

# Market Analysis

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## Inside Market Analysis

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*Editor and Research Director: James R Cornell (B.Com.)*

## Summary and Recommended Investment Strategy.

Our stockmarket forecasting model is unfavourable for NZ and neutral for Australia. Nevertheless, we believe that existing *Recommended Investments* offer good value and we shall remain close to fully invested in equities. These investments - especially the Australian shares - continue to perform extremely well, despite the less than favourable outlook for the general stockmarket.

## Investment Outlook.

Our One-Year Forecast for the Australian stockmarket has improved to a **Neutral 46%** - helped by improvements in the Technical indicators as the market recovered strongly to a new all-time high. For the NZ stockmarket, the One-Year Forecast remains **Bearish at 29%**, although our **Short Term Trend Model** remains **Bullish at 73%**.

Last month we raised a small 5-10% cash reserve from the sale of one Australian investment that had increased six-fold in value. Although we had not planned to re-invest that cash so quickly, we now recommend investing about *half* of that cash in **CSR Ltd** (see Pages 6-8). The combination of an improvement in the general stockmarket outlook - and an attractive individual investment situation - has tempted us to put some of this money back into the market.

Overall we remain cautious about the outlook for the NZ, Australian and world stockmarkets. Interest rates (as expected) *didn't* rise in June and US technology shares staged a moderate recovery - but moderate interest rate rises will continue to put downwards pressure on world stockmarkets. Stock prices will likely remain depressed over the next 3-9 months.

Nevertheless - as discussed over recent months - we are happy to remain fully invested in NZ and Australian shares, believing that our current investment in these countries offer good value.

Our Australian investments in particular continue to perform exceptionally strongly (e.g. Vision Systems up AS4.73, or 46.4%, over just the last month) so we shall continue to look for - and invest in - shares that meet our *Comprehensive Share Selection Criteria*.





# Recommended Investments

**Air New Zealand** has completed the purchase of **Ansett Australia**. The company has also confirmed its expectation that integration will generate increased earnings of \$256 million (before interest and tax) per year, within 1-3 years.

Most airlines around the world - including Air NZ - have suffered lower profits over the last year as a result of rising fuel prices. Tickets are sold up to many months in advance, so airlines cannot adjust their prices in the short term to cover fluctuations in fuel costs. Over the longer term, prices can be raised to cover expected operating costs, but this is an industry that will always experience short term volatility in profitability.

The recovery of higher fuel costs (or a drop in fuel prices) - plus cost savings from the Ansett acquisition - should eventually restore profitability to levels that

make the current share price look extremely cheap. "Hold" for recovery (when we can upgrade the shares to a "Buy").

**Apple Fields** has reported revenues (i.e. mainly property sales) of \$15.8 million for the half year to March 31 and a loss of \$1,801,000 (6.3 cents per share) after property writedowns of \$8,088,000.

Debt levels have been reduced by \$12.2 million over the last six months to just \$2.0 million. Net asset backing per share is shown as 9.8 cents, but the company holds interests "in a number of joint ventures" where it will share "in the surpluses on their sale or development".

We shall continue to hold our existing shares although this investment is now of little value.

In a move that could eventually see **Cavalier Corporation's** share price (Continued on Page 4)

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
<b>NZ Shares</b>													
HOLD	Air New Zealand "A"	AIRVA	08/10/96	257*	B	567.0	0.9	0.31	5	8.1	185	69.0	-1%
HOLD-	Apple Fields Limited	APF	10/03/92	237	D	29.2	3.0	0.06	NE	Nil	8	10.0	-93%
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	D	171.4	2.1	1.24	7	18.7	20	4.5	-2%
BUY	Cavalier Corporation	CAV	05/12/95	312	B	36.0	0.9	0.61	12	11.4	340	116.0	+46%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	A	30.9	0.8	0.33	17	7.3	315	187.3	+235%
HOLD	Designer Textiles Ltd	DTL	12/01/99	47	D	29.7	2.0	0.15	4	19.5	23	4.0	-43%
BUY	Ebos Group Ltd	EBO	12/10/99	290	B	23.2	0.8	0.94	16	7.4	365	15.5	+31%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	C	38.6	0.9	0.74	13	5.7	300	60.5	+684%
HOLD	Nufarm Limited	NUF	11/02/97	505	C	150.5	0.8	0.45	11	5.9	425	60.0	-4%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	350	B	55.4	1.0	0.53	14	5.2	300	29.0	-6%
HOLD	Owens Group Limited	OWN	12/03/91	47*	C	56.5	1.1	0.17	16	6.2	108	80.3	+301%
HOLD	PDL Holdings Ltd	PDL	13/02/96	810	C	13.6	0.9	0.19	12	Nil	500	123.0	-23%
HOLD	Radio Works NZ Ltd	RWL	08/12/92	205	B	12.1	0.5	2.06	17	1.4	800	121.0	+349%
BUY	Renaissance Corp	RNS	13/08/96	85*	C	35.3	2.2	0.20	56	2.2	69	5.4	-12%
HOLD	Richina Pacific	RCH	03/11/95	119*	D	72.2	1.6	0.07	NE	Nil	50	11.9	-48%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	32.4	1.1	1.11	23	8.2	100	35.3	+13%
BUY	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	1.2	0.74	16	5.8	116	3.0	+17%
HOLD+	Tourism Holdings Ltd	THL	14/07/92	149*	C	92.0	1.0	1.02	17	2.8	270	50.9	+115%
HOLD+	Wrightson Limited	WRI	13/01/98	83	D	139.7	1.8	0.11	NE	Nil	46	7.3	-36%
<b>Australian Shares (in Aust cents)</b>													
HOLD+	Abigroup Limited	ABG	09/03/99	265	C	47.7	0.9	0.13	6	7.2	194	21.0	-19%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	C	54.8	1.9	2.74	11	Nil	30	Nil	-60%
BUY	Auspine Limited	ANE	08/02/00	210	B	57.0	0.8	0.55	13	5.4	224	10.0	+11%
HOLD	Biron Corporation Ltd	BIC	12/04/94	178	C	21.8	1.9	0.91	NE	7.4	27	11.0	-79%
BUY	Campbell Brothers Ltd	CPB	12/10/99	435	B	31.1	0.7	0.53	12	5.8	468	27.0	+14%
HOLD	Central Equity Ltd	CEQ	09/02/94	154	B	82.1	0.8	0.93	6	7.8	205	73.0	+81%
BUY	C.S.R. Limited	CSR	11/07/00	436	B	1037.2	0.8	0.61	10	5.5	436	Nil	
HOLD	Data#3 Limited	DTL	09/02/99	285	A	14.6	0.9	0.14	7	8.8	136	14.5	-47%
HOLD+	Hamilton Island Ltd	HAM	09/11/99	205	B	45.0	0.8	1.06	11	5.5	235	13.0	+21%
HOLD	Hancock & Gore	HNG	15/07/97	125*	B	46.1	0.9	0.64	10	6.2	130	15.8	+17%
HOLD	PMP Communications	PMP	09/02/99	309	C	253.4	1.0	0.41	8	10.6	193	30.8	-28%
HOLD	Thakral Holdings	THG	10/11/98	65	C	536.7	1.3	1.36	9	9.7	60	8.6	+5%
BUY	Toll Holdings	TOL	08/09/98	240	B	60.5	0.7	0.42	18	2.3	940	43.0	+310%
BUY	Utility Services Corp	USC	11/01/00	55*	C	84.6	1.4	0.86	24	Nil	78	Nil	+42%
HOLD+	Vision Systems Ltd	VSL	10/11/98	685*	A	14.3	0.5	1.42	27	1.9%	1493	41.9	+124%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +58.0%. This is equal to an average annual rate of +15.8%, 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 103 closed out) is +30.4%, compared with a market gain of +12.2% (by the SRC Total Return Index).

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

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

(1) Atlas Pacific notes (ATPG) last traded at 29 cents.

**Recommended Investments** (Continued from Page 3) appreciate *very* strongly, the company is to discontinue its wool trading business.

Wool trading generates low profits for Cavalier but requires it to hold large stocks to hedge forward sales. These stocks are funded by short term debt, with most of the trading profits simply going to pay the interest costs. Discontinuing wool trading will allow Cavalier to run down its wool stocks and repay all of its debts.

About 20% of wool scoured by Cavalier Corporation is used in its carpet business. This wool scouring for its own use - and contract scouring for other merchants - will continue.

The impact on profitability will be small. The carpet business currently generates 90% of profits, and the loss of income from wool trading will be offset by the saving in interest costs.

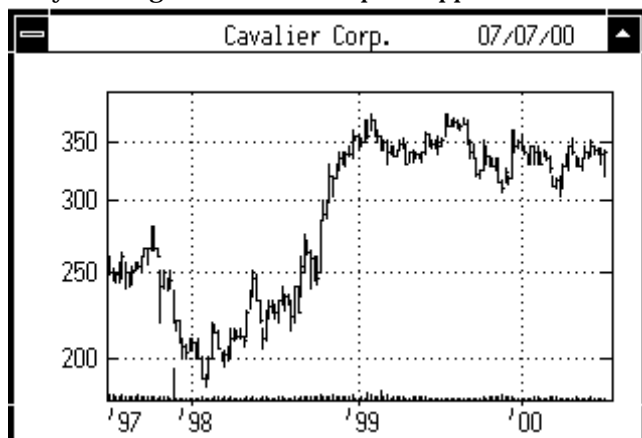
The impact on the share price, however, could be significant. As a focused carpet manufacturer - without the uncertainty of wool trading - Cavalier Corporation shares would be more attractive to investors. As a debt-free company, the risks will be lower and the high dividend payout will be more secure. More investors are likely to buy Cavalier shares for the high income - which should see the shares re-rated strongly.

Of even more significance is that as a debt-free company, Cavalier will be *over-capitalised* (i.e. have too much equity and not enough debt in its balance sheet) and have the financial capacity to expand (either internally or by acquisition) or to make a return of capital to shareholders (either a capital repayment or a share buy-back). The company could borrow up to \$40-60 million for expansion or acquisitions - or borrow up to \$25-35 million for a capital repayment/share buy-back.

A \$50 million debt funded acquisition could add \$1.5-3.0 million to tax-paid profits - increasing earnings per share by 15-30% immediately. A \$30 million debt funded capital repayment/share buy-back would lower profits by around 15% (owing to the interest cost) but would allow the company to repay 80-85 cents per share or re-purchase about 25% of its shares. Either expansion/acquisition or a capital return to shareholders will therefore increase shareholder wealth.

Cavalier has also announced plans to spend \$5 million expanding its Napier and Wanganui yarn spinning mills in response to a 25% increase in demand for its carpets.

We continue to rate Cavalier Corporation shares a "Buy" for high income *and* capital appreciation.



