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

# Market Analysis

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## Inside Market Analysis



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## Summary and Recommended Investment Strategy.

Our forecasts for the New Zealand and Australian stockmarkets are unfavourable. These markets, however, offer good value (especially when compared to the rest of the world) and we are happy to continue holding existing shareholdings. New investment money (from savings and dividends) can be used to build up a small cash reserve for investment when the stockmarket outlook improves.

## Investment Outlook.

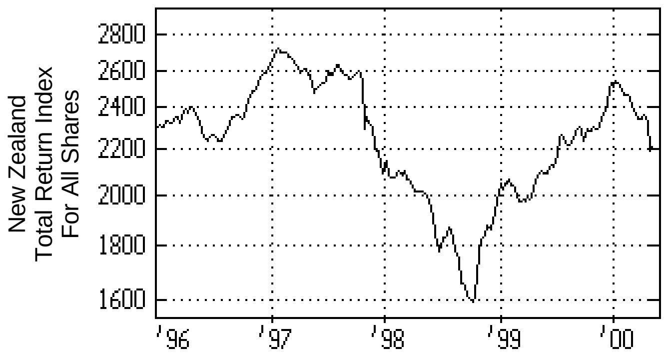
Internet shares are <u>not</u> attractive “buys” after recent falls. While prices may bounce higher, this is the start of the deflation of the Internet Bubble. So further price declines lie ahead. Nearly every Internet company is unprofitable and *depends* upon equity capital to fund its operating cash outflows. Lower share prices will make it more difficult, if not impossible, for companies to continue to raise money from investors. When they run out of cash, Internet companies will fail or be forced into mergers on unattractive terms. 90-95% of Internet shares won't still be around in ten years - and those that do survive will yield below average returns. The Internet will have a major impact on the economy - but Internet shares will be poor investments. No “dip buying” - please!

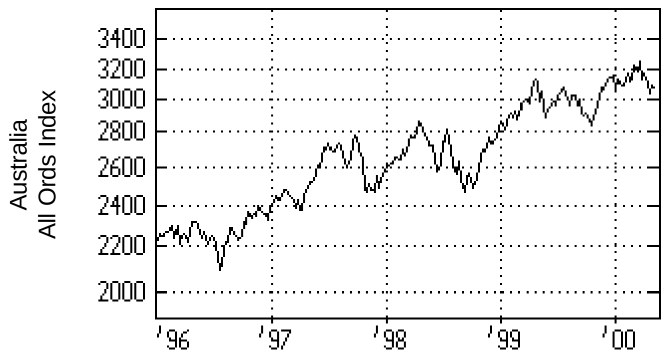
This expected deflation of the Internet bubble, however, is not a reason to deviate from our existing Investment Strategy. We have avoided *blue sky* Internet shares in favour of companies with real businesses, real revenues, real cash flows and real profits. Whether evaluating *new economy* or *old economy* companies, we shall continue to focus our share selection on *value.*

Unrelated to the Internet bubble, the outlook for the NZ and Australian stockmarkets is not too favourable. Monetary indicators are unfavourable with interest rates rising. Technical indicators are also unfavourable with stock prices following international markets lower over recent months. A strong upturn in activity has also turned Economic indicators unfavourable.

Our One Year Forecast for the NZ stockmarket is **Bearish** at **29%**, while Australia is just **slightly Bearish** at **39%**. Our **Short Term Trend Model** for the NZ market is **Neutral** at **50%**.

Despite this less than favourable outlook, we are <u>not</u> recommending reducing exposure to our current recommended investments. Investors, however, could slowly accumulate a small cash reserve from new savings and dividends, pending a more favourable environment to be buying shares.

# *Performance Forecasts*

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

| | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |
|---|---|---|---|---|---|
| A. Barnett Ltd | B | 101 | 0.51 | 35 | 11.8 |
| AMP Limited | B | 1800 | 0.56 | 14 | 2.9 |
| AMP NZ Office | C | 80 | 5.72 | 11 | 9.6 |
| AXA Asia Pac. | C | 290 | 2.74 | 14 | 3.9 |
| Advantage HDS | B | 325 | 4.64 | 38 | Nil |
| Affco Holdings | D | 35 | 0.09 | NE | Nil |
| Air New Zealand | B | 191 | 0.32 | 5 | 7.9 |
| Akd Int Airport | C | 237 | 6.21 | 23 | 5.0 |
| Apple Fields | D | 8.0 | 0.07 | NE | Nil |
| Aquaria 21 | E | 9.4 | 1.59 | NE | Nil |
| Baycorp Hold | A | 935 | N/A | 53 | 2.6 |
| Beauty Direct | D | 13 | N/A | NE | Nil |
| Brierley Invest | C | 37 | 0.56 | 10 | 8.1 |
| Broadway Ind | D | 30 | 0.08 | NE | Nil |
| CDL Hotel NZ | E | 21 | 0.45 | 12 | 5.0 |
| CDL Investments | E | 22 | 1.36 | 7 | 17.0 |
| Calan Hlthcare | E | 103 | N/A | NE | Nil |
| Cap Properties | C | 30 | 3.79 | 3 | 36.7 |
| Carter Holt | C | 180 | 1.09 | 60 | 4.4 |
| Cavalier Corp | B | 330 | 0.59 | 11 | 11.8 |
| Cedenco Foods | B | 85 | 2.00 | 10 | Nil |
| Ceramco Corp | A | 163 | 0.75 | 22 | 4.6 |
| Col FS Property | C | 85 | N/A | 12 | 8.1 |
| Col Motor Co | A | 272 | 0.28 | 15 | 8.5 |
| Colonial Ltd | A | 1070 | 0.88 | 17 | 2.4 |
| Contact Energy | B | 248 | 7.17 | 13 | 9.5 |
| Cue Energy Ltd * | N/R | 8.0 | 4.19 | NE | Nil |
| DB Group | B | 250 | 0.39 | 9 | 9.6 |
| Dairy Brands | D | 24 | 1.61 | NE | Nil |
| Damba Hold Ltd | B | 50 | 0.47 | NE | Nil |
| Design Textiles | B | 28 | 0.19 | 5 | 16.0 |
| Dorchester Pac | A | 145 | 1.11 | 13 | 4.6 |
| E-Force Limited | D | 22 | 1.27 | NE | Nil |
| E-Phone Ltd | D | 29 | N/A | NE | Nil |
| E-cademy Hold. | C | 6.0 | N/A | NE | Nil |
| Ebos Group Ltd | B | 360 | 0.93 | 16 | 7.5 |
| Eldercare NZ | E | 45 | 8.86 | NE | Nil |
| Evergreen | D | 45 | N/A | 19 | Nil |
| FC - Building | C | 195 | 0.24 | 28 | 9.2 |
| FC - Energy | C | 515 | 1.42 | 31 | 4.1 |
| FC - Forests | D | 90 | 1.40 | 14 | Nil |
| FC - Paper | C | 239 | 0.43 | NE | 0.9 |
| Fisher & Paykel | C | 630 | 0.96 | 21 | 5.9 |
| Force Corp. | B | 48 | 2.33 | 10 | 12.4 |
| GDC Communicat. | B | 225 | N/A | 26 | Nil |

| | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |
|---|---|---|---|---|---|
| Goodman Fielder | C | 151 | 0.43 | 14 | 6.2 |
| Grocorp Pacific | E | 11 | 0.67 | NE | Nil |
| Guiness Peat | C | 134 | 1.94 | 10 | 2.3 |
| Hallenstein G. | B | 195 | 0.71 | 11 | 13.0 |
| Hellaby Hold. | B | 168 | 0.49 | 6 | 12.4 |
| Heritage Mining* | N/R | 5.0 | N/A | NE | Nil |
| Horizon Energy | C | 650 | 2.10 | 23 | 5.3 |
| IT Capital Ltd | D | 26 | N/A | NE | Nil |
| Ind Newspapers | A | 410 | 1.59 | 33 | 8.7 |
| Infratil Aust. | D | 100 | N/A | NE | Nil |
| Infratil NZ | C | 116 | 6.93 | 8 | 9.0 |
| Kingsgate Int'l | E | 13 | 1.26 | 16 | Nil |
| Kiwi Developmnt | E | 112 | N/A | NE | Nil |
| Kiwi Property | D | 84 | 5.77 | 9 | 12.3 |
| Lion Nathan Ltd | C | 460 | 1.29 | 17 | 4.5 |
| Lyttelton Port | C | 140 | 2.57 | 11 | 7.8 |
| Mainfreight Grp | B | 175 | 0.44 | 18 | 4.7 |
| Manor Inns Grp | D | 20 | 0.80 | NE | Nil |
| Max Resources* | N/R | 13 | N/A | NE | Nil |
| Metro. LifeCare | C | 185 | 1.80 | 17 | 4.8 |
| Michael Hill | C | 310 | 0.76 | 14 | 5.5 |
| Mid-Cap Index* | N/R | 164 | N/A | NE | Nil |
| Montana Group | B | 195 | 0.98 | 17 | 2.3 |
| Mr Chips Hold | B | 70 | 0.77 | 24 | 12.8 |
| NZ Experience | E | 8.4 | 0.60 | 40 | Nil |
| NZ Invest Trust* | N/R | 405 | N/A | NE | 2.0 |
| NZ Oil and Gas * | N/R | 25 | 1.72 | NE | Nil |
| NZ Refining Co | C | 1100 | 1.08 | 11 | 9.1 |
| Nat Property Tr | D | 77 | 4.76 | 9 | 13.2 |
| National Mail | E | 105 | N/A | NE | Nil |
| Natural Gas | C | 130 | 1.87 | 12 | 11.5 |
| Newcall Group | E | 45 | N/A | NE | Nil |
| Newmarket Prop. | C | 54 | 4.01 | 6 | 17.6 |
| Nobilo Wines | C | 90 | 0.78 | 20 | 5.0 |
| Northland Port | A | 134 | 1.07 | 13 | 8.4 |
| Nufarm Limited | C | 355 | 0.38 | 9 | 7.0 |
| Nuhaka Forestry | D | 1320 | N/A | NE | Nil |
| Nuplex Indust | C | 290 | 0.51 | 14 | 5.4 |
| Opio Forestry | D | 48 | N/A | NE | Nil |
| Otter Gold Mine* | N/R | 68 | 0.43 | 15 | Nil |
| Owens Investmts | C | 108 | 0.16 | 15 | 13.8 |
| Ozzy (Tortis)* | N/R | 225 | N/A | NE | Nil |
| PDL Holdings | C | 455 | 0.19 | 35 | 6.6 |
| Pacific Retail | B | 182 | N/A | 16 | 2.5 |
| Port Tauranga | C | 500 | 7.23 | 21 | 5.4 |

| | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |
|---|---|---|---|---|---|
| Ports Auckland | D | 385 | 3.32 | 16 | 7.0 |
| Property F Ind. | C | 73 | 7.56 | 14 | 9.3 |
| Pure NZ Limited | D | 14 | 4.68 | NE | Nil |
| Radio Works NZ | A | 670 | 1.84 | 15 | 3.3 |
| Reid Farmers | A | 69 | 0.52 | 10 | 9.7 |
| Renaissance | C | 62 | 0.18 | 50 | 2.4 |
| Restaurant Brds | B | 113 | 0.48 | 8 | 13.2 |
| Revesco Ltd* | N/R | 45 | 5.94 | NE | Nil |
| Richina Pacific | D | 37 | 0.05 | NE | Nil |
| Roller Int'l * | N/R | 40 | 0.21 | NE | Nil |
| Ryman Health. | D | 162 | N/A | NE | Nil |
| SE Utilities | C | 89 | 2.22 | 12 | 6.7 |
| Sanford Limited | B | 435 | 1.29 | 10 | 5.1 |
| Savoy Equities | E | 4.5 | 1.69 | NE | Nil |
| Scott Tech. Ltd | B | 230 | 1.64 | 16 | 7.1 |
| Seafresh Fish. | D | 11 | 0.43 | 12 | Nil |
| Shotover Jet | C | 43 | 0.78 | 7 | 5.8 |
| Sky City Ltd | C | 620 | 2.32 | 13 | 10.4 |
| Sky Network TV | C | 426 | N/A | NE | Nil |
| South Port NZ | B | 93 | 1.03 | 21 | 8.8 |
| Southern Cap | D | 48 | 3.53 | 7 | Nil |
| Spectrum Res.* | N/R | 10 | N/A | NE | Nil |
| St. Lukes Group | D | 133 | 2.25 | 6 | 11.0 |
| Steel & Tube | C | 129 | 0.34 | 11 | 9.3 |
| Strathmore Grp | D | 29 | N/A | NE | Nil |
| Summit Gold Ltd* | N/R | 9.8 | N/A | NE | Nil |
| Tag Pacific Ltd | D | 40 | 0.56 | NE | 1.9 |
| Tasman Agric. | C | 74 | 2.37 | 10 | 4.1 |
| Taylors Grp Ltd | B | 100 | 0.63 | 13 | 6.7 |
| TeNZ * | N/R | 99 | N/A | NE | Nil |
| Telecom Corp | B | 862 | 4.40 | 18 | 8.0 |
| Tourism Hold. | B | 225 | 0.85 | 14 | 3.3 |
| Tower Limited | B | 480 | 0.63 | 11 | 2.7 |
| Trans-Tasman | E | 20 | 1.06 | 4 | Nil |
| Trans Alta NZ | C | 230 | 0.54 | 14 | 9.1 |
| Tranz Rail Hold | D | 270 | 0.57 | 5 | 9.4 |
| Trust Power Ltd | C | 280 | 2.23 | 24 | 8.6 |
| United Networks | C | 600 | 2.02 | 8 | 10.0 |
| Utilico Int'l | D | 25 | N/A | NE | Nil |
| Warehouse Group | A | 413 | 1.26 | 22 | 6.9 |
| Waste Mgmt NZ | B | 324 | 2.89 | 30 | 2.8 |
| Williams Kettle | A | 206 | 0.29 | 13 | 9.4 |
| World Index Fd * | N/R | 215 | N/A | NE | Nil |
| Wrightsons Ltd | D | 38 | 0.09 | NE | Nil |
| **Ave of 134 Coys** | C | 207 | 0.52 | 18 | 4.8 |

| | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |
|---|---|---|---|---|---|
| A.G.L. | C | 915 | 1.80 | 14 | 4.9 |
| AAPT | B | 715 | 2.83 | 61 | Nil |
| AMP Diver. Prop | C | 241 | 8.39 | 14 | 7.6 |
| AMP Ltd | C | 1530 | 0.60 | 16 | 2.7 |
| AMP Office Trt | C | 114 | 9.39 | 14 | 7.2 |
| AMP Shop Centre | E | 108 | N/A | NE | Nil |
| ANZ Bank | B | 1164 | 1.66 | 12 | 4.8 |
| APN News Media | A | 380 | 1.88 | 22 | 3.3 |
| AXA Asia Pac | C | 249 | 2.94 | 15 | 3.6 |
| AXA Aust Div PT | C | 115 | 9.41 | 15 | 7.5 |
| Advance Prop | C | 138 | 6.62 | 12 | 8.5 |
| Amcor Ltd | C | 510 | 0.49 | 11 | 7.6 |
| Amway Asia Pac | C | 2755 | N/A | NE | Nil |
| Aristocrat | C | 1740 | 6.54 | 50 | 1.6 |
| Aust Stock Exch | A | 1230 | 7.69 | 31 | 2.8 |
| Austar United | D | 700 | N/A | NE | Nil |
| Austrim Nylex | C | 224 | 0.59 | 7 | 6.8 |
| Australand Hold | B | 134 | 0.80 | 6 | 9.0 |
| BA Tobacco Aust | C | 1100 | 0.42 | 14 | 78.8 |
| BRL Hardy Ltd | B | 729 | 2.00 | 21 | 2.1 |
| BTR "A" | E | 508 | N/A | NE | Nil |
| Bank of W.Aust | B | 363 | 3.26 | 14 | 5.0 |
| Boral Ltd | B | 203 | 0.45 | 10 | 3.7 |
| Brambles Ind. | B | 4979 | 2.22 | 34 | 1.6 |
| Brickworks Ltd | A | 4250 | 3.79 | 14 | 2.6 |
| C & W Optus | C | 528 | 7.96 | NE | Nil |
| C'wth Prop Off. | C | 93 | N/A | 62 | 1.6 |
| C.S.R. Ltd | C | 380 | 0.58 | 11 | 6.1 |
| CSL Limited | A | 2100 | 6.51 | 58 | 1.0 |
| Cadbury Sch. | D | 1100 | N/A | NE | 3.1 |
| Centro Prop. | B | 274 | 6.54 | 13 | 8.3 |
| Challenger Int. | B | 312 | 2.57 | 14 | 1.6 |
| Coal & Allied | B | 1430 | 2.11 | 17 | 5.6 |
| Coca-Cola Bev. | E | 295 | N/A | NE | Nil |
| CocaCola Amatil | C | 419 | 1.09 | 23 | 2.9 |
| Cochlear Ltd | A | 2415 | 9.52 | 75 | 1.2 |
| Coles Myer | B | 637 | 0.32 | 17 | 4.0 |
| Colonial Ltd | C | 910 | 0.96 | 19 | 2.2 |
| Com'wealth Bank | B | 2630 | 2.47 | 17 | 4.4 |
| Com. Inv. Trust | E | 94 | N/A | NE | Nil |

| | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |
|---|---|---|---|---|---|
| Computer Share | B | 635 | N/A | NE | 0.6 |
| Crown Ltd | D | 90 | 0.70 | 14 | Nil |
| Davnet Limited | C | 204 | N/A | NE | Nil |
| E.R.G. | A | 782 | 5.78 | 77 | 0.2 |
| Ecorp Limited | D | 265 | N/A | NE | Nil |
| Email Ltd | C | 288 | 0.34 | 17 | 4.9 |
| Energy Develop. | B | 890 | 9.36 | 65 | 0.5 |
| Fairfax (John) | A | 492 | 2.72 | 16 | 2.1 |
| Faulding (F.H.) | B | 799 | 0.61 | 20 | 2.6 |
| Flight Centre | A | 1975 | 0.87 | 57 | 0.9 |
| Foodland Assoc | C | 810 | 0.19 | 6 | 6.0 |
| Foster's Brewin | A | 438 | 2.41 | 21 | 3.0 |
| Futuris Corp. | C | 176 | 0.23 | 15 | 4.6 |
| GWA Internat'l | C | 230 | 1.15 | 15 | 5.4 |
| Gandel Retail T | C | 109 | 9.71 | 16 | 7.6 |
| General Prop Tr | C | 262 | 6.35 | 15 | 7.3 |
| Ges Internat'l | B | 200 | 1.12 | 45 | 0.5 |
| Goodman Fielder | C | 133 | 0.49 | 16 | 5.6 |
| Guinness Peat | C | 110 | 2.40 | 10 | 0.5 |
| HIH Insurance | C | 121 | 0.17 | 7 | 13.2 |
| Hardie (James) | D | 395 | 1.12 | NE | 3.8 |
| Harvey Norman | B | 342 | 2.05 | 8 | 4.4 |
| Hills Motorway | C | 353 | 9.93 | 44 | 1.7 |
| Hutchison Tel. | C | 435 | 6.20 | NE | Nil |
| Incitec | C | 530 | 0.65 | 18 | 4.0 |
| Jupiters | C | 285 | 1.20 | 15 | 4.9 |
| Lang Corporatio | B | 808 | 2.38 | 27 | Nil |
| Leighton Hold | C | 498 | 0.39 | 11 | 6.0 |
| Lend Lease Corp | B | 1961 | 2.40 | 24 | 3.1 |
| M.Y.O.B. Ltd | A | 1430 | N/A | NE | 0.2 |
| Macquarie Infra | C | 129 | 5.76 | 7 | 7.8 |
| Macquarie Off. | C | 111 | 8.11 | 12 | 9.5 |
| Macquarie Bank | B | 2434 | 4.72 | 24 | 2.8 |
| Mayne Nickless | A | 374 | 0.32 | 12 | 8.0 |
| Mirvac Ltd | B | 250 | 0.97 | 13 | 4.0 |
| Mirvac Property | C | 178 | 9.75 | 15 | 6.4 |
| Mobile Com. | C | 1300 | N/A | NE | Nil |
| Nat'l Aust Bank | C | 2447 | 5.68 | 49 | 4.6 |
| Nat'l Foods | B | 275 | 0.66 | 15 | 4.7 |
| News Corporatio | B | 2120 | 1.96 | 29 | 0.1 |

| | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |
|---|---|---|---|---|---|
| One Tel Ltd | D | 116 | 6.00 | NE | 0.1 |
| Open Telecom. | C | 790 | N/A | NE | Nil |
| Orica Ltd | C | 684 | 0.42 | 12 | 5.4 |
| PBL | B | 1212 | 4.88 | 46 | 1.5 |
| Pacific Dunlop | C | 146 | 0.23 | 8 | 9.6 |
| Pacifica Group | C | 450 | 0.72 | 20 | 3.9 |
| Paperlin X Ltd | C | 306 | N/A | NE | Nil |
| Perp Trust Aust | A | 2535 | 4.53 | 32 | 2.4 |
| Pioneer Int'l | B | 473 | 1.06 | 18 | 34.0 |
| PowerTel Ltd | D | 250 | 2.44 | NE | Nil |
| Q.B.E. Insur. | C | 700 | 0.74 | 17 | 3.9 |
| Qantas | C | 350 | 0.49 | 11 | 5.4 |
| Rio Tinto Ltd | B | 2757 | 1.09 | 8 | 3.2 |
| Rural Press Ltd | B | 505 | 1.35 | 13 | 2.5 |
| Seven Network | A | 618 | 2.44 | 98 | 3.3 |
| Smith (Howard) | C | 955 | 0.68 | 18 | 4.3 |
| Smorgon Steel | C | 156 | 0.69 | 20 | 2.9 |
| Sonic Health | B | 580 | 4.12 | 41 | 2.4 |
| Southcorp Ltd | C | 569 | 1.22 | 19 | 3.5 |
| Spotless Group | A | 455 | 0.58 | 20 | 3.8 |
| St George Bank | B | 1132 | 1.58 | 17 | 4.6 |
| Stockland Trust | C | 351 | 6.07 | 14 | 7.0 |
| Suncorp-Metway | C | 820 | 0.67 | 6 | 5.4 |
| TAB Ltd | C | 230 | 0.28 | 20 | 3.9 |
| Tabcorp Holding | C | 950 | 2.66 | 20 | 4.5 |
| Telstra | B | 695 | 1.64 | 13 | 4.7 |
| Ten Network | B | 236 | 1.56 | 16 | 6.1 |
| Toll Holdings | A | 845 | 0.38 | 16 | 2.6 |
| Transurban Grp | E | 318 | N/A | NE | Nil |
| United Energy | B | 315 | 1.92 | 87 | 5.5 |
| Village Road. | C | 280 | 0.83 | 9 | 3.6 |
| Wesfarmers Ltd | C | 1175 | 1.05 | 17 | 5.6 |
| West Aust News | B | 539 | 3.20 | 17 | 5.6 |
| Westfield Hold. | B | 949 | 5.70 | 39 | 1.3 |
| Westfield Amer. | C | 160 | 1.73 | 13 | 7.6 |
| Westfield Trust | C | 313 | 9.74 | 18 | 6.6 |
| Weston (George) | B | 595 | 0.45 | 16 | 3.2 |
| Westpac Banking | B | 1095 | 1.93 | 14 | 4.3 |
| Westpac Prop Tr | C | 157 | 6.89 | 20 | 8.3 |
| Woolworths Ltd | B | 570 | 0.35 | 21 | 3.2 |
| **Ave of 1296 Cos** | C | 174 | 0.38 | 19 | 2.5 |

# Recommended Investments

**Singapore Airlines** has acquired a 25.0% shareholding in **Air New Zealand**. Singapore Airlines built up an 8.3% shareholding through a stand in the market for "B" shares at $3.00, then acquired 16.7% of the company from **Brierley Investments** at $3.00 (plus will pay Brierley up to another $1.00 per share based upon Air NZ's future performance).

We view this as a very favourable development for Air New Zealand. Firstly, Air New Zealand (and Ansett Australia) will become closely aligned with Singapore Airlines which is a major airline in the Asia Pacific region and Internationally. Secondly, a financially strong industry shareholder (i.e. Singapore Airlines) will offer Air NZ better management and support than a failed investment company (i.e. Brierley Investments). Brierley Investments shareholding in Air NZ has fallen from 47.0% to 30.3% (all in "A" shares). Brierley's "management abilities" and financial situation should now have less of an impact on the performance of Air NZ. *(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* | B | 567.0 | 0.9 | 0.32 | 5 | 7.9 | 191 | 69.0 | +1% |
| HOLD- | Apple Fields Limited | APF | 10/03/92 | 237 | D | 29.2 | 2.9 | 0.07 | NE | Nil | 8 | 10.0 | -92% |
| HOLD+ | CDL Investments Ltd | CDI | 12/01/99 | 25 | E | 171.4 | 2.0 | 1.36 | 7 | 17.0 | 22 | 4.5 | +6% |
| HOLD+ | Cavalier Corporation | CAV | 05/12/95 | 312 | B | 36.0 | 0.9 | 0.59 | 11 | 11.8 | 330 | 116.0 | +43% |
| HOLD+ | Colonial Motor Company | CMO | 10/11/92 | 150 | A | 30.9 | 0.8 | 0.28 | 15 | 8.5 | 272 | 187.3 | +206% |
| HOLD | Designer Textiles Ltd | DTL | 12/01/99 | 47 | B | 29.7 | 1.8 | 0.19 | 5 | 16.0 | 28 | 4.0 | -32% |
| BUY | Ebos Group Ltd | EBO | 12/10/99 | 290 | B | 23.2 | 0.8 | 0.93 | 16 | 7.5 | 360 | 15.5 | +29% |
| HOLD | Michael Hill Int'l Ltd | MHI | 11/06/91 | 46* | C | 38.6 | 0.9 | 0.76 | 14 | 5.5 | 310 | 60.5 | +705% |
| HOLD | Nufarm Limited | NUF | 11/02/97 | 505 | C | 150.5 | 0.9 | 0.38 | 9 | 7.0 | 355 | 60.0 | -18% |
| HOLD+ | Nuplex Industries Ltd | NPX | 11/02/97 | 350 | C | 55.4 | 1.0 | 0.51 | 14 | 5.4 | 290 | 29.0 | -9% |
| HOLD | Owens Group Limited | OWN | 12/03/91 | 47* | C | 56.3 | 1.1 | 0.16 | 15 | 13.8 | 108 | 80.3 | +301% |
| HOLD | PDL Holdings Ltd | PDL | 13/02/96 | 810 | C | 13.6 | 0.9 | 0.19 | 35 | 6.6 | 455 | 123.0 | -29% |
| HOLD | Radio Works NZ Ltd | RWL | 08/12/92 | 205 | A | 12.0 | 0.5 | 1.84 | 15 | 3.3 | 670 | 121.0 | +286% |
| BUY | Renaissance Corp | RNS | 13/08/96 | 85* | C | 35.3 | 2.3 | 0.18 | 50 | 2.4 | 62 | 5.4 | -21% |
| HOLD | Richina Pacific | RCH | 03/11/95 | 119* | D | 72.2 | 1.8 | 0.05 | NE | Nil | 37 | 11.9 | -59% |
| HOLD | South Port New Zealand | SPN | 13/02/96 | 120 | B | 32.4 | 1.2 | 1.03 | 21 | 8.8 | 93 | 35.3 | +7% |
| BUY | Taylors Group Ltd | TAY | 09/11/99 | 102 | B | 24.3 | 1.3 | 0.63 | 13 | 6.7 | 100 | 3.0 | +1% |
| HOLD+ | Tourism Holdings Ltd | THL | 14/07/92 | 149* | B | 92.0 | 1.1 | 0.85 | 14 | 3.3 | 225 | 50.9 | +85% |
| HOLD | Wrightson Limited | WRI | 13/01/98 | 83 | D | 139.7 | 1.9 | 0.09 | NE | Nil | 38 | 7.3 | -45% |
| | Australian Shares (in Aust cents) | | | | | | | | | | | | |
| HOLD+ | Abigroup Limited | ABG | 09/03/99 | 265 | C | 47.7 | 0.9 | 0.11 | 5 | 8.2 | 171 | 21.0 | -28% |
| BUY | Atlas Pacific Ltd[1] | ATP | 14/05/96 | 73 | C | 54.8 | 2.0 | 2.33 | 9 | Nil | 25 | Nil | -66% |
| BUY | Auspine Limited | ANE | 08/02/00 | 210 | B | 57.0 | 0.8 | 0.54 | 13 | 5.4 | 222 | 10.0 | +10% |
| HOLD | Biron Corporation Ltd | BIC | 12/04/94 | 178 | B | 21.8 | 2.0 | 0.79 | NE | 8.5 | 24 | 11.0 | -81% |
| BUY | Campbell Brothers Ltd | CPB | 12/10/99 | 435 | B | 31.0 | 0.7 | 0.69 | 13 | 5.3 | 450 | 11.0 | +6% |
| HOLD+ | Central Equity Ltd | CEQ | 09/02/94 | 154 | B | 82.1 | 0.8 | 0.82 | 5 | 8.9 | 180 | 69.0 | +62% |
| HOLD | Data#3 Limited | DTL | 09/02/99 | 285 | B | 14.5 | 0.8 | 0.21 | 11 | 5.7 | 210 | 14.5 | -21% |
| HOLD | Flight Centre | FLT | 11/08/98 | 308 | A | 81.6 | 0.5 | 0.87 | 57 | 0.9 | 1975 | 34.5 | +552% |
| HOLD+ | Hamilton Island Ltd | HAM | 09/11/99 | 205 | A | 45.0 | 0.8 | 1.08 | 11 | 5.4 | 241 | 13.0 | +24% |
| HOLD+ | Hancock & Gore | HNG | 15/07/97 | 125* | B | 46.0 | 0.9 | 0.67 | 10 | 5.9 | 135 | 15.8 | +21% |
| HOLD+ | PMP Communications | PMP | 09/02/99 | 309 | B | 253.4 | 1.0 | 0.42 | 8 | 10.4 | 196 | 30.8 | -27% |
| HOLD | Thakral Holdings | THG | 10/11/98 | 65 | C | 536.7 | 1.3 | 1.41 | 10 | 9.4 | 62 | 8.6 | +9% |
| BUY | Toll Holdings | TOL | 08/09/98 | 240 | A | 60.5 | 0.7 | 0.38 | 16 | 2.6 | 845 | 43.0 | +270% |
| BUY | Utility Services Corp | USC | 11/01/00 | 59 | B | 84.6 | 1.4 | 0.72 | 20 | Nil | 70 | Nil | +19% |
| BUY | Vision Systems Ltd | VSL | 10/11/98 | 685* | A | 13.9 | 0.6 | 0.96 | 18 | 2.8 | 1010 | 41.9 | +54% |

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +63.8%. This is equal to an average annual rate of +18.5%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 34 current and 102 closed out) is +30.2%, compared with a market gain of +12.0% (by the SRC Total Return Index).

