

Market Analysis

Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

The stockmarket outlook remain favourable and the recommended shares offer good value and growth potential - so investors should be fully invested in the recommended shares.

Investment Outlook.

Our One-Year Forecast for the Australian and New Zealand stockmarkets are moderately Bullish (i.e. favourable) at 68% and 64%, respectively. With this reasonably favourable outlook - plus plenty of shares that look to offer good value and growth potential - we recommend that investors be fully invested in the recommended shares.

One area of continuing concern, however, is the high level of *insider* selling in New Zealand. Our latest *Insider* report shows that a Bullish 70% of *insider* trades on the Australian stockmarket over the last 13 weeks were Buys. In New Zealand, *insider* Buys accounted for only 25% of trades. 75% were Sells as NZ insiders continue to dump shares.

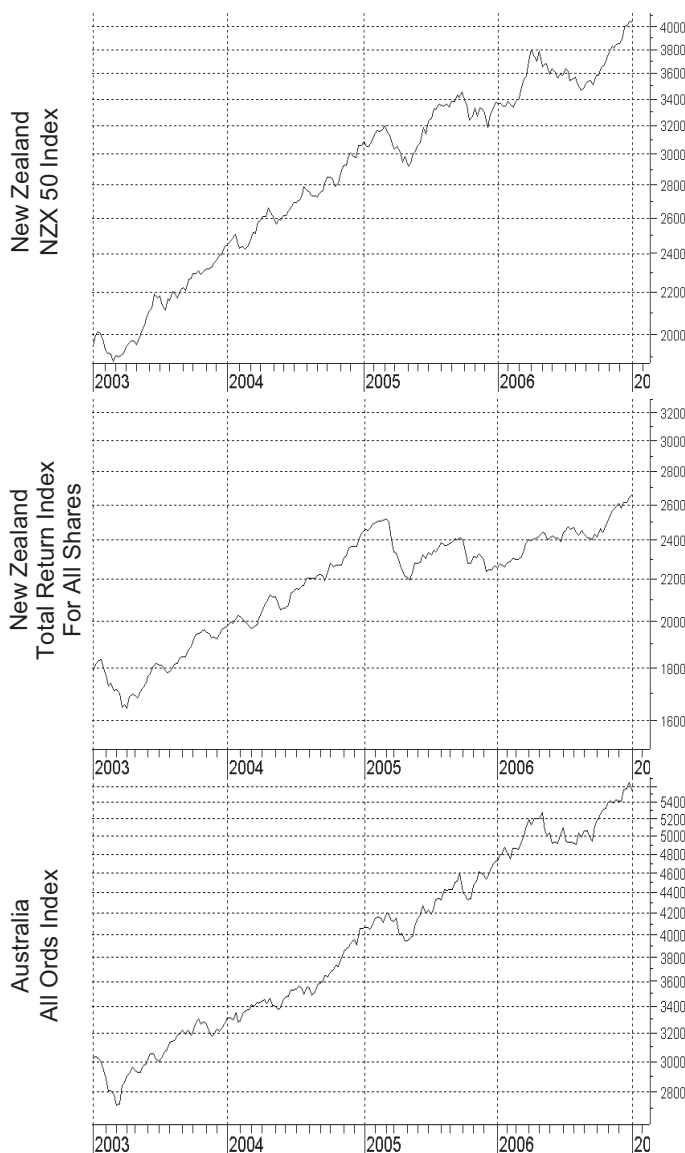
There may be two reasons for this - neither of which is encouraging. Firstly, NZ's knowledgeable *insiders* may simply consider the shares in their companies to be over-valued and that the immediate outlook for the performance of their companies is not good. Clearly that would not be a favourable situation!

Secondly, NZ *insiders* may lack any "equities culture". Like other New Zealanders they may prefer to invest in over-priced houses rather than the risky stockmarket. So share options would be viewed as a lottery ticket or potential bonus - to be exercised and quickly sold off. This would also not be a favourable situation. Share prices may not be in for a collapse in the short term, but if directors and management lack an investment in the company then their interests will be on maximising their own salaries, bonuses and options - not building Shareholder value for the benefit of the investors.

While most NZ resident investors start out buying NZ shares, it is important to quickly diversify and add Australian shares - where there are over ten times as many potential investments.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	68% (Bullish)	50% (Neutral)
New Zealand:	64% (Bullish)	72% (Bullish)



Recommended Investments

2006 started slowly, but many of the shares in our "Recommended Portfolio" appreciated strongly over the second half. Overall the portfolio gained +33.3% for the last year. This compares favourably with the 19.9% gain in the NZX50 Index (which over-states returns owing to the inclusion of tax credits), the 18.1% by our Total Return Index of All NZ Shares and the 17.2% gain by the Australian All Ordinaries Index.

The three year gain for our portfolio was +89%, outperforming the (inflated) 64% increase in the NZX50 index, the 34% gain in the Total Return index and 68%

advance by the Australian All Ords.

Of course, the performance of individual shares varied widely - which is why it is important to maintain a diversified portfolio. LongReach/Allied Technologies lost 60% over the last year, while Keycorp and Austin Group fell over 40% and eight others suffered small losses. But Campbell Brothers, Melbourne IT, The Reject Shop and Vision Systems all more than doubled in value and six others recorded gains in excess of 50%.

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date - Price	Performance 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 %
NZ Shares												
HOLD	CDL Investments Ltd	CDI	12/01/99 25	D	210.6	1.4	3.35	9	7.7	39	13.3	+109%
BUY	Cavalier Corporation	CAV	05/12/95 156*	C	65.5	0.5	1.15	17	7.6	355	191.0	+250%
HOLD+	Colonial Motor Company	CMO	10/11/92 150	B	27.9	0.5	0.20	13	10.7	335	292.8	+319%
HOLD	Lyttelton Port Company	LPC	12/12/00 150	C	102.3	0.7	2.71	21	3.6	210	59.3	+79%
HOLD+	Michael Hill Int'l Ltd	MHI	11/06/91 46*	C	39.2	0.4	0.85	17	5.1	670	196.0	+1783%
HOLD	Nuplex Industries Ltd	NPX	11/02/97 350	A	78.4	0.4	0.44	15	6.1	732	161.0	+155%
BUY	Postie Plus Group	PPG	08/05/06 71	B	40.0	0.9	0.31	10	10.8	97	4.0	+42%
HOLD+	Renaissance Corp	RNS	13/08/96 85*	C	38.5	0.8	0.35	11	10.7	140	40.4	+112%
BUY	Smiths City Group	SCY	09/10/06 64	B	53.0	0.9	0.16	7	7.4	74	Nil	+16%
HOLD	South Port New Zealand	SPN	13/02/96 120	B	26.2	0.7	3.24	20	6.3	183	89.3	+127%
HOLD	Steel & Tube Holdings	STU	08/08/00 146	B	88.1	0.5	0.98	14	9.8	488	164.0	+347%
HOLD+	Taylors Group Ltd	TAY	09/11/99 102	A	24.3	0.6	0.80	15	8.0	225	62.0	+181%
Australian Shares (in Aust cents)												
HOLD+	AJ Lucas Group	AJL	13/05/03 120	B	52.0	0.9	0.34	19	Nil	111	20.5	+9%
HOLD	Allied Technologies	ATZ	11/01/05 71*	C	52.2	3.0	0.51	8	Nil	12	Nil	-84%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96 73	A	87.8	1.3	3.94	20	2.2	46	11.5	-22%
HOLD	Austin Group Ltd	ATG	08/02/05 93	C	62.2	1.5	0.38	NE	9.1	33	7.0	-57%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99 406*	A	51.0	0.3	2.22	33	2.2	2285	249.6	+524%
BUY	Candle Australia	CND	08/04/03 86	B	49.8	0.7	0.59	13	5.3	320	42.5	+322%
BUY	Cellnet Group Ltd	CLT	12/02/02 152	B	51.5	0.9	0.13	47	1.4	144	33.5	+17%
HOLD+	Centennial Coal Ltd	CEY	16/01/01 70*	B	295.1	0.6	1.00	16	4.7	275	26.0	+330%
BUY	Circadian Technologies	CIR	10/02/04 188	C	40.1	0.9	1.37	NE	Nil	162	65.0	+21%
HOLD	Commander Comm.	CDR	11/09/01 92	C	222.9	0.9	0.61	19	1.9	216	23.2	+160%
BUY	Computershare Ltd	CPU	12/08/03 189	C	599.3	0.6	3.24	29	1.5	873	34.5	+380%
BUY	Devine Ltd	DVN	13/11/06 94	B	136.0	0.9	0.24	7	7.9	102	Nil	+8%
BUY	Ellex Medical Lasers	ELX	14/03/06 49	B	61.2	1.2	1.52	26	Nil	87	Nil	+78%
BUY	Housewares Int'l	HWI	13/11/06 171	C	128.2	0.9	0.55	18	7.1	183	Nil	+7%
HOLD	Int'l AllSports	IAS	11/02/03 180	B	66.4	1.6	0.02	19	4.3	35	4.0	-79%
HOLD+	Iluka Resources Ltd	ILU	12/10/04 471	C	232.9	0.7	1.48	11	3.5	635	44.0	+44%
HOLD	Keycorp Ltd	KYC	10/08/04 123*	D	82.2	1.3	0.69	NE	Nil	80	Nil	-35%
HOLD+	M2 Telecommunications	MTU	09/10/06 33	A	59.4	1.3	0.85	13	4.2	48	Nil	+45%
HOLD	Melbourne IT	MLB	10/02/04 53	A	54.3	0.6	2.09	28	2.7	278	18.5	+459%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03 84*	B	392.4	0.9	2.75	27	2.4	115	6.3	+44%
BUY	Namoi Cotton Co-op Ltd	NAM	14/03/06 65	B	112.7	1.2	0.19	5	11.0	59	3.5	-4%
BUY	Ross Human Directions	RHD	14/08/01 92	C	82.3	1.2	0.16	10	6.3	64	25.0	-4%
HOLD+	Skilled Engineering	SKE	12/03/02 126	B	103.9	0.5	0.53	21	3.9	489	76.5	+349%
HOLD	Sonnet Corporation	SNN	07/09/04 31½	D	166.6	3.1	0.39	NE	Nil	8	3.0	-66%
HOLD+	Technology One Ltd	TNE	11/11/03 44	A	296.7	1.1	4.40	24	3.5	99	9.4	+145%
BUY	TFS Corporation Ltd	TFC	08/01/07 44½	B	157.8	1.6	2.50	6	4.7	44½	Nil	
HOLD	The Reject Shop Ltd	TRS	11/01/05 257	A	25.1	0.6	1.01	26	2.4	954	47.5	+290%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +168.2%. This is equal to an average annual rate of +34.0%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 39 current and 136 closed out) is +33.7%, compared with a market gain of +9.2% (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)