**Designer Textiles** reports weak consumer demand in the February to April period with sales for the second half of the year now expected to be down 10% at \$30 million. The trading profit is expected at \$1.3 million (4.4 cents per share).

**GPG** has built up a 5.13% stake in Australian listed **IAMA** in which **Nufarm** is a major shareholder. Nufarm owns 19.6% of IAMA, while **Futuris** also owns just under 20%. IAMA is believed to be interested in a merger with **Wesfarmers** subsidiary, **Wesfarmers Dalgety**, while Futuris is also interested in making a full takeover offer. Nufarm raised its stake in IAMA (from 7.0%) in March, acquiring 11,000,000 shares at A\$1.30 per share. IAMA shares fell to a recent low of A\$0.86, but have since recovered to A\$1.47. IAMA is a major customer of Nufarm, which acquired its stake to have some input in the rationalisation of the Australian rural services industry.

**PDL Holdings** has reported an 11.4% increase in revenue to \$357.4 million for the year to March 31 and a similar 11.1% increase in trading profits of \$5,451,000 (40.1 cents per share). PDL Holdings didn't pay an interim dividend and, at this stage, has made no announcement about a final dividend.

Cash flow from operations was a healthy \$16.3 million, although most of that (i.e. \$14.0 million) was re-invested in property, plant and machinery.

**RadioWorks New Zealand** has reported a 48.7% increase in revenues to \$46.8 million and a 42.6% higher profit of \$5,561,000. Earnings per share are up just 2.4% to 46.1 cents owing to the shares issued to acquire **Radio Otago** (although the result includes only eight months trading from Radio Otago).

RadioWorks will not pay a final dividend which the current board of directors says owing to "unquantifiable demands upon its financial reserves arising from the planned tender of the 101-108 MHz FM band" - but which looks more like a *scorched-earth policy* by CanWest against the public minority shareholders! Over recent years RadioWorks has successfully debt funded significant expansion (and then repaid nearly all of that debt from cash flow) while paying a 15.0 cents annual dividend. The reason given for the dividend cut looks extremely suspect - especially as operating cashflows will make RadioWorks debt free over the next 12-18 months.

This all suggests that CanWest will make a bid to buy out the minorities - but is first seeking to make remaining a shareholder appear less attractive by cutting off dividends. RadioWorks is a good cashflow business - and that cash must be used to either (1) repay debt, (2) fund expansion or acquisitions, (3) accumulate in the bank or (4) be distributed to shareholders. Hold.

**Richina Pacific** has leased two floors of its **Mobil on the Park** office tower to **Lucent Technologies**. This property is now "effectively fully leased". With the current depressed property market, Richina Pacific will hold this building as an investment, but it will ultimately be sold, allowing the company to repay most of its interest bearing debt.

Richina Pacific subsidiary, **Mainzeal Property & Construction**, is to design and build the \$11.15 million, five level Auckland Hospital carpark over the next nine months.

### Australian Shares

**Abigroup** has been named "preferred tenderer" for an A\$20 million, five year, maintenance contract for **Yarra Valley Water**.

**Atlas Pacific** is currently selling 25,000 oysters, surplus to its requirements from recent spawnings, to joint venture partners for US\$125,000. At June 30 the company held cash on hand of A\$1.5 million, with A\$3.5 million expected over the September quarter from pearl and oyster sales.

An increase in lawlessness in Indonesia has resulted in an increase in the theft of oysters from pearl farms. Although Atlas Pacific's operation is relatively isolated, thieves stole 3,200 oysters (out of a total of 600,000 oysters at the farm) during May.

**Auspine** has advised the market that they expect the increase in the value of their Timber Plantations to exceed previous estimates. The company is also revaluing all of its land, which is expected to result in a substantial increase in value.

Over the last month, director A deBruin made two on-market purchases of 96,474 shares and 133,669 shares (taking his holding to 12,737,121 shares) while director DS Kerr purchased 17,600 shares (building a holding of 289,533 shares).

**Data#3** has moved its Headquarters to new premises in Brisbane. The share price continued to decline to a recent low of A\$0.91, then recovered to A\$1.45 before ending last week at A\$1.36. We would expect the price to remain volatile in the short term - and continue to rate the shares a "Hold" in the meantime.

**Utility Services Corporation** has made its first technology sale to the United States with an exclusive contract with **Adsystem** to provide real time SCADA software for water, waste water and building energy management. Adsystem is a sub-contractor to **Pacific Gas & Electric** which is providing energy saving solutions to thirty Washington state utilities.

Utility Services Corporation is also to acquire Sydney based **Prospect Management Consulting**, an e-commerce and financial services management consulting company, for A\$4 million (A\$2.6 million in cash and 1,680,000 shares issued at A\$0.84). The acquisition will be "earnings per share positive immediately" (i.e. will increase earnings per share) and there will also be synergy benefits by combining these consultancy services with the group's existing technology businesses.

**PMP Communications** and **Imagination Entertainment** have formed an A\$2 million joint venture, **Pacific Imagination Online**, for cross-media projects involving internet, radio and TV. The first venture will be an internet dating service ([www.australia.matchmaker.com](http://www.australia.matchmaker.com)). This type of low cost venture allows PMP Communications to generate synergies from the six million readers of its 29 magazine titles.

After the recent review of PMP Communications' operations its **Pacific Mirror Image** subsidiary - Australia's largest compact disc and digital compact disc production business - is being offered for sale. A possible buyer is the second largest CD maker, listed **Southern Star Group**.

PMP Communications has signed a four year contract

to print magazines for **Murdoch Magazines** - continuing a ten year relationship. PMP Communications is also negotiating to continue printing 11 of the 40 magazines published by **Australian Consolidated Press**.

**Toll Holdings** is making an A\$119.4 million takeover bid for **Finemore Holdings**, offering A\$2.25 per share - a 44% premium to market. Toll Holdings is paying a high price for this acquisition but believes it can extract significant benefits:

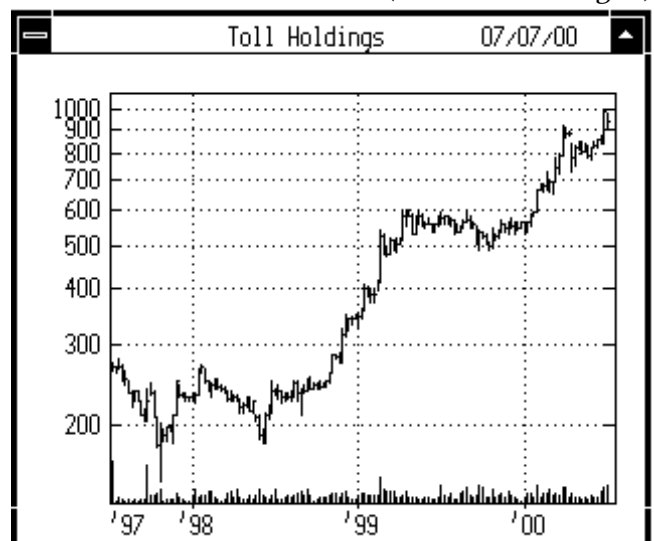
1. The Finemore transport business is seen as *complimentary* to Toll Holdings' existing operations - so will complete its range of services.
2. The refrigeration businesses of Finemore and Toll Holdings can be rationalised.
3. The overall synergy benefits of combining the two groups are estimated at A\$10 million annually.
4. Having built up advanced business to business and back office information technology capabilities within Toll Holdings, there are significant benefits in acquiring Finemore and applying these technologies to improve that company's operations and profits.

Toll Holdings will fund this acquisition with debt from existing credit lines - so will not dilute shareholders investment by issuing new shares. The debt to equity ratio will increase to 110%, but is expected to fall to 60% within 12 months. This Finemore acquisition is also expected to increase earnings per share and operating cashflows.

Toll Holdings share price has risen to a new high of A\$9.90 on the news of this planned takeover, before closing last week at A\$9.40. This investment has almost quadrupled in value since we first recommended the shares less than two years ago. However, Toll Holdings has made significant progress developing its business.

While a popular stockmarket axiom states "You will never go broke realising profits" the truth of the matter is that "You will never get rich realising *small* profits". Our objective through *Market Analysis* is to seek out shares *with the potential to increase several fold in value over several years*. Not every investment will be successful. Toll Holdings has increased four-fold in just two years, but the company is performing well and the shares are not over-valued - so investors should let their profits run on this successful investment that is likely to continue to perform well.

(Continued on Page 6)



**Recommended Investments** (Continued from Page 5)

**Vision Systems** is another Australian investment that is performing very well for us - having so far *doubled* in a little over 1½ years.

When the sale of the Defence division was announced in early April, Vision Systems had expected to conclude negotiations with **Tenix Defence Systems** by the end of May - but it has taken until the end of June. The final result is in line with the company's initial expectations: approximately A\$50 million immediately and up to A\$24 million over the next three years.

Under the final deal, Vision Systems has received A\$41,660,000 for the sale of businesses and assets, and *will* receive a minimum of A\$8 million over the next three years for providing management services to the new owner. In addition, Vision Systems will receive up to A\$24,240,000 in commissions when the Defence business concludes several specific contracts for which it has tendered or is negotiating.

At this stage it is difficult to judge the impact of this significant transaction on Vision Systems. Clearly the sale of the Defence business for A\$50-74 million *increases* the value of Vision Systems shares. This transaction will considerably simplify the balance sheet by removing A\$70 million of intangible assets and related liabilities and winding up the majority of Research & Development Syndicates run by the company. Owing to these "off balance sheet" R & D syndicates, it is impossible to assess the impact of the transaction on profitability, net asset backing or to know how much of the cash will remain with Vision Systems to be re-invested in its other businesses - Fire & Security (i.e. high technology systems) and Vision Technology (i.e. new product development for other companies, the design and manufacture of automated laboratory equipment).

The Defence division contributed only a quarter of group revenues - and no profits (owing to start up costs

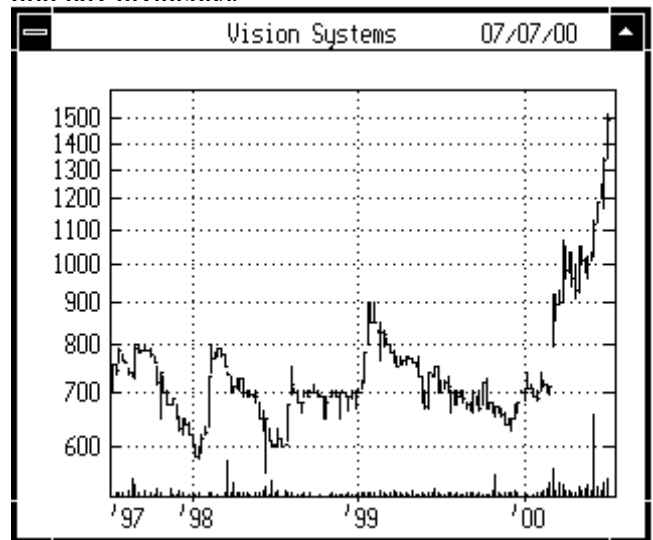
in new businesses) - so the sale will have little impact upon revenue and profits. Cash from the Defence sale could also boost growth in the remaining businesses.

