

Market Analysis

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Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Don't let tax and emerging market fluctuations distract from a sound long term investment strategy. Remain fully invested in the recommended shares.

Investment Outlook.

Shares - as was again demonstrated over the last month - are volatile investments. So it is important to have a long term investment strategy and focus upon long term goals. Money invested in the stockmarket should be available for at least 2-5 years - and we believe most people could build significant investment wealth in less than half a lifetime.

So you need to (1) start early and (2) have a reasonably stable environment from which to plan ahead. Unfortunately, in NZ the *tax* situation changes far too often, the rules *discourage* positive activities and the only *certainty* is more change and further uncertainty! Back in 1988 the government announced plans to change the way it taxed international investments. We are aware that these *expected* changes discouraged many people from international investment. It has taken 18 years to come up with the new rules - which look as though they were written up in 18 minutes after the defeat of the widely unpopular unrealised capital gains tax proposal.

Stockmarket investment is not easy. We're not asking that the government should *help* - just stop making it *harder*!

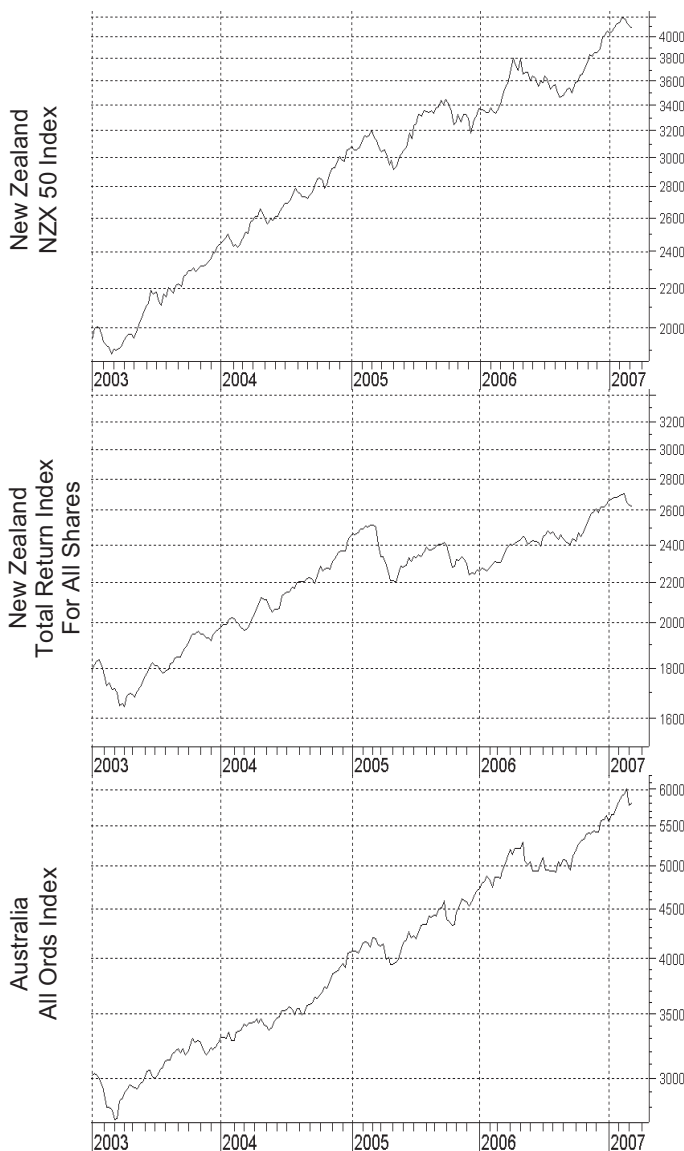
Over about the last year, the Chinese stockmarket almost *tripled* in value (following a very long period of decline). That is a significant advance over a short period of time - but you probably did not read about that on the front page of your newspaper or hear about it on the six o'clock news. Last month that stockmarket suffered a 9% decline. You *may* have heard about *that* relatively minor correction!

No wonder many people won't touch shares. In every news report you'll ever see, share prices will be plunging in value!

The overall outlook for shares is relatively Neutral. Share prices have risen strongly over many years and some valuations are getting a little high. Nevertheless, we still see good potential in many companies, so remain fully invested in the recommended shares.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	56% (Neutral)	63% (Bullish)
New Zealand:	51% (Neutral)	56% (Neutral)



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A2 Corporation	E	7.0	5.74	NE	Nil	Kermadec Prop.	D	105	N/A	NE	Nil	Rakon Ltd	C	490	7.00	NE	Nil
AMP Onyx Mgmt	A	138	6.91	18	5.4	Kidicorp	D	20	1.10	23	Nil	Renaissance	C	115	0.28	7	13.6
AMP Limited	B	1168	1.60	24	3.1	Kingfish Ltd	A	150	3.74	5	2.5	Restaurant Brds	C	110	0.34	10	13.6
Abano Health.	C	272	0.96	38	Nil	Kirkcaldie & St	B	280	0.64	23	4.3	Richina Pacific	D	40	0.09	6	Nil
Affco Holdings	E	36	0.19	9	2.8	Kiwi Property	A	164	N/A	16	5.5	Rubicon Limited	E	94	0.40	29	Nil
Air New Zealand	A	224	0.59	23	3.3	Life Pharmacy	D	85	3.99	22	4.8	Ryman Health.	B	220	7.70	31	1.5
Akd Int Airport	B	242	9.66	29	5.1	Lion Nathan Ltd	C	980	2.68	21	3.5	Salvus Strat.	C	99	N/A	NE	3.8
Allied Work.	B	120	0.42	10	12.4	Livestock Imp.	C	170	0.50	7	14.4	Sanford Limited	D	511	1.30	16	6.4
Allied Farmers	C	201	0.38	24	5.2	Loan & Building	A	500	1.59	19	4.5	Satara Co-op	D	116	0.60	NE	3.9
Apple Fields	C	8.0	N/A	NE	Nil	Lombard Group	E	1.3	1.11	13	Nil	Savoy Equities	D	5.1	N/A	NE	Nil
Barramundi Ltd	D	107	N/A	NE	Nil	Lytelton Port	C	225	2.90	23	3.3	Scott Tech. Ltd	D	208	1.29	NE	2.9
Blis Technology	E	8.0	N/A	NE	Nil	MDSnews	E	0.3	N/A	NE	Nil	Sealegs Corp	D	53	N/A	NE	Nil
Botry-Zen Ltd	E	3.7	N/A	NE	Nil	MG Property Trt	A	151	N/A	23	6.5	Seeka Kiwifruit	C	395	0.48	11	7.6
Brierley Invest	C	152	3.52	33	2.3	Mainfreight Grp	B	725	0.79	24	2.5	Skellerup Hold.	C	126	0.83	10	9.5
Briscoe Group	C	169	1.04	14	6.6	Media Tech.	E	6.0	0.29	NE	Nil	Sky Network TV	B	565	4.01	37	2.1
Broadway Ind	C	87	0.44	21	4.6	Methven Limited	B	215	1.89	16	6.4	Sky City Ltd	D	474	2.70	17	8.2
CACI Group Ltd	E	27	0.39	6	Nil	Metro. LifeCare	B	710	N/A	54	1.3	Smartpay NZ Ltd	D	5.5	N/A	NE	Nil
CDL Investments	C	42	2.96	8	8.2	Michael Hill	B	865	1.10	22	4.0	Smiths City	C	67	0.15	7	8.2
Cabletalk Group	C	39	0.34	12	7.7	Mid-Cap Index	D	336	N/A	NE	Nil	Software of Exc	D	195	2.04	NE	Nil
Cadmus Tech Ltd	E	20	1.87	NE	Nil	Millennium & C.	C	72	1.34	9	5.2	Sol. Dynamics	D	65	0.49	NE	Nil
Calan Hlthcare	A	147	N/A	19	6.3	Cavotec MSL	C	513	1.50	25	Nil	South Port NZ	B	185	3.28	20	6.3
CanWest Media.	B	218	1.97	38	4.3	Mowbray Collect	D	180	4.25	NE	Nil	Speirs Group	C	102	0.23	12	10.2
Canty Bldg Soc.	A	510	1.47	13	4.4	Mr Chips Hold	E	100	0.57	82	Nil	Steel & Tube	C	440	0.88	13	10.9
Cavalier Corp	D	345	1.12	16	7.8	NZ Experience	D	31	1.32	14	9.6	Sthn Capital	D	117	1.51	19	4.8
Cert Organics	D	7.6	1.87	NE	Nil	NZ Exchange Ltd	A	901	N/A	48	4.1	Sthn Travel	C	35	0.13	9	12.8
Charlie's Group	E	20	3.87	NE	Nil	NZ Finance Hold	D	105	3.33	21	1.8	Summit Gold Ltd*	N/R	501	N/A	NE	Nil
Col Motor Co	B	370	0.22	15	9.7	NZ Invest Trust	B	1065	N/A	NE	0.8	Tag Pacific Ltd	C	43	0.48	9	1.3
Comvita	B	395	1.79	46	1.9	NZ Oil & Gas	N/R	88	N/A	81	Nil	Taylor's Grp Ltd	A	220	0.79	15	8.1
Connexion	E	35	4.23	NE	Nil	NZ Refining Co	B	652	3.88	12	10.3	TeamTalk Ltd	A	270	2.67	17	10.5
Contact Energy	A	905	2.24	19	4.3	NZ Wool Service	C	42	0.22	10	10.7	Telecom Corp	B	478	1.61	11	11.1
Cynotech Hold.	C	18	1.77	15	4.1	NZ Wine Company	B	235	2.16	20	4.4	Tenon Ltd	D	302	0.34	16	Nil
Delegat's Group	D	275	3.22	53	0.9	NZ Windfarms	D	170	N/A	NE	Nil	Toll NZ Ltd	C	280	0.85	11	Nil
Dominion Fin.	B	206	4.08	14	5.5	NZSX 50 Port.	E	187	N/A	NE	Nil	Tourism Hold.	C	212	1.18	19	7.7
Dorchester Pac	C	213	0.59	7	7.7	NZSX 10 Fund	D	129	N/A	NE	Nil	Tower Limited	C	233	0.61	7	Nil
Eastern Hi-Fi	B	35	0.19	6	25.6	NZX Aust MidCap	D	680	N/A	NE	Nil	Training Sol.	D	1.1	0.02	NE	Nil
Ebos Group Ltd	B	550	0.54	14	6.1	Nat Property Tr	B	81	5.38	20	5.1	Trans-Tasman	E	54	1.86	NE	Nil
F & P Appliance	C	373	0.82	15	7.2	New Image Group	E	10	1.72	NE	Nil	Trust Power Ltd	B	818	3.80	32	4.2
F & P Health.	C	395	6.20	29	4.7	Northland Port	B	305	N/A	66	2.9	Turners & Grow.	C	300	N/A	14	7.0
Feltex Ltd	E	3.0	0.02	NE	Nil	Nuplex Indust	C	707	0.43	14	6.3	Turners Auction	C	151	0.56	13	11.4
Finzsoft Sol'ns	C	90	0.95	14	Nil	Oyster Bay	C	230	1.94	23	6.5	Utilico Int'l	C	75	5.88	NE	Nil
Fletcher Build.	B	1086	0.92	13	5.5	Ozzy (Tortis)	D	349	N/A	NE	Nil	VTL Group Ltd	D	97	0.61	13	Nil
Freightways Ltd	A	441	2.20	23	5.8	PGG Wrightsons	C	152	0.50	16	9.8	Vector Ltd	B	278	N/A	62	6.4
Genesis Res.	E	26	3.25	NE	Nil	POD Ltd	E	35	0.22	NE	Nil	Viking Capital	D	36	N/A	NE	Nil
Guinness Peat	D	236	0.70	26	1.2	Pac Edge Bio.	E	15	N/A	NE	Nil	WN Drive Tech.	E	45	N/A	NE	Nil
Hallenstein G.	C	515	1.55	14	10.1	Plus SMS Hold.	E	12	N/A	NE	Nil	Wakefield Hlth	B	810	2.24	33	2.6
Hellaby Hold.	C	412	0.41	9	11.2	Port Taurangi	C	600	6.57	26	5.0	Warehouse Group	C	688	1.12	22	3.5
Heritage Gold *	N/R	4.7	N/A	NE	Nil	Postie Plus Grp	C	85	0.27	9	12.3	Widespread Port*	N/R	1.7	2.70	4	Nil
Horizon Energy	B	361	3.25	17	7.9	Propertyfinance	D	127	N/A	NE	Nil	Windflow Tech.	C	315	9.60	NE	Nil
ING Property	B	133	N/A	17	7.5	Property F Ind.	B	152	N/A	22	5.8	Wool Equities	D	105	0.89	NE	Nil
Infratil NZ	B	543	3.95	NE	3.4	Provenco Group	C	104	0.81	33	3.7	World Index Fd	E	145	N/A	NE	Nil
Jasons Media	C	76	1.08	24	Nil	Pumpkin Patch	C	454	2.43	27	2.8	Zintel Comm.	B	44	0.55	7	11.8
Just Water Int.	C	116	2.81	20	4.6	Pyne Gould Corp	B	450	0.96	12	6.0	Ave of 155 Cos	C	246	0.44	21	4.0
ABB Grain Ltd	A	735	0.92	16	4.1	DB Reef Trust	B	177	3.39	5	6.2	Oil Search Ltd	B	346	4.52	7	3.1
ABC Learning	B	670	4.17	32	1.6	DUET Group	C	315	1.90	NE	7.5	Onesteel Ltd	B	515	0.73	16	2.8
AMP Ltd	B	998	1.55	23	3.2	David Jones	B	438	1.05	24	3.7	Orica Ltd	B	2420	1.59	13	3.1
ANZ Bank	C	2905	5.26	14	4.3	Deutsche Div Tr	C	131	6.10	14	7.1	Origin Energy	B	884	1.18	21	2.0
APA Group	D	419	3.66	22	5.7	Downer EDI Ltd	C	690	0.47	NE	2.9	Oxiana Ltd	B	268	9.60	46	0.4
APN News Media	C	590	2.12	17	1.6	Energy Resource	A	2400	N/A	NE	0.7	Pacific Brands	B	297	0.92	15	5.1
ASX Limited	B	4134	N/A	31	2.9	Envestra	C	124	2.98	NE	7.7	Paladin Res.	D	869	N/A	NE	Nil
AWB Limited	C	319	0.23	10	6.3	Everest Babcock	A	320	N/A	72	13.4	Paperlin X Ltd	B	407	0.25	28	2.5
AXA Asia Pac	B	703	2.01	18	2.7	FKP Limited	A	710	5.74	12	2.1	Perpetual Ltd	B	7510	7.28	23	4.3
Abacus Property	B	192	N/A	18	6.1	Fairfax Media	B	479	2.36	20	4.1	Primary Health	C	1201	6.12	31	3.5
Adelaide Bank	C	1320	0.88	15	4.4	Flight Centre	B	1492	1.41	18	3.5	Promina Group	C	732	1.57	14	3.3
Adelaide Bright	C	330	2.49	20	4.9	Fortescue Metal	C	1750	N/A	NE	Nil	Publishing & Br	C	1941	3.65	21	3.0
Allco Finance	B	1120	N/A	33	3.7	Foster's Group	C	639	2.52	11	3.4	Q.B.E. Insur.	C	3068	1.94	22	2.3
Alumina Ltd	B	701	N/A	16	3.4	Futuris Corp.	B	210	0.45	17	4.3	Qantas Airways	C	524	0.75	21	4.2
Amcor Ltd	B	742	0.60	19	4.6	GPT Group	B	510	8.69	17	4.8	Ramsay Health	B	1173	1.02	23	2.0
Aneka Tambang	A	350	3.06	11	0.1	GWA Internat'l	B	406	1.82	20	4.4	Reece Australia	A	2450	2.19	28	1.8
Ansell Ltd	B	1159	1.52	15	1.0	Galileo Shop Am	B	129	7.18	10	7.9	Rinker Group	B	1897	2.60	18	2.0
Aquarius Plat.	A	3688	7.29	36	0.7	Gandel R. (CFS)	B	194	N/A	19	5.4	Rio Tinto Ltd	B	7450	1.01	3	2.0
Argo Investment	B	769	N/A	30	3.1	Goodman Fielder	B	230	2.00	21	2.4	Rural Press Ltd	C	1301	4.42	23	4.2
Aristocrat Leis	B	1610	7.01	32	2.2	Guinness Peat	B	206	0.71	9	1.2	SP Ausnet	C	143	3.94	9	2.3
Aust Foundation	B	537	N/A	28	3.2	Harvey Norman	B	460	2.15	21	1.7	Santos Ltd	C	971	2.24	8	3.9
Aust Infra.	B	274	7.76	9	5.3	Havilah Res.	C	155	N/A	NE	Nil	Seek Ltd	A	770	N/A	64	0.6
Australand Prop	B	226	1.98	9	7.3	Healthscope	A	571	1.19	24	2.5	Seven Network	B	1128	1.96	23	1.4
Austar United	C	130	3.27	8	Nil	Henderson Group	A	352	3.54	20	0.9	Sigma Pharm.	B	250	1.10	33	2.7
Aust Wealth Mgt	B	270	N/A	74	1.7	ING Office Fund	B	162	8.06	5	6.4	Silex Systems	C	736	N/A	NE	Nil
Aust W'wide Exp	E	268	N/A	NE	Nil	ING Indust Trt	B	243	N/A	17	6.4	Sims Group Ltd	B	2242	0.74	14	4.7
B & B Infrast.	B	183	3.11	32	7.3	Iluka Resources	C	564	1.32	10	3.9	Sino Gold Min.	C	700	N/A	NE	Nil
BHP Billiton	B	2747	2.25	7	1.7	Incitec Pivot	B	4800	2.18	52	2.1	Smorgon Steel.	B	197	0.55	12	4.6
Babcock & Brown	B	2600	7.21	33	0.5	Insurance Aust.	B	587	1.43	11	5.0	Sonic Health	B	1338	2.38	23	3.1
Bank of Q'land	C	1597	1.50	18	3.6	Investa Prop.	B	251	2.88	11	6.7	Soul Pattinson	B	910	2.39	24	3.0
Becton Prop Grp	C	350	5.81	43	0.7	James Hardie	B	910	2.18	16	1.1	St George Bank	C	3330	5.83	17	4.5
Bendigo Bank	C	1350	1.72	17	3.9	Jubilee Mines	A	1592	7.00	20	2.4	Sthn Cross Brd.	A	1628	2.08	23	4.2
Billabong Int'l	B	1753	3.53	25	2.5	Leighton Hold	A	3062	1.00	31	2.2	Stockland	B	838	4.91	11	4.9
Bluescope Steel	B	940	0.85	20	4.7	Lend Lease Corp	B	1870	0.62	18	3.3	Suncorp-Metway	B	2125	1.55	13	4.6
Boral Limited	B	825	1.02	13	4.1	Lihir Gold	C	315	9.80	57	Nil	Symbion Health	B	374	0.64	29	2.8
Brambles Ltd	B																