NZ Shares

Nuplex Industries has acquired the Composites business of **Huntsman Chemical Company Australia** for an undisclosed consideration.

Nuplex Industries shares dipped sharply in early 2005 - don't ask why, the only real answer is "shares can be volatile" - and recovered in early 2006, but overall have appreciated in value over recent years. At 732 cents, the shares trade on a Price/Sales ratio of 0.44, a Price/Earnings ratio of 15 and offer a Dividend Yield of 6.1%. That looks to be a *fair* value for this type of business. The shares are in an uptrend, with a Relative Strength rating of +9.1%, ranked 22 (on a scale of 0-99), and there has been one *insider* buying shares on-market over the last year.

Overall, we have increased our initial investment just over 2½ fold in about a decade (and at that low rate would still increase over 100-fold in 50 years). That is far short of our "average" investment return, but significantly better than an interest bearing bank term investment. "Hold".

Nuplex Industries



Smiths City Group lifted revenues 16.3% to \$135.3 million for the six months to 31 October 2006. "Same store" sales were up 4.4%. Profits fell 9.8% to \$2,049,000 (3.9 cents per share) and a steady unimputed interim dividend of 1.5 cents will be paid. The period produced a cash operating *deficit* of \$1.4 million, compared with a deficit of \$1.6 million in the first half of 2005.

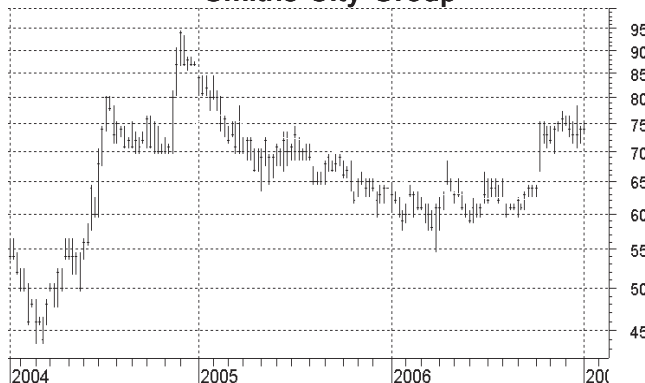
"Price deflation and intense competition within the big ticket retail market continues to lower margins" but this appears to have been partially offset by "increases in interest and fees" from the company's finance operations. Sales for November and early December were "ahead of last year but below expectations", with cool weather responsible for slow sales of summer products. Trading conditions for the second six months are expected to remain "challenging" as the economy is at the bottom of the business cycle.

At 74 cents, Smiths City Group shares trade on a low Price/Sales ratio of 0.16, a low Price/Earnings ratio of 7 and offer a high Dividend Yield of 7.4%. Smiths City Group shares are attractive as a counter-cyclical "Buy" in a depressed industry. The shares offer a high income yield and will eventually be re-rated as economic conditions and profitability improve. In the meantime the company is also seeking to steadily expand - through

both acquisition and internal growth.

"Buy" for current income and longer term capital appreciation.

Smiths City Group



Australian Shares

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

Allied Technologies (which recently merged with **LongReach Group**) has acquired **Redflex Communications Systems**, a company involved in providing communications, command and control systems for defence and other customers worldwide. Allied Technologies will pay \$4 million in cash immediately for this business and up to another \$6 million cash in September 2007 based upon performance for the current financial year to June 2007.

Since acquiring Redflex Communications, the company has announced a \$1.4 million contract to upgrade and improve communications systems on two transport ships operated by the **Royal Australian Navy**.

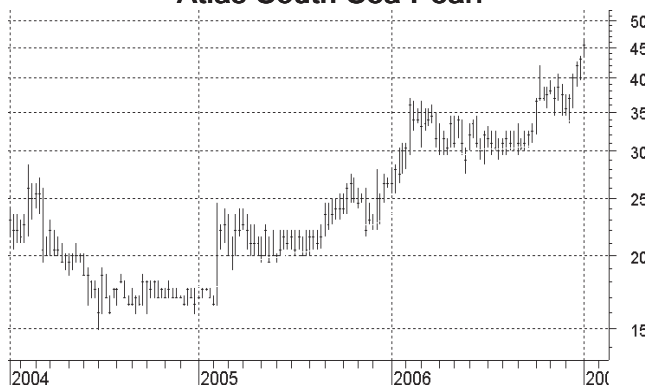
Atlas South Sea Pearl expects to report revenues over \$11 million and a profit exceeding \$3 million for the year ended 31 December 2006.

The company seeded "at least 350,000" oysters in 2006 - above its production target of 300,000 and equal to the numbers seeded in 2005. These results are up from 300,000 seeded in 2004 and 200,000 in 2003. There is a surplus of oysters for seeding in 2007.

Pearls are harvested after 2-3 years, so the 2007 harvest will benefit from the strong increase in the numbers of oysters seeded in 2004 and 2005. The first harvest for 2007 is scheduled for this month.

Atlas South Sea Pearl's business is performing well, but the share price has also appreciated strongly over the last two years - so we are downgrading them from a "Buy" to a "Hold+" at this time, although we still expect them to continue to perform well in the future.

Atlas South Sea Pearl

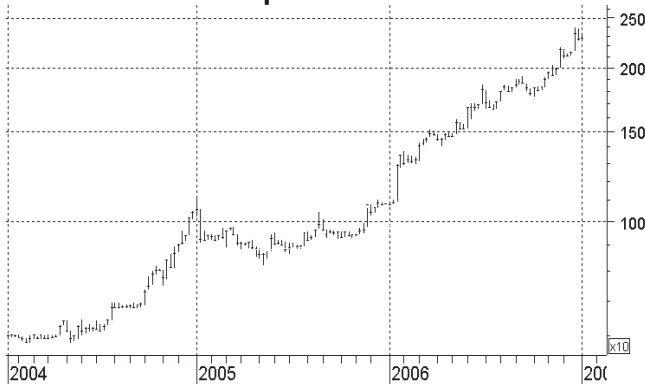


Campbell Brothers has sold its pest control and washroom services business to **Rentokil Initial** for \$48 million (96 cents per share). The business is being sold as it has “higher value to Rentokil” and Campbell Brothers can better use the cash to “pursue other business opportunities with superior rates of return”.

Campbell Brothers' *Home Service* division now involves only carpet cleaning operations and it is considering “a number of options to appropriately exit” from that business.

Campbell Brothers shares have performed very strongly over recent years - and are starting to look a little expensive - but business conditions remain favourable so we rate the shares a “Hold+” and will let profits run on what is becoming a larger investment in our portfolio. At some stage, however, we will consider realising some partial profits on this position.

Campbell Brothers



Cellnet Group is to expand into South Australia and Victoria with the purchase of **HiTech Distribution** for an undisclosed consideration. The business distributes software, hardware, peripherals and services to PC resellers.