Vision Systems will also split each existing share into ten new shares - lowering the price per share from A\$15 to around A\$1.50.

The simplified balance sheet (i.e. after winding up the R & D syndicates), more focused business (i.e. high technology Fire, Security, Medical equipment plus contract product development) and lower price per share will all make Vision Systems more attractive to investors.

Although the share price has risen strongly over the last three months, investors should avoid the temptation to realise profits and instead continue to "Hold" Vision Systems shares.

Remember - the only person who ever makes money *buying and selling* shares is the *stockbroker*. Investors make money by *holdings* shares that appreciate in value and nav dividends.



## *Share Recommendation:*

# *Buy Australian listed C.S.R. Limited*

**BUY Australian listed C.S.R. Limited**

CSR rates as a "Buy" under both the *Under-Valued Shares* and *Insider Buying* sections of our *Comprehensive Share Selection Criteria* - so we had to have a closer look at this *Blue Chip* share. What we found was a former Australian conglomerate which is in the final stages of a major restructuring that will see it focused upon growth prospects for its concrete products and construction material businesses in the United States. The share price has under-performed over recent years - despite strong profit growth - resulting in the low valuation. Directors are buying shares and the company has just started a major on-market buy-back.

**Company History**

The company was formed in 1855 to run a sugar refining business under the name **Colonial Sugar Refining Company**. In 1936 the company diversified into building materials and further diversified into the resource sector during the 1960's to 1980's to become a diversified conglomerate.

**Current Business**

Over the last decade CSR has restructured, selling off many of its old businesses. With recent acquisitions, 46% of the group's business is now based in the United States where it is the largest manufacturer in pre-stressed concrete products and has significant interests in quarrying. In Australia, the business consists of Construction Materials (e.g. concrete products, quarrying), Building Materials, Sugar and Aluminium.

CSR plans to exit the Sugar business and is selling its Gove aluminium investment but will retain its joint venture interest in the **Tomago** aluminium smelter in NSW.

**Recent Strategy**

Over recent years CSR has focused upon a three part strategy to improve its performance:

Firstly, the company has sought to improve profitability by reducing costs. CSR claims to have reduced operating costs by A\$90 million in the year to March 1998, by a further A\$103 million during the

March 1999 year and was seeking additional annual savings of A\$100 million for the March 2000 year.

Secondly, CSR has actively sought to reduce the number of businesses in which it operates. All of the Resource investments have been sold as have all of the Timber businesses.

Thirdly, CSR is seeking new growth opportunities - which it mainly sees from its US based concrete businesses. The United States' *Transport Equity Act for the 21st Century* (TEA-21) involves a US\$216 billion upgrade of highway transport systems (while a similar project, AIR-21, will see US\$40 billion invested in airports) - which will increase demand for the type of concrete products, lime and aggregate produced by the company.

Earlier acquisitions were made at Price/Earnings ratios of less than 6 (before tax), although the June 2000 businesses were purchased at P/E ratios of about 8.

#### **Recent Divestments**

In February 1999, CSR sold **AWP Contracting** (contract mining) and **CSR Contracting** (civil contracting) to **Downer Group** for \$135 million. CSR originally entered the contract mining business in 1993.

CSR was also involved in the waste disposal business, owning four landfills in Melbourne. These were sold in July 1999 for \$15 million.

CSR is restructuring its sugar businesses into a stand alone company with the intention of selling this within the next 2-3 years. This could involve either a trade sale (i.e. sale to another sugar company) or floating the sugar company on the stockmarket - which could involve simply "spinning-off" (i.e. distributing) the shares to its existing shareholders. Part of the current restructuring also involves closing older, less efficient refineries and concentrating production on its lowest cost refineries. As a result, the **New Farm** sugar refinery in Brisbane (established in 1893) was closed in March 1998, releasing a prime 7.3 hectare, riverside site for residential development. This site was sold in February to **Mirvac** for over A\$30 million. Also as part of the rationalisation process, the **Ord Sugar Mill** in Western Australia (capacity 60,000 tonnes) was sold to its main customer, South Korean **Cheil Jedang Corporation**, for an undisclosed sum.

In April 1999, CSR sold 20,000 hectares of softwood plantation, two sawmills and a moulding operation to **RII Weyerhaeuser World Timberfund** for A\$224 million.

CSR's remaining Timber products businesses were sold in February this year: **Carter Holt Harvey** paid A\$330 million for the five medium density fibreboard plants and the particle board plant, while US based **Weyerhaeuser Company** paid A\$87 million for two sawmills, a timber treatment plant and the remaining 70% of timber distributor **Pine Solutions Australia**. In total, the sales of CSR's Timber products businesses has realised A\$760 million over the last couple of years.

This month UK based **Billiton plc** has offered US\$275 million for CSR's interest in the **Gove** aluminium refinery and bauxite mine in the Northern Territory. Settlement of this sale, however, may be delayed owing to **Swiss Aluminium's** pre-emptive rights to buy this investment within six months on the same terms. CSR

will use funds from this sale to reduce debt, but will continue to earn profits from Gove until settlement of this sale.

#### **Recent Acquisitions**

**CSR America** has been expanding rapidly over the last several years - mainly through acquisitions. These include:

April 1998: **Wall Concrete Pipe Company** (Texas) and the concrete pipe business of **Eagle Precast** (Oklahoma).

Two major pipeline rehabilitation operations, **Pipeline Systems** (Ohio) and **U-Lines Mid-America** (Arkansas), were acquired to enter this industry.

March 1998: **TXI's** Louisiana pipe operations (producing concrete pipe and box culverts).

June 1998: The block making business of **Las Vegas Block**.

November 1998: **Standard Sands** (Florida) was purchased for US\$35 million.

December 1998: The sand mining assets of **Union Sand** (Georgia).

August 1999: **Eastern Shore Concrete Pipe** (which, as the name suggests, manufactures concrete pipes), **Dolese Brothers** (which manufactures prestress bridge beams) and **Moor-Tex Concrete Products** (which makes concrete manholes and drainage structures).

November 1999: The **Alico Road** quarry and **Palmdale Sand Mine** (both in Florida).

February 2000: **American Precast** (which operates one plant in Indiana producing prestressed concrete building components) and **Setco** (which has one plant producing precast concrete vehicle safety barriers).

May 2000: **American Limestone Company** (Tennessee and Virginia) was acquired for US\$211 million. This company operates nine aggregate quarries (producing 8 million tonnes per annum, with reserves in excess of 500 million tonnes) and six pre-mix concrete plants.

June 2000: US\$348 million was spent to acquire **Florida Crushed Stone** (Florida) whose assets include an aggregates quarry (4 million tonnes per annum, with reserves of 84 million tonnes), three lime quarries (producing 5 million tonnes per annum, with reserves of 275 million tonnes) and the lowest cost cement mill in Florida (742,000 tonnes per annum). Two concrete products businesses were also purchased at a cost of US\$84 million: Mid West based **Wilson Concrete Company** has 17 plants producing prestress concrete products and concrete pipes and seven producing pre-mix concrete. This acquisition makes CSR America the largest US company producing prestress concrete products (i.e. precast products used in roads, bridges and construction). The second business, **Leppert Concrete Products**, operates a "highly efficient and low cost" plant in Indiana.

CSR America has also invested in upgrading the businesses acquired. Two major investments were the US\$140 million to modernise and expand its Florida cement plant to produce one million tons per annum via the energy efficient dry production process, and US\$17 million to build an automated pipe plant in Florida which will produce 200,000 tons of concrete pipe and products annually.

*(Continued on Page 8)*

**BUY CSR Ltd** (Continued from Page 7)**Recent Results**

CSR suffered a sharp decline in profits in the mid 1990's. Profits fell 18.2% in the March 1996 year and a further 33.8% to A\$212.2 million (20.6%) in the year to March 1997. That year the dividend was cut from 29.0 cents to just 21.0 cents.

Trading profits have since recovered steadily: In the year to March 1998, trading profits were up 35.6% to \$287.8 million (28.1 cents per share) and the annual dividend was lifted 1.0 cent to 22.0 cents. There were, however, extraordinary losses of A\$397.6 million from writing down asset values as part of the company's planned restructuring.

In the March 1999 year, revenues fell 2.3% to \$6,799.2 million, profits recovered 22.0% to A\$351,100,000 (34.0 cents per share) and the dividend again was raised slightly to 23.0 cents.

For the year to March 2000, revenues increased 8.5% to A\$7,375.5 million, profits rose strongly by 34.3% to A\$471,600,000 (44.9 cents per share) and a steady 23.0 cents dividend was paid.

**Investment Criteria**

At A\$4.36, CSR shares trade on a Price/Sales ratio of 0.61, a Price/Earnings ratio of 10 and offer a Dividend Yield of 5.5%. That is about *half* the average valuation placed upon other Australian large *blue chip* companies, so the shares are clearly under-valued.

With a market capitalisation of \$4,523 million, CSR is a very large Australian company. Institutions therefore hold a large percentage of the company's capital. The shares are widely followed by brokers, with 12 brokers publishing profit forecasts. While *neglected* shares can be better investments, it would be unreasonable for a very large company like CSR to ever be neglected by institutional investors or brokers. Brokers, however, are relatively pessimistic about the company's future - despite significantly under-estimating returns for the year to March 2000.

Three directors have been actively buying CSR shares on-market over the last year - which is very bullish: Managing Director, PM Kirby purchased 7,968 shares in April and 8,417 shares in May to raise his holding to 208,780 shares. Director DV Clarke purchased 4000 shares in August 1999, 4000 shares in December 1999 and 64,800 shares in June 2000 to increase his holding to 88,295 shares. A third director, ID Blackburne, bought 10,000 shares in December 1999, building his investment to 17,000 shares.

Two other directors have substantial shareholdings in CSR (AN Brennan with 211,411 shares and CB Goode with 248,999 shares), three others own 12-13,000 each and four directors own no shares.

CSR's move to focus on a narrowing range of businesses and to expand its aggregate and concrete products businesses in the US could also lead to a significant re-rating of the company's shares: Peter Lynch ("One Up on Wall Street") rates aggregates as a very attractive business, writing "What makes a rock pit valuable is that nobody else can compete with it. The

nearest rival owner from two towns over isn't going to haul his rocks into your territory because the trucking bills would eat up all his profit. In the case of rock pits you can raise prices to just below the point that the owner of the next rock pit might begin to think about competing with you. He's figuring his prices the same way. I can't imagine anyone's going bankrupt over a rock pit. So if you can't run your own rock pit, the next best thing is buying shares in aggregate producing companies."