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

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues. (1) Atlas Pacific notes (ATPG) last traded at 27 cents.

**Recommended Investments** *(Continued from Page 3)*

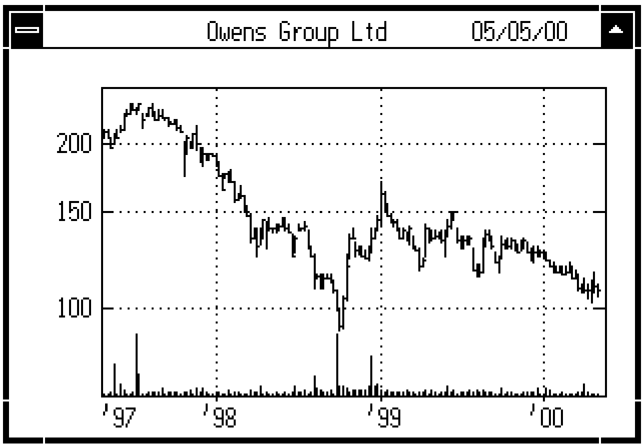
**Owens Group** plans to become a "significantly different and more aggressive" company. Two new directors (with skills in mergers and acquisitions) have been appointed, and the company's new growth strategy will target high-margin niche businesses serving other line haul companies - especially in Australia.

Owens Group is a good cash flow business. When we first bought into the company in 1991 it had very high debt levels as a result of money borrowed to make unsuccessful diversifications during the booming 1980's. Asset sales and operating cash flows completely repaid those debts, after which the company started making capital repayments and special dividends. Over the last couple of years debts have risen to a moderate level - with the money used to make acquisitions and pay further special dividends. However, the NZ economy has been fairly flat and the company was unable to find suitable acquisitions to generate growth. Owens Group's share price has therefore performed poorly over recent years - although the company has distributed large amounts of cash to shareholders.

Despite this poor performance of recent years, our investment in Owens shares has been very profitable. A $10,000 investment in the shares in March 1991 would now be worth $24,000 *and* produced $17,000 in cash (available for re-investment in other investments). With this four-fold increase per decade, a $10,000 investment would grow to $2½ million in just 40 years!

If the company can now identify and acquire high profit margin businesses, then shareholders will again be able to expect profit growth and share price appreciation.

The stockmarket currently places a low valuation on Owens Group shares. The Price/Sales ratio is very low at 0.17, the Price/Earnings ratio is a moderate 16 while the Dividend Yield is very high at 12.8%. Owens Group shares are under-valued - and are a potential *recovery* situation.




**Renaissance Corporation** reports that first quarter revenues are "30% ahead of last year" and "8% ahead of budget". More importantly, margins have increased. 30% of sales are now being made through the company's web-site (up from 16% last year) - and there are "strong enquiries from potential users" of this technology.

**Taylors Group**'s major shareholder, **Spotless Services**, is the subject of a full takeover bid from its 67% shareholder **Spotless Group**. The logic behind this Australian rationalisation (i.e. reducing overheads and simplifying management structures) is exactly the same as we have suggested will eventually lead to the full takeover of Taylors Group. In the meantime, Taylors Group profits and dividends are rising rapidly - making this an excellent investment for income and capital growth. Buy.

## Australian Shares

**Abigroup** has been fined A$125,000 for a work place accident in which a worker was killed. The accident happened in November 1996 during the construction of the **M2 Motorway** when a concrete paving machine collapsed.

**Atlas Pacific** reports that the prices of South Sea pearls declined in late 1999, owing to the larger supply being offered for sale. The company will also lift production this year, more than offsetting the lower prices, and "therefore expects 2000 pearl revenues to exceed 1999 pearl revenues".

The Atlas Pacific annual report shows Mrs Sandy Cornell - a Securities Research Company employee, director and shareholder (and your Editor's wife!) - as the 17th largest convertible note holder with 126,500 notes as at March 7, 2000. That investment has since been increased to 146,500 convertible notes.

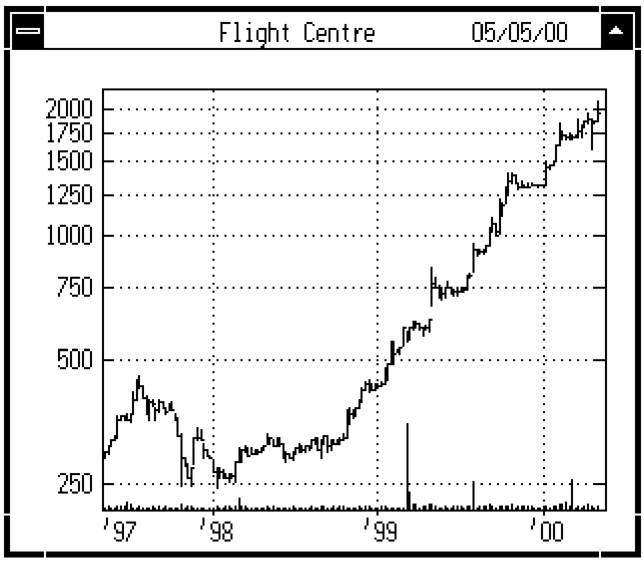
And someone out there must be taking our advice. A few *Market Analysis* subscribers also feature among the top twenty convertible note holders!

Industrial action against **Auspine** ended on April 7, with employees returning to work. A low historical valuation, plus booming profits this year, makes these shares look very cheap and likely to be strongly re-rated upwards in value.

**Central Equity** has so far pre-sold in excess of A$40 million worth of its *Yarra Crest* development over the last four weeks. Pre-selling of its *Capri* development began last weekend.

**Flight Centre** has extended a three year "preferred partner" contract with **Qantas** (which still had two years left to run) with a new five year contract that is expected to cover A$4 billion in revenue. Flight Centre sought to extend this contract to "enable the group to embark on a long term business plan".

A rival Australian newsletter rates Flight Centre shares as "Accumulate" and writes "Flight Centre should move from strength to strength. For us it is



merely a question of picking the most propitious entry point". For *Market Analysis* that entry point was A$3.08 in August 1998 - and now we can watch our investment continue to multiply in value as other investors "discover" Flight Centre.

**Hamilton Island** has continued to experience very strong growth into its third quarter (i.e. the three months to March 31). Revenues rose 43.1% to A$25.8 million while profits were up 186.6% to A$5,466,000 (12.1 cents per share). For the nine months of the current financial year, revenues are now up 29.3% to A$70.9 million and profits up 167.9% to A$11,808,000.

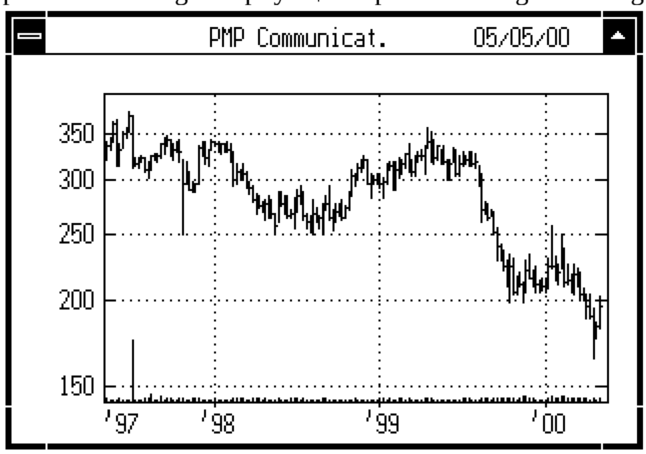
The resort lifted the number of room nights sold by 11% *and* the average tariff increased 8% for the quarter. Land sales on Hamilton Island exceeded A$3.5 million and the volume of passengers through Hamilton Airport rose 5%.

At the half year the company increased the interim dividend by 160.0% to 13.0 cents - equalling the previous *full* year dividend. Hamilton Island, however, has decided on a different policy to increase shareholder wealth. As there is A$75 million in accumulated tax losses, the company pays no income tax and has no franking credits to distribute to (Australian) investors. Hamilton Island has decided to "cease dividend payments for a period of time" and focus on using its cash flow to accelerate debt repayment.

At current levels of profitability it would take 3-4 years to exhaust the tax losses and (depending upon capital expenditure) about half of the company's A$85 million of debt could be repaid during the period. Debt repayment will, of course, reduce the interest expense and increase profits. After 3-4 years, Hamilton Island - with low debt levels but earning franking credits from income tax payments - would be in a position to distribute a high proportion of its future profits to shareholders as a fully franked dividend. The new strategy - repay debt for several years, then pay larger, fully franked dividends - should maximise shareholder wealth over the long term.

Hamilton Island will also continue to invest in expansion and upgrading of the resort and seek to acquire other "value adding businesses". The 60 room *Allamada* property will be refurbished and the Hamilton Island marina will be expanded, adding a further 40 berths at a cost of about A$1 million.

**PMP Communications**' on-line Real Estate site (www.property.com.au) remains unprofitable and the company is considering its strategy for the business. At present 1000 agents pay A$200 per month - generating just $200,000 in monthly revenue - to advertise on the site. Future possible options include charging A$50-195 *per listing* to increase revenue, rewarding major advertisers who could earn equity in the business, selling up to 70% of the business (to raise funds for research, development and marketing), introducing new products or merging (or forming a strategic alliance) with listed competitor **realestate.com.au**. Realestate.com.au is quite openly keen to talk with competitors and rationalise the on-line real estate advertising business. It is widely believed that a merger or strategic alliance between property.com.au and realestate.com.au would generate the economies of scale (in advertisers and buyers) needed to dominate the market and force out most smaller competitors.




Realestate.com.au went public in December 1999 at 50 cents. The shares traded as high as A$1.51 but have since fallen to just 22 cents.

Over the last couple of years there has been much debate over whether Internet-only companies or companies with both *old economy* and *new economy* businesses would be most successful in the future. The *market* (i.e. investors) has generally placed high valuations on Internet-only businesses and low valuations on mixed companies. We, however, have argued that mixed old *and* new economy companies were better.

There were two reasons for our views: Firstly, although the new economy business of a mixed company was often bigger than a similar Internet-only business, its total stockmarket valuation was often lower. Investors were therefore getting all of the old economy parts of the company at no cost. Secondly, when the Internet bubble deflates, the Internet-only company would find itself in an unfavourable financial position - with a low market capitalisation and unable to raise new equity. The mixed business, however, is able to continue to support the development of loss making new economy businesses with cash flows from its old economy businesses. Profits from the old economy businesses also allow mixed companies to pay dividends, so their share prices are more stable.

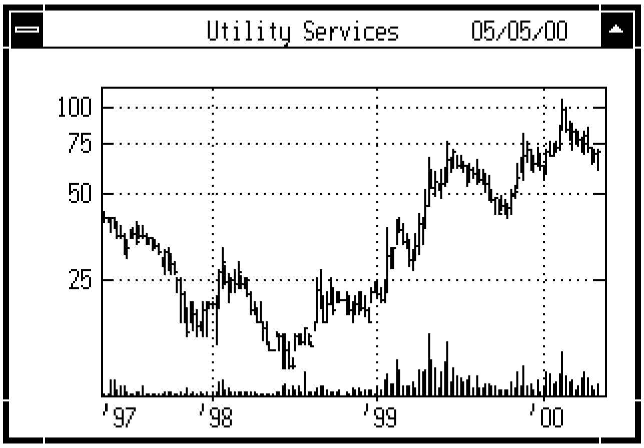
So, where does this leave PMP's Property.com.au and stock exchange listed Realestate.com.au? Which is in the strongest position to negotiate a favourable merger or to survive long enough to establish market dominance? It is probably correct to say that Realestate.com.au has a more successful site and attracts more advertisers and customers. But having a better site isn't enough. With a share price of 22 cents, Realestate.com.au is valued at just A$13.5 million. The company will find it difficult - if not impossible - to raise additional equity finance from shareholders. Positive cash flows and profitability are still in the distant future, so when Realestate.com.au runs out of cash it will be forced out of business. In a merger, the low market capitalisation puts Realestate.com.au in a very unfavourable position. On the other hand, PMP Communications - which is this year spending A$8 million to expand and promote its Property.com.au business - could very easily finance the $16-20 million to make a full takeover bid for Realestate.com.au. Alternatively, PMP can just stick it out and wait for Realestate.com.au to run out *(Continued on Page 6)*

**Recommended Investments** *(Continued from Page 5)* of cash - then pick up the business for next to nothing or simply expand its market share as competitors fail.

So the companies that become the winners in the new economy will not necessarily be the ones with the *best* technology or the *best* internet sites. Success in the new economy will often be determined by the *Golden Rule* of old economy (i.e. the company that makes the Gold makes the Rules - and will dominate the market). That is why we are backing PMP Communications - an out of favour, under-performing company, but with good cash flow old economy businesses - in favour of start-up Internet companies that may be *better* but which do not have the cashflow to last the distance in a competitive market. In the meantime, PMP Communications continues to pay us a very healthy 10.4% dividend yield.

**Thakral Holdings Group** is negotiating to sell the golf course at **The Glades**, a golf course and residential development acquired from Korean based **Dong Ah** for A$27 million. The potential buyer is **Medallist**, a joint venture between Greg Norman, Macquarie Bank and AMP Asset Management.

**Utility Services Corporation** is to raise A$6.7 million through what it calls "a 1 for 10 cash issue at A$0.80 *with one bonus share attached*". Every other




company would call this a 1 for 5 cash issue at 40 cents! A prospectus for this issue - which replaces earlier plans for a convertible note issue - will be mailed to shareholders in late May. We recommend that investors take up their entitlement to the new shares.