Cellnet Group



Computershare has announced that it will in future report its financial results in US dollars. This is an international business, with a growing US operation.

Devine is predicting that its first half year profit (i.e. to December 2006) will be down 55-60% on last year - but the full year profits are still expected to exceed last year. The lower first half result reflects delays in completion and settlement of some residential estates and the “depressed housing market and resultant low level of housing sales”. The interim dividend will be maintained at 4.0 cents and the annual dividend at 8.0 cents.

Under the new accounting rules, the company can

only record revenues and profits after the final settlement, so reported results can be volatile from period to period.

Devine has announced two new projects: Firstly, it has agreed to purchase 72 hectares, 20 km south-west of Townsville for \$28 million where it plans to develop around 730 residential lots with a final value of around \$130 million. Settlement of the purchase will be in July 2007 when marketing will begin and development will be in stages over seven years. This type of long term project will help build annual revenues and profits - increasing the size and value of the company (i.e. the value of our shares).

Secondly, it has purchased 6.32 hectares at Coomera, Gold Coast, for \$5.55 million where it will develop the *Riverwood* estate of 101 lots with an end value of \$16 million. Work on this project will begin this month.

At 102 cents, Devine shares trade on a low Price/Sales ratio of 0.24, a low Price/Earnings ratio of 7 and offer a high Dividend Yield of 7.9%. The shares are attractive for high income - but we are looking for the company to expand and grow the business which should increase the value of the shares over the next few years. “Buy”.

Devine



International All Sports has settled its dispute with the **Commonwealth Bank of Australia** and will repay \$7 million over an undisclosed period of time. This will reduce the company's cash holding by a significant 10.5 cents per share - but the company had already spent over \$1 million on legal fees. This settlement at least allows the company to focus upon its business - and the stockmarket has reacted favourably by re-rating up the value of the company's shares.

International All Sports



M.Y.O.B. has paid NZ\$3.3 million to buy the 25% of **Exonet New Zealand**, giving it full ownership of that business.

Share Recommendation: Buy TFS Corporation

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

BUY TFS Corporation (code TFC).

TFS Corporation is a small company with big plans to develop an Indian Sandalwood plantation in the ppppppppt of Western Australia and a value added processing business. Much of the cost of the plantation development is financed by outside “grower investors”, with TFS Corporation at this stage earning revenue on the development and on-going management, while retaining ownership of the land and the intellectual property being developed.

Small, potentially high growth businesses can involve high risks. TFS Corporation, however, appears to be soundly financed and able to finance its growth internally (i.e. there is a small operating cash surplus) so should be able to avoid the *dilution* that results when a company needs to regularly issue new shares to raise additional capital. The *insiders* also have significant investments in both TFS Corporation and as grower investors in the plantation - which shows faith in the viability of both ventures.

Importantly, TFS Corporation is both profitable and pays a small dividend - so this company has grown beyond the very risky *start-up* phase and appears to have a successful business which is capable of significant growth over a long period of time.

Company History

This business was started in 1997 and the current parent company was incorporated in 2000. In late 2004, TFS Corporation sought to raise \$5.0 million from the issue of 25,000,000 new shares at 20 cents. These shares were offered to the company's existing shareholders, grower investors in its plantation and general members of the public. The company then listed on the Australian stock exchange.

Company Business and Growth

TFS Corporation is involved in the development and management of an Indian Sandalwood plantation in the Ord River Irrigation Area. This has tropical conditions suitable for growing these high value trees - free from cyclones which could damage the plantation - and a reliable water supply. Of the 840 hectares currently planted, 195 hectares (23%) are owned by the company with the balance owned by outside investors (i.e. grower investors).

The company earns revenues and profits buying or leasing land which it converts to Indian Sandalwood plantations - using trees grown in its own nursery. Through *Managed Investment Schemes* TFS Corporation sells most of these plantations to outside investors. The company earns an initial profit on this conversion and sale, but more importantly it builds recurring annual revenues from leasing the land to the investors and managing the plantation.

Trees will be harvested after 13-15 years (i.e. starting

in 2013) at which time TFS Corporation plans to have expanded its business to include processing of the wood into value added end products (e.g. Sandalwood oil, which is widely used in perfumes) - which will be an additional source of revenue and profits for the company.

TFS Corporation retains ownership of the land so after harvesting can replant new trees for its own benefit or sell them to new grower investors.

TFS Corporation appears to have strong growth potential. The company developed 325 hectares of new plantation in 2006 and is planning to develop 375 hectares in 2007. It currently owns 775 undeveloped hectares - which is sufficient for planned plantings in 2007 and 2008.

For future development the company signed a conditional contract in November 2006 to acquire an existing hay and cattle farm for \$18.05 million which will be financed from existing cash and new debt. This farm consists of 2400 hectares of freehold land, 1200 hectares of pastoral leasehold land and a 3200 hectare dam with a capacity of 65 gigalitres. At least 1900 hectares will be suitable for Indian Sandalwood plantation and be developed from 2009 through to 2012. Existing farming operations will continue on land unsuitable for plantation.

TFS Corporation has also lodged an expression of interest to acquire land in Stage Two of the Ord River Irrigation Area, but this project is still at the development proposal stage.

TFS Corporation was the first user in the Ord River valley to recycle its flood irrigation water - conserving seven gigalitres of water. It also trialled drip irrigation which was “highly successful” and this will be progressively introduced to all future plantations within three years. While the initial cost of drip irrigation is more expensive, there are “savings in plantation maintenance” as well as an 80% saving in water usage.

Recent Results

In the year to June 2005 revenues jumped 2½ fold to \$20.3 million, with profits up 3¾ fold to \$9,587,898 (6.1 cents per share). The annual dividend was 5.3% higher at 2.0 cents. The business generated an operating cash surplus of \$0.6 million.

For the year to June 2006, revenues increased 38.5% to \$28.1 million, with profits up 25.1% to \$11,993,048 (7.6 cents per share). The annual dividend rate was increased 5.0% to 2.1 cents.

The operating cash surplus doubled to \$1.2 million. This is a low cash surplus in relation to profitability as (1) \$3.4 million of profits comes from the non-cash gain on the value of its plantation holdings and (2) the company is growing rapidly and requires significant additional investment in working capital.

At this stage in its development, the business is

dependant upon selling its new plantations to grower investors, but appears to be doing this successfully. TFS Corporation is also expanding its capacity to plant a greater number of hectares each year.

In the medium term, *recurring* revenues from management fees and land rentals earned each year will continue to increase as the plantation grows in size and these will become an important source of revenues and profits.

Longer term, harvesting its plantation and value added processing will become a major source of revenues and profits.

Investment Criteria

Ultimately the degree of success of TFS Corporation will depend on the profitability of its Indian Sandalwood plantations. At present, investments in the *Managed Investment Schemes* are 100% tax deductible to individual grower investors - so any possible change in tax legislation *could* impact on the company's ability to sell new plantations and continue its current rapid expansion.

There are several points which support the viability and growth of this business. Firstly, there is a rapidly diminishing natural supply of Indian Sandalwood. About 5000 tonnes is harvested annually in India - around 20-30% from official sales from natural forests (which are expected to be depleted in a few years) and 70-80% from illegal logging (where quality is falling). Consequently the value of Indian Sandalwood is appreciating rapidly. Secondly, it is probably not viable to develop plantations in India or other developing countries in Asia owing to the risk of poaching of these high value trees. Growing Sandalwood is also fairly complex as the trees are hemi-parasitic and need different host trees at different stages of their growth. So supply will likely remain depressed and prices continue to increase. Thirdly, the company has recorded gains of around 30% annually on its own investment in the Indian Sandalwood plantation. This would indicate that the plantation is an attractive investment regardless of the initial tax advantages available to grower investors. Fourthly, the company directors own around 99 hectares of the plantation as grower investors - which indicates that these knowledgeable insiders believe the plantation is an attractive investment.

At 44½ cents, TFS Corporation shares trade at a high Price/Sales ratio of 2.50, but a low Price/Earning ratio of under 6 and offer a reasonable Dividend Yield of 4.7%.

The *management* of plantations is not a capital intensive business (i.e. outside grower investors finance the investment in the plantations) so is capable of generating high profit margins - and therefore a high P/S ratio is reasonable. The very low P/E ratio would indicate that the market is still sceptical about the viability of the company, but from this low valuation the shares could appreciate very strongly in value in future years, driven by growth in profits and the re-rating of the shares from their current low valuation.

The issued capital is 158,503,723 shares, giving the company a market capitalisation of \$70.5 million. The shares were inactively traded until about six months ago but volumes have increased, particularly over the last three months. Nevertheless, the value of shares traded daily is only around \$20-200,000 - so some patience will

be necessary to build up a large shareholding.