Although CSR shares have under-performed the Australian stockmarket over the last seven years the shares are now showing signs of recovery. The current Relative Strength Rating is +3.4%, ranking the shares at 19 (on a scale of 0-99). This shows that CSR shares have begun performing well over recent months - which we believe is the start of a strong share price recovery.

**A\$400 Million On-Market Share Buy Back**

A further positive factor is that CSR is seeking to re-purchase up to 9.9% of its capital through an on-market share buy-back between May 2000 and May 2001. The company will seek up to 103.6 million shares which will return over A\$400 million to shareholders. To date 8,801,581 shares have been re-purchased. The buy back is seen as a tax efficient way to return surplus cash to shareholders, as a higher dividend would be unfranked.

Given the low valuation of the shares, the buy-back should increase earnings per share. The on-market buying should also have a favourable impact upon the share price and increase the likelihood that the shares continue to rise over the short to medium term.

**Summary and Recommendation**

CSR shares have been out of favour in recent years and are now under-valued. Restructuring has focused the company upon its construction materials and concrete product businesses.

Under-valuation, profit growth, insider buying, relative share price strength and an on-market buy back are all very bullish (i.e. favourable) and we believe that CSR shares could *increase 50-100% in value* over the next 12-18 months - making this a low risk/high return investment. In addition, the shares offer a 5.5% income yield.





# 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.

STRENGTH RATING											STRENGTH RATING																						
Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n								
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0											<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0																						
Renaissance	69	+14.1	+2.1	2	-	1.9	3	2.2	56	2.2	0.20	24	Contact Energy	285	-5.6	+2.7	63	8	1.1	7	0.6	15	8.3	8.24	1,721								
Williams Kettle	227	+2.1	+1.5	20	-	0.9	6	0.6	14	8.5	0.32	30	Infratil NZ	124	-4.4	+1.7	54	6	1.7	19	0.5	9	8.4	7.41	235								
Col Motor Co	315	+7.3	+2.5	7	-	1.3	7	0.8	17	7.3	0.33	97	Port Tauranga	498	-3.4	+0.5	49	7	1.4	7	0.5	21	5.4	7.20	381								
DB Group	276	+2.7	-1.3	20	7	1.3	13	0.7	9	8.7	0.43	278	Akd Int Airport	256	-3.1	+1.4	47	9	2.1	8	0.7	25	4.7	6.71	1,075								
FC - Paper	246	+35.5	+4.5	-0	9	0.9	0	1.4262	0.9	0.45	1,566	Pure NZ Limited	13	-16.6	-7.1	95	-	2.9	-	1.9	NE	Nil	4.35	4									
Mr Chips Hold	63	+7.1	-2.9	9	-	2.0	21	1.0	10	14.2	0.55	10	Advantage HDS	275	-4.4	-14.1	53	-	5.8	18	0.8	32	Nil	3.92	83								
Reid Farmers	75	+7.6	+1.5	6	-	1.2	11	1.2	10	9.0	0.56	42	Telecom Corp	735	-3.9	-3.8	52	10	11.9	76	0.5	16	9.3	3.75	12,883								
Trans Alta NZ	242	+0.4	+2.9	26	8	1.1	7	0.9	15	8.6	0.57	598	Ports Auckland	415	-9.9	+0.3	83	9	2.3	14	0.5	17	6.5	3.58	550								
Cavalier Corp	340	+0.9	+1.4	25	3	1.7	15	0.9	12	11.4	0.61	122	Waste Mgmt NZ	387	-7.8	+1.1	75	3	2.6	7	0.4	35	2.3	3.45	377								
Bendon Limited	168	+7.1	+3.2	8	4	1.4	14	1.1	10	3.0	0.72	68	Cue Energy Ltd	6	-14.2	-3.2	90	-	0.4	-	2.4	NE	Nil	3.14	17								
Ebos Group Ltd	365	+4.6	-0.9	15	-	5.5	34	0.8	16	7.4	0.94	85	Lyttelton Port	147	-3.7	+1.6	50	3	3.9	34	0.8	11	7.4	2.70	149								
Fisher & Paykel	670	+0.9	+1.5	26	8	2.1	14	0.8	15	5.6	0.95	791	Sky City Ltd	630	-5.2	+1.3	60	10	4.1	31	0.5	13	10.2	2.35	618								
Nobilo Wines	111	+6.3	+4.5	11	-	1.8	7	1.2	25	4.0	0.96	49	SE Utilities	92	-0.5	+0.9	34	-	0.8	7	0.6	13	6.5	2.29	55								
Dorchester Pac	135	+7.6	-4.7	6	-	1.7	18	1.4	10	6.6	0.97	24	Natural Gas	152	-5.5	+3.5	62	8	1.1	8	0.9	14	9.8	2.19	1,231								
Tower Limited	535	+0.4	+1.5	27	-	1.1	5	0.6	23	2.8	0.99	888	Guinness Peat	126	-2.5	+0.7	42	5	0.8	7	0.7	11	2.5	2.01	651								
<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0											<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																						
Dorchester Pac	135	+7.6	-4.7	6	-	1.7	18	1.2	10	6.6	0.97	24	Spectrum Res.	7	-48.7	-0.0	98	-	1.0	-	2.3	NE	Nil	N/A	6								
Reid Farmers	75	+7.6	+1.5	6	-	1.2	11	0.9	10	9.0	0.56	42	Aquaria 21	4	-31.5	-6.2	98	-	1.0	-	2.8	NE	Nil	0.66	8								
Col Motor Co	315	+7.3	+2.5	7	-	1.3	7	0.7	17	7.3	0.33	97	Beauty Direct	10	-27.3	-5.4	97	-	0.8	-	1.6	NE	Nil	N/A	3								
Bendon Limited	168	+7.1	+3.2	8	4	1.4	14	0.9	10	3.0	0.72	68	NZ Oil and Gas	26	-19.3	+1.3	96	-	0.5	-	0.8	NE	Nil	1.79	28								
Mr Chips Hold	63	+7.1	-2.9	9	-	2.0	21	0.8	10	14.2	0.55	10	IT Capital Ltd	38	-16.9	-6.4	95	-	2.6	-	1.3	NE	Nil	N/A	56								
Ebos Group Ltd	365	+4.6	-0.9	15	-	5.5	34	0.7	16	7.4	0.94	85	Pure NZ Limited	13	-16.6	-7.1	95	-	2.9	-	1.8	NE	Nil	4.35	4								
DB Group	276	+2.7	-1.3	20	7	1.3	13	0.6	9	8.7	0.43	278	Savoy Equities	4	-16.3	-2.4	94	-	0.2	-	3.1	NE	Nil	1.50	16								
Williams Kettle	227	+2.1	+1.5	20	-	0.9	6	0.5	14	8.5	0.32	30	Trans-Tasman	17	-15.1	+1.2	92	5	0.2	7	1.5	3	Nil	0.91	100								
Pacific Retail	145	+1.3	-4.9	23	3	1.5	19	1.4	8	Nil	0.20	73	E-Phone Ltd	25	-14.7	-12.0	91	-	5.1	-	2.1	NE	Nil	N/A	28								
Cavalier Corp	340	+0.9	+1.4	25	3	1.7	15	0.8	12	11.4	0.61	122	Cue Energy Ltd	6	-14.2	-3.2	90	-	0.4	-	2.2	NE	Nil	3.14	17								
Fisher & Paykel	670	+0.9	+1.5	26	8	2.1	14	0.7	15	5.6	0.95	791	Shotover Jet	45	-14.1	-0.4	89	-	1.5	21	1.0	7	5.6	0.81	19								
Trans Alta NZ	242	+0.4	+2.9	26	8	1.1	7	0.7	15	8.6	0.57	598	Otter Gold Mine	60	-14.0	-1.5	89	-	0.5	4	0.7	13	Nil	0.38	28								
<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million											CDL Hotel NZ											21	-13.8	+0.4	88	3	0.4	3	1.3	12	5.0	0.45	73
Restaurant Brds	113	-5.5	-1.3	63	6	3.5	42	1.0	8	13.2	0.48	104	National Mail	110	-11.9	-0.5	86	-	-	-	0.8	NE	Nil	N/A	28								
Hallenstein G.	205	-4.7	+2.5	55	5	3.6	30	0.8	12	12.4	0.75	119	Eldercare NZ	44	-10.7	-0.6	85	-	1.9	0	1.34400	Nil	8.66	13									
Cavalier Corp	340	+0.9	+1.4	25	3	1.7	15	0.8	12	11.4	0.61	122	Grocorp Pacific	13	-10.3	-1.7	84	-	1.0	-	2.0	NE	Nil	0.79	7								
Sky City Ltd	630	-5.2	+1.3	60	10	4.1	31	0.5	13	10.2	2.35	618	Trust Power Ltd	335	-10.1	+0.1	83	9	0.9	5	0.4	19	7.4	1.18	504								
Natural Gas	152	-5.5	+3.5	62	8	1.1	8	0.9	14	9.8	2.19	1,231	Ports Auckland	415	-9.9	+0.3	83	9	2.3	14	0.5	17	6.5	3.58	550								
United Networks	615	+0.2	+1.0	29	-	1.2	14	0.4	9	9.7	2.07	932	Kingsgate Int'l	12	-9.9	-1.2	82	-	0.3	2	1.5	15	Nil	1.17	47								
Brierley Invest	32	-9.3	-2.2	80	7	0.3	4	1.0	8	9.4	0.49	955	NZ Experience	10	-9.7	+1.7	81	-	0.9	2	1.7	48	Nil	0.72	6								
Telecom Corp	735	-3.9	-3.8	52	10	11.9	76	0.6	16	9.3	3.75	12,883																					
NZ Refining Co	1100	-0.2	+2.7	31	2	1.8	16	0.4	11	9.1	1.08	264																					
Ind Newspapers	400	+16.9	-3.5	0	10	0.5	2	0.7	32	9.0	1.55	1,550																					

## Company Analysis: Force Corporation

A subscriber recently asked our opinion about Force Corporation as the shares were at an historical low and the dividend yield looked good at 15.0%. Despite this historically low share price the Price/Sales ratio is high enough to rate the shares as a "Sell" by our *Comprehensive Share Selection Criteria*.

### Current Business

The current cinema and property development business was listed on the NZ stockmarket in 1995 via the *reverse takeover* of listed shell company **Ascot Management**.

Force Corporation almost became used for the listing of **The Internet Group** earlier this year - although that merger was cancelled after the collapse of internet company share prices.

In July 1999, the company's 50% owned **Village Force** joint venture cinema business was merged with **Hoyts Cinemas** to form **Village Force Hoyts**. This joint venture (25% owned by Force Corporation) operates 79 screens in NZ. The company is also involved in joint ventures in Fiji (10 screens) and Argentina. The 25%

owned Argentinian company, **Village Cinemas South America**, operates 69 screens and has assets in excess of US\$100 million - mainly in real estate that it hopes to sell (and lease back) to reduce high debt levels.