Utility Services' associate, **ILID Partnership**, has announced that **K-Mart** is to proceed to Stage 2 of the introduction of the ILID price display system which will be installed in five more stores over the next 18 months. The *Indoor Light Interactive Display* system "sends information through the power supply to overhead lights" and "shelf labels utilise smart processing circuitry to pick up and display the information".

**Vision Systems** holds an 11.3% shareholding in UK based **TTP Group plc** (see *Market Analysis* Issue 328, October 1999) which plans to list its **TTP Communications** subsidiary on the London Stock Exchange. TTP Communications is stated to be "the world's leading independent supplier of digital mobile cellular technology". The rest of the TTP group is involved in "advanced print head technology, novel drug delivery systems, advanced drug discovery automation and scientific instruments".

The proposed float of TTP Communications will involve a demerger where shares in the company are distributed to TTP Group shareholders - including Vision Systems - prior to the listing. Based upon private approaches to buy the company - and the value of other similar listed companies - TTP Communications could be worth around £95-190 million (or about 25-50 times forecast earnings). Vision Systems' share of that would be A$27-54 million, or about A$2.00-4.00 per Vision System share!

This float is planned for about September 2000 and, if this valuation can be achieved, will realise significant value from Vision Systems' investment in TTP Group! Vision Systems directors state that "any benefits from the float, if it occurs, will be passed on to shareholders" which *suggests* that Vision Systems could make an A$2-4 per share capital repayment or special dividend.

# *Book Review: The Internet Bubble*

**The Internet Bubble** by Anthony B Perkins and Michael C Perkins (Hard cover. 251 pages. Published by Harper Collins books).

In the Epilogue to this 1999 book the authors write: "The bottom line to our analysis is very simple. With very few exceptions, every one of the public Internet companies is over-valued. Our advice to Internet investors is equally simple: If you hold any of these shares, its time to sell. If the Internet gala hasn't ended by the time this book hits the streets, it will probably end sometime soon thereafter. So its time to get out."

The main purpose of the book, however, is to examine the whole industry and the factors that have led to the current Internet mania. The Perkins brothers are the founders of *Red Herring* - "the world's top technology business magazine" - and use their inside knowledge of the industry to give a behind-the-scenes look at the entrepreneurs, venture capitalists and investment bankers behind the bubble.

The authors believe that the high values of Internet businesses has resulted in venture capitalists funding *too many* companies and that those companies are floated *too soon* on the stockmarket - long before they have developed or are approaching a period where they will become profitable.

*The Internet Bubble* offers excellent insight into the working of the Venture Capital industry and the Investment Bankers which are funding these Internet businesses and bringing them to the stockmarket. It also examines their continued impact upon the companies after listing on the stockmarket. Some mergers have been arranged to enable venture capitalists to exit failing companies.

How some companies generate revenue in the Internet age is also very interesting: "One-third of America Online's (AOL) revenue came from money-losing web companies that used the proceeds of their public stock offerings to fund their promotional efforts. Ironically, many of these companies are start-ups in which AOL had invested prior to their IPO's (initial public offerings). It was an incestuous relationship. <u>The ultimate gimmick is to invest in an Internet start-up, take it public, then harvest the proceeds of the underwriting when the start-up spends them on advertising with the original investing company</u>."

There are also many interesting examples from previous stockmarket booms which put current events in an historical perspective. For example, on the Biotechnology bubble of the late 1980's and early 1990's the authors write: "By 1998 there were almost 350 publicly traded biotech companies and about 1000 private ones. Where one or two gene-therapy companies might have been enough, a half-dozen were founded. Investors put an estimated US$90 billion into the public companies. <u>An investor who put $100 into every biotech IPO would have earned a return of just 1% a year</u>. The Darwinian shakeout continues." Similarly, "From 1977 to 1983, venture capitalists invested US$400 million in 43 disk-drive companies. Each company had competent management and aggressive financial projections, and each player needed only 10% of the potentially huge market to thrive. But the market could not sustain 43 new entrants, let alone the more than 100 domestic and foreign players in the market at that time. <u>The inevitable result was mayhem and a brutal mortality rate</u>."

The Internet Bubble may have deflated somewhat over recent months, but stock prices probably still contain a lot of hot air. More importantly, an understanding of the current Internet bubble will help protect investors from getting carried away by *the next* stockmarket bubble. Making money in a stockmarket boom is easy. Holding on to that wealth - and growing it successfully - over the longer term is an area where many investors need to improve their performance.

Certainly anyone who is planning to invest heavily in technology shares should first invest $60 to buy and read *The Internet Bubble.*

# *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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Renaissance | 62 | +14.1 | -6.9 | 8 | - | 1.7 | 3 | 2.3 | 50 | 2.4 | 0.18 | 22 |
| Col Motor Co | 272 | +4.1 | -1.1 | 19 | - | 1.1 | 7 | 0.8 | 15 | 8.5 | 0.28 | 84 |
| Williams Kettle | 206 | +0.5 | +0.0 | 31 | - | 0.8 | 6 | 0.6 | 13 | 9.4 | 0.29 | 27 |
| DB Group | 250 | +7.1 | -0.6 | 15 | 7 | 1.1 | 13 | 0.7 | 9 | 9.6 | 0.39 | 252 |
| FC - Paper | 239 | +16.0 | +14.7 | 7 | 9 | 0.9 | 0 | 1.4 | 254 | 0.9 | 0.43 | 1,522 |
| Mainfreight Grp | 175 | +1.4 | -1.5 | 25 | 7 | 2.8 | 15 | 1.1 | 18 | 4.7 | 0.44 | 13 |
| Reid Farmers | 69 | +5.8 | -0.1 | 17 | - | 1.1 | 11 | 1.2 | 10 | 9.7 | 0.52 | 39 |
| Tag Pacific Ltd | 40 | +53.9 | -6.9 | -0 | - | 1.5 | - | 1.8 | NE | 1.9 | 0.56 | 23 |
| Ceramco Corp | 163 | +1.6 | +1.4 | 23 | 3 | 1.3 | 6 | 1.1 | 22 | 4.6 | 0.75 | 68 |
| Mr Chips Hold | 70 | +8.2 | +2.3 | 12 | - | 2.1 | 9 | 1.0 | 24 | 12.8 | 0.77 | 13 |
| Colonial Ltd | 1070 | +12.6 | +3.2 | 9 | - | 1.6 | 9 | 0.7 | 17 | 2.4 | 0.88 | 10,026 |
| Ebos Group Ltd | 360 | +7.2 | -5.1 | 14 | - | 5.4 | 34 | 0.8 | 16 | 7.5 | 0.93 | 84 |

**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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Colonial Ltd | 1070 | +12.6 | +3.2 | 9 | - | 1.6 | 9 | 0.7 | 17 | 2.4 | 0.88 | 10,026 |
| Ebos Group Ltd | 360 | +7.2 | -5.1 | 14 | - | 5.4 | 34 | 0.7 | 16 | 7.5 | 0.93 | 84 |
| DB Group | 250 | +7.1 | -0.6 | 15 | 7 | 1.1 | 13 | 0.6 | 9 | 9.6 | 0.39 | 252 |
| Reid Farmers | 69 | +5.8 | -0.1 | 17 | - | 1.1 | 11 | 0.9 | 10 | 9.7 | 0.52 | 39 |
| Col Motor Co | 272 | +4.1 | -1.1 | 19 | - | 1.1 | 7 | 0.7 | 15 | 8.5 | 0.28 | 84 |
| Mainfreight Grp | 175 | +1.4 | -1.5 | 25 | 7 | 2.8 | 15 | 0.9 | 18 | 4.7 | 0.44 | 13 |
| Williams Kettle | 206 | +0.5 | +0.0 | 31 | - | 0.8 | 6 | 0.5 | 13 | 9.4 | 0.29 | 27 |

**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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Restaurant Brds | 113 | -3.4 | -2.7 | 57 | 7 | 3.5 | 42 | 1.0 | 8 | 13.2 | 0.48 | 104 |
| Hallenstein G. | 195 | -8.3 | -1.0 | 81 | 6 | 3.4 | 30 | 0.8 | 11 | 13.0 | 0.71 | 113 |
| Cavalier Corp | 330 | -1.0 | +0.2 | 39 | 5 | 1.6 | 15 | 0.8 | 11 | 11.8 | 0.59 | 119 |
| Natural Gas | 130 | -10.8 | -2.3 | 90 | 7 | 0.9 | 8 | 0.9 | 12 | 11.5 | 1.87 | 1,053 |
| Sky City Ltd | 620 | -6.0 | -0.7 | 67 | 8 | 4.0 | 31 | 0.5 | 13 | 10.4 | 2.32 | 608 |
| United Networks | 600 | -0.9 | +0.1 | 38 | 2 | 1.2 | 14 | 0.4 | 8 | 10.0 | 2.02 | 909 |
| DB Group | 250 | +7.1 | -0.6 | 15 | 7 | 1.1 | 13 | 0.5 | 9 | 9.6 | 0.39 | 252 |
| Contact Energy | 248 | -9.4 | -2.8 | 86 | 7 | 0.9 | 7 | 0.6 | 13 | 9.5 | 7.17 | 1,498 |
| Tranz Rail Hold | 270 | -7.3 | -3.5 | 75 | 8 | 0.7 | 15 | 0.7 | 5 | 9.4 | 0.57 | 326 |
| Steel & Tube | 129 | -8.1 | -2.6 | 78 | 6 | 1.0 | 9 | 1.0 | 11 | 9.3 | 0.34 | 114 |

**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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Port Tauranga | 500 | -3.1 | -2.6 | 52 | 7 | 1.4 | 7 | 0.4 | 21 | 5.4 | 7.23 | 382 |
| Contact Energy | 248 | -9.4 | -2.8 | 86 | 7 | 0.9 | 7 | 0.6 | 13 | 9.5 | 7.17 | 1,498 |
| Infratil NZ | 116 | -7.3 | -1.0 | 77 | 5 | 1.6 | 19 | 0.5 | 8 | 9.0 | 6.93 | 220 |
| Akd Int Airport | 237 | -6.5 | -1.3 | 70 | 8 | 2.0 | 8 | 0.7 | 23 | 5.0 | 6.21 | 995 |
| Cue Energy Ltd | 8 | -4.7 | -6.8 | 63 | - | 0.6 | - | 2.2 | NE | Nil | 4.19 | 23 |
| Ports Auckland | 385 | -7.3 | -3.2 | 75 | 7 | 2.2 | 14 | 0.5 | 16 | 7.0 | 3.32 | 510 |
| Waste Mgmt NZ | 324 | -8.8 | -3.9 | 83 | 4 | 2.2 | 7 | 0.5 | 30 | 2.8 | 2.89 | 315 |
| AXA Asia Pac. | 290 | -3.2 | -1.3 | 54 | - | 1.0 | 7 | 0.7 | 14 | 3.9 | 2.74 | 5,111 |
| Lyttelton Port | 140 | -4.7 | -1.5 | 61 | 4 | 3.7 | 34 | 0.8 | 11 | 7.8 | 2.57 | 142 |
| Tasman Agric. | 74 | -1.1 | -0.5 | 41 | 3 | 0.6 | 5 | 0.8 | 10 | 4.1 | 2.37 | 95 |
| Sky City Ltd | 620 | -6.0 | -0.7 | 67 | 8 | 4.0 | 31 | 0.5 | 13 | 10.4 | 2.32 | 608 |
| Trust Power Ltd | 280 | -9.3 | -2.3 | 86 | 6 | 0.8 | 3 | 0.4 | 24 | 8.6 | 2.23 | 421 |
| SE Utilities | 89 | -2.2 | -0.3 | 46 | - | 0.8 | 7 | 0.6 | 12 | 6.7 | 2.22 | 53 |
| Horizon Energy | 650 | -3.5 | -1.2 | 58 | 3 | 1.0 | 4 | 0.4 | 23 | 5.3 | 2.10 | 130 |
| United Networks | 600 | -0.9 | +0.1 | 38 | 2 | 1.2 | 14 | 0.3 | 8 | 10.0 | 2.02 | 909 |
| Guiness Peat | 134 | -4.7 | -0.6 | 63 | 2 | 0.8 | 8 | 0.7 | 10 | 2.3 | 1.94 | 629 |
| Natural Gas | 130 | -10.8 | -2.3 | 90 | 7 | 0.9 | 8 | 0.9 | 12 | 11.5 | 1.87 | 1,053 |

**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. | 10 | -48.7 | +0.0 | 98 | - | 1.5 | - | 2.1 | NE | Nil | N/A | 2 |
| Trans-Tasman | 20 | -15.8 | -0.4 | 96 | 5 | 0.3 | 7 | 1.4 | 4 | Nil | 1.06 | 117 |
| NZ Oil and Gas | 25 | -13.4 | -15.0 | 95 | - | 0.5 | - | 0.8 | NE | Nil | 1.72 | 27 |
| CDL Hotel NZ | 21 | -12.8 | -1.2 | 95 | 3 | 0.4 | 3 | 1.3 | 12 | 5.0 | 0.45 | 73 |
| Aquaria 21 | 9 | -11.9 | -10.3 | 93 | - | 2.3 | - | 2.1 | NE | Nil | 1.59 | 19 |
| Southern Cap | 48 | -11.6 | -2.9 | 92 | - | 0.4 | 6 | 0.9 | 7 | Nil | 3.53 | 12 |
| Air New Zealand | 191 | -11.2 | +0.7 | 92 | 10 | 0.5 | 10 | 0.6 | 5 | 7.9 | 0.32 | 1,083 |
| Beauty Direct | 13 | -11.1 | -8.5 | 91 | - | - | - | 1.4 | NE | Nil | N/A | 4 |
| Nufarm Limited | 355 | -10.3 | -0.6 | 89 | 6 | 1.2 | 14 | 0.6 | 9 | 7.0 | 0.38 | 534 |
| Carter Holt | 180 | -10.0 | -2.3 | 89 | 8 | 0.6 | 1 | 1.0 | 60 | 4.4 | 1.09 | 3,123 |
| Utilico Int'l | 25 | -9.5 | -0.6 | 87 | - | 0.5 | - | 1.0 | NE | Nil | N/A | 25 |
| Trust Power Ltd | 280 | -9.3 | -2.3 | 86 | 6 | 0.8 | 3 | 0.4 | 24 | 8.6 | 2.23 | 421 |
| Shotover Jet | 43 | -9.1 | -5.0 | 85 | - | 1.5 | 21 | 1.0 | 7 | 5.8 | 0.78 | 19 |
| FC - Forests | 90 | -8.8 | +4.3 | 84 | 9 | 0.6 | 5 | 1.0 | 14 | Nil | 1.40 | 761 |
| Waste Mgmt NZ | 324 | -8.8 | -3.9 | 83 | 4 | 2.2 | 7 | 0.4 | 30 | 2.8 | 2.89 | 315 |
| NZ Refining Co | 1100 | -8.2 | +5.9 | 80 | 3 | 1.8 | 16 | 0.3 | 11 | 9.1 | 1.08 | 264 |
| Otter Gold Mine | 68 | -8.2 | -3.1 | 79 | - | 0.6 | 4 | 0.6 | 15 | Nil | 0.43 | 32 |

