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

Market Analysis

Issue No. 341 P.O. Box 34-162, Auckland November 7, 2000.

Inside Market Analysis

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Summary and Recommended Investment Strategy.

Our NZ and Australian shares offer good value - but the market outlook is unfavourable. Therefore continue to hold 25-35% of NZ portfolios (about 15-18% of combined NZ and Australian portfolios) in cash. Hold remaining share investments.

Investment Outlook.

Our **One-Year Forecast** for the New Zealand stockmarket remains **Bearish** (i.e. unfavourable) at **23%**, although our Short Term Trend Model is **Bullish** (i.e. favourable) at 64%. We therefore continue to recommend holding 25-35% of NZ portfolios in cash.

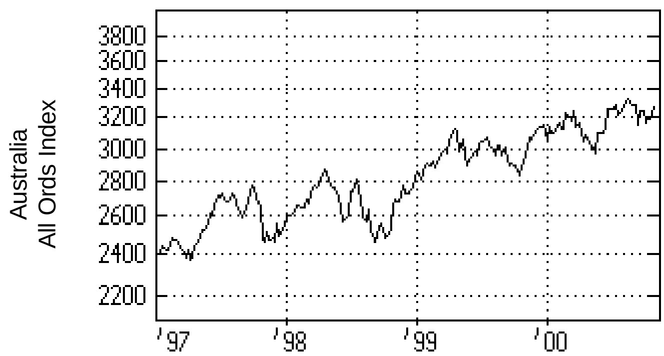
The **One-Year Forecast** for the Australian stockmarket has also deteriorated from around Neutral levels to a **slightly Bearish 33%**. Despite this unfavourable outlook, some of our Australian investments continue to perform very strongly: **Toll Holdings** up A$1.40 over the last month (equal to a 58% gain on our initial cost) and **Vision Systems** up A$0.40 (60% on our cost). Most of the other Australian shares trade at single digit P/E ratios and produce high dividend yields - so are under-valued and we are happy to hold onto these shares. Hold all Australian shares.

Investors holding only NZ and Australian shares should therefore have a portfolio spread of approximately: NZ shares 35-50%, Australian shares 35-50% and NZ cash 15-20%. We may eventually re-invest this NZ cash in both NZ and Australian shares, *perhaps* increasing our Australian shares to 50-60%. There are almost *ten* times as many companies listed in Australia - giving us a wider range from which to select shares that meet our investment selection criteria.

Investors with about 40% of their portfolios invested internationally should have this approximate asset allocation: NZ shares 20-30%, Australian shares 20-30%, International funds 20-30%, NZ cash 10% and UK cash 15%.

While we are always seeking attractive investment opportunities, the recovery and next uptrend in world (and local) stockmarkets will probably start in mid to late 2001.

Stockmarket forecasting is, at best, uncertain. Despite significant declines at times, a long term *Buy and Hold* strategy in the stockmarket has outperformed other investment alternatives. So holding *too much cash* is actually riskier than being caught holding shares during a market correction! Therefore we recommend holding 75-85% of portfolios in equities, while a 15-25% cash holding will allow us to finance new share purchases - at attractive prices - when stockmarket outlooks improve next year.



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.

Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A. Barnett Ltd	C	95	0.50	21	Nil
AMP Limited	B	2270	0.70	18	2.3
AMP NZ Office	C	82	5.87	11	9.4
AXA Asia Pac.	B	375	3.54	18	3.0
Advantage HDS	D	175	1.65	61	Nil
Affco Holdings	D	44	0.11	NE	Nil
Air New Zealand	B	147	0.24	5	10.2
Akd Int Airport	B	296	7.31	24	4.9
Apple Fields	C	5.0	0.04	NE	Nil
Aquaria 21	D	3.1	0.53	NE	Nil
Baycorp Hold	B	1110	N/A	56	2.6
Beauty Direct	C	12	N/A	NE	Nil
Bendon Limited	B	180	0.74	11	2.8
Brierley Invest	E	34	0.58	NE	Nil
Broadway Ind	D	25	0.10	25	Nil
CDL Hotel NZ	E	18	0.38	10	5.8
CDL Investments	D	21	1.30	7	17.8
Calan Hlthcare	C	92	7.55	14	7.7
Cap Properties	C	84	0.90	3	13.8
Carter Holt	C	165	0.88	18	3.6
Cavalier Corp	B	440	0.73	12	10.2
Cedenco Foods	A	130	3.06	15	Nil
Col FS Property	C	93	7.83	13	11.2
Col Motor Co	A	311	0.30	12	8.9
Commsoft Group	C	190	N/A	NE	Nil
Contact Energy	C	295	8.53	16	8.0
Cue Energy Ltd *	N/R	4.6	1.59	NE	Nil
DB Group	B	325	0.51	11	7.3
Dairy Brands	C	39	2.70	NE	Nil
Damba Hold Ltd	D	44	0.78	21	Nil
Design Textiles	D	29	0.15	9	10.3
Dorchester Pac	B	117	0.84	8	7.7
E-Force Limited	D	12	0.67	NE	Nil
E-Phone Ltd	E	12	N/A	NE	Nil
E-Ventures NZ	D	48	N/A	NE	Nil
E-cademy Hold.	D	5.5	N/A	NE	Nil
Ebos Group Ltd	C	280	0.93	18	6.9
Eldercare NZ	D	21	1.24	6	Nil
Evergreen	D	50	3.35	13	Nil
FC - Forests	D	35	0.48	4	Nil
FC - Energy	A	853	1.87	18	3.1
FC - Building	C	178	0.26	6	13.4
Fisher & Paykel	B	730	1.03	16	5.1
Force Corp.	D	24	0.68	8	6.2
Frucor Bev.	B	195	1.35	20	Nil
GDC Communicat.	B	340	N/A	40	Nil

Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
Genesis Res.	D	675	N/A	NE	Nil
Goodman Fielder	B	160	0.48	12	6.3
Grocorp Pacific	D	14	0.82	NE	Nil
Guiness Peat	C	150	2.39	13	2.1
Hallenstein G.	C	217	0.78	11	12.7
Hellaby Hold.	B	170	0.33	7	12.3
Heritage Mining*	N/R	5.0	0.13	NE	Nil
Horizon Energy	B	805	1.45	7	15.4
IT Capital Ltd	E	22	N/A	NE	Nil
Ind Newspapers	C	330	2.19	34	3.2
Infratil NZ	C	125	7.47	9	8.4
Kingsgate Int'l	E	12	1.17	15	Nil
Kiwi Property	C	89	6.19	10	11.7
Kiwi Developmnt	E	215	N/A	NE	Nil
Lion Nathan Ltd	A	500	1.41	19	4.1
Lyttelton Port	A	150	2.63	10	10.2
Mainfreight Grp	C	128	0.30	10	7.0
Manor Inns Grp	D	11	0.37	NE	Nil
Max Resources *	N/R	13	N/A	NE	Nil
Metro. LifeCare	C	115	1.12	11	7.8
Michael Hill	C	310	0.66	12	6.5
Mid-Cap Index *	N/R	180	N/A	NE	Nil
Montana Group	A	318	1.52	22	3.3
Mr Chips Hold	A	100	0.87	15	9.0
NZ Experience	C	11	0.86	NE	Nil
NZ Invest Trust*	N/R	420	N/A	NE	2.0
NZ Oil and Gas *	N/R	27	1.72	NE	Nil
NZ Refining Co	A	1215	1.41	51	5.8
Nat Property Tr	C	76	5.23	10	12.2
National Mail	E	55	N/A	NE	Nil
Natural Gas	B	145	1.61	12	5.1
Newcall Group	D	15	4.81	NE	Nil
Newmarket Prop.	C	50	N/A	6	19.0
Northland Port	A	165	1.32	16	6.8
Nufarm Limited	C	410	0.33	9	4.7
Nuhaka Forestry	D	1305	7.24	NE	Nil
Nuplex Indust	B	316	0.46	10	7.1
Opio Forestry	D	51	N/A	40	Nil
Otter Gold Mine*	N/R	40	0.26	NE	Nil
Owens Group Ltd	D	85	0.14	12	7.9
Ozzy (Tortis) *	N/R	264	N/A	NE	Nil
PDL Holdings	C	380	0.14	9	Nil
Pacific Retail	C	145	0.20	8	Nil
Port Tauranga	B	535	5.85	21	6.1
Ports Auckland	C	410	3.52	12	6.6
Property F Ind.	C	80	8.28	16	8.5

Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
Pure NZ Limited	E	8.0	3.48	NE	Nil
Radio Works NZ	C	775	2.00	17	1.4
Reid Farmers	B	77	0.50	9	9.7
Renaissance	C	105	0.30	85	1.4
Restaurant Brds	C	125	0.53	9	11.9
Revesco Ltd *	N/R	43	N/A	83	Nil
Richina Pacific	E	40	0.06	NE	Nil
Rocom Wireless	D	75	N/A	NE	Nil
Roller Int'l *	N/R	40	0.21	NE	Nil
Ryman Health.	C	175	3.76	14	3.0
SE Utilities	C	93	N/A	27	8.0
Sanford Limited	B	480	1.30	10	6.2
Savoy Equities	E	23	0.86	NE	Nil
Scott Tech. Ltd	B	224	1.43	12	7.3
Seafresh Fish.	C	8.0	0.32	9	Nil
Selector Group	D	32	N/A	NE	Nil
Shotover Jet	D	40	0.76	36	Nil
Sky City Ltd	B	730	2.38	12	11.4
Sky Network TV	E	310	4.32	NE	Nil
Southern Cap	D	76	8.13	NE	Nil
South Port NZ	B	106	1.79	18	7.7
Spectrum Res. *	N/R	3.6	N/A	NE	Nil
Steel & Tube	C	141	0.33	9	12.7
Strathmore Grp	E	20	4.17	NE	Nil
Summit Gold Ltd*	N/R	9.0	N/A	NE	Nil
Tag Pacific Ltd	D	22	0.32	6	3.6
Tasman Agric.	C	125	3.35	13	2.4
Taylors Grp Ltd	C	105	0.65	11	8.5
TeNZ *	N/R	86	N/A	NE	Nil
Telecom Corp	C	571	2.31	13	12.0
Tourism Hold.	C	218	1.01	12	5.9
Tower Limited	B	500	0.93	21	3.0
Trans-Tasman	E	18	0.96	3	Nil
Trans Alta NZ	B	275	1.58	19	5.5
Tranz Rail Hold	C	370	0.79	6	2.3
Trust Power Ltd	C	301	1.06	17	8.2
United Networks	B	703	2.36	10	8.5
Utilico Int'l	D	39	N/A	NE	Nil
Vending Tech.	D	140	0.13	NE	Nil
Warehouse Group	B	625	1.63	25	3.0
Waste Mgmt NZ	A	420	3.75	38	2.1
Williams Kettle	A	255	0.23	9	8.8
World Index Fd *	N/R	242	N/A	NE	Nil
Wrightsons Ltd	B	57	0.13	10	10.5
Ave of 136 Cos	C	220	0.48	16	4.1

A.G.L.	A	1155	1.41	16	4.4
AAPT	C	725	2.19	NE	Nil
AJ Indust Trust	B	145	8.32	13	8.9
AJ Office Group	B	114	N/A	25	4.6
AMP Diver. Prop	B	239	2.46	12	7.8
AMP Ltd	B	1750	0.69	18	2.3
AMP Office Trt	B	116	6.35	15	8.2
AMP Shop Centre	B	133	N/A	19	6.4
ANZ Bank	A	1404	2.00	15	4.0
APN News Media	B	445	2.20	26	2.8
AXA Asia Pac	B	292	3.44	18	3.1
AXA Aust Div PT	B	116	8.08	13	7.6
Advance Prop	B	171	8.12	14	7.1
Amcor Ltd	C	540	0.46	12	7.0
Aristocrat	C	633	2.38	18	4.4
Aust Stock Exch	B	1210	6.08	21	4.6
Aust Pipeline	C	260	N/A	NE	Nil
Austar United	E	380	N/A	NE	Nil
Australand Hold	C	135	0.80	6	8.9
Axon Instrument	D	143	N/A	NE	Nil
BA Tobacco Aust	B	1300	0.49	16	66.7
BRL Hardy Ltd	B	743	2.04	21	2.1
Bank of W.Aust	B	351	3.15	13	5.1
Bendigo Bank	A	511	1.16	15	4.7
Bidvest	B	300	0.20	16	2.6
Billabong Int'l	C	408	N/A	NE	Nil
Boral Limited	C	195	0.43	9	9.2
Brambles Ind.	B	5090	2.37	32	1.6
Brickworks Ltd	B	4250	3.00	13	2.9
C & W Optus	D	410	3.58	52	Nil
C'wth Prop Off.	B	99	7.47	13	7.9
C.S.R. Ltd	B	412	0.58	9	5.8
CSL Limited	A	3645	N/A	NE	0.6
Cadbury Sch.	C	991	N/A	NE	3.4
Centro Prop.	B	283	7.67	13	8.4
Challenger Int.	B	397	2.42	12	1.9
Coal & Allied	A	1711	2.52	21	4.7
Coca-Cola Bev.	D	240	N/A	NE	Nil
CocaCola Amatil	B	434	1.13	23	2.8
Cochlear Ltd	A	2700	9.44	60	1.1
Col FS Property	B	209	N/A	25	4.3
Coles Myer	C	714	0.33	17	3.8
Com'wealth Bank	A	2958	3.28	22	4.4
Com. Inv. Trust	D	98	N/A	NE	Nil
Computer Share	B	885	N/A	NE	0.1
Corp Express	B	859	2.11	62	0.6
Crown Ltd	C	90	0.70	14	Nil
Data Advantage	A	540	8.34	NE	0.7
David Jones	C	137	0.33	11	5.8
E.R.G.	C	945	4.68	55	0.2
Email Ltd	C	281	0.36	14	8.7
Energy Develop.	A	1299	N/A	69	0.4
Envestra	B	91	2.22	NE	9.9
Fairfax (John)	C	424	2.20	18	2.7
Faulding (F.H.)	A	1060	0.81	27	2.0
Flight Centre	B	2280	0.77	46	1.1
Foodland Assoc	C	814	0.20	10	6.8
Foster's Brewin	C	445	2.23	18	3.3
Futuris Corp.	C	176	0.21	13	4.5
GWA Internat'l	C	182	0.87	12	9.9
Gandel Retail T	B	112	8.72	13	7.6
General Prop Tr	B	258	6.25	14	7.4
Ges Internat'l	C	163	0.60	28	0.7
Goodman Fielder	C	124	0.49	12	6.0
Goodman Hardie	B	134	7.71	13	7.8
Guinness Peat	B	113	2.46	11	0.5
Hardie (James)	C	376	0.87	10	4.8
Harvey Norman	C	425	N/A	NE	0.8
Hills Motorway	B	440	8.35	NE	7.6
Hutchison Tel.	D	275	4.00	NE	Nil
Incitec	C	500	0.62	17	4.2
Infomedia Ltd	C	245	N/A	NE	Nil
Jupiters	B	341	1.21	12	5.0
Kaz Computer	C	113	9.35	NE	0.8
Lang Corporatio	C	987	2.91	33	Nil
Leighton Hold	A	638	0.47	12	5.2
Lend Lease Corp	B	2085	0.82	25	3.1
M.Y.O.B. Ltd	C	384	5.51	36	0.9
Macquarie Infra	A	209	N/A	42	4.8
Macquarie Off.	B	113	7.83	12	9.4
Macquarie Bank	A	2902	4.19	24	3.0
Mayne Nickless	A	516	0.58	24	3.3
Medical Imaging	B	149	4.16	78	0.4
Mirvac Property	B	178	9.75	15	6.4
Mirvac Limited	B	340	2.33	15	7.1
NRMA Insurance	C	268	0.93	14	Nil
Nat'l Aust Bank	A	2783	6.46	56	4.0
Nat'l Foods	C	249	0.63	13	9.6
News Corporatio	C	2165	1.97	35	0.1
One Tel Ltd	D	61	2.38	NE	1.6
Open Telecom.	D	184	N/A	NE	Nil
Orbital Engine	C	225	N/A	NE	Nil
Orica Ltd	C	589	0.36	10	6.3
Origin Energy	A	204	0.33	7	10.3
Pacific Dunlop	C	156	0.28	11	6.4
Paladin Com.	B	124	7.45	14	7.7
Paperlin X Ltd	B	345	0.46	12	1.4
Perp Trust Aust	A	3433	4.52	31	1.9
PowerTel Ltd	E	112	1.09	NE	Nil
Publishing & Br	C	1345	3.58	27	1.5
Q.B.E. Insur.	B	900	0.83	24	3.2
Q.C.T. Resource	C	121	1.05	NE	Nil
Qantas	B	392	0.51	10	15.1
Rio Tinto Ltd	C	2710	1.07	8	3.2
Rural Press Ltd	B	530	1.36	12	2.6
SecureNet Ltd	C	866	N/A	NE	Nil
Seven Network	B	715	1.58	28	2.9
Smith (Howard)	C	812	0.59	14	5.0
Smorgon Steel	C	96	0.32	10	9.4
Sonic Health	B	774	3.34	69	1.9
Southcorp Ltd	C	503	1.17	15	4.2
Spotless Group	B	698	0.77	38	2.9
St George Bank	B	1208	1.69	18	4.3
Stockland Trust	B	380	6.19	16	6.9
Suncorp-Metway	A	990	0.91	9	4.6
TAB Ltd	B	321	0.32	27	3.4
Tabcorp Holding	C	1095	2.45	24	4.3
Telstra	C	636	2.06	10	2.8
Ten Network	B	262	1.64	16	6.1
Toll Holdings	A	1224	0.54	19	2.3
Transurban Grp	C	410	N/A	NE	Nil
Uecomm Limited	E	140	N/A	NE	Nil
United Energy	A	325	1.99	90	5.3
Wesfarmers Ltd	B	1482	1.12	19	4.9
West Aust News	C	530	3.08	15	8.5
Westfield Amer.	B	160	1.73	13	7.6
Westfield Trust	B	315	9.81	18	6.5
Westfield Hold.	B	1260	4.28	45	1.1
Weston (George)	B	650	0.44	15	2.9
Westpac Banking	A	1333	2.35	17	3.5
Westpac Prop Tr	B	164	7.36	12	8.0
Woolworths Ltd	B	750	0.39	22	3.1
Ave of 1331 Cos	C	169	0.40	19	2.6

