Information and Advice on the NZ Sharemarket from Securities Research Company's . . .

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

Recent gains on many of our Australian shares make Internet stocks look boring! So is the Australian stockmarket booming and over-valued? Certainly not! The Australian market is up only 18% since its mid-1998 lows - but *smaller* companies are regaining favour and many recent recommendations have just been very successful!

The outlook for the NZ stockmarket is extremely favourable - but prices are being held back by the large demands on investors cash from Telecom, Sky City and Contact Energy.

Investment Outlook.

Weakness on the NZ stockmarket (despite the very favourable forecasts from our models) is probably a result of the massive amount of money that private and institutional investors will have to find to make the second payment on Telecom instalment receipts, the first payment on Sky City instalment receipts and to take up shares in the large Contact Energy float.

The persons associated with this newsletter don't own any Telecom IR, don't want any Sky City IR and will probably make just a small investment in Contact Energy - so any cash we can save (and dividends received) can be used to finance some *bargain* hunting in NZ shares or to buy some more of those booming Australian shares!

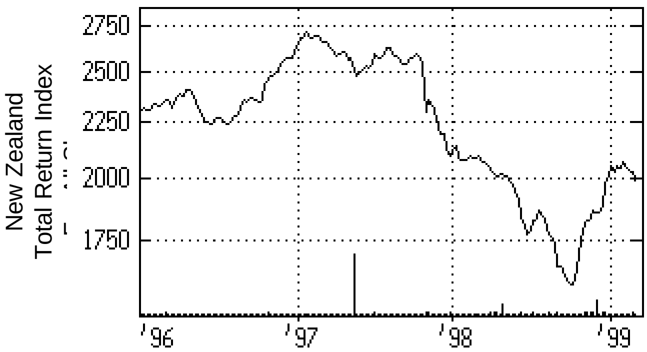
That is to say, we believe that the NZ stockmarket will perform well over the next year and that recent weakness is simply the result of the large share issues coming up for payment. For those of us who don't *follow the crowd* into the *popular investments*, this situation offers the opportunity to build up shareholdings in *neglected* and *under-valued* companies at very attractive prices.

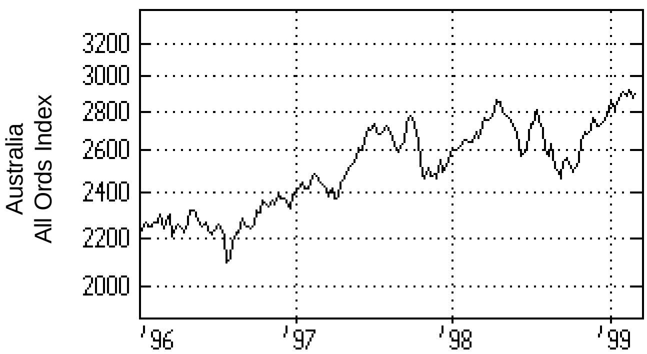
The upturn in the economy over recent months and the decline in interest rates and the exchange rate over the last 12-18 months represents a favourable environment for a recovery in corporate profits and share prices.

Our **Primary Trend Model** remaind extremely **Bullish** (i.e. favourable), predicting an **89.5%** chance that the NZ stockmarket will be higher in 6-12 months.

The **Short Term Trend Model** (at **57.4%**), however, predicts a **Neutral** trend in the market over the next month.

"International Investor" predicts a **Bullish 72%** probability that the Australian stockmarket will rise over the next year.





Performance Forecasts

Our short term “Performance Forecasts” have been extended to cover Australian shares - but owing to space constraints we cannot include all 1200+ shares - just some of the largest Industrial companies (Mkt Cap > A$500M).

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A. Barnett Ltd	C	117	0.56	NE	3.8
AMP Limited	C	2130	0.76	19	1.0
AMP NZ Office	C	106	6.88	47	6.3
Advantage HDS	B	130	0.83	NE	Nil
Affco Holdings	E	21	0.05	NE	Nil
Air New Zealand	A	264	0.48	10	7.6
Akd Int Airport	A	281	7.64	29	2.7
Apple Fields	C	10	1.38	NE	Nil
Aquaria 21	D	16	N/A	80	Nil
BOP Electricity	A	670	2.30	19	5.7
Baycorp Hold	A	875	7.76	30	4.6
Brierley Invest	D	42	0.44	NE	10.7
Broadway Ind	D	30	0.07	NE	Nil
CBD New Zealand	D	75	5.52	11	Nil
CDL Hotel NZ	C	29	0.49	15	3.9
CDL Investments	D	25	1.75	11	11.9
Cap Properties	C	64	N/A	7	17.2
Carter Holt	D	167	0.93	19	4.5
Cavalier Corp	B	350	0.65	13	10.7
Cedenco Foods	B	75	1.77	8	Nil
Ceramco Corp	C	105	0.58	11	7.1
Col Motor Co	A	235	0.23	10	8.6
Colonial Ltd	B	710	0.62	16	1.1
Corp Invest Ltd	D	82	0.91	17	5.5
Cue Energy Ltd *	N/R	6.0	1.95	NE	Nil
DB Group	D	245	0.37	10	9.7
Dairy Brands	E	20	0.92	NE	Nil
Damba Hold Ltd	B	85	0.52	NE	Nil
Design Textiles	B	39	0.31	10	11.5
Donaghys Ind	C	120	0.33	98	8.7
Dorchester Pac	B	67	0.62	10	8.9
East’n Equities	C	64	0.21	NE	7.0
Ebos Dental & S	C	475	0.58	13	8.5
Ernest Adams	D	200	0.55	40	Nil
Evergreen	E	44	N/A	NE	Nil
FC - Energy	D	330	1.20	11	7.2
FC - Paper	D	128	0.33	NE	3.5
FC - Forests	E	84	1.50	NE	Nil
FC - Building	C	275	0.34	8	7.6
Fernz Corp Ltd	C	555	0.59	16	4.8
Fisher & Paykel	B	670	0.93	22	4.0
Force Corp.	D	54	2.52	11	11.1
Fruitfed Supp	A	114	0.25	13	9.2
Goodman Fielder	C	185	0.64	15	4.8
Grocorp Pacific	C	15	0.78	NE	Nil
Guiness Peat	C	180	2.13	16	0.5
Habitat Group	E	2.7	2.18	NE	Nil
Hallenstein G.	B	285	1.08	17	8.4
Hellaby Hold.	B	215	0.78	8	9.7
Heritage Mining*	N/R	5.0	N/A	NE	Nil
IT Capital Ltd	D	12	4.84	NE	Nil
Ind Newspapers	C	850	1.08	22	4.0
Infratil Int’l	E	37	N/A	31	Nil
Infratil NZ	C	138	N/A	26	5.4
Infratil Aust.	D	114	N/A	72	1.9
J Boag & Son	D	66	0.40	16	3.7
JF China Region*	N/R	58	N/A	NE	2.1
Kingsgate Int’l	D	17	0.78	12	Nil
Kiwi Property	C	104	7.08	12	9.9
Kiwi Developmnt	E	26	N/A	NE	Nil
LWR Industries	C	107	0.33	9	15.3
Lion Nathan Ltd	D	445	1.35	18	4.1
Lyttelton Port	C	170	3.26	13	5.5
Mainfreight Grp	B	137	0.47	14	6.0
Manor Inns Grp	C	11	0.23	NE	Nil
Max Resources*	N/R	13	N/A	NE	Nil
Metro. LifeCare	C	230	2.84	21	2.2
Michael Hill	B	305	0.83	16	4.6
Mid-Cap Index*	N/R	195	N/A	NE	Nil
Milburn NZ Ltd	B	235	1.60	12	7.9
Mr Chips Hold	B	78	0.79	29	11.5

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
NMFM Asia Inv. *	N/R	85	N/A	NE	Nil
NZ Experience	D	7.1	0.54	NE	Nil
NZ Invest Trust*	N/R	450	N/A	NE	1.8
NZ L Leathers	A	235	1.01	16	9.5
NZ Oil and Gas *	N/R	35	1.52	10	7.1
NZ Petroleum Co*	N/R	0.7	0.26	NE	Nil
NZ Refining Co	C	1690	1.67	17	5.9
NZ Rural Prop.	D	100	3.39	30	Nil
NZ Salmon Co	E	16	N/A	NE	Nil
Nat Property Tr	C	100	6.29	13	10.0
National Mutual	C	319	3.55	16	3.3
Natural Gas	D	167	1.92	13	9.8
Newmarket Prop.	C	69	4.76	NE	13.8
Nobilo Wines	D	85	N/A	16	5.3
Northland Port	C	98	0.83	13	9.9
Nuhaka Forestry	D	1050	N/A	NE	Nil
Nuplex Indust	B	312	0.97	24	5.0
Opio Forestry	E	52	N/A	NE	Nil
Otter Gold Mine*	N/R	95	0.61	4	Nil
Owens Investmts	C	135	0.19	10	11.1
Ozzy (Tortis)*	N/R	201	N/A	NE	Nil
PDL Holdings	B	525	0.21	7	11.4
Pacific Retail	A	140	0.20	11	6.4
Paynter Hold	D	13	0.19	NE	Nil
Port Tauranga	B	456	7.55	30	4.3
Ports Auckland	B	650	5.14	21	4.1
Progressive Ent	B	190	0.22	25	3.9
Property F Ind.	C	77	6.03	15	8.4
Pure NZ Limited	E	15	N/A	NE	Nil
Qest (Enerco)	C	570	2.32	14	4.5
Radio Otago Ltd	C	330	1.29	16	4.5
Radio Pacific	B	560	2.16	20	4.0
Reid Farmers	B	60	0.45	9	10.0
Renaissance	C	29	0.07	NE	10.3
Restaurant Brds	A	143	0.58	15	6.3
Revesco Ltd*	N/R	12	N/A	NE	Nil
Richina Pacific	C	53	0.08	6	14.1
Roller Int’l *	N/R	120	0.47	NE	Nil
SE Utilities	C	92	1.56	9	13.0
Sanford Limited	B	360	1.07	16	5.0
Savoy Equities	E	3.5	1.11	NE	Nil
Scott Tech. Ltd	A	225	1.82	16	6.6
Seafresh Fish.	D	7.4	0.24	NE	Nil
Shortland Prop.	D	62	7.51	15	9.3
Shotover Jet	C	65	0.82	42	Nil
Sky City Ltd	B	730	2.99	22	5.9
Sky Network TV	D	340	5.92	NE	Nil
South Port NZ	C	93	0.92	11	8.4
Spectrum Res.*	N/R	2.5	N/A	NE	Nil
St. Lukes Group	C	177	3.01	7	9.3
Steel & Tube	B	182	0.40	13	11.5
Strathmore Grp	D	21	4.50	NE	Nil
Summit Gold Ltd*	N/R	11	N/A	65	Nil
Tag Pacific Ltd	D	16	0.36	13	4.3
Tasman Agric.	D	73	2.41	8	4.6
Taylors Grp Ltd	B	107	0.68	20	5.6
TeNZ *	N/R	103	N/A	NE	Nil
Telecom Corp	C	955	4.92	20	6.7
Tourism Hold.	C	170	0.75	21	Nil
Trans-Tasman	E	38	1.28	NE	Nil
Trans Alta NZ	B	250	1.91	19	5.4
Tranz Rail Hold	C	440	0.92	11	5.8
Trust Power Ltd	B	302	2.70	19	7.1
United Networks	B	610	2.12	14	8.1
Warehouse Group	B	730	1.38	26	2.9
Waste Mgmt NZ	A	840	4.28	31	1.9
Williams Kettle	C	175	0.26	23	10.2
World Index Fd *	N/R	163	N/A	NE	Nil
Wrightsons Ltd	C	36	0.08	8	13.7
Zuellig NZ	E	36	0.09	NE	4.1
Ave of 141 Coys	C	220	0.47	21	4.7