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

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

**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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hills Motorway | 353 | -1.0 | +3.5 | 60 | 0-0 | 8 | 1.4 | 3 | 0.7 | 44 | 1.7 | 9.93 | 653 |
| Equatorial Min. | 250 | -11.5 | -2.0 | 89 | 0-0 | - | - | - | 0.7 | NE | Nil | 9.47 | 89 |
| Carlton Invest | 910 | -4.7 | -1.0 | 73 | 0-0 | - | 0.7 | 7 | 0.6 | 10 | 3.8 | 9.25 | 242 |
| Canada Land | 7 | -13.4 | -2.6 | 91 | 0-0 | - | 0.1 | - | 1.6 | NE | Nil | 9.09 | 7 |
| Micromedical | 28 | -8.8 | -10.6 | 83 | 0-0 | 1 | 4.7 | - | 1.1 | NE | Nil | 7.20 | 30 |
| Roc Oil Company | 132 | -15.6 | +0.1 | 94 | 0-0 | 3 | - | - | 0.8 | NE | Nil | 7.11 | 140 |
| Huada City | 65 | -2.9 | -3.2 | 67 | 0-0 | - | 0.7 | 9 | 0.9 | 8 | 12.8 | 6.95 | 24 |
| Ind & Com Elect | 50 | -1.3 | -1.0 | 61 | 0-0 | - | 10.0 | - | 0.9 | NE | Nil | 6.82 | 21 |
| Milton Corp. | 895 | -0.0 | +0.5 | 55 | 14-0 | - | 1.0 | 5 | 0.6 | 21 | 4.6 | 6.74 | 454 |
| Woodside Petrol | 1076 | -2.3 | -2.3 | 65 | 0-0 | 16 | - | - | 0.6 | 21 | 2.4 | 6.73 | 7,175 |
| Prophecy Int'l | 210 | -7.5 | -9.1 | 80 | 0-0 | 4 | 6.8 | 26 | 0.7 | 26 | 2.6 | 6.32 | 90 |
| Cons. Gaming | 49 | -6.9 | +0.4 | 79 | 0-0 | - | 2.0 | 13 | 0.9 | 15 | Nil | 6.31 | 19 |
| Macquarie Infra | 129 | -8.6 | -2.8 | 83 | 0-0 | - | 1.0 | 15 | 0.8 | 7 | 7.8 | 5.76 | 1,136 |
| Westfield Hold. | 949 | -0.5 | +1.2 | 57 | 5-1 | 11 | 9.5 | 24 | 0.6 | 39 | 1.3 | 5.70 | 4,975 |
| Nat'l Aust Bank | 2447 | -2.5 | +2.4 | 65 | 4-1 | 17 | 2.8 | 6 | 0.6 | 49 | 4.6 | 5.68 | 36,570 |
| Tap Oil | 68 | -4.7 | -3.3 | 73 | 0-0 | 6 | - | - | 0.9 | 25 | Nil | 5.43 | 89 |
| Climax Mining | 10 | -7.9 | -4.9 | 81 | 0-0 | - | - | - | 1.5 | NE | Nil | 5.29 | 11 |
| Reckon Limited | 97 | -12.9 | -8.0 | 91 | 0-0 | 3 | 2.9 | - | 0.8 | NE | Nil | 5.13 | 102 |
| Investment Coy | 210 | -5.5 | -1.7 | 75 | 0-0 | - | 0.8 | 6 | 0.7 | 13 | 6.5 | 5.00 | 44 |
| Oil Search Ltd | 157 | -9.5 | -0.3 | 85 | 0-0 | 13 | - | - | 0.7 | 49 | Nil | 4.92 | 825 |
| Mid-East Min'ls | 101 | -6.2 | -3.7 | 77 | 0-0 | - | 0.7 | 4 | 0.8 | 17 | Nil | 4.75 | 22 |
| Quantum Res. | 8 | -14.2 | -0.9 | 92 | 0-0 | - | - | - | 1.6 | NE | Nil | 4.64 | 14 |
| Sea World PT | 58 | -9.5 | -2.2 | 85 | 0-0 | 1 | 0.5 | 6 | 0.9 | 9 | 9.6 | 4.50 | 121 |
| Sydney Aquarium | 384 | -1.6 | -1.3 | 62 | 0-0 | 3 | 4.9 | 27 | 0.6 | 18 | 5.5 | 4.49 | 83 |
| Cambooya Inv. | 124 | -4.1 | -1.2 | 71 | 1-0 | - | 0.8 | 5 | 0.8 | 18 | 4.6 | 4.34 | 64 |
| Oil Coy of Aust | 195 | -3.8 | +0.1 | 70 | 0-0 | - | - | - | 0.7 | 39 | 1.0 | 4.18 | 229 |
| Preston Resourc | 27 | -24.6 | +2.5 | 98 | 0-0 | 2 | - | - | 1.1 | NE | Nil | 4.17 | 17 |
| Div. United Inv | 136 | -1.4 | -1.6 | 61 | 1-1 | - | 0.7 | 4 | 0.8 | 20 | 4.2 | 4.12 | 127 |
| Petroz NL | 26 | -14.2 | -0.1 | 92 | 0-0 | 6 | 0.7 | 3 | 1.1 | 22 | Nil | 4.10 | 51 |
| Pac Strategic | 19 | -5.4 | -0.4 | 75 | 3-0 | - | 0.7 | - | 1.2 | NE | Nil | 4.07 | 9 |
| Liberty One | 38 | -22.6 | -4.9 | 97 | 0-0 | 2 | 3.2 | - | 1.0 | NE | Nil | 4.06 | 100 |
| Equity Trustees | 700 | -2.1 | -1.9 | 64 | 0-0 | - | 2.8 | 20 | 0.6 | 14 | 5.3 | 4.05 | 40 |
| McGuigan Wines | 314 | -1.6 | -3.3 | 62 | 0-0 | 5 | 3.5 | 11 | 0.7 | 32 | 2.6 | 3.98 | 132 |
| ETRADE Aust. | 250 | -10.2 | -0.2 | 86 | 4-3 | 3 | 5.4 | - | 0.7 | NE | Nil | 3.91 | 150 |
| Lihir Gold | 66 | -21.0 | -1.7 | 97 | 0-0 | 14 | - | - | 0.9 | NE | Nil | 3.46 | 861 |
| Medical Researc | 40 | -2.8 | +2.0 | 67 | 0-0 | - | 0.6 | 1 | 1.0 | 43 | Nil | 3.46 | 21 |
| Western Mining | 732 | -2.9 | -2.0 | 67 | 2-0 | 18 | 2.0 | 7 | 0.6 | 30 | 1.8 | 3.44 | 8,420 |
| Kidz.net Ltd | 22 | -1.7 | -14.8 | 63 | 0-0 | - | 1.5 | - | 1.1 | NE | Nil | 3.35 | 23 |
| Peptide Tech. | 27 | -12.6 | -3.5 | 90 | 0-0 | - | 5.4 | - | 1.1 | NE | Nil | 3.34 | 38 |
| Huntley Invest | 52 | -1.2 | -0.2 | 60 | 0-0 | - | 0.8 | 15 | 0.9 | 5 | 4.8 | 3.25 | 30 |
| West Aust News | 539 | -0.8 | +0.3 | 59 | 0-0 | 12 | 18.6 | - | 0.6 | 17 | 5.6 | 3.20 | 1,108 |
| BT Resources | 37 | -3.6 | -3.2 | 70 | 1-2 | - | 0.9 | 17 | 1.0 | 5 | Nil | 3.03 | 22 |
| AXA Asia Pac | 249 | -1.9 | +0.5 | 64 | 0-0 | 10 | 1.3 | 9 | 0.7 | 15 | 3.6 | 2.94 | 4,388 |
| Petaluma Ltd | 495 | -1.0 | -1.4 | 60 | 0-0 | 8 | 2.6 | 13 | 0.6 | 19 | 2.4 | 2.81 | 113 |
| Magellan Petrol | 155 | -0.3 | +2.1 | 56 | 1-0 | - | - | - | 0.7 | 14 | 6.5 | 2.68 | 38 |
| Santos Ltd | 441 | -4.9 | -0.1 | 74 | 1-0 | 17 | - | - | 0.6 | 14 | 5.7 | 2.67 | 2,676 |
| Tabcorp Holding | 950 | -4.0 | +1.2 | 71 | 2-0 | 13 | 95.0 | - | 0.6 | 20 | 4.5 | 2.66 | 3,530 |
| Adsteam Marine | 238 | -7.7 | +1.7 | 80 | 5-0 | 5 | 3.2 | 29 | 0.7 | 11 | 5.9 | 2.58 | 223 |
| Challenger Int. | 312 | -0.4 | -2.6 | 57 | 0-0 | 2 | 2.8 | 19 | 0.7 | 14 | 1.6 | 2.57 | 604 |
| Pipers Brook | 200 | -8.1 | -1.4 | 81 | 0-0 | 2 | 1.1 | 2 | 0.7 | 53 | 1.0 | 2.54 | 31 |

**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 | 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Harvey Norman | 342 | -42.7 | +1.2 | 99 | 0-0 | 11 | 7.3 | 91 | 0.6 | 8 | 4.4 | 2.05 | 3,482 |
| Copper Mines | 2 | -35.8 | -11.5 | 99 | 0-0 | - | - | - | 2.5 | 9 | Nil | 0.77 | 8 |
| Ashanti Goldfld | 320 | -29.2 | +1.2 | 98 | 0-0 | - | - | - | 0.6 | 3 | Nil | 0.48 | 344 |
| Aurora Gold | 21 | -27.1 | -2.2 | 98 | 0-0 | 10 | - | - | 1.1 | 9 | Nil | 0.26 | 34 |
| Preston Resourc | 27 | -24.6 | +2.5 | 98 | 0-0 | 2 | - | - | 1.0 | NE | Nil | 4.17 | 17 |
| Energy Equity | 13 | -23.7 | -2.5 | 98 | 0-0 | 1 | 0.3 | 4 | 1.3 | 8 | Nil | 0.86 | 40 |
| Esmeralda Exp. | 20 | -22.6 | -5.0 | 98 | 0-0 | - | - | - | 1.1 | NE | Nil | N/A | 10 |
| Liberty One | 38 | -22.6 | -4.9 | 97 | 0-0 | 2 | 3.2 | - | 0.9 | NE | Nil | 4.06 | 100 |
| China Cons | 9 | -21.7 | -4.9 | 97 | 0-0 | - | 0.1 | 6 | 1.4 | 2 | Nil | 1.07 | 44 |
| Omni Group Ltd | 23 | -21.3 | -3.3 | 97 | 0-0 | - | 0.8 | 17 | 1.1 | 5 | Nil | 0.40 | 8 |
| Internet Travel | 90 | -21.2 | -12.3 | 97 | 0-0 | - | 3.2 | - | 0.8 | NE | Nil | N/A | 56 |
| Lihir Gold | 66 | -21.0 | -1.7 | 97 | 0-0 | 14 | - | - | 0.8 | NE | Nil | 3.46 | 861 |
| Int'l Allsports | 50 | -20.0 | -3.2 | 97 | 0-0 | 2 | 1.2 | - | 0.9 | NE | Nil | N/A | 20 |
| Werrie Gold Ltd | 17 | -19.7 | -1.4 | 97 | 0-0 | - | - | - | 1.2 | NE | Nil | N/A | 11 |
| Mineral Deposit | 15 | -19.5 | +2.2 | 97 | 0-0 | - | - | - | 1.2 | NE | Nil | 0.75 | 9 |
| Horizon Energy | 23 | -19.4 | -5.2 | 96 | 0-0 | - | 0.3 | - | 1.1 | NE | Nil | N/A | 75 |
| Mikoh Corp. | 24 | -19.4 | -6.3 | 96 | 3-0 | - | 6.0 | - | 1.1 | NE | Nil | N/A | 14 |
| Chaos Music Ltd | 41 | -19.2 | -3.7 | 96 | 0-0 | - | 0.9 | - | 0.9 | NE | Nil | N/A | 7 |
| Global Seafood | 46 | -18.9 | -2.9 | 96 | 0-0 | - | 0.9 | - | 0.9 | NE | Nil | N/A | 6 |
| Emitch Limited | 68 | -18.7 | -12.3 | 96 | 0-0 | - | - | - | 0.8 | NE | Nil | N/A | 38 |
| Scanbox AsiaPac | 14 | -18.6 | -3.4 | 96 | 0-0 | - | 0.3 | 30 | 1.2 | 1 | Nil | 0.29 | 6 |
| M-Box.com | 16 | -18.4 | -10.9 | 96 | 0-0 | - | - | - | 1.2 | NE | Nil | N/A | 6 |
| Adelaide Bright | 43 | -17.8 | -3.9 | 95 | 3-1 | 7 | 0.8 | 4 | 0.9 | 19 | Nil | 0.65 | 204 |
| Crest Resources | 11 | -17.7 | -2.4 | 95 | 0-1 | - | - | - | 1.3 | NE | Nil | N/A | 10 |
| ARC Energy | 13 | -17.6 | -1.3 | 95 | 4-0 | 1 | - | - | 1.3 | NE | Nil | N/A | 11 |
| Kimberley Diam. | 21 | -17.5 | -0.6 | 95 | 0-0 | - | - | - | 1.1 | NE | Nil | N/A | 8 |
| Insurance My Wa | 25 | -17.2 | -9.8 | 95 | 0-0 | - | 0.1 | - | 1.0 | NE | Nil | N/A | 5 |
| Antaeus Energy | 9 | -17.2 | +2.3 | 95 | 0-0 | - | - | - | 1.4 | NE | Nil | N/A | 13 |
| Pasminco Ltd | 92 | -17.1 | -4.7 | 95 | 0-0 | 16 | - | - | 0.8 | NE | Nil | 0.57 | 1,035 |
| ICS Global Ltd | 110 | -16.2 | -8.6 | 94 | 0-0 | - | 5.0 | - | 0.8 | NE | Nil | N/A | 29 |
| Roc Oil Company | 132 | -15.6 | +0.1 | 94 | 0-0 | 3 | - | - | 0.7 | NE | Nil | 7.11 | 140 |
| Cent Pac Min'ls | 350 | -15.6 | -4.3 | 94 | 0-0 | - | - | - | 0.6 | NE | Nil | N/A | 388 |
| Beaconsfield Gl | 67 | -15.4 | -1.8 | 94 | 0-0 | 1 | - | - | 0.8 | NE | Nil | N/A | 46 |
| Ribloc Group | 50 | -14.9 | -1.1 | 93 | 0-0 | - | 2.6 | - | 0.9 | NE | Nil | 0.69 | 13 |
| Volante Group | 104 | -14.9 | -4.5 | 93 | 0-0 | - | 4.3 | - | 0.8 | NE | Nil | N/A | 39 |
| Amrad Corp. | 50 | -14.8 | -3.5 | 93 | 1-0 | 2 | 0.8 | - | 0.9 | NE | Nil | 0.39 | 58 |
| East Coast Min. | 20 | -14.8 | -1.1 | 93 | 0-0 | - | - | - | 1.1 | NE | Nil | N/A | 8 |
| Sthn Pacific | 153 | -14.7 | -5.3 | 93 | 0-0 | - | - | - | 0.7 | NE | Nil | N/A | 469 |
| Harvey Wld Trav | 75 | -14.7 | -2.0 | 93 | 0-0 | - | 5.0 | - | 0.8 | NE | Nil | N/A | 28 |
| Quantum Res. | 8 | -14.2 | -0.9 | 92 | 0-0 | - | - | - | 1.5 | NE | Nil | 4.64 | 14 |
| Coeur D'Alene | 410 | -14.2 | +2.1 | 92 | 0-0 | - | - | - | 0.6 | NE | Nil | N/A | 90 |
| Petroz NL | 26 | -14.2 | -0.1 | 92 | 0-0 | 6 | 0.7 | 3 | 1.0 | 22 | Nil | 4.10 | 51 |
| Ruskin Indust. | 8 | -14.1 | -2.4 | 92 | 0-0 | - | 1.9 | 92 | 1.5 | 2 | Nil | 0.25 | 6 |
| Sydney Gas Coy | 47 | -13.8 | -4.8 | 92 | 0-0 | - | - | - | 0.9 | NE | Nil | N/A | 40 |
| Biota Holdings | 340 | -13.7 | -5.6 | 92 | 0-0 | 2 | 6.3 | - | 0.6 | NE | Nil | N/A | 252 |
| Satellite Group | 27 | -13.6 | -2.7 | 92 | 0-0 | - | 0.8 | - | 1.0 | NE | Nil | N/A | 22 |
| Canada Land | 7 | -13.4 | -2.6 | 91 | 0-0 | - | 0.1 | - | 1.5 | NE | Nil | 9.09 | 7 |
| Digital Now | 112 | -13.4 | -7.8 | 91 | 0-0 | - | - | - | 0.8 | NE | Nil | N/A | 103 |
| Silex Systems | 200 | -13.4 | -7.0 | 91 | 1-2 | - | 18.2 | - | 0.7 | NE | Nil | N/A | 206 |
| Seafood Online | 10 | -13.3 | -6.1 | 91 | 0-0 | - | 1.6 | - | 1.4 | NE | Nil | N/A | 9 |

