec Pivot	B	2412	1.30	NE	0.6	Sims Group Ltd	B	2100	0.74	10	6.7
B & B Infrast.	B	157	2.67	28	8.4	Insurance Aust.	C	531	1.30	10	5.6	Smorgon Steel	A	172	0.48	10	5.2
BHP Billiton	B	2707	2.30	11	1.4	Investa Prop.	C	235	2.70	11	7.2	Sonic Health	C	1235	2.20	21	3.3
Babcock & Brown	B	1988	5.51	26	0.7	James Hardie	C	672	1.61	11	1.5	Soul Pattinson	C	780	1.46	4	3.2
Bank of Q'land	A	1483	1.76	16	3.2	Jubilee Mines	A	964	4.24	12	3.9	St George Bank	A	2990	2.70	17	4.6
Bendigo Bank	A	1353	1.72	17	3.8	Kagara Zinc Ltd	B	534	N/A	70	Nil	Stockland	B	725	4.25	9	5.7
Billabong Int'l	C	1420	2.86	20	3.1	Leighton Hold	B	1995	0.65	20	3.3	Suncorp-Metway	B	2102	1.67	14	4.1
Bluescope Steel	C	701	0.62	5	6.0	Lend Lease Corp	B	1555	0.51	15	3.9	Symbion Health	C	321	0.52	25	3.4
Boral Limited	C	720	0.89	12	4.7	Lihir Gold	C	311	9.90	NE	Nil	Tabcorp Holding	C	1528	2.09	15	5.8
Brambles Ind.	B	1195	2.59	66	0.8	Lionore Mining	B	855	3.28	18	Nil	Tattersall's	C	328	N/A	NE	Nil
Brickworks Ltd	B	1130	2.65														

Recommended Investments

Cavalier Corporation's revenues slipped just 2.9% to \$201.7 million for the year to 30 June 2006, with profits down 28.3% to \$14,005,000 (21.4 cents per share). A 10.0 cents final dividend takes the annual dividend rate to 18.0 cents (plus full imputation tax credits), down 33.3% on last year.

The net cash surplus from operations increased 85% to a high \$24.7 million.

Carpet revenues fell less than 1% to \$157.8 million, although the higher margin retail sector had been weakening in Australia for 18 months and in NZ over the last year. This has depressed the company's profit margins. The Australian market is likely to have passed its cyclical lows, although *(Continued on Page 4)*

Cavalier Corporation



Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/Sales Ratio	Price/Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares													
HOLD	CDL Investments Ltd	CDI	12/01/99	25	D	210.6	1.5	3.18	9	8.1	37	13.3	+101%
BUY	Cavalier Corporation	CAV	05/12/95	156*	C	65.5	0.5	1.07	15	8.1	330	178.0	+226%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.18	12	11.7	305	292.8	+299%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.3	0.6	2.64	21	3.6	205	54.3	+73%
HOLD+	Michael Hill Int'l Ltd	MHI	11/06/91	46*	C	39.2	0.4	0.89	17	4.9	700	182.0	+1817%
HOLD	Nuplex Industries Ltd	NPX	11/02/97	350	B	78.4	0.5	0.38	13	7.0	638	141.5	+123%
BUY	Postie Plus Group	PPG	08/05/06	71	C	40.0	0.9	0.31	21	5.0	89	Nil	+25%
BUY	Renaissance Corp	RNS	13/08/96	85*	C	38.5	0.8	0.32	10	11.7	128	35.9	+93%
HOLD	Richina Pacific	RPL	03/11/95	94*	E	151.2	1.3	0.09	NE	Nil	49	11.4	-36%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.7	2.85	17	7.2	161	84.3	+104%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	C	88.1	0.5	0.89	13	10.8	443	147.0	+304%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	0.7	0.63	12	10.2	175	56.0	+126%
Australian Shares (in Aust cents)													
HOLD	AJ Lucas Group	AJL	13/05/03	120	C	51.6	1.0	0.57	NE	4.3	82	20.5	-15%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	B	87.8	1.5	2.64	14	3.3	31	9.5	-45%
HOLD	Austin Group Ltd	ATG	08/02/05	93	B	62.2	1.6	0.30	5	20.3	30	7.0	-61%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	406*	A	51.0	0.3	1.83	28	2.7	1880	192.6	+410%
BUY	Candle Australia	CND	08/04/03	86	A	49.8	0.7	0.64	15	4.9	345	42.5	+351%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	B	51.5	0.9	0.12	44	1.5	135	31.5	+10%
HOLD+	Centennial Coal Ltd	CEY	16/01/01	70*	B	295.1	0.5	1.27	20	3.7	349	19.0	+426%
BUY	Circadian Technologies	CIR	10/02/04	188	C	40.1	0.9	1.14	NE	Nil	135	65.0	+6%
HOLD	Commander Comm.	CDR	11/09/01	92	B	222.9	0.9	0.53	16	2.1	188	23.2	+130%
BUY	Computershare Ltd	CPU	12/08/03	189	B	599.3	0.6	2.84	25	1.7	766	34.5	+324%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	B	61.2	1.4	1.06	18	Nil	61	Nil	+23%
HOLD+	Int'l AllSports	IAS	11/02/03	180	E	66.4	1.6	0.03	NE	Nil	30	4.0	-81%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	C	232.9	0.6	1.71	13	3.0	735	34.0	+63%
HOLD	Keycorp Ltd	KYC	10/08/04	123*	C	81.6	1.2	0.52	12	Nil	90	Nil	-27%
HOLD	LongReach Group Ltd	LRX	11/01/05	23½	C	175.1	4.1	0.57	7	Nil	5	Nil	-80%
HOLD+	Melbourne IT	MLB	10/02/04	53	A	54.3	0.6	1.74	23	3.2	231	15.0	+364%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	B	392.4	1.0	2.28	23	2.9	95	6.3	+21%
BUY	Namoi Cotton Co-op Ltd	NAM	14/03/06	65	B	112.7	1.1	0.19	5	10.8	60	3.5	-2%
HOLD+	Ross Human Directions	RHD	14/08/01	92	A	82.3	1.2	0.13	9	7.5	53	23.0	-17%
HOLD	Skilled Engineering	SKE	12/03/02	126	A	103.9	0.5	0.61	24	3.4	567	64.5	+401%
HOLD	Sonnet Corporation	SNN	07/09/04	31½	B	137.3	3.6	0.22	3	25.9	6	3.0	-73%
HOLD+	Technology One Ltd	TNE	11/11/03	44	A	296.7	1.1	3.61	20	4.2	81	9.4	+105%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	25.1	0.7	0.75	20	3.2	713	47.5	+196%
HOLD	UXC Limited	UXC	11/01/00	55*	A	170.4	0.8	0.71	13	5.2	125	32.0	+185%
HOLD	Vision Systems Ltd	VSL	10/11/98	54*	A	176.4	0.8	3.32	NE	0.9	215	26.9	+348%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +167.8%. This is equal to an average annual rate of +30.9%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 37 current and 133 closed out) is +32.7%, compared with a market gain of +8.6% (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)

the NZ market is continuing to weaken. The company predicts it will be about "another 12 months" before earnings from the Carpet business - which accounts for 90-95% of group earnings - start to recover.

At the bottom of its business cycle, Cavalier Corporation shares trade on a Price/Sales ratio of 1.07, a Price/Earnings ratio of 15 and offer a gross Dividend Yield of 8.1%. This is a sound industrial company, the shares offer a high current income yield with medium to long term potential for profit and dividend growth. The shares appear to be recovering steadily in value, with a Relative Strength rating of +3.6%, ranked 38, and there have been four insider buys (and no sells) on-market over the last year. "Buy" for high income and capital growth.

Colonial Motor Company continues to report difficult trading conditions but increasing values for its property assets. Revenues for the year to 30 June 2006 rose 17.5% to \$464.9 million (aided by a full year of direct ownership of **South Auckland Motors**) but trading profits fell 9.7% to \$6,964,000 (25.0 cents per share). In addition, there was a \$4.5 million gain on the sale of its Johnsonville property. The company, however, will pay a final dividend of 13.0 cents, *lifting* the annual dividend 9.1% to 24.0 cents (plus full imputation tax credits).

The net operating cash surplus was 28% lower at \$8.1 million.

Colonial Motor Company owns significant properties from which it conducts its motor vehicle retailing business. The company's policy is to revalue about one-third of these property assets each year. This year the Auckland and Wellington properties were valued resulting in a \$15.6 million revaluation in property assets. That adds about 56 cents per share to the net asset value which is now 401 cents per share.

Colonial Motor Company



Lyttelton Port Company lifted annual revenues 19.2% to \$79.3 million to 30 June 2006. Profits slipped 14.9% to \$10,060,000 (9.8 cents per share). A final 5.0 cents dividend (plus tax credits) is the only payment for the year, down 54.5% on 2005.

The cash operating surplus improved 33% to \$20.0 million - which, together with \$19.9 million of new borrowings, help to finance \$34.8 million of investment in fixed assets.

A port is a relatively low risk business generating strong cashflows which should allow the payment of high dividends to shareholders - despite the fact that

Lyttelton Port Company needs to make some capital expenditure to upgrade and expand some of its facilities. It is such an attractive business that the major shareholder sought to buy out the minority shareholders - who, when they refused to sell, were "punished" with the cancellation of the interim dividend. The controlling shareholder may continue to depress dividends in the short term - but that will only strengthen the balance sheet, reduce debt and *improve* the longer term potential for dividend payments. This a sound business that remains a "Hold".

Lyttelton Port Company



Michael Hill International lifted revenues 12.6% to \$309.4 million for the full year to 30 June. Profits, however, slipped 4.1% to \$15,774,000 (40.2 cents per share). A final dividend of 14.0 cents makes a steady 23.0 cents (plus full tax credits in both NZ and Australia) for the year.

The business generated an operating cash *deficit* of \$2.4 million, compared with a surplus last year of \$10.2 million. The deficit represents the additional investment to open 23 new stores during the year - plus some additional stock for stores *to be opened* in the near future. The higher price of gold has also required the company to invest a higher dollar *value* in stock.

The group increased its store numbers in Canada from 7 to 12, resulting in a 57% rise in revenues to C\$12.2 million. The Canadian operations lost an unchanged C\$746,000. The company considers this market "promising" and will open further stores in British Columbia and Alberta.

As this newsletter has previously discussed, Michael Hill International has confirmed that "full imputation of dividends for our New Zealand shareholders may not be possible beyond the current year". This is a result of the company's successful expansion overseas and the larger proportion of profits earned - and taxed - outside of New Zealand.

One year of profit decline (i.e. owing to a difficult retail market) does not change the potential for Michael Hill International to continue its long term growth through store expansion. The establishment and expansion of the Canadian operations suggests that growth can continue for many years to come.

The shares trade at a moderate valuation: The P/S ratio is 0.89, the P/E ratio 17 and the Yield 4.9%. *Insiders* have made 13 buys, and one sell, on-market over the last year. The shares are looking a little weak - but we have held these shares for 15 years and we are not going to change a successful strategy of buying and holding reasonably priced shares in growth companies. "Hold".

Michael Hill International



Nuplex Industries - aided by a full year's contribution from its Coatings Resins business - reported revenues 40.1% higher at \$1,300.9 million. Trading profits were 23.8% higher at \$37,538,000 (47.9 cents per share). A final dividend of 19.5 cents (with only partial imputation credits for NZ investors) will lift the annual dividend 36.7% to 33.5 cents.

The net operating cash surplus was 20% lower at \$48.5 million. Interest bearing debts remain virtually unchanged at \$345.4 million.

Nuplex Industries expects demand for its products to remain flat over the new financial year but predicts "steady growth in operational earnings".

Nuplex Industries shares trade on a low Price/Sales ratio of 0.38, a low Price/Earnings ratio of 13 and offer a high Dividend Yield of 7.0%. So this is an attractively priced business that remains a sound long term holding for both income and capital appreciation. "Hold".

Nuplex Industries



Postie Plus Group has reported a 23.1% lift in revenues to \$38.2 million for the quarter to 31 July. This will lift annual revenues 9.7% to \$125.3 million.

Soon after we recommended Postie Plus Group shares in May the company *downgraded* its profit forecast - which has now been *upgraded* back to "in excess of \$5 million" before tax. That - as we pointed out in May - should more than *double* after tax profits to around \$3.5 million (8.8 cents per share). Based upon the current share price of 89 cents this would reduce the Price/Earnings ratio to 10 and should allow significant dividend growth. "Buy".