The directors and management have very large investments in TFS Corporation. The Chairman, FC Wilson, owns 38,780,815 shares or 24.5% of the company! Non-executive directors RL Eacott with 4,600,001 shares (2.9%) and BW Myles with 3,156,564 shares (2.0%) also have very large investments. The Chief Executive, TN Cullity, owns 1,476,750 shares (0.9%).

The directors have also been adding to those large shareholdings through on-market share purchases. Over the last year there have been six insider buys (and no sells). The Chairman purchased 85,500 shares on-market at 40 cents in March 2006 plus 200,000 at 37 cents and 225,067 shares at 38 cents in September, 135,831 shares at 40 cents in October and another 104,592 shares last month at 45 cents. Non-executive director, IM Murchison, purchased 17,500 shares at 38-40 cents (lifting his holding to a relatively modest 50,000 shares) in March 2006. Insider buying is one of the most reliable indicators of future share performance and shares where insiders are buying on-market tend to outperform the general stockmarket over 2-3 years.

TFS Corporation is neglected by professional investors. No brokers publish profit forecasts and there are no institutional investors. *Neglected* shares tend to be under-valued and therefore to provide above average future returns. If a *neglected* share is "discovered" by brokers or institutional investors then the resulting buying can significantly boost the value of the shares.

TFS Corporation shares rose strongly in early 2005, but have since trended sideways around 35-50 cents despite the steady growth of the company's business and the rapid growth in revenues and profits. The Relative Strength rating is +5.2%, ranked 45 (on a scale of 0-99), perhaps indicating a moderate long term uptrend.

Summary and Recommendation

TFS Corporation is not as actively traded as we would wish - so investors may need to build up holdings over a period of time - but the shares are under-valued and the company could offer excellent growth potential over many, many years.

Smaller, growth companies do, however, involve higher than average risks - so an investment in TFS Corporation does need to be just part of a diversified share portfolio.

Although the shares offer an attractive current income yield, this company will be most suitable for investors seeking *capital appreciation*.