**INSIDER SELLING**: Most Insider Selling, 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ranger Minerals | 217 | -9.8 | +0.5 | 86 | 0-4 | 7 | - | - | 0.7 | 6 | 16.1 | 0.92 | 147 |
| Data 3 Ltd | 210 | -7.1 | -4.4 | 79 | 0-3 | 2 | 9.5 | 87 | 0.7 | 11 | 5.7 | 0.21 | 31 |
| Rural Press Ltd | 505 | -0.9 | +0.8 | 59 | 0-2 | 9 | 2.5 | 18 | 0.6 | 13 | 2.5 | 1.35 | 561 |
| Gindalbie Gold | 14 | -0.5 | -1.7 | 57 | 0-2 | - | - | - | 1.2 | NE | Nil | N/A | 7 |
| Precious Metals | 24 | -8.1 | -1.3 | 82 | 0-2 | - | - | - | 1.0 | NE | Nil | 1.15 | 38 |
| IAMA Ltd | 151 | -16.4 | -1.2 | 94 | 0-2 | 5 | - | - | 0.7 | 10 | 7.9 | 0.12 | 130 |

# New Zealand Warrant / Option Analysis

| Warrant | Share Price | Exercise Price | Years & Months to Expiry | Warrant Price (NZ cents) | Black-Scholes Valuation (NZ cents) | Warrant Over/Under Valued (%) | Share Vola-tility | Warrant Leverage | No. Warrants to Buy One Share | Break-Even Rate |
|---|---|---|---|---|---|---|---|---|---|---|
| Aquaria 21 | $0.09 | $0.20 | 0-4 | 2.0 | 0.0 | +6625 | 0.603 | 8.5 | 1.0000 | +1182% |
| IT Capital | $0.26 | $0.18 | 0-5 | 13.0 | 10.8 | +21 | 0.942 | 2.0 | 1.0000 | +47% |
| NZ Oil & Gas Options | $0.25 | $0.70 | 1-5 | 4.0 | 1.7 | +141 | 0.655 | 3.1 | 1.0000 | +115% |
| Otter Gold Mines 1999/2003 | $0.68 | $2.00 | 3-1 | 6.0 | 10.5 | -43 | 0.575 | 2.3 | 1.0000 | +43% |
| Otter Gold Mines 2001 | $0.68 | $2.75 | 1-5 | 2.0 | 0.9 | +114 | 0.575 | 4.3 | 1.0000 | +169% |
| WDR Contact Energy | $2.48 | $3.50 | 0-1 | 1.1 | 0.0 | +99999 | 0.223 | 1.0 | 2.0000 | +6617% |
| WDR FC - Building | $1.95 | $2.75 | 0-6 | 6.0 | 1.4 | +319 | 0.352 | 8.9 | 2.0000 | +117% |
| WDR FC - Energy | $5.15 | $5.50 | 0-6 | 40.0 | 20.9 | +91 | 0.339 | 6.1 | 2.0000 | +50% |
| WDR Telecom NZ | $8.62 | $9.00 | 0-7 | 34.5 | 30.3 | +14 | 0.237 | 7.5 | 2.0000 | +22% |