Recommended Investments

Having just completed its cash issue, **Air New Zealand** discovered that the first half of the current financial year will be "disappointing" and the full year result "substantially lower than last year". Nevertheless, Air NZ is a cyclical business - so investors should "Hold" while the business is depressed and "Buy" when operating performance begins to improve. High oil and fuel prices will not continue and should fall sharply next year - removing much of the current pressure on profit margins.

Air NZ has purchased 20.0% of Australian based **Hazelton Airlines** and is bidding A$0.90 per share for the remainder of the company in a takeover worth A$15.3 million.

Cavalier Corporation's scaled down involvement in wool scouring (for its own carpet making business and on a fee basis for others) will be conducted through a new joint venture company which will merge part of Cavalier's business with the business of David Ferrier. Cavalier will close its Onehunga (Auckland) wool scour and has sold the scouring plant and equipment with "no material asset write down".

South Port New Zealand is seeking to re-purchase up to 22.2% of its shares (i.e. 2 shares for every 9 held) at a price of 110 cents per share. This will return a maximum of $7.9 million to shareholders, so would still leave the company in a sound financial position.

Investors have until November 20 to accept this buy-back offer but it may be best to simply do nothing and retain all of your shares. The major shareholders, the **Southland Regional Council** and **Infratil NZ** will accept this buy-back, so the company should re-purchase about 20% of its shares.

Interest on money borrowed to fund the capital repayment will reduce net profits, but earnings *per share* will rise owing to the smaller number of shares. The debt will *leverage* an improvement in future profitability, so the growth potential of the remaining shares will increase. The company predicts the annual dividend rate at 70% of *(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	244*	B	756.7	1.0	0.24	5	10.2	147	74.7	-9%
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	D	171.4	2.1	1.30	7	17.8	21	4.5	+2%
BUY	Cavalier Corporation	CAV	05/12/95	312	B	36.0	0.9	0.73	12	10.2	440	130.0	+83%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	A	27.9	0.8	0.30	12	8.9	311	196.8	+239%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	C	38.6	0.9	0.66	12	6.5	310	68.0	+722%
HOLD	Nufarm Limited	NUF	11/02/97	505	C	155.3	0.8	0.33	9	4.7	410	74.7	-4%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	B	56.3	1.0	0.46	10	7.1	316	36.0	+1%
HOLD	Radio Works NZ Ltd	RWL	08/12/92	205	C	12.1	0.5	2.00	17	1.4	775	121.0	+337%
BUY	Renaissance Corp	RNS	13/08/96	85*	C	35.3	2.1	0.30	85	1.4	105	5.4	+30%
HOLD	Richina Pacific	RCH	03/11/95	119*	E	72.2	1.8	0.06	NE	Nil	40	11.9	-56%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	32.4	1.1	1.79	18	7.7	106	38.8	+21%
BUY	Steel & Tube Holdings	STU	08/08/00	146	C	87.7	1.3	0.33	9	12.7	141	7.0	+1%
BUY	Taylors Group Ltd	TAY	09/11/99	102	C	24.3	1.3	0.65	11	8.5	105	6.0	+9%
BUY	Wrightson Limited	WRI	13/01/98	83	B	134.1	1.7	0.13	10	10.5	57	10.3	-19%
	Australian Shares (in Aust cents)												
HOLD+	Abigroup Limited	ABG	09/03/99	265	A	47.7	0.9	0.13	6	7.9	190	21.0	-20%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	C	54.8	2.2	1.95	8	Nil	21	Nil	-71%
HOLD+	Auspine Limited	ANE	08/02/00	210	C	57.0	0.8	0.42	5	11.0	200	22.0	+6%
HOLD	Biron Corporation Ltd	BIC	12/04/94	178	D	21.8	2.0	1.42	NE	Nil	25	11.0	-80%
BUY	Campbell Brothers Ltd	CPB	12/10/99	435	B	31.3	0.7	0.51	12	6.0	450	27.0	+10%
HOLD	Central Equity Ltd	CEQ	09/02/94	154	B	82.1	0.8	0.76	6	8.9	203	79.0	+83%
BUY	C.S.R. Limited	CSR	11/07/00	436	B	989.7	0.8	0.58	9	5.8	412	Nil	-5%
HOLD	Hamilton Island Ltd	HAM	09/11/99	205	B	45.0	0.8	1.17	8	3.8	236	9.0	+20%
BUY	McPherson's Ltd	MCP	10/10/00	125	B	39.2	1.0	0.21	5	9.2	131	Nil	+5%
HOLD+	PMP Communications	PMP	09/02/99	309	C	253.4	1.0	0.31	8	10.9	188	40.8	-26%
HOLD	Thakral Holdings	THG	10/11/98	65	C	576.1	1.3	1.27	10	10.1	62	12.1	+14%
HOLD+	Toll Holdings	TOL	08/09/98	240	A	61.3	0.7	0.54	19	2.3	1224	43.0	+428%
BUY	Utility Services Corp	USC	11/01/00	55*	C	104.5	1.4	0.99	21	Nil	76	Nil	+38%
HOLD+	Vision Systems Ltd	VSL	10/11/98	69*	A	143.5	0.8	2.38	45	1.3	240	4.2	+254%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +71.7%. This is equal to an average annual rate of +21.5%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 28 current and 111 closed out) is +30.3%, compared with a market gain of +11.5% (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 20 cents.