TFS Corporation



“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: 67.1% Buyers

Last 13 wks: 70.4% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
A-Cap Resources	0-1	Aust Foundation	3-0	CPT Global Ltd	3-2	Cumamona En.	1-0	GME Resources	1-0
A.P. Eagers	3-0	Aust Infra.	7-0	CSL Limited	0-2	Cygenics Ltd	1-0	GPT Group	1-0
ABB Grain Ltd	6-2	Aust Enh Income	2-0	CTI Logistics	6-0	Cypress Lakes	1-0	GVM Metals Ltd	1-0
ABC Learning	7-0	Aust Ethical In	0-1	CVC Limited	1-0	Cytopia Ltd	5-0	GWA Internat'l	0-4
ABM Resources	1-0	Aust Ethanol	0-1	Cabcharge Ltd	0-1	DUET Group	2-0	Gale Pacific	7-1
AGL Energy Ltd	2-0	Aust Pharm. Ind	1-0	Cadence Capital	0-1	Danks Holdings	3-0	Garratt's Ltd	1-0
AHC Ltd	1-0	Aust Agricult.	4-0	Calliden Group	3-0	Data 3 Ltd	0-4	Gateway Mining	4-0
AI Limited	0-1	Austereo Group	5-2	Canale Austria	3-1	David Jones	1-3	Gazal Corp	7-0
AJ Lucas	1-0	Austin Group	2-0	Canada Land	1-0	De Grey Mining	1-0	Genesis Bio.	2-0
AMCIL Limited	0-1	Austin Eng.	8-0	Candle Aust.	0-2	Deep Yellow Ltd	8-0	Genetic Tech.	8-0
AMP Ltd	11-0	Austral Waste	1-0	Cape Lambert IO	4-0	Destra Corp Ltd	1-0	Gippsland Ltd	1-0
ANZ Bank	1-6	Aust Resources	3-0	Cape Range Wire	0-1	Devine	2-0	Giralia Res.	0-1
APA Group	2-0	Aust Education	3-0	Capral Alum.	4-0	Dia-B Tech Ltd	1-0	Gleneagle Gold	0-1
ARB Corporation	1-0	Austar United	1-0	Cardno Ltd	0-1	Diatreme Res.	0-4	Glengary Res.	5-0
ARC Energy	1-0	Aust Wealth Mgt	1-3	Carlton Invest	0-2	Discovery Metal	1-0	Global Mining I	3-0
AWB Limited	2-0	Aust W/wide Exp	1-0	Carnegie Corp	1-0	Div. United Inv	2-0	Global Approach	2-0
Aberdeen Leader	4-0	Avastra Ltd	1-0	Carnarvon Pet.	4-0	Djerriwarrh	2-0	Globe Int'l Ltd	1-0
Abra Mining Ltd	1-0	Avexa Limited	4-0	Carpathian Res.	12-0	Downer EDI Ltd	6-0	Global Petrol.	0-5
Access Provider	1-0	Avoca Resources	1-0	Carrick Gold	6-1	Dragon Mining	0-1	Golden Tiger	0-2
AcruX Ltd	0-1	Aztec Resources	1-0	Cash Converters	1-0	Drake Resources	1-0	Goldlink Growth	5-0
Adamus Resource	0-1	Azumah Res.	3-0	Castle Minerals	2-0	Dulhunty Power	1-0	Goldstar Res.	6-0
Adelaide Bank	0-3	B & B Env. Inv.	3-5	Cathrx Ltd	4-0	Dyesol Ltd	1-0	Goldstream Min.	2-0
Adelphi Energy	1-0	B & B Infrastr.	4-0	Cedar Woods Prp	1-2	E-Bet Limited	2-0	Gold Aura Ltd	0-1
Admiralty Res.	2-0	B & B Wind Part	3-0	Cellnet Group	1-2	E-pay Asia Ltd	0-1	GoldLink Income	4-0
Adtrans Group	3-1	B Digital Ltd	2-0	Cellestis Ltd	0-2	E.R.G.	0-2	Goldsearch Ltd	0-1
Adv Nanotech.	2-0	B&B Res Land	4-0	Centro Retail	3-0	ETRADE Aust.	3-0	Golden State	2-1
Adv. Ocular	3-0	B&B Japan Prop.	0-1	Centamin Egypt	1-0	ETT Ltd	2-0	Goodman Fielder	1-0
Adv. Magnesium	3-0	BBX Holdings	3-0	Centrepoint All	0-3	Eagle Bay Res.	3-0	Graincorp	0-1
Advanced Engine	3-0	BHP Billiton	7-5	Centrebet Int'l	2-0	Eastern Corp	1-0	Grange Resource	2-0
Aequus Capital	3-1	BMA Gold Ltd	1-2	Ceramic Fuel C.	1-0	Echelon Res.	1-0	Great Aust Res	1-0
Aevum Ltd	5-0	BQT Solutions	6-0	Chal Financial	3-0	Echo Resources	1-0	Great Gold Mine	1-0
Agenix Limited	4-0	Bakehouse Quart	46-6	Chal Wine Trust	1-0	Eden Energy Ltd	2-0	Green's Foods	5-0
Aim Resources	3-1	Ballarat Gold	3-0	Chalmers	1-0	Eftel Ltd	1-0	Gregory Aust.	2-0
Alchemia Ltd	1-0	Bank of Q'land	0-1	Chalice Gold	3-0	Eiffel Tech.	1-0	Gryphon Mineral	1-0
Ale Property	3-0	Bannerman Res.	1-0	Chandler McLeod	1-0	Electro Optic	5-1	Gt Sthn Plant'n	1-0
Alkane Explor.	1-0	Baraka Petrol.	1-0	Chariot Limited	0-3	Electrometals	1-0	Guinness Peat	0-1
Allco Finance	3-0	Barra Resources	0-1	Charter Pacific	1-0	Elk Petroleum	8-0	Gulf Resources	3-0
Allied Gold Ltd	6-2	Bass Metals Ltd	2-0	Cheviot Bridge	7-1	Embelton Ltd	2-0	Gulfx Ltd	1-0
Allied Tech Grp	0-1	Bass St Oil Coy	5-0	Chiquita Brands	2-0	Emeco Holdings	2-0	Gullewa Gold NL	0-2
Alloy Resources	1-0	Batavia Mining	0-4	Chrome Corp Ltd	4-1	Emerald Oil & G	1-0	Gunns Ltd	3-1
Alpha Tech.	3-1	Baxter Group	3-0	Circadian Tech	1-0	Emitch Limited	3-1	HFA Holdings	3-0
Altium Limited	1-0	Beaconsfield GI	1-0	Citigold Corp	0-1	Emperor Mines	5-0	HFA Accelerator	4-0
Amalgamated Hld	0-1	Beach Petroleum	3-2	City View	1-0	Encounter Res.	2-0	Haddington Res.	2-0
Ambertech Ltd	3-0	Becker Group	4-0	Clive Peeters	0-1	Eneabba Gas Ltd	1-0	Hamilton James	2-0
Ambition Group	2-0	Bemax Resources	1-0	Clough Limited	6-0	Energy Invest.	0-1	Hannans Reward	2-0
Amcor Ltd	1-0	Bendigo Bank	1-0	Clover Corp.	3-0	Entek Energy	7-0	Hansen Tech.	1-0
Andean Res.	1-0	Bentley Int'l	4-0	Cluff Resource	0-2	Envestra	2-0	Hardman Res.	2-1
Anglo Australia	3-0	Billabong Int'l	0-3	Coates Hire	0-1	Environ'm't Grp	2-0	Harvey Norman	1-3
Anglo Pacific	2-1	Biodiem Ltd	0-1	Cobar Cons Res.	2-0	Envirozel Ltd	5-0	Hastie Group	2-0
Ansell Ltd	2-0	Biometrics Ltd	3-0	Cockatoo Ridge	1-0	Epsilon Energy	1-0	Havilah Res.	11-0
Antares Energy	33-0	Biosignal Ltd	1-0	Codan Ltd	5-0	Equity Trustees	8-0	Healthscope	4-0
Antisense T.	1-0	Biota Holdings	2-0	Coffey Int'l	6-1	Equigold NL	2-0	Heartware Ltd	16-0
Anvil Mining	2-1	Blackham Res.	2-0	Cogstate Ltd	4-0	Esplanade Prop.	9-0	Heemskirk Cons.	1-0
Anzon Australia	2-0	Blackmores Ltd	0-2	Coles Group Ltd	1-0	Espreon Ltd	2-0	Hills Indust.	0-2
Apa Financial	4-0	Bluescope Steel	4-0	Colorado Group	0-1	Essa Australia	0-1	Hillgrove Res.	0-3
Apex Minerals	3-1	Bonaparte Diam.	2-0	ComOps Limited	1-0	Eurogold Ltd	1-0	Hill End Gold	7-0
Apollo Life Sci	6-0	Boom Logistics	2-3	Comet Ridge Ltd	2-0	Everest Babcock	4-0	Hillcrest Litig	2-0
Aquarius Plat.	2-5	Boral Limited	2-0	Comet Resources	4-0	Exco Resources	0-2	Hodges Res.	2-0
Aquila Res.	1-0	Bow Energy Ltd	3-0	Commander Comm.	1-3	F.F.I. Holdings	1-0	HomeLeisure Ltd	5-1
Arafura Res.	0-2	Brainytoys Ltd	2-0	Commoditel Ltd	1-0	Fairfax (John)	1-0	Homeloans Ltd	3-0
Argosy Minerals	1-0	Brambles Ltd	1-0	Community Life	6-0	Falcon Minerals	4-0	Horizon Oil Ltd	4-0
Argo Investment	4-1	Brandrill	2-0	Compass Res	0-4	Felix Resources	5-1	Hostworks Group	0-1
Aristocrat Leis	1-0	Bremer Park Ltd	1-0	Computershare	2-3	Fermiscan Hold.	0-1	Housewares Int.	1-0
Arrow Energy	0-2	Brickworks Ltd	8-0	ComputerCOP	1-0	Fiducian P Serv	0-2	Hunter H Global	1-0
Ashburton Min.	2-0	Brickworks Inv.	3-0	Concept Sports	0-1	Financial Res.	1-0	Huntley Invest	6-0
Aspen Group Ltd	1-0	Broadcast Serv.	4-0	Coneco Ltd	1-0	Finbar Intern'l	0-1	Hunter Hall Int	0-7
Astron Ltd	0-3	Buderim Ginger	8-0	ConnectEast Grp	4-0	First Capital	3-0	Hydromet Corp.	4-1
Atcor Medical	3-0	Buka Gold Ltd	3-0	Conquest Mining	3-0	Flat Glass Ind.	2-0	Hyperion Flag.	6-10
Atlantic Gold	0-1	Bunnings W/hse	2-0	Cons Minerals	2-3	Fleetwood Corp	1-3	Hyro Limited	2-0
Atlas Iron Ltd	8-1	C.S.R. Ltd	0-1	Contango Micro.	1-0	Flight Centre	1-0	IBA Health Ltd	1-6
Atlas Grp Hold.	4-1	CBD Energy Ltd	1-0	Cool or Cosy	4-0	Flinders Diam.	2-1	IBT Education	0-3
Atlas SS Pearl	1-0	CBH Resources	0-4	Cooper Energy	0-4	Focus Minerals	1-0	ICE Corporation	1-0
Aura Energy Ltd	5-0	CCI Holdings	14-0	Cortona Res Ltd	1-0	Folkestone Ltd	3-0	IFC Capital Ltd	1-0
Ausdrill Ltd	0-1	CEC Group Ltd	2-1	Cougar Metals	2-0	Fortescue Metal	0-2	IM Medical Ltd	7-0
Auselect Ltd	3-0	CFK Childcare	0-2	Coventry Group	6-0	Foster's Group	1-0	IMF (Aust) Ltd	1-2
Ausmelt Ltd	1-2	CFS Private Cap	2-0	Crane Group	2-0	Fox Resources	7-0	ING Priv Equity	4-0
Auspine Ltd	5-0	CMA Corporation	4-0	Credit Corp	0-4	Futuris Corp.	4-2	ING Office Fund	0-1
Ausquest Ltd	5-0	CMI Limited	1-0	Cryosite Ltd	2-0	G.R.D. NL	7-1	IOOF Holdings	0-1
Aust Zircon NL	1-0	CO2 Group Ltd	1-3	CuDeco Ltd	2-1	G.U.D. Holdings	0-1	ISS Group Ltd	1-0
Aust Ren. Fuels	0-1	CPI Group	1-0	Cumminscorp Ltd	1-0	GBST Holdings	3-0	IT & e Limited	1-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
ITL Limited	3-0	Macquarie Air.	2-0	Occupational Md	1-0	Reckon Limited	1-0	Synergy Equity	1-0
IWL Limited	6-0	Macquarie Leis.	1-0	Ocean Capital	2-0	Reclaim Indust.	2-1	TFS Corporation	6-0
Icon Resources	5-0	Macquarie C'Wde	1-0	Oceana Gold Ltd	2-0	Redbank Mines	5-0	TSV Holdings	0-1
iiNet	2-1	Macquarie Infra	6-0	Odessey Gaming	1-0	Redflex Holding	6-2	Tabcorp Holding	2-0
Iluca Resources	1-0	Magna Metals	4-0	Oilix Ltd	2-0	Reed Resources	4-2	Takoradi Ltd	0-2
Imdex Limited	1-0	Magnum Mining	1-0	Oldfields Hold	3-0	Reef Casino Trt	4-0	Talent2 Int'l	0-1