Postie Plus Group has expanded its school uniform business, acquiring the *Classmates* business of **EziBuy Group**. The company's *SchoolTex* business had a "solid market share in the South Island" and the current acquisition expands into the larger North Island market.

Postie Plus Group



Richina Pacific recorded a 2.1% increase in revenues to US\$240.2 million for the six months to 30 June, while profits rose 15.1% to US\$3,617,000 (2.4 US cents per share). There was a net operating cash *deficit* of US\$13.2 million - 58% worse than last year's cash deficit.

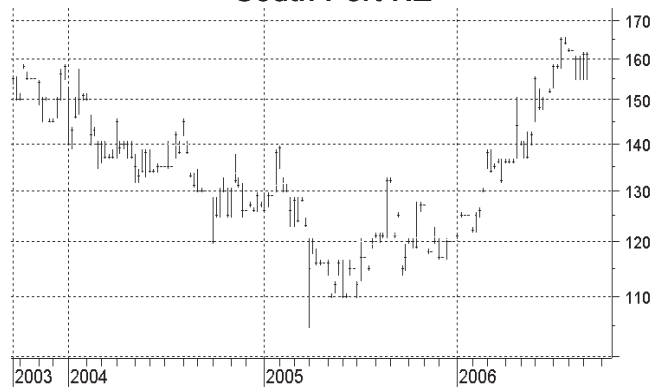
The company expects "an improved second half".

South Port New Zealand managed to lift revenues 9.8% to \$14.8 million for the year to June 2006. The net profit was 26.3% higher at \$2,447,000 (9.3 cents per share). The final dividend of 5.0 cents will raise the annual payout 19.2% to 7.75 cents (plus full tax credits).

The net operating cash surplus was unchanged at a high \$4.4 million. The company invested \$2.3 million in capital expenditure and also reduced interest bearing debts \$1.7 million to just \$3.0 million.

Although the company expects earnings to decline slightly over the next year, it has "limited capital expenditure requirements" and "stable operating cash flows" so plans to maintain a high dividend payout level for the "foreseeable future". This is a relatively low risk, high yielding investment.

South Port NZ



Steel & Tube Holdings recorded steady revenues of \$439.3 million (i.e. up 0.4%) for the year to June 2006, but profits fell 20.4% to \$30,824,000 (35.0 cents per share). A final dividend of 17.0 cents will maintain a steady annual dividend of 32.0 cents (plus full imputation tax credits).

The company expects the NZ economy to "stay soft over the short term" but "to recover gradually over the next 12 to 18 months".

At 443 cents, Steel & Tube Holdings shares trade on a Price/Sales ratio of 0.89, a Price/Earnings ratio of 13 and offer a very high Dividend Yield of 10.8%. This is a cyclical business - with the fluctuation in the share price over the last two years reflecting the current slight weakness in profitability. If the business recovers from here, then the shares will (Continued on Page 6)

Recommended Investments

(Continued from Page 5)

likely rise in value over the next year while continuing to provide a very high income yield. Investors overweighted in Steel & Tube could realise some profits, but otherwise the shares rate a "Hold" for income.

Steel & Tube Holdings



Taylors Group lifted revenues 3.5% to \$67.9 million for the year to 30 June but higher energy and labour costs resulted in the net profit slipping 9.3% to \$3,609,000 (14.9 cents per share). A steady 6.0 cents final dividend will maintain the annual dividend at 12.0 cents (plus full imputation tax credits).

Net operating cashflows rose 13% to \$14.4 million.

Interest bearing debts *increased* \$0.7 million to \$4.0 million, but cash in the bank rose \$2.4 million to \$3.0 million. So Taylors Group is virtually debt free. The company *could* borrow up to \$20 million for acquisitions, or will need to eventually distribute surplus cash to shareholders through a share buy-back, capital repayment or special dividends.

To improve efficiency and lower operating costs the company sold its Invercargill operation. This operation serviced mainly the Queenstown area, but rising transport costs had reduced the viability. It has also transferred its Rotorua processing to its larger operation in Hamilton.

Despite energy costs increasing a further 10% over the last year and increased holiday entitlements from next April costing an extra \$500,000 annually, **Taylors Group** "is forecasting a modest improvement in net profits in the coming year". Negotiations with the **Auckland Regional Health Boards** to renew the linen supply contract are "on-going".

These shares trade on a low valuation - offering a high Dividend Yield of 10.2% - and the company has a strong balance sheet and generates strong cash flows. So Taylors Group shares remain a sound investment for high income and steady capital appreciation. "Hold".

Taylors Group



Australian Shares

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

AJ Lucas Group will pay around \$8 million - in cash or shares - over three years to acquire **McDermott Drilling Pty**. This is approximately the value of the net assets being acquired, although the business earned a profit of only \$400,000 in the year to June 2005 on revenues of \$9.5 million. The June 2006 results are not yet available.

AJ Lucas Group will transfer all of its vertical drilling operations to the McDermott subsidiary which will now manage 24 drilling rigs and is expected to generate around \$18 million in revenues for the current year to June 2007.

Atlas South Sea Pearls lifted revenues for the six months to 30 June 2006 by 29.2% to \$5.4 million, while profits increased 245.5% to \$1,606,308 (1.8 cents per share). The company has previously declared and paid an interim dividend of 1.5 cents and is well on its way to achieve its annual profit forecast of \$3 million (3.4 cents per share).

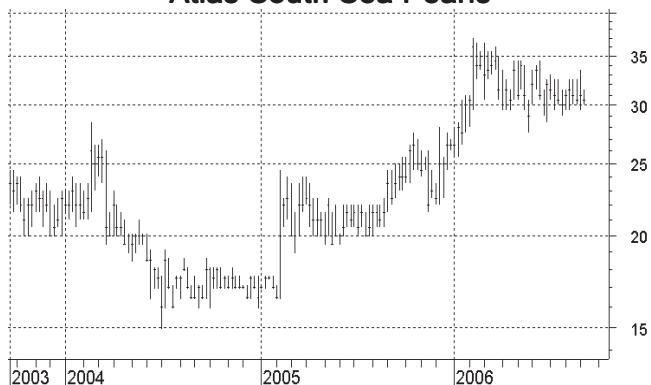
The net operating cash surplus was a high \$3.2 million - up from a cash *deficit* last year of \$569,000.

Two harvests have yielded 150,000 pearls, with a third harvest of 60,000 oysters planned for August.

Atlas South Sea Pearls is "very confident" of seeding over 300,000 new oysters this year and is "slowly increasing" the number of re-seeded oysters where there are "improvements in the quality, compared with earlier years".

"Buy" for both a high current income and capital appreciation.

Atlas South Sea Pearls



Campbell Brothers has increased its hostile takeover offer for **CCI Holdings** by 12.9% to 35 cents per share, made the offer unconditional (i.e. it will buy and pay for any shares tendered by current shareholders) and extended the closing date to 29 September. CCI Holdings directors, who own or control 32.5% of the company, continue to reject the takeover but that may change if Campbell Brothers can obtain a 50% controlling interest.

Candle Australia has reported a 16.6% increase in revenues to \$270.3 million for the year to 30 June, with profits up 55.5% to \$11,809,000 and earnings per share up 52.9% at 23.7 cents. A 3.0 cents higher final dividend of 9.0 cents lifts the regular annual dividend 47.8% to 17.0 cents and, like last year, the company will also pay a special 2.0 cents dividend.

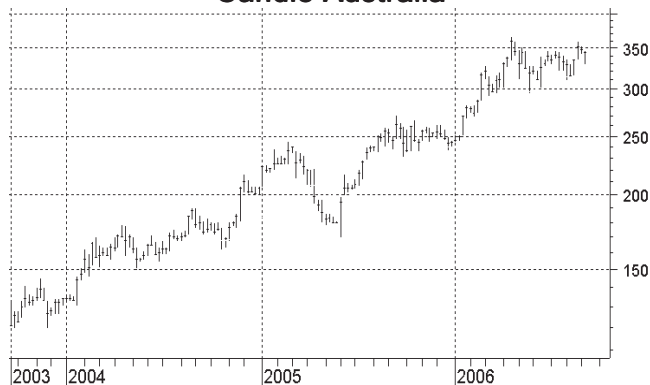
The cash operating surplus was 23% lower at \$6.6 million. The lower cash surplus reflects growth in higher profit margin contractor and temporary

September 11, 2006.

assignments but where employees are paid in advance of receipts from clients.

The company is "confident of further strong profit growth over the next twelve months" - so with the shares trading on a moderate Price/Earnings ratio of 15 and Dividend Yield of 4.9% they offer reasonable value and should continue to appreciate at least in line with future growth in profits. Candle Australia shares therefore look a "Buy" and Hold for future investment gains.

Candle Australia



Further to last month's brief announcement, **Cellnet Group** has released its full annual report and re-instated dividend payments!

Revenues for the year to 30 June were 6.9% higher at \$567.4 million, although profits fell 76.3% to \$1,568,000 (3.0 cents per share). The company will pay a final 2.0 cents dividend (nil in 2005).

The restructuring generated a massive operating cash surplus of \$33.0 million as inventory levels were significantly reduced. Interest bearing debts were reduced \$32.6 million to just \$11.5 million at balance date.

The re-instatement of dividends is a further sign that the restructuring has been successful and that the directors expect profits to recover and grow in the future. "Buy" for capital appreciation.

Cellnet Group



Centennial Coal recorded a 29.4% rise in revenues to \$822.2 million, but profits fell 29.3% to only \$17,100,000 (5.8 cents per share). A steady 7.0 cents final dividend will maintain the annual dividend at 13.0 cents (unfranked).

The net operating cash surplus was 47% lower at \$36.9 million.

As previously reported, problems at the *Newstan* mine resulted in a \$33.5 million loss after tax which has depressed the 2006 result.

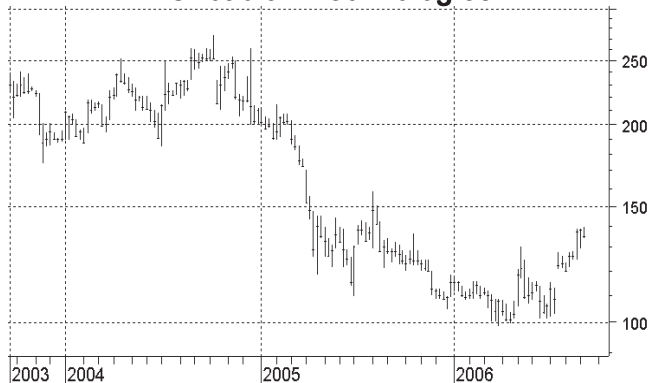
Centennial Coal expects to recover strongly this

current financial year owing to higher coal prices and improved production, while the low cost *Anvil Hill* mine will start to contribute to profits in the year to June 2008.

Circadian Technologies has confirmed that the takeover of **Zenyth Therapeutics** will realise around \$23.2 million in cash and about 4.9 million shares in **Avexa**. This is just slightly less than the \$24.5 million cash and 4.75 million shares we estimated last month.

This will lift the company's cash holding to \$37.8 million or 94 cents per share. Net asset backing (based upon the current market value of its investments) is 165 cents per share.

Circadian Technologies

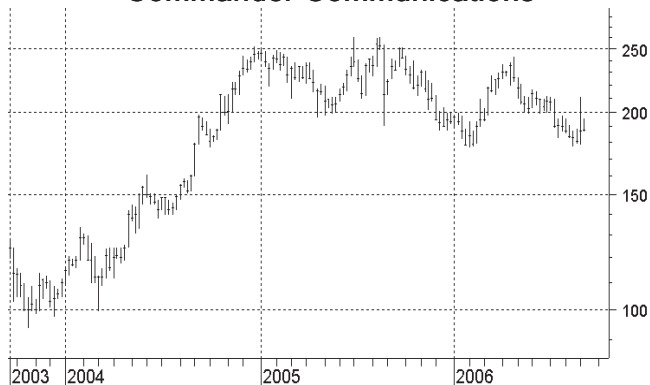


Commander Communications lifted revenues 28.3% to \$789.8 million for the year to 30 June 2006. Profits were 7.6% lower at \$25,975,000 and earnings per share were 15.8% lower at 11.7 cents (owing to the issue of some new shares to help finance the takeover of **Volante Group**). The net operating cash surplus rose 28% to \$39.9 million.

Commander Communications will pay a steady final dividend of 4.0 cents, but no interim was paid (owing to the costs of acquiring Volante Group), so the annual regular dividend will be 33.3% lower at 4.0 cents. The company, however, will also pay a special dividend of 2.0 cents - maintaining the total payout at 6.0 cents.