Recommended Investments *(Continued from Page 3)*
profits, so steady at about 5.5 cents. Following this share buy-back, South Port will have at least $23.8 million in equity and only $7.9 million in interest bearing debt. This is a sound financial position with the potential for further capital repayments in the future.

Net asset backing per share will fall 1.0 cent to 94.4 cents, but we believe the increase in earnings per share, leveraged growth potential and strong financial position make South Port shares an attractive, low risk, niche business that is well positioned to benefit from future export growth in Southland. Therefore, we recommend that investors reject the share buy-back and retain all of their South Port shares. Of course, if the market price of the shares falls, there would be an advantage in selling to the company at 110 cents and buying replacement shares on-market.

Australian Shares

Abigroup reports "increased competition and further pressure on margins" in its construction business. However, as we have reported over recent months, the company has diversified in to Asset Maintenance and has valuable investments in **Hills Motorway** and the **Sydney SuperDome**.

Abigroup is also *sponsoring* six major infrastructure projects valued at A$3,650 million - which would not only provide construction work but further infrastructure investment opportunities.

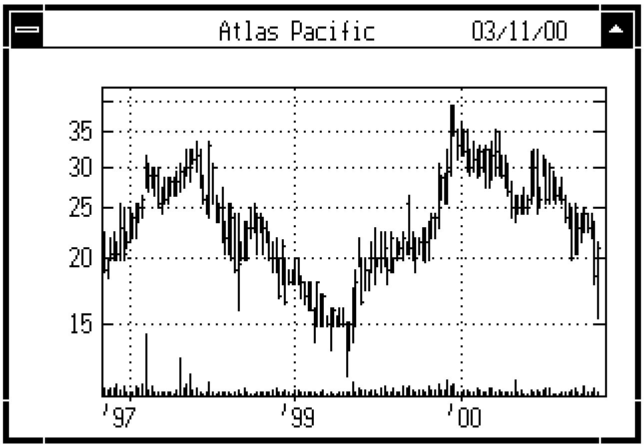
Profits from Abigroup's businesses allow the company to pay a good dividend return to shareholders as well as fund the company's expansion and infrastructure investments. While the shares currently offer investors an attractive income yield, we believe that the sale or income from infrastructure investments will eventually lead to significant shareholder returns. Hold+.

Atlas Pacific's West Papuan (Indonesia) pearl farm on Waigeo Island has been targeted by organised pearl thieves. During the night of October 23, six thieves (unarmed apart from machetes used to cut ropes) were caught by the company's security team and are now in police custody in Sorong. Another party of armed thieves attacked the farm in the early hours of October 25, fatally wounding the senior Indonesian manager and injuring a second Indonesian employee.

Indonesian soldiers and police have been deployed at the pearl farm, where Atlas Pacific employs eight ex-patriots and 160 Indonesians.

While regrettable that an employee has died from gun shot wounds, pearl farming is probably still a safer occupation than fishing or forestry. Thieves have been unsuccessful at stealing pearls, but with increased lawlessness in Indonesia, Atlas Pacific may need to spend more money increasing its security force.

Overall this incident probably represents an opportunity to buy more shares or convertible notes at depressed prices. The convertible notes are the most attractive security and worth at least two cents more than the ordinary shares. The convertible notes receive interest of 1.875 cents per share until March 2002, compared with no dividend on the ordinary shares at present. The notes can be converted to ordinary shares at any time (up until March 2002) or redeemed in cash at 15 cents. So the convertible notes offer a higher income *and* (in the very worst situation) the potential to get back 15 cents in cash.



Auspine is pursuing an A$40 million claim against **Email**, alleging "misleading and deceptive conduct under the Trade Practices Act" relating to non-disclosure of information relating to Auspine's purchase of **Cowells Building Products** in 1995. Proceedings were issued in 1997 and mediation attempts broke down early this year.

Central Equity has announced a steady first quarter dividend of 4.0 cents.

CSR has acquired Indiana based **Dura-Crete Inc**, a family owned concrete pipe and precast drainage structure business, for US$15.3 million.

Hamilton Island has a experienced a very strong first quarter. Total revenues rose 27.9% to A$24.2 million and profits increased 88.7% to A$1,951,000 (4.3 cents per share). This September quarter has historically been the company's "off-season" and, until last year, usually traded at a loss.

Passenger numbers through the airport fell 12% during the quarter. This decline was the result of several other Whitsunday Island resorts closing for refurbishment, although the upgrading of those resorts should increase demand for the airport over the longer term.

Last month **Toll Holdings** withdrew its A$2.25 per share takeover offer for **Finemore Holdings** - after receiving over 65% acceptances - owing to rival transport company **Linfox** acquiring a blocking 10% shareholding. Negotiations between Toll Holdings and Finemore have resulted in Toll Holdings agreeing to fund a *scheme of arrangement* to acquire Finemore at A$2.25 per share. Unlike a takeover - which requires 90% acceptances to allow compulsory acquisition - the scheme of arrangement requires only 75% approval by Finemore shareholders. In the unlikely event that is not received, Finemore will seek shareholder approval to sell its assets and businesses to Toll Holdings - which requires the approval of only 50% of shareholders!

Several Australian commentators have suggested that Toll Holdings and privately owned Linfox will eventually emerge with a duopoly in the transport business. We doubt that for several reasons: One company has shown an ability to cheaply acquire under-performing transport assets and to successfully restructure them into profitable businesses. One company is using technology and e-commerce to become more efficient, and is pushing to restructure an industry which is fragmented and generates poor returns to investors. One company is listed on the stock exchange and has access to capital to fund expansion (although to date has paid cash for acquisitions, quickly repaying debt from operating cash flows and the sale of surplus assets). The other company failed to buy those "dregs of the transport industry" (or perhaps lacked the ability to turn them around?). The other company is paying back personal grudges against a transport rival and attempting to hold back rationalisation. The other company is privately owned, so does not have access to equity from the stockmarket. In this situation, we believe that it is clear that only one company will grow and prosper, and that the other will become unprofitable and retrench.

In other developments, Toll Holdings has agreed (in principle, details are still to be negotiated) to acquire **ARN Logistics**. That company generates about A$60 million in annual revenues servicing the paper industry.

Toll Holdings also announced that it has "recovered the impact of higher fuel prices in charges from our customers" and there will be "no material impact on our financial performance". Results for the year to date "have exceeded budget levels and are ahead of last year" and the company is "confident of delivering strong full year results".