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A.G.L.	B	1085	2.62	16	3.8
AAPT	C	435	2.22	NE	Nil
AMP Ltd	C	1806	0.76	19	1.0
AMP Office Trt	E	119	N/A	NE	Nil
AMP Shop Centre	E	132	N/A	NE	Nil
ANZ Bank	B	1046	1.35	14	5.0
APN News Media	B	272	1.96	19	3.9
Advance Prop	C	142	7.09	12	8.2
Amalgamated Hld	C	463	1.31	12	2.6
Amcor Ltd	B	772	0.82	20	4.9
Amway Asia Pac	D	1350	N/A	NE	Nil
Aristocrat	A	964	2.46	36	1.4
Aust Nat’l Ind	B	123	0.44	51	1.6
Aust Stock Exch	C	1358	N/A	NE	Nil
Austrim Ltd	B	349	9.90	76	3.3
BRL Hardy Ltd	B	645	1.83	23	2.0
BTR “A”	D	508	N/A	NE	Nil
Bank of W.Aust	B	315	4.24	15	4.9
Boral Ltd	C	234	0.54	31	3.2
Brambles Ind.	A	4110	2.26	37	1.8
C & W Optus	C	360	N/A	NE	Nil
C.S.R. Ltd	C	368	0.53	13	6.0
CSL Limited	B	1420	5.08	42	1.3
Cadbury Sch.	C	2370	N/A	NE	1.4
Centro Prop.	C	272	4.98	13	7.8
Coal & Allied	C	1050	1.13	8	9.5
Coca-Cola Bev.	E	242	N/A	NE	Nil
CocaCola Amatil	B	589	1.59	32	3.2
Cochlear Ltd	B	1000	5.38	38	1.6
Coles Myer	B	856	0.46	25	2.8
Colonial Ltd	B	600	1.12	23	2.5
Com’wealth Bank	B	2458	2.98	21	4.2
Com. Inv. Trust	E	95	N/A	NE	Nil
Computer Share	A	1035	8.20	NE	0.4
Crown Ltd	B	82	0.64	13	Nil
David Jones	C	160	0.43	20	4.4
Email Ltd	C	287	0.36	21	6.3
Fairfax (John)	C	392	2.68	NE	2.4
Faulding (F.H.)	B	881	0.69	19	2.3
Foodland Assoc	B	1210	0.29	23	3.8
Foster’s Brewin	B	478	3.57	37	2.3
Futuris Corp.	B	207	0.34	9	3.6
GIO Australia	D	450	1.00	NE	4.9
GWA Internat’l	B	284	1.44	19	3.9
Gandel Retail T	C	122	N/A	17	6.6
General Prop Tr	C	269	9.93	15	7.1
Goodman Fielder	C	156	0.63	14	4.8
Guinness Peat	C	151	2.99	13	0.4
HIH Insurance	C	215	0.30	12	7.4
Hardie (James)	C	305	0.77	30	4.8
Harvey Norman	A	1555	N/A	86	0.3
Hills Motorway	D	450	9.89	NE	Nil
Hoyts Cinemas	C	177	1.04	14	2.3
Incitec	A	621	0.76	21	3.4
Infrastructure	A	160	7.14	8	6.3
Jupiters	A	390	1.60	25	3.3
Lang Corporatio	D	470	1.65	NE	Nil
Leighton Hold	C	548	0.47	14	4.7
Lend Lease Corp	C	2155	1.58	15	5.0
Macquarie Bank	A	1750	4.15	20	2.9
Mayne Nickless	C	518	0.57	16	5.8
Mirvac Property	C	148	8.11	13	7.7
Mobile Com.	C	1390	N/A	NE	Nil
Nat’l Foods	B	309	0.81	20	3.4
Nat’l Mutual	C	273	3.61	23	3.2
Nat’l Aust Bank	B	2735	1.57	20	3.7
Nat’l Mut. Prop	C	123	N/A	16	6.1
News Corporatio	B	1149	4.40	NE	0.3
One Tel Ltd	A	917	5.20	NE	0.2
Orica Ltd	C	862	0.69	19	5.8
Ozemail Ltd	C	347	N/A	NE	Nil
PBL	A	909	4.00	10	5.3
PMP Communicat.	B	327	0.73	14	6.2
Pacific Dunlop	C	267	0.39	15	5.2
Pacific Group	B	503	1.12	32	3.2
Perp Trust Aust	A	2015	5.16	28	2.5
Pioneer Int’l	C	310	0.74	15	6.1
Prime Indust.	C	73	8.76	10	8.5
Property Income	C	113	7.60	11	9.1
Q.B.E. Insur.	C	615	0.86	24	4.2
Q.C.T. Resource	D	76	0.52	11	9.2
Qantas	A	427	0.61	16	3.2
Rio Tinto Ltd	C	2035	1.33	11	2.8
Rothmans Hold	B	1400	0.68	18	11.8
Rural Press Ltd	B	485	1.18	12	2.5
Schroder Prop.	C	240	8.54	14	7.5
Seven Network	C	490	1.93	78	4.2
Smith (Howard)	B	1310	0.98	38	3.1
Smorgon Steel	D	190	N/A	NE	Nil
Southcorp Ltd	B	613	1.38	24	2.9
Spotless Group	B	455	0.62	26	3.0
St George Bank	B	1023	1.40	27	5.1
Star City Hold.	B	156	0.57	6	Nil
Stockland Trust	C	380	6.58	15	6.5
Suncorp-Metway	B	919	0.71	16	4.8
TAB Ltd	C	346	2.70	35	Nil
Tabcorp Holding	A	1159	3.69	29	3.3
Telstra	A	860	4.94	28	1.6
Ten Network	B	244	0.93	83	12.3
Transurban Grp	C	186000	N/A	NE	Nil
Tyndall Aust.	A	281	5.73	22	2.1
United Energy	B	225	1.37	62	7.7
Village Road.	D	259	0.95	13	3.9
Wesfarmers Ltd	B	1640	1.46	23	4.0
West Aust News	B	555	3.52	16	6.5
Westfield Trust	C	330	N/A	19	6.2
Westfield Amer.	C	159	3.86	16	5.8
Westfield Hold.	A	979	7.65	47	1.1
Weston (George)	C	700	0.55	20	2.7
Westpac Banking	B	1060	1.85	16	4.1
Wills (WD & HO)	B	440	0.59	44	6.8
Woolworths Ltd	B	511	0.18	21	3.3
Ave of 1221 Coys	C	322	0.36	12	2.6

Recommended Investments

Air New Zealand's result for the six months to December 1998 was little changed from the previous year: Revenues rose 6.1% to $1,628.4 million while profits rose just 0.9% to $82,779,000 (14.6 cents per share).

The operating cash flow increased 35.0% to $183.2 million while cash on hand increased 64.1% to $336.8 million - equal to almost 60 cents per share.

Since balance date Air New Zealand has also received $39 million from the sale of 24% of its shareholding in **Equant N.V.** Air NZ is a member of **SITA** - which provides data network services to airlines - while Equant was split off from SITA to provide similar services to non-airline companies. Equant is listed on the New York and Paris stock exchanges, with Air NZ's - and other airlines' - shares held through a Dutch trust. Air NZ's remaining indirect shareholding in Equant is included in its books at a nil value but is worth around $160 million

Despite this healthy cash position, the company is cutting its interim dividend 25.0% to 6.0 cents. A final dividend of "at least" 6.0 cents per share is anticipated - which would reduce the annual dividend by a similar 25.0%. In addition, the company has no imputation tax credits, so over the last two years the dividend will have declined from 20.0 cents (with full credits - equal to 29.85 cents) to 12.0 cents (with no tax credits).

The provision for income tax rose 65.7% to $17.1 million - but this is all a provision for "deferred income tax". No income tax will actually be paid within the next couple of years owing to higher depreciation allowable on the company's investment in upgrading its aircraft fleet.

Despite this investment in new aircraft, the ratio of debt to total assets is 51% - within the company's 50-55% target.

Neither the steady profit, *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Initial Recommendation Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
	NZ Shares												
HOLD+	Air New Zealand "A"	AIRVA	08/10/96	257*	A	566.8	0.9	0.48	10	7.6	264	48.0	+21%
HOLD	Apple Fields Limited	APF	10/03/92	237	C	29.2	2.7	1.38	NE	Nil	10	10.0	-92%
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	169.5	2.0	1.75	11	11.9	25	Nil	+0%
BUY	Cavalier Corporation	CAV	05/12/95	312	B	36.0	0.9	0.65	13	10.7	350	71.0	+35%
BUY	Colonial Motor Company	CMO	10/11/92	150	A	30.9	0.8	0.23	10	8.6	235	171.8	+171%
HOLD+	Designer Textiles Ltd	DTL	12/01/99	47	B	29.7	1.9	0.31	10	11.5	39	Nil	-17%
BUY	Fernz Corporation Ltd	FER	11/02/97	505	C	145.7	0.8	0.59	16	4.8	555	42.0	+18%
BUY	Fruitfed Supplies Ltd	FSL	09/02/93	210	A	12.1	1.1	0.25	13	9.2	114	51.0	-21%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.6	0.8	0.83	16	4.6	305	40.0	+650%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	350	B	54.6	1.0	0.97	24	5.0	312	10.5	-8%
BUY	Owens Group Limited	OWN	12/03/91	47*	C	56.3	1.1	0.19	10	11.1	135	59.3	+313%
BUY	PDL Holdings Ltd	PDL	13/02/96	810	B	13.4	0.9	0.21	7	11.4	525	113.0	-21%
BUY	Radio Otago Limited	ROT	12/03/91	111*	C	4.4	0.5	1.29	16	4.5	330	74.0	+264%
BUY	Radio Pacific Limited	RPA	08/12/92	205	B	8.7	0.6	2.16	20	4.0	560	105.0	+224%
HOLD-	Renaissance Corp	RNS	13/08/96	96	C	23.5	2.1	0.07	NE	10.3	29	5.0	-65%
HOLD-	Richina Pacific	RCH	03/11/95	119*	C	70.0	1.6	0.08	6	14.1	53	11.9	-45%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	32.4	1.0	0.92	11	8.4	93	27.8	+1%
BUY	Tourism Holdings Ltd	THL	14/07/92	179*	C	56.6	1.0	0.75	21	Nil	170	51.7	+24%
HOLD	Wrightson Limited	WRI	13/01/98	83	C	139.7	1.8	0.08	8	13.7	36	6.3	-49%
	Australian Shares (in Australian cents)												
BUY	Abigroup Limited	ABG	09/03/99	265	B	47.0	0.5	0.23	8	4.5	265	Nil	
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	D	49.4	2.0	2.12	7	Nil	16	Nil	-79%
HOLD+	Biron Corporation Ltd	BIC	12/04/94	178	C	21.6	1.7	0.94	12	9.5	21	9.0	-83%
SELL	Cambridge Consolidated	CGN	11/10/94	90	N/R	71.8	3.4	NA	0	Nil	6	Nil	-93%
BUY	Central Equity Ltd	CEQ	09/02/94	154	B	81.7	0.5	0.79	8	6.6	196	48.0	+58%
BUY	Data#3 Limited	DTL	09/02/99	285	A	11.9	0.9	0.51	18	3.2	355	Nil	+25%
HOLD	E.R.G. Limited	ERG	10/10/95	152*	B	200.6	0.6	1.27	20	0.7	145	6.0	-1%
HOLD+	Flight Centre	FLT	11/08/98	308	A	79.1	0.3	0.31	27	1.8	595	6.5	+95%
HOLD+	Hancock & Gore	HNG	15/07/97	125*	B	46.2	0.6	0.64	11	5.2	148	7.8	+25%
BUY	PMP Communications	PMP	09/02/99	309	B	252.5	0.4	0.73	14	6.2	327	Nil	+6%
BUY	Thakral Holdings	THG	10/11/98	65	C	492.4	1.0	1.53	11	8.3	63	Nil	-3%
BUY	Toll Holdings	TOL	08/09/98	240	A	45.3	0.3	0.25	16	2.9	478	8.0	+103%
HOLD+	Vision Systems	VSS	10/11/98	690	B	11.7	0.3	0.87	9	3.2	820	Nil	+19%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +47.5%. This is equal to an average annual rate of +19.4%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 32 current and 98 closed out) is +33.9%, compared with a market gain of +14.6% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

Recommended Investments *(Continued from Page 3)* the sound financial situation, the strong cash flow, the healthy cash holding nor the demands for cash from the major shareholder, **Brierley Investments**, explain the reduction in the dividend rate. The only possible explanation is the lack of imputation tax credits which make dividend distributions fully taxable to shareholders. With no imputation tax credits available, the company could be retaining a greater amount of profits to repay debts and improve future profitability and increase the capital value of the business. If that is the case, then when the company resumes tax payments and accumulates imputation credits, then shareholders should be able to expect a significant increase in dividend income.

Air New Zealand has considered distributing cash to shareholders through a capital repayment. As there are two classes of shares (with identical rights, other than that foreigners can only buy the "B" shares) but with different share values, the directors have decided that "constitutional constraints may inhibit the use of this mechanism" - which means that they do not know how to do this in a way that is legally "fair" to both classes of shareholder!

While we believe that Air New Zealand's profits will increase strongly over the next couple of years (and that the dividend will be raised significantly), the lowering of the dividend rate, loss in tax credits and doubling of the share price over the last five months makes these shares less attractive for investors needing current income.

Apple Fields is to sell the 100 hectare, proposed urban village property development at Styx Mill (north of Christchurch) for around $21 million. That is just a slight increase on the property's book value of $19 million, so generates little gain for the company but will lower its interest bearing debt from $47 million to $26 million.

The company is also negotiating for the sale or joint venture of its 45 hectare Halswell property (south of Christchurch).

These sales would reduce debts levels sufficiently to enable the company to fund its remaining property developments.

CDL Investments has reported a 27.6% drop in revenue to $24.2 million and a 52.4% drop in profits to $3,799,000 (2.2 cents per share) for the year to December 31. The annual dividend will remain steady at 2.0 cents (plus full imputation tax credits).

The fall in revenue and profit reflects the downturn in the NZ economy last year, leading to a drop in residential property sales. As we explained in our initial buy recommendation in January, that economic downturn (and expected impact on property sales) was probably the main factor behind the drop in the company's share price from a peak of 43 cents a year ago to a low of 14 cents in September/October 1998.

The company sold "more than 200" sections in 1998, down from "more than 300" in 1997 and 307 sections sold in 1996. Sales for the new financial year are "ahead of expectations" and include five high value sales from its Waimanu Bay subdivision.

CDL Investments correctly responded to the downturn by deferring all "non-critical development". In fact, the company has experienced a very significant - and very important - improvement in its operating cash flows.

As the company has grown and expanded its land holdings over recent years it has produced annual cash *deficits* (i.e. it has spent more building up its land holdings and developing land for sale than it was receiving from land sales). That is a common situation for growing companies - but resulted in a tight cash situation and an unsustainable rate of growth in interest bearing debts!

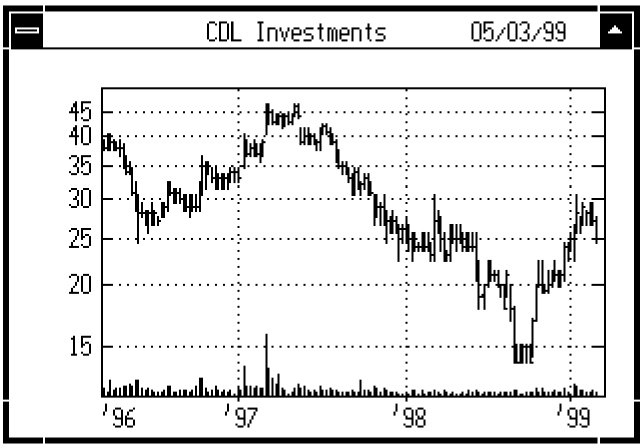
As we reported two months ago, the half year result showed a small $1.3 million operating cash surplus - and that has expanded to a $7.6 million surplus for the full year. As a result, CDL Investments has been able to repay $6.7 million of interest bearing debts - reducing its total debts to a more conservative $14.2 million.

Based upon the new financial data and CDL Investments current share price of 25 cents, the Price/Sales ratio is 1.75, the Price/Earnings ratio is 11.4 and the gross Dividend Yield 11.9%.

That P/S ratio of 1.75 is higher than we normally like to see, but property development is a fairly high profit margin business, so this is not excessive for this type of company. The P/E ratio is only half that of the average NZ share - and earnings are depressed after a difficult year in what is clearly a cyclical business. The high Dividend Yield is probably the best indication that these shares are very *under-valued*.

The shares appear to be in the early stages of a new uptrend, with a Relative Strength Rating of +11.7%, where they are ranked at 23 (on a scale of 0-99).