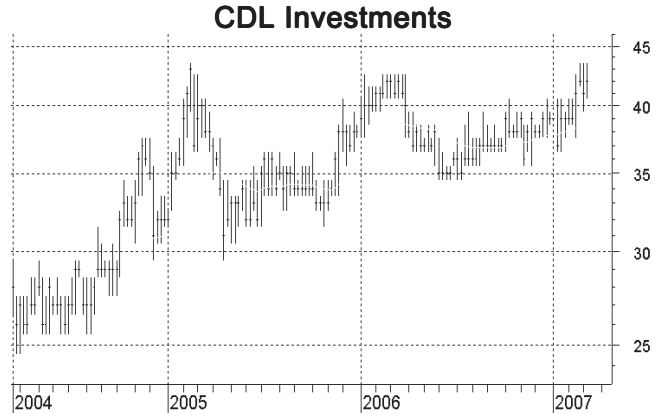
Recommended Investments

CDL Investments NZ lifted revenues 28.2% to \$31.1 million for the year to 31 December 2006. Profits rose 19.1% to \$10,865,000 (5.0 cents per share). The annual dividend will be raised 15.0% to 2.3 cents (plus full imputation tax credits).

The net operating cash surplus was \$8.8 million, compared with a small deficit of \$0.4 million in 2005.

The company has made a "good start" to the new year as "positive market conditions" continued. Higher local government levies, however, are increasing development costs.

Cavalier Corporation's revenues were 6.2% higher at \$102.3 million for the (Continued on Page 4)



Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation	Performance	Issued	Vola-	Price/	Price/	Gross	Recent	Cash	Total		
		- Date -	Forecast	Shares	tility	Sales	Earnings	Dividend	Share	Dividends	Return		
	NZ Shares	Code	Price	(mil.)	Ratio	Ratio	Ratio	Yield	Price	Rec'd	%		
HOLD	CDL Investments Ltd	CDI	12/01/99	25	C	218.9	1.4	2.96	8	8.2	42	13.3	+121%
BUY	Cavalier Corporation	CAV	05/12/95	156*	D	65.5	0.8	1.12	16	7.8	345	191.0	+244%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.22	15	9.7	370	292.8	+342%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.3	0.7	2.90	23	3.3	225	59.3	+90%
HOLD+	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	39.2	0.4	1.10	22	4.0	865	196.0	+2206%
HOLD	Nuplex Industries Ltd	NPX	11/02/97	350	C	78.4	0.5	0.43	14	6.3	707	161.0	+148%
BUY	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.0	0.27	9	12.3	85	4.0	+25%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	C	39.0	0.9	0.28	7	13.6	115	40.4	+83%
BUY	Smiths City Group	SCY	09/10/06	64	C	53.0	1.2	0.15	7	8.2	67	1.5	+7%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.7	3.28	20	6.3	185	89.3	+129%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	C	88.1	0.7	0.88	13	10.9	440	179.0	+324%
HOLD	Taylors Group Ltd	TAY	09/11/99	102	A	24.3	0.6	0.79	15	8.1	220	62.0	+176%
<u>Australian Shares</u> (in Aust cents)													
HOLD+	AJ Lucas Group	AJL	13/05/03	120	B	52.0	1.3	0.35	20	Nil	114	20.5	+12%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	A	87.8	1.4	3.64	19	2.4	42	11.5	-27%
HOLD	Austin Group Ltd	ATG	08/02/05	93	C	62.2	1.7	0.30	NE	11.5	26	7.0	-65%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	406*	A	51.0	0.3	2.15	32	2.3	2216	220.6	+500%
BUY	Candle Australia	CND	08/04/03	86	B	49.8	0.8	0.60	14	5.2	327	42.5	+330%
BUY	Cellnet Group Ltd	CLT	12/02/02	152	B	51.5	0.9	0.11	39	1.7	120	33.5	+1%
HOLD+	Centennial Coal Ltd	CEY	16/01/01	70*	B	295.1	0.8	1.03	17	4.6	283	26.0	+341%
BUY	Circadian Technologies	CIR	10/02/04	188	C	40.1	0.9	48.11	NE	Nil	140	65.0	+9%
HOLD	Commander Comm.	CDR	11/09/01	92	C	222.9	0.9	0.55	17	2.1	195	23.2	+137%
BUY	Computershare Ltd	CPU	12/08/03	189	A	599.3	0.6	3.63	32	1.3	979	42.5	+440%
BUY	Devine Ltd	DVN	13/11/06	94	A	136.0	0.9	0.32	10	5.9	135	Nil	+44%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	B	61.2	1.3	1.29	22	Nil	74	Nil	+51%
BUY	Housewares Int'l	HWI	13/11/06	171	B	128.2	0.8	0.74	23	5.3	244	Nil	+43%
HOLD	Int'l AllSports	IAS	11/02/03	180	B	66.4	1.7	0.02	16	5.0	30	4.0	-81%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	C	232.9	0.8	1.32	10	3.9	564	44.0	+29%
HOLD	Keycorp Ltd	KYC	10/08/04	123*	D	82.2	1.4	0.40	NE	Nil	46	Nil	-63%
HOLD-	LongReach Group Ltd	LRG	11/01/05	71*	B	52.2	3.3	0.37	6	Nil	9	Nil	-88%
BUY	M2 Telecommunications	MTU	09/10/06	33	A	59.4	1.4	0.85	13	4.2	48	1.0	+48%
HOLD	Melbourne IT	MLB	10/02/04	53	A	76.0	0.6	2.48	23	2.4	334	18.5	+565%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	B	385.3	1.0	2.50	26	3.6	120	6.3	+50%
BUY	Namoi Cotton Co-op Ltd	NAM	14/03/06	65	B	112.7	1.1	0.23	6	9.1	72	3.5	+15%
BUY	Ross Human Directions	RHD	14/08/01	92	C	82.3	1.2	0.17	11	5.9	68	27.0	+3%
HOLD+	Skilled Engineering	SKE	12/03/02	126	B	103.9	0.6	0.62	24	3.3	571	76.5	+414%
HOLD-	Sonnet Corporation	SNN	07/09/04	31½	C	166.6	3.3	0.36	NE	Nil	7	3.0	-68%
HOLD+	Technology One Ltd	TNE	11/11/03	44	B	296.7	1.1	4.51	24	3.4	101	10.9	+154%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	44½	B	157.8	1.5	3.23	8	3.7	58	Nil	+28%
HOLD	The Reject Shop Ltd	TRS	11/01/05	257	A	25.1	0.5	1.11	29	2.2	1050	64.5	+334%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +180.6%. This is equal to an average annual rate of +36.3%, 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 +34.4%, compared with a market gain of +9.0% (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)

six months to December 2006. Profits were 5.3% higher at \$7,068,000 (10.8 cents per share). A 10.0% higher second interim dividend of 5.5 cents (plus tax credits) will make a 6.3% higher 8.5 cents for the half year.

The net operating cash surplus was 89% higher at \$13.2 million.

The company is seeing "some growth in carpet sales", especially at the quality end of the Australian retail market. NZ carpet sales are steady, which it considers a good result given the slowdown in the housing sector.

Colonial Motor Company's revenues declined 3.5% to \$230.0 million for the six months to December 2006, with profits down 21.0% to \$3,097,000 (11.1 cents per share). The interim dividend will be 9.1% lower at 10.0 cents (plus tax credits).

The business generated a net operating cash surplus of \$3.4 million, compared with a *deficit* of \$1.5 million the previous year.