Utility Services Corporation has finalised the terms of the sale of its major business to UK based **Logica plc**. Utility Services will (subject to shareholder approval) sell **MITS** (its IT systems business) and **Prospect** (its IT consulting business) for an amount estimated to be worth A$105 million. These businesses account for 71% of the company's assets and 75% of profits. The A$105 million will consists of:

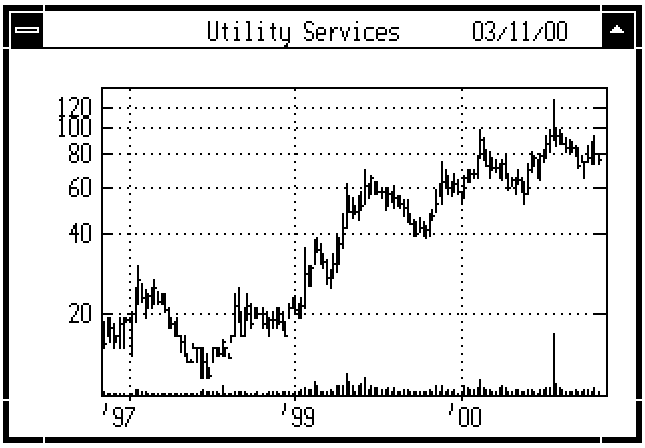
1 A$87.5 million in cash on settlement,
2 an amount of about A$1-5 million (based upon the value of net assets transferred above an undisclosed, pre-determined base amount) and
3 access to the services of these two businesses at preferential rates for 10,000 man days per annum for six years, which is estimated to be worth A$19 million.

Utility Services will retain the MOSAIC intellectual property rights for e-commerce knowledge management and other applications outside of the utility sector. The company will also retain all of its infrastructure and Business Services businesses.

Utility Services will distribute A$20-22 million to shareholders via a 5.0 cents special dividend and an on-market share buy-back of 20,000,000 shares over the next year.

The A$87.5 million cash is worth about 85 cents per share, with the total consideration of A$105 million worth 102 cents per share. Other assets retained by the company are worth at least A$40-45 million, giving a net asset value of about 143 cents. So the shares are under-valued at 76 cents. Buying back 20 million shares over the next year (at, say, an average price of 85 cents) would leave the cash backing of the remaining shares unchanged, while *increasing* the net asset backing to about 157 cents.

We support the business sales, but ultimately the value of our investment in Utility Services will depend upon how well the company can re-invest the cash to buy new niche technology businesses. However, at 76 cents the shares are clearly under-valued so remain a "Buy".



The float of **TTP Communications** - in which **Vision Systems** held a 9.0% stake has been very successful. The Initial Public Offering was nine times over-subscribed with the price set at £2.45 and valuing Vision Systems' shareholding at A$135 million (A$0.94 per Vision Systems share). Vision Systems sold 8% of its stake in the float so has received A$10.5 million in cash - which will be distributed to shareholders as a special 7.0 cents dividend.

Vision Systems continues to hold 18,385,000 TTP Com shares which are now trading at 295 pence - valuing this investment at £54.2 million (A$149 million or A$1.04 per Vision Systems share). These shares cannot be sold until late 2001 - when that money is also likely to be distributed to shareholders. Overall, the proceeds from TTP Com should more than repay our initial 69 cents investment (adjusted for the 10 for 1 share split) in Vision Systems shares!

The unlisted **TTP Group** - in which Vision Systems owns an 11.3% shareholding - has also retained a 10.57% stake (23,815,000 shares) in TTP Com. This gives Vision Systems an indirect stake in a further 2,690,000 TTP Com shares worth £7.9 million (A$21.8 million or another 15 cents per Vision Systems share).

With a worldwide boom in biotechnology - and especially in biotechnology *shares* - Vision Systems has begun a three year program to "capture and release" shareholder value from its biomedical instrument business. While revenue will dip next year as the company changes product ranges it predicts that the "ultimate returns should be significant".

The current year has started well with both Vision Fire & Security and Vision Technologies having "a very strong first half and are expected to perform well this financial year". The company is also seeking acquisitions and with most of its sales in the United States and Europe is exposed to strong economies, with profits translating into higher Australian dollars owing to the exchange rate movements.

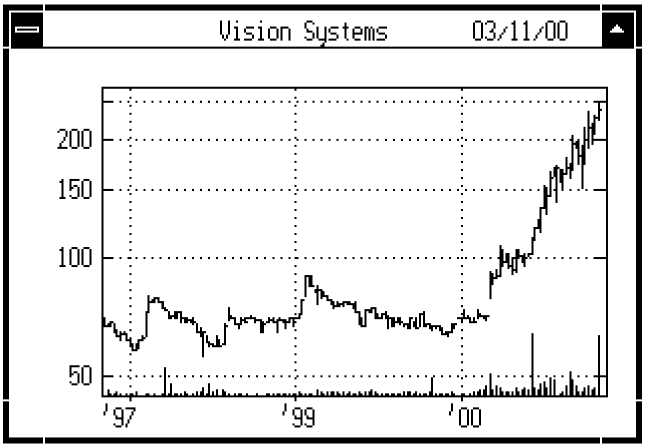
Although Vision Systems has more than *tripled* in value since our initial buy recommendation two years ago the shares remain a very attractive "Hold+". Profit growth has been disappointing, *(Continued on Page 6)*

Recommended Investments *(Continued from Page 5)* but should improve owing to the exchange rate and the repayment of most interest bearing debt. Vision Systems, however, has been *very successful* at realising *value* from its businesses. The Defence business was sold for A$50-74 million and an *insignificantly small* investment in TTP Group has produced a significant and valuable investment in listed TTP Com. If Vision Systems can reproduce this performance with its biomedical business then investors will be sitting on a ten-bagger (i.e. a share up ten-fold in value) or better!

Vision Systems currently holds cash of A$75 million (52 cents per share), a direct holding in TTP Com shares worth A$149 million (104 cents per share) and an indirect TTP Com holding worth A$22 million (15 cents per share). This cash and shares add up to 171 cents - representing 70% of the value currently paced on Vision Systems shares.

Debts are only A$13.4 million, so the company could use its A$75 million in cash and A$100 million of borrowing capacity to fund a major acquisition to expand its remaining high tech businesses. Most of the value of the TTP Com shareholding will also likely be returned (as a tax-free capital repayment or share buy-back) in early 2002 and further significant value could be realised from its biomedical business in 2003.

Vision Systems is turning out to be a very successful technology investment - with potential for further significant increases in value over the next 2-3 years. "Hold+".



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.