For the year to June 2007 - aided by a full year's contribution from Volante Group - Commander Communications is predicting revenues 39-52% higher at \$1,100-1,200 million and earnings (before interest, tax and depreciation) 58-68% higher at \$95-101 million.

Commander Communications



Computershare has reported a 50.6% rise in revenues to \$1,614.5 million for the year to June 2006. Profits rose 45.6% to \$182,558,000 (30.5 cents per share). A 1.0 cent higher final dividend of 7.0 cents lifts the annual dividend 18.2% to 13.0 cents.

The net operating cash (Continued on Page 8)

Recommended Investments

(Continued from Page 7)

surplus was 67.5% higher at \$245.8 million.

Assuming that “equity and financial market conditions stay relatively stable” - which is an oxymoron - Computershare “remains comfortable” to target long term growth in earnings per share of around 20%.

Computershare



Ellex Medical Lasers managed to increase revenues 28.5% to \$35.1 million for the year to 30 June 2006. Trading profits more than *tripled* to \$2,023,000 (3.3 cents per share) and in addition there was a \$1,670,000 profit on the sale of its property (which also released almost \$4.3 million to help finance future expansion and growth). No dividend will be paid at this stage as the company will retain its cash to re-invest in the business.

There was a cash operating surplus of \$871,000 - compared with a *deficit* last year of \$779,000.

Most importantly, this has been a year of transition with *Ellex* brand sales up 61% to account for 80% of total revenues.

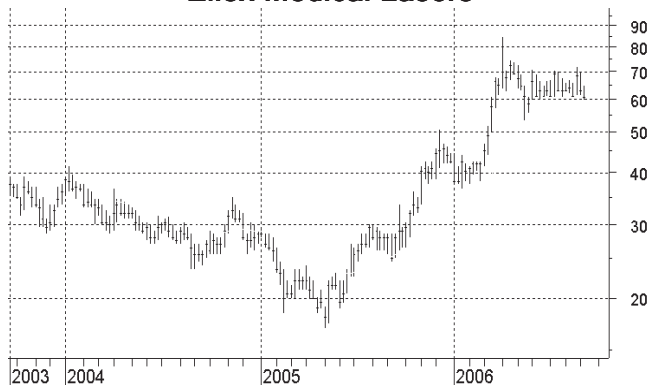
Ellex Medical Lasers is to acquire **Coherent Lasers (Australia)** - its current exclusive distributor in Australia and New Zealand - to takeover the direct sales and marketing of its products. The acquisition will also see it market the *Allegretto* laser and other ophthalmic products manufactured by **WaveLight AG**, ophthalmic ultrasound products from **Sonomed Inc** and hand held lenses (used to diagnose patients) manufactured by **Ocular Instruments Inc**. The cash consideration is undisclosed but “not material to Ellex” and will be based on growth over the next three years.

Ellex Medical Lasers has a 12% global market share in the A\$260 million ophthalmic laser market but expects this to grow strongly as its major competitors are focused upon other businesses. **Lumenis** (21% market share) is focused upon aesthetic uses for lasers, **Zeiss** (20%) and **Nidek** (15%) on refractive lasers, **Quantel** (10%) on non-medical uses and **Iridex** (9%) is focusing upon supplying disposables. More importantly, Ellex Medical Lasers plans to use its growing share of the ophthalmic laser market to expand into the ten times larger market for all ophthalmic devices.

The company predicts 15% revenue growth for the year to June 2007 - but that is *after* the loss of \$5 million of discontinued manufacturing for *other* companies - so equal to around 35% growth in its own brand products.

Ellex Medical Lasers is an attractive emerging growth business that we believe could create significant wealth for investors over many years. “Buy”.

Ellex Medical Lasers



Iluka Resources' revenues for the six months to 30 June rose 2.4% to \$487.3 million but net profit fell 59.4% to \$32,200,000 (13.8 cents per share). A steady interim dividend of 10.0 cents fully-franked (compared with 50% franked last year) will be paid.

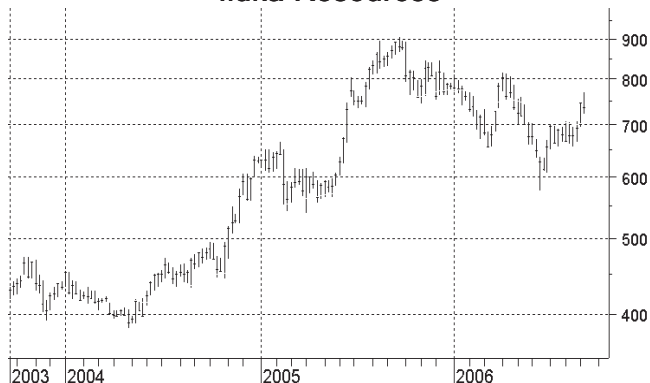
The net operating cash surplus fell 38% but was still very high at \$75.7 million.

The full year result is predicted to be around \$115-125 million from continuing businesses. In addition there will be operating losses of US\$20 million (A\$26.5 million) from its Florida/Georgia businesses which will be partially offset by gains of US\$7-10 million from land sales.

Iluka Resources is to close out its foreign exchange hedges and to “cease hedging its US denominated revenues” in the future. Closing these hedges will realise \$37.7 million in cash which will be used to reduce interest bearing debts.

Iluka Resources has upgraded the resource estimate for the *Ambrosia* deposit. The Heavy Mineral resource has increased 75% to 2.8 million tonnes, graded 2.7% heavy minerals of which 48% is Zircon. The total Zircon content is 45% higher at around 1.3 million tonnes. Together with the *Jacynth* deposit, Iluka resources has 9.2 million tonnes of heavy minerals, including 4.4 million tonnes of Zircon in the Eucla Basin. Pre-feasibility work to develop these deposits is underway and will be completed by mid-2007.

Iluka Resources



Keycorp reported a 2.7% drop in revenues to \$95.2 million for the year to 30 June. There was a trading *loss* of \$820,000 (*minus* 1.0 cent per share) plus a \$2.1 million *loss* from a discontinued business. No dividend will be paid.

The business continued to generate a strong operating cash surplus of \$6.5 million - although down on the large \$32.7 million surplus in 2005.

The company is continuing to look for both organic growth and growth through acquisitions. It is currently “close to completing” a “couple of acquisitions”. The business is also continuing to evolve to build recurring revenues which will improve the potential to earn reliable profits. Keycorp predicts that “in three years, revenues will be very predictable, with a much higher annuity component”.

Keycorp



LongReach Group has received some opposition to its reverse takeover of **Allied Technologies**. **Nightingale Partners**, which currently owns 14.8% of Allied Technologies plans to offer “not less than 18 cents per share” in cash. This offer is for only 60% of each investor's shareholding and is conditional upon gaining 50.1% and control of the company. This type of *partial* offer at just slightly above market value and for only enough shares to take control is unlikely to be successful.

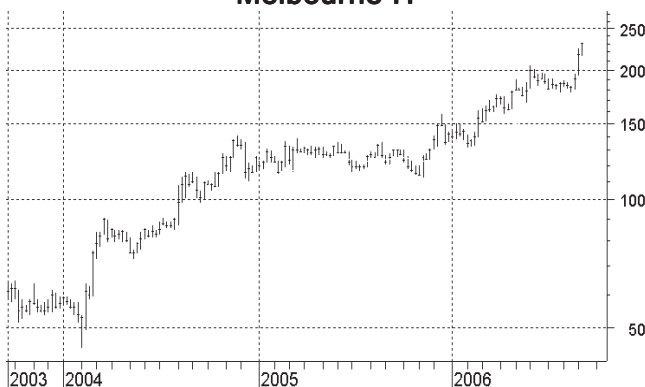
Melbourne IT recorded a further 19.2% increase in revenues to \$41.2 million for the six months to 30 June 2006. Trading profits were 21.8% higher at \$2,656,000 (4.9 cents per share) and there was a \$4.5 million gain (from its written down book value) on the sale of **NeuLevel Inc**. The interim dividend will be raised 16.7% to 3.5 cents and will include the new shareholders from the takeover of **WebCentral Group**.

The net cash operating surplus rose 59% to \$5.6 million. Cash in the bank rose \$7.5 million to \$35.0 million (64 cents per share).

WebCentral Group shareholders have approved the scheme of arrangement under which Melbourne IT will acquire this company.

These shares have risen significantly over the last year, so we are downgrading our recommendation to “Hold+”.

Melbourne IT



M.Y.O.B. managed to lift revenues 8.6% to \$81.6 million for the half year to 30 June, with profits steady

(i.e. down 0.6%) at \$10,500,000 (2.7 cents per share). M.Y.O.B. does not pay interim dividends.

The net operating cash surplus increased 79% to \$27.6 million.

M.Y.O.B. continues to invest heavily to grow its business, spending \$17.4 million on product development, \$4.0 million on its customer management platform and \$3.4 million on fixed assets. The full year result is forecast to show “strong double digit growth”.

The group has cash of \$39.4 million and interest bearing debts of only \$8.5 million, so is continuing to use its surplus cash to repurchase its own shares on-market. The company *could* support interest bearing debts of up to \$80-100 million, which gives it “adequate financial capacity for the right types of acquisitions”.

M.Y.O.B.



Ross Human Directions experienced a 6.8% drop in revenues to \$333.8 million for the year to June 2006. *Pre-tax* profits were 32.1% lower, but a tax credit has lifted the net profit 5.3% to \$5,045,000 (6.1 cents per share). A steady 2.0 cents final dividend will make a steady 4.0 cents dividend for the year.

The main focus for the year has been to improve the balance sheet. The net operating surplus was very high at \$14.8 million (compared with a small deficit of \$1.7 million in 2005) and this has allowed the company to finance the final payment of \$4.4 million to acquire Spherion and reduce interest bearing debts \$9.8 million to just \$10.4 million.

A number of investors have wondered why Ross Human Directions could have performed so poorly for us (i.e. down 17%) when our other two investments in this sector (i.e. Candle Australia and Skilled Group) have increased 4-5 *times* in value. This, however, is really the wrong approach to investing.

We invested in *three* companies in this sector as we correctly foresaw that it offered the potential for above average investment returns. There was the potential for a cyclical upturn in this sector - although Ross Human Directions suffered a downturn in 2002/03 and Skilled Group suffered in 2004/05 - so we didn't get that quite perfect. There was long term growth potential from companies outsourcing labour. The industry was also very fragmented, so there was potential for growth through acquisition. Both Candle Australia and Skilled Group have benefited from a series of acquisitions which (apart from one by Skilled Group) have been successful and boosted profit growth. Ross Human Directions made a couple of successful smaller acquisitions but has struggled (Continued on Page 10)

Recommended Investments

(Continued from Page 9)

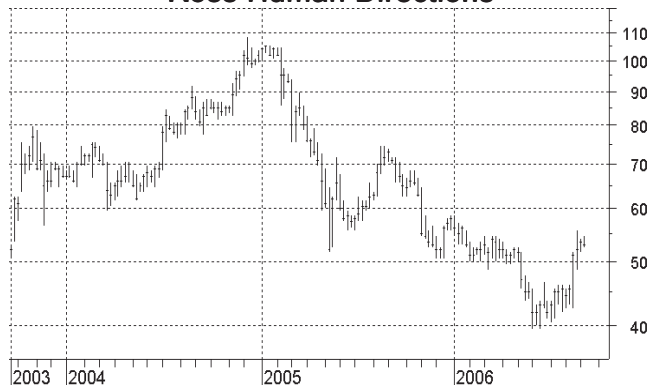
with a larger acquisition.

When we invest in a company we cannot, of course, know how successfully it will manage future changes or how successful it will be at growing the business either internally or through acquisitions. A \$10,000 investment in only *one* of these three companies would now be worth \$8,300 or \$45,000 or \$50,100 - but we prefer to minimise risks and invest in a more diversified portfolio of shares. \$10,000 over *all* three of these shares (i.e. an investment of \$3,333 in each) would today be worth around \$34,500. The diversified strategy offers the best potential to build investment wealth over the medium to long term. Furthermore, that mini-portfolio of three recruitment shares started with 33% in Ross Human Directions but that has now shrunk to only 8% (i.e. with 49% in Skilled and 43% in Candle). So by *letting profits run* on the two successful investments they have grown to become much more important than the one investment that has gone backwards slightly.

Finally, if we can repeat this performance - two investments that soar in value and one that doesn't quite work out - then we will be more than happy! Some share investments just aren't going to work out successfully - but what matters is the *overall* growth in the portfolio!