Impact Capital	5-0	Malachite Res.	2-0	On Q Group Ltd	2-0	ReelTime Media	3-0	Talisman Mining	1-0
Impress Venture	5-0	Mantle Mining	2-0	Optima Corp Ltd	1-0	Regis Resources	7-1	Tamawood Ltd	3-0
Incitec Pivot	3-1	Marengo Mining	4-0	Optima ICM Ltd	0-1	Renison Cons	4-0	Tanami Gold NL	9-0
Incremental Pet	2-0	Mariner Am Prop	2-0	Orchid Capital	6-0	Repol Ltd	5-0	Tandou Ltd	0-2
Ind Minerals	3-0	Mariner Fin.	0-1	Orica Ltd	2-0	Republic Gold	1-0	Tap Oil	0-1
Ind Practition.	4-2	Marion Energy	2-0	Oriel Comm.	1-0	Resolute Mining	1-0	Tasmanian Perp	5-0
Independ. Group	1-4	Marybor'gh Suga	1-0	Orient Res Hold	3-0	Resonance Hlth	3-0	Tassal Group	4-2
Indo Mines Ltd	3-0	Matilda Mineral	1-0	Origin Energy	0-2	Resource Pac.	2-0	Tattersall's	3-1
Industrea Ltd	0-1	Matrixview Ltd	7-0	Orion Telecom.	2-0	Retail Cube	1-0	Technology One	0-2
Institute Drug	1-0	Matrix Metals	1-0	Oroton Group	11-0	Retail Food Grp	11-1	Techniche Ltd	0-1
Insurance Aust.	1-0	Mawson West Ltd	2-0	Ottoman Energy	1-0	Reverse Corp	0-1	Telstra	1-0
Int Research	2-0	Maxi TRANS	4-0	Oxiana Ltd	0-1	Reward Minerals	1-0	Tennant Creek G	0-7
Int'l Concert	0-1	McKinley Co Ltd	0-5	P-Sivida Ltd	3-0	Rey Resources	1-0	Terrain Mineral	1-0
Int'l Goldfield	4-0	McPherson's Ltd	3-0	PCH Group	0-1	Rialto Energy	3-0	Territory Iron	1-0
Intermin Res	5-0	Medaire Inc	2-0	PMP Limited	0-1	Ridley Corp.	1-2	Thomas & Coffey	7-0
Integra Mining	2-0	Medec Limited	1-0	PPK Group Ltd	4-0	Rimfire Pacific	0-1	Thundelarra Exp	2-0
Intermet Res.	1-0	Medical Dev Int	11-0	Pac. Star Netwk	7-0	Rinker Group	4-0	Tianshan Gold.	1-0
Intec Ltd	2-0	Medivac Ltd	1-0	Pacific Energy	3-0	Rio Tinto Ltd	0-1	Tidewater Inv	1-0
Integrated Grp	2-0	Medical Therapy	7-0	Pacrim Energy	1-0	Riversdale Min.	4-0	Tiger Resources	1-0
Investika Ltd	20-0	Medusa Mining	1-0	Paladio Group	2-0	Roc Oil Company	0-5	Timbercorp	1-0
Investa Prop.	2-0	Melbourne IT	0-1	Palamedia Ltd	1-0	Rocklands Biomed	2-0	Tolhurst Noall	0-1
Invocare Ltd	0-2	Mermaid Marine	0-1	Pan Palladium	1-0	Rocklands Rich.	3-0	Toll Holdings	1-2
Iress Mkt Tech	0-1	Metallica Min.	1-9	Panaegis Gold	1-0	Ross Human Dir.	8-0	Toodyay Res.	3-0
Ironbark Gold	2-0	Metal Storm Ltd	1-0	Panbio Ltd	3-0	Rox Resources	1-0	Tow Way Ltd	0-2
Ironbark Cap.	2-0	Meteoritic Res.	1-0	Paperlin X Ltd	2-0	Royal Resources	11-0	Trafford Res.	0-1
JB Hi-Fi Ltd	0-4	Methanol Aust.	2-1	Peak Resources	3-0	Rubicon Europe	0-1	Transpacific In	4-0
JV Global Ltd	0-3	Metroland Aust	3-0	Pelican Res.	1-0	Run Corporation	4-0	Transurban Grp	3-1
Jackgreen Ltd	3-0	Michelago Ltd	1-0	Pengana Hedge.	0-10	S8 Limited	2-0	TransMetro Corp	1-0
Jackson Gold	1-0	Midas Resources	1-0	People Telecom	2-0	SP Ausnet	2-1	Transfield Serv	2-0
James Hardie	2-0	Mikoh Corp.	1-0	PeopleBank Aust	3-1	SP Telecom.	4-0	Transol Corp	1-0
Jindalee Res.	3-0	Milton Corp.	2-0	Pepinnini Min.	0-3	STW Comm Group	2-0	Treasury Group	1-0
Joyce Corp.	1-0	Minara Resource	2-0	Peptech Limited	10-0	Saferoads Hold.	2-0	Tri Origin Min.	2-1
Jubilee Mines	0-6	Mincor Resource	0-1	Perilya Mines	2-3	Salinas Energy	3-0	Trinity Group	1-0
Jumbo Corp	7-0	Mindax Limited	1-0	Perpetual Ltd	4-3	Sally Malay Min	0-1	Troy Resources	1-3
Jumbuck Enter.	2-1	Minemakers Ltd	1-0	Perseus Mining	5-0	Salmat Ltd	5-0	Tutt Bryant Grp	0-1
Jupiter Mines	0-5	Mineral Commod.	1-0	Perseverance	0-1	Samson Oil/Gas	1-0	UXC Limited	2-7
Jupiter Energy	6-0	Mineral Res.	1-0	Petratherm Ltd	3-0	Sandfire Res.	0-2	Undercoverwear	1-0
Just Group Ltd	3-2	Mineral Deposit	0-1	Pharmaust Ltd	3-1	Saracen Mineral	4-1	Union Resources	0-1
KLT Technology	2-0	Mineral Sec.	3-0	Pharmaxis Ltd	2-0	Scantech	2-0	United Group	8-0
Kagara Zinc Ltd	0-1	Mining Projects	0-1	PhamNet Online	1-0	Scarborough Equ	3-0	Unwired Group	3-0
Kentor Gold Ltd	1-0	Mintails Ltd	5-1	Phileo Aust.	1-0	Scott Corp Ltd	1-0	Uranium King	1-0
Keycorp Ltd	1-0	Mirrabooka Inv.	2-0	Phosphagenics	1-0	Seek Ltd	0-1	Uscom Limited	2-0
Kimberley Diam.	2-3	Mirvac Group	4-0	Phoslock Water	3-0	Select harvest	3-0	VDM Group Ltd	0-2
Kings Minerals	0-1	Mission Biofuel	2-0	Photon Group	3-0	Select Vaccines	3-0	Valad Property	0-1
Kip McGrath EC	7-0	Mobilesoft Ltd	2-1	Phylogica Ltd	1-0	Servcorp Ltd	0-4	Van Eyk Three P	1-0
Konekt Limited	1-0	Moby Oil & Gas	7-0	Pinnacle VRB	2-0	Service Stream	2-0	Vericon Group	11-8
Korab Resources	7-0	Monadelphous Gr	1-4	Pioneer Nickel	6-0	Seven Network	1-0	Verus Investm't	3-0
Korvest Ltd	3-0	Monaro Mining	1-0	Platina Res.	3-1	Shield Mining	7-0	View Resources	2-1
Kresta Holdings	1-0	Monarch Gold M.	3-0	Platinum Aust	0-2	Sigma Pharm.	0-1	Village Road.	8-3
LV Living Ltd	1-0	Monitor Hold.	0-2	Po Valley Ener.	1-0	Sino Securities	0-1	Virax Holdings	0-3
Lakes Oil NL	5-0	Monto Minerals	2-0	Polartechinics	1-0	Sirius Telecom.	2-0	Virgin Blue	3-0
Landmark White	2-0	Montec Int'l	1-0	Port Bouvard	1-0	Skilled Group	5-0	Viridis Clean E	1-0
Legend Corp.	0-1	Montezuma Min.	0-1	PowerTel Ltd	2-0	Snowball Group	2-0	Vision Systems	0-1
Legend Mining	1-0	Mooter Media	0-1	Powerlan Ltd	6-0	So Natural Food	2-0	Vision Group	1-3
Leighton Hold	1-2	Mortgage Choice	0-3	Præmium Ltd	1-0	Solbec Pharm.	8-0	Vital Metals	1-0
Lemame Corp	0-3	Mosaic Oil NL	3-0	Premium Invest.	1-0	Solco Ltd	0-1	Voltage IP Ltd	3-0
Lend Lease Corp	2-0	Mt Burgess Min.	3-0	Primary Health	3-1	Somnored Ltd	1-0	Vulcan Res.	3-0
Leyshon Res.	3-2	Mt Gibson Iron	1-3	Prime Life Corp	1-0	Sonic Health	0-1	W'bool Cheese	1-0
Liberty Gold NL	7-0	Mundo Minerals	1-0	Prima Biomed	1-0	Sonnet Corp Ltd	2-0	Waterco Ltd	3-0
Life Therapeut.	1-0	Murchison Un.	3-0	Pro-Pac Pack.	2-0	Souls Priv Equ	2-0	Watpac Ltd	0-1
Lighting Corp.	1-0	My Net Fone Ltd	1-0	Progen Indust.	1-0	Soul Pattinson	2-0	Wattyl Ltd	1-0
Lihir Gold	3-0	NGM Resources	4-0	Promina Group	3-0	Southern Gold	0-1	Webspy Limited	1-0
Linc Energy Ltd	1-0	NSX Limited	2-0	Prophecy Int'l	3-0	Starpharma Hold	2-1	Webster Ltd	2-0
Lindsay Aust	1-0	Nat'l Aust Bank	1-0	Proto Resources	1-0	Sthn Cross Brd.	1-0	Wedgetail Min.	0-1
Linc Resources	3-0	Nat'l Leisure	5-0	Proteome Syst	1-0	Stirling Prod.	0-1	Wellcom Group	1-0
Liontown Res.	1-0	Nat'l Can	3-0	Publishing & Br	1-0	Stockland	1-0	Wentworth Hold.	9-0
Lionore Mining	0-11	National Hire	0-1	Pure Energy Res	1-0	Stokes (Aust)	2-0	Wesfarmers Ltd	3-0
Liq Natural Gas	0-1	Navigator Res	1-0	Purus Energy	2-0	Straits Res.	0-9	West'n Metals	5-1
Little World B.	1-2	Netcomm Limited	3-2	Q-Mastor Ltd	1-0	Strike Oil Ltd	6-0	Westgold Res.	1-0
Living Cell T.	3-0	Neuren Pharm.	2-0	Q.B.E. Insur.	0-3	Strike Res.	2-0	West Gas Power	1-0
Livingstone Pet	1-0	New Privateer	0-2	QED Occtech Ltd	0-1	Structural Mon.	1-0	Western Areas	2-4
London City Eq.	3-0	New Opportunity	2-0	QM Technologies	3-0	Structural Syst	5-4	Westfield Group	3-0
Ludowici Ltd	0-6	Newcrest Mining	2-0	QRSciences Hold	3-0	Style Limited	1-0	Whitefield Ltd	1-0
Lycopodium Ltd	0-6	Newhaven Hotels	4-0	Quadrant Irid.	0-1	Sub-Sahara Res.	0-1	Willmott Forest	1-0
M2 Telecom. Grp	1-0	Nexus Energy	5-4	Quantum Energy	2-1	Sun Resources	1-0	Wilson Inv Fund	5-0
MFS Limited	8-0	Niagara Mining	4-0	Queensland Gas	4-0	Suncorp-Metway	2-1	Wilson Leaders	0-1
MFS Diversified	1-0	Nickel Aust Ltd	2-0	Queens'd Cotton	0-2	Sundance Energy	1-0	Woodside Petrol	2-0
MFS Living & L.	9-0	Nick Scali Ltd	1-0	Queste Comm's	1-0	Sundowner Group	3-0	Worley Group	0-3
MacMahon Hold	1-0	Noni B Limited	0-1	Quickstep Hold.	0-1	Sunland Group	2-5	Wotif.com Hold.	1-0
Macarthurcook P	2-0	Northern Mining	2-0	Quiktrak Netwks	2-1	Sunshine Heart	2-0	Wrigdways Aust	3-2
Macarthur Coal	6-3	North Aust Diam	1-0	RCR Tomlinson	2-5	SuperCheap Auto	1-0	Xceed Biotech.	15-0
Macmin Silver	0-5	Northern Energy	1-0	RIM Capital Ltd	1-0	Supply Network	4-0	Yilgam Mining	2-0
Macquarie Bank	5-2	Nuenco NL	1-2	RMG Limited	2-0	Swish Group	1-0	Yilgam Gold	3-0
Macquarie Priv.	1-0	Nufarm Limited	2-0	Ramelius Res.	0-2	Sydney Gas Ltd	6-0	ZBB Energy Corp	9-0
Macquaries C&I	0-1	Nylix Ltd	2-0	Range River Gld	2-0	Sydney Roads	2-0	Zicom Group	8-0
Macquarie Good.	4-0	OM Holdings	2-0	Rawson Res.	2-0	Sylvastate Ltd	3-0	Zinifex Ltd	0-1
Macquarie DDR	2-0	Oaks Hotel	0-1	Rebel Sport	0-1	Symbion Health	1-0	Zylotech	1-0
		Objective Corp.	0-1			Symex Holdings	1-0		