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
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0												
Wrightsons Ltd	57	+14.7	-0.3	6	-	0.7	7	1.7	10	10.5	0.13	76
Williams Kettle	255	+9.4	-0.3	12	-	1.0	11	0.6	9	8.8	0.23	38
Col Motor Co	311	+7.4	-1.3	17	-	1.2	10	0.8	12	8.9	0.30	87
Renaissance	105	+36.5	+5.4	0	-	2.8	3	2.1	85	1.4	0.30	37
Nuplex Indust	316	+1.3	+0.3	35	7	1.4	15	1.0	10	7.1	0.46	178
Reid Farmers	77	+8.4	-2.5	13	-	1.2	13	1.2	9	9.7	0.50	43
DB Group	325	+10.1	+0.1	11	6	1.5	13	0.7	11	7.3	0.51	328
Taylors Grp Ltd	105	+0.1	-2.0	45	-	1.3	12	1.3	11	8.5	0.65	26
Michael Hill	310	+0.3	-0.5	43	4	2.8	23	0.9	12	6.5	0.66	120
AMP Limited	2270	+6.2	-1.1	20	-	2.5	14	0.7	18	2.3	0.70	24,438
Cavalier Corp	440	+11.5	+1.4	11	4	2.0	16	0.9	12	10.2	0.73	158
Bendon Limited	180	+1.0	-3.8	38	3	1.6	15	1.1	11	2.8	0.74	55
Hallenstein G.	217	+2.1	-0.1	32	5	3.8	34	1.0	11	12.7	0.78	126
Tranz Rail Hold	370	+4.4	-3.5	26	9	1.0	15	0.9	6	2.3	0.79	447
Mr Chips Hold	100	+19.7	+4.9	3	-	3.2	21	0.8	15	9.0	0.87	15
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0												
Mr Chips Hold	100	+19.7	+4.9	3	-	3.2	21	0.6	15	9.0	0.87	15
Wrightsons Ltd	57	+14.7	-0.3	6	-	0.7	7	1.4	10	10.5	0.13	76
Cavalier Corp	440	+11.5	+1.4	11	4	2.0	16	0.8	12	10.2	0.73	158
DB Group	325	+10.1	+0.1	11	6	1.5	13	0.6	11	7.3	0.51	328
Williams Kettle	255	+9.4	-0.3	12	-	1.0	11	0.5	9	8.8	0.23	38
Reid Farmers	77	+8.4	-2.5	13	-	1.2	13	0.9	9	9.7	0.50	43
Col Motor Co	311	+7.4	-1.3	17	-	1.2	10	0.7	12	8.9	0.30	87
AMP Limited	2270	+6.2	-1.1	20	-	2.5	14	0.6	18	2.3	0.70	24,438
Tranz Rail Hold	370	+4.4	-3.5	26	9	1.0	15	0.8	6	2.3	0.79	447
Hallenstein G.	217	+2.1	-0.1	32	5	3.8	34	0.9	11	12.7	0.78	126
Nuplex Indust	316	+1.3	+0.3	35	7	1.4	15	0.9	10	7.1	0.46	178
Bendon Limited	180	+1.0	-3.8	38	3	1.6	15	0.9	11	2.8	0.74	55
Michael Hill	310	+0.3	-0.5	43	4	2.8	23	0.8	12	6.5	0.66	120
Taylors Grp Ltd	105	+0.1	-2.0	45	-	1.3	12	1.0	11	8.5	0.65	26
INCOME SHARES: Highest Yields, Capitalisation > NZ$100 million												
FC - Building	178	-3.5	-4.5	61	9	0.6	11	1.1	6	13.4	0.26	610
Hallenstein G.	217	+2.1	-0.1	32	5	3.8	34	0.8	11	12.7	0.78	126
Steel & Tube	141	-0.6	-1.3	49	8	1.0	11	1.0	9	12.7	0.33	124
Telecom Corp	571	-12.2	-2.0	83	10	8.9	68	0.6	13	12.0	2.31	10,023
Restaurant Brds	125	-3.2	+0.5	59	7	3.9	42	1.0	9	11.9	0.53	115
Sky City Ltd	730	+4.7	-0.8	24	10	4.5	38	0.5	12	11.4	2.38	703
Air New Zealand	147	-5.5	+0.1	71	9	0.5	11	0.7	5	10.2	0.24	1,112
Lyttelton Port	150	+3.8	-1.2	27	5	4.6	45	0.9	10	10.2	2.63	152
Cavalier Corp	440	+11.5	+1.4	11	4	2.0	16	0.7	12	10.2	0.73	158
United Networks	703	+8.2	+1.4	14	6	1.4	14	0.4	10	8.5	2.36	1,065

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
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0												
Contact Energy	295	-3.7	+1.2	62	10	1.1	7	0.6	16	8.0	8.53	1,782
Infratil NZ	125	-0.1	-1.1	46	6	1.7	19	0.5	9	8.4	7.47	237
Newcall Group	15	-27.7	-6.8	97	-	1.2	-	1.9	NE	Nil	4.81	15
Sky Network TV	310	-4.3	-4.3	64	10	28.4	-	0.6	NE	Nil	4.32	1,134
Strathmore Grp	20	-10.5	-6.0	82	-	1.2	-	1.9	NE	Nil	4.17	40
Ports Auckland	410	-5.4	-1.5	69	10	2.3	19	0.5	12	6.6	3.52	543
Pure NZ Limited	8	-21.8	-1.2	94	-	3.5	-	2.2	NE	Nil	3.48	2
Telecom Corp	571	-12.2	-2.0	83	10	8.9	68	0.6	13	12.0	2.31	10,023
NZ Oil and Gas	27	-5.1	+0.2	67	-	0.6	-	0.9	NE	Nil	1.72	31
Advantage HDS	175	-15.8	-3.6	90	-	1.7	3	0.9	61	Nil	1.65	106
Cue Energy Ltd	5	-14.4	-2.0	88	-	0.5	-	2.7	NE	Nil	1.59	14
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
Spectrum Res.	4	-48.7	+0.0	98	-	2.0	-	2.9	NE	Nil	N/A	3
Aquaria 21	3	-32.2	+1.0	98	-	0.8	-	3.0	NE	Nil	0.53	6
Newcall Group	15	-27.7	-6.8	97	-	1.2	-	1.7	NE	Nil	4.81	15
Eldercare NZ	21	-22.9	-4.1	96	-	0.9	15	1.6	6	Nil	1.24	32
E-Force Limited	12	-22.3	-4.4	95	-	1.5	-	2.2	NE	Nil	0.67	4
Beauty Direct	12	-22.2	+3.7	95	-	1.0	-	1.5	NE	Nil	N/A	3
Pure NZ Limited	8	-21.8	-1.2	94	-	3.5	-	2.0	NE	Nil	3.48	2
Force Corp.	24	-19.8	-3.0	93	6	0.7	9	1.5	8	6.2	0.68	37
E-Phone Ltd	12	-19.3	-6.6	92	-	2.4	-	2.4	NE	Nil	N/A	14
Metro. LifeCare	115	-19.0	-2.4	92	-	1.0	9	0.7	11	7.8	1.12	71
IT Capital Ltd	22	-16.5	-4.8	91	-	1.5	-	1.5	NE	Nil	N/A	32
Otter Gold Mine	40	-16.3	-3.3	90	-	0.5	-	0.8	NE	Nil	0.26	21
Advantage HDS	175	-15.8	-3.6	90	-	1.7	3	0.9	61	Nil	1.65	106
National Mail	55	-15.8	-3.0	89	-	-	-	0.9	NE	Nil	N/A	14
Cue Energy Ltd	5	-14.4	-2.0	88	-	0.5	-	2.5	NE	Nil	1.59	14
Tag Pacific Ltd	22	-14.3	-4.5	87	-	0.6	10	1.3	6	3.6	0.32	14
E-Ventures NZ	48	-13.9	-2.6	86	-	2.1	-	1.2	NE	Nil	N/A	120
Savoy Equities	23	-12.7	-5.8	85	-	1.1	-	2.1	NE	Nil	0.86	9
Seafresh Fish.	8	-12.6	-2.2	84	-	0.4	4	2.1	9	Nil	0.32	5
Summit Gold Ltd	9	-12.3	-1.5	84	-	1.8	-	1.9	NE	Nil	N/A	8

NB: To enable our *Comprehensive Share Selection Criteria* to analyse shares free from subjective bias, the statistics in this table are based upon the last year's *actual* financial results. Some subjective analysis of the results is therefore sometimes necessary. For example, Telecom NZ qualifies as a "Buy" as an *Income Share* - yet has clearly indicated that *this year's* dividend will be cut to 50% of profits (which will probably be down 20%).