We have not, however, given up on Ross Human Directions and despite the lack of profit on this investment we still believe that it has the potential to make a *positive* contribution to our *future* investment returns. Ross Human Directions shares trade on a very low valuation. The Price/Sales ratio is 0.13 (i.e. only about one-fifth of the valuation of the other two companies), the Price/Earnings ratio is 9 (about half its competitors) and the Dividend yield is 7.5% (50-120% higher). So Ross Human Directions could find itself the subject of a takeover offer at a significant premium to this low market price! The directors also appear to consider the current share price too low and there have been seven *insider* buys (and no sells) on-market over the last year. The Relative Strength Rating is still *negative* at -5.1%, ranked 64, but improving rapidly and the shares are showing signs of recovery. We are therefore upgrading Ross Human Directions shares to a "Hold+".

Ross Human Directions



Skilled Group lifted revenues 21.2 % to \$961.7 million for the year to 30 June 2006, with profits recovering 70.1% to \$24,701,000 (23.8 cents per share). A 12.0 cents final dividend will raise the annual dividend rate 18.8% to 19.0 cents.

The net operating cash surplus was 68% higher at a very strong \$37.6 million.

Skilled Group has announced two major acquisitions: On 17 August it announced a 90 cents per share cash takeover of listed **Catalyst Recruitment Systems** for a total cost of \$49.4 million. Skilled Group has already received acceptances for 49.3% of the company. Catalyst Recruitment generates annual revenues of \$122 million and earnings (before interest, tax and depreciation) of \$6.1 million. Synergies and cost savings of around \$2 million annually are expected from the second year.

On 23 August Skilled Group announced the purchase of unlisted **TESA Group** for \$61.9 million. TESA generates annual revenues of around \$163 million and earnings of about \$8.5 million. Synergy benefits of this acquisition are expected to add \$1 million annually to earnings.

Skilled Group will pay cash for these businesses, which will increase its interest bearing debts from \$9.2 million to around \$120 million. This is a manageable debt level and can be reduced from operating cashflows.

The two new businesses will increase group revenues around 45% to \$1,400 million (to June 2007) with a similar increase in earnings (before interest, tax and depreciation). Skilled Group will increase its share of the fragmented recruitment and labour hire market from 8% to around 10-11% and be "double the size" of its closest competitor.

Skilled Group



Technology One is starting to show benefits from its new *Connected Intelligence* software. Revenues for the year to June 2006 rose 18.4% to \$66.5 million, helped by a 58.0% increase in Initial Licence Fees to \$12.8 million. Profits were 16.2% higher at \$12,314,000 (4.2 cents per share). A final 2.01 cents dividend lifts the annual payout 10.0% to 3.41 cents.

The net operating cash surplus was 22% lower at \$8.6 million.

Technology One is seeking to use its new software to "replicate our mid-tier market success" amongst larger companies and government departments. Expansion into the UK market is estimated to produce a loss of \$1 million next year but the company is "building a solid sales pipeline" in the UK and this large market could eventually yield significant revenue growth and improved economies of scale. Technology One predicts "continuing strong profit growth" of 15-20% for the year to June 2007 and to lift the dividend by around 10%.

The Reject Shop lifted revenues 16.9% to \$237.8 million for the year to June 2006. Profits were 38.7%

September 11, 2006.

higher at \$9,052,000 (36.1 cents per share). A final 10.0 cents dividend will raise the annual dividend 35.3% to 23.0 cents - and a special 7.5 cents dividend will also be paid to distribute surplus cash.

The net operating cash surplus rose 74% to a very high \$19.2 million.

Profits for the year to June 2007 are forecast to rise 18-20% to \$10.7-10.9 million.

The company opened 14 new stores for the year (and another two since 30 June) and closed its last 7 *Everything Here \$2* stores. Stock turn improved from 5.1 to 5.5 - reducing working capital and slow selling stock needing to be cleared at discounted prices.

15 new stores and three closures are planned for the current financial year, lifting the total number of stores 11.6% to 125. Many smaller stores will be expanded or will relocate to larger premises. This store growth - including further expansion in Queensland and Western Australia - should ensure further long term growth in revenues and profits.

The Reject Shop has been a very good investment for us - *tripling* in value over just 20 months. At 718 cents the shares trade on a Price/Earnings ratio of 20 and a Dividend Yield of 3.2%. That is not cheap, but it is a *reasonable* valuation for a company with sound growth prospects. Therefore we are happy to rate the shares a "Hold+" and to let our profits run.

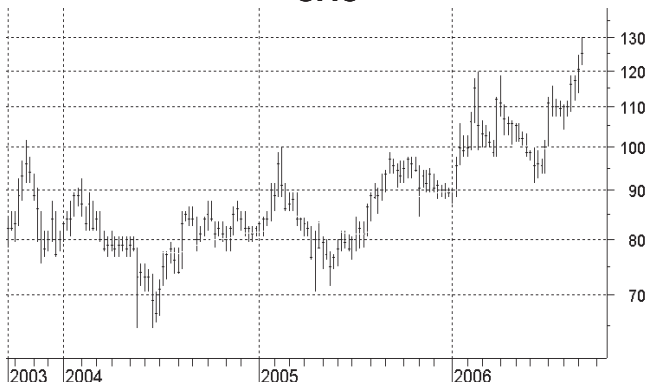
The Reject Shop



UXC's revenues increased 23.9% to \$300.7 million for the year to June 2006. Profits were 15.5% higher at \$16,595,000 (9.8 cents per share). The final 4.0 cents dividend will lift the annual dividend 18.2% to 6.5 cents. The net operating cash surplus fell 39% to \$12.7 million.

UXC reports a "very positive outlook for the 2007 financial year" with revenues "anticipated to exceed \$350 million" - although part of this will come from "planned acquisitions" so as forecasts go this is pretty meaningless!

UXC



Vision Systems directors have agreed to a takeover of the company by its US-based competitor **Ventana Medical Systems Inc.** This will be achieved via a "scheme of arrangement" with Ventana offering 213 cents per share (and 273 cents per convertible note). Vision Systems shareholders will get to vote on this scheme at a meeting in late October.

This takeover is at a reasonable premium to the market value of Vision Systems shares, but we are not sure that being bought out of this growth company is in our long term interests. Ventana Medical and Vision BioSystems are the only major competitors in their field. Perhaps Ventana should be paying a bigger premium to remove their only competition and gain market control? It is unclear why Vision Systems directors support a scheme of arrangement rather than a regular takeover offer.

A "scheme of arrangement" is a fairly certain way to take over a company as it requires only 75% approval from those shareholders who vote at the meeting to become compulsory on all shareholders, compared with 90% acceptances for all shareholders in a takeover offer.

There is, of course, the possibility that a second bidder may enter the market with a higher offer over the next six weeks. Vision Systems, however, will probably be taken over under this scheme.

The takeover of Vision Systems at 213 cents would realise a total return of 348% (i.e. increasing our initial investment 4½ times) over about eight years. That is a compound rate of return in excess of 20% per annum. That is not one of our best investments - but at 20% per annum an investor will get very rich increasing their wealth 6-fold over 10 years, 38-fold over 20 years and 237-fold over 30 years!

Vision Systems deducted 15% foreign withholding tax from last month's 40 cents capital repayment pending a ruling from the **Australian Tax Office** on the status of this payment. If the payment is confirmed to be *capital* then Vision Systems will refund the withholding payment to its foreign shareholders.

Vision Systems' annual profit result is as confusing as ever! Revenues (from continuing businesses) rose 44.6% to \$116.0 million. The operating loss on these businesses was \$5,865,000 (*minus* 3.2 cents per share), slightly higher than the (re-stated) loss of \$4,971,000 in 2005. Vision Systems paid an interim dividend of 2.0 cents (and a 40 cents capital repayment), but - probably owing to the pending takeover - has not declared a final dividend.

The net operating surplus rose 31.7% to \$17.4 million.