Other NZ businesses include property development and investment. These include:

1. A Mt Wellington, Auckland, development where a Harvey Norman store has already been sold and other property is for sale.
2. Ownership of the **Force Entertainment Centre**. This property was to be sold to Australian listed **MTM Entertainment Trust** although that trust is experiencing problems which may prevent settlement of this transaction.
3. An 80% interest in the **Planet Hollywood** restaurant which is located in the Force Entertainment Centre.
4. A 33.3% interest in movie production company **South Pacific Pictures**.

(Continued on Page 10)

**Force Corporation** (Continued from Page 9)**Recent Results and Outlook**

Force Corporation appears to have grown well over the last five years as shown by the table below:

	1999	1998	1997	1996
Revenue (000)	31,890	33,140	35,318	27,256
Profits (000)	7,826	6,038	5,479	3,503
Earnings per Share (cents)	5.1	3.9	3.5	2.7
Dividends (cents)	4.0	4.0	2.0	1.0

For the six months to December 1999, trading revenues rose 29.6% to \$20,786,000 and profits increased 9.3% to \$3,317,000 (2.1 cents per share). A steady 1.0 cent dividend (plus full imputation tax credits) was paid.

While all of those figures listed above look favourable there are a few things that concern us about the company. We have summarised these in the next table:

	1999	1998	1997	1996
Operating Cash Flow (000)	-39,678	-17,043	+13,308	+8,673
Debt (000)	72,195	40,229	6,305	26,938
Property Assets (000)	88,667	40,661	12,853	30,747
Shareholders Equity (000)	60,275	58,650	57,421 <sup>1</sup>	36,558

Note 1: Force raised \$17.5 million in new equity in 1997.

These figures show that Force Corporation generated positive cash flows in 1996 and 1997, but has operated at huge cash deficits in 1998 and 1999 with an alarming increase in debt levels which now exceed Shareholders Equity. This cash deficit is explained by the rapid increase in Property assets - mainly in the company's Property Development division. This suggests a major problem with Force Corporation's property development business. The company appears to be experiencing difficulty selling developments at their completion.

For the six months to December 1999 the situation continued to deteriorate. Cashflow from operations was a deficit of \$14.7 million, property assets increased \$6.7 million to \$95.4 million and interest bearing debt rose \$23.4 million to \$95.6 million.

Force Corporation may also experience future problems in its cinema business. The Commerce Commission is threatening legal action over the Village Force Hoyts joint venture and merger plans, while US based **Reading Entertainment** will begin construction in September of a 10 screen, \$55 million complex in Wellington.

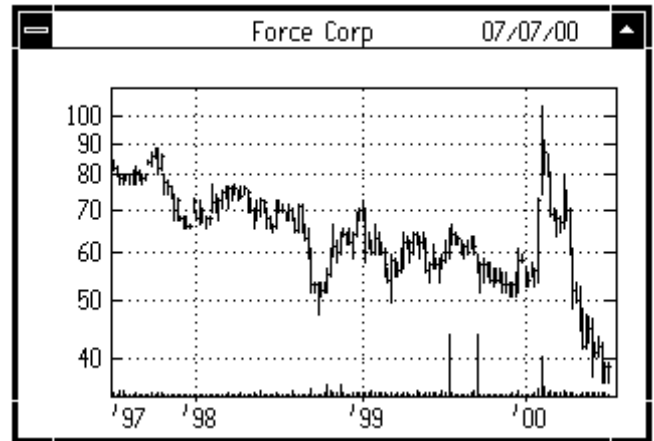
**Property Development Risks**

Property development can be a very profitable business, but is also extremely risky. The main risk being that a completed development cannot be sold, resulting in a liquidity crisis which can force even a "profitable" company into receivership. Force Corporation's Chairman and major shareholder P E Francis' previous involvement with a listed property company was with **Chase Corporation** - which faced a liquidity crisis, was placed under the control of a Statutory Manager following the 1987 stockmarket crash with Chase Corporation shares becoming worthless.

**Joint Venture Risks**

Can cashflow from its cinema business keep Force Corporation going until it can sell its property developments? Will the cinema cashflow finance continued dividend payments?

Unfortunately, while there are some advantages in joint ventures (i.e. market domination, monopoly pricing and profits) there are problems with lack of business control and control of cash flow. Force holds only a 25%



interest in the NZ cinema joint venture - so has no control of the joint venture or its cashflow. While Force may need cash from the cinema business to finance its property business, the joint venture partners may wish to retain that cash within the cinema venture to fund growth. In fact, the joint venture partners may deliberately act *against* the wider interests of Force Corporation. If its property problems force a liquidity crisis then Force Corporation - or its receiver - may become a forced seller of the 25% interest in the cinema business - which the partners could then acquire at a rock bottom, fire sale price!

Many companies have experienced liquidity or debt problems and failed, despite owning profitable joint venture investments. A company has no control over the cash flows of joint ventures, and these investments are illiquid and difficult to sell.

**Investment Criteria**

At 39 cents, Force Corporation shares trade on a high Price/Sales ratio of 1.89, but a low Price/Earnings ratio of 8 and offer a very high gross Dividend Yield of 15.3%. While the P/E ratio and Yield look under-valued, the P/S ratio is very high. In fact, this high P/S ratio is probably the result of low revenues (i.e. little or no property sales) rather than a high price. The high P/S ratio is therefore signalling problems with the property division.

With a capitalisation of \$63 million Force Corporation is a smaller company. Institutional investors own just 18.6% of the company, which is also *neglected* by stockbrokers. The Chairman owns 77,724,246 shares (50.2% of the company). Smaller companies, neglected by both institutions and by stockbrokers, and where management have a significant shareholding can be the most attractive stockmarket investments.

On the negative side, the company's future is uncertain owing to its poor balance sheet. The large operating cash deficit and huge increase in debt are very serious and must cast doubts over the company's continued ability to pay dividends - and even its very survival! The cinema ventures are attractive businesses, but Force Corporation owns only a minority share - 25% in NZ and 25% in the heavily indebted Argentina company - so has limited control over its own future.

Technically the shares are very weak. The Relative Strength Rating is -15.4, which rates the shares at 95 (on a scale of 0-99). Investors should avoid very weak shares which are likely to under-perform in the future.

Many technology investors bought into Force



# "Insider" Trades in Australian Shares

The first table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding "Neutral" situations where the number of Buyer and Sellers were equal, or differed by just one). Shares where many "insiders" have been buying can outperform the market for up to two years, while shares where many "insiders" have sold can under-perform for a similar period.

The second table ranks Industry Groups by the average number of Net Buyers (i.e. Buyers less Sellers over the last year). Consistent buying across an Industry may indicate developments that are favourable for all companies within that sector, while consistent Industry selling may indicate an unfavourable outlook for that whole sector.

## "Insider" Indicators

Last 5 wks: 70.5% Buyers  
Last 13 wks: 69.3% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AMX Resources	0-4	Biron Corp	0-2	G.U.D. Holdings	4-0	Menzies Court	5-1	Recruiters Aust	5-0
ARC Energy	4-0	Brambles Ind.	0-2	GME Resources	3-0	Mikoh Corp.	2-0	Redfire Res.	2-5
Access 1 Ltd	0-2	Brazin Limited	2-0	GWA Internat'l	4-0	Milton Corp.	6-1	Resource Exp.	3-12
Acclaim Uranium	5-1	Brickworks Ltd	4-0	Gazal Corp	4-2	Mt Burgess Gold	14-0	Ridley Corp.	3-0
Acclaim Explor	3-1	Bristile Ltd	4-0	Gippsland Ltd	4-0	Murchison Un.	0-3	Rio Tinto Ltd	4-0
Adacel Tech.	2-4	Burns Philp	2-0	Gold Mines Kal.	2-0	Nat'l Aust Bank	4-1	Rural Press Ltd	0-2
Adsteam Marine	5-0	Burswood Ltd	3-0	Goldfields	2-0	Nat'l Foods	3-0	Sausage Softwar	0-4
Adtrans Group	5-0	C.S.R. Ltd	6-0	Goodman Fielder	4-0	Normandy Mining	8-0	Schaffer Corp	4-0
Adultshop.com	0-2	CI Technologies	0-2	Grimwood Davies	6-0	Normandy NFM	2-0	Simsmetal Ltd	2-0
Aerodata Hold *	2-0	Campbell Bros	2-0	HIH Insurance	9-0	OAMPS	6-0	Smith (Howard)	2-0
Allegiance Min.	3-0	Cape Range Wire	2-0	Hamilton Island	3-0	Online Trading	3-0	Sonic Health	0-2
Amcor Ltd	5-0	Citadel Pooled	3-0	Hartley Poynton	0-2	Orica Ltd	3-0	Soul Pattinson	5-0
Argo Investment	4-1	Cleland	9-0	Healthscope	4-0	PCH Group	4-0	Sunland Group	3-1
Asia Pac Spec	2-0	CocaCola Amatil	3-0	Housewares Int.	3-0	PMP Communicat.	3-0	TDG Logistics	2-0
Atkins Carlyle	3-0	Colonial Ltd	3-0	Hunter Explor.	0-2	Pac Strategic	4-0	Tabcorp Holding	2-0
Atlas Pacific	6-0	Comet Gold	3-0	IAMA Ltd	0-2	Pacific Energy	9-0	Takoradi Gold	3-7
Ausdoc Group	2-0	Crane Group	3-0	Imdex NL	2-0	Pacific Group	4-1	Ticor Ltd	3-0
Auspine Ltd	11-0	Darowa Corp	2-0	Ifosententials	2-0	Pacrim Energy	3-1	Tourism Aust.	3-0
Aussie Online	0-2	Data 3 Ltd	0-3	Institute Drug	6-4	Payco Consol.	3-0	Union Capital	0-4
Aust Hospital	2-0	David Jones	2-0	Joyce Corp.	3-0	Perp Trust Aust	7-1	Vision Systems	0-2
Aust Foundation	5-1	Duketon Gold.	2-0	Lion Selection	3-0	Platinum Cap'l	3-0	Vos Industries	3-0
Aust Stock Exch	0-6	E-Sec Limited	0-2	Ludowici Ltd	4-0	Polartechinics	0-2	Waterco Ltd	4-0
Austin Group	2-0	E.R.G.	1-6	M.I.M. Holdings	4-0	Portman Mining	2-0	West'n Metals	3-0
Austral Coal	2-0	ETRADE Aust.	4-1	Macmin NL	0-3	Quadrant Aust.	4-1	Western Mining	3-0
BRL Hardy Ltd	5-2	Energy Develop.	0-5	Macro Corp.	2-0	Range Resources	0-2	Westfield Hold.	4-1
BT Global Asset	0-2	Fairfax (John)	3-0	Majestic Res.	2-0	Ranger Minerals	0-3	Wine Investment	8-0
BT Resources	3-1	Foodland Assoc	2-0	McPherson's Ltd	5-0	Realestate.com	3-0	Yates (Arthur)	2-0