Colonial Motor Company expects similar trading conditions to continue over the second half of the current financial year.

Colonial Motor Company



Lyttelton Port Company's revenues were 2.1% lower at \$37.1 million for the six months to December 2006. Profitability slipped 18.6% to \$3,871,000 (3.8 cents per share).

The net operating cash surplus was down 29%, but still high at \$6.6 million.

Media reports suggest that Lyttelton Port and its 15% shareholder, **Port Otago**, are discussing the possibility of merging their port operations. This would rationalise cargo movements by establishing an international hub and coastal feeder system and improve the efficiency of port infrastructure.

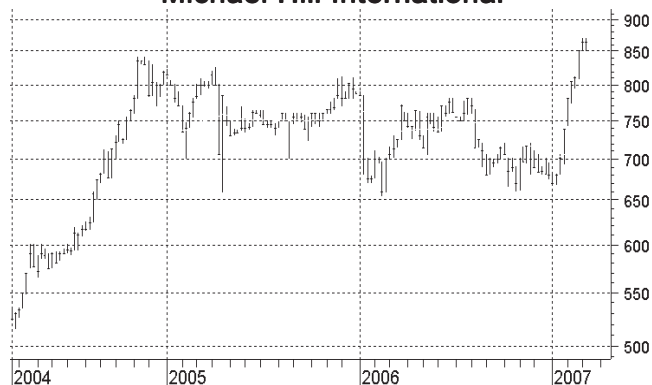
Michael Hill International boosted revenues 21.2% to \$199.6 million for the six months to 31 December 2006. Profits rose 31.0% to \$15,331,000 (39.1 cents per share). The interim dividend will be raised 11.1% to 10.0 cents (plus full imputation tax credits).

Despite financing continued growth, the business generated a large operating cash surplus of \$32.1 million - up 101% on the previous December 2005 half year.

The business experienced strong growth in both its established markets in New Zealand and Australia plus excellent growth in Canada. Revenues rose 92% to NZ\$14.4 million in Canada, with earnings of

NZ\$502,000 - compared with a break-even result last year. The company's profit margin (before interest and tax) was about 15% on NZ revenues and 12% on Australian revenues but only 3½% on Canadian revenues. The Canadian operations are now established and profitable - and further growth should yield economies of scale which will eventually lift margins towards those levels experienced in NZ and Australia. For example, the next 100% growth in Canadian revenues should lift earnings from this business 4-6 fold.

Michael Hill International



Nuplex Industries lifted revenues 19.8% to \$722.7 million over the six months to 31 December 2006. Trading profits of \$16,800,000 (21.2 cents per share) were up 7.3%. The interim dividend will be raised 10.7% to 15.5 cents. This dividend will have full franking credits (for Australian investors) but only 4.0 cents of NZ imputation credits (for NZ investors).

The net operating cash surplus was 41% lower at \$11.8 million.

Nuplex Industries is forecasting a stronger second half result.

Postie Plus Group experienced a "difficult retail season" and expects to report a *loss* of \$500,000 (*minus* 1.3 cents per share), compared with a profit of \$735,024 in the period to December 2005.

The company discounted prices to clear out its summer stock and to start selling autumn/winter items. Overall revenues rose 12.1% for the December quarter to \$37.1 million - and up 12.4% for the half year to \$65.1 million.

The group is looking for a "stronger second half-year".

Postie Plus Group



Renaissance Corporation's annual revenues rose 4.8% to \$163.1 million for the period to 31 December 2006. Profits were 22.9% higher at \$6,213,000 (15.9 cents per share). A steady 6.0 cents final dividend will

make an annual payout 5.0% higher at 10.5 cents (plus full imputation tax credits).

There was a net operating *deficit* of \$3.0 million, compared with a surplus in 2005 of \$11.1 million. In this business, however, the cash position fluctuates widely owing to changes in stocks, debtors and/or creditors.

Periodically Renaissance Corporation is the subject of speculation that *Apple* would distribute its own product in the NZ market. That is illogical, but that company does appear to be using its strength to retain a larger share of the available profits. Renaissance Corporation's report refers to "the new price structure" which has "reduced the overall margin available" and will "likely result in a reduced profit for the coming year".

Renaissance Corporation is still seeking to expand through acquisition, looking "ideally for businesses which own the brands they distribute", but has been unable to "conclude a substantial transaction at a realistic price".

Renaissance Corporation



Steel & Tube Holdings' revenues were 3.0% higher at \$229.5 million for the six months to December 2006, but profits slipped 16.6% to \$14,752,000 (16.7 cents per share). A steady 15.0 cents (plus tax credits) dividend will be paid.

The net operating cash surplus was 66% lower at \$10.3 million.

The company is predicting a continuation of the current difficult trading conditions during the second half to June 2007, "with a pick up in activity late in calendar 2007".

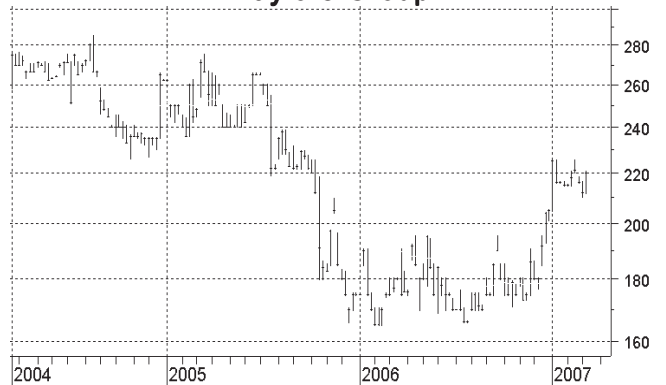
Steel & Tube Holdings



Taylors Group's revenues were 3.5% lower for the six months to December at \$32.9 million, but profits improved 11.3% to \$1,928,000 (7.9 cents per share). A steady interim dividend of 6.0 cents (plus full tax credits) will be paid.

The company continues to generate *very strong* net operating cash flows - up 18% to \$7.2 million - but also invested heavily in new property, plant and equipment totalling \$6.5 million to remain competitive and efficient.

Taylors Group



Australian Shares

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

AJ Lucas Group's revenues fell 10.0% to \$85.0 million for the six months to December 2006, with profits down 36.7% at \$1,232,000 (2.3 cents per share). No interim dividend will be paid.

The net operating cash surplus fell 23% to \$4.5 million.

The company expects a "record year" to June 2007, but had previously forecast a weaker first half.

AJ Lucas Group plans to spend \$13-15 million over the next 18 months on coal seam gas exploration, including 12 core wells and three production wells.

There is also \$10 million of debt repayable in December 2007. So AJ Lucas Group needs to raise \$23-25 million in new financing - either from debt or likely from new equity over the months ahead.

AJ Lucas Group looks to be recovering - and has good potential from its Pipeline and Coal Seam Gas businesses - but the need to raise additional capital could hold back the share price. "Hold+".

AL Lucas Group



Allied Technologies has changed its name to **LongReach Group**.

Atlas Pacific's revenue rose 32.2% to \$13.0 million for the year to 31 December 2006. Profits were up 42.5% to \$2,935,681 (3.3 cents per share). Dividends (made last year) rose 250.0% to 3.5 cents.

The cash operating surplus was \$5.5 million, up from a small *deficit* in 2005. *(Continued on Page 6)*

Recommended Investments

(Continued from Page 5)

The company seeded 380,000 oysters during 2006 (which will be harvested in 2008 and 2009), up from 350,000 in 2005 and 300,000 in 2004. It anticipates a “strong year in 2007” and a “higher dividend payment”.

Austin Group reports half year revenues to 31 December 2006 unchanged on the previous year at \$29.1 million. First half profits fell 80.2% to \$297,000 (0.5 cents per share) but this is a recovery from the June 2006 half year when the company lost \$2.9 million.

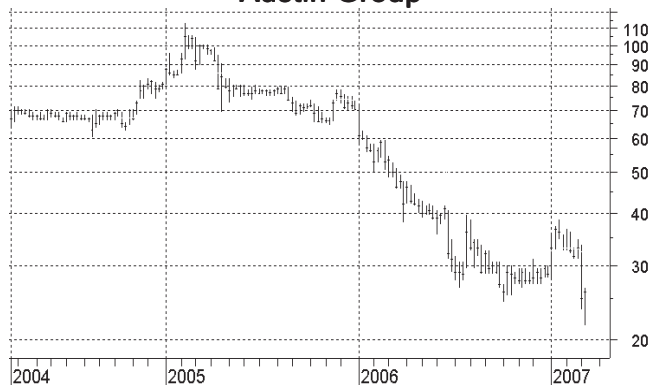
No interim dividend will be paid and the company does not expect to declare a final dividend this year.

The net operating cash surplus more than doubled to \$1.7 million.

The directors believe the company is “on track to achieve an improvement in earnings” but that its “cost base remains unacceptably high”. The company will seek to further improve the efficiency of its supply chains, reduce inventory levels and build brands.

Austin Group has made some progress turning around its business, but the share price trend is still very *weak* so it is still too early to upgrade our recommendation from “Hold”.

Austin Group



Candle Australia experienced revenues 9.4% higher at \$144.7 million for the six months to December 2006. Profits rose 18.9% to \$6,425,000 - with earnings per share up 7.0% to 12.2 cents. The interim dividend will be raised 12.5% to 9.0 cents.

The net operating cash surplus rose 30% to \$6.3 million.

Cellnet Group's revenues fell 15.6% to \$268.9 million for the six months to December 2006. Trading profits were 2.5% lower at \$699,000 (1.3 cents per share). In addition, there was a \$2,196,000 profit on the sale and leaseback of a property in Auckland. No interim dividend will be paid.

The net operating cash surplus fell 56% but is still *extremely* strong at \$11.2 million.

Telecommunications and information technology product sales remain “tight and highly competitive” but Cellnet Group has now established its “new high-tech call centre”, moved towards online selling and “rationalised external sales staff” which is expected to yield benefits in the future.

Centennial Coal lifted revenues 22.1% to \$448.9 million for the half year to 31 December 2006. Trading

profits were \$19.0 million (6.3 cents per share), up from just \$3.1 million in the same period last year. There was, however, a \$34.1 million writedown in asset values.

The interim dividend will be cut 33.3% to 4.0 cents.

The net operating cash surplus rose 53% to \$32.8 million.

Centennial Coal continues to predict a profit (before writedowns) of \$45-55 million for the year to June 2007.

The company plans to raise A\$165 million through a placement of convertible notes which will be listed on the Singapore Stock Exchange. These notes will pay interest at 6.2% for five years and can be redeemed in cash or converted to shares at an issue price of \$3.67.

Circadian Technologies' share price took a sharp dip after its biggest investment **Metabolic Pharmaceuticals** announced it was terminating development of its obesity drug after unsatisfactory results in clinical testing. Metabolic Pharmaceutical shares have fallen from around 80 cents to 16 cents - wiping about \$23 million off the market value of Circadian Technologies portfolio (i.e. 57 cents per share!).

The net asset backing per share is now around 160 cents, of which over half is in cash.

Unlisted **Vegenics** (65% owned by Circadian Technologies) has entered into an agreement with Melbourne based biotechnology company **EvoGenix**. Under this agreement, EvoGenix will use its “proprietary technologies for antibody humanisation and optimisation” to develop an antibody therapeutic product targeting VEGF-D. EvoGenix will receive unspecified research payments, milestone payments and a royalty on eventual product sales, while Vegenics will retain the right to commercialise the product.

Circadian Technologies

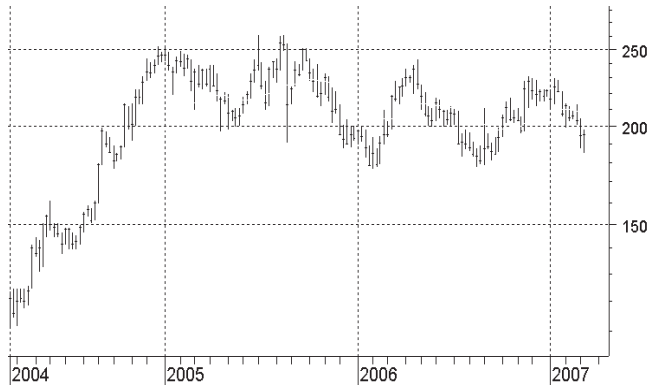


Commander Communications has experienced a 58.6% increase in first half revenues to \$506.4 million for the six months to December 2006. The company, however, reported a first half *loss* of \$5,595,000 (*minus* 2.5 cents), compared with a profit of \$6,862,000 in 2005. The cash operating *deficit* rose 103% to \$39.5 million.

The business is seasonal, with 80% of earnings expected in the second half of the year - so this first half loss is not meaningful. An interim dividend of 2.0 cents (nil in 2005) will be paid.

For the full year the company is predicting revenues of \$1.1-1.2 billion and earnings (before interest, depreciation and tax) of \$95-101 million.

Commander Communications



Computershare - which now earns around 50% of revenues in US dollars and reports in that currency - lifted revenues 17.8% to US\$691.0 million for the six months to 31 December 2006. Profits were 141.1% higher at US\$119,345,000 (19.9 US cents). The net operating cash surplus more than *tripled* to US\$137.5 million. Computershare will raise its interim dividend 33.3% to 8.0 cents.