This is a very small company - so does involve above average risks. However, shares in cyclical companies (bought when profits and the share price are depressed) can make outstanding investments. The shares offer a very high current Income yield and we would expect to see substantial dividend growth over the next couple of years - leading to strong capital appreciation. A "Buy" for well diversified portfolios.



Cavalier Corporation increased revenue by 20.0% to $113.7 million for the six months to December 31. Profits rose 7.3% to $5,205,000 (14.5 cents per share).

Cavalier Corporation pays three dividends per year. A steady 6.0 cents was paid in December and the March dividend will be raised 1.0 cent to 8.0 cents (plus full imputation tax credits).

Revenue increased in both the carpet manufacturing division (up 8.9%) and wool scouring (up 25.6%), while profits increased strongly from carpets (up 21.5%) but fell from wool scouring (down 33.8%). The carpet business generated around 34% of total revenue but almost 80% of profits during the six month period.

The outlook for the carpet business is described as "quite positive" while wool scouring is "less certain", but overall Cavalier Corporation is predicting full year profits of around $10.5-11.5 million - up 5-15% on last year.

Designer Textiles' half year result was in line with the company's profit downgrade of last month. The report to the stock exchange, however, did not include any of the promised possibilities for realising some of the company's surplus assets!

Revenues for the half year were up 14.1% to $22.6 million, while profits fell 37.1% to $839,000 (2.8 cents per share). The interim dividend will be 50.0% lower at 1.0 cent (plus full imputation tax credits).

The company forecasts a full year profit of $1,750,000 (5.9 cents per share) and intends to maintain its policy of distributing 50% of profits - which suggests the annual dividend will likely be unchanged at 3.0 cents.

Fernz Corporation has acquired US based **Riverdale Chemical Company**, funded by the issue of 5.0 million new Fernz Corporation shares (worth NZ$26-28 million) and an unspecified cash sum.

Assuming the cash sum is relatively small, Fernz is paying around $30 million for a company with NZ$75 million in sales and earnings (before interest and tax) of about NZ$9.5 million. Making some wild - sorry, that should read "educated" - guesses as to the level of interest, after tax profits could be around NZ$3 million for the existing business.

That prices this acquisition on a Price/Sales ratio of 0.40 and a Price/Earnings ratio of about 10 - significantly lower than the P/S ratio (0.61) and P/E ratio (17) that the market places on Fernz shares. So this acquisition - even without future growth potential - should increase Fernz Corporation's revenue and earnings per share.

However, Riverdale Chemical is another *strategic* acquisition that will allow Fernz Corporation to rapidly start growing its glyphosphate weedkiller business in the United States from next year.

So often acquisitions prove unsuccessful as companies pay excessive prices for businesses of *strategic* importance to their future growth. Fernz has consistently - and successfully - grown through acquisition by (1) buying *cheaply* and (2) buying businesses that support *internal growth of its existing chemical businesses*.

As a result we continue to see Fernz Corporation as a high quality, low risk, "blue chip" investment in our share portfolio. Its industrial chemical and agricultural chemical businesses offer a reliable cash flow - and entry into the profitable glyphosphate weedkiller market in the United States next year could yield strong profit growth over the next several years.

We are sorry to disappoint subscribers who want to see "more changes" to our Portfolio of Recommended Investments, but we continue to rate Fernz Corporations shares a "Buy" for the 26th straight month! We do, of course, believe that investment success comes from *consistently applying sound investment strategies over the long term* - not from trying to pick the next "flavour of the month"!

Michael Hill International has reported a 16.8% increase in revenue to $86.0 million, a 24.0% rise in profits to $6,523,000 (16.9 cents per share) and 22.2% lift in the interim dividend to 5.5 cents (plus full imputation tax credits).

Revenue from the NZ jewellery business increased 11.1% to $30.2 million, with earnings (before interest and tax) up 13.2% to $4.4 million. The Australian business lifted revenues 20.2% to $55.8 million and earnings 23.3% to $6.7 million.

Michael Hill's share price has risen 50% over the last six months (and tripled over the last 3½ years). The shares are no longer looking very *under-valued* - but their current valuation is still not excessive. The Price/Earnings ratio is 16 and the Dividend Yield 4.6% - which offers better value than the average NZ share (P/E 21, Yield 4.7%). Underlying the company's longer term growth are plans to open another 40 stores in Australia over the next four years - a 40% growth rate (or 8.8% per annum).

The shares rate well in our "Comprehensive Share Selection Criteria" as both "Under-Valued Shares" and "Best Performing Shares". With a market capitalisation of just over $100 million, Michael Hill is still only a *medium sized* company, but large enough to come to the attention of institutional investors attracted by its strong historical growth and future growth potential. If institutions should start buying then the shares could be re-rated up to a P/E of 20-25 - which would see the share price up to 435-550 cents within the next year (i.e. up a further 40-80%).

Investors who are becoming over-weighted in Michael Hill shares (owing to their appreciation in value) may wish to realise a few profits - selling into periods of strength - but our overall recommendation is to hold for further gains.

Nuplex Industries has reported a 148.0% increase in revenue for the six months to December 31 - mainly owing to the inclusion of **Australian Chemical Holdings** which was taken-over a year ago.

Profits increased 24.8% to $5,514,000 but, owing to a similar percentage increase in the issued capital (to partly fund the ACH acquisition), earnings per share fell 2.0% to 10.0 cents. The interim dividend will remain steady at 5.5 cents (plus full imputation tax credits).

Nuplex has achieved the predicted cost savings from merging the two companies but interest costs and depreciation rose $6.4 million (up from $2.6 million to $9.0 million). Interest bearing debt increased by about $67 million to partially fund the acquisition of ACH and the company also acquired ACH's interest bearing debts of an estimated NZ$42 million.

Operating cash flow, however, increased 89% to $13.8 million which, together with the sale of $4.6 million in surplus fixed assets, has enabled the company to reduce its total interest bearing debts by 10.5% to $111.1 million over the last six months.

High debt levels, strong operating cash flows (allowing debt to be repaid) and falling interest rates (lowering costs, and allowing further debt repayment) had a significant impact on the *(Continued on Page 6)*

Recommended Investments *(Continued from Page 5)* profit growth of **Owens Group** from 1991 to 1996 - and Nuplex Industries could now find itself in a similarly favourable position.

As a result of the ACH acquisition, the Resins division now accounts for 83.7% of sales, Construction materials 9.6% and the Special Waste business just 6.7%. Resins generate 74.2% of earnings (before interest, goodwill and tax), Construction materials 11.6% and Special Waste 14.2%.

Radio Pacific has increased its profit forecast for the year to March 31 from $3.0 million to $3.5 million.

Renaissance Corporation has reported an annual profit of $249,000 (1.1 cents per share) compared with a $2,680,000 *loss* in 1997. Full details are not available, so we shall review this result next month.

South Port reported revenues down by 13.8% to $15.1 million for the six months to December 31. Profits fell 37.6% to $673,000 (2.1 cents per share) and the interim dividend is being cut 11.1% to 2.0 cents (plus full imputation tax credits).

"One off losses on plant realisations" and costs involved in selling its rural sector investments helped depress profits for the period and "are likely to result in an overall loss for the full year" - although no detailed figures or explanation is provided by the company.

However, these asset realisations will free up "sizeable capital sums" and offer the company "strategic options" for future expansion.

The planned sale of the company's 35.21% shareholding in **Allied Farmers** has been delayed by court action.

South Port has freed up capital with the sale of its crane, and purchase of a smaller replacement, and **Southland Motor Group**'s commercial property has been sold and leased back.

South Port is to build a 4500m^2 warehouse to handle sawn timber from **Brightwood NZ** and veneer from **Southland Veneers**, which have both recently commissioned new production facilities.

Wrightson's revenue for the six months to December 31 was $271.9 million - down 6.6% on the previous year (excluding the Finance division that was sold a year ago). The company traded at a small loss of $388,000 (minus 0.27 cents per share) - again very similar to last year (excluding the Finance division). No interim dividend will be paid this year.

The company is forecasting that its annual result from the Agribusinesses will also be similar to last year (i.e. a net profit of $2.5 million or 1.7 cents per share) and with its policy of distributing 60-80% as dividends, the annual dividend should be around 1.0-1.5 cents.

Based upon the current share price of 36 cents, that offers a gross Dividend Yield of 4.6-7.0%.

After suspending the second phase of its share buyback (for the month prior to the release of its half year result), the company will continue to buy back its shares on-market during March and April.

Wrightson's businesses have suffered from low volumes and low prices in the agricultural sector. Current profitability has also been depressed by continued restructuring, the move to introduce "higher value" services and expenditure on making its computer system Year 2000 compliant (i.e. $1.4 million expensed in 1998 and $1.2 million this financial year).

Wrightson's progress towards a recovery and acceptable levels of profitability from its Agribusinesses has been much slower than we anticipated.

Nevertheless the depressed business conditions and depressed share price will enable the company to buy a large number of its own shares at less than half of net asset backing. Those re-purchases further increase the asset backing of the remaining shares, and leaves fewer shares to benefit when profits do eventually recover.

We continue to rate Wrightson shares as "Hold+".

Australian Shares

Atlas Pacific's recent prospectus reveals further information about recent changes to its operations.

As previously discussed, the company has moved its pearl farming activities to Waigeo Island, and Kupang will only operate as a hatchery (as part of a joint venture).

Kupang has become the supply base for the Timor Gap oil deposit and industrial development is taking place on land near the hatchery. As a result, the risk of pollution at the Kupang site has increased. Security from vandalism and theft has also become an issue, owing to a large population in the region.

In contrast, the Waigeo Island site is remote, reducing the risks of pollution or theft. Being on the equator, stable water temperatures and climate will allow year round nucleation and harvesting - which will smooth out the workload and revenues.

The company has just commissioned a second supply vessel to support Waigeo Island.

In April last year we reported that Atlas Pacific was providing oysters to another Indonesian pearl farmer who "would accommodate, clear, maintain, nucleate, harvest, and market the pearls to his cost". The net proceeds (after these costs which are not to exceed US$25 per nucleated oyster) would be divided equally.

Atlas Pacific now operates that joint venture with two other Indonesian pearl farmers, **PT Kosuma Mutiara** and **CV Cahaya Cemerlang**, with oysters now held at three sites owned by these companies.

Atlas Pacific director, AM Kerr, purchased 129,111 shares in the company (at around 15 cents) in late February, increasing his shareholding to 291,111 shares.

Central Equity's profit for the six months to December 31 has risen 16.1% to A$14,052,000 (17.2 cents per share). Revenue was down 32.5% to A$85.4 million - but that simply reflects unusually high revenue in the first half of last year when several major projects were completed and settled.

The company has recently changed to quarterly dividends and will pay a second 3.0 cents dividend on March 31. This makes 6.0 cents for the half year - up 20.0%.

Cash on hand is down slightly to $72.9 million, or 89 cents per share.

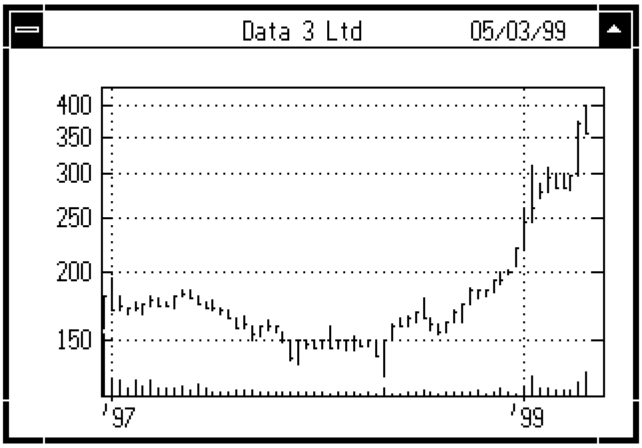
"Off the plan" pre-sales (i.e. properties in construction or to be constructed over the next two years) stand at A$220 million - up from A$185 million at June 1998 and A$160 million at December 1997.

Data#3 increased revenues by 38.7% to A$42.9 million for the six months to December 31, while profits increased just 12.2% to A$954,322 (8.0 cents per share) and the interim dividend remains steady at 5.5 cents.

The lower profit growth reflects one-off costs involved in the acquisition of **CICtechnology** as well as an increase in staff in the service and sales areas, where the benefits of this expansion will start to show up during the second half of the financial year.

The CICtechnology acquisition has been described as the "linchpin of the group's national expansion strategy" and "lifts the pace of future expansion by several gears" and positions the group for "a very strong performance in 1999/2000".

In response to the company's profit result and a media presentation, Data#3 shares rose strongly to a peak of A$4.00 last week before easing back to A$3.55. The shares should be good buying around A$3.30-3.60.



ERG has experienced a 29.3% drop in revenues to A$90.3 million for the six months to December 31, but profits rose 67.1% to A$5,029,000 (2.4 cents per share).

Pre-tax profits were up only 6.5% to A$4,148,000 but there was a tax *credit* of A$881,000 this year compared with an income tax charge of A$884,000 last year.

A decision on the interim dividend has been postponed at this stage.

Revenue (including inter-divisional sales) was down in both the Automated Fare Collection (AFC) division (down 38.9% to A$46.7 million) and the Telecommunications division (down 21.6% to A$40.1 million).

Earnings (before unallocated expenses and tax) rose 43.1% in the AFC division and fell 25.2% in the Telecommunications division.

The company has continued to experience problems with the **Public Transport Corporation** (PTC) - the *customer*, not the *system* being installed in Melbourne. All testing has been completed and all acceptance certificates issued. Part of the system has been operational for over a year and is operating "at world class levels and above contractual specifications".

While the PTC have "completed their deliberations in respect to commissioning and are finalising their decision", ERG's **OneLink Transit System** consortium has formally requested full commissioning under the terms of its contract with the PTC.

ERG will be repaid the A$32 million it has loaned the consortium as soon as the PTC agrees to commissioning - and payment of A$70 million within another 4-8 weeks. The project has a Government guaranteed income stream of A$370 million over the remaining term of the contract.

Owing to the continued delay in being paid for this project, ERG incurred additional interest costs of A$3 million during the first half year.

Following the receipt of payment, ERG will "have substantial cash reserves" to "fund the significant growth expected from winning" some major Automated Fare Collection (AFC) projects. The company will also consider further acquisitions, increased dividends or - at the current "unrealistically low" share price - a share buy back.

During the first half year ERG also incurred (and expensed) significant costs bidding for several major AFC contracts. The company has been short-listed for all of the projects.