# Australian Warrant / Option Analysis

| Company | Share Price | Exercise Price | Yr/Mth to Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate |
|---|---|---|---|---|---|---|---|---|---|---|
| AP Eagers Ltd | 410 | 400 | 2-8 | 43.0 | 88.6 | -51 | 0.18 | 3.65 | 1.00 | +3 |
| Acclaim Uranium NL | 8 | 20 | 2-4 | 1.5 | 4.1 | -63 | 1.30 | 1.34 | 1.00 | +56 |
| Adelong Consolidated | 147 | 20 | 2-8 | 118.0 | 135.0 | -13 | 1.21 | 1.07 | 1.00 | -2 |
| Adelong Consolidated | 147 | 20 | 0-6 | 115.0 | 127.6 | -10 | 1.21 | 1.15 | 1.00 | -16 |
| Adultshop.com | 100 | 20 | 4-1 | 80.0 | 99.0 | -19 | 2.17 | 1.01 | 1.00 | +0 |
| Advanced Engine | 26 | 35 | 2-7 | 6.0 | 8.0 | -25 | 0.57 | 2.02 | 1.00 | +19 |
| Airboss Ltd | 30 | 29 | 4-1 | 9.0 | 29.3 | -69 | 2.19 | 1.01 | 1.00 | +6 |
| Allegiance Mining | 12 | 20 | 3-7 | 6.0 | 7.4 | -19 | 1.02 | 1.29 | 1.00 | +24 |
| Allied Mining | 9 | 20 | 0-9 | 4.5 | 1.8 | +152 | 1.19 | 2.18 | 1.00 | +269 |
| Amadeus Petroleum | 10 | 20 | 3-6 | 3.0 | 5.0 | -40 | 0.89 | 1.43 | 1.00 | +27 |
| Amadeus Petroleum | 10 | 20 | 0-3 | 1.0 | 0.2 | +483 | 0.89 | 5.66 | 1.00 | +999 |
| Ambition Group | 110 | 100 | 4-4 | 25.0 | 47.7 | -48 | 0.37 | 1.86 | 1.00 | +3 |
| Amity Oil | 23 | 35 | 2-4 | 7.4 | 9.5 | -23 | 0.86 | 1.61 | 1.00 | +31 |
| Asset Backed | 74 | 35 | 2-3 | 50.0 | 60.6 | -17 | 1.39 | 1.13 | 1.00 | +6 |
| Astro Mining NL | 30 | 25 | 9-7 | 15.0 | 29.3 | -49 | 1.37 | 1.01 | 1.00 | +3 |
| Astro Mining NL | 30 | 120 | 2-7 | 20.0 | 16.0 | +25 | 1.37 | 1.31 | 1.00 | +83 |
| Audax Resources | 15 | 50 | 0-10 | 5.0 | 0.5 | +958 | 0.81 | 3.68 | 1.00 | +375 |
| Auridiam Consolidated | 7 | 50 | 4-1 | 3.0 | 2.1 | +41 | 0.89 | 1.58 | 1.00 | +64 |
| Auridiam Consolidated | 7 | 20 | 1-8 | 3.0 | 1.4 | +120 | 0.89 | 2.07 | 1.00 | +104 |
| Auspine Ltd | 222 | 400 | 2-7 | 12.0 | 22.2 | -46 | 0.37 | 3.38 | 1.00 | +27 |
| Aust Kimb Diamonds | 4 | 20 | 2-4 | 1.9 | 1.2 | +61 | 1.16 | 1.58 | 1.00 | +114 |
| Aust Mineral | 4 | 20 | 2-10 | 1.8 | 1.7 | +3 | 1.15 | 1.44 | 1.00 | +79 |
| Barron Enter. | 8 | 25 | 0-4 | 1.2 | 0.3 | +292 | 1.38 | 3.37 | 1.00 | +999 |
| Beach Petroleum NL | 4 | 20 | 3-11 | 1.6 | 1.2 | +33 | 0.84 | 1.62 | 1.00 | +55 |
| Bemax Resources | 17 | 20 | 0-1 | 1.7 | 0.9 | +100 | 1.02 | 6.08 | 1.00 | +999 |
| Bionomics Ltd | 67 | 50 | 1-6 | 30.0 | 31.5 | -5 | 0.72 | 1.72 | 1.00 | +13 |
| Biotech Int'l | 29 | 20 | 0-6 | 13.0 | 10.0 | +30 | 0.57 | 2.51 | 1.00 | +34 |
| Bolnisi Gold NL | 15 | 20 | 1-1 | 3.0 | 3.2 | -7 | 0.75 | 2.37 | 1.00 | +53 |
| CMC Power Systems | 12 | 25 | 2-2 | 5.5 | 5.1 | +7 | 1.05 | 1.52 | 1.00 | +54 |
| Cardia Technologies | 16 | 20 | 4-1 | 6.0 | 11.3 | -47 | 1.09 | 1.19 | 1.00 | +14 |
| Carnarvon Petroleum | 6 | 400 | 1-2 | 0.7 | 0.0 | +999 | 0.75 | 1.00 | 1.00 | +999 |
| Carnarvon Petroleum | 6 | 25 | 2-2 | 2.3 | 0.7 | +208 | 0.75 | 2.33 | 1.00 | +98 |
| Central Kalgoolie | 5 | 25 | 0-7 | 1.4 | 0.7 | +112 | 1.64 | 2.17 | 1.00 | +999 |
| Chariot Internet | 127 | 100 | 2-7 | 50.0 | 71.8 | -30 | 0.76 | 1.46 | 1.00 | +7 |
| Charter Pacific | 41 | 50 | 2-5 | 25.0 | 14.6 | +71 | 0.62 | 1.87 | 1.00 | +28 |
| Chiquita Brands | 110 | 110 | 2-8 | 16.0 | 27.0 | -41 | 0.26 | 2.96 | 1.00 | +5 |
| Citie Centre Ltd | 84 | 100 | 2-2 | 10.0 | 19.5 | -49 | 0.43 | 2.58 | 1.00 | +13 |
| Citistate Corp | 11 | 25 | 1-4 | 1.5 | 5.0 | -70 | 1.47 | 1.46 | 1.00 | +93 |
| Cluff Resources | 4 | 20 | 1-7 | 1.8 | 1.7 | +3 | 1.63 | 1.41 | 1.00 | +192 |
| Cobra Resources NL | 12 | 20 | 2-7 | 5.0 | 5.9 | -15 | 1.03 | 1.41 | 1.00 | +35 |
| Conquest Mining NL | 19 | 25 | 0-1 | 5.1 | 0.2 | +999 | 0.81 | 9.55 | 1.00 | +999 |
| Consolidated Mineral | 53 | 20 | 1-10 | 33.0 | 48.5 | -32 | 2.11 | 1.05 | 1.00 | +0 |
| Cranswick Premium | 280 | 195 | 2-1 | 80.0 | 114.9 | -30 | 0.30 | 2.22 | 1.00 | -1 |
| Craton Resources | 19 | 25 | 2-10 | 8.0 | 8.9 | -10 | 0.79 | 1.54 | 1.00 | +22 |
| Dalrymple Resources | 57 | 20 | 0-1 | 38.0 | 37.1 | +2 | 0.93 | 1.54 | 1.00 | +23 |
| Deepgreen Minerals | 1 | 20 | 1-1 | 12.5 | 0.0 | +999 | 1.21 | 2.69 | 1.00 | +999 |
| Defiance Mining NL | 4 | 20 | 3-1 | 1.3 | 1.5 | -11 | 1.02 | 1.53 | 1.00 | +71 |
| Diamond Ventures NL | 9 | 20 | 2-1 | 4.0 | 3.2 | +26 | 1.02 | 1.61 | 1.00 | +65 |
| Downer Group Ltd | 46 | 50 | 0-9 | 2.6 | 7.1 | -64 | 0.49 | 3.56 | 1.00 | +20 |
| Eftnet Technologies | 88 | 20 | 4-4 | 61.0 | 78.1 | -22 | 0.93 | 1.09 | 1.00 | -2 |
| Empire Oil & Gas | 12 | 20 | 2-7 | 4.0 | 4.5 | -10 | 0.77 | 1.70 | 1.00 | +31 |
| Federation Res. | 286 | 400 | 1-11 | 100.0 | 277.1 | -64 | 3.17 | 1.02 | 1.00 | +34 |
| Federation Res. | 286 | 30 | 0-3 | 250.0 | 260.5 | -4 | 3.17 | 1.08 | 1.00 | -8 |
| Fimiston Mining NL | 16 | 30 | 1-4 | 5.0 | 7.0 | -29 | 1.39 | 1.48 | 1.00 | +84 |
| Franked Income Fd | 391 | 580 | 2-7 | 22.0 | 28.7 | -23 | 0.24 | 4.68 | 1.00 | +18 |
| Frontier Petroleum | 26 | 20 | 1-1 | 11.0 | 13.1 | -16 | 1.07 | 1.56 | 1.00 | +20 |
| GPS Online.com | 22 | 40 | 2-1 | 11.0 | 7.9 | +40 | 0.91 | 1.67 | 1.00 | +51 |
| General Gold Res. | 6 | 20 | 2-1 | 1.8 | 0.8 | +124 | 0.73 | 2.34 | 1.00 | +86 |
| Giants Reef Mining | 6 | 20 | 1-1 | 2.0 | 0.6 | +210 | 0.97 | 2.50 | 1.00 | +232 |
| Glengarry Resources | 7 | 20 | 0-7 | 1.2 | 0.7 | +83 | 1.27 | 2.58 | 1.00 | +659 |
| Glengarry Resources | 7 | 75 | 1-11 | 2.4 | 1.2 | +99 | 1.27 | 1.76 | 1.00 | +264 |
| Global Business | 16 | 100 | 2-0 | 2.2 | 1.3 | +66 | 0.86 | 2.37 | 1.00 | +157 |
| Global Business | 16 | 20 | 5-7 | 8.5 | 10.9 | -22 | 0.86 | 1.22 | 1.00 | +12 |
| Globe Securities | 6 | 20 | 3-7 | 2.4 | 3.6 | -33 | 1.19 | 1.26 | 1.00 | +44 |
| Gold Partners NL | 9 | 20 | 2-1 | 4.5 | 5.3 | -15 | 1.40 | 1.31 | 1.00 | +61 |
| Golden Deeps NL | 11 | 20 | 3-1 | 2.0 | 6.5 | -69 | 1.10 | 1.30 | 1.00 | +25 |
| Golden Triangle | 13 | 20 | 2-7 | 4.0 | 5.9 | -32 | 0.87 | 1.54 | 1.00 | +27 |
| Golden Valley Mines | 7 | 20 | 2-1 | 3.0 | 2.5 | +22 | 1.06 | 1.61 | 1.00 | +77 |
| Goldsearch Limited | 8 | 20 | 2-2 | 3.5 | 3.6 | -2 | 1.23 | 1.42 | 1.00 | +69 |
| Goldstream Mining | 51 | 20 | 1-4 | 32.5 | 33.8 | -4 | 0.71 | 1.43 | 1.00 | +2 |
| Gradipore Ltd | 515 | 250 | 1-7 | 300.0 | 308.7 | -3 | 0.63 | 1.54 | 1.00 | +4 |
| Gradipore Ltd | 515 | 75 | 0-1 | 380.0 | 440.4 | -14 | 0.63 | 1.17 | 1.00 | -77 |
| Grange Resources | 82 | 80 | 1-7 | 35.0 | 37.5 | -7 | 0.88 | 1.64 | 1.00 | +24 |
| Green's Foods Ltd | 53 | 50 | 1-9 | 8.0 | 12.7 | -37 | 0.31 | 3.04 | 1.00 | +5 |
| Gympie Gold Limited | 34 | 80 | 1-1 | 5.8 | 0.6 | +802 | 0.49 | 5.03 | 1.00 | +138 |
| Hill 50 Gold NL | 97 | 70 | 2-0 | 35.0 | 40.0 | -13 | 0.39 | 2.10 | 1.00 | +4 |
| Hunter Exploration | 8 | 25 | 1-1 | 3.0 | 2.0 | +48 | 1.29 | 1.85 | 1.00 | +211 |
| Huntley Investment | 52 | 50 | 1-0 | 6.0 | 6.1 | -2 | 0.15 | 6.64 | 1.00 | +8 |
| IHG Limited | 23 | 20 | 1-1 | 12.5 | 9.8 | +27 | 0.90 | 1.77 | 1.00 | +38 |
| Impress Technologies | 12 | 20 | 0-11 | 3.4 | 2.8 | +24 | 1.04 | 2.10 | 1.00 | +117 |
| Infosentials Limited | 27 | 25 | 0-7 | 12.0 | 7.3 | +64 | 0.75 | 2.53 | 1.00 | +72 |
| Intercontinental Gold | 6 | 20 | 3-1 | 2.0 | 3.4 | -41 | 1.35 | 1.24 | 1.00 | +57 |
| JAM Developments | 18 | 25 | 5-6 | 5.0 | 11.8 | -58 | 0.81 | 1.26 | 1.00 | +10 |
| JAM Developments | 18 | 25 | 5-6 | 5.0 | 11.8 | -58 | 0.81 | 1.26 | 1.00 | +10 |
| Jervois Mining NL | 4 | 20 | 1-9 | 1.5 | 0.2 | +667 | 0.72 | 2.96 | 1.00 | +158 |
| KCG Mines | 25 | 20 | 4-6 | 4.0 | 18.9 | -79 | 0.94 | 1.18 | 1.00 | -1 |
| Kalrez Energy NL | 3 | 20 | 3-1 | 1.2 | 1.1 | +5 | 1.11 | 1.48 | 1.00 | +87 |
| Kanowna Lights NL | 14 | 20 | 1-8 | 4.5 | 6.9 | -34 | 1.16 | 1.47 | 1.00 | +40 |
| Kimberley Oil NL | 7 | 20 | 1-6 | 3.0 | 1.3 | +140 | 0.97 | 2.05 | 1.00 | +132 |
| Kingstream Steel | 27 | 110 | 2-2 | 12.0 | 2.6 | +361 | 0.71 | 2.51 | 1.00 | +101 |
| Lafayette Mining NL | 14 | 20 | 1-4 | 3.5 | 4.3 | -19 | 0.89 | 1.92 | 1.00 | +47 |
| Legend Mining NL | 14 | 20 | 1-10 | 3.7 | 5.6 | -34 | 0.92 | 1.66 | 1.00 | +33 |
| Lynas Gold NL | 21 | 20 | 0-6 | 4.0 | 5.5 | -27 | 0.93 | 2.45 | 1.00 | +41 |
| M2M Corporation | 31 | 20 | 9-9 | 20.0 | 29.5 | -32 | 1.12 | 1.03 | 1.00 | +3 |
| Macmin NL | 7 | 20 | 0-9 | 1.7 | 0.4 | +285 | 0.90 | 3.19 | 1.00 | +335 |
| Magna Pacific | 70 | 25 | 1-1 | 40.0 | 50.6 | -21 | 1.12 | 1.30 | 1.00 | -7 |
| Majestic Resources | 22 | 20 | 3-1 | 13.0 | 11.7 | +11 | 0.72 | 1.47 | 1.00 | +15 |
| Menzies Court | 16 | 20 | 0-10 | 1.1 | 0.7 | +47 | 0.30 | 6.61 | 1.00 | +39 |
| Mermaid Marine Ltd | 49 | 75 | 0-6 | 2.5 | 2.1 | +17 | 0.58 | 5.11 | 1.00 | +150 |
| Metabolic | 42 | 20 | 3-2 | 29.0 | 30.5 | -5 | 0.79 | 1.26 | 1.00 | +5 |
| Metals Exploration | 65 | 125 | 2-1 | 4.1 | 8.7 | -53 | 0.52 | 2.78 | 1.00 | +39 |
| Metroland Australia | 21 | 20 | 1-0 | 4.5 | 7.9 | -43 | 0.88 | 1.90 | 1.00 | +17 |
| Micromedical Indust. | 28 | 20 | 0-5 | 13.0 | 10.0 | +30 | 0.75 | 2.35 | 1.00 | +48 |
| Mineral Commodities | 9 | 20 | 0-10 | 1.5 | 1.5 | -0 | 1.06 | 2.32 | 1.00 | +184 |
| Minerals Corporation | 26 | 20 | 1-6 | 11.0 | 13.3 | -17 | 0.87 | 1.58 | 1.00 | +12 |
| Minotaur Gold NL | 15 | 20 | 1-7 | 4.0 | 7.5 | -47 | 1.18 | 1.46 | 1.00 | +35 |
| Molopo Australia NL | 8 | 20 | 3-4 | 3.6 | 4.0 | -10 | 1.06 | 1.35 | 1.00 | +41 |
| Mosaic Oil NL | 12 | 25 | 2-1 | 3.5 | 0.7 | +421 | 0.40 | 3.93 | 1.00 | +51 |
| Mt. Grace Resources | 24 | 20 | 0-6 | 4.0 | 7.6 | -47 | 0.82 | 2.37 | 1.00 | +0 |
| My Money Group | 24 | 21 | 0-9 | 8.0 | 8.2 | -2 | 0.59 | 2.59 | 0.83 | +20 |
| New Hampton Gldflds | 23 | 23 | 0-11 | 5.2 | 5.4 | -4 | 0.60 | 2.64 | 1.00 | +28 |
| New Holland Mining | 3 | 20 | 2-4 | 1.4 | 2.1 | -33 | 2.00 | 1.14 | 1.00 | +136 |
| Newland Resources | 62 | 2000 | 0-3 | 1.2 | 0.0 | +999 | 1.45 | 3.82 | 1.00 | +999 |
| Nexus Minerals | 27 | 20 | 1-1 | 6.9 | 14.2 | -51 | 1.11 | 1.51 | 1.00 | +1 |
| Nonferral Recyclers | 36 | 50 | 1-2 | 5.0 | 1.5 | +237 | 0.29 | 6.18 | 1.00 | +44 |
| Normandy Mining | 89 | 250 | 0-11 | 2.0 | 0.1 | +999 | 0.38 | 9.39 | 1.00 | +211 |
| Omega Oil NL | 13 | 20 | 0-1 | 0.1 | 0.0 | +999 | 0.57 | 20.20 | 1.00 | +999 |
| Optiscan Imaging Ltd | 170 | 20 | 1-10 | 141.0 | 153.3 | -8 | 0.99 | 1.10 | 1.00 | -3 |
| Oxiana Resources | 12 | 20 | 0-1 | 0.9 | 0.0 | +999 | 0.86 | 12.10 | 1.00 | +999 |
| Pahth Telecom. | 27 | 20 | 3-1 | 15.0 | 17.5 | -14 | 0.88 | 1.30 | 1.00 | +9 |
| Paladin Resources NL | 6 | 20 | 0-5 | 0.6 | 0.1 | +567 | 0.95 | 4.65 | 1.00 | +999 |
| Pharmaction Holdings | 14 | 20 | 0-1 | 1.4 | 0.3 | +329 | 1.07 | 6.99 | 1.00 | +999 |
| Pima Mining NL | 28 | 20 | 1-10 | 16.0 | 14.2 | +12 | 0.70 | 1.63 | 1.00 | +15 |
| Pima Mining NL | 28 | 20 | 0-4 | 12.0 | 9.4 | +28 | 0.70 | 2.58 | 1.00 | +49 |
| Pinnacle VRB Limited | 50 | 20 | 0-8 | 28.0 | 32.0 | -13 | 0.96 | 1.48 | 1.00 | -6 |
| Platgold Pacific NL | 22 | 20 | 1-1 | 13.0 | 14.4 | -10 | 1.71 | 1.28 | 1.00 | +45 |
| Platsearch NL | 10 | 25 | 0-6 | 2.2 | 2.2 | +2 | 1.66 | 2.01 | 1.00 | +640 |
| Plenty River | 27 | 20 | 2-2 | 14.0 | 16.4 | -15 | 0.92 | 1.38 | 1.00 | +11 |
| Precious Metals | 24 | 65 | 1-1 | 4.2 | 0.1 | +999 | 0.43 | 6.64 | 1.00 | +166 |
| Prima Resources NL | 10 | 20 | 1-6 | 3.0 | 2.6 | +15 | 0.97 | 1.89 | 1.00 | +80 |
| Pulsat Communicat. | 40 | 20 | 3-4 | 20.5 | 32.5 | -37 | 1.11 | 1.14 | 1.00 | +0 |
| Pulsat Communicat. | 40 | 200 | 2-8 | 16.5 | 14.3 | +15 | 1.11 | 1.53 | 1.00 | +88 |
| Quadrant Australia | 7 | 20 | 1-1 | 3.0 | 2.1 | +42 | 1.42 | 1.68 | 1.00 | +208 |
| Quiktrak Networks Ltd | 18 | 20 | 1-10 | 7.8 | 8.0 | -2 | 0.86 | 1.63 | 1.00 | +27 |
| Rand Mining | 20 | 20 | 1-1 | 6.0 | 8.1 | -26 | 0.97 | 1.76 | 1.00 | +27 |
| Red River Limited | 90 | 30 | 1-2 | 55.0 | 65.1 | -16 | 0.95 | 1.31 | 1.00 | -5 |
| Redfire Resources NL | 19 | 20 | 0-8 | 8.0 | 5.8 | +38 | 1.03 | 2.07 | 1.00 | +86 |
| Redflex Holdings | 275 | 350 | 2-7 | 100.0 | 69.2 | +45 | 0.45 | 2.38 | 1.00 | +21 |
| Reefton Mining NL | 11 | 20 | 3-6 | 3.0 | 8.9 | -66 | 1.50 | 1.11 | 1.00 | +23 |
| Ridley Corporation | 57 | 65 | 1-11 | 15.0 | 8.9 | +69 | 0.29 | 3.66 | 1.00 | +19 |
| Roebuck Resources | 26 | 20 | 1-10 | 15.0 | 22.0 | -32 | 1.96 | 1.10 | 1.00 | +18 |
| Seafood Online.com | 10 | 20 | 3-3 | 3.5 | 0.3 | +999 | 0.24 | 5.30 | 1.00 | +32 |
| Senetas Corporation | 52 | 30 | 4-0 | 44.0 | 48.6 | -9 | 1.64 | 1.04 | 1.00 | +9 |
| Shield Equities | 20 | 20 | 1-4 | 9.0 | 11.8 | -24 | 1.37 | 1.36 | 1.00 | +32 |
| Sirocco Resources NL | 18 | 20 | 0-7 | 6.6 | 5.6 | +18 | 1.20 | 1.99 | 1.00 | +105 |
| St Francis Mining | 2 | 20 | 0-6 | 0.5 | 0.0 | +999 | 0.81 | 8.73 | 1.00 | +999 |
| St Francis Mining | 2 | 30 | 1-5 | 0.6 | 0.0 | +999 | 0.81 | 3.96 | 1.00 | +586 |
| Strategic Minerals | 5 | 20 | 0-2 | 0.7 | 0.0 | +999 | 1.23 | 7.20 | 1.00 | +999 |
| Sun Resources NL | 8 | 25 | 2-1 | 4.0 | 1.0 | +318 | 0.70 | 2.42 | 1.00 | +89 |
| Sydney Gas Company | 47 | 100 | 2-4 | 16.0 | 14.1 | +14 | 0.80 | 1.82 | 1.00 | +47 |
| Sydney Gas Company | 47 | 100 | 2-4 | 16.0 | 14.1 | +14 | 0.80 | 1.82 | 1.00 | +47 |
| Sydney Gas Company | 47 | 20 | 1-1 | 31.0 | 29.9 | +4 | 0.80 | 1.47 | 1.00 | +8 |
| Tanami Gold NL | 12 | 20 | 1-6 | 4.9 | 3.0 | +64 | 0.84 | 2.03 | 1.00 | +67 |
| Technology Invest. | 101 | 110 | 0-7 | 7.0 | 7.2 | -3 | 0.30 | 6.49 | 1.00 | +29 |
| Tectonic Resources | 17 | 20 | 0-1 | 1.5 | 0.3 | +329 | 0.62 | 10.56 | 1.00 | +999 |
| Telco Australia Ltd | 53 | 25 | 0-7 | 34.0 | 32.5 | +5 | 1.24 | 1.48 | 1.00 | +20 |
| Terrex Resources | 11 | 20 | 2-7 | 2.3 | 7.2 | -68 | 1.44 | 1.20 | 1.00 | +34 |
| Travelshop Ltd | 90 | 20 | 4-6 | 61.0 | 75.0 | -19 | 0.35 | 1.20 | 1.00 | -2 |
| Union Capital | 24 | 20 | 1-8 | 9.0 | 17.6 | -49 | 1.65 | 1.18 | 1.00 | +13 |
| Vincorp Wineries | 17 | 40 | 1-6 | 2.7 | 0.9 | +216 | 0.52 | 3.75 | 1.00 | +85 |
| Vital Capital | 20 | 20 | 9-0 | 12.0 | 17.2 | -30 | 0.88 | 1.09 | 1.00 | +5 |
| Voicenet (Aust) | 268 | 50 | 0-7 | 217.0 | 220.4 | -2 | 1.07 | 1.21 | 1.00 | -1 |
| Vos Industries Ltd | 27 | 50 | 2-2 | 14.0 | 3.4 | +315 | 0.47 | 2.94 | 1.00 | +49 |
| WAM Capital Limited | 95 | 110 | 0-2 | 1.7 | 0.0 | +999 | 0.13 | 58.56 | 1.00 | +164 |
| WRF Securities | 57 | 35 | 4-7 | 28.0 | 38.3 | -27 | 0.61 | 1.33 | 1.00 | +2 |
| West Australian Metals | 9 | 20 | 2-4 | 4.0 | 3.3 | +20 | 1.01 | 1.57 | 1.00 | +57 |
| West Oil NL | 22 | 30 | 1-1 | 10.5 | 5.2 | +101 | 0.78 | 2.29 | 1.00 | +76 |
| Westel Group Ltd | 47 | 20 | 0-5 | 31.0 | 28.4 | +9 | 1.06 | 1.57 | 1.00 | +22 |
| Yamarna Goldfields | 5 | 20 | 2-1 | 1.7 | 1.3 | +29 | 1.03 | 1.75 | 1.00 | +102 |
| Yamarna Goldfields | 5 | 20 | 0-1 | 0.2 | 0.0 | +999 | 1.03 | 26.80 | 1.00 | +999 |
| Zylotech Limited | 15 | 20 | 1-4 | 11.0 | 7.0 | +57 | 1.28 | 1.48 | 1.00 | +77 |