The company predicts the full year's profit to be "approximately 50% higher" or around US\$200 million.

Computershare



Devine has reported revenues down 1.4% to \$241.3 million for the six months to December 2006. Profits were 34.7% lower at \$6,987,000 (5.1 cents per share). A steady interim dividend of 4.0 cents will be paid.

Six monthly net operating cash flows can be meaningless in the construction industry where new projects or the settlement of completed projects can result in massive deficits or surpluses. In this period, there was a \$59.4 million surplus, up from a \$7.7 million surplus in the same period in 2005.

The company is predicting its full year result will be above last year's \$18.9 million - but reported profits can fluctuate widely from period to period under the new (if not improved) financial reporting standards. Devine also intends maintaining its annual dividend at 8.0 cents.

Devine has completed the sale of its finance business, **First Permanent Financial Services**. This will generate approximately a \$3 million profit - and also remove around \$250 million of finance assets and liabilities from Devine's balance sheet. First Permanent will continue to offer mortgage loans to Devine's customers.

Devine has released further details of its plans for a residential complex on the *Carrington* site in the Brisbane CBD which was acquired last month. The estimated value of this project has increased from \$250 million to

\$425 million and will now include a 120-150 room luxury hotel plus 70-90 apartments costing \$2-12 million each.

Devine has also acquired a 10 hectare site close to its almost sold out *Lakeside* community in Adelaide. The land has approval for 213 lots, but the company plans only 185 larger sized lots which it plans to begin marketing in the near future.

Ellex Medical Lasers lifted revenues 27.0% to \$21.7 million for the six months to December 2006. The "unexpectedly weak Yen" and investment in manufacturing and customer service depressed margins, but profit still grew 18.2% to \$1,207,000 (2.0 cents per share).

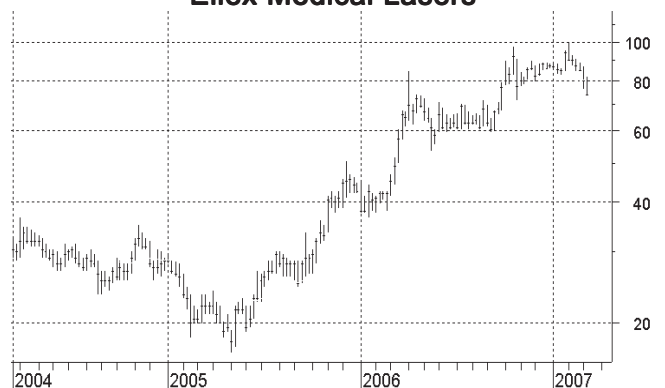
Importantly for a growth company, Ellex Medical Lasers is managing to finance its additional working capital requirements (i.e. growth in inventory and debtors) internally and still managed to generate a small net operating surplus of \$165,000. Growth in working capital needs can result in a growing company showing cash operating *deficits* - which must ultimately be financed with new equity and *dilute* the growth in earnings per share.

The company has also been awarded a \$1.9 million grant, payable over two years, from **AusIndustry** to help development of a "new and innovative laser therapy" for the treatment of Age-Related Macular Degeneration.

Over the last year, Ellex Medical Lasers has increased its share of the world market in ophthalmic lasers from 12% to 16%. This moves it from the fifth largest to become the third largest company - but also the fastest growing - so likely to gain on **Lumenis** (18% market share) and **Zeiss** (20% market share) over the next few years.

Ellex Medical Lasers has upgraded its annual profit forecast from 15% growth to 20-25% growth. The shares have dipped back over the last month - which is probably an attractive opportunity to buy into or add to existing holdings in this emerging growth company. "Buy".

Ellex Medical Lasers



Housewares International's total revenues grew just 0.8% to \$238.1 million for the six months to December 2006, while *trading* profits fell 42.6% to \$8,100,000 (6.5 cents per share). In addition, there was a \$37.2 million *loss* from asset write-downs. No interim dividend will be paid.

The business generated a net operating cash *deficit* for the period of \$9.5 million, (Continued on Page 8)

Recommended Investments

(Continued from Page 7)

compared with a *deficit* of \$10.1 million in the same period in 2005.

The Electrical & International business lifted revenues 1.0% to \$198.5 million, although profits slipped 5.3% to \$14.2 million. The decline is the result of translating overseas profits into Australian dollars at a higher exchange rate. Nevertheless, we would like to have seen *faster* growth in this division.

Housewares International has disclosed interest from “a number of parties” considering making a takeover offer for the company, however, the discussions with **McPhersons** over a legally binding contract for the sale of the Australian homeware division are “no longer proceeding”.

International All Sports' business grew over the six months to 31 December 2006, but profitability declined slightly. Wagering turnover was up 39.2% to \$602.9 million with revenues up 30.3% to 26.1 million. The company reports *trading* profits 18.7% lower at \$870,000 (1.3 cents per share). Unfortunately, there were abnormal losses of \$9.6 million. No interim dividend will be paid this year.

The abnormal losses included the \$7.0 million bank settlement (of which \$4.0 million has already been paid, with the rest payable over two years) and \$1.5 million of related legal expenses. The company also wrote-down asset values of \$1.1 million relating to the US business.

Iluka Resources lifted revenues 7.0% to \$1,067.7 million for the full year to 31 December 2006. Trading profits were 14.2% lower at \$116,900,000 (50.2 cents per share). A final dividend of 10.0 cents will maintain the annual dividend at a steady 22.0 cents.

In addition there were losses of \$95.9 million from discontinued operations and asset writedowns. The net cash operating surplus fell 37% to \$142.2 million.

Iluka Resources predicts that profits for 2007 will be around \$90-100 million. The company will also consider selling its *Narama Coal* interests to help finance capital expenditure of \$230 million over the next year.

Keycorp has reported a 27.0% drop in revenues to \$39.2 million for the six months to 31 December 2006. The business operated at a *loss* of \$4,122,000 (*minus* 5.0 cents per share), compared with a *trading* profit of \$2,654,000 in the same period the previous year.

There was a cash operating *deficit* of \$11.2 million, compared with a \$6.9 million surplus in 2005.

That first half loss is in line with the company's earlier forecast - but it has downgraded its full year forecasts from a break-even to a *loss* of \$7-9 million.

The only good news is the company is negotiating three *Managed Services* contracts in Australia, Canada and Asia with an estimated value of \$50 million,

LongReach Group (previously **Allied Technologies**) has reported revenues from continuing operations of \$9.9 million for the six months to December 2006 and a profit of \$1,671,695 (1.5 cents per share). There was also a profit of \$250,215 from discontinued businesses.

The net cash operating surplus was \$3.6 million but note that the company is in breach of its bank facility covenants. So the company *could* be placed under administration by its bank or could negotiate a new bank

facility or could raise funding from some other source. LongReach Group requires cash to take up a cash issue by **Startronics**, to fund additional working capital for its businesses and to pay deferred consideration in September 2007 relating to the recent acquisition of **Redflex Communications Systems**.

The group expects “negative operating cashflows” and “reduced profitability” during the second half of the current financial year to June 2007.

The company's cash problems increase both the risk of failure and that the company will need to raise money on unfavourable terms and *dilute* the value of existing shares. The convertible notes will probably need to be redeemed in cash, requiring a further \$5.5 million in October 2008. Given this unfavourable cash position, the shares and convertible notes are *not* suitable for new purchases at this time, so we are downgrading them to a “Hold-”.

M2 Telecommunications Group has reported a 41.6% increase in revenues to \$19.8 million for the six months to December 2006, with a similar 49.7% increase in profits to \$750,327 (1.3 cents per share). The interim dividend will be raised 69.5% to 1.0 cent.

The net operating cash surplus rose 104% to \$1.8 million.

The business is seasonal, earning around 65-75% of annual profits in the second half of the June financial year. At this stage the directors are not upgrading their forecast of a 20% profit increase for the full year.

M2 Telecommunications



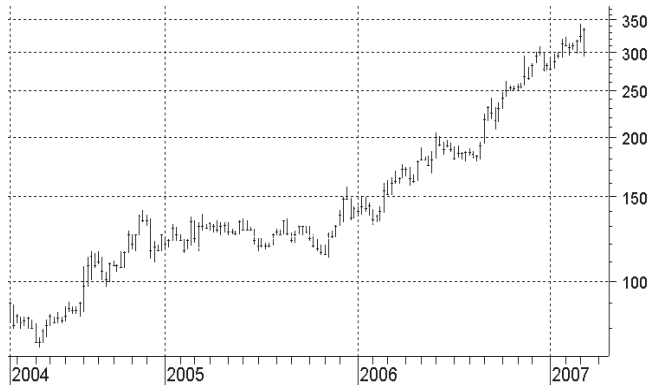
Melbourne IT lifted revenues 41.5% to \$103.8 million for the year to 31 December 2006. Half of this increase was contributed by three months of revenue from the acquisition of **WebCentral**. Trading profits were 19.0% higher at \$6,369,000. Earnings per share were 15.2% *lower* at 8.4 cents owing to the new shares issued to partially fund the WebCentral acquisition. In addition there was a \$4,478,000 gain on the sale of its shares in **Neulevel**.

A steady 4.5 cents dividend will lift the annual payout 6.7% to 8.0 cents.

The net operating cash surplus was 38% higher at \$11.3 million.

A full year's contribution from WebCentral during 2007 will lift group revenues about 45% to around \$150 million and profits around 15% to about \$7.5 million (10 cents per share). Both businesses should also produce good internal growth, with the company reporting “2007 has started strongly” and predicting further profit and dividend growth this year.

Melbourne IT



M.Y.O.B. lifted revenues 12.6% to \$183.9 million for the year to 31 December 2006. Profits rose 6.3% to \$17,445,000 (4.5 cents per share). The annual dividend will be 9.1% higher at 3.0 cents.

The business continues to generate a large net cash operating surplus which was 7% higher at \$30.6 million.

MYOB expects a similar rate of revenue growth in 2007, but “significantly faster” growth in profits. The company has \$26 million in cash, virtually no debt but “access to significant debt capacity” of \$80-100 million so is well placed to grow further through acquisitions.

Namoi Cotton Co-Operative has upgraded its profit forecast for the year ended 28 February 2007. The company now expects a profit (before rebates) of \$13.5 million. That is down 9% on the 2006 result, but up 4-22% on its earlier forecasts of \$11-13 million. The company states that “increased drought driven demand for white cottonseed has delivered favourable trading results from these operations”.

The company will also expand its business to include the trading, handling and storage of various grain, pulse and oilseed commodities, reducing its “reliance upon irrigated agriculture”. This expanded commodity trading operation is expected to be “profitable and cashflow positive” in its first year. The company will also continue with its on-market share buy-back over the coming year.

Namoi Cotton Co-Operative



Ross Human Directions experienced relatively steady revenues, up 2.0% to \$170.1 million, for the six months to December 2006. Higher permanent placements and an improvement in temporary staff margins helped lift profits 27.1% to \$2,095,000 (2.5 cents per share). A steady 2.0 cents interim dividend will be paid.

The net operating cash surplus was \$1.9 million - but

down on last year's extremely high \$7.1 million.

There are 3500 recruitment/labour hire businesses in Australia of which Ross Human Directions is about the eighth largest with a 3% market share. This industry is consolidating and as Ross Human Directions shares trade at a low valuation it is quite possible for the company to receive a takeover offer at some stage. In the meantime, the shares offer a high 5.9% income yield.

Ross Human Directions



Skilled Group - helped by many large acquisitions - lifted revenues 26.2% to \$607.7 million for the six months to December 2006. Profits fell 9.4% to \$11,133,000 (10.7 cents per share) owing to higher interest costs (on money borrowed to fund acquisitions) and acquisition integration costs. Nevertheless, the interim dividend is being raised 14.3% to 8.0 cents.

The net operating cash surplus - which can be volatile in this type of business - declined 70% to \$3.0 million.

Skilled Group expects a “stronger result” for the second half and predicts an annual profit 17-30% higher at \$29-32 million (28-31 cents per share).

Sonnet Corporation's total revenues for the six months to December 2006 fell 22.4% to \$13.7 million. There was a loss of \$1,087,536 (minus 0.6 cents per share), compared with a trading loss in 2005 of \$212,500.

The net operating cash deficit increased 31% to \$1.3 million.

Sonnet Corporation plans to sell - or at least give away - 81% of its original *Sonnet Enterprise Services* business to an executive, retaining the remaining 19% but providing “ongoing funding by way of a loan facility” of \$1.2 million at 7% interest. This will leave the company with just its *Mobile Virtual Network Enabler* business. Despite the promise of a “strong pipeline of potential ventures” maturing over the next six months, this business does not appear to be performing too well. Revenues for the recent half year were down 23% on the December 2005 half year at \$7.8 million.

The disposal of the *Enterprise Services* division is subject to shareholder approval. We would recommend voting against giving that business away (although shareholders usually vote in favour of whatever the directors propose, so the disposal will probably go ahead). Obviously, however, the directors have failed to turn around this previously core business and now see little chance of it becoming profitable. So a major part of this company has become virtually worthless.