“Insider” Trades in Australian Shares

Insiders are the most knowledgeable investors - and some of the most successful!! Monitoring *insiders* buying and selling *on-market* can therefore provide one of the most reliable indicators of the *future* performance of a company's shares.

One buy or sell is not very significant, but a series of buys or sells over a period of time is a good measure of the *insiders'* opinion of the value and future potential of their company's shares. We therefore collate data for buys and sells over the last 52 weeks - which is presented in the tables in this newsletter (and updated weekly on our *Online Share Selection* database).

While *insider* data is very valuable, it becomes ever more reliable when combined with *unrelated* Technical indicators (e.g. our Relative Strength ratings which measure long term price trends) and/or Fundamental indicators (i.e. Price/Sales ratios, Price/Earnings ratios and Dividend Yields, which measure whether a share is over-valued or under-valued). Finally, we make some subjective estimates of the possible growth potential of a company.

Two shares with *insider* buying which rate well under the other criteria include **TFS Corporation**, which we are formally recommending for investment (see Pages 7 and 8) and **Kip McGrath Education Centres** which is briefly reviewed below:

Kip McGrath Education Centres (code KME).

The founders of this business began tutoring children in 1974, began franchising centres in 1987 and raised money from the public at 50 cents per share and listed the company on the Australian stock exchange in mid-2003.

The directors believe the business still has significant growth potential. It has over 670 centres in 20 countries, but only Australia, New Zealand, Samoa and Fiji are “full or almost full”. There are 253 centres in the United Kingdom, but potential to increase that to 500. The company “hasn't begun to fulfill the potential” in the United States and there is huge potential to expand throughout Asia. Franchise fees will rise strongly over the next year as 200 UK franchisees opened in 2003 and 2004 begin to pay full fees during their third year of operation.

Further growth in profitability is expected from company owned centres. In the past Kip McGrath Education Centres has franchised its system, but in future will seek to *own* all of its centres in countries having the potential to support at least 100 centres. Company owned centres can be ten times more profitable than franchised centres. Over the next five years the company will seek to buy back around five larger centres (i.e. those with capacity for over 100 students). It currently operates 11 centres in Sydney and the Hunter Valley.

The third area of growth will be teaching English to children in non-English speaking countries. The company has developed this curriculum for China, but will expand it to be used in Mexico, Indonesia and Malaysia. This new business is expected to break-even this year and “provide significant growth over the next five years”.

Although Kip McGrath Education Centres does not give forecasts it is “confident of rapid and sustained growth”.

The founding McGrath family owns 9,478,972 shares or about 55.1% of the company and other directors own a few shares. Over the last year there have been seven *insider* buys on-market (and no sells) at prices from 61 to 90 cents.

Revenue and profit growth have been uncertain over recent years. Revenues were virtually unchanged (i.e. up 0.2%) at \$3.7 million for the year to June 2005, but profits fell 47.9% to \$526,199 (3.1 cents per share). A 5.5 cents dividend was paid.

Revenues rose 24.0% to \$4.6 million in the year to June 2006, with profits recovering 101.2% to \$1,058,939 (6.2 cents per share). The annual dividend rate was raised 4.5% to 5.75 cents.

At 120 cents the shares trade on a high P/S ratio of 4.46 (which reflects the high profit margin on franchise revenues), a moderate P/E ratio of 19 and a Dividend Yield of 4.8%. Any future growth in profitability should be reflected by a similar increase in the share price.

The shares are in a new, strong uptrend, with a Relative Strength rating of +17.5%, ranked 19.

Summary and Recommendation

Kip McGrath Education Centres is a very small company with a market capitalisation of just \$20 million and over half of this is held by one family. The business, however, now has the potential for significant growth over future years. Franchise revenue provides a *certain* income each year, while growth in new centres, expansion into owning centres and the global roll out of its English language program offers the potential for significant revenue and profit growth over many years.

The directors have a large investment in this company - and have been buying some shares on-market - so investors seeking long term capital appreciation could consider making a small investment in Kip McGrath Education Centres shares.

Kip McGrath Education Centres



Company Analysis: Brandrill

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

Brandrill (code BDL).

When a company is placed in receivership and suspended from the stock exchange then there is about a 99.9% chance that the shares are absolutely worthless. Brandrill is one of those rare situations where some-one stepped forward with the cash to re-finance and restructure the business.

The company now sticks to its core business of providing services to the booming mining sector - and revenues and profits are growing rapidly. This sector is likely to remain busy for the foreseeable future, providing an attractive business environment for Brandrill to continue to grow.

Company History

This company was incorporated in 1993 to raise money from the public and to acquire the *Brandrill* contract rock breaking business which was established in 1984.

In the late 1990's the company expanded in South Africa with a 51% interest in **Brandrill Torrex**. This business required significant funding - which resulted in significant growth in the group's interest bearing debt. Brandrill also invested heavily in developing new rock breaking technologies - pouring cash into Research & Development which has to date failed to generate significant revenues or a return on the company's investment.

Brandrill agreed to sell the South African business in early 2003 - to reduce group debts - but the purchaser withdrew from the deal. Brandrill Torrex was placed in liquidation in March 2004.

Unable to raise additional funding to meet its own cashflow requirements, in June 2004 the directors appointed Administrators to Brandrill and its bank appointed Receivers and Managers.

The company, however, was saved through a Deed of Arrangement to recapitalise the company. Brandrill's almost worthless shares were consolidated so that every 100 shares became just 1 new share. **Mizuho International** bought Brandrill's bank debt and converted it to shares in the company at 5 cents. Other debts were also converted to shares. Mizuho also subscribed \$4.5 million for new shares and Brandrill raised a further \$500,000 through a placement to other investors. The shares in the debt to equity swap and the share placements were issued at 5 cents.

This restructuring ended the receivership with Mizuho International becoming the largest shareholder in Brandrill.

Recent Results

Brandrill traded unprofitably for the financial year ended

June 2002 when revenues increased 27.7% to \$224.1 million but the company lost \$54.8 million, in part owing to the write-off of previously capitalised Research & Development costs and other losses and write-downs in asset values.