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# New Issue: E-Ventures

**E-Ventures** is typical of most Internet company floats:

Firstly, the *insiders* (Japanese based **Softbank**, US based **epartners** and Chairman Craig Heatley) get 200 million shares at 15 cents while other investors (**Telecom NZ, Todd Capital**, **Warehouse Group** and private investors) will be offered only 50 million shares at 60 cents - *four times* the price!

Secondly, the "float" (i.e. the shares not held by the six major shareholders) will be 35 million shares ($17.5 million) - just 14% of the company. In this *small float* situation the share price is open to manipulation by *insiders* seeking to inflate the $120 million market value of their investment. To quote from "*The Internet Bubble*" (Perkins & Perkins) "The guys who own a lot of the small float internet stocks might have $100-200 million worth of position in a company and they can put in $10 million buy orders to have the stock go up - even in a market that's going down". Just a $1-2 million buy order would significantly inflate E-Ventures' share price!

Thirdly, the company's business plan is vague. There is no existing business, nor indication of future revenues nor when the company may become profitable. E-Ventures will purchase NZ franchises from US companies funded by Softbank/epartners and bring these loss making internet businesses (e.g. E-Loan, Contest2win, Message Media, Buy.com) to NZ. These business are *not* profitable in the large US market, and it is unlikely they could become profitable in the NZ market. Furthermore, given that the e-world is borderless (or will *become* borderless), it seems illogical for E-Ventures to buy franchises that can be operated only in NZ. Either the US companies will eventually caniballise these NZ franchises, or competing companies servicing the larger Australia/NZ markets or Asia/Pacific markets will be able to achieve better economies of scale and offer a lower cost, higher quality service than E-Ventures can by operating in just the tiny NZ market. The only parties that are *certain* to profit from this arrangement are Softbank/epartners' US companies who will receive franchise fees from the money that E-Ventures raises from NZ investors.

Like typical Internet issues, the *insiders* will make money here. While the share price could rise substantially, it is unlikely that the public investors will enjoy a healthy return over the long term.

As a final note, the NZ Herald reports that Chairman Craig Heatley stated that E-Ventures "would be as successful as Sky TV." Perhaps for Heatley - who received a seven figure salary and recently sold most of his Sky TV shares for a multi-million capital gain - but the public investors are left holding a company that *still* hasn't become profitable (although the share price is held up by hopes that Sky TV may eventually become profitable by supplying internet or other services).

### Recommendation

This is an issue for the "bigger fool" investor/speculator. The share price could rise significantly - but don't be left holding E-Ventures shares when the *insiders* sell out or the company runs out of money! This isn't *investment*, its *gambling* (and against loaded dice). Serious investors will avoid.

# *Australian Internet Stock Brokers*

We wrote briefly last month about falling brokerage fees from Australian internet brokers.

The best deals would appear to be offered by **Westpac Broking** followed by **Commonwealth Securities**.

**Westpac Broking** (broking.westpac.com.au) will charge a flat A$15.00 fee on trades worth up to A$15,000 and a flat $28.00 fee on trades worth A$15,000-30,000. Over A$30,000 the brokerage fee will be 0.1%. Unfortunately, Westpac is NOT accepting accounts from New Zealand residents.

**Commonwealth Securities** (www.comsec.com.au) has an *Internet Preferred* service with an A$14.95 fee on trades worth only up to A$10,000 with the rate rising to A$29.00 for trades worth A$10-30,000. Once again, the brokerage fee on trades over A$30,000 is 0.1%. This broker will also not pay interest on uninvested cash balances of under A$5,000 - which will effectively *cost* investors up to A$220 per year in lost interest.

Commonwealth Securities normal internet service charges A$29.00 on trades up to A$10,000 and a very high 0.3% on larger trades. We have been unable to determine whether Commonwealth Securities will accept NZ investors.

A third bank has also entered the market with **National Trading** (trading.national.com.au) offering a service at A$20.00 up to A$13,500 and a fairly high 0.2% on larger amounts. Once again, this service is only available to Australian residents.

**HSBC Invest Direct** (www.hsbcinvestdirect.com.au) offers a *Net Trader* service charging a flat A$22.00 per trade on amounts up to A$20,000 and 0.1% on larger trades. This is a very good deal - especially on trades worth A$10-30,000 - and HSBC will accept NZ investors! The only *negative* factors are that this account does not pay interest on account balances below A$2000 (costing up to A$90 annually in lost interest) and *Net Trader* provides a very limited range of services.

**Quick Broker** (www.quicken.com.au), as we reported last month, is charging A$19.95 on trades up to A$10,000 but a relatively high 0.3% on trades above that value.

**Your Prosperity** (www.yourprosperity.com.au) is advertising an A$9.95 rate - but charges *massive* annual fees based upon the value of your portfolio. Avoid.

**Sanford** (www.sanford.com.au) has historically been our recommendation for an Australian internet broker. Sanford has cut their rate from A$28.95 to A$24.95 (on orders worth up to A$50,000), but changed that from A$28.95 per trade to A$24.95 per contract note. Even in an actively traded share it can sometimes take 2-3 contracts to complete one transaction - so the fee may actually *increase* from A$28.95 to A$49.90-74.85. The brokerage rate falls to A$19.95 for the fifth and subsequent contract note per month.

The *positive* features of Sanford's service is that it does accept NZ investors, customers have free access to company announcements (for all listed companies) and the cash management account pays interest on any balance.

**E*Trade Australia** (www.etrade.com.au) continues to charge A$39.50 for trades up to A$40,000 and 0.1% above that level. That is a relatively high minimum fee. E*Trade Australia will accept NZ investors and offers many free information services, including company announcements - but we believe this is limited to only the largest 250 or largest 500 companies.

## Summary

Internet broking is a business with significant economies of scale - so the industry is very competitive as banks and brokers seek to build market share. Despite the current price war, no one company currently offers the combination of the *lowest cost, highest quality service* that would indicate the future market leader. The inability of Sanford and E*Trade Australia to come close to matching the current industry minimum of A$15 suggests that their cost structures are too high.

On the other hand, it will be relatively cheap for the lowest cost brokers to eventually add more services. Sanford, for example, originally provided no free information services, only adding them about a year ago. The cost of services such as company announcements is falling rapidly, and investors can subscribe to these services from sites like Weblink (www.weblink.com.au) from A$15 per month. These brokers are also likely to start accepting NZ investors at some stage in the near future. E*Trade Australia, for example, originally accepted only Australian investors but now eagerly seeks NZ investors.

## Recommendation

Unfortunately, the lowest cost broker, **Westpac**, will not accept NZ investors.

So NZ investors who want a low cost brokerage service - without company announcements - should go to **HSBC Invest Direct** (who will accept NZ investors) or try **Commonwealth Securities** (who probably will not accept NZ investors). However, both firms will not pay interest on small cash balances, so this is an extra hidden cost of doing business with these firms.

Discount brokers **Sanford** and **E*Trade Australia** will definitely accept NZ investors and offer a range of information services that most NZ investors should find valuable. However, brokerage rates are higher, and limit orders placed with Sanford (which could result in multiple contract notes) could be unexpectedly costly at times.

An investor can, of course, open an account with more than one broker - gaining access to the free customer services offered by one and the lower fees offered by another.

# "Insider" Insights

(A summary of buying and selling by major shareholders)

| Company | Shareholder | Buy/ Sell | Shares (Mill) | % of Coy Held Before | After |
|---|---|---|---|---|---|
| **07/04/2000** | | | | | |
| Brierley Investments | Franklin Resources | Sell | -87.665 | 7.10% | 4.43% |
| Carter Holt Harvey | Franklin Resources | Buy | +18.060 | 8.22% | 9.26% |
| FC - Paper | AMP | Buy | +3.891 | 4.67% | 5.28% |
| **14/04/2000** | | | | | |
| Air New Zealand | Singapore Airlines | Buy | +47.104 | 0.0% | 8.30% |
| Air New Zealand | AMP | Sell | -6.060 | 5.79% | 4.72% |
| Baycorp Holdings | Deutche Australia | Buy | +12.452 | 0.0% | 15.64% |
| FC - Paper | UBS Nominees | Buy | +9.575 | 6.21% | 7.71% |
| Grocorp Pacific | Hornchurch Ltd | Sell | -43.813 | 86.64% | 82.73% |
| Lion Nathan | Maple-Brown Abbott | Buy | +35.203 | 0.0% | 6.43 |
| Owens Group | AMP | Sell | -0.876 | 14.29% | 12.74% |
| Waste Management NZ | AMP | Buy | +8.176 | 0.0% | 8.42% |
| Waste Management NZ | Colonial Ltd | Buy | +14.000 | 0.0% | 18.10% |
| **21/04/2000** | | | | | |
| FC - Paper | UBS Nominees | Buy | +6.647 | 7.71% | 8.75% |
| IT Capital | Armstrong Jones | Sell | -2.596 | 9.40% | 7.60% |
| Montana Group (NZ) | AMP | Buy | +0.123 | 4.96% | 5.02% |
| **28/04/2000** | | | | | |
| Newcall Group | Pacific Den-Den Inv | Buy | +10.000 | 0.0% | 8.20% |
| **05/05/2000** | | | | | |
| FC - Paper | UBS Nominees | Buy | +8.771 | 8.75% | 10.13% |
| Montana Group (NZ) | AMP | Sell | -0.058 | 5.02% | 4.98% |

## Total Return Index for All Listed Shares

| | | | |
|---|---|---|---|
| Apr 10 | 2363.65 | Apr 17 | 2146.66 |
| Apr 11 | 2347.69 | Apr 18 | 2189.37 |
| Apr 12 | 2332.88 | Apr 19 | 2208.85 |
| Apr 13 | 2298.89 | Apr 20 | 22216.93 |
| Apr 14 | 2283.16 | Apr 21 | Holiday |
| Apr 24 | Holiday | May 1 | 2201.00 |
| Apr 25 | Holiday | May 2 | 2209.03 |
| Apr 26 | 2221.04 | May 3 | 2208.77 |
| Apr 27 | 2204.03 | May 4 | 2187.50 |
| Apr 28 | 2211.63 | May 5 | 2196.63 |

# Current Issues

## BONUS ISSUES

| | Ratio | Ex-Date |
|---|---|---|
| Guinness Peat Group | 1:10 | 12-06 |
| Spectrum (1) | 1:6 | - |

(1) Issue of options to buy shares at 20 cents until 30/11/2001.

## SHARE REPURCHASES

| | Price | Ratio |
|---|---|---|
| Ceramco Corporation (1) | 159 | 1:4 |

(1) Ceramco will cancel 1 share in every 4, repaying shareholders $1.59 per cancelled share.

## CASH ISSUES

| | Ratio | Price | Ex-Date | Appln Date |
|---|---|---|---|---|
| E-Force | 1:6 | 25 | 15-05 | 09-06 |
| Spectrum (1) | 7:3 | 5 | - | - |
| Tag Pacific (2) | 1:4 | 52 | 27-03 | - |

(1) New shares will participate in bonus issue of options.
(2) Tag issue at A$0.40 or NZ$0.52 per share.

## NEW ISSUES

| | Price | Date | EPS | DPS |
|---|---|---|---|---|
| E-Opportunity | - | - | - | - |

# Guinness Peat Group Notes

**Guinness Peat Group** is offering its shareholders the opportunity to convert up to 40% of their shares into 50 pence convertible notes, paying 8% interest, and repayable in equal instalments over the next five years.

Repayment of the notes at 50 pence offers a 16% capital gain over the current value of the shares (provided Sterling doesn't weaken against the NZ dollar), but this method of share buy-back appears completely illogical. *If* GPG was fully invested, then this type of buy-back - repayable over five years as the company realised some cash - would make sense. But GPG is holding large amounts of cash. So why pay interest on these notes at a higher rate than the company can get on its fixed interest deposits? Why not simply offer to buy back shares at 155 cents for cash?

We are not great fans of GPG. The company doesn't make a lot of money for its shareholders, and for every dollar it does make it seems to destroy several dollars of shareholder wealth in other companies.

**Recommendation**

We suggest that investors either (1) keep all of their shares (to benefit from any future capital appreciation) or (2) sell some or all of their shares on-market for cash (rather than take these unsecured "junk" bonds).

# D i v i d e n d $

| Company | Cents per Share | Ex-Date | Pay-able | Tax Credit |
|---|---|---|---|---|
| Calan Healthcare | 1.7516 | 15-05 | 01-06 | Nil |
| Carter Holt Harvey | 3.00 | 19-06 | 10-07 | Nil |
| Lion Nathan Corporation | 8.00 | 22-05 | 31-05 | 2.364179 |
| Property For Industry | 1.30 | 08-05 | 19-05 | 0.30 |

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## Next Issue

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