Technology One's first half revenues rose 24.0% to \$39.3 million to December 2006. (Cont'd on Page 10)

Recommended Investments

(Continued from Page 9)

Profits were 43.4% higher at \$7,287,000 (2.4 cents per share) and the interim dividend will be raised 8.6% to 1.52 cents. The net operating cash surplus was 41.5% higher at \$5.9 million.

The company continues to predict annual profit growth of 15-20% this year.

Technology One



TFS Corporation's first half result is not particularly meaningful. Most of the company's *Managed Investment Scheme* sales occur in the June quarter and this year the September and December quarter sales were down 34% owing to uncertainty over the **Australian Tax Office's** product ruling which has since confirmed that these investments are tax deductible.

First half revenues slipped 12.7% to \$6.6 million while higher operating costs from the increased scale of the business resulted in a 71.0% drop in profits to \$746,911 (0.47 cents per share). The interim dividend, however, is being raised 28.6% to 0.9 cents.

The net operating cash *deficit* was \$3.8 million, compared with a very slight surplus in the same period of 2005.

TFS Corporation expects to sell investments covering 383 hectares for the full year, up from 326½ hectares in the year to June 2006 and just 33 hectares in the first half of the current year. That will result in profits rising around 10% to over \$13.2 million (8.3 cents per share).

With the company's new land holding, expansion of its nursery, plant, infrastructure and human resources it now has the capacity to expand plantings to 800 hectares annually!

As the business grows, the company's dependence upon new *Managed Investment Scheme* sales will diminish as it builds recurring management revenues from existing plantations. For example, in the latest six month period these recurring fees increased 48.9% to \$2,862,771. About two-thirds of these fees, however, are "deferred" (and accumulate interest) to be paid out of the eventual proceeds of harvesting the Indian Sandalwood, although TFS Corporation can on-sell its interest in these debts to a finance company or bank if it needs to raise cash.

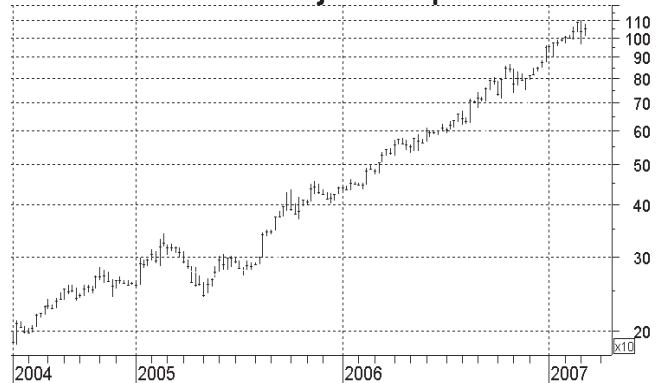
The Reject Shop's revenues rose 16.9% to \$149.7 million for the six months to 31 December 2006. Profits were 18.1% higher at \$10,215,000 (40.4 cents per share) and the interim dividend will be raised 30.8% to 17.0 cents.

The net operating cash surplus was 25% lower but

still high at \$13.9 million.

The full year forecast has been upgraded from \$10.7-10.9 million to \$11.0-11.2 million, compared with last year's actual result of \$9,052,000. More importantly the company is expanding rapidly. Eleven new stores were opened, and three closed, over the last six months and another eleven new stores are planned for the second half of the year. This will bring the total number of stores to 130. Increased revenues and profits from these new stores will place the company "in a very strong position" for growth in the year to June 2008.

The Reject Shop



Australian Shares in the All Ordinaries Index

At the present time, 15 of our 27 recommended shares are not included in the Australian All Ordinaries index, but at the end of March two shares, **Melbourne IT** and **The Reject Shop**, will be added and two current index shares, **Cellnet Group** and **Keycorp**, will be excluded.

From 1 April 2007, the following shares will be in the All Ordinaries Index: **Campbell Brothers, Candle Australia, Centennial Coal, Commander Communications, Computershare, Devine, Housewares, Iluka Resources, Melbourne IT, M.Y.O.B., Skilled Group** and **The Reject Shop**.

We do not intend to change our investment strategy as a result of bad tax legislation in New Zealand that could discourage intelligent investment. The best investments are often small, neglected shares that are not included in the index. Melbourne IT was a great buy at 53 cents, as was The Reject Shop at 257 cents. Now that they have risen 6½-fold and 4-fold in value, Standard & Poors have finally *discovered* them and are including these shares in the index.

Creating mispricing and distortions in the stockmarket also creates greater opportunities for an intelligent investment strategy to earn above average returns over the medium to long term. At present, index-funds and other funds usually ignore smaller, non-index shares. Stockbrokers and most private investors also tend to ignore these smaller, non-index shares. Consequently, these *neglected* shares tend to be under-valued and therefore offer the potential for above average *future* returns (but smaller company shares are risky, so good diversification is important). Anything that further increases the *neglect* of these smaller company shares only increases their attraction as investments by improving their potential for higher future returns (e.g. being re-rated strongly in value if they grow and are upgraded to inclusion in the index).

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

For an explanation of this table see the *Share Selection Methods* report sent to all new subscribers or available from our website. These shares are not formal "buy" and "sell" recommendations, but the "Under-Valued", "Best Performing" and "Income" shares should be considered for purchase, while the "Over-Valued" and "Worst Performing" shares can generally be sold to release money for re-investment in more attractive shares.

STRENGTH RATING													STRENGTH RATING														
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price 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 NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
Smiths City	67	+2.3	-4.0	57	3-1	-	0.9	13	1.2	7	8.2	0.15	35	AMP Limited	1168	+6.1	+0.9	38	8-0	-	6.8	29	0.4	24	3.1	1.60	21,840
Col Motor Co	370	+7.9	+0.9	28	2-0	-	0.9	6	0.5	15	9.7	0.22	103	Convita	395	+8.0	-1.3	27	6-0	1	2.3	5	0.5	46	1.9	1.79	70
Postie Plus Grp	85	+1.1	-3.8	64	0-1	1	1.2	14	1.0	9	12.3	0.27	34	Livestock Imp.	170	+1.2	+1.0	64	5-0	-	0.6	8	0.6	7	14.4	0.50	56
Renaissance	115	+2.1	-1.2	59	1-4	1	3.3	45	0.9	7	13.6	0.28	45	Vector Ltd	278	+4.1	+1.7	50	6-1	6	2.5	4	0.6	62	6.4	N/A	2,780
Restaurant Brds	110	+1.6	+2.8	61	0-0	3	2.4	23	0.9	10	13.6	0.34	107	Tourism Hold.	212	+7.5	+0.9	31	4-0	4	1.2	7	0.5	19	7.7	1.18	208
Nuplex Indust	707	+5.5	-3.1	43	2-0	4	1.7	12	0.5	14	6.3	0.43	554	Brierley Invest	152	+4.4	-1.5	48	6-2	-	1.3	4	0.7	33	2.3	3.52	2,079
Broadway Ind	87	+3.3	+1.6	54	2-0	-	0.9	4	0.9	21	4.6	0.44	17	Wool Equities	105	+12.8	-8.7	14	3-0	-	1.4	-	0.5	NE	Nil	0.89	25
Seeka Kiwifruit	395	+2.1	+1.5	59	2-0	1	1.0	9	0.5	11	7.6	0.48	47	Sky Network TV	565	+4.2	-1.6	50	3-0	4	2.0	5	0.3	37	2.1	4.01	2,199
Tag Pacific Ltd	43	+14.0	+1.1	12	1-0	-	1.7	18	1.8	9	1.3	0.48	28	Briscoe Group	169	+5.2	-2.1	44	5-2	4	3.4	24	0.6	14	6.6	1.04	359
Livestock Imp.	170	+1.2	+1.0	64	5-0	-	0.6	8	1.0	7	14.4	0.50	56	Col Motor Co	370	+7.9	+0.9	28	2-0	-	0.9	6	0.3	15	9.7	0.22	103
Ebos Group Ltd	550	+8.3	-0.1	24	0-0	1	2.7	19	0.5	14	6.1	0.54	203	OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Dorchester Pac	213	+0.1	+0.3	69	1-0	-	1.1	15	0.6	7	7.7	0.59	61	F & P Health.	395	-0.3	-2.3	73	0-16	7	9.9	34	0.5	29	4.7	6.20	2,012
Air New Zealand	224	+30.1	+1.7	4	1-6	5	1.4	6	0.7	23	3.3	0.59	2,248	A2 Corporation	7	-12.3	-1.9	94	0-0	-	1.9	-	1.6	NE	Nil	5.74	7
Satara Co-op	116	+0.6	+0.5	67	0-0	-	0.8	-	1.0	NE	3.9	0.60	31	Life Pharmacy	85	-0.5	-1.2	74	0-1	-	0.8	4	0.5	22	4.8	3.99	24
Kirkcaldie & St	280	+4.8	+0.9	47	0-0	-	1.3	5	0.5	23	4.3	0.64	28	NZ Refining Co	652	-2.3	-0.5	78	0-1	2	2.6	22	0.2	12	10.3	3.88	1,565
Guinness Peat	236	+1.5	-0.1	63	1-1	2	1.1	4	0.7	26	1.2	0.70	2,701	Charlie's Group	20	-58.3	+0.0	98	4-1	-	3.9	-	1.2	NE	Nil	3.87	57
Mainfreight Grp	725	+13.2	-7.2	13	1-5	6	5.1	21	0.6	24	2.5	0.79	697	NZ Finance Hold	105	-4.2	-3.7	84	1-1	-	5.2	24	0.4	21	1.8	3.83	81
Taylor's Grp Ltd	220	+11.7	+2.7	16	1-0	-	1.9	13	0.6	15	8.1	0.79	53	Horizon Energy	361	-5.7	-0.3	87	0-0	1	1.9	11	0.3	17	7.9	3.25	90
Provenco Group	104	+9.7	-2.0	20	0-1	2	3.0	9	1.0	33	3.7	0.81	125	Sky City Ltd	474	-0.3	-0.4	72	0-11	9	6.6	39	0.4	17	8.2	2.70	2,035
Steel & Tube	440	+0.7	-2.3	66	0-4	5	2.9	23	0.7	13	10.9	0.88	388	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	20	-58.3	+0.0	98	4-1	-	3.9	-	1.1	NE	Nil	3.87	57	
Tag Pacific Ltd	43	+14.0	+1.1	12	1-0	-	1.7	18	1.4	9	1.3	0.48	28	Plus SMS Hold.	12	-30.3	-1.2	96	0-0	-	7.4	-	2.0	NE	Nil	N/A	39
Fletcher Build.	1086	+11.8	-1.0	15	0-3	4	3.5	26	0.4	13	5.5	0.92	5,098	Tower Limited	233	-18.4	+3.9	96	0-0	5	1.1	15	0.3	7	Nil	6.61	438
Taylor's Grp Ltd	220	+11.7	+2.7	16	1-0	-	1.9	13	0.4	15	8.1	0.79	53	Lombard Group	1	-17.4	-3.9	95	0-0	-	1.3	10	3.7	13	Nil	1.11	30
VTL Group Ltd	97	+10.5	-13.3	17	0-0	-	2.2	17	0.8	13	Nil	0.61	30	A2 Corporation	7	-12.3	-1.9	94	0-0	-	1.9	-	1.4	NE	Nil	5.74	7
Ebos Group Ltd	550	+8.3	-0.1	24	0-0	1	2.7	19	0.4	14	6.1	0.54	203	Pac Edge Bio.	15	-6.6	+0.1	89	0-0	-	7.8	-	1.2	NE	Nil	N/A	7
Col Motor Co	370	+7.9	+0.9	28	2-0	-	0.9	6	0.3	15	9.7	0.22	103	Allied Farmers	201	-5.7	-0.4	88	3-1	-	1.4	6	0.3	24	5.2	0.38	32
Finzsoft Sof'ns	90	+7.1	-1.8	34	0-0	-	2.0	14	0.9	14	Nil	0.95	7	Botry-Zen Ltd	4	-5.4	-4.1	87	0-0	-	1.7	-	2.1	NE	Nil	N/A	6
Nuplex Indust	707	+5.5	-3.1	43	2-0	4	1.7	12	0.4	14	6.3	0.43	554	New Image Group	10	-5.3	-26.3	86	0-0	-	16.9	-	2.4	NE	Nil	1.72	19
Pyne Gould Corp	450	+3.1	+1.3	57	1-1	-	2.5	22	0.6	12	6.0	0.96	441	Tenon Ltd	302	-4.4	-0.2	85	2-0	3	1.0	7	0.5	16	Nil	0.34	203
Smiths City	67	+2.3	-4.0	57	3-1	-	0.9	13	0.9	7	8.2	0.15	35	NZ Finance Hold	105	-4.2	-3.7	84	1-1	-	5.2	24	0.4	21	1.8	3.83	81
Renaissance	115	+2.1	-1.2	59	1-4	1	3.3	45	0.7	7	13.6	0.28	45	Toll NZ Ltd	280	-4.2	+0.9	84	0-0	-	1.8	16	0.3	11	Nil	0.85	589
Seeka Kiwifruit	395	+2.1	+1.5	59	2-0	1	1.0	9	0.3	11	7.6	0.48	47	F & P Appliance	373	-4.0	-1.5	83	0-20	6	1.6	11	0.4	15	7.2	0.82	987
Restaurant Brds	110	+1.6	+2.8	61	0-0	3	2.4	23	0.7	10	13.6	0.34	107	NZ Oil & Gas	88	-3.9	-1.2	82	0-0	-	1.9	2	0.4	81	Nil	N/A	206
Livestock Imp.	170	+1.2	+1.0	64	5-0	-	0.6	8	1.0	7	14.4	0.50	56	Cabletalk Group	39	-3.0	-1.3	80	0-0	1	1.7	15	1.0	12	7.7	0.34	12
Postie Plus Grp	85	+1.1	-3.8	64	0-1	1	1.2	14	0.7	9	12.3	0.27	34	WN Drive Tech.	45	-2.7	-2.5	80	3-2	-	10.6	-	0.9	NE	Nil	N/A	90
Steel & Tube	440	+0.7	-2.3	66	0-4	5	2.9	23	0.6	13	10.9	0.88	388	Cadmus Tech Ltd	20	-2.6	-0.2	79	0-0	-	3.4	3	0.9	124	Nil	1.87	48
Dorchester Pac	213	+0.1	+0.3	69	1-0	-	1.1	15	0.5	7	7.7	0.59	61	Scott Tech. Ltd	208	-2.0	-3.1	78	4-0	1	3.5	2	0.4	165	2.9	1.29	52
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													INSIDER SELLING: Most Insider Selling, Relative Strength < 0														
Restaurant Brds	110	+1.6	+2.8	61	0-0	3	2.4	23	0.6	10	13.6	0.34	107	F & P Appliance	373	-4.0	-1.5	83	0-20	6	1.6	11	0.4	15	7.2	0.82	987
Hellaby Hold.	412	-6.4	-2.5	89	0-1	2	1.8	20	0.4	9	11.2	0.41	204	F & P Health.	395	-0.3	-2.3	73	0-16	7	9.9	34	0.5	29	4.7	6.20	2,012
Telecom Corp	478	+4.8	+1.0	48	3-38	10	3.9	35	0.4	11	11.1	1.61	9,373	Sky City Ltd	474	-0.3	-0.4	72	0-11	9	6.6	39	0.4	17	8.2	2.70	2,035
NZ Refining Co	652	-2.3	-0.5	78	0-1	2	2.6	22	0.3	12	10.3	3.88	1,565	Hallenstein G.	515	-0.5	-1.5	73	0-7	5	4.7	34	0.2	14	10.1	1.55	306
Hallenstein G.	515	-0.5	-1.5	73	0-7	5	4.7	34	0.3	14	10.1	1.55	306	Affco Holdings	36	-1.8	-0.7	77	0-2	-	0.8	10	0.6	9	2.8	1.99	182
PGG Wrightsons	152	-6.7	+0.4	90	1-1	5	1.0	6	0.5	16	9.8	0.50	428	NZ Refining Co	652	-2.3	-0.5	78	0-1	2	2.6	22	0.2	12	10.3	3.88	1,565
Col Motor Co	370	+7.9	+0.9	28	2-0	-	0.9	6	0.3	15	9.7	0.22	103	Life Pharmacy	85	-0.5	-1.2	74	0-1	-	0.8	4	0.5	22	4.8	3.99	24
Skellerup Hold.	126	-4.8	-4.9	85	4-0	4	2.7	27	0.5	10	9.5	0.83	132	NZ Experience	31	-0.2	+0.6	71	0-1	-	2.4	17	0.7	14	9.6	1.32	11
Sky City Ltd	474	-0.3	-0.4	72	0-11	9	6.6	39	0.4	17	8.2	2.70	2,035	Hellaby Hold.	412	-6.4	-2.5	89	0-1	2	1.8	20	0.3	9	11.2	0.41	204
Cavalier Corp	345	+1.7	-0.7	61	2-1	4	3.6	22	0.7	16	7.8	1.12	226														