The AFC division has won a multi-million dollar contract to install a new fare collection system for the **Stagecoach plc** bus fleet in the UK.

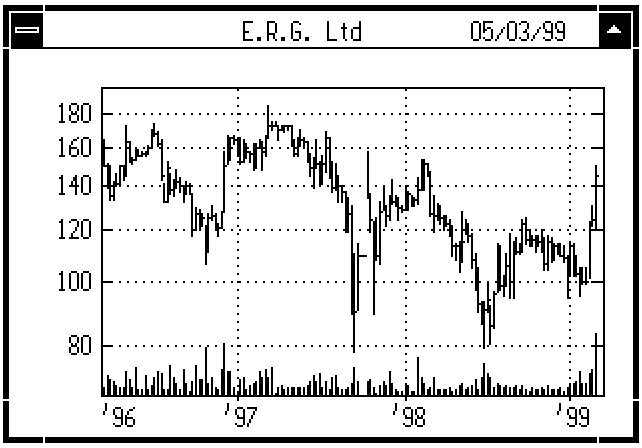
The first phase, covering 620 buses and five depots in Manchester, has already been completed - and the system will now be expanded to cover the whole UK fleet and 35 depots in seven regions.

ERG has also won a HK$23 million contract to extend the "Octopus" smart card transit system to Hong Kong's newest bus company, **New World First Bus**. ERG will design, install and commission the system on 50 buses during March and extend that to cover the company's entire bus fleet by the end of the year.

ERG will also receive an A$3 million Research & Development grant from the Australian Government to help fund an A$17 million project to further develop its multi-application smart card system. The smart card was originally developed for use on Hong Kong's transit system.

Last August, ERG acquired an 85% shareholding in **API** (Australian Power Industries) after buying the bank debt of that troubled company. That shareholding has recently been raised to 100% with ERG seeing "significant synergies" between API's operations and its own telecommunications business.

ERG's Telecommunications division is now one of the top four Telecommunications service businesses in Australia and NZ. ERG is expecting API to grow 100% this financial year, and to achieve revenues of A$100 million in the year to June 2000.



Flight Centre increased revenues 18.1% to A$826.8 million in the six months to December 31, while profits soared by 41.0% to A$10,510,000 (13.3 cents per share). The interim dividend is being raised 44.4% to 6.5 cents.

58 new outlets have been opened (through to February), increasing the total *(Continued on Page 8)*

Recommended Investments *(Continued from Page 7)* number to 454 worldwide.

NZ and South African operations performed particularly strongly - with earnings up 69% and 40% respectively. Canada and the United Kingdom have expanded and increased turnover in line with the company's expectations.

The company expects the remainder of the year to “remain competitive” but “that retail demand will remain strong”.

As we have previously reported, Flight Centre is benefitting from the “Asian crisis” which has resulted in cheap airfares to Europe and low cost Asian holiday packages.

Over the last month **Hancock & Gore** has re-purchased a further 45,100 shares.

PMP Communications has reported a 20.1% higher profit of A$37,808,000 (15.0 cents per share) for the six months to December 31. Revenues were 4.4% higher at A$623.8 million and the interim dividend will remain unchanged at 10.4 cents.

Thakral Holdings has reported a 1.6% rise in total revenues to A$108.8 million for the six months to December 31. Profits rose 6.4% to A$16,200,000 (3.3 cents per share) and the dividend will be raised 4.0% to 2.6 cents.

The company's main businesses are hotel ownership, hotel management plus retail and commercial property (i.e. mainly shops, car parks and offices associated with its hotel investments). Other new businesses include property development and, most recently, gaming.

The group has “successfully bid for its full entitlement of gaming licences” and is developing gaming lounges in a number of its hotels. The group sees “considerable potential for growing its gaming revenues”.

As we have pointed out previously (when discussing different companies) the gaming business involves two stages. The *development* of the business (i.e. winning licences and building facilities) offers the potential for substantial capital gains. Barriers to entry (i.e. the requirement to hold a licence) means that a gaming business will be worth considerably more than the cost of establishing it (e.g. Brierley Investments' substantial capital gain on developing Sky City).

The second stage is the running of the gaming business - which offers a high income yield but little long term growth potential.

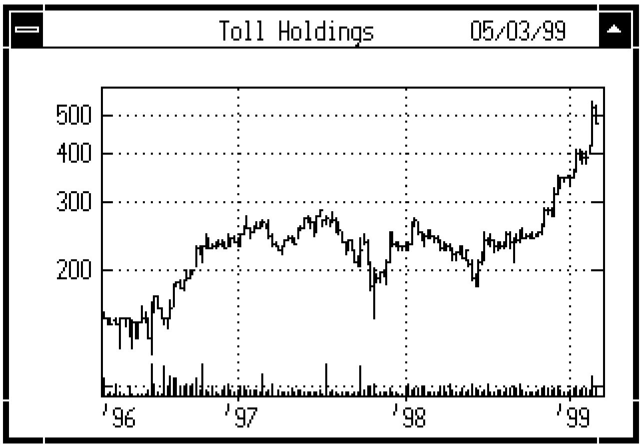
Gaming lounges established by Thakral should generate a very high return on the cost of developing these facilities - and this contribution to profits should help to improve the company's share price.

Toll Holdings shares have doubled in price since we first recomended this investment just six months ago - but if you think they may be getting a little overvalued then think again! Revenues more than doubled (up 114.1% to A$656.9 million) and profits better than tripled (up 251.5% to A$18,540,000 - or 31.5 cents per share) for the six month period to December 31.

The interim dividend will show a more modest increase - up 66.7% to 10.0 cents per share - although this low payout ratio suggests strong dividend growth lies ahead.

Toll Holdings is also talking about a possible share buy-back.

The company reports that achieving synergy benefits from last year's **TNT** acquisition has “continued ahead of schedule”, plus “an encouraging start to the restructuring” of the **Ipec** operations (an A$50 million business that **Mayne Nickless** effectively paid Toll Holdings to take off their hands last October). Ipec broke even for the period, with Toll focusing on eliminating costs and improving customer service.



Toll Holdings is in the process of “restructuring its property portfolio” to release capital that can earn a higher return in other areas of its business. As we have previously reported, the company has about A$100 million in property assets, so their sale and lease back would release substantial cash to fund further expansion.

Toll Holdings is also leading a consortium to further develop its rail interests - including bidding in the privatisation of **National Rail Corporation**. Other consortium members include **PGA Logistics**, **Macquarie Corporate Finance** and **BHP Engineering**, and discussions are being held with two overseas companies and several local freight companies.

The company “will continue to pursue a growth strategy” in its core business areas - including ports, rail systems and specialised warehousing facilities that can deliver “superior shareholder returns”.

The only Toll Holdings business that does not appear to be performing well at present (but which could open up a whole new area for future growth) is the new A$30 million cargo handling and distribution facility at the Port of Newcastle. Completed in October 1998, the facility has yet to load or unload its first ship - owing to a demarcation dispute between the Maritime Union of Australia (MUA) and the Transport Workers Union (TWU).

The facility is designed to load and unload non-containerised cargo such as timber and aluminium, providing a “seamless” interface between shipping and road or rail transport, and eliminate the duplication of cargo handling involved at other locations.

To achieve this, Toll Holdings needs to change the traditional work practices on the Australian waterfront, so negotiated a deal with the TWU (which covers the company's existing transport, warehouse and distribution employees) that involves “innovative and flexible arrangements” to speed up cargo handling and lower operating costs.

As a compromise, Toll Holdings had sub-contracted loading and unloading to **Patrick Stevedores** and their MUA workforce - who have refused to unload ships at Toll's facility. As a result, Toll Holdings is seeking damages from the MUA in the Supreme Court.

By way of history, TWU workers were first brought onto the docks in the 1950's when MUA members refused to operate the new fork lift trucks. Under a 1959 agreement, MUA members unloaded cargo to the wharf, TWU members transported it with forklifts to a "stack" from where MUA members moved it again to truck loading areas for TWU members to load it on to trucks! Under a 1995 agreement with Patrick Stevedores, the MUA was given coverage of all workers on the dock.

Professor Allan Fels, the head of the **Australian Competition and Consumer Commission** is investigating whether the MUA has threatened to black-ban ships using the new facility.

Toll Holdings also believes that the stevedoring companies are behind the rumour that the union would black-ban ships. It is widely expected in the transport industry that Toll Holdings could emerge as a new major player in stevedoring around Australia - significantly cutting into the Patrick Stevedores/P&O duopoly.

Vision Systems has lifted revenues by 22.8% to A$62.1 million for the six months to December 31, but profits fell 16.9% to A$5,023,000 (43.7 cents share). However, last year's A$6,047,000 profit was boosted by an A$2.0 million technology sale.

The interim dividend will rise 7.7% to 14.0 cents.

Vision Systems director PA Murphy had sold 10,000 shares in December at around A$6.95 (see "Market Analysis" Issue 319, January 1999), but last month he bought 40,000 shares at around A$7.03 - which is an A$281,000 purchase! That increases Mr Murphy's shareholding to 293,830 shares.

Share Recommendations

Buy Abigroup

BUY Australian listed Abigroup

We reviewed Australian listed **Abigroup** almost two years ago ("Market Analysis" Issue No. 299, May1997). At that stage Abigroup had grown rapidly (and its share price had increased 10-fold in 2½ years) but we did not formally recommend the shares at that stage as their valuation looked a little high.

History

Abigroup was originally formed in 1961 and listed on the Australian Stock Exchange in 1981 as a small construction company, growing to generate annual revenues of $150-200 million and modest profits.

The upturn in Abigroup's fortunes occurred in 1994 when the company won the A$436 million contract to build the **M2 Hills Motorway** and the right to operate and maintain the motorway for a minimum of 36 years.

Abigroup benefited from this project in three ways. Firstly, it designed and constructed the motorway through a joint venture with **Obayashi Corporation** of Japan. Secondly, Abigroup's 60% owned subsidiary, TollAust Pty, now operates and maintains the motorway for the 36-45 year period of private ownership - earning the company on-going management fees. Thirdly, Abigroup subscribed for 15,000,000 Hills Motorway shares. This A$15 million investment had appreciated to A$34 million when we reviewed Abigroup two years ago - and has now grown to a market value of A$67.5 million!

Recent Results

Abigroup's business and profits rose significantly prior to our May 1997 review - with further progress made in 1997 and 1998:

Year to June	Revenue	Profit	Earnings per share	Dividends per share
1995	A$310.4M	A$4,126,000	9.1c	2.0c
1996	A$355.8M	A$11,650,000	25.7c	7.0c
1997	A$467.1M	A$17,086,000	36.6c	10.0c(1)
1998	A$551.7M	A$16,396,000	34.9c	12.0c

(1) Plus a special 5.0 cents dividend.

Revenues have continued to grow strongly. Profits increased considerably in 1997 (when the company also exhausted past tax losses, so has moved to paying full income tax) but a small profit decline was experienced in the June 1998 year owing to competition and lower margins.

The dividend payout to shareholders has also been raised, with the annual dividend increasing from 7.0 cents to 12.0 cents over the last two years.

<u>The dividend payout ratio is still very low (at 34%), plus the company is debt free and holds large cash reserves, so further substantial increases in the annual dividend rate are very likely</u>.

For the six months to December 31, 1998, revenue increased 19.0% to A$323.9 million. Profits fell 16.3% to A$7,010,000 (14.9 cents), but the interim dividend was raised 20.0% to 6.0 cents (payable April 15).

The drop in profit resulted from an A$1.4 million early completion bonus included in last year's profit and an A$0.6 million increase in income tax this year.

New Major Projects

Abigroup is constructing the "Sydney SuperDome" as a BOOT (Build, Own, Operate, Transfer) project. The 20,000 seat arena (plus 56 corporate suites, 4 food courts, 4 restaurants, a bistro, 11 bars and adjacent 3500 space car park) will cost around $200 million and will be completed before the end of August this year.

Abigroup will invest A$54 million in the project (A$16 million in equity and $38 million of bank debt) with the remaining A$150 million cost coming from a subsidy from the Olympic Co-ordination Authority.

As with the earlier Hills Motorway project, Abigroup will earn a profit from the construction project *and* will operate the facility for 30 years before ownership transfers to the New South Wales Government.

The Sydney SuperDome will be used for gymnastics and basketball events at the *(Continued on Page*

10) **BUY Abigroup** *(Continued from Page 9)* Olympics. Abigroup has secured contracts with the Sydney Kings, Sydney Flames and Sydney Sky basketball teams as its first major events package. The facility will also be used for live musical entertainment, ice shows, indoor sporting events (athletics, hockey, tennis) and conventions and banquets.

The profitability of operating this venue over the next 30 years is unknown, but figures of a 10% return on assets have been mentioned by outsiders - although we believe that may be rather optimistic. After deducting interest, debt and capital repayment, a 10% return on assets offers Abigroup a pre-tax return of around A$16 million per year - or a 100% per annum return on their capital investment. That level of profitability would also add around 23 cents to tax paid earnings per share!

Abigroup is also sponsoring a consortium that is proposing an A$2.2 billion project (plus an additional A$2.1 billion high speed rail link) to build an international airport on Kooragang Island at Newcastle, as an alternative site for Sydney's second airport.

As at December 1998, Abigroup's work on hand was A$710 million - with 25 major projects worth a total of A$296 million won during the six month period - including an A$90 million contract to design and construct the **Warragamba Dam**.

Abigroup is also bidding on two major contracts that would start in the year 2000: the A$200 million Albury By-Pass and the A$250 million Yelgun to Chinerah Pacific Highway upgrade.

Last year Abigroup formed a new subsidiary, **York Capital**, to become involved in property syndication (i.e. setting up property trusts and marketing them to investors). That company established two trusts last year - worth A$16 million and A$35 million, respectively. Last week the company announced plans for an A$44 million shopping centre trust (funded with debt of A$25 million and seeking A$19 million equity from investors).

In February, an Abigroup consortium won an A$5.3 million contract from the **Road and Traffic Authority** (RTA) to install electronic tolling on the Sydney Harbour Bridge and Harbour Tunnel. This will use the same electronic tag and collection system used on the M2 Hills Motorway.

The RTA will also use electronic tolling on the Eastern Distributor (which opens in 2000) and the Cross City Tunnel (due to open in 2004) and also require all Sydney toll roads to install compatible systems in any future upgrade.