Vision Systems



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

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STRENGTH RATING													STRENGTH RATING														
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													INSIDER BUYING: Most Insider Buying, Relative Strength > 0														
Col Motor Co	305	+0.6	+0.8	59	4-0	-	0.8	6	0.5	12	11.7	0.18	85	Comvita	344	+18.9	-0.9	5	11-0	-	2.6	9	0.3	28	2.2	N/A	45
Speirs Group	106	+1.9	+0.2	52	1-0	-	0.9	7	0.9	13	9.9	0.24	11	AMP Limited	1071	+5.7	-2.6	29	9-0	-	6.3	29	0.3	22	3.4	1.47	20,027
NZ Wool Service	48	+6.9	-2.0	24	2-0	-	1.2	10	1.3	12	9.3	0.25	33	Scott Tech. Ltd	217	+0.1	-0.6	61	6-0	-	3.7	2	0.4	172	2.8	1.34	54
Postie Plus Grp	89	+10.6	+1.3	14	0-0	1	1.3	6	0.9	21	5.0	0.31	36	Wakefield Hlth	735	+12.1	+2.0	12	7-1	-	1.5	5	0.2	30	2.8	2.03	104
Gullivers Trv.	233	+24.7	-5.8	2	0-0	-	1.4	5	0.7	30	3.5	0.38	233	Col Motor Co	305	+0.6	+0.8	59	4-0	-	0.8	6	0.3	12	11.7	0.18	85
Nuplex Indust	638	+8.3	-3.1	19	1-0	4	1.5	12	0.5	13	7.0	0.38	500	Cavalier Corp	330	+3.6	-1.3	38	4-0	4	3.4	22	0.3	15	8.1	1.07	196
Tag Pacific Ltd	35	+6.9	-4.6	23	2-0	-	1.4	18	1.5	8	1.6	0.39	23	Brierley Invest	144	+4.0	-0.0	35	6-2	-	1.2	4	0.5	31	2.4	3.33	2,170
Broadway Ind	85	+0.4	+5.9	60	2-0	-	0.9	4	0.8	21	4.7	0.43	17	Seeka Kiwifruit	390	+3.8	-2.2	36	3-0	1	1.0	9	0.3	11	7.7	0.48	47
Seeka Kiwifruit	390	+3.8	-2.2	36	3-0	1	1.0	9	0.5	11	7.7	0.48	47	Northland Port	295	+1.0	+0.4	56	3-0	-	1.0	2	0.4	64	3.0	N/A	128
Allied Work.	140	+9.8	-3.3	16	1-1	-	2.1	17	0.9	12	10.7	0.49	37	Wool Equities	64	+0.3	+4.1	61	3-0	-	0.9	-	0.6	NE	Nil	0.69	15
Livestock Imp.	168	+8.7	+5.8	18	3-0	-	0.6	8	0.8	7	14.6	0.50	55	OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Satara Co-op	100	+2.0	-11.2	51	0-0	-	0.7	-	0.9	NE	4.5	0.52	27	A2 Corporation	8	-3.1	+7.2	72	0-0	-	2.2	-	1.4	NE	Nil	6.56	8
Ebos Group Ltd	530	+4.8	-0.7	32	0-0	2	2.9	18	0.4	16	6.1	0.52	146	Nat Property Tr	71	-6.7	+2.3	86	0-0	4	0.8	5	0.4	17	5.8	4.71	87
Hellaby Hold.	507	+2.6	+1.5	46	1-1	3	2.5	21	0.4	12	11.5	0.64	249	Sealegs Corp	20	-0.7	-4.8	66	0-0	-	5.9	-	1.5	NE	Nil	4.08	12
Mainfreight Grp	610	+19.8	-2.4	4	0-7	6	4.3	21	0.4	20	2.9	0.66	586	Sky Network TV	540	-4.6	-0.4	79	2-0	5	1.9	5	0.3	35	2.2	3.83	2,101
Provenco Group	88	+3.2	+0.4	41	0-0	1	2.5	9	1.0	28	4.4	0.68	105	Horizon Energy	390	-3.5	-1.2	75	0-0	-	2.1	11	0.3	18	7.3	3.51	97
Warehouse Group	500	+14.9	+2.3	8	0-1	7	4.3	11	0.5	39	4.3	0.69	1,527	CDL Investments	37	-2.3	+1.3	71	0-0	-	1.2	14	0.7	9	8.1	3.18	78
Fletcher Build.	858	+2.1	-2.3	50	1-4	5	2.8	26	0.3	11	7.0	0.73	4,028	Genesis Res.	27	-4.4	-3.1	78	3-0	-	1.1	-	0.9	NE	Nil	2.72	7
F & P Appliance	374	+3.7	-6.0	38	0-21	5	1.6	11	0.4	15	7.2	0.82	990	Charlie's Group	11	-58.3	+0.0	98	1-0	-	2.1	-	1.2	NE	Nil	2.03	30
Guinness Peat	248	+8.8	-1.9	18	1-1	2	3.7	36	0.6	10	1.1	0.83	2,671	WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													Charlie's Group	11	-58.3	+0.0	98	1-0	-	2.1	-	1.1	NE	Nil	2.03	30	
CACI Group Ltd	34	+17.4	+7.1	5	0-0	-	1.5	22	1.0	7	Nil	0.49	2	Blis Technology	7	-21.1	-0.2	96	0-0	-	9.5	-	1.4	NE	Nil	N/A	7
Allied Work.	140	+9.8	-3.3	16	1-1	-	2.1	17	0.7	12	10.7	0.49	37	Plus SMS Hold.	18	-21.0	-8.3	95	0-0	-	11.0	-	0.9	NE	Nil	N/A	58
Guinness Peat	248	+8.8	-1.9	18	1-1	2	3.7	36	0.5	10	1.1	0.83	2,671	Cabletalk Group	36	-13.5	-0.5	93	0-0	1	1.6	15	0.8	11	8.3	0.31	11
Livestock Imp.	168	+8.7	+5.8	18	3-0	-	0.6	8	0.6	7	14.6	0.50	55	Cert Organics	4	-12.6	-1.4	92	0-0	-	0.8	-	1.9	NE	Nil	1.76	6
Nuplex Indust	638	+8.3	-3.1	19	1-0	4	1.5	12	0.4	13	7.0	0.38	500	Lombard Group	2	-12.5	-0.9	91	0-0	-	2.1	10	2.7	20	Nil	1.71	46
Jasons Media	54	+7.8	+2.6	20	0-0	-	12.4	74	1.0	17	Nil	0.77	9	Oyster Bay	230	-12.1	+2.8	90	0-1	-	1.1	5	0.3	23	6.5	1.94	21
Turners & Grow.	245	+7.5	-2.4	21	3-1	0	0.8	6	0.5	14	Nil	0.37	183	CanWest Media.	131	-10.7	-2.8	89	1-0	4	0.9	4	0.4	23	7.2	1.19	297
Briscoe Group	155	+7.2	-0.5	22	5-2	6	3.1	24	0.6	13	7.2	0.95	329	Abano Health.	117	-9.2	+4.2	88	0-0	1	0.6	4	0.5	17	Nil	0.41	27
Tag Pacific Ltd	35	+6.9	-4.6	23	2-0	-	1.4	18	1.1	8	1.6	0.39	23	Vector Ltd	227	-7.6	-1.6	87	7-0	-	2.0	4	0.5	50	7.9	N/A	2,270
NZ Wool Service	48	+6.9	-2.0	24	2-0	-	1.2	10	1.0	12	9.3	0.25	33	Nat Property Tr	71	-6.7	+2.3	86	0-0	4	0.8	5	0.4	17	5.8	4.71	87
VTL Group Ltd	90	+5.6	+13.0	29	0-1	-	2.1	17	0.9	12	Nil	0.57	27	Air New Zealand	117	-6.4	-0.0	85	2-5	4	0.7	6	0.5	12	6.4	0.31	1,174
Ebos Group Ltd	530	+4.8	-0.7	32	0-0	2	2.9	18	0.3	16	6.1	0.52	146	Blue Chip Fin.	78	-6.0	-0.0	84	0-0	-	1.9	33	0.7	6	Nil	0.75	48
Seeka Kiwifruit	390	+3.8	-2.2	36	3-0	1	1.0	9	0.4	11	7.7	0.48	47	Zintel Comm.	64	-5.6	-0.4	82	3-2	-	3.9	39	0.5	10	8.1	0.79	32
F & P Appliance	374	+3.7	-6.0	38	0-21	5	1.6	11	0.4	15	7.2	0.82	990	Perac Edge Bio.	16	-5.6	-4.0	81	0-0	-	8.6	-	0.9	NE	Nil	N/A	8
Tourism Hold.	178	+2.7	+0.3	45	3-1	3	1.0	7	0.6	16	9.2	0.99	175	Heritage Gold	4	-5.5	-1.0	81	1-0	-	0.7	-	1.6	NE	Nil	N/A	6
Hellaby Hold.	507	+2.6	+1.5	46	1-1	3	2.5	21	0.3	12	11.5	0.64	249	Kirkcaldie & St	235	-5.0	-2.1	80	0-0	1	1.1	5	0.3	19	5.1	0.54	24
Steel & Tube	443	+2.2	-1.3	50	0-0	4	2.9	23	0.4	13	10.8	0.89	390	Sky Network TV	540	-4.6	-0.4	79	2-0	5	1.9	5	0.3	35	2.2	3.83	2,101
Fletcher Build.	858	+2.1	-2.3	50	1-4	5	2.8	26	0.3	11	7.0	0.73	4,028	Genesis Res.	27	-4.4	-3.1	78	3-0	-	1.1	-	0.9	NE	Nil	2.72	7
Speirs Group	106	+1.9	+0.2	52	1-0	-	0.9	7	0.7	13	9.9	0.24	11	Dorchester Pac	215	-4.2	+0.4	77	1-0	-	1.1	15	0.4	8	7.6	0.60	61
Skellerup Hold.	138	+1.7	+0.6	53	0-0	4	2.9	27	0.6	11	8.7	0.91	144	INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													Telecom Corp	428	-13.1	+1.1	93	3-13	10	3.5	35	0.3	10	12.4	1.44	8,393	
Telecom Corp	428	-13.1	+1.1	93	3-13	10	3.5	35	0.3	10	12.4	1.44	8,393	Renaissance	128	-1.5	+0.1	67	1-5	-	4.4	45	0.3	10	11.7	0.32	49
Hellaby Hold.	507	+2.6	+1.5	46	1-1	3	2.5	21	0.3	12	11.5	0.64	249	Air New Zealand	117	-6.4	-0.0	85	2-5	4	0.7	6	0.5	12	6.4	0.31	1,174
Tourism Hold.	178	+2.7	+0.3	45	3-1	3	1.0	7	0.5	16	9.2	0.99	175	Cadmus Tech Ltd	19	-4.2	-1.7	76	0-2	-	3.2	3	0.9	121	Nil	1.81	46
Hallenstein G.	510	+2.8	-0.7	44	1-3	3	5.2	33	0.2	16	8.8	1.62	301	Affco Holdings	36	-3.1	-0.1	73	0-2	-	0.8	10	0.5	9	2.8	0.19	182
Skellerup Hold.	138	+1.7	+0.6	53	0-0	4	2.9	27	0.5	11	8.7	0.91	144	Forty Two Below	57	-1.5	+3.3	68	1-3	-	4.3	-	0.5	NE	Nil	N/A	87
PGG Wrightsons	180	-3.0	-2.6	72	2-2	-	1.2	6	0.4	19	8.3	0.60	506	NZ Experience	31	-1.7	+0.0	69	0-1	-	2.4	17	0.7	14	9.6	1.32	11
Cavalier Corp	330	+3.6	-1.3	38	4-0	4	3.4	22	0.3	15	8.1	1.07	216	Oyster Bay	230	-12.1	+2.8	90	0-1	-	1.1	5	0.3	23	6.5	1.94	21
ING Property	123	+1.1	+0.6	55	0-0	6	1.1	7	0.4	15	8.1	9.46	646	Botry-Zen Ltd	5	-2.1	+0.6	70	0-1	-	2.3	-	1.4	NE	Nil	N/A	8
Vector Ltd	227	-7.6	-1.6	87	7-0	-	2.0	4	0.6	50	7.9	N/A	2,270														
MG Property Trt	128	+2.4	+0.3	47	3-0	6	1.1	6	0.4	19	7.7	N/A	670														

Strongest NZ Shares

STRENGTH RATING													STRENGTH RATING														
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
Apple Fields	3	+71.5	+14.3	0-0	0-0	-	3.0	-	5.4	NE	Nil	N/A	2	Just Water Int.	98	+9.8	+2.9	15	0-0	-	3.6	21	0.9	17	5.5	2.37	69
New Image Group	15	+65.2	+52.5	0	0-0	-	3.3	-	2.6	NE	Nil	4.23	28	Allied Work.	140	+9.8	-3.3	15	1-1								