Strongest NZ Shares

STRENGTH RATING													STRENGTH RATING														
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price 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 NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
Summit Gold Ltd	501	+51.5	+2.4	0	0-0	-	77.3	-	1.3	NE	Nil	N/A	942	Wakefield Hlth	87	+10.5	-2.0	16	5-4	1	1.7	5	0.4	33	2.6	2.24	115
Sealegs Corp	53	+50.5	-12.7	1	0-0	-	15.7	-	2.2	NE	Nil	N/A	31	VTL Group Ltd	97	+10.5	-13.3	17	0-0	-	2.2	17	1.0	13	Nil	0.61	30
Savoy Equities	5	+48.1	-36.8																								

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	Buy/Sell	Follow	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	Buy/Sell	Follow	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														
Intl All Sports	30	+0.1	+2.5	64	0-0	-	1.4	9	1.7	16	5.0	0.02	20	TransMetro Corp	76	+41.7	+4.9	7	1-0	-	1.0	21	0.7	5	2.6	0.43	10
Danks Holdings	820	+3.3	+1.1	54	3-0	-	-	0.3	18	4.9	0.10	53	Aircrusing Aust	20	+34.4	+15.7	10	1-0	-	3.9	35	1.3	11	Nil	0.34	2	
Citic Australia	95	+19.4	+4.6	20	0-0	-	3.2	34	1.2	9	5.6	0.10	79	Watpac Ltd	407	+31.8	-3.4	11	0-1	1	6.1	34	0.5	18	2.9	0.66	322
Adtrans Group	355	+5.6	+1.3	47	2-0	-	1.9	17	0.4	11	6.2	0.13	84	Queste Comm's	40	+29.3	+1.5	12	1-0	-	0.4	11	1.0	3	5.0	0.39	11
Ross Human Dir.	68	+14.7	-0.6	26	5-1	1	2.3	21	1.2	11	5.9	0.17	56	Wrigdways Aust	226	+25.3	-5.0	15	2-2	-	32.3	-	0.6	17	3.3	0.70	72
Cool or Cosy	12	+0.3	+1.1	64	5-0	-	1.2	4	2.7	33	3.0	0.18	5	Hastie Group	315	+25.1	+2.5	15	2-0	2	-	-	0.6	19	2.4	0.75	361
CMI Limited	153	+22.0	+6.6	17	1-0	-	1.0	20	1.0	5	7.8	0.20	55	Merchant House	26	+24.1	-5.6	16	0-0	-	1.2	22	1.2	5	5.9	0.37	24
Orion Telecom.	21	+0.4	-2.8	63	2-0	-	1.5	-	2.0	NE	5.9	0.21	17	McPherson's Ltd	290	+23.2	-4.3	16	1-0	4	-	-	0.5	13	4.8	0.58	183
A.P. Eagers	1100	+13.8	-0.6	27	4-0	1	1.7	10	0.3	18	3.5	0.23	244	Homeloans Ltd	90	+23.1	+10.5	16	3-0	-	2.8	16	0.8	17	5.6	0.61	45
Namoi Cotton	72	+0.9	+4.5	61	0-0	-	0.9	14	1.0	6	9.1	0.23	81	Etel Ltd	11	+22.5	+16.2	17	2-0	-	10.5	69	2.4	15	Nil	0.63	17
RCG Corporation	16	+10.6	+4.2	33	1-0	-	2.7	-	2.3	NE	7.5	0.24	14	Kresta Holdings	28	+22.5	-8.6	17	1-0	1	2.0	20	1.1	10	7.1	0.48	38
Paperin X Ltd	407	+3.1	-0.8	55	5-0	10	1.6	6	0.6	28	2.5	0.25	1,816	CMI Limited	153	+22.0	+6.6	17	1-0	-	1.0	20	0.8	5	7.8	0.20	55
Frigrite Ltd	70	+3.4	-2.5	54	0-0	1	3.7	64	1.4	6	11.1	0.25	35	UXC Limited	171	+21.0	-7.3	18	2-7	2	85.5	-	0.6	18	3.8	0.97	291
Automotive Hold	288	+16.0	+0.3	24	0-0	-	-	0.8	20	3.5	0.25	403	Brandrill	29	+19.7	+1.6	19	3-0	-	3.6	32	1.4	11	Nil	0.90	92	
Legend Corp.	53	+0.7	-5.5	62	0-1	1	1.2	15	1.5	8	5.7	0.28	56	Citic Australia	95	+19.4	+4.6	20	0-0	-	3.2	34	0.9	9	5.6	0.10	79
Tag Pacific	36	+16.1	+0.4	23	0-0	-	1.2	26	1.6	5	2.1	0.28	24	Beyond Int'l	95	+18.9	-0.5	20	0-0	-	2.3	13	0.9	18	3.2	0.86	57
Folkestone Ltd	83	+13.5	+4.0	28	3-0	-	1.3	9	0.9	14	7.2	0.30	25	Lighting Corp.	77	+18.8	+6.7	20	1-0	-	2.8	21	0.8	13	5.5	0.43	69
GLG Corporation	105	+4.1	-1.9	51	0-0	-	3.0	48	1.0	6	7.9	0.30	78	KLM Group Ltd	56	+18.7	-11.0	20	0-0	-	3.3	26	1.1	13	3.6	0.36	32
Coventry Group	434	+1.1	+1.6	60	4-0	3	1.4	9	0.5	16	8.1	0.31	156	Corum Group Ltd	18	+18.6	-6.8	20	0-0	-	-	-	2.0	11	Nil	0.75	12
Cadence Capital	125	+4.9	+1.6	49	0-4	-	-	1.0	8	2.4	0.31	8	Embelton Ltd	575	+17.8	+3.0	21	2-0	-	1.7	10	0.3	17	2.9	0.64	12	
Devine	135	+15.9	+7.5	24	4-0	-	2.9	30	0.8	10	5.9	0.32	184	Thomas & Coffey	90	+16.6	-0.3	23	7-0	-	6.4	34	1.0	19	2.8	0.35	63
Pacifica Group	196	+4.2	-1.5	51	0-0	3	1.2	6	1.0	19	6.6	0.32	266	Tower Australia	269	+16.3	-1.7	23	0-0	-	-	-	0.6	5	Nil	0.70	630
Angus & Coote	630	+6.5	+0.4	44	0-0	-	1.7	-	0.4	NE	3.5	0.33	75	Tag Pacific	36	+16.1	+0.4	23	0-0	-	1.2	26	1.2	5	2.1	0.28	24
Data 3 Ltd	510	+13.2	+0.1	28	0-4	-	6.5	47	0.6	14	5.5	0.33	80	Automotive Hold	288	+16.0	+0.3	24	0-0	-	-	-	0.6	20	3.5	0.25	403
Thomas & Coffey	90	+16.6	-0.3	23	7-0	-	6.4	34	1.2	19	2.8	0.35	63	Devine	135	+15.9	+7.5	24	4-0	-	2.9	30	0.6	10	5.9	0.32	184
Recco Corp Ltd	168	+8.9	+3.6	37	0-0	8	9.3	60	0.8	16	3.9	0.35	321	PeopleBank Aust	110	+15.7	-10.7	24	1-1	-	12.2	-	0.8	11	5.0	0.37	45
KLM Group Ltd	56	+18.7	-11.0	20	0-0	-	3.3	26	1.4	13	3.6	0.36	32	Webster Ltd	110	+15.6	+3.6	25	2-0	-	1.3	10	0.8	13	2.7	0.89	67
Merchant House	26	+24.1	-5.6	16	0-0	-	1.2	22	1.7	5	5.9	0.37	24	Ausdrill Ltd	200	+15.6	+0.1	25	0-0	2	1.9	14	0.7	14	3.0	0.82	261
PeopleBank Aust	110	+15.7	-10.7	24	1-1	-	12.2	-	1.0	11	5.0	0.37	45	M2 Telecom. Grp	48	+14.9	-12.6	26	1-0	-	-	-	1.1	13	4.2	0.85	28
Ambertech Ltd	62	+8.9	+7.0	37	3-0	-	1.4	11	1.2	13	4.8	0.37	19	Ross Human Dir.	68	+14.7	-0.6	26	5-1	1	2.3	21	0.9	11	5.9	0.17	56
HomeLeisure Ltd	23	+1.1	-3.1	60	4-1	-	-	1.8	9	7.8	0.37	27	Schaffer Corp	750	+14.6	+2.9	26	0-0	2	2.3	18	0.4	13	6.7	0.73	106	
Queste Comm's	40	+29.3	+1.5	12	1-0	-	0.4	11	1.4	3	5.0	0.39	11	A.P. Eagers	1100	+13.8	-0.6	27	4-0	1	1.7	10	0.2	18	3.5	0.23	244
Caltex Austria	2380	+1.6	+0.9	59	2-1	9	2.8	26	0.5	11	1.9	0.39	6,426	Folkestone Ltd	83	+13.5	+4.0	28	3-0	-	1.3	9	0.6	14	7.2	0.30	25
W'bool Cheese	360	+3.4	+0.5	54	1-0	1	1.5	8	0.6	18	2.2	0.40	140	Data 3 Ltd	510	+13.2	+0.1	28	0-4	-	6.5	47	0.5	14	5.5	0.33	80
Integrated Grp	260	+7.5	+7.9	41	2-0	3	10.8	76	0.7	14	4.2	0.41	183	Int'l Equities	5	+11.7	-4.6	31	0-0	-	0.6	29	3.2	2	Nil	0.35	6
Spotless Group	490	+3.0	+2.5	55	1-0	6	-	-	0.6	17	4.7	0.41	105	Chalmers	350	+11.7	+2.0	31	1-0	-	1.0	6	0.5	16	2.6	0.56	20
TransMetro Corp	76	+41.7	+4.9	7	1-0	-	1.0	21	0.9	5	2.6	0.43	10	AJ Lucas	114	+11.6	-1.0	31	1-0	-	6.0	31	1.1	20	Nil	0.35	59
Lighting Corp.	77	+18.8	+6.7	20	1-0	-	2.8	21	1.0	13	5.5	0.43	69	Morning Star	6	+10.6	-11.3	33	1-0	-	1.6	-	2.6	1	Nil	0.03	4
Souls Priv Equ	21	+2.3	-0.6	57	2-0	-	0.8	75	2.0	1	2.4	0.44	122	Salmat Ltd	387	+10.2	-1.2	34	4-0	7	20.4	-	0.5	17	4.3	0.86	454
Chiquita Brands	76	+4.5	-0.9	50	2-0	-	2.4	7	1.1	33	2.0	0.45	112	Lend Lease Corp	1870	+9.9	-1.1	35	2-0	6	3.4	19	0.5	18	3.3	0.62	7,474
Futuris Corp.	210	+4.2	+3.8	51	4-4	7	1.8	10	0.9	17	4.3	0.45	1,514	Onesteel Ltd	515	+9.8	+1.3	35	0-0	11	2.4	15	0.6	16	2.8	0.73	2,932
Downer EDI Ltd	690	+2.2	+0.3	58	6-0	6	7.0	-	0.7	NE	2.9	0.47	2,168	Sietel Ltd	120	+9.6	+5.0	36	0-0	-	0.7	16	0.6	5	Nil	0.26	10
Kresta Holdings	28	+22.5	-8.6	17	1-0	1	2.0	20	1.6	10	7.1	0.48	38	Rebel Sport	426	+9.5	-4.2	36	0-0	2	3.5	23	0.3	16	3.5	0.92	342
Crane Group	1680	+12.7	+3.9	29	2-0	6	4.4	13	0.5	33	3.6	0.49	1,007	Hills Indust.	533	+9.1	+1.6	37	0-1	4	4.5	24	0.5	19	4.9	0.97	904
Maxi TRANS	71	+3.8	+5.5	52	4-0	3	3.0	22	1.1	13	6.0	0.50	122	Ambertech Ltd	62	+8.9	+7.0	37	3-0	-	1.4	11	0.9	13	4.8	0.37	19
MacMahon Hold	83	+3.8	-0.5	52	1-0	5	-	-	1.3	57	2.4	0.53	429	Recco Corp Ltd	168	+8.9	+3.6	37	0-0	8	9.3	60	0.6	16	3.9	0.35	321
Coles Group Ltd	1572	+8.0	+2.1	39	1-0	9	8.5	24	0.5	35	2.7	0.55	18,746	PMP Limited	178	+8.6	-3.0	38	0-1	4	4.1	26	0.8	16	Nil	0.42	523
Commander Comm.	195	+1.1	-4.0	61	1-4	7	-	-	0.9	17	2.1	0.55	435	Graincorp	966	+8.3	+2.2	39	0-2	4	1.5	8	0.3	17	5.2	0.67	550
Smorgon Steel	197	+8.2	+1.3	39	0-0	10	-	-	0.9	12	4.6	0.55	1,762	Smorgon Steel	197	+8.2	+1.3	39	0-0	10	-	-	0.7	12	4.6	0.55	1,762
Chalmers	350	+11.7	+2.0	31	1-0	-	1.0	6	0.6	16	2.6	0.56	20	Tamawood Ltd	187	+7.9	+0.7	39	2-0	-	3.0	22	0.5	14	7.0	0.82	62
Nat'l Can	164	+1.8	+2.9	59	2-0	-	0.9	11	0.8	8	4.6	0.57	110	Flexicorp Ltd	280	+7.9	+1.3	40	0-0	-	-	-	0.6	4	Nil	0.75	91
Green's Foods	90	+13.4	-2.7	28	2-0	-	4.5	-	0.9	NE	1.7	0.57	98	Stokes (Aust)	60	+7.5	-0.2	41	2-0	-	0.9	11	0.8	8	Nil	0.16	3
McPherson's Ltd	290	+23.2	-4.3	16	1-0	4	-	-	0.6	13	4.8	0.58	183	Flat Glass Ind.	121	+7.5	+4.2	41	2-0	-	-	-	0.8	8	2.5	0.76	19
Oroton Group	221	+																									