Abigroup's total revenue for the current year to June 1999 is expected to exceed A$700 million (up 27%).

Investment Criteria

Over the last two years the Fundamental valuations of Abigroup shares has improved considerably owing to growth in revenues, profits and dividends, the recent considerable increase in the value of its Hills Motorway investment and from a decline in the share price from A$4.04.

Now trading around A$2.60, Abigroup's Price/Sales ratio has fallen from 0.52 to a very low 0.23, its Price/Earnings ratio is down from an "average" 15.7 to a low 7.6, while the Dividend Yield is up from just 1.7% to a healthy 4.5%.

The market capitalisation (i.e. the total value of Abigroup's shares) is down to A$124 million, making this a "smaller" company. Shareholders' Funds have increased from A$23.5 million to A$44.9 million (95.7 cents per share).

Abigroup has no interest bearing debt (other than short term project financing), but holds cash in the bank of $67.1 million (A$1.43 per share).

The 15,000,000 units in listed **Hills Motorway** are shown in the company's books at their cost of A$15.0 million - but the market value of this investment is now A$67.5 million - or A$1.43 per Abigroup share (up from A$34 million at our last review of Abigroup).

So net asset backing per share (based upon the market value of the Hills Motorway investment) is A$2.07. That puts the shares at just a 25% premium to net assets.

The Hills Motorway investment currently contributes just A$885,000 to cash flows and profits. In early November (when this investment was worth A$50 million), the company announced that its "investment committee are maintaining a watching brief on the Hills share price performance" which (translated into plain English) could mean that the company is considering liquidating this now very valuable investment.

In fact, we believe that the Hills Motorway shares *may* be over-valued, so liquidating some or all of this valuable investment could be in Abigroup's shareholders' best interests.

Separating this "asset rich", low income producing A$67 million investment from Abigroup's "asset poor", income producing construction business would considerably increase shareholders wealth - just as separating Colonial Motor Company's asset-rich, low income producing property investments from its income producing motor vehicle business benefited shareholders in New Zealand.

The sale of the Hills Motorway shares would allow Abigroup to make a capital repayment of up to A$1.00 per share, with the shares still being under-valued at around their current price based upon the revenues, profits and dividends from its construction business!

In June 1998 - when the share price was falling - Abigroup directors stated that "should the share price continue to decline, the company would consider the implementation of an on-market share buy-back scheme". The 70-75 cents increase in Abigroup's share price since then simply reflects the increased value of its Hills Motorway investment - so the shares remain under-valued and a share buy-back must be a possibility.

The directors' willingness to *consider* a share buy-back is favourable as it reduces the risk of the share price declining in the future.

Abigroup directors and senior management have sold 1.7 million shares over the last two years - but still own 23.9 million shares (50.9% of the capital) held through **Vercot Pty**.

Institutional investors have relatively small shareholdings in Abigroup. Two stockbrokers have started to follow the company and prepare profit forecasts - but that still leaves the company's shares relatively *neglected*. Shares that are neglected by institutional investors and brokers are more likely to be under-valued (and therefore tend to perform better in the future) than shares that are widely owned and widely followed.

Technically Abigroup shares are also in a new uptrend. The decline in the share price from a high of A$4.69 in November 1996 to a low of A$1.85 in August 1998 brought the shares back to being *under-valued* - but the price has been rising over the last five months. Our long term Relative Strength rating is +5.8%, with the shares Ranked 22 (on a scale of 0-99).

The only negative factor is the slowdown in construction *after* the Olympics and a tightening in margins - although, by that stage, Abigroup may well be heavily involved in one of the large infrastructure projects that it is sponsoring.

Summary

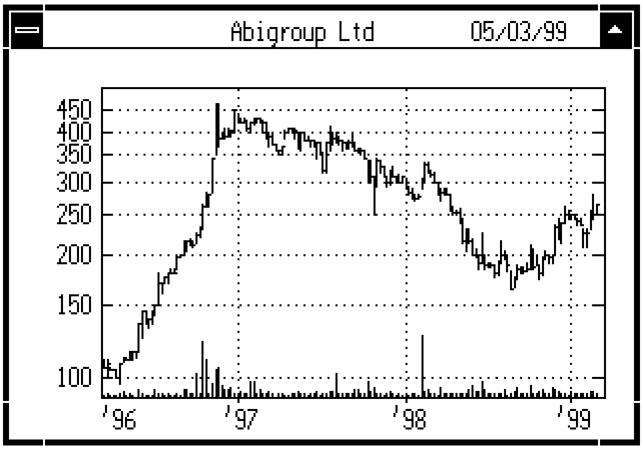
Abigroup is attractive for many reasons. One of the main attractions is its "asset-rich" balance sheet - $67million in cash and another A$67 million in Hills Motorway shares. That is A$2.86 per share in cash and marketable securities - and *more than the market price of Abigroup shares*!

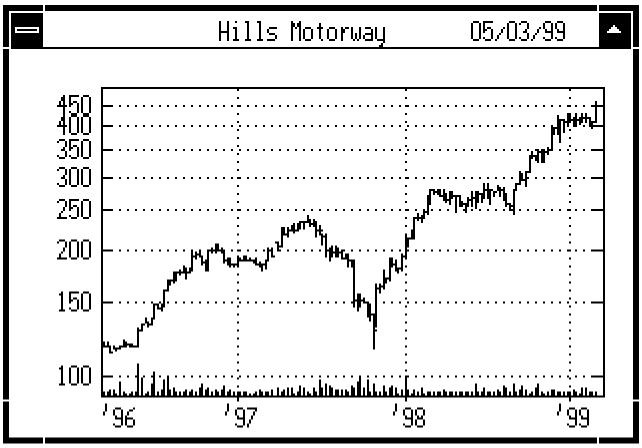
The shares are also very under-valued based upon the value of its construction business. Construction is an uncertain and cyclical business but the P/E ratio is low, the shares offer a reasonable dividend yield and there is the likelihood of substantial dividend growth over the next couple of years.

Abigroup has also been very successful at sponsoring and taking investments in major infrastructure projects (e.g. Hills Motorway, Sydney SuperDome).

The shares therefore offer investors a good income yield, excellent income growth and the potential for additional cash distributions (via special dividends or a capital repayment).

In addition, there is excellent potential for capital appreciation - driven by the realisation of the Hills Motorway investment, a re-rating of the shares by the market to reflect the value of that investment, emerging value from infrastructure investments and/or by the growth in dividend payments over the next two years.





Sell Cambridge Consolidated

SELL Cambridge Consolidated

Cambridge Consolidated was always going to be a high risk company - but did offer the potential for high rewards if it was successful.

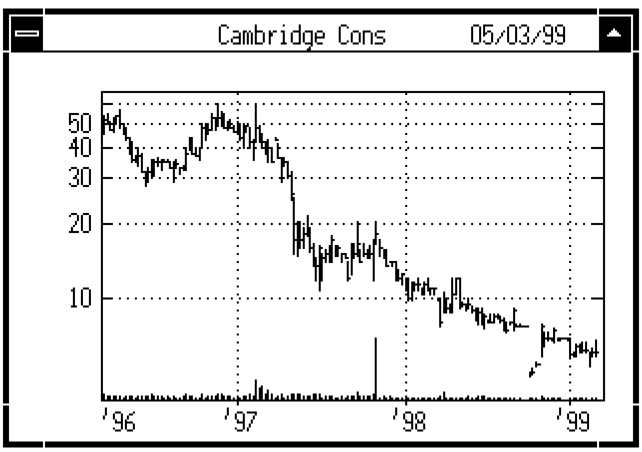
As we now all know, technical problems prevented the company from completing its offshore exploration for alluvial diamonds - although most of the company's cash was spent in the process.

The shares currently have a cash asset backing in excess of their market value - although the attraction of this discount is perhaps offset by the risks from litigation against the company.

Cambridge Consolidated has recently changed its emphasis, and has become an investor in other mining and exploration companies, recently making a substantial investment in gold miner, **Hargraves Resources**.

There is nothing *wrong* with this type of resource investment company, but this is no longer the business in which we originally invested. Furthermore, the whole Resource sector - including Cambridge Consolidated - could remain depressed for some time.

Our investment in this company has little of its original value - yet we recommend selling to "clean up" investment portfolios and realising what little value remains for re-investing in other shares with more certain potential for positive returns in the future.



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

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

UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Owens Investmts	135	+2.9	+1.2	50	7	1.9	18	1.1	10	11.1	0.19	76
Pacific Retail	140	+31.9	+9.5	2	4	1.5	13	1.5	11	6.4	0.20	63
East'n Equities	64	+0.1	+7.4	62	1	0.7	-	1.5	NE	7.0	0.21	22
PDL Holdings	525	+1.0	+2.9	59	4	0.8	11	0.9	7	11.4	0.21	70
Progressive Ent	190	+18.2	+5.8	10	6	1.9	8	1.0	25	3.9	0.22	471
Col Motor Co	235	+19.3	+4.3	8	1	0.9	10	0.8	10	8.6	0.23	73
Fruitfed Supp	114	+22.5	+4.4	6	-	1.5	12	1.1	13	9.2	0.25	14
Williams Kettle	175	+1.7	+2.0	55	-	0.7	3	0.8	23	10.2	0.26	26
Design Textiles	39	+2.1	-1.1	53	-	0.5	5	1.9	10	11.5	0.31	12
LWR Industries	107	+3.0	+0.6	48	2	0.7	8	1.4	9	15.3	0.33	52
Donaghys Ind	120	+1.4	-0.7	57	2	0.7	1	1.0	98	8.7	0.33	37
FC - Building	275	+2.2	+2.4	52	8	1.1	14	1.0	8	7.6	0.34	1,029
Tag Pacific Ltd	16	+2.2	-0.4	53	-	0.5	4	2.5	13	4.3	0.36	7
Steel & Tube	182	+2.5	+3.5	51	7	1.3	10	1.1	13	11.5	0.40	160
Reid Farmers	60	+6.0	-0.3	38	-	1.0	11	1.3	9	10.0	0.45	34
Mainfreight Grp	137	+6.5	+1.6	36	6	2.4	17	1.1	14	6.0	0.47	99
Air New Zealand	264	+17.0	+3.7	12	10	0.8	7	0.9	10	7.6	0.48	1,496
CDL Hotel NZ	29	+9.8	-3.4	25	6	0.5	3	2.1	15	3.9	0.49	101
Ebos Dental & S	475	+0.9	-0.8	60	-	3.5	27	0.5	13	8.5	0.58	37
Restaurant Brds	143	+12.7	+9.3	21	6	5.3	36	1.1	15	6.3	0.58	122

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Pacific Retail	140	+31.9	+9.5	2	4	1.5	13	1.3	11	6.4	0.20	63
Michael Hill	305	+22.6	+4.3	5	3	3.6	22	0.7	16	4.6	0.83	118
Fruitfed Supp	114	+22.5	+4.4	6	-	1.5	12	0.9	13	9.2	0.25	14
Col Motor Co	235	+19.3	+4.3	8	1	0.9	10	0.7	10	8.6	0.23	73
Air New Zealand	264	+17.0	+3.7	12	10	0.8	7	0.8	10	7.6	0.48	1,496
Cavalier Corp	350	+16.9	-3.0	13	4	1.8	14	0.8	13	10.7	0.65	126
Restaurant Brds	143	+12.7	+9.3	21	6	5.3	36	0.9	15	6.3	0.58	122
CDL Hotel NZ	29	+9.8	-3.4	25	6	0.5	3	1.7	15	3.9	0.49	101
Hellaby Hold.	215	+9.8	+2.6	26	4	1.9	25	1.0	8	9.7	0.78	108
Dorchester Pac	67	+9.6	-4.5	26	-	1.1	12	1.1	10	8.9	0.62	10
Taylors Grp Ltd	107	+9.5	+6.3	27	2	1.4	7	1.0	20	5.6	0.68	26
Colonial Ltd	710	+8.4	+1.0	31	-	1.5	10	0.8	16	1.1	0.62	4,970
Mainfreight Grp	137	+6.5	+1.6	36	6	2.4	17	1.0	14	6.0	0.47	99
Reid Farmers	60	+6.0	-0.3	38	-	1.0	11	1.0	9	10.0	0.45	34
Fernz Corp Ltd	555	+4.4	-0.8	44	8	2.1	13	0.7	16	4.8	0.59	809
LWR Industries	107	+3.0	+0.6	48	2	0.7	8	1.2	9	15.3	0.33	52
Kingsgate Int'l	17	+2.9	+0.8	49	-	0.5	4	1.7	12	Nil	0.78	68
Owens Investmts	135	+2.9	+1.2	50	7	1.9	18	0.9	10	11.1	0.19	76
Steel & Tube	182	+2.5	+3.5	51	7	1.3	10	1.0	13	11.5	0.40	160
FC - Building	275	+2.2	+2.4	52	8	1.1	14	0.9	8	7.6	0.34	1,029

INCOME SHARES: Highest Yields, Capitalisation > NZ$100 million

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Steel & Tube	182	+2.5	+3.5	51	7	1.3	10	0.9	13	11.5	0.40	160
Brierley Invest	42	-18.6	+1.6	96	7	0.5	-	1.0	NE	10.7	0.44	1,254
Cavalier Corp	350	+16.9	-3.0	13	4	1.8	14	0.8	13	10.7	0.65	126
Natural Gas	167	+2.0	-2.3	54	7	1.3	11	0.8	13	9.8	1.92	659
DB Group	245	-2.5	-4.7	74	8	1.1	11	0.7	10	9.7	0.37	247
Hellaby Hold.	215	+9.8	+2.6	26	4	1.9	25	0.9	8	9.7	0.78	108
Hallenstein G.	285	+23.1	+1.5	5	6	5.0	29	0.8	17	8.4	1.08	165
United Networks	610	+9.2	+2.0	29	2	1.4	10	0.5	14	8.1	2.12	924
Milburn NZ Ltd	235	+10.0	+0.7	24	2	2.8	24	0.7	12	7.9	1.60	323
FC - Building	275	+2.2	+2.4	52	8	1.1	14	0.9	8	7.6	0.34	1,029