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

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STRENGTH RATING													STRENGTH RATING																		
Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Under-Valued	Best Performing	Income	Worst Performing	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 0-99	Under-Valued	Best Performing	Income	Worst Performing	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0																BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0															
Citic Australia	69	+21.3	+6.0	6	0-1	-	2.3	34	1.1	7	7.7	0.08		57	Esplanade Prop.	20	+50.6	-36.3	1	4-0	-	3.3	37	1.4	9	26.2	0.28		12		
Folkestone Ltd	70	+2.5	+5.8	33	2-0	-	1.1	9	1.0	11	8.6	0.25		21	Hudson Invest.	5	+35.5	-13.2	2	0-0	-	0.6	35	2.9	2	Nil	0.69		12		
Merchant House	18	+20.3	+4.8	7	0-0	-	0.9	24	2.0	4	8.3	0.26		17	Wridgways Aust	182	+22.5	+4.7	5	4-3	-	-	-	0.6	13	4.1	0.57		58		
KLM Group Ltd	40	+3.8	+1.0	29	0-0	-	2.5	28	1.4	9	5.0	0.26		23	Clive Peeters	199	+22.0	+4.4	6	0-0	-	6.9	83	0.7	8	Nil	0.17		40		
Devine	104	+12.7	+1.3	14	2-0	-	2.4	30	0.9	8	7.7	0.28		131	Citic Australia	69	+21.3	+6.0	6	0-1	-	2.3	34	0.8	7	7.7	0.08		57		
Data 3 Ltd	430	+8.7	+5.5	19	1-4	-	6.4	55	0.6	12	6.5	0.28		67	Merchant House	18	+20.3	+4.8	7	0-0	-	0.9	24	1.5	4	8.3	0.26		17		
Esplanade Prop.	20	+50.6	-36.3	1	4-0	-	3.3	37	2.0	9	26.2	0.28		12	Austin Eng.	59	+19.3	+4.9	7	8-0	-	3.9	21	0.9	19	1.7	0.59		22		
Structural Syst	124	+12.7	+2.6	13	5-0	-	2.5	23	0.8	11	1.2	0.29		32	The Reject Shop	713	+17.9	+1.5	8	1-1	4	6.8	34	0.6	20	3.2	0.75		179		
PeopleBank Aust	90	+8.9	+3.4	19	3-0	-	12.8	-	1.1	9	6.1	0.30		37	Zicom Group	19	+17.6	-10.0	8	0-0	-	19.0	-	1.7	3	Nil	0.08		2		
Tag Pacific	29	+4.8	-3.2	26	2-0	-	1.0	9	1.6	11	1.7	0.32		19	RCR Tomlinson	220	+17.6	-2.1	9	1-6	-	3.3	24	0.7	14	1.8	0.80		218		
Integrated Grp	219	+12.5	-1.1	14	3-0	2	6.8	57	0.6	12	5.0	0.35		154	CEC Group Ltd	187	+16.9	+3.1	9	0-0	-	-	-	0.9	11	6.4	0.73		88		
Caltex Australia	2160	+13.0	+1.0	13	3-1	10	2.6	26	0.5	10	2.1	0.35	5,832	Schaffer Corp	647	+14.5	+5.6	11	0-0	1	2.0	18	0.6	11	7.7	0.63		91			
Joyce Corp.	105	+2.9	-0.6	32	3-0	-	1.2	13	0.8	9	4.8	0.36		21	Caltex Australia	2160	+13.0	+1.0	13	3-1	10	2.6	26	0.5	10	2.1	0.35	5,832			
At Limited Rec'mt	89	+5.4	+8.8	25	3-0	-	-	1.0	13	7.2	0.36		45	Avatar Indust.	170	+12.9	+1.5	13	0-0	-	2.4	20	0.9	12	3.5	0.90		135			
Al Catalyst	40	+11.6	+2.0	15	2-0	-	2.3	11	1.3	20	5.1	0.38		50	Structural Syst	124	+12.7	+2.6	13	5-0	-	2.5	23	0.6	11	1.2	0.29		32		
Watpac Ltd	240	+9.0	-3.3	18	0-1	1	4.4	42	0.8	10	5.0	0.39		190	Devine	104	+12.7	+1.3	14	2-0	-	2.4	30	0.7	8	7.7	0.28		131		
Skywest Ltd	30	+11.9	-1.6	14	11-0	-	1.8	6	1.7	29	3.4	0.41		30	Integrated Grp	219	+12.5	-1.1	14	3-0	2	6.8	57	0.5	12	5.0	0.35		154		
Raptis Group	105	+7.4	+3.5	21	0-0	-	4.6	61	0.8	7	13.3	0.43		64	David Jones	355	+11.9	+3.8	15	0-1	8	4.5	23	0.5	19	3.7	0.84		1,509		
Chiquita Brands	76	+10.5	+9.5	16	1-0	1	2.4	7	1.2	32	2.0	0.45		112	Ambition Group	93	+11.6	-0.3	15	3-0	-	13.3	96	0.6	14	Nil	0.54		24		
Coles Myer	1370	+9.5	+3.8	18	2-1	11	5.8	21	0.4	27	2.4	0.47	16,964	Beyond Int'l	75	+10.8	+4.3	16	0-0	-	1.7	10	1.0	18	Nil	0.78		45			
Smorgon Steel	172	+10.7	+5.0	16	0-0	7	-	-	0.9	10	5.2	0.48	1,542	Smorgon Steel	172	+10.7	+5.0	16	0-0	7	-	-	0.8	10	5.2	0.48	1,542				
Embelton Ltd	410	+1.3	-0.4	37	0-0	-	1.2	8	0.5	15	1.8	0.49		9	Brisbane Bronco	20	+10.5	-7.8	16	0-0	-	2.5	36	1.4	7	Nil	0.93		20		
CTI Logistics	125	+10.3	+2.9	17	3-0	-	1.2	8	0.7	15	2.4	0.49		27	CTI Logistics	125	+10.3	+2.9	17	3-0	-	1.2	8	0.5	15	2.4	0.49		27		
Service Stream	50	+17.5	+11.4	9	2-0	-	-	1.2	20	3.7	0.51		87	Morning Star	5	+10.0	-0.0	17	0-0	-	1.3	-	2.7	1	Nil	0.03		4			
Green's Foods	71	+4.2	+2.2	27	7-0	-	3.4	10	1.0	35	3.5	0.51		78	Watpac Ltd	240	+9.0	-3.3	18	0-1	4	4.4	42	0.7	10	5.0	0.39		190		
Lend Lease Corp	1555	+2.8	+2.3	32	2-0	8	2.8	19	0.5	15	3.9	0.51	6,215	PeopleBank Aust	90	+8.9	+3.4	19	3-0	-	12.8	-	0.9	9	6.1	0.30		37			
Dexion Ltd	129	+4.1	+1.9	28	0-0	2	5.2	46	1.0	11	3.5	0.53		70	Colorado Group	468	+8.9	+6.9	19	0-1	8	4.7	38	0.5	12	5.1	0.94		444		
MacMahon Hold	83	+8.7	+0.8	19	0-0	3	-	-	1.3	57	2.4	0.53		426	Data 3 Ltd	430	+8.7	+5.5	19	1-4	-	6.4	55	0.5	12	6.5	0.28		67		
JB Hi-Fi Ltd	490	+4.2	-2.1	28	0-3	10	30.6	-	0.5	20	1.5	0.54		507	Nat'l Can	178	+8.2	-2.2	20	4-0	-	-	-	0.6	9	4.2	0.62		119		
Wridgways Aust	182	+22.5	+4.7	5	4-3	-	-	-	0.7	13	4.1	0.57		58	Raptis Group	105	+7.4	+3.5	21	0-0	-	4.6	61	0.6	7	13.3	0.43		64		
M2 Telecom. Grp	32	+6.9	+1.5	22	1-0	-	-	-	1.5	9	6.3	0.57		19	Candle Aust.	345	+7.2	+0.4	21	0-2	3	11.5	79	0.6	15	4.9	0.64		172		
Homeloans Ltd	43	+4.0	+0.9	28	5-0	-	1.2	8	1.4	15	3.5	0.59		21	UXC Limited	125	+7.2	+4.4	21	0-6	1	62.5	-	0.6	13	5.2	0.71		213		
Austin Eng.	59	+19.3	+4.9	7	8-0	-	3.9	21	1.2	19	1.7	0.59		22	Tutt Bryant Grp	168	+7.0	-6.5	21	0-1	1	-	-	0.7	13	1.0	0.75		156		
Unesteel Ltd	425	+5.4	+1.5	25	0-0	12	2.0	15	0.7	13	3.4	0.60	2,419	M2 Telecom. Grp	32	+6.9	+1.5	22	1-0	-	-	-	1.1	9	6.3	0.57		19			
Skilled Group	567	+8.1	+4.6	20	6-0	4	25.8	-	0.5	24	3.4	0.61		589	Scantech	3	+6.8	-0.8	22	2-0	-	1.1	9	3.5	13	Nil	0.62		6		
Nat'l Can	178	+8.2	-2.2	20	4-0	-	-	-	0.8	9	4.2	0.62		119	Monadelphous Gr	623	+6.5	+0.4	22	1-3	-	8.5	49	0.4	17	3.9	0.95		508		
Schaffer Corp	647	+14.5	+5.6	11	0-0	1	2.0	18	0.6	11	7.7	0.63		91	CP1 Limited	86	+6.4	+0.8	22	0-0	-	2.3	59	0.8	4	29.1	0.81		121		
Roberts Ltd	250	+0.5	-0.6	41	1-0	-	3.0	23	0.7	13	5.8	0.63		129	Leighton Hold	1995	+6.1	+1.7	23	0-5	10	5.3	26	0.3	20	3.3	0.65		5,546		
Candle Aust.	345	+7.2	+0.4	21	0-2	3	11.5	79	0.7	15	4.9	0.64		172	Sims Group Ltd	2100	+5.7	+0.0	24	1-0	9	5.4	53	0.3	10	6.7	0.74		1,913		
K&S Corporation	355	+2.3	-0.8	33	0-0	2	2.4	19	0.5	13	3.9	0.64		234	Onesteel Ltd	425	+5.4	+1.5	25	0-0	12	2.0	15	0.6	13	3.4	0.60		2,419		
Woolworths Ltd	2080	+5.4	+0.9	25	0-1	10	23.1	95	0.4	24	2.8	0.65	24,586	Catalyst Rec'mt	89	+5.4	+8.8	25	3-0	-	-	-	0.8	13	7.2	0.36		45			
Leighton Hold	1995	+6.1	+1.7	23	0-5	10	5.3	26	0.3	20	3.3	0.65	5,546	Multiplex Group	350	+5.0	+0.3	26	0-0	5	1.2	9	0.4	14	7.3	0.92		2,931			
Transfield Serv	838	+7.1	+1.7	21	1-0	7	18.6	76	0.6	24	2.9	0.71	1,357	Tag Pacific	29	+4.8	-3.2	26	2-0	-	1.0	9	1.1	11	1.7	0.32		19			
UXC Limited	125	+7.2	+4.4	21	0-6	1	62.5	-	0.8	13	5.2	0.71		213	Villa World	177	+4.5	-1.0	27	1-2	-	2.0	23	0.4	9	8.5	0.94		206		
Guinness Peat	208	+0.3	-1.8	42	0-1	1	1.8	20	0.7	9	1.1	0.72	2,037	Shearer (John)	325	+4.2	+1.1	28	0-0	-	1.1	9	0.4	13	3.4	0.82		40			
CEC Group Ltd	187	+16.9	+3.1	9	0-0	-	-	-	1.0	11	6.4	0.73		88	JB Hi-Fi Ltd																