"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	244	Codan Ltd	5	211	Jumbuck Enter.	2	83	Redflex Holding	4	289
ABB Grain Ltd	4	1,062	Coffey Int'l	4	412	Just Group Ltd	8	887	Renison Cons	1	55
ABC Learning	5	2,634	Coles Group Ltd	9	18,746	K&S Corporation	3	244	Repco Corp Ltd	8	321
AED Oil Ltd	4	557	Collection Hse	1	89	Kagara Zinc Ltd	7	983	Resource Pac.	2	219
AI Limited	1	51	Colorado Group	2	422	Keycorp Ltd	2	38	Resolute Mining	1	311
AMP Ltd	11	18,662	Com'wealth Bank	14	63,400	Kingsgate Cons.	5	379	Retail Food Grp	2	110
ANZ Bank	14	53,352	Commander Comm.	7	435	Korvest Ltd	1	53	Reverse Corp	3	423
APA Group	5	1,728	Computershare	11	5,867	Kresta Holdings	1	38	Ridley Corp.	3	300
APN Property	1	374	ConnectEast Grp	3	1,673	Lafayette Min.	1	31	Rinker Group	8	17,265
APN News Media	10	2,716	Cons Minerals	6	517	Legend Corp.	1	56	Rio Tinto Ltd	13	34,033
ARB Corporation	4	282	Cons Rutile	1	244	Leighton Hold	8	8,513	Riversdale Min.	1	251
ARC Energy	3	290	Cooper Energy	1	72	Lend Lease Corp	6	7,474	Roc Oil Company	7	760
ASX Limited	11	4,247	Corp Express	12	1,096	Lihir Gold	11	4,045	Ross Human Dir.	1	56
AWB Limited	6	1,105	Count Financial	6	589	Lindsay Aust	1	31	Rubicon Europe	3	440
AXA Asia Pac	11	12,255	Coventry Group	3	156	Lipa Pharm.	2	65	Rubicon America	2	171
Abacus Property	2	1,022	Crane Group	6	1,007	Lycopodium Ltd	4	118	Rural Press Ltd	9	2,599
Acrux Ltd	1	170	Credit Corp	2	401	M.Y.O.B. Ltd	3	460	SAI Global Ltd	8	518
Adcorp Aust.	1	29	Cromwell Group	1	179	MFS Limited	2	1,320	SDI Limited	4	98
Adelaide Bank	14	1,416	DB Reef Trust	6	4,960	MacMahon Hold	5	429	SMS Mgmt & Tech	8	275
Adelaide Bright	7	1,789	DKN Financial	1	80	Macarthurcook P	1	133	SP Ausnet	6	2,982
Aditya Birla	2	336	DJET Group	4	1,555	Macarthur Coal	11	834	SP Telecom.	2	324
Adsteam Marine	3	693	DWS Adv Bus Sol	3	260	Macarthur Cook	1	80	STW Comm Group	7	610
Aevum Ltd	1	288	Dark Blue Sea	1	76	Macquarie Leis.	4	532	Sally Malay Min	4	772
Agincourt Res.	4	341	David Jones	9	1,914	Macquarie Bank	10	19,659	Salmat Ltd	7	454
Ale Property	1	350	Dexion Ltd	2	158	Macquarie Good.	4	11,835	Santos Ltd	11	5,772
Alesco Corp Ltd	8	880	Dominion Mining	1	228	Macquarie Air.	8	6,462	Schaffer Corp	2	106
Alco Finance	6	3,212	Domino's Pizza	7	170	Macquarie Profl.	4	1,152	Sedgman Ltd	2	396
Altium Limited	1	101	Downer EDI Ltd	6	2,168	Macquarie DDR	6	1,164	Seek Ltd	8	2,177
Alumina Ltd	12	8,185	E.R.G.	1	184	Macquarie Off.	6	3,119	Select harvest	4	401
Amalgamated Hld	1	800	ETRADE Aust.	1	575	Macquaries C&I	6	2,389	Senetas Corp	1	113
Amcom Telecom.	2	75	Emeco Holdings	6	309	Macquarie C'Wde	7	2,498	Servcorp Ltd	2	421
Amcor Ltd	11	6,634	Emperor Mines	1	92	Macquarie Infra	9	9,668	Seven Network	11	2,519
Ansell Ltd	5	1,754	Energy Develop.	6	749	Macquarie C Tel	1	23	Sigma Pharm.	12	2,378
Antares Energy	1	140	Energy Resource	7	4,578	Magna Pacific	1	36	Sims Group Ltd	10	2,791
Anzon Australia	3	355	Envestra	4	1,006	Marybor'gh Suga	1	44	Sino Gold Min.	6	1,071
Aquarius Plat.	1	3,111	Equigold NL	4	270	Matrix Metals	1	50	Sirtex Medical	1	184
Aristocrat Leis	11	7,530	Equity Trustees	2	215	Maxi TRANS	3	122	Skilled Group	5	593
Arrow Energy	2	310	Espreon Ltd	1	59	McGuigan Simeon	5	363	Smorgon Steel	10	1,762
Aspen Group Ltd	2	438	FKP Limited	5	1,357	McMillan Shake.	1	306	Sonic Health	11	3,950
Atlas Grp Hold.	1	79	Fairfax Media	10	4,498	McPherson's Ltd	4	183	Soul Pattinson	1	2,172
Ausdrill Ltd	2	261	Fantastic Hold.	5	350	Melbourne IT	3	254	Spotless Group	6	105
Austal Limited	4	597	Felix Resources	5	920	Mermaid Marine	1	182	St Barbara Ltd	1	467
Aust Infra.	3	1,019	Fleetwood Corp	5	423	Minara Resource	9	2,953	St George Bank	11	17,535
Aust Pharm. Ind	7	494	Flight Centre	5	1,410	Mincor Resource	2	594	Staging Connect	2	135
Aust Agricult.	2	616	Fone Zone Group	1	93	Mineral Deposit	1	422	Sthn Cross Brd.	10	1,166
Austbrokers	6	248	Forest Ent Aust	2	216	Mirvac Ind Trst	2	405	Stockland	4	11,335
Austereo Group	11	797	Fortescue Metal	2	4,160	Mirvac REIT	2	878	Straits Res.	5	571
Austindo Res	1	25	Foster's Group	9	12,907	Mirvac Group	6	5,050	Stuart Petrol.	1	56
Australand Prop	2	2,095	Frigrite Ltd	1	35	Monadelphous Gr	6	832	Suncorp-Metway	12	11,951
Austar United	10	1,646	Funtastic Ltd	4	233	Mortgage Choice	5	337	Sunland Group	2	917
Aust Wealth Mgt	5	1,491	Futuris Corp.	7	1,514	Multiplex Group	6	3,852	SuperCheap Auto	5	403
Aust W'wide Exp	13	1,195	G.R.D. NL	2	432	Multiplex Acum.	2	444	Sydney Gas Ltd	1	135
Aust Education	5	155	G.U.D. Holdings	9	452	Murchison Metal	1	512	Sydney Attract.	3	120
Avexa Limited	2	132	GBST Holdings	2	160	Nat'l Aust Bank	14	63,300	Symbion Health	12	2,406
Avoca Resources	3	195	GPT Group	8	10,285	New Hope Corp.	1	1,086	Tabcorp Holding	11	8,971
B & B Infrast.	5	2,686	GWA Internat'l	8	1,130	Newcrest Mining	12	7,134	Talent2 Int'l	2	308
B & B Env. Inv.	1	139	Gale Pacific	1	40	News Corp.	4	99,088	Tanamui Gold NL	2	63
B & B Wind Part	2	943	Galileo Shop Am	7	1,238	Nexus Energy	3	314	Tap Oil	8	242
B&B Japan Prop.	3	849	Gandel R. (CFS)	5	3,954	Nick Scali Ltd	4	182	Tassal Group	2	297
BHP Billiton	15	96,028	Geodynamics Ltd	1	134	Noni B Limited	1	155	Tattersall's	10	3,343
Babcock & Brown	5	6,004	Gindalbie Met.	2	209	Nufarm Limited	8	2,185	Technology One	6	300
Bank of Q'land	15	1,700	Globe Int'l Ltd	2	114	Oaks Hotel	2	303	Telstra	15	52,759
Beach Petroleum	2	594	Gloucester Coal	4	271	Oakton Limited	10	352	Ten Network	12	1,328
Becton Prop Grp	3	1,076	Goodman Fielder	6	3,048	Oceana Gold Ltd	3	261	Terramin Aust	1	112
Bemax Resources	4	226	Graincorp	4	550	Oil Search Ltd	11	3,875	The Reject Shop	4	263
Bendigo Mining	4	52	Grange Resource	1	144	Onesteeel Ltd	11	2,932	Timbercorp	7	508
Bendigo Bank	13	1,838	Guinness Peat	1	2,017	Orica Ltd	12	7,523	Tishman Speyer	4	808
Billabong Int'l	10	3,631	Gunns Ltd	7	936	Origin Energy	10	7,022	Toll Holdings	10	12,474
Blackmores Ltd	2	331	HFA Holdings	3	464	Oroton Group	1	95	Tox Free Sol.	1	144
Bluescope Steel	12	6,830	Harvey Norman	10	4,866	Oxiana Ltd	15	3,677	Trafalgar Corp.	1	178
Bolnisi Gold NL	1	738	Hastie Group	2	361	PCH Group	4	145	Transurban Grp	10	6,349
Boom Logistics	8	629	Hast Div Util	3	485	PMP Limited	4	523	Transfield Serv	9	1,845
Boral Limited	11	4,866	Healthscope	13	1,326	Pacifica Group	3	266	TransPacific In	5	2,135
Bradken Ltd	6	905	Heartware Ltd	1	100	Pacific Brands	10	1,494	Treasury Group	2	283
Brambles Ltd	9	22,320	Henderson Group	5	2,340	Pan Australian	1	412	Trinity Group	2	348
Bravura Sol.	1	271	Highland Pac.	1	124	Paperlin X Ltd	10	1,816	Trust Company	1	388
Brickworks Ltd	2	1,738	Hills Indust.	4	904	Peet Ltd	3	820	Tutt Bryant Grp	1	197
Bunnings W/hse	5	660	Home Bldg Soc.	1	250	Penrice Soda	1	82	UXC Limited	2	291
C'wth Prop Off.	6	2,231	Horizon Oil Ltd	1	210	Peplin Ltd	1	133	United Group	10	1,877
C.S.R. Ltd	10	3,339	Housewares Int.	7	313	Perilya Mines	6	819	Unwired Group	2	85
CBH Resources	4	363	Hpal Limited	3	240	Perpetual Ltd	10	3,060	VDM Group Ltd	1	147
CDS Tech	1	42	Hutchison Tel.	7	139	Perseverance	8	218	Valad Opps 11	1	34
CPI Group	2	24	IBA Health Ltd	2	421	Petsec Energy	2	222	Valad Property	5	1,120
CSL Limited	10	14,096	IBT Education	3	679	Pharmaxis Ltd	2	561	Veda Advantage	6	755
Cabcharge Ltd	11	1,143	ING Office Fund	5	1,737	Photon Group	6	340	Ventracor Ltd	1	238
Caltech Austria	9	6,426	ING Indust Trt	4	2,130	Pipe Networks	2	133	Village Road.	1	491
Campbell Bros	2	1,130	ING Real Estate	1	412	Portman Limited	5	859	Virgin Blue	9	2,790
Candle Aust.	6	163	IOOF Holdings	5	633	PowerTel Ltd	2	293	Viridis Clean E	2	130
Cardno Ltd	4	272	iiNet	4	160	Precious Metals	1	129	Vision Group	4	210
Carindale Prop	2	336	Iluka Resources	14	1,314	Prime TV	9	472	W'bool Cheese	1	140
Cathrx Ltd	1	63	Imdex Limited	1	156	Primary Health	6	1,479	WHK Group Ltd	6	522
Cellnet Group	2	62	Incitec Pivot	10	2,420	Pro Medicus Ltd	2	133	Watpac Ltd	1	322
Centro Property	8	7,504	Independ. Group	4	492	Pro Maintenance	8	366	Wattly Ltd	6	282
Centro Retail	6	889	Indophil Res.	1	199	Promina Group	11	7,532	Wellcom Group	1	93
Centennial Coal	11	835	Infomedia Ltd	1	229	Publishing & Br	11	13,067	Wesfarmers Ltd	11	13,647
Centretel Int'l	1	151	Insurance Aust.	13	9,363	Q.B.E. Insur.	11	24,093	Westpac Banking	13	47,653
Chal Financial	11	2,566	Int Research	1	80	QM Technologies	1	141	West Aust News	12	3,128
Chal Infra Fund	4	312	Integrated Grp	3	183	Qantas Airways	13	10,244	Western Areas	2	548
Chandler McLeod	2	138	Intrepid Mines	1	65	Queensland Gas	1	710	Westfield Group	8	37,830
Clive Peeters	2	381	Investa Prop.	4	3,829	Queens'd Cotton	1	137	Willmott Forest	3	86
Clough Limited	2	296	Invocare Ltd	6	546	RCR Tomlinson	2	192	Woodside Petrol	13	23,860
Coal & Allied	3	6,495	Iress Mkt Tech	7	786	Ramsay Health	11	2,030	Woolworths Ltd	12	32,329
Coates Hire	13	1,276	JB Hi-Fi Ltd	12	813	Realestate.com	1	725	Worley Group	8	6,103
CocaCola Amatil	9	6,307	Jabiru Metals	2	402	Rebel Sport	2	342	Wotif.com Hold.	5	864
Cochlear Ltd	11	3,191	James Hardie	8	4,216	Reckon Limited	3	140	Zinifex Ltd	14	7,958
			Jubilee Mines	8	2,055	Record Realty	2	162			