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Strathmore Grp	21	-7.7	+4.7	86	-	0.8	-	1.2	NE	Nil	4.50	5
National Mutual	319	-3.8	-0.9	79	-	1.1	7	0.8	16	3.3	3.55	5,547
Force Corp.	54	-2.1	-1.2	71	3	1.4	13	1.2	11	11.1	2.52	84
Tasman Agric.	73	-1.5	-0.3	67	5	0.6	7	0.8	8	4.6	2.41	99
Cue Energy Ltd	6	-13.9	-0.9	93	-	0.4	-	2.8	NE	Nil	1.95	17
NZ Refining Co	1690	-1.7	+1.6	69	5	2.8	16	0.4	17	5.9	1.67	406
NZ Oil and Gas	35	-0.3	-2.8	64	-	0.8	9	1.0	10	7.1	1.52	39
FC - Forests	84	-7.4	+4.1	85	10	0.6	-	0.9	NE	Nil	1.50	731

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Spectrum Res.	3	-48.7	+0.0	98	-	0.5	-	2.9	NE	Nil	N/A	1
NZ Petroleum Co	1	-29.4	+1.7	98	-	0.0	-	5.5	NE	Nil	0.26	0
Apple Fields	10	-25.5	+1.4	97	-	0.2	-	1.2	NE	Nil	1.38	3
Summit Gold Ltd	11	-15.5	-2.9	95	-	1.7	3	1.8	65	Nil	N/A	10
Cue Energy Ltd	6	-13.9	-0.9	93	-	0.4	-	2.6	NE	Nil	1.95	17
Habitat Group	3	-13.8	-2.4	93	-	1.2	-	2.8	NE	Nil	2.18	1
Goodman Fielder	185	-11.8	-0.3	92	-	1.5	10	0.5	15	4.8	0.64	2,343
FC - Energy	330	-11.0	-0.9	91	10	0.8	7	0.7	11	7.2	1.20	1,242
Max Resources	13	-11.0	+1.8	91	-	0.4	-	1.5	NE	Nil	N/A	5
FC - Paper	128	-10.6	+3.1	90	9	0.5	-	1.0	NE	3.5	0.33	950
Savoy Equities	4	-10.1	-2.2	88	-	0.2	-	2.8	NE	Nil	1.11	13
Heritage Mining	5	-9.5	-0.7	88	-	0.4	-	1.8	NE	Nil	N/A	2
Kiwi Developmnt	26	-8.8	-1.1	87	-	0.3	-	1.2	NE	Nil	N/A	12
Roller Int'l	120	-8.0	-1.1	86	-	1.3	0	0.3	600	Nil	0.47	8
Strathmore Grp	21	-7.7	+4.7	86	-	0.8	-	1.1	NE	Nil	4.50	5
FC - Forests	84	-7.4	+4.1	85	10	0.6	-	0.8	NE	Nil	1.50	731
NZ Experience	7	-7.3	+1.3	84	-	0.7	0	1.5	237	Nil	0.54	4
Dairy Brands	20	-6.8	-2.0	82	-	0.4	-	1.2	NE	Nil	0.92	10
Ceramco Corp	105	-5.3	+0.9	81	5	0.8	7	0.8	11	7.1	0.58	51
Aquaria 21	16	-4.9	+3.2	80	-	1.7	2	1.7	80	Nil	N/A	24

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

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OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Sino Securities	255	-6.2	+15.1	69	0-0	-	1.2	1	0.7	83	Nil	9.72	31
Climax Mining	23	-11.1	+1.3	79	0-0	-	-	-	1.4	NE	Nil	8.01	20
Geo2 Limited	22	-8.3	+1.9	74	0-0	-	5.4	-	1.4	NE	Nil	7.85	23
Ramsgate Res.	3	-10.0	+5.0	77	0-0	-	-	-	3.1	2	Nil	7.78	6
Petroz NL	49	-19.9	-1.7	93	3-0	8	0.9	2	1.1	41	Nil	7.73	96
Bougainville Co	18	-20.2	+0.9	93	0-0	-	-	-	1.5	12	Nil	7.45	70
Medical Innovat	31	-4.2	+4.4	62	0-0	-	30.5	-	1.2	14	Nil	7.04	9
Lion Selection	61	-5.5	-1.4	67	0-0	-	0.6	-	1.0	NE	Nil	7.02	61
Aust Tourism	65	-0.2	+0.0	45	0-0	-	0.9	6	1.0	15	10.8	6.07	136
Mid-East Min'ls	109	-1.2	-0.4	49	0-0	-	0.8	-	0.9	NE	Nil	5.76	23
Innerhadden	39	-4.9	+2.8	64	0-0	-	0.6	-	1.1	NE	Nil	5.54	16
Woodside Petrol	825	-7.2	+0.4	72	0-0	18	-	-	0.6	18	2.8	5.36	5,500
Cinema Plus	138	-7.0	+1.1	71	0-0	3	3.5	24	0.8	15	2.8	5.23	104
Pacific Energy	50	-22.8	+8.5	95	4-0	-	-	-	1.1	NE	Nil	5.13	7
Bligh Ventures	126	-6.7	-0.7	70	0-0	-	0.7	3	0.9	24	Nil	5.08	9
Carillon Dev.	165	-1.7	+1.9	51	0-0	-	0.5	4	0.8	14	4.2	4.83	40
Charter Towers	15	-4.2	-0.1	62	0-0	-	-	-	1.6	3	Nil	4.79	24
Tectonic Res.	9	-13.4	+1.7	83	0-0	-	-	-	1.9	NE	Nil	4.72	11
Oil Search Ltd	138	-17.7	-3.3	89	0-0	13	-	-	0.8	43	Nil	4.32	647
Lihir Gold	134	-10.2	-4.3	77	0-0	14	-	-	0.8	186	Nil	4.22	1,262
Alamain Invest.	10	-4.0	-1.9	61	0-0	-	1.1	0	1.8	714	Nil	4.08	7
Aust Authorised	45	-21.6	+4.1	94	0-0	-	4.5	-	1.1	NE	Nil	4.00	13
Ross Mining NL	87	-0.1	-4.7	44	1-1	10	-	-	0.9	NE	2.3	3.93	183
Nat'l Mutual	273	-3.8	-0.7	60	0-0	11	1.5	6	0.7	23	3.2	3.61	4,811
Formida Holding	148	-11.1	-9.1	79	0-0	-	11.4	-	0.8	NE	Nil	3.58	14
Micromedical	20	-2.5	+5.9	54	1-0	1	6.5	-	1.4	NE	Nil	3.52	16
West Aust News	555	-0.1	+0.9	44	0-0	12	37.0	-	0.7	16	6.5	3.52	1,072
Helm Corporatio	62	-3.9	+0.5	61	0-0	-	0.7	1	1.0	124	Nil	3.47	25
Tap Oil	69	-13.8	-2.0	84	0-0	4	-	-	1.0	18	Nil	3.41	79
Santos Ltd	451	-4.5	-0.0	63	1-0	19	-	-	0.7	13	5.5	3.19	2,732
Energy Equity	33	-18.1	+3.1	91	0-0	3	0.6	2	1.2	33	Nil	3.17	91
Ammtec Ltd	97	-2.3	+0.7	54	0-0	1	3.9	28	0.9	14	8.8	2.96	17
Bligh Oil & Min	17	-24.0	+1.0	96	0-0	-	-	-	1.5	NE	Nil	2.84	21

Company	Share Price	Strength Rating Current	Strength Rating 4-Wk Chg.	Strength Rating Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
Aust Platinum	26	-11.5	+2.6	80	0-0	-	-	-	1.3	10	3.8	2.67	6
Bass Strait Oil	355	-7.0	-1.4	71	0-0	-	0.8	8	0.7	10	7.4	2.65	156
St Frances Min.	4	-20.6	+0.9	93	0-1	-	-	-	2.7	NE	Nil	2.65	6
Orogen Minerals	146	-17.2	-2.5	89	0-0	5	-	-	0.8	11	4.4	2.64	469
Hillgrove Gold	6	-8.4	-5.4	74	0-0	-	-	-	2.2	NE	Nil	2.64	19
Niugini Mining	195	-7.8	-1.8	72	0-0	4	-	-	0.8	28	Nil	2.62	229
Orbital Engine	46	-16.5	-3.9	88	2-0	2	9.2	-	1.1	NE	Nil	2.40	149
China Cons	18	-17.5	-2.0	89	0-0	-	0.4	13	1.5	3	Nil	2.40	93
Magellan Petrol	138	-16.9	+0.2	88	0-0	-	-	-	0.8	12	7.2	2.39	33
Atlas Pacific	16	-13.3	-0.1	83	2-0	-	1.0	15	1.5	7	Nil	2.12	8
Precious Metals	44	-6.9	+1.4	71	1-2	-	-	-	1.1	NE	Nil	2.09	39
Sunraysia TV	1400	-1.3	+3.1	50	0-0	-	2.7	13	0.6	20	0.8	2.03	160
Gympie Gold	34	-4.4	+0.9	63	0-0	2	0.6	4	1.2	17	Nil	1.99	39
Gowing Brothers	205	-1.1	-0.3	49	0-0	-	0.9	3	0.8	30	1.7	1.98	98
East'n Aluminiu	118	-1.3	-1.2	50	0-0	8	2.1	7	0.9	30	3.8	1.94	130
Normandy NFM	330	-11.6	+0.8	80	0-0	11	-	-	0.7	7	7.6	1.92	251
Forbio	180	-1.8	+1.3	52	0-0	-	3.2	-	0.8	NE	Nil	1.92	50

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average

Company	Share Price	Strength Rating Current	Strength Rating 4-Wk Chg.	Strength Rating Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
Pacific Matrix	2	-31.2	+2.2	98	0-0	-	0.2	-	3.4	NE	Nil	N/A	7
Churchill Res	7	-28.7	-0.2	98	0-0	-	-	-	1.9	NE	Nil	N/A	6
City View	75	-28.3	+0.0	98	0-0	-	-	-	0.9	NE	Nil	N/A	10
Formulab Neuro.	2	-27.9	+3.4	97	0-0	-	1.9	-	3.4	NE	Nil	0.36	7
An Feng K'strm	10	-27.1	+2.0	97	1-0	-	0.1	-	1.7	NE	Nil	N/A	63
Preston Resourc	90	-26.0	-0.6	97	1-0	1	-	-	0.9	NE	Nil	N/A	56
Coplex Resource	7	-26.0	+1.6	97	0-0	-	-	-	2.0	NE	Nil	N/A	14
Ballarat Gold	9	-25.5	-4.9	97	0-0	-	-	-	1.8	NE	Nil	N/A	8
MBF Carpenters	4	-25.1	+2.5	97	0-0	-	0.3	5	2.4	6	Nil	N/A	22
Anvil Mining	5	-24.6	-0.6	96	0-1	-	-	-	2.2	NE	Nil	N/A	5
Bligh Oil & Min	17	-24.0	+1.0	96	0-0	-	-	-	1.4	NE	Nil	2.84	21
Cultus Petrol.	43	-23.7	-1.6	96	0-0	7	-	-	1.1	NE	Nil	0.94	88
Sydney Oil Co	4	-23.0	+0.7	96	0-0	-	0.4	-	2.4	NE	Nil	N/A	8
Pacific Energy	50	-22.8	+8.5	95	4-0	-	-	-	1.0	NE	Nil	5.13	7
Highland Pac.	22	-21.9	-0.8	95	1-0	-	21.5	-	1.3	NE	Nil	N/A	45
Plenty River	25	-21.8	+5.2	95	0-0	-	1.1	-	1.2	NE	Nil	N/A	7
Cendant Aust.	35	-21.7	-0.1	95	0-0	-	1.4	2	1.1	64	Nil	0.69	10
Aust Authorised	45	-21.6	+4.1	94	0-0	-	4.5	-	1.0	NE	Nil	4.00	13
Esperance Min.	30	-20.7	-1.7	94	0-0	-	-	-	1.2	NE	Nil	N/A	6
St Frances Min.	4	-20.6	+0.9	93	0-1	-	-	-	2.5	NE	Nil	2.65	6

Company	Share Price	Strength Rating Current	Strength Rating 4-Wk Chg.	Strength Rating Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
Bougainville Co	18	-20.2	+0.9	93	0-0	-	-	-	1.4	12	Nil	7.45	70
Petroz NL	49	-19.9	-1.7	93	3-0	8	0.9	2	1.0	41	Nil	7.73	96
Pelsart Res.	1	-19.9	-4.3	93	0-0	-	-	-	5.0	NE	Nil	N/A	6
Novus Petroleum	138	-19.6	+0.0	92	0-0	9	0.9	-	0.8	NE	Nil	1.41	153
London Secur.	49	-19.2	+2.4	92	0-0	-	-	-	1.0	NE	Nil	N/A	11
Diamond Rose	33	-18.7	+6.6	92	0-0	-	-	-	1.1	NE	Nil	N/A	18
Medical Corp	7	-18.4	-2.7	91	0-0	-	0.4	-	2.0	NE	Nil	0.61	6
Union Mining NL	3	-18.2	-0.1	91	1-0	-	-	-	3.0	NE	Nil	0.40	6
Capricorn Res.	9	-18.1	+4.4	91	0-0	-	-	-	1.8	NE	Nil	N/A	9
Astro Mining NL	60	-18.1	-0.2	91	0-0	-	-	-	1.0	NE	Nil	N/A	43
Energy Equity	33	-18.1	+3.1	91	0-0	3	0.6	2	1.1	33	Nil	3.17	91
Kilkenny Gold	15	-18.1	+0.9	91	2-0	-	-	-	1.5	NE	Nil	N/A	9
Lend Lease Corp	2155	-17.9	-4.2	90	0-1	12	3.4	23	0.6	15	5.0	1.58	10,841
Menzies Gold NL	9	-17.8	-5.4	90	0-0	-	-	-	1.8	NE	Nil	N/A	11
Citistate	9	-17.8	+1.2	90	0-0	-	0.4	-	1.8	NE	Nil	0.44	7
Quantum Res.	25	-17.8	-0.7	90	2-0	-	-	-	1.2	NE	Nil	N/A	44
Oil Search Ltd	138	-17.7	-3.3	89	0-0	13	-	-	0.8	43	Nil	4.32	647
Oxiana NL	5	-17.7	-1.7	89	1-0	-	-	-	2.2	NE	Nil	N/A	7
Axiom Property	8	-17.6	+0.7	89	0-0	-	0.4	-	1.8	NE	Nil	0.57	13
Darling Park Tr	84	-17.5	+2.7	89	0-0	4	1.0	-	0.9	NE	Nil	N/A	109
China Cons	18	-17.5	-2.0	89	0-0	-	0.4	13	1.4	3	Nil	2.40	93
Orogen Minerals	146	-17.2	-2.5	89	0-0	5	-	-	0.8	11	4.4	2.64	469
Amway Asia Pac	1350	-17.2	-3.2	89	0-0	-	-	-	0.6	NE	Nil	N/A	811
Hallmark Gold	17	-16.7	+2.5	88	0-0	-	-	-	1.4	NE	Nil	N/A	7
Orbital Engine	46	-16.5	-3.9	88	2-0	2	9.2	-	1.0	NE	Nil	2.40	149
Coca-Cola Bev.	242	-16.5	-1.7	88	0-0	2	-	-	0.7	NE	Nil	N/A	2,582
Calliope Metals	27	-16.4	-2.8	88	0-0	-	5.4	-	1.2	NE	Nil	N/A	10
Leo Shield	6	-16.1	-1.8	88	0-0	-	-	-	2.1	NE	Nil	N/A	9
CDS Tech	131	-16.1	+1.1	88	0-0	-	-	-	0.8	NE	Nil	N/A	35
Centaur Mining	38	-16.0	+2.7	88	1-0	8	-	-	1.1	NE	Nil	1.55	165