STRENGTH RATING													STRENGTH RATING															
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola- til- ity	Price Earn- ing Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola- til- ity	Price Earn- ing Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	
INCOME SHARES: Highest Yields, Capitalisation > A\$250 million																												
Everest Babcock	167	+37.7	+33.2	2	7-0	-	0.4	1	0.6	37	25.7	N/A	902	Sundowner Group	21	+7.8	-2.0	20	7-0	-	0.9	6	0.9	14	3.8	1.57	38	
Chal Infra Fund	130	-5.0	+3.6	64	0-0	-	-	-	0.7	NE	10.9	3.78	312	Powerlan Ltd	45	+1.3	-3.9	37	6-0	-	-	-	1.5	NE	Nil	N/A	0.55	16
Cons Minerals	174	-18.4	+2.3	90	2-4	7	1.9	35	0.6	5	10.4	1.33	378	Riversdale Min.	122	+1.5	+5.0	37	6-0	-	3.8	-	1.1	NE	Nil	N/A	59	
Australand Prop	182	-3.8	-2.9	60	1-0	-	1.2	15	0.5	8	9.1	1.05	1,611	United Group	1375	+6.5	-1.1	22	6-0	-	9	52.9	-	0.4	24	1.7	0.84	1,887
City Pacific	462	+6.4	+5.3	22	0-0	-	5.0	52	0.3	10	8.9	1.83	594	Hydromet Corp.	4	+0.8	+3.3	40	6-0	-	1.5	23	2.4	6	Nil	0.79	13	
Macquarie Prol.	122	-1.4	+0.3	51	1-1	5	1.1	9	0.5	12	8.9	6.82	1,048	OFM Investment	236	+4.4	-0.4	27	6-0	-	1.4	8	0.4	17	4.7	3.84	122	
Multiplex Acum.	117	+1.3	+0.2	38	0-0	-	1.0	7	0.9	14	8.8	9.28	404	Skilled Group	567	+8.1	+4.6	20	6-0	-	4	25.8	-	0.3	24	3.4	0.61	589
Galileo Shop Am	116	-1.7	-0.1	52	0-0	8	1.0	11	0.6	9	8.8	6.46	1,113	Oilex NL	110	+22.2	-21.0	5	6-0	-	-	-	1.1	NE	Nil	N/A	54	
Stln C. Fliers	10980	-0.5	-0.1	47	0-0	-	-	-	0.1	12	8.6	N/A	659	Centro Retail	172	+2.3	+0.7	33	6-0	-	0.9	23	0.6	4	7.0	N/A	892	
G.U.D. Holdings	694	-1.2	-2.7	50	0-1	7	7.2	70	0.4	10	8.6	0.90	416	Codan Ltd	130	+1.9	+8.7	35	6-0	-	4	7.6	31	0.4	25	4.6	1.80	211
DUET Group	272	-0.4	-1.2	47	1-0	2	1.2	-	0.4	NE	8.6	1.64	1,343	Aspen Group Ltd	167	+9.7	-2.1	17	6-0	-	1.9	19	0.6	10	6.0	9.46	340	
ING Real Estate	115	-0.8	-0.2	48	0-0	1	1.2	14	0.7	9	8.5	N/A	353	Tasmanian Perp	664	+1.7	+0.3	36	6-0	-	8.3	43	0.4	19	4.5	7.06	144	
B & B Infrastr.	157	+0.3	+0.3	42	8-0	4	-	-	0.4	28	8.4	2.67	2,311	Perseus Mining	50	+15.1	-2.2	11	6-0	-	-	-	1.0	NE	Nil	N/A	30	
AWB Limited	346	-9.7	-2.6	76	1-0	5	2.0	26	0.4	8	8.4	0.23	1,192	Queensland Gas	98	+11.1	+6.9	15	5-0	1	-	-	0.7	NE	Nil	N/A	346	
Macquarie DDR	120	-1.5	+1.5	52	3-0	4	1.0	8	0.5	13	8.4	6.16	1,100	Huntley Invest	85	+1.7	-0.2	36	5-0	-	0.9	7	0.5	12	4.7	N/A	108	
Envestra	115	-0.7	+1.1	48	3-0	3	-	-	0.5	NE	8.3	2.78	936	Thundelarra Exp	44	+17.7	+20.9	8	5-0	-	-	-	0.9	NE	Nil	N/A	33	
JF Meridian Trt	127	-1.0	+0.4	49	0-0	2	1.1	15	0.4	7	8.1	4.97	797	Austereo Group	194	+5.4	+1.9	25	5-0	10	-	-	0.4	18	4.1	3.08	737	
Hast Div Util	301	+5.9	+1.5	24	0-0	3	1.2	8	0.4	16	8.1	3.26	451	Aim Resources	15	+10.3	-10.9	17	5-0	-	-	-	1.1	NE	Nil	N/A	77	
Deutsche Ind Tr	196	+0.0	-0.0	43	0-0	-	1.2	10	0.4	12	8.1	6.49	663	Alpha Tech.	4	+13.4	+15.1	12	5-0	-	3.7	23	2.1	16	Nil	2.28	28	
Macquarie C'Wde	193	-2.0	+1.1	53	1-1	7	1.0	8	0.4	13	8.0	N/A	2,346	Incremental Pet	170	+16.6	-0.1	10	5-0	-	-	-	0.6	37	Nil	N/A	114	
Telstra	356	-3.5	-0.7	59	0-0	12	6.8	68	0.4	10	7.9	1.98	44,957	Ellex Medical	61	+10.4	-3.0	16	5-0	1	2.8	27	0.9	10	Nil	1.06	37	
Thakral Holding	83	+0.9	+1.7	39	0-0	1	0.9	6	0.6	15	7.8	1.56	535	Sylvastate Ltd	481	+1.3	+0.2	38	5-0	-	0.9	-	0.3	NE	Nil	N/A	441	
Ten Network	280	-6.8	-1.0	70	0-0	11	-	-	0.4	11	7.7	1.17	1,116	Intermin Res	15	+22.1	+14.9	6	5-0	-	-	-	1.2	9	Nil	2.32	13	
Abacus Property	157	+2.0	+0.5	35	0-0	1	1.3	9	0.4	15	7.5	9.03	833	Homeloans Ltd	43	+4.0	+0.9	28	5-0	-	1.2	8	0.8	15	3.5	0.59	21	
Macquarie Off.	146	+2.1	+1.3	34	2-1	7	1.3	7	0.4	19	7.4	N/A	2,435	Horizon Oil Ltd	34	+27.4	-27.4	3	5-0	1	-	-	1.2	NE	Nil	N/A	191	
INSIDER BUYING: Most Insider Buying, Relative Strength > 0																												
Investika Ltd	300	+19.8	+8.8	7	17-0	-	-	-	0.8	7	Nil	4.35	17	Structural Syst	124	+12.7	+2.6	13	5-0	-	2.5	23	0.4	11	1.2	0.29	32	
Atlas Iron Ltd	59	+23.9	-1.4	5	13-1	-	-	-	0.9	NE	Nil	N/A	28	S8 Limited	420	+4.0	-4.4	28	5-0	4	-	-	0.3	15	1.9	4.40	293	
AMP Ltd	900	+3.1	-0.8	31	11-0	9	11.4	55	0.4	21	3.6	1.40	16,829	Auspine Ltd	425	+6.2	-1.7	23	5-0	1	0.8	5	0.3	18	3.5	1.05	229	
Skywest Ltd	30	+11.9	-1.6	14	11-0	-	1.8	6	0.9	29	3.4	0.41	30	Community Life	27	+3.6	-1.7	30	5-0	-	0.5	0	1.1	110	Nil	5.76	12	
So Natural Food	41	+8.8	-2.0	19	9-0	-	3.4	2	0.8	184	Nil	0.47	18	Mermaid Marine	68	+26.9	+5.3	4	6-1	-	1.6	15	0.7	10	Nil	1.34	95	
Brambles Ind.	1195	+4.1	+0.7	28	9-0	9	6.8	10	0.4	66	0.8	2.59	20,206	Image Resources	59	+1.9	+2.8	35	8-3	-	-	-	0.8	NE	Nil	N/A	33	
MFS Limited	408	+14.4	-4.6	11	9-0	3	9.3	96	0.5	10	6.4	4.79	940	Gloucester Coal	364	+5.9	+1.9	24	4-0	3	4.1	59	0.5	7	6.3	1.84	283	
Wentworth Mut.	3	+4.0	+2.5	28	9-0	-	2.6	-	2.5	NE	Nil	2.18	8	Wilson Inv Fund	99	+1.9	+0.3	35	4-0	-	0.9	1	0.5	152	5.1	N/A	124	
Tanami Gold NL	25	+5.2	-8.5	25	9-0	-	-	-	0.9	NE	Nil	N/A	114	Aevum Ltd	164	+0.8	-2.6	40	4-0	-	1.1	4	0.5	30	3.7	6.15	134	
Fox Resources	126	+46.3	+1.3	2	9-0	-	9.0	-	0.8	NE	Nil	3.68	98	Envirozel Ltd	19	+11.6	-1.1	15	4-0	-	9.5	-	0.9	NE	Nil	2.16	16	
CCI Holdings	35	+34.8	-1.0	2	9-0	-	11.7	-	1.0	NE	Nil	0.88	46	Atlas SS Pearl	31	+1.5	-1.3	37	4-0	-	1.5	11	0.8	14	3.3	2.64	27	
Austin Eng.	59	+19.3	+4.9	7	8-0	-	3.9	21	0.7	19	1.7	0.59	22	Comet Ridge Ltd	28	+8.6	-9.3	19	4-0	-	-	-	1.0	NE	Nil	N/A	17	
B & B Infrastr.	157	+0.3	+0.3	42	8-0	4	-	-	0.4	28	8.4	2.67	2,311	Optiscan Image	49	+12.5	-4.5	14	4-0	-	6.1	-	0.8	NE	Nil	N/A	49	
Aust Agricul.	180	+2.1	-2.3	34	8-0	1	90.0	-	0.4	27	3.9	2.44	448	Tianshan Gold.	32	+6.0	-0.1	23	4-0	-	-	-	0.9	NE	Nil	N/A	26	
Deep Yellow Ltd	15	+5.9	-2.0	23	8-0	-	-	-	1.6	NE	Nil	N/A	58	Comet Resources	15	+3.4	+3.4	30	4-0	-	-	-	1.4	NE	Nil	N/A	10	
Xceed Biotech.	22	+1.5	+2.8	37	8-0	-	2.4	-	0.9	NE	Nil	8.30	19	Ale Property	295	+8.1	+3.3	20	4-0	1	1.2	2	0.3	50	4.4	5.68	268	
Equity Trustees	1795	+17.8	-1.5	8	7-0	1	9.1	29	0.4	31	2.2	5.39	116	Red Fork Energy	29	+17.3	-2.0	9	4-0	-	-	-	1.0	NE	Nil	N/A	N/A	
Pac. Star Netwk	9	+47.8	+40.0	2	7-0	-	-	-	1.6	NE	Nil	7.32	27	Tassal Group	130	+1.9	+2.1	35	4-0	1	2.3	10	0.6	23	1.9	0.91	144	
IWL Limited	463	+2.2	+0.1	34	7-0	-	-	-	0.4	13	4.8	2.49	271	ING Priv Equity	93	+2.4	+1.4	33	4-0	-	0.8	12	0.9	6	6.7	N/A	39	
Green's Foods	71	+4.2	+2.2	27	7-0	-	3.4	10	0.6	35	3.5	0.51	78	Minara Resource	372	+21.0	+11.8	6	4-0	7	3.0	8	0.5	40	1.3	4.79	1,730	
Everest Babcock	167	+37.7	+33.2	2	7-0	-	0.4	1	0.6	37	25.7	N/A	902	Nat'l Can	178	+8.2	-2.2	20	4-0	-	-	-	0.5	9	4.2	0.62	119	
														ITL Limited	39	+26.9	+7.2	4	4-0	-	2.6	21	0.7	12	Nil	1.26	40	
														Esplanade Prop.	20	+50.6	-36.3	1	4-0	-	3.3	37	1.1	9	26.2	0.28	12	
														Transurban Grp	697	+1.5	+0.1	37	4-0	8	2.5	-	0.3	NE	7.2	8.26	5,703	

“Neglect” Ratings of NZ Shares

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

Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)
AMP Onyx Mgmt	5	548	Fletcher Build.	5	4,028	NZ Refining Co	2	1,690	Seeka Kiwifruit	1	47
AXA Asia Pac.	10	11,934	Freightways Ltd	5	477	Nat Property Tr	4	87	Skellerup Hold.	4	144
Abano Health.	1	27	Guinness Peat	2	2,671	Nuplex Indust	4	500	Sky City Ltd	7	2,194
Air New Zealand	4	1,174	Hallenstein G.	3	301	POD Ltd	1	15	Sky Network TV	5	2,101
Akd Int Airport	5	2,404	Hellaby Hold.	3	249	Pacific Retail	1	97	Software of Exc	1	39
Briscoe Group	6	329	Hirequip NZ Ltd	4	142	Port Tauranga	7	667	South Port NZ	1	42
Cabletalk Group	1	11	ING Property	6	646	Postie Plus Grp	1	36	Steel & Tube	4	390
Calan Hlthcare	5	176	Infratil NZ	4	909	Property F Ind.	6	281	TeamTalk Ltd	1	48
CanWest Media.	4	297	Kirkcaldie & St	1	24	Provenco Group	1	105	Telecom Corp	10	8,393
Cavalier Corp	4	216	Kiwi Property	6	992	Pumpkin Patch	5	663	Tenon Ltd	3	208
Contact Energy	4	3,990	Lytelton Port	5	210	Restaurant Brds	3				