Rank	Industry Group	Insider Buy-Sell	No. Average of Buyers-Sellers	Rank	Industry Group	Insider Buy-Sell	No. Average of Buyers-Sellers	Rank	Industry Group	Insider Buy-Sell	No. Average of Buyers-Sellers
1	Insurance	19-0	8 +2.38	24	Casinos/Gaming	9-3	16 +0.38	47	Property Trust	4-0	72 +0.06
2	Uranium	5-1	2 +2.00	25	Gold Producer	21-4	47 +0.36	48	Mineral Exploration	11-9	46 +0.04
3	Hospital Management	7-0	4 +1.75	26	Soft Drink/Confectionery	4-1	9 +0.33	49	Gold Explorer	58-53151	+0.03
4	Diversified Mining	9-0	6 +1.50	27	Agricultural	10-3	21 +0.33	50	Other Utilities	0-0	4 +0.00
5	Chemical & Fertiliser	9-0	7 +1.29	28	Base Metals	9-3	19 +0.32	51	Entrepreneurial Investor	0-0	8 +0.00
6	Building Materials	25-2	20 +1.15	29	Property Investor	3-0	10 +0.30	52	Transport	2-2	11 +0.00
7	Forest Products	20-3	16 +1.06	30	Manufacturer/Retailer	5-2	10 +0.30	53	Gold/Copper	0-0	3 +0.00
8	Wholesaler/Retail	10-2	8 +1.00	31	Equity Investor	29-8	70 +0.30	54	Engineering Contractor	0-0	6 +0.00
9	Diversified Industrial	25-4	22 +0.95	32	Property Dev'tment/Mger	7-1	21 +0.29	55	Banking	8-8	15 +0.00
10	Investment Trust/Company	24-2	25 +0.88	33	Leisure Activities	3-0	11 +0.27	56	Gold/Other Mining	0-0	7 +0.00
11	Trustee Company	7-1	7 +0.86	34	Brewer	1-0	4 +0.25	57	Machinery Manufacturer	0-0	3 +0.00
12	Mining Services	8-0	10 +0.80	35	Pharmaceutical	12-9	12 +0.25	58	Biotechnology	1-1	17 +0.00
13	Food	14-0	25 +0.56	36	Other Infrastructure	2-0	8 +0.25	59	Misc Financial	12-12	22 +0.00
14	Energy/Electricity	10-5	9 +0.56	37	Oil/Gas Producer	4-0	17 +0.24	60	Building Contractor	0-0	13 +0.00
15	Publishers	7-2	9 +0.56	38	Oil/Gas Exploration	14-6	35 +0.23	61	Mining Investment	0-0	4 +0.00
16	Misc Services	27-7	39 +0.51	39	Diversified Media	9-3	30 +0.20	62	Advertising/Marketing	0-0	14 +0.00
17	Hotel/Resort	4-0	8 +0.50	40	Health & Related Products	3-0	15 +0.20	63	Oil/Gas Investor	0-0	2 +0.00
18	Gold/Investment	1-0	2 +0.50	41	Diamonds	2-0	10 +0.20	64	High Technology	9-12	32 -0.09
19	Light Engineering	8-0	17 +0.47	42	Residential Developer	3-1	11 +0.18	65	Other Telecommunications	2-4	19 -0.11
20	Misc Industrial	16-1	34 +0.44	43	Heavy Engineer	1-0	6 +0.17	66	Mining Producer	5-7	16 -0.13
21	Mineral Sands	4-0	10 +0.40	44	Retail	13-8	36 +0.14	67	Computer & Office Serv.	5-12	52 -0.13
22	Automotive	5-0	13 +0.38	45	Television	1-0	9 +0.11	68	Equipment/Services	1-7	38 -0.16
23	Vintner	7-2	13 +0.38	46	Coal	2-1	10 +0.10	69	Network Operator	0-1	6 -0.17
								70	Health/Medical Services	0-4	11 -0.36

# “Insider” Trades in Australian Shares

Insider buying is one of the important criteria we use to select shares for investment. It is, therefore, not surprising that we already own shares in companies like **Atlas Pacific, Auspine, Campbell Brothers** and **PMP Communications**, and - in this newsletter - are recommending the purchase of shares in **CSR Ltd**.

Other companies where *insiders* are buying shares include: **Adsteam Marine, Amcor, Brickworks, Soul Pattinson, Cleland, McPhersons** and **Mt Burgess**. If the *insiders* - who know their companies best - are buying shares then these companies warrant further analysis, with a view to finding possible future investments. Here is a brief outline of their businesses and prospects.

### Adsteam Marine

**Adsteam Marine** (code ADZ) is the largest harbour towage operator in Australia. The shares look to offer good value (P/E ratio 11, Yield 6.0%, although the P/S ratio is high at 2.5) and there are two major areas of potential profit improvement. Firstly, the company has been successful in reducing manning levels from *four* crewmembers to only three, and remove on-board demarcation and restrictive practices. This will result in cost savings of A\$2.8 million. Originally the Maritime Union had refused to even *consider* a reduction in manning levels and responded with rolling stoppages. Secondly, in February the company spent US\$56 million for a 50% stake in US based **Northland Holdings** (acquired on a P/S ratio of 0.77 and a P/E of about 11).

### Amcor

**Amcor** (code AMC) is a large packaging company, involved in the manufacture of metal, plastic and paper packaging materials. Its paper business was recently spun off in a new company, **PaperlinX**. 82% of PaperlinX was distributed free to Amcor shareholders (who received one PaperlinX share for every three Amcor shares) with 18% sold in a public share float.

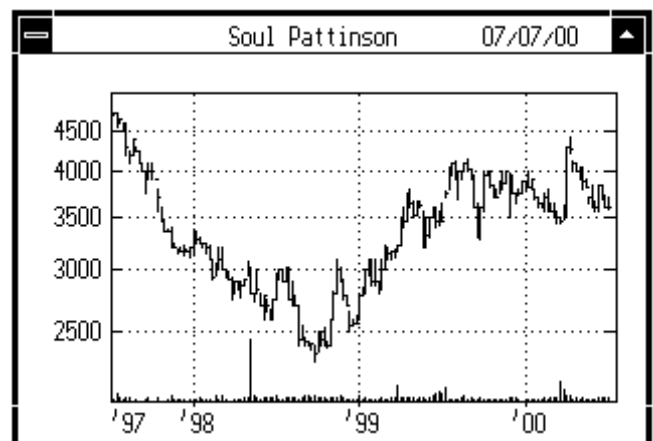
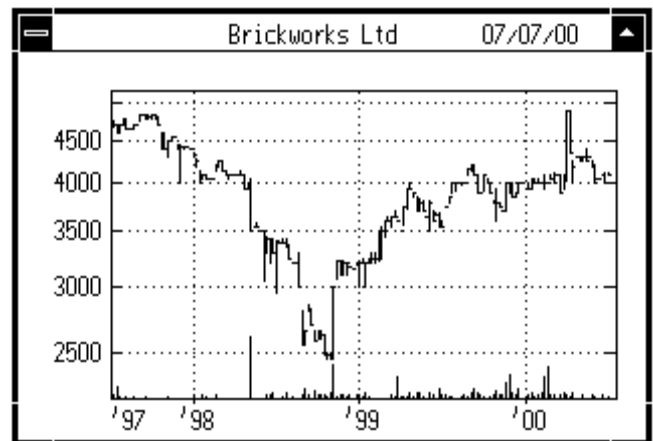
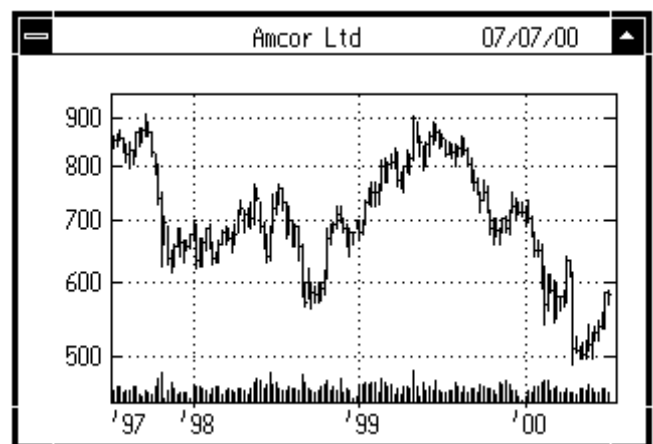
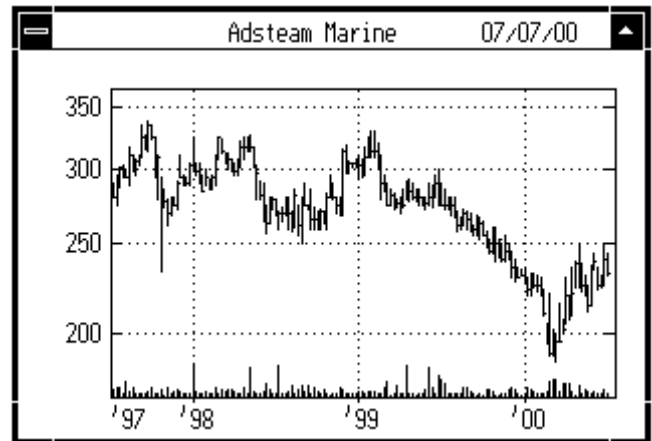
Amcor's major focus for improving its business is *cost reduction and improved productivity*.

### Brickworks and Washington Soul Pattinson

These two companies have significant cross shareholdings, so we need to look at **Brickworks** (code BKW) and **Washington Soul Pattinson** (code SOL) together. Soul Pattinson owns 49.8% (6.6 million shares) of Brickworks, while Brickworks own 42.9% (10.2 million shares) of Soul Pattinson.

GPG owns 10.14% of Brickworks and is making a full takeover bid offering A\$100 cash plus four Soul Pattinson shares for every five Brickworks shares. This would effectively break-down the cross shareholding and distribute the Soul Pattinson shares held by Brickworks. It would also give GPG all of the Brickworks assets (excluding the Soul Pattinson shares) for a total cost of about A\$340 million. At present market prices the takeover values Brickworks shares at A\$48.80 compared with their market price of A\$41.00 per share.