INSIDER SELLING: Most Insider Selling, Relative Strength < 0

Company	Share Price	Strength Rating Current	Strength Rating 4-Wk Chg.	Strength Rating Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
Ranger Minerals	375	-2.2	-2.6	53	1-5	8	-	-	0.7	NE	Nil	N/A	253
Buderim Ginger	98	-0.3	+0.5	46	0-3	-	1.2	8	0.8	15	5.1	0.80	19
Metex Resources	14	-7.8	-1.8	72	1-4	-	0.7	-	1.4	NE	Nil	N/A	10
Werrie Gold Ltd	70	-6.9	-0.8	71	0-2	-	2.3	-	0.9	NE	Nil	N/A	42
MacMahon Hold	39	-1.8	-1.7	52	0-2	8	0.5	8	1.0	7	9.0	0.13	61
Gindalbie Gold	15	-3.4	-0.1	59	0-2	-	0.8	-	1.4	NE	Nil	N/A	8
Capital Energy	1	-31.5	-1.4	98	0-2	-	-	-	6.3	NE	Nil	0.44	2
Montague Gold	5	-11.2	+1.5	79	0-2	-	-	-	2.1	NE	Nil	N/A	2
Atkins Carlyle	380	-1.3	+0.4	50	2-4	9	1.6	12	0.7	13	6.1	0.29	123

Sky City Instalment Receipts

Do **Sky City** instalment receipts offer investors a "19% enhanced yield", as the full page advertisement in the daily newspaper states, or perhaps an even greater yield as the advertisement goes on to claim "a higher cash amount is however expected"? Is this a high income investment? Or is this all just another way to lie with statistics to give Brierley Investments the highest possible price?

In its last *full year* of operation (i.e. to June 30, 1998) Sky City paid shareholders total dividends of 29.0 cents (plus full imputation tax credits).

Just in time for this share sale, Sky City has announced a 33.8% increase in profits and very generously increased the interim dividend by almost twice that amount - by 58.3% to 17.0 cents.

Assuming that the half yearly dividends do remain at 17.0 cents, investors would collect 51 cents in dividend over the next 12½ months. Add in full imputation tax credits and, yes, that is a 19.0% gross yield on the initial instalment price of $4.00.

However, there are three other important factors to take into account.

Firstly, "with the impact of Millennium celebrations, APEC and the America's Cup the future looks very good" states the advertisement - so perhaps future half yearly dividends will be higher than 17.0 cents.

On the other hand, most of Sky City's "12,100 daily customers" are NZ residents, not foreign tourists. Millennium celebrations and the America's Cup *may* offer alternative entertainment to casual NZ "customers" (and the *regular* NZ customers - perhaps better known in other circles as "problem gamblers" - will eventually exhaust their life savings).

Secondly, buying instalment receipts for $4.00 now and an unknown payment in 12½ months time is like buying a major home appliance for "$19.99 per week" - without first asking for *how many years* the payments will go on, or the interest rate being charged!

Most people who have saved enough money to be able to invest in the stockmarket *wouldn't* go into a shop and make a purchase on such unknown terms with no rights of return or cancellation - so why *commit* yourself to buying shares at an unknown price.

In fact, the final instalment will be set through an "institutional tender". This process will effectively take the current price of Sky City shares at the date of the tender, deduct the $4 first instalment and *add interest* to the balance outstanding.

So if the price of Sky City remains at $7.30 the final instalment is likely to be around $3.55-3.60. (Of course, if the Sky City ordinary share price changes from $7.30 before the tender is completed then the final instalment will be higher or lower by a similar amount.)

Although investors will collect around 51 cents in tax-paid *income*, the total *capital* cost of investing via the instalment receipts will be 25-30 cents *higher* than simply buying the fully paid ordinary shares on the stockmarket! *(Continued on Page 14)*

Sky City *(Continued from Page 13)*

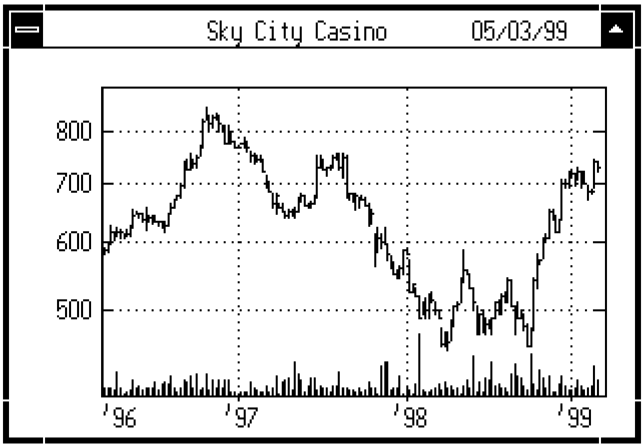
The extra income that Brierley Investments is giving investors via the instalment receipts will need to be paid back in the higher final instalment! There really is no such thing as a "Free Lunch"!

Finally (and let us make it clear that we are certainly not suggesting that Brierley Investments would *ever* be involved in anything like this) the use of instalment receipts to sell shares to the public *before* the final price is set (via an institutional tender) is open to abuse and share price manipulation by an unscrupulous operator.

Where the shareholder selling the instalment receipts owns a major shareholding there is likely to be a fairly tight scrip situation. A few million dollars of quiet share buying on the stockmarket (by interests friendly to the major shareholder seeking to sell out) could significantly inflate the market price (and therefore the final instalment price) adding *tens of millions* to the proceeds received from the sale.

In NZ, one could even do this share buying openly and perhaps justify it by saying the shares were bought to fill over-subscriptions!. Of course, no-one has ever been successfully charged with illegal insider buying or share manipulation under NZ law.

Such manipulation, however, would not be possible where a shareholder sought to sell out via the normal placement and sale of the ordinary (fully paid) shares.



"Neglect" Ratings of NZ Shares

"Neglected" Shares = 1-6 Brokers,
"Moderately Followed" Shares = 7-8 Brokers,
"Widely Followed" Shares = 9 or more Brokers.

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ M)	Company	No. of Brokers Following Company	Market Capital-isation (NZ$ M)
AMP NZ Office	5	265	Milburn NZ Ltd	2	323
Affco Holdings	1	43	NZ Refining Co	5	406
Air New Zealand	10	1,496	Natural Gas	7	659
Akd Int Airport	8	1,180	Newmarket Prop.	1	46
BOP Electricity	4	134	Northland Port	3	41
Baycorp Hold	5	335	Nuplex Indust	6	170
Brierley Invest	7	1,254	Owens Investmts	7	76
CDL Hotel NZ	6	101	PDL Holdings	4	70
Carter Holt	9	2,889	Pacific Retail	4	63
Cavalier Corp	4	126	Port Tauranga	7	349
Ceramco Corp	5	51	Ports Auckland	7	861
Col Motor Co	1	73	Progressive Ent	6	471
Corp Invest Ltd	7	352	Property F Ind.	5	92
DB Group	8	247	Qest (Enerco)	2	484
Donaghys Ind	2	37	Restaurant Brds	6	122
East'n Equities	1	22	Sanford Limited	6	359
FC - Energy	10	1,242	Shortland Prop.	6	163
FC - Paper	9	950	Sky City Ltd	8	716
FC - Forests	10	731	Sky Network TV	8	1,042
FC - Building	8	1,029	South Port NZ	2	30
Fernz Corp Ltd	8	809	St. Lukes Group	7	285
Fisher & Paykel	7	788	Steel & Tube	7	160
Force Corp.	3	84	Tasman Agric.	5	99
Guiness Peat	4	748	Taylors Grp Ltd	2	26
Hallenstein G.	6	165	Telecom Corp	13	16,731
Hellaby Hold.	4	108	Tourism Hold.	6	96
Ind Newspapers	8	1,098	Trans-Tasman	6	138
Infratil Int'l	1	36	Trans Alta NZ	8	617
Infratil NZ	4	263	Tranz Rail Hold	8	531
Kiwi Property	8	338	Trust Power Ltd	6	398
LWR Industries	2	52	United Networks	2	924
Lion Nathan Ltd	9	2,437	Warehouse Group	7	1,045
Lyttelton Port	4	173	Waste Mgmt NZ	2	337
Mainfreight Grp	6	99	Wrightsons Ltd	4	50
Metro. LifeCare	2	142	Zuellig NZ	1	41
Michael Hill	3	118			

Dividend$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Air New Zealand	6.00	22-03	01-04	Nil
AMP Office Trust	4.869659	14-03	26-03	Nil
Auckland Airport	2.90	01-03	11-03	Full
Baycorp Holdings	14.00	22-03	26-03	Full
CDL Hotels	0.75	06-04	16-04	Full
CDL Investments	2.00	19-04	30-04	Full
Cavalier Corporation	8.00	08-03	19-03	Full
Corporate Investments	1.50	22-03	06-04	Full
Designer Textiles	1.00	29-03	04-04	Full
Ebos Dental	9.00	15-03	19-03	Full
FC - Building	6.00	15-03	01-04	Full
FC - Energy	7.00	15-03	01-04	Full
FC - Paper	1.50	15-03	01-04	Full
Force Corporation	1.00	15-03	19-03	Full
Hellaby Holdings	7.00	04-04	09-04	Full
Independent Newspapers	12.00	22-03	01-04	Full
Lyttelton Port	2.75	22-03	26-03	Full
Michael Hill International	5.50	15-03	22-03	Full
National Property Trust	4.29	22-02	26-02	0.422
Nuplex Industries	5.50	06-04	-	Full
Natural Gas Corporation	5.00	08-03	15-03	Full
NZ Light Leathers	10.00	12-04	22-04	Full
NZ Refining Company	100.00	19-04	-	Nil
Port of Tauranga	5.00	15-03	26-03	Full
Port of Tauranga (special)	20.00	15-03	26-03	Full
Ports of Auckland	9.00	08-03	-	Full
Property For Industry	2.4279	15-03	16-03	0.008
Sky City Ltd	17.00	19-04	30-04	Full
South Eastern Utilities	4.00	01-04	09-04	Full
South Port	2.00	08-03	26-03	Full
St Lukes Group	3.90	22-03	01-04	0.278
Taylors Group	2.00	08-03	19-03	Full
Telecom NZ	11.50	01-03	10-03	Full
Tranz Rail	8.50	15-03	-	Nil
Waste Management NZ	6.80	15-03	-	Full
Australian Dividends				
Abigroup	6.00	-	15-04	-
Central Equity	3.00	18-03	31-03	-
Data#3	5.50	12-04	30-04	-
Flight Centre	6.50	-	-	-
PMP Communications	10.40	09-03	15-03	-
Thakral Holdings	2.60	-	-	-
Toll Holdings	10.00	-	-	-
Vision Systems	14.00	-	-	-

"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 Company	Market Capital-isation (A$ Mill.)
A.G.L.	12	3,534
A.P. Eagers	2	53
A.V. Jennings	1	90
AAPT	8	1,130
AJ Indust Fund	3	120
AJ Office	5	260
AJ Retail	4	297
AMP Ind Prop Tr	4	327
AMP Ltd	11	19,466
AMP Office Trt	6	601
AMP Shop Centre	5	883
ANZ Bank	17	16,258
APN News Media	10	655
ARB Corporation	3	65
ARC Energy	1	15
AWA Ltd	1	172
Abigroup Ltd	2	124
Acacia Resource	16	580
Adelaide Bank	11	443
Adelaide Bright	9	142
Adsteam Marine	6	230
Adtrans Group	1	41
Advance Prop	5	651
Alpha Health	1	20
Amalgamated Hld	4	576
Amcor Ltd	15	4,935
Ammtec Ltd	1	17
Amrad Corp.	3	151
Anaconda Nickel	5	328
Antaeus Energy	1	47
Ariadne Aust	1	92
Aristocrat	7	1,006
Ashton Mining	7	186
Asia Pac Spec	4	67
Atkins Carlyle	9	123
Aurora Gold	12	143
Ausdoc Group	8	229
Ausdrill Ltd	3	41
Auspine Ltd	5	105
Aust Resources	5	69
Aust Oil & Gas	1	74
Aust Gth Prop.	2	160
Aust Infra.	2	301
Aust Hospital	7	192
Aust Stock Exch	4	1,371
Aust Com Prp Tr	2	156
Aust Pharm. Ind	3	331
Australand Hold	3	375
Austrim Ltd	4	771
Austral Ltd	1	217
Auto Group Ltd	1	29
Avatar Indust.	2	86
B.H.P.	17	24,804
BRL Hardy Ltd	12	881
BT Hotel Group	4	224
BT Office	5	0
BT Property	4	348
BT Sydney	1	319
Bank of Q'land	8	343
Bank of W.Aust	14	1,544
Beaconsfield Gl	1	54
Becker Group	1	25
Bendigo Sand.	4	372
Beyond Int'l	2	34
Biota Holdings	2	384
Blackmores Ltd	1	74
Boag (J) & Son	2	33
Boral Ltd	16	2,640
Brambles Ind.	15	9,300
Brandrill	3	45
Brazin Limited	5	449
Breakwater Is.	2	29
Brickworks Ltd	3	474
Bridgestone	1	121
Bristile Ltd	4	119
Bunnings W/hse	1	154
Burns Philp	3	114
Burswood Ltd	12	397
C & W Optus	13	13,518
C'wide Ret Trt	4	352
C.S.R. Ltd	16	3,810
CI Technologies	4	255
CIM Resources	2	14
CPI Group	8	99
CSL Limited	8	1,869
Caltex Austrlia	6	1,037
Candle Aust.	7	66
Capcount Prop.	4	271
Capital Prop.	6	384
Capral Alum.	12	446
Cent Norseman	1	104
Centaur Mining	8	165
Centro Prop.	3	513