“Neglect” Ratings of Australian Shares

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

Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)
A.P. Eagers	1	167	Candle Aust.	3	172	Hast Div Util	3	451	Nufarm Limited	7	1,709
AAV Limited	2	92	Cardno Ltd	3	213	Hastie Group	2	198	Nylex Ltd	1	49
ABB Grain Ltd	2	938	Carindale Prop	1	289	Healthscope	10	1,150	OAMPS	2	667
ABC Learning	4	2,453	Cellnet Group	2	70	Heartware Ltd	1	131	Oakton Limited	7	300
AMP Ltd	9	16,829	Centennial Coal	10	1,030	Henderson Group	4	1,529	Oceana Gold Ltd	3	277
ANZ Bank	11	49,824	Centro Property	8	6,189	Hills Indust.	2	787	Oil Search Ltd	10	3,737
APN News Media	10	2,422	Chal Financial	9	1,967	Horizon Oil Ltd	1	191	Onesteel Ltd	12	2,419
ARB Corporation	4	221	Chandler McLeod	1	109	Housewares Int.	5	212	Orica Ltd	9	5,997
ARC Energy	2	282	Chiquita Brands	1	112	Hpal Limited	2	183	Origin Energy	10	5,196
AWB Limited	5	1,192	Climax Mining	1	182	Hutchison Tel.	7	163	Oroton Group	2	56
AXA Asia Pac	10	11,272	Clough Limited	1	230	IBA Health Ltd	3	218	Oxiana Ltd	14	4,212
Abacus Property	1	833	Coal & Allied	2	6,841	IBT Education	3	624	PCH Group	5	93
Acruz Ltd	2	104	Coates Hire	11	1,431	ING Office Fund	7	1,651	PMP Limited	4	442
Adcorp Aust.	1	32	CocaCola Amatil	9	4,853	ING Indust Trt	5	1,755	Pacifica Group	4	212
Adelaide Bank	13	1,434	Cochlear Ltd	11	2,841	ING Real Estate	1	353	Pacific Brands	10	1,288
Adelaide Bright	7	1,198	Codan Ltd	4	211	IOOF Holdings	3	604	Pan Australian	1	337
Adsteam Marine	5	603	Coffey Int'l	2	214	liNet	6	70	Paperlin X Ltd	8	1,508
Agincourt Res.	2	81	Coles Myer	11	16,964	lluka Resources	11	1,712	Peet Ltd	2	806
Ainsworth Game	1	74	Collection Hse	1	101	Incitec Pivot	6	1,406	Peplin Ltd	1	106
Ale Property	1	268	Colorado Group	8	444	Independ. Group	3	396	Perilya Mines	3	554
Alesco Corp Ltd	7	627	Com'wealth Bank	13	58,618	Insurance Aust.	11	8,470	Perpetual Ltd	9	2,880
Alinta Limited	6	2,824	Commander Comm.	6	419	Int Research	1	83	Perseverance	5	203
Allco Finance	6	2,997	Computershare	7	4,591	Integrated Grp	2	154	Pharmaxis Ltd	1	359
Alumina Ltd	12	7,495	Cons Minerals	7	378	Investa Prop.	5	3,585	Photon Group	5	335
Amalgamated Hld	1	586	Cons Rutile	1	222	Invocare Ltd	4	506	Pipe Networks	1	82
Amcom Telecom.	1	61	Corp Express	10	911	Iress Mkt Tech	7	661	Portman Limited	6	862
Amcor Ltd	9	5,910	Count Financial	6	510	JB Hi-Fi Ltd	10	507	PowerTel Ltd	2	141
Ansell Ltd	4	1,413	Coventry Group	3	159	JF Meridian Trt	2	797	Prime TV	9	433
Anzon Australia	3	460	Crane Group	6	660	James Hardie	5	3,113	Primary Health	3	1,392
Aquarius Plat.	1	1,940	Credit Corp	1	330	Jubilee Mines	7	1,245	Pro Medicus Ltd	2	132
Aristocrat Leis	10	5,976	Cromwell Corp	1	172	Just Group Ltd	6	767	Pro Maintenance	9	309
Arrow Energy	1	81	DB Reef Trust	6	4,484	K&S Corporation	2	234	Promina Group	10	5,985
Atlas Grp Hold.	1	95	DCA Group Ltd	10	1,444	Kagara Zinc Ltd	5	1,001	Publishing & Br	10	12,286
Auspine Ltd	1	229	DKN Financial	1	57	Keycorp Ltd	1	73	Q.B.E. Insur.	9	18,651
Aust Education	2	138	DUET Group	2	1,343	Kingsgate Cons.	6	434	Qantas Airways	11	6,706
Aust Wealth Mgt	2	683	David Jones	8	1,509	Korvest Ltd	1	44	Queens'd Cotton	1	95
Aust Stock Exch	9	3,380	Dexion Ltd	2	70	Kresta Holdings	1	30	Queensland Gas	1	346
Aust Pharm. Ind	8	522	Dominion Mining	1	116	Lafayette Min.	1	44	Ramsay Health	9	1,660
Aust Pipeline	4	1,507	Domino's Pizza	5	223	Leighton Hold	10	5,546	Rebel Sport	1	290
Aust Agricult.	1	448	Downer EDI Ltd	5	1,687	Lend Lease Corp	8	6,215	Reckon Limited	1	116
Aust Biodiesel	1	80	ETRADE Aust.	1	309	Leviathan Res.	2	38	Record Realty	1	205
Aust Infra.	4	814	Ellex Medical	1	37	Lihir Gold	11	3,994	Redflex Holding	4	171
Austar Limited	7	1,400	Emperor Mines	1	51	Lindsay Aust	1	21	Reppo Corp Ltd	8	242
Austal Limited	3	607	Energy Develop.	5	646	Lipa Pharm.	1	71	Resource Pac.	1	196
Austereo Group	10	737	Energy Resource	4	2,445	M.Y.O.B. Ltd	3	373	Resolute Mining	1	327
Austindo Res	1	25	Envestra	3	936	MFS Limited	3	940	Ridley Corp.	6	327
Aust W'wide Exp	11	1,382	Equity Trustees	1	116	MacMahon Hold	3	426	Rinker Group	9	12,032
Aust Gas Light	7	9,506	Equigold NL	2	251	Macarthurcook P	1	126	Rio Tinto Ltd	12	%101,233
Avexa Limited	1	40	Espreon Ltd	1	47	Macarthur Coal	8	859	Roc Oil Company	9	680
Aztec Resources	1	174	Excel Coal Ltd	11	1,817	Macquarie DDR	4	1,100	Ross Human Dir.	1	44
B & B Infrastr.	4	2,311	FKP Limited	5	996	Macquarie Air.	6	4,843	Rubicon America	3	158
B Digital Ltd	1	58	Fairfax (John)	10	3,698	Macquarie Leis.	4	514	Rubicon Europe	3	266
B&B Japan Prop.	1	798	Fantastic Hold.	5	290	Macquarie Good.	6	10,114	Rural Press Ltd	9	1,322
BHP Billiton	14	97,108	Felix Resources	3	524	Macquarie Bank	8	15,582	S8 Limited	4	293
Babcock & Brown	4	4,591	Fleetwood Corp	4	327	Macquarie C Tel	2	16	SAI Global Ltd	5	504
Ballararat Gold	3	163	Flight Centre	4	1,167	Macquarie C'Wde	7	2,346	SDI Limited	3	92
Bank of Q'land	12	1,499	Forest Ent Aust	2	177	Macquaries C&I	5	2,429	SMC Gold Ltd	1	39
Baycorp Advant.	6	640	Fortescue Metal	1	1,921	Macquarie Infra	8	7,846	SMS Mgmt & Tech	5	229
Beach Petroleum	1	696	Foster's Group	9	12,543	Macquarie Prof.	5	1,048	SP Telecom.	2	251
Becton Prop Grp	1	54	Freshtel Hold.	1	84	Macquarie Off.	7	2,435	STW Comm Group	6	541
Bemax Resources	1	251	Frigrite Ltd	1	38	Magna Pacific	1	24	Sally Malay Min	3	197
Bendigo Bank	12	1,842	Funtastic Ltd	4	210	Marybor'gh Suga	1	44	Salmat Ltd	7	382
Bendigo Mining	4	420	Futuris Corp.	5	1,536	Maxi TRANS	3	94	Santos Ltd	11	6,633
Billabong Int'l	10	2,941	G.R.D. NL	2	419	McGuigan Simeon	6	235	Schaffer Corp	1	91
Bluescope Steel	11	4,964	G.U.D. Holdings	7	416	McMillan Shake.	1	263	Sedimentary Hld	1	72
Bolnisi Gold NL	1	819	GBST Holdings	1	112	McPherson's Ltd	2	118	Seek Ltd	6	1,450
Boom Logistics	8	670	GPT Group	8	9,156	Melbourne IT	1	126	Select harvest	4	520
Boral Limited	8	4,247	GWA Internat'l	7	868	Metabolic Phar.	1	122	Senetas Corp	1	218
Bradken Ltd	4	656	Gale Pacific	1	48	Michelago Ltd	1	21	Servcorp Ltd	2	454
Brambles Ind.	9	20,206	Galileo Shop Am	8	1,113	Millers Retail	8	375	Seven Network	10	2,095
Brazin Limited	4	148	Gasnet Aust Grp	5	440	Minara Resource	7	1,730	Sigma Pharm.	10	2,302
Brickworks Ltd	1	1,499	Genepharm Aust.	1	130	Mincor Resource	2	249	Sims Group Ltd	9	1,913
Bridgestone	1	98	Geodynamics Ltd	1	78	Mineral Deposit	1	259	Sino Gold Ltd	6	631
Bunnings W/hse	4	633	Gindalbie Met.	1	142	Mirvac Group	7	4,052	Sirtex Medical	1	128
Burns Philp	4	3,055	Globe Int'l Ltd	3	95	Mortgage Choice	5	309	Skilled Group	4	589
C'wth Prop Off.	5	2,304	Gloucester Coal	3	283	Multiplex Group	5	2,931	Smorgon Steel	7	1,542
C.S.R. Ltd	7	2,737	Graincorp	3	299	Murchison Metal	2	136	Sonic Health	9	3,646
CBH Resources	2	250	Grand Hotel	2	246	Nat'l Aust Bank	11	56,984	Soul Pattinson	1	1,861
CDS Tech	1	55	Gro Pep Limited	1	93	National Hire	2	233	Spotless Group	7	93
CMI Limited	1	43	Gt Sthn Plant'n	3	732	New Hope Corp.	1	1,000	St George Bank	10	15,560
CPI Group	2	29	Guinness Peat	1	2,037	Newcrest Mining	11	7,144	Sthn Cross Brd.	10	749
CSL Limited	10	9,071	Gunns Ltd	6	939	News Corp.	5	83,472	Stockland	4	9,807
Cabcharge Ltd	10	853	Hardman Res.	8	896	Nick Scali Ltd	4	130	Straits Res.	4	677
Caltex Australia	10	5,832	Harvey Norman	9	3,702	Noni B Limited	1	132	Suncorp-Metway	9	11,474
Campbell Bros	2	959									

Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)
Sunland Group	2	580	Thakral Holding	1	535	UNITAB Ltd	9	1,894	WHK Group Ltd	5	442
SuperCheap Auto	4	247	The Reject Shop	4	179	UXC Limited	1	213	Watpac Ltd	1	190
Sydney Attract.	3	122	Timbercorp	4	603	United Group	9	1,887	Wattyl Ltd	6	234
Sydney Gas Ltd	1	69	Tishman Speyer	4	698	Universal Res.	1	48	Webcentral Grp	2	62
Symbion Health	9	2,042	Toll Holdings	9	8,565	Unwired Group	1	95	Wesfarmers Ltd	10	12,630
Tabcorp Holding	10	8,021	Tox Free Sol.	1	56	Valad Opps 11	1	32	West Aust News	10	1,990
Talent2 Int'l	2	191	TransPacific In	4	1,479	Valad Property	5	877	Westpac Banking	12	41,540
Tap Oil	7	267	Transfield Serv	7	1,357	Ventracor Ltd	1	221	Westfield Group	7	32,128
Tassal Group	1	144	Transurban Grp	8	5,703	Village Road.	2	665	Willmott Forest	1	84
Tattersall's	8	2,296	Treasury Group	1	244	Virgin Blue	6	1,684	Woodside Petrol	14	26,647
Technology One	5	240	Trinity Group	2	247	Vision Systems	2	386	Woolworths Ltd	10	24,586
Telstra	12	44,957	Trust Co of Aus	1	374	Vision Group	3	270	Worley Group	7	3,648
Ten Network	11	1,116	Tutt Bryant Grp	1	156	W'bool Cheese	1	126	Zinifex Ltd	11	5,994

Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Air New Zealand	2.50	08-09	21-09	Full
Allied Farmers	2.00	22-09	29-09	Full
Auckland Int'l Airport	4.45	13-10	20-10	Full
Broadway Industries	2.00	20-10	27-10	Nil
Calan Healthcare Properties	2.30	11-08	01-09	0.1632
Cavalier Corporation	10.00	29-09	06-10	Full
Colonial Motor Company	13.00	13-10	25-10	Full
Contact Energy	16.00	08-09	21-09	Full
Delegat's Group	1.60	12-10	26-10	Full
Fletcher Building	21.00	22-09	12-10	Full
Freightways	8.75	15-09	30-09	Full
Just Water Int'l	1.98	29-09	06-10	Full
Lyttelton Port Company	5.00	17-10	27-11	Full
MetLifeCare	9.00	04-09	08-09	Nil
Michael Hill International	14.00	06-10	16-10	Full
Northland Port	3.50	15-09	22-09	Full
Nuplex Industries	19.50	06-10	20-10	4.00
NZ Exchange	2.00	15-09	29-09	Full
NZ Wine Company	4.00	15-09	22-09	Full
Oyster Bay	10.00	01-11	15-11	Full
PGG Wrightsons	6.00	15-09	02-10	Full
Port of Tauranga	13.00	22-09	06-10	Full
Provenco	1.30	-	-	-
Renaissance Corporation	4.50	29-09	06-10	Full
Salvus Strategic	2.50	13-10	27-10	Full
Skellmax Group	5.00	06-10	13-10	Full
Sky City	14.00	08-09	06-10	Full
Sky Network TV	4.00	01-09	08-09	Full
South Port NZ	5.00	29-09	06-11	Full
Southern Travel Holdings	3.00	10-11	21-11	Full
Steel & Tube Holdings	17.00	01-09	08-09	Full
Taylor's Group	6.00	08-09	22-09	Full
TeamTalk	10.00	13-10	20-10	Full
Telecom NZ	7.00	25-08	08-09	Full
Telecom NZ special	5.00	25-08	08-09	Full
Tourism Holdings	6.00	20-10	27-10	Full
Vector	6.00	28-08	31-08	Full

Australian Shares

Candle Australia	9.00	04-09	15-09
Candle Australia special	2.00	04-09	15-09
Cellnet Group	2.00	-	-
Commander Communications	4.00	01-09	04-10
Commander Com special	2.00	01-09	04-10
Centennial Coal	7.00	18-09	06-10
Computershare	7.00	04-09	22-09
Iluka Resources	10.00	18-09	06-10
Melbourne IT	3.50	19-09	27-10
Ross Human Directions	2.00	18-09	13-10
Skilled Group	12.00	19-09	17-10
Technology One	2.01	04-09	22-09
The Reject Shop	10.00	28-08	15-09
The Reject Shop special	7.50	28-08	15-09

Total Return Index for All Listed Shares

Aug 7	2473.13		
Aug 8	2474.95		
Aug 9	2463.80		
Aug 10	2456.53		
Aug 11	2446.85		
Aug 14	2445.36	Aug 21	2426.12
Aug 15	2439.22	Aug 22	2414.52
Aug 16	2429.06	Aug 23	2422.20
Aug 17	2431.29	Aug 24	2429.82
Aug 18	2431.32	Aug 25	2455.51
Aug 28	2451.31	Sep 4	2436.30
Aug 29	2459.49	Sep 5	2436.18
Aug 30	2463.19	Sep 6	2437.05
Aug 31	2447.86	Sep 7	2422.29
Sep 1	2434.51	Sep 8	2412.75

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday October 9, 2006.

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

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