Brickworks business involves the manufacture of bricks, the Soul Pattinson shareholding, a substantial share portfolio and the sale/development of surplus property assets. Soul Pattinson is a more diversified company, with the Brickworks *(Continued on Page 14)*



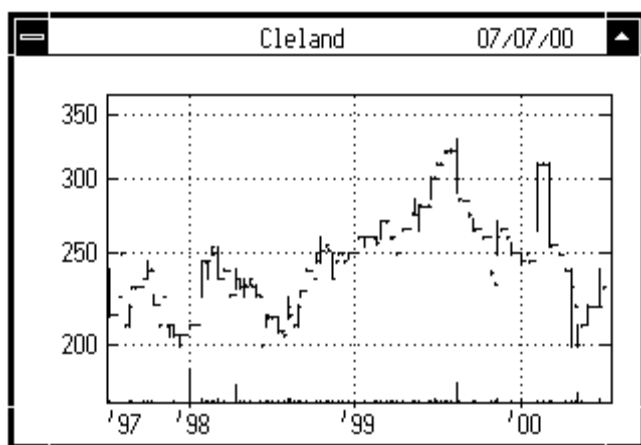
**Insider Trades***(Continued from Page 13)*

shareholding, a share portfolio, and business interests in Coal (in Queensland and Indonesia), Media (operates a TV station in northern NSW), Pharmaceutical, Telecommunications (is building high capacity bandwidth), Property and Fruit Juice. Most of the Pharmaceutical business was recently sold to **Australian Pharmaceutical Industries** for 49 million shares (or 25% of API).

We don't expect that GPG's takeover bid will be successful, but this is an example of the pressure that the companies face to break up this cross shareholding, simplify their capital structures and release significant shareholder value. Ultimately, Soul Pattinson may simply takeover Brickworks. It would cost Soul Pattinson just A\$271 million (in cash or shares) to buy out the minority shareholders in Brickworks - acquiring its business and investments including the A\$369 million worth of Soul Pattinson shares! Cancelling these would then significantly increase the value of the remaining Soul Pattinson shares!

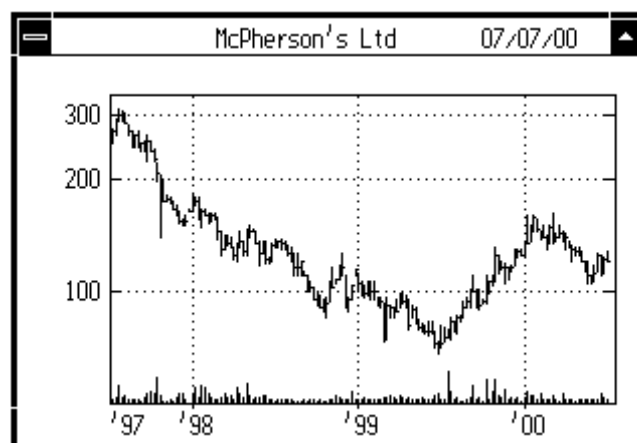
**Cleland Enterprises**

**P. Cleland Enterprises** (code CLL) is a small company involved in the storage of temperature controlled food products with refrigerated storage facilities and a large fleet of refrigerated vehicles. The company is expanding and has significant capital expansion plans, backed by long term contracts. Fundamentally the shares look to offer good value (P/S ratio 0.66, P/E ratio 11, Yield 5.2%), but these shares are not actively traded.

**McPhersons**

**McPhersons** (Code MCP) main business was printing, but it is now focusing on growth in its Houseware division. The company has moved from manufacturing to outsourcing product from Asia. This has released funds (previously tied up in manufacturing) and left McPhersons with a strong cash flow business. This money is being used to grow the company through acquisition. In February, for example, it acquired **Crown Glassware** (which has 80% of the Australian beer glass market) for A\$17 million.

Offering good value (P/S ratio 0.25, P/E ratio 10, Yield 5.4%), McPhersons looks like an attractive share.

**Mt Burgess**

**Mt Burgess Gold Mine** (code MTB) was the subject of a *Company Analysis* in the September 1999 issue of *Market Analysis* (Issue No. 327, which can be downloaded from [www.stockmarket.co.nz](http://www.stockmarket.co.nz)). At that stage the company was *cash rich*, had some interesting exploration interests involving base metals and diamonds, directors were buying shares and the company was making an on-market share buy-back for up to 11,000,000 shares (9.95% of the capital).

Exploration continues slowly (the company budgets to spend about A\$1 million annually), the directors are still buying shares and the company has so far bought back 7,157,705 shares. The current cash holding is A\$10,758,000 or about 10.4 cents per share. That is just less than the current share price of 11.5 cents.

## Update on Infringement of Copyright

As we have previously reported, in April the *Sharetalk* internet site (owned by **Newman & Co Ltd** and **Sharetalk Ltd**) re-published material from *Market Analysis* without our knowledge or permission. We took action to stop this infringement and *Sharetalk* then published the following statement on their site:

*"Sharetalk regrets that it has recently infringed copyright by copying and publishing without authority material from the independent stockmarket advisory newsletter, Market Analysis. Sharetalk has agreed to cease any further unauthorised use of copyright material from Market Analysis."*

The sole director of both of these companies, stockbroker and author Frank Newman, did not appreciate us publicising this situation in *Market Analysis* and in *seven daily newspapers*. Newman & Co and Sharetalk issued legal proceedings against Securities Research Company claiming that our actions were "in part false", "misleading", "negligent" and damaged Mr Newman's reputation.

Well, we *cannot* tell you the value that *we* would place upon Mr Newman's reputation . . . but we can tell you what value he places upon it. The claim sought \$5000 - yes, *just* \$5000 - for damage to his reputation.

On June 15 - at our request - the court dismissed the Newman/Sharetalk claim.

# "Neglect" Ratings of Australian and NZ Shares

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

Company	No. of Brokers Following	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (A\$ Mill.)
A.G.L.	14	3,569	Cleland	1	37	Incitec	5	613	Qantas	18	4,323
A.P. Eagers	1	65	Clough Limited	1	185	Indust Inv Trt	4	207	Queensld Metal	4	155
AAPT	12	1,761	Coal & Allied	3	1,299	Infratil Aust.	5	321	Queensld Cotton	3	113
AJ Office	3	311	Coates Hire	4	166	Jupiters	12	794	Ramsay Health	7	98
AJ Retail	6	276	CocaCola Amatil	13	3,585	Just Jeans Grp	6	79	Ranger Minerals	7	136
AMP Ind Prop Tr	5	345	Cochlear Ltd	8	1,407	K&S Corporation	3	39	Rebel Sport	4	43
AMP Ltd	12	18,757	Coles Myer	16	7,556	Keycorp Ltd	1	418	Reinsurance Aus	2	15
AMP Office Trt	7	766	Colonial Ltd	10	9,360	Kidston Gold	4	30	Resolute Saman.	8	31
AMP Shop Centre	8	930	Comwealth Bank	15	34,232	Lang Corporatio	5	1,117	Ridley Corp.	8	150
ANZ Bank	16	19,116	Comalco Ltd	13	5,309	Leighton Hold	12	1,470	Rio Tinto Ltd	14	13,338
APN News Media	12	962	Computer Share	7	4,643	Lend Lease Corp	15	10,965	Rock Building	1	36
ARB Corporation	2	66	Cons Rutile	2	151	Lihir Gold	12	857	Ross Mining NL	4	74
AXA Asia Pac	10	4,388	Corp Express	4	543	M.I.M. Holdings	15	1,683	Rural Press Ltd	9	584
AXA Aust Div PT	7	918	Coventry Group	1	125	MacMahon Hold	2	21	Santos Ltd	16	3,044
Adelaide Bright	5	199	Crane Group	7	327	Macquarie Ind.	5	266	Scientific Serv	1	16
Adelaide Bank	10	409	Cranswick Wines	6	115	Macquarie Infra	4	1,259	SevenNetwork	13	1,901
Adsteam Marine	5	217	Crevet Ltd	3	24	Macquarie Bank	9	4,519	Siddons Ramset	3	330
Advance Prop	6	712	Croesus Mining	1	28	Macquarie C'Wde	5	377	Simon Wines	10	187
Amalgamated Hld	4	348	Darling Park Tr	5	319	Macquarie Off.	6	583	Simsmetal Ltd	10	460
Amcor Ltd	12	3,626	Data 3 Ltd	1	20	Maxi TRANS	1	22	Skilled Eng.	12	180
Ammtec Ltd	1	17	David Jones	12	512	Mayne Nickless	13	1,287	Smith (Howard)	12	1,664
Amrad Corp.	1	94	Davids	6	198	McGuigan Wines	5	136	Smorgon Steel	7	1,019
Anaconda Nickel	7	1,002	Delta Gold NL	13	335	McPherson's Ltd	1	47	Solution 6	4	522
Aristocrat	4	2,261	Dev Capital Aus	1	57	Millers Retail	3	286	Sonic Health	6	1,142
Ashton Mining	9	335	Devine	1	18	Namoi Cotton	2	72	Sons of Gwalla	14	593
Asia Pac Spec	6	44	E.R.G.	7	2,424	Nat'l Aust Bank	16	39,273	Soul Pattinson	4	859
Atkins Carlyle	6	106	ETRADE Aust.	3	126	Nat'l Can	1	79	Southcorp Ltd	16	2,996
Aurora Gold	10	26	East'n Aluminu	5	176	Nat'l Foods	11	887	Spicers Paper	8	285
Ausdoc Group	9	200	Email Ltd	9	796	Nautronix Ltd	3	47	Spotless Group	7	1,017
Auspine Ltd	3	128	Emperor Mines	2	36	Newcrest Mining	15	1,027	St George Bank	15	5,322
Aust Com Prp Tr	4	156	Energy Equity	1	40	News Corporatio	16	46,247	Sthn Cross Brd.	7	270
Aust Hospital	8	95	Energy Develop.	6	957	Norm Mt Leshon	9	138	Sthn Star	2	42
Aust Stock Exch	6	1,203	Energy Resource	7	300	Normandy Mining	16	1,839	Stokland Trust	8	1,524
Aust Gth Prop.	3	118	Envestra	7	412	Normandy NFM	9	279	Straits Res.	2	19
Aust Pharm. Ind	4	431	Evans Deakin	3	170	Norman Wines	2	36	Strathfield Grp	2	120
Aust Infra.	4	254	FXF Trust	2	372	North Ltd	16	2,823	Suncorp-Metway	10	2,796
Austrim Nylex	3	504	Fairfax (John)	14	3,505	Novogen Ltd	2	369	Sydney Aquarium	3	93
B.H.P.	12	33,561	Faulding (F.H.)	9	1,362	Novus Petroleum	8	257	TAB Ltd	11	1,380
BA Tobacco Aust	3	1,588	Finemore Hold	6	118	OPSM Protector	7	345	TDG Logistics	2	44
BRL Hardy Ltd	14	1,051	First Aust Bldg	1	135	Oil Search Ltd	12	1,003	TV Media Serv.	7	0
BT Office	6	0	Fleetwood Corp	2	36	Orbital Engine	2	693	Tabcorp Holding	12	3,519
BT Property	6	511	Flight Centre	5	1,573	Orica Ltd	10	1,964	Tap Oil	6	99
Bank of W. Aust	9	1,960	Foodland Assoc	9	748	Oricon Minerals	6	562	Telecasters Aus	8	158
Bank of Q'land	9	306	Forrest Place Gr	1	47	PBL	12	8,779	Telstra	17	46,203
Beaconsfield GI	2	35	Forrester Kurts	2	115	PMP Communicat.	10	489	Tempo Services	5	141
Bendigo Sand.	6	401	Foster's Brewin	16	7,971	Pacific Mining	4	196	Ten Network	10	914
Beyond Int'l	3	45	Franked Income	5	1,227	Pacific Hydro	3	211	Thakral Holding	4	322
Biota Holdings	1	292	Freedom Group	10	103	Pacific Group	9	658	Ticor Ltd	7	394
Blackmores Ltd	1	89	Futuris Corp.	8	1,132	Pacific Dunlop	13	1,564	Toll Holdings	7	569
Boag (J) & Son	2	93	G.U.D. Holdings	8	123	Paladin Ind.	4	174	Tourism Aust.	3	155
Brambles Ind.	13	11,221	GWA Internat'l	8	635	Paladin Com.	6	513	United Group	6	89
Brandrill	2	76	Gandel Retail T	10	1,366	Pasminco Ltd	15	1,035	United Energy	9	1,327
Brazin Limited	8	255	General Prop Tr	10	4,342	Perilya Mines	1	28	Village Road.	8	522
Breakwaters.	2	39	Goldfields	9	217	Perp Trust Aust	7	989	Villa World	2	66
Brickworks Ltd	4	540	Goodman Hardie	4	439	Perseverance	2	5	WRF Securities	1	19
Bristle Ltd	3	191	Goodman Fielder	13	1,621	Petaluma Ltd	8	114	Watpac Ltd	1	17
Burswood Ltd	11	294	Graincorp	1	278	Peter Lehman W.	7	75	Wattyl Ltd	9	261
C & W Optus	13	19,587	Grand Hotel	5	201	Petroz NL	5	56	Wesfarmers Ltd	11	3,553
C.S.R. Ltd	12	4,523	Gunns Ltd	2	87	Pioneer Int'l	7	3,965	West Aust News	13	1,104
CI Technologies	5	299	Gympie Gold	2	44	Pipers Brook	2	29	West'n Metals	10	67
CMI Limited	2	32	HIH Insurance	10	552	Pirelli Cables	1	57	Western Mining	15	8,892
CPI Group	7	82	Hardie (James)	10	1,709	Polartechnics	1	140	Westfield Trust	10	5,518
CSL Limited	8	4,969	Harris Scarfe	5	91	Portman Mining	3	139	Westfield Hold.	13	5,694
Campbell Bros	2	145	Harvey Norman	10	3,869	PowerTel Ltd	3	1,168	Westfield Amer.	4	1,655
Candle Aust.	7	102	Heggies Bulk.	1	13	Pracom Ltd	3	291	Westpac Prop Tr	7	748
Capral Alum.	13	475	Hill 50 Gold	6	110	Preston Resourc	2	17	Westpac Banking	16	21,509
Centaur Mining	5	73	Hills Indust.	3	269	Prime TV	9	220	Westral'n Fores	1	98
Centro Prop.	6	720	Hills Motorway	7	703	Prime Retail	1	73	White (J) Malt	1	61
Chal Prop Inc	1	166	Homemaker Prop.	4	165	Prophecy Int'l	3	75	Wide Bay Cap'n	1	70
Challenger Int.	2	776	IAMA Ltd	2	126	O.B.E. Insur.	10	3,370	Woodside Petrol	14	8,667
CinemaPlus	5	8	Illuka Resource	9	1,010	O.C.T. Resource	7	579	Woolworths Ltd	16	6,413
									Yates (Arthur)	5	45