Company	No. of Brokers Following Company	Market Capital-isation (A$ Mill.)
Central Equity	1	160
Cinema Plus	3	104
Cleland	1	40
Clough Limited	2	261
Coal & Allied	4	667
Coates Hire	7	252
Coca-Cola Bev.	2	2,582
CocaCola Amatil	16	5,958
Cochlear Ltd	7	505
Coffey Int'l	1	26
Col FS Com Prop	4	260
Coles Myer	16	9,861
Collins Ind	3	356
Colly Cotton	1	137
Colonial Ltd	13	5,484
Colonial Retail	4	361
Com'wealth Bank	17	22,979
Comalco Ltd	15	3,218
Computer Share	2	1,208
Cons Manufact.	2	10
Cons Rutile	5	135
Corp Express	1	158
Coventry Group	3	170
Crane Group	8	380
Cranswick Wines	1	43
Crevet Ltd	3	15
Croesus Mining	1	33
Crown Ltd	13	816
Cultus Petrol.	7	88
Cuppa Cup Vine.	1	32
Cypress Lakes	1	19
Darling Park Tr	4	109
Data 3 Ltd	1	42
Data Advantage	3	460
David Jones	14	629
Davids	7	300
Delfin Property	3	133
Delta Gold NL	13	554
Dev Capital Aus	1	56
Devine	1	48
Dollar Sweets	1	76
Downer Group	1	246
E.R.G.	2	291
ETRADE Aust.	1	76
East'n Aluminiu	8	130
Eltin	7	126
Email Ltd	14	846
Emperor Mines	3	59
Energy Equity	3	91
Energy Resource	8	243
Energy Develop.	6	289
Envestra	2	357
Evans Deakin	8	395
FAI Insurance	5	239
FAI Life	2	198
FXF Trust	2	194
Fairfax (John)	14	2,819
Faulding (F.H.)	10	1,283
Finemore Hold	6	122
First Aust Bldg	1	108
Fleetwood Corp	1	35
Flight Centre	2	470
Flinders Ind PT	1	180
Foodland Assoc	12	1,133
Forest Place Gr	2	54
Forrester Kurts	2	131
Foster's Brewin	18	8,233
Franked Income	3	1,523
Freedom Furn.	10	128
Futuris Corp.	8	1,056
G.U.D. Holdings	9	155
GIO Australia	13	2,836
GWA Internat'l	10	685
Gandel Retail T	6	1,260
General Prop Tr	8	3,756
Ges Internat'l	1	103
Goldfields	10	298
Goodman Hardie	3	181
Goodman Fielder	16	1,981
Graincorp	1	289
Grand Hotel	4	285
Great Central	14	460
Gunns Ltd	1	46
Gympie Gold	2	39
HIH Insurance	12	971
Hardie (James)	12	1,241
Hargraves Res.	2	25
Harris Scarfe	7	121
Harvey Norman	11	3,154
Healthscope	2	27
Henry Walker Gr	9	204
Hill 50 Gold	3	99
Hills Motorway	4	833

Company	No. of Brokers Following Company	Market Capital-isation (A$ Mill.)
Hills Indust.	4	282
Homemaker Prop.	1	131
Hoyts Cinemas	9	539
IAMA Ltd	5	207
Incitec	8	744
Indust Inv Trt	2	213
Indust Property	5	200
Infratil Aust.	4	289
Infrastructure	2	793
Ipoh Garden	2	211
Jupiters	11	941
Just Jeans Grp	8	125
K&S Corporation	4	51
Keycorp ltd	1	79
Kidston Gold	8	55
L & G Ind Prop	1	122
Lang Corporatio	6	570
Leighton Hold	11	1,434
Leisure Wide PT	2	91
Lemarne Corp	1	47
Lemvest Ltd	1	46
Lend Lease Corp	12	10,841
Lihir Gold	14	1,262
M.I.M. Holdings	17	1,158
MacMahon Hold	8	61
Macquarie Bank	10	2,812
Maxi TRANS	1	41
Mayne Nickless	15	1,810
McConnell Dowel	1	121
McGuigan Wines	5	116
McPherson's Ltd	2	29
Metalcorp Ltd	3	106
Metal Manufact.	4	346
Micromedical	1	16
Millers Retail	3	95
Mirvac Property	5	532
Mirvac Ltd	5	429
Morgan & Banks	3	380
Namoi Cotton	2	80
Nat'l Foods	12	885
Nat'l Mutual	11	4,811
Nat'l Aust Bank	17	40,182
Nat'l Can	1	144
Nat'l Mut. Prop	4	920
Nautronix Ltd	4	58
New Cap Reinsur	4	37
Newcrest Mining	18	639
News Corporatio	15	23,174
Niugini Mining	4	229
Norm Mt Leyshon	10	147
Normandy NFM	11	251
Normandy Mining	18	2,278
Norman Wines	2	40
North Ltd	18	1,743
Novogen Ltd	1	195
Novus Petroleum	9	153
OPSM Protector	8	427
Oil Search Ltd	13	647
Orbital Engine	2	149
Orica Ltd	10	2,331
Orogen Minerals	5	469
PBL	15	4,613
PMP Communicat.	10	826
Pacific Hydro	1	65
Pacific Dunlop	15	2,738
Pacific Mining	2	151
Pacific Group	12	705
Paladin Com.	4	403
Paladin Ind.	4	176
Parbury Ltd	3	36
Pasminco Ltd	18	1,439
Peptide Tech.	1	96
Perilya Mines	2	24
Perp Trust Aust	2	730
Perseverance	2	14
Petaluma Ltd	8	116
Peter Lehman W.	5	71
Petroz NL	8	96
Petsec Energy	3	39
Pioneer Int'l	16	2,564
Pipers Brook	1	32
Pirelli Cables	1	64
Portman Mining	6	88
Preston Resourc	1	56
Primary Health	1	134
Prime Indust.	4	570
Prime Retail	1	95
Prime Credit PT	5	431
Prime TV	6	192
Progen Indust.	1	88
Property Income	4	515
Prophecy Int'l	1	145
Q.B.E. Insur.	12	2,371

Company	No. of Brokers Following Company	Market Capital-isation (A$ Mill.)
Q.C.T. Resource	14	523
Qantas	15	5,114
Queens'd Cotton	3	133
Queensl'd Metal	3	146
Ramsay Health	8	157
Ranger Minerals	8	253
Rebel Sport	6	46
Rec. Solutions	2	36
Reinsurance Aus	10	352
Resolute Saman.	13	256
Ridley Corp.	9	224
Rio Tinto Ltd	17	12,269
Roberts Ltd	1	19
Rock Building	1	41
Ross Mining NL	10	183
Rothmans Hold	8	1,707
Rural Press Ltd	9	537
Ruskin Indust.	1	9
Santos Ltd	19	2,732
Savage Res.	13	452
Scanbox AsiaPac	1	8
Schroder Prop.	9	1,019
Scientific Serv	2	46
Sea World PT	2	191
Seven Network	14	1,564
Siddons Ramset	7	318
Simeon Wines	10	241
Simsmetal Ltd	8	494
Singleton Group	1	109
Skilled Eng.	8	178
Smith (Howard)	12	2,473
Sonic Health	7	498
Sons of Gwalia	16	559
Soul Pattinson	2	752
Southcorp Ltd	14	3,766
Spicers Paper	8	230
Spotless Serv.	7	428
Spotless Group	7	601
St George Bank	14	4,725
Star City Hold.	12	605
Sthn Cross Brd.	4	258
Sthn Star	2	148
Stockland Trust	6	1,529
Straits Res.	3	20
Strathfield Grp	1	160
Suncorp Prop.	1	57
Suncorp-Metway	10	1,884
Sydney Aquarium	5	95
TAB Ltd	13	1,730
TDG Logistics	1	61
TV Media Serv.	4	0
Tabcorp Holding	14	3,527
Tap Oil	4	79
Techniche Ltd	1	32
Telecasters Aus	4	156
Telstra	18	36,868
Tempo Services	5	111
Ten Network	11	894
Thakral Holding	1	310
Ticor Ltd	4	214
Timbercorp	2	124
Toll Holdings	5	217
Tourism Aust.	2	192
Triplecee Ret.	2	119
Tyndall Aust.	3	715
United Group	8	215
United Energy	5	935
Village Ent PT	1	162
Villa World	3	89
Village Road.	7	611
Vision Systems	2	96
Walker Corp.	2	219
Watpac Ltd	2	36
Wattyl Ltd	11	379
Wesfarmers Ltd	12	4,268
West Aust News	12	1,072
West'n Metals	11	161
Western Mining	18	5,736
Westfield Trust	7	4,905
Westfield Amer.	3	1,438
Westfield Hold.	8	5,011
Weston (George)	2	759
Westpac Prop Tr	4	493
Westpac Banking	17	20,110
Westral'n Sands	9	924
Westral'n Fores	1	84
White (J) Malt	1	60
Wide Bay Cap'n	1	63
Wills (WD & HO)	8	581
Woodside Petrol	18	5,500
Woolworths Ltd	16	5,865
Yates (Arthur)	7	75

Current Issues

SHARE REPURCHASES

	Price	Ratio
Infratil (1)	-	-
NZ Oil & Gas (2)	-	-
Progressive Enterprises (3)	-	1:4
Sky City (4)	-	-
Tranz Rail (5)	-	-
Wrightson (6)	-	-

(1) Infratil NZ plans to buy-back up to 10% of its capital on-market.
(2) NZ Oil & Gas plans to re-purchase up to 5% of its capital on-market.
(3) Progressive Enterprises is planning a 1 in 4 compulsory pro-rata share buy-back to distribute around $80 million in cash.
(4) Sky City plans to buy-back up to 7.5% of its capital on-market.
(5) Tranz Rail plans to re-purchase 5% of its capital on-market.
(6) Wrightsons "up to $50 million" buy-back will continue through March and April.

NEW ISSUES

	Price	Date	EPS	DPS
Contact Energy	-	-	-	-

Contact Energy is accepting registrations of interest from the public for its upcoming share offer. Investors that register now are being offered at least a 25% larger minimum application than people who simply apply for shares when the prospectus is published.

So what do we know about Contact Energy? It is a state owned enterprise, the Government wants to sell 40% to an overseas shareholder and 60% to the public and the company has something to do with electricity. Beyond that, few details have been released.

No-one, for example, knows what level of profits are expected, or what dividend distributions investors are likely to receive over the next few years. The *number* of shares nor the *price* at which they will be offered to the public has also not yet been determined.

Therefore it is impossible to say whether the shares will be under-valued or over-valued, an *income* or a *growth* investment, or whether this is a company that you should seek to buy shares in or to avoid.

All that investors can do at this stage is to register your *possible* interest and wait for the release of some actual details or prospectus before making an assessment of the company and a decision whether to buy shares or not.

We shall review the company in “Market Analysis” and earlier on our website (www.stockmarket.co.nz) if details become available before our next newsletter publication date.

“Insider” Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Held Before	After
05/02/99					
Pacific Retail	Logan	Buy	+0.495	69.86%	70.955
Tranz Rail	Franklin Resources	Buy	+1.220	5.33%	6.34%
12/02/99					
Affco Holdings	GAM Int'l Growth	Buy	+10.350	0.0%	5.06%
Apple Fields	Societe Generale	Sell	-0.766	5.02%	2.40%
Fernz Corporation	Harris Associates	Sell	-1.500	8.07%	7.03%
Force Corporation	Armstrong Jones	Buy	+4.000	3.80%	6.40%
Shortland Properties	Bankers Trust	Sell	-10.000	7.48%	4.13%
19/02/99					
Eastern Equities	Royal Sun Alliance	Sell	-0.086	5.22%	4.97%
Restaurant Brands	Tower Corporation	Buy	+4.267	0.0%	5.02%
Tourism Holdings	National Mutual	Sell	-1.100	10.62%	8.68%
Wrightson Limited	BA Pensions	Buy	+8.094	0.0%	5.90%
26/02/99					
Advantage Group	Romney	Sell	-0.400	9.37%	8.37%
NZ Rural Properties	Friday Holdings	Buy	+1.794	0.0%	10.29%
05/03/99					
AMP Office Trust	Bankers Trust	Sell	-3.725	12.24%	11.50%
Ceramco Corporation	Tower Corporation	Sell	-0.657	11.94%	10.37%

None of the “insider” trades last month are of any significance or interest, except perhaps some slight profit-taking by a major shareholder in **Advantage Group** whose share price has recovered strongly over recent months.

Total Return Index for All Listed Shares

Feb 8	2062.29	Feb 15	2029.70
Feb 9	2050.16	Feb 16	2035.85
Feb 10	2021.35	Feb 17	2037.45
Feb 11	2033.32	Feb 18	2037.00
Feb 12	2036.93	Feb 19	2045.19
Feb 22	2048.05	Mar 1	2000.33
Feb 23	2040.49	Mar 2	1986.02
Feb 24	2026.27	Mar 3	1981.83
Feb 25	2000.61	Mar 4	1986.47
Feb 26	2005.64	Mar 5	1989.24

Internet Password

“Market Analysis” is published on the Internet in full (www.stockmarket.co.nz) but password protected to prevent unauthorised access by non-subscribers. That password will be changed every month:

March's Password   April's Password

Please keep these passwords confidential!

Change in Internet Edition of “Market Analysis”

From the April edition, we plan to change the way we publish “Market Analysis” on the internet.

In future, the newsletter will be published in Adobe PDF (portable document file) format. This will allow subscribers to quickly download the newsletter from the internet, and then view on screen or print out a newsletter formatted exactly the same as the print edition, including graphics.

To read this document, subscribers (who don't already have it) will need to install **Adobe Acrobat Reader** on their computer - which can be downloaded from the Adobe site (www.adobe.com) free of charge.

Next Issue

The next issue of “Market Analysis” will be posted in five weeks time on Tuesday April 13, 1999.

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