Taxation of International and Australian Investments

The NZ government has misled NZ investors and imposed the new unfair, “fair dividend” wealth tax on both international share investments and *Australian shares which are not components of the All Ordinaries Index*.

If NZ had a wide level of share ownership, we would expect to see the Beehive in flames and politicians hanging from every street corner in Wellington. But NZ is a welfare economy where 1% of taxpayers contribute 50% of the income taxes. That so-called “fair share” of the tax burden falling on this small number of taxpayers could be about to increase!

In fact, this new tax probably won't raise any significant new tax revenues- but if the tax compliance costs get too high you can always “vote with your feet” and resign as a lifetime contributor to the Inland Revenue Department!

The “Fair Dividend” Tax

This is not an *income* tax but a wealth tax, based not upon the level of *income* actually earned, but upon the *capital* value of investments held.

The NZ government has been involved in many years of “discussion” to prepare investors for higher taxes on international investments. At all times, it was stated that listed Australian shares would be exempt from these new rules. In fact, the government regularly stated it would continue what it called the “favourable treatment of Australian investments” - although this newsletter pointed out that ignoring franking credits and the *double* taxation of Australian dividends in the hands of New Zealand investors is hardly a *favourable* tax treatment.

Now the “fair dividend” tax will include all Australian shares except those included in the All Ordinaries Index. The All Ords covers about 500 components, but after excluding trusts and foreign companies that leaves only about 420 Australian shares that will be excluded from the new tax.

This index, however, is not a fixed list of exempt companies. The components of the index are reviewed - and changed - every quarter. On 1 April 2007, for example, around 85 companies (i.e. 17% of the index components) will be changed. A portfolio of exempt Australian shares in April 2007 will therefore likely contain a number of non-exempt shares by April 2008 or April 2009. Investors seeking to invest in only the index shares (which is probably not the best investment strategy) will need to monitor their portfolio and sell depressed shares when they are deleted from the index.

How the new Tax will Work

First of all, let us say that we believe this tax is a poorly thought out, face saving reaction to the government's failure to introduce the widely unpopular unrealised capital gains tax. That tax was a real problem as although only gains equal to 5% of a portfolio were to be taxed each year any remaining realised or unrealised capital gains were carried forward to create a growing deferred tax liability. While the new tax is less of a problem, we believe there will need to be numerous changes to this tax legislation over the next few years.

Secondly, we are far from sure how particular details will “work” or be applied. There are specific rules covering shares *bought and sold* within the same tax year. It is unclear, however, if and how new investments bought (and held) during the year will be taxed.

While the “fair dividend” tax is a new wealth tax, shares subject to this tax will not be subject to regular income tax on *actual dividends received*. For example, if your only investment was 140,000 Namoi Cotton shares (a non-index company) worth 71½ cents (i.e. a \$100,100 shareholding) then you would receive \$9,100 in dividends (a 9.1% yield) over the coming year but would only be taxed on a maximum of the \$5005 being the assessed “fair dividend” return of 5%.

The “fair dividend” tax assesses investors for an “income” equal to 5% of the value of international investments held on the 1st April each year. A lower (or nil) amount of tax, however, is payable in years when an investor's total return is less than 5%. This probably won't come as a shock to experienced investors, but *shares are volatile investments*, especially over short periods of a year. Historically, *annual* stockmarket returns have been positive about 65% of the time and negative 35% of the time. So NZ resident investors will be assessed at a 5% “income” about 65% of years and for no income tax in about 35% of years.

So, in our previous example, if Namoi Cotton's share price fell 6½ cents (offsetting the 6½ cents dividend received) your *total return* for the year would be nil and *there would be nothing to pay in tax!* So investors owning high yielding, non-index Australian shares could pay significantly less tax. No doubt the government will eventually decide the “fair dividend” tax is *unfair* in this situation and close what it will come to call a “loophole”!

Exemptions

Investors with less than \$50,000 of (non-index) Australian and international shares will be exempt from the “fair dividend” rules and (Continued on Page 16)

Taxation of International and Australian Investments

(Continued from Page 15)

taxed on the actual income received. This is so low - and a change in the All Ords Index shares could easily push someone over the limit - that it doesn't warrant serious discussion. *Very small* investors - or people holding undiversified portfolios of only NZ shares - may be able to use this exemption.

What the Government is telling us . . .

Does the NZ government *really* want to promote a greater level of savings and investment? Do they want people to invest less in property and more in shares? Our resident conspiracy theorist suggests that the government only wants to increase share ownership and encourage savings and investments *so that there are more people with realisable assets that it can confiscate through the tax system!!!*

So what can a person read from this tax policy?

Firstly, if you put your money in a holiday home on the Gold Coast then the NZ government will ask you to pay nothing in tax. If you invest \$500,000 in smaller Australian shares or international shares then your assessed income will be \$25,000 and your tax liability (at 39%) will be \$9750 most years (but nil in some years). Clearly this tax policy will *discourage* productive investment and seeks to penalise those who may seek to provide for their own retirement income rather than rely solely on the state!

Secondly, if you cannot take the hint - and still insist on saving and investing - then this tax may *distort* where you invest. This newsletter, for example, has made a huge contribution to building the investment wealth of NZ investors (and a growing number of expat NZ investors!) - mainly by finding attractive *smaller* Australian shares which went on to increase 5-10 fold in value. Often these are *neglected* shares *not in the All Ords Index* which later grew to become popular, over-valued, index shares. That is the time to start thinking about selling and repeating the cycle. One of the *stated* aims of this tax is to *avoid distorting* where people invest.

The Australian All Ordinaries Index

The following website lists the current components of the Australia All Ordinaries index:

<http://finance.yahoo.com/q/cp?s=%5EAORD>

The index is rebalanced quarterly - with about 85 changes announced for the end of March. To find these changes, look on any website with Australian stock exchange announcements (i.e. the ASX site, most broker sites, etc.) and search for "Standard and Poors Announces March Quarterly Rebalance".

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Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Cavalier Corporation	5.50	09-03	16-03	Full
Colonial Motor Company	10.00	16-03	03-04	Full
Comvita	3.00	05-04	20-04	Full
Freightways	9.00	16-03	31-03	Full
Guinness Peat	1.00p	09-03	21-05	-
ING Property	2.30	02-03	16-03	0.20
Lyttelton Port Company	1.30	23-03	30-03	Full
MG Property	2.50	02-03	16-03	0.05
Michael Hill International	10.00	23-03	02-04	Full
Millenium & Copthorne	2.50	-	30-03	Full
Nuplex Industries	15.50	23-03	05-04	4.00
NZ Refining Company	35.00	22-03	29-03	Full
NZ Wine Company	3.00	23-03	02-04	Full
Pyne Gould Corporation	9.00	16-03	30-03	Full
Renaissance Corporation	6.00	30-03	05-04	Full
Skellerup Group	3.00	13-04	26-04	Full
Sky Network TV	5.00	16-03	23-03	Full
Steel & Tube Holdings	15.00	02-03	09-03	Full
Taylors Group	6.00	09-03	23-03	Full
Turners Auctions	3.50	13-04	20-04	Full
Turners & Growers	14.00	19-04	27-04	Full
Vector	6.50	30-03	10-04	Full
<u>Australian Shares</u>				
Commander Communications	2.00	13-03	12-04	
Computershare	8.00	27-02	23-03	
Devine	4.00	12-04	26-04	
Iluka Resources	10.00	10-04	07-05	
M2 Telecommunications	1.00	07-03	02-04	
Melbourne IT	4.50	26-03	20-04	
M.Y.O.B.	3.00	27-03	20-04	
Ross Human Directions	2.00	09-03	30-03	
Skilled Group	8.00	27-03	18-04	
Technology One	1.52	05-03	23-03	
TFS Corporation	0.90	01-06	21-06	
The Reject Shop	17.00	26-02	16-03	

Total Return Index for All Listed Shares

Feb 12	2701.04	Feb 19	2690.27
Feb 13	2697.75	Feb 20	2683.07
Feb 14	2701.43	Feb 21	2677.82
Feb 15	2706.50	Feb 22	2662.25
Feb 16	2706.01	Feb 23	2653.85
Feb 26	2650.29	Mar 5	2605.03
Feb 27	2646.18	Mar 6	2604.49
Feb 28	2614.00	Mar 7	2615.73
Mar 1	2622.45	Mar 8	2617.95
Mar 2	2631.00	Mar 9	2620.27

Next Issue:

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