In the year to June 2003, revenues rose 2.9% to \$230.5 million but the company again suffered a large \$31.0 million loss. Major problems included the South African operations losing \$15 million, new rock breaking technologies losing \$4 million and asset write-downs costing another \$4 million. This left the company with *negative* Shareholders Equity of \$7.6 million.

In the year to June 2004, revenues fell 70.3% to \$68.4 million with a loss of \$27.5 million. The drop in revenue reflects the receivership of the business and the significant downsizing. Major costs included a further \$10 million writedown in Research & Development and \$5 million from the receivership of the South African business. This left the company with *negative* equity of \$21.1 million. This would all suggest that the company was worthless - but, as previously stated, it was later recapitalised and has begun trading profitably.

For the year to June 2005, revenues rose 8.2% to \$74.0 million. The company reported a profit of \$23,165,000 - but this was boosted by a \$7.6 million gain on reconstruction and a \$15.3 million gain on the written down value of the South African business. So the operating profit was around \$1,205,000 (0.5 cents per share). There was a net operating cash surplus of \$6.8 million. No dividend was paid. Shareholders Equity increased to \$15.5 million (5.8 cents per share), while interest bearing debts were down \$12.1 million to just \$13.8 million and accounts payable were \$13.2 million lower at \$11.1 million.

Revenues rose 39.4% to \$103.1 million for the year to June 2006 and profits jumped strongly to \$8,046,000 (2.5 cents per share). The net operating surplus almost doubled to \$12.1 million, but no dividend was paid. The balance sheet also continued to improve strongly. Shareholders Equity rose to \$28.0 million, owing to the conversion of notes and the retained profits.

Current Business

Brandrill is now focusing upon its core business of contract rock breaking for the mining and civil engineering industries. The company believes "the outlook for the Australian minerals sector remains strong for the foreseeable future" which provides a "strong demand for Brandrill's services in drilling and blasting for mine development or expansion" and "for mining over-burden and ore". Around 44% of its work comes

from Iron Ore miners, 14% from Gold, 13% from Coal, 12% Civil Engineering, 10% from Tantalum and 7% from customers involved in other sectors. Brandrill is seeking to increase its involvement with Coal mining companies as Australian coal production is forecast to grow 50% over the next 20 years.

With no income tax payable over the next couple of years (i.e. no imputation tax credits) and “tremendous growth opportunities available”, Brandrill does not intend to pay dividends in the immediate future but retain funds “to continue to invest in growing the company”.

It is acquiring some smaller competitors at attractive valuations which will add to profits and also provide economies of scale and improved utilisation. In October 2006 it acquired the coal drilling business of **P&H MinePro**, including 11 large drill rigs and 38 staff. This acquisition will cost \$5.0-5.5 million and add around \$14-15 million to future revenues and \$1.4-1.5 million to earnings.

RockTek

Brandrill's *RockTek* products were used to break through to the trapped miners in **Beaconsfield** gold mine in April 2006, but offer a much wider range of applications. Non-explosive rock breaking is safer, free of toxic fumes, and would allow 24 hour mining or tunnelling. This could significantly improve productivity in a large number of situations. Even so, Brandrill - like many other companies during the *Technology* boom - spent many tens of millions of dollars developing this technology.

Unfortunately, this division still fails to generate significant revenues. For the year to June 2006 the RockTek division earned revenues of \$1,500,000 but recorded a loss of \$484,000. The company's strategy is to build up sales through a global network of distributors, but is not spending significant money on further developing or marketing these products.

Investment Criteria

At 23 cents, Brandrill shares trade on a low Price/Sales ratio of 0.71 and a low Price/Earnings ratio of 9, but the company does not currently pay a dividend. Overall that is a low valuation for a company in a sector which is booming and offers profitable opportunities for internal growth and growth through acquisition.

There is also some potential that the company's new rock breaking technologies will one day become economic and contribute meaningful revenues and profits.

The issued capital is 318,623,103 shares, giving the company a market capitalisation of \$73.3 million. While this makes Brandrill a *smaller* sized company the shares are very actively traded.

The directors have significant investments in Brandrill. The Chairman, VH Pental, owns 2,000,000 shares, the Managing Director, KR Perry, has 708,670 shares and non-executive director, JR Nicholls, owns

639,325 shares. JR Nicholls and another non-executive director, S Withana, are also associated with **Harmony Investment Fund** which holds 63,692,758 shares (19.99% of the company).

There have been two *insider* buys (and no sells) over the last year. KR Perry bought 77,572 shares on-market in June 2006 at 13 cents and IJ Williams bought all of his 80,000 shares on-market at 24½ cents in December.

The shares are *neglected* by brokers and institutional investors. Since its restructuring, no brokers have followed the company closely enough to publish profit forecasts. There is a low level of institutional investment in Brandrill shares. Two institutions own a total of 24% of the company and another three own a further 7%.

When the company came close to failing in June 2004, Brandrill shares lost most of their value. Since restructuring the business has performed well and the shares have appreciated strongly over the last 18 months. The shares have made little progress over the last quarter, but are probably still in a long term uptrend. The Relative Strength rating is +19.6%, ranked 18 (on a scale of 0-99). Brandrill shares rate as a “Buy” under the *Best Performing* section of our *Comprehensive Share Selection Criteria*.

Summary and Recommendation

Brandrill is a more soundly financed business today, focusing upon its core business of providing drilling and blasting services for the booming mining sector.

We are not formally recommending Brandrill shares, but investors prepared to accept higher risks, not requiring an immediate income and seeking maximum capital appreciation could consider a small investment in this company.

Brandrill



Readers Ask . . .

Question: I have been following Market Analysis for quite a few years now and have been on the whole satisfied with the returns from my investments. Why do you not invest in mining shares? This is not a criticism but a desire to know the reasons why to a large degree you avoid them. Would you like to comment?

Answer: Over the *long run*, mining shares have not been a good investment.

Obviously we are in a mining boom at the present - and this has boosted returns from mining shares over recent years. Earlier mining booms were quite shortlived. A shortage pushed up commodity prices, mining profits and mining shares rose strongly. Increased exploration and development then increased supply - so commodity prices, mining profits and share prices collapsed. The current boom is likely to last much longer - so mining shares probably won't collapse any time soon - but current share prices *already* reflect the higher commodity prices.

There are several reasons why mining shares have not been good *long term* investments: Firstly, over the last two centuries, commodity prices have tended to decline in real terms - despite several booms and a period of hyper-inflation in the 1970's which boosted prices. There is now an expectation that commodities will approximately maintain their prices over the next century and, if so, this would improve the economics of this sector.

Secondly, exploration and mining is a capital intensive business. Overall, investors can expect to earn higher returns on their investment capital from non-capital intensive businesses (i.e. software companies, service companies). Exploration and mining companies spend a lot of money drilling expensive holes in the ground. If this is successful, they then need to spend a lot more money *developing* a larger hole in the ground (i.e. a mine) and buying expensive and rapidly depreciating machines for digging and moving overburden and ore,

plus expensive processing equipment.

Thirdly, when established a mine is a *limited life, liquidating business*. Once a company has made the large capital investment to develop a mine, every ounce of gold or tonne of coal extracted brings it closer to exhausting its available reserves - and at that stage the hole in the ground, the worn out digging equipment and the processing plant will probably be worthless.

Investors should prefer businesses where an initial sale leads to *more* business. For example, when Vision Systems sold a piece of equipment it led to *recurring* sales of high profit margin reagents. A sale by a software company leads to ongoing sales of support services and upgrades. These are better business models than a mine that digs up and sells off its most valuable asset.

So this is the reason we do not invest heavily in the exploration or mining sector. Simply, there are *better* places to invest (except, perhaps, during the occasional mining boom, but investing during booms can be very risky). The *Recommended Portfolio* has a couple of holdings (i.e. Austral Coal/Centennial Coal and Iluka Resources) which are profitable businesses, with potential for expansion and long term reserves. And we have informally recommended a number of shares where *insiders* were buying or where speculative options appeared to have good potential.

Overall, however, we believe that the best way to gain some exposure to the minerals sector - while avoiding the high risks involved in direct investment and the unattractive capital intensive, liquidating nature of these companies - is through businesses that provide *services* to mining companies. Campbell Brothers, for example, has benefited from the mining boom - and this company builds its business rather than liquidating its assets. A sharp downturn would impact profitability, but a mining company could be left with an uneconomic resource and rusting equipment, while Campbell Brothers can use their laboratories to provide services to other sectors.

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Jasons Media	1.50	19-01	31-01	Full
Life Pharmacy	0.50	19-01	26-01	Full
Seeka Kiwifruit	10.00	22-12	09-02	Full
Smiths City Group	1.50	02-02	09-02	Nil

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday February 12, 2007.

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.

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