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

Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)
AMP NZ Office	6	210	FC - Paper	9	1,566	Michael Hill	3	116	Sanford Limited	6	76
Air New Zealand	10	1,049	FC - Energy	10	2,268	Montana Group	8	485	Sky City Ltd	10	618
Akd Int Airport	9	1,075	Fisher & Paykel	8	791	NZ Refining Co	2	264	Sky Network TV	9	1,444
Baycorp Hold	7	877	Force Corp.	5	60	Natural Gas	8	1,231	St. Lukes Group	8	290
Bendon Limited	4	68	Guinness Peat	5	651	Northland Port	1	64	Steel & Tube	7	119
Brierley Invest	7	955	Hallenstein G.	5	119	Nufarm Limited	7	640	Tasman Agric.	2	121
CDL Hotel NZ	3	73	Hellaby Hold.	3	88	Nuplex Indust	7	166	Telecom Corp	10	12,883
Cap Properties	2	101	Horizon Energy	2	36	Owens Investmsts	5	61	Tourism Hold.	6	248
Carter Holt	10	3,126	Ind Newspapers	10	1,550	PDL Holdings	1	68	Trans-Tasman	5	100
Cavalier Corp	3	122	Infratil NZ	6	235	Pacific Retail	3	73	Trans Alta NZ	8	598
Contact Energy	8	1,721	Kiwi Property	8	306	Port Tauranga	7	381	Tranz Rail Hold	8	452
DB Group	7	278	Lion Nathan Ltd	9	2,601	Ports Auckland	9	550	Trust Power Ltd	9	504
FC - Building	10	745	Lytelton Port	3	149	Property F Ind.	3	134	Warehouse Group	9	1,589
FC - Forests	9	668	Mainfreight Grp	5	116	Restaury Brds	6	104	Waste Mgmt NZ	3	377
									Wrightsons Ltd	1	64

# "Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Held	
				Before	After
<b>02/06/2000</b>					
Fisher & Paykel	Franklin Resources	Sell	-0.658	5.45%	4.89%
FC - Paper	Hopkins Partners	Sell	-1.530	5.11%	4.87%
<b>09/06/2000</b>					
Utilico International	Walbrook Trustees	Buy	+3.145	27.90%	31.10%
<b>16/06/2000</b>					
Bendon Group	Tower Asset Mgmt	Buy	+0.572	11.75%	13.16%
Ebos Group	AXA Asia Pacific	Buy	+1.592	0.0%	5.93%
Ebos Group	Rangatira	Sell	-0.800	13.05%	10.07%
Kiwi Income Trust	FCMI Financial	Buy	+2.911	4.97%	5.65%
Mainfreight	AXA Asia Pacific	Buy	+0.434	4.65%	5.25%
Restaurant Brands	Tower Asset Mgmt	Sell	-1.630	6.97%	5.20%
Southern Capital	AXA Asia Pacific	Buy	+3.811	0.0%	5.22%
<b>23/06/2000</b>					
Dorchester Pacific	Green & McCahill	Buy	+0.250	9.00%	10.60%
DB Group	Asia Pacific Brew.	Buy	+1.634	74.94%	76.56%
FC - Paper	AMP Asset Mgmt	Sell	-4.400	5.28%	4.59%
Nobilo Wines	BRL Hardy	Buy	+21.663	40.10%	86.63%
Nobilo Wines	N Nobilo	Sell	-14.076	19.33%	0.0%
Property For Industry	Westpac Inv Mgmt	Sell	-3.288	5.33%	3.49%
Renaissance Corp	MR Thompson	Sell	-0.165	54.67%	54.20%
<b>30/06/2000</b>					
Advantage Group	AXA Asia Pacific	Buy	+0.758	5.22%	6.54%
Baycorp Holdings	Deutsche Australia	Buy	+0.836	15.64%	16.69%
Frucor Beverages	Arcus Inv Mgmt	Buy	+6.250	0.0%	5.00%
Nuplex Industries	Shamrock Holdings	Buy	+5.000	7.03%	16.08%
<b>07/07/2000</b>					
Nobilo Wines	BRL Hardy	Buy	+2.923	86.63%	92.91%
Roller International	Cereus Technologies	Buy	+0.545	0.0%	8.63%
Tranz Rail	Franklin Resources	Sell	-1.520	9.52%	8.32%

Rangatira Holdings has reduced its holding in **Ebos Group**, selling 800,000 of the 3,500,000 shares received earlier this year when Ebos acquired Medic Corporation.

One of **Dorchester Pacific's** major shareholders, Green & McCahill, has increased its shareholding via an on-market share purchase.

**Renaissance Corporation** director, MR Thompson, has sold a small number of shares.

Cereus Technology has "entered a conditional agreement" to purchase 545,455 **Roller International** shares at 15.4 cents per share. This *could* be a possible "reverse-takeover" situation that will see Cereus Technology list on the NZ stockmarket.

## Total Return Index for All Listed Shares

Jun 5	Holiday		
Jun 6	2209.35		
Jun 7	2219.19		
Jun 8	2242.36		
Jun 9	2251.94		
Jun 12	2264.97	Jun 19	2270.02
Jun 13	2278.82	Jun 20	2260.91
Jun 14	2270.11	Jun 21	2263.69
Jun 15	2265.89	Jun 22	2247.75
Jun 16	2269.06	Jun 23	2235.76
Jun 26	2230.56	Jul 3	2235.89
Jun 27	2232.36	Jul 4	2237.09
Jun 28	2233.91	Jul 5	2250.62
Jun 29	2239.18	Jul 6	2259.98
Jun 30	2243.50	Jul 7	2269.24

# Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Capital Properties	2.2425	13-06	23-06	0.645
Carter Holt Harvey	3.00	19-06	10-07	Nil
Dorchester Pacific	3.00	10-07	23-08	Full
Horizon Energy	35.00	03-07	06-07	Full
Kiwi Income Properties	4.875	26-06	07-07	0.425
Owens Group	1.50	24-07	28-07	Full
Ryman Healthcare	2.60	26-06	07-07	Nil
Trust Power	7.85021	14-08	25-08	Full
<u>Australian Shares</u>				
Campbell Brothers	16.00	16-06	03-07	-
Central Equity	4.00	23-06	06-07	-

## Current Issues

### BONUS ISSUES

Company	Ratio	Ex-Date
Spectrum (1)	1:6	12-06

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

### CAPITAL RECONSTRUCTIONS

Company	Ex-Date
Heritage Gold (1)	-

(1) Heritage will distribute 2 Hi Tech Investments shares for every 5 Heritage shares held.

### SHARE REPURCHASES

Company	Details
Contact Energy	5%, on-market
Hellaby Holdings	5%, on-market
Infratil Australia	15%, on-market
Infratil NZ	5%, on-market
Lion Nathan	5%, on-market
Newmarket Properties	10%, on-market
Warehouse Group	2½%, on-market

### CASH ISSUES

Company	Ratio	Price	Ex-Date	Appln Date
E-Force	1:6	25	15-05	09-06
Spectrum (1)	7:3	5	12-06	14-07

(1) New shares will participate in bonus issue of options.

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## Next Issue

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