Company Analysis: Hallenstein Glasson

The shares of NZ clothing retailer **Hallenstein Glasson Holdings** are currently rated as a "Buy" under three sections of our *Comprehensive Share Selection Criteria*. Therefore investors should take a close look at the shares, which we believe could now be attractive for investors seek a high yielding investment.

History and Current Business

The company was originally a small clothing retailer listed on the NZ Stock Exchange under the name **Hallenstein Brothers** but acquired the larger clothing retailer, **Glassons**, in 1985. This was a *reverse takeover* with Timothy Glasson becoming the major shareholder (with 20.34%) and taking control of the enlarged group.

The group now operates three separate clothing chains: *Hallensteins* (49 men's clothing stores), *Glassons* (33 women's clothing stores) and *HBK* (12 children's clothing stores).

Recent Performance

The shares of Hallenstein Glasson performed *extremely* strongly during the 1991-93 smaller company boom - as the company moved to distributing a high percentage of profits. Since the mid-1990's, however, revenues have been steady, profits have steadily declined and the dividend was slowly reduced:

Year	Revenue (million)	Net Profit	Earnings per Share	Dividends per Share
1993	$139.8	$10,953,000	18.9	10.5
1994	$148.8	$12,902,000	22.2	17.0
1995	$152.7	$13,135,000	22.6	21.0
1996	$156.5	$12,487,000	21.5	21.0
1997	$162.7	$11,214,000	19.3	19.0
1998	$152.9	$9,468,000	16.3	16.0
1999	$158.3	$9,899,000	17.1	17.0
2000	$161.4	$11,298,000	19.5	18.5

As one can see from these figures there has been an improvement in profitability during the last two years.

Potential Expansion

Hallenstein Glasson operates in a *no-growth* industry but is attempting to expand into Australia. The Australian clothing retail business is very difficult, so the company is expanding very slowly to avoid making mistakes. The Glassons chain opened its first Australian store in Melbourne in August 1996 and has expanded that to five stores. In late 1999 it opened a store in Sydney, and now also has five stores in that city. Until now, the stores have relied upon window displays to bring in mall shoppers. With a total of ten Australian stores the chain has enough *critical mass* for it to be economic to begin advertising. That *may* lead to a faster rate of expansion over the next four years.

Hallensteins has recently entered the Australian market with two stores in Sydney.

Investment Criteria

At 217 cents, Hallenstein Glasson shares are trading on a Price/Sales ratio of 0.78, a Price/Earnings ratio of 11 and offer a high gross Dividend Yield of 12.7%. All of those statistics look reasonable - and a 12.7% yield is certainly attractive compared with 5-7% on a fixed interest investment.

With a capitalisation of $126 million this is a medium sized NZ company, ranked slightly below the Top 40. This situation is reasonably attractive: Firstly, the company is big enough to be attractive to institutional and individual investors looking for a high yield investment. The *Income* section of our *Comprehensive Share Selection Criteria* requires that a NZ company has a capitalisation in excess of $100 million to avoid smaller companies that are often financially weaker and therefore less attractive as an income investment. Secondly, moving in (or out) of the NZSE 40 Index can inflate (or depress) a company's share price as index funds buy (or sell) the shares. A company ranked just below the Top 40 is therefore more attractive than a share ranked just within the Top 40. The former would be the subject of index fund buying *if* it is included in the index in the future, while the latter share would be sold by index funds if it is dropped from the index.

There are about a dozen institutional investors holding shares in Hallenstein Glasson, but in total they own a relatively low 25% of the company. The shares are also relatively *neglected* by brokers, with just five brokers publishing profit forecasts.

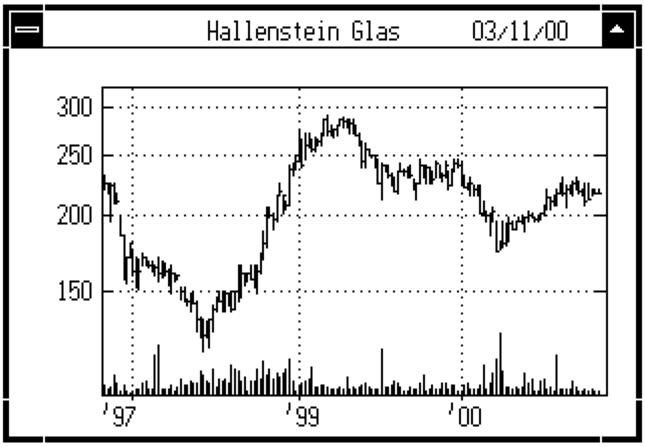
Director TC Glasson - who stepped down as Group Managing Director in June 1998, but continues as Managing Director of the *Glassons* chain - owns 11,800,588 shares (20.34% of the company).

Technically the shares are reasonably attractive and could be in the early stages of a moderate, but long term, uptrend. The shares have a Strength Rating of +2.2%, where they are ranked 31 (on a scale of 0-99). We do not expect a *rapid* rate of capital appreciation - nor a substantial capital gain. Nevertheless, a moderate rate (i.e. 5-10% per annum) of capital appreciation over many years *together* with a high dividend income would produce a good total return for investors.

Summary & Recommendation

We are not formally recommending Hallenstein Glasson, but the shares should be attractive to investors seeking a high income from dividends. Over the last seven years, the high dividend income has been offset by capital losses as the shares declined in value. That situation may have reversed, and we believe that the share price may now appreciate moderately over the next 5-7 years. This would make the shares an attractive income investment - providing a high current income yield and some capital appreciation.

High income producing investments would usually be most attractive to retired investors. As always, an investment in Hallenstein Glasson shares should be part of a diversified share portfolio.



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.

UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel 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
Caltex Austrlia	233	+0.4	-3.3	35	0-0	7	0.7	9	0.9	8	9.4	0.10	629
Adtrans Group	185	+4.2	-0.5	22	7-1	1	1.8	28	1.0	6	8.1	0.10	42
A.P. Eagers	406	+0.8	-1.2	33	0-0	1	0.9	7	0.8	13	6.4	0.12	62
Abigroup Ltd	190	+5.0	+0.4	20	0-0	-	1.6	25	1.0	6	7.9	0.13	91
Multispares Hld	16	+3.5	+3.0	24	0-0	-	0.5	8	2.2	7	3.1	0.14	3
CPI Group	194	+1.8	+0.3	30	0-0	6	1.2	19	1.0	6	8.2	0.17	82
Danks Holdings	930	+2.3	+1.1	28	0-0	-	1.5	14	0.7	10	7.0	0.17	60
Chiquita Brands	95	+1.6	-3.8	30	2-0	-	0.9	10	1.2	9	6.3	0.17	63
Roberts Ltd	215	+6.5	-2.2	17	0-0	-	71.7	-	0.9	8	8.4	0.17	22
K&S Corporation	145	+8.7	+0.9	13	1-0	3	0.9	9	1.0	10	8.3	0.17	43
Ludowici Ltd	117	+1.2	+2.5	32	3-0	-	0.5	5	1.1	10	5.1	0.18	16
Wrigdways Aust	38	+1.2	+2.8	31	0-0	-	-	-	1.6	6	10.5	0.18	12
Oldfields Hold	121	+1.0	-1.6	32	0-0	-	0.6	8	1.1	8	8.3	0.18	8
Penfold (WC)	190	+5.9	+1.5	18	0-0	-	1.6	12	1.0	13	5.3	0.19	20
Hudson Invest.	43	+4.7	-6.7	21	0-0	-	0.3	5	1.5	7	7.1	0.19	46
CMI Limited	121	+5.2	-0.6	20	0-0	2	1.9	37	1.1	5	6.6	0.19	33
Retail Tech.	40	+2.5	-0.1	27	0-0	-	1.3	26	1.6	5	7.5	0.20	10
Bidvest	300	+0.3	-0.4	35	0-0	-	2.9	18	0.9	16	2.6	0.20	588
Palm Corp	35	+2.8	+0.3	26	0-0	-	0.8	13	1.6	6	8.6	0.20	12
McPherson's Ltd	131	+4.1	-3.8	22	3-0	1	3.7	78	1.1	5	9.2	0.21	51
Penfold Print.	80	+7.1	-1.5	16	0-0	-	1.4	18	1.2	7	10.0	0.23	13
Crane Group	830	+0.8	+0.0	33	2-0	5	1.3	13	0.7	10	7.6	0.24	345
Downer Group	59	+7.4	-3.5	15	0-0	-	1.3	18	1.4	7	4.7	0.24	342
Spicers Paper	232	+7.5	-0.0	14	0-0	6	1.3	10	0.9	12	4.3	0.25	322
Evans Deakin	205	+0.3	+2.2	36	0-0	2	1.3	8	1.0	16	9.3	0.25	193
Folkestone Ltd	56	+1.0	-1.2	32	0-0	-	0.8	21	1.4	4	8.9	0.28	12
CDK Tectonics	95	+1.0	+0.7	32	0-0	-	2.0	40	1.2	5	9.5	0.28	11
Noni B Limited	87	+6.1	+0.7	17	0-0	-	6.2	96	1.2	6	41.0	0.28	19
Lemarne Corp	280	+3.0	+1.0	26	1-0	-	1.4	18	0.9	8	5.4	0.29	46
Finemore Hold	211	+12.8	-7.2	8	0-0	4	1.3	6	0.9	20	2.4	0.30	112
Colorado Group	125	+12.0	-2.1	8	0-0	-	2.0	28	1.1	7	1.6	0.32	105
TAB Ltd	321	+6.1	+3.1	17	1-0	12	-	-	0.9	27	3.4	0.32	1,605
Origin Energy	204	+17.7	+2.6	5	0-0	-	1.6	22	1.0	7	10.3	0.33	1,159
Lemvest Ltd	390	+0.6	+0.6	34	0-0	-	1.6	19	0.8	8	7.7	0.33	39
David Jones	137	+2.5	+0.6	27	4-1	12	1.4	12	1.1	11	5.8	0.33	539
Aust Hospital	76	+3.4	+6.2	25	2-0	7	0.8	1	1.3%	107	3.0	0.33	127
Coles Myer	714	+0.9	+0.9	33	0-0	14	3.2	18	0.7	17	3.8	0.33	8,312
Coffey Int'l	195	+5.3	-0.4	20	0-0	-	2.3	29	1.0	8	10.3	0.34	22
Tempo Services	170	+2.3	+1.0	28	3-2	4	-	-	1.0	20	6.2	0.34	70
Centennial Coal	70	+5.8	-3.6	18	0-0	-	0.5	2	1.3	24	7.1	0.34	24
Aust Pharm. Ind	225	+4.1	-0.7	23	0-0	3	2.3	12	0.9	20	5.3	0.35	441
G.U.D. Holdings	175	+0.3	-2.2	36	2-0	6	1.7	17	1.0	10	8.6	0.35	117
Email Ltd	281	+4.6	-2.4	21	0-0	6	1.6	11	0.9	14	8.7	0.36	764
Snack Foods Ltd	79	+7.3	-0.0	15	1-1	-	3.4	43	1.2	8	4.1	0.37	98
Woolworths Ltd	750	+12.0	+2.2	8	2-0	15	6.1	27	0.7	22	3.1	0.39	7,988
Vietnam Indust.	20	+9.6	+1.3	11	1-0	-	0.8	15	2.0	5	5.1	0.39	20
Housewares Int.	93	+5.4	+0.3	19	3-0	-	1.8	23	1.2	8	8.6	0.40	67
Scientific Serv	38	+9.7	+6.1	11	0-0	1	2.5	27	1.6	9	7.9	0.42	30
WAM Capital Ltd	98	+3.6	-0.6	24	0-0	-	0.8	18	1.2	5	4.1	0.43	21
Shearer (John)	190	+4.7	+2.8	21	0-0	-	0.8	10	1.0	8	3.7	0.45	21

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	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
Carlovers	20	+30.7	-10.7	1	0-0	-	0.6	7	1.6	9	Nil	0.45	14
Healthscope	68	+27.2	+6.5	2	3-0	-	68.0	-	1.1	8	Nil	0.39	44
Murchison Un.	114	+23.2	-7.2	3	0-4	-	-	-	0.9	5	Nil	0.95	90
Toll Holdings	1224	+20.9	-0.4	4	0-0	5	4.7	25	0.6	19	2.3	0.54	750
Wadepack Ltd	220	+18.9	+0.2	4	0-0	-	1.8	18	0.8	10	4.5	0.86	35
Southern Dental	58	+18.1	+5.0	5	0-0	-	1.7	25	1.1	7	5.2	0.58	14
Origin Energy	204	+17.7	+2.6	5	0-0	-	1.6	22	0.8	7	10.3	0.33	1,159
Ramsay Health	146	+16.2	+3.6	6	1-0	7	1.0	5	0.9	19	5.1	0.48	159
Burns Philp	56	+14.8	+0.8	7	0-0	2	-	-	1.1	4	Nil	0.23	348
Queensl'd Tour.	35	+14.3	+3.6	7	0-0	-	0.9	36	1.3	3	Nil	0.72	6
Goldfields	176	+14.0	+1.7	7	1-0	7	-	-	0.8	11	2.8	0.93	332
Gunns Ltd	295	+13.8	+2.7	7	0-0	2	-	-	0.8	12	4.4	0.70	107
Schaffer Corp	380	+12.3	+1.5	8	3-0	-	1.3	25	0.7	5	3.5	0.76	47
Colorado Group	125	+12.0	-2.1	8	0-0	-	2.0	28	0.9	7	1.6	0.32	105
Milnes Holdings	135	+11.4	+0.4	9	0-0	-	2.2	27	0.9	8	8.5	0.50	50
Electrotech Inv	26	+10.5	-1.2	10	0-0	-	2.2	12	1.4	18	Nil	0.51	61
St Barbara Mine	15	+10.5	-3.0	10	0-0	-	-	-	1.7	9	Nil	0.47	31
Leighton Hold	638	+9.7	+1.0	11	0-0	12	2.5	20	0.7	12	5.2	0.47	1,679
Scientific Serv	38	+9.7	+6.1	11	0-0	1	2.5	27	1.3	9	7.9	0.42	30
Vietnam Indust.	20	+9.6	+1.3	11	1-0	-	0.8	15	1.6	5	5.1	0.39	20
Troy Resources	59	+8.9	-5.5	12	0-0	-	-	-	1.1	3	6.8	0.77	26
Portman Mining	85	+8.8	-3.2	12	2-0	3	-	-	1.0	17	5.9	0.49	150
K&S Corporation	145	+8.7	+0.9	13	1-0	3	0.9	9	0.9	10	8.3	0.17	43
WRF Securities	45	+8.6	-9.0	13	0-0	1	-	-	1.2	8	Nil	0.60	18
Gazal Corp	250	+7.8	-0.2	14	1-2	-	3.7	25	0.8	14	5.5	0.83	137

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
BT Global Asset	103	+7.6	-1.4	14	0-2	-	1.1	24	1.0	5	11.7	0.73	50
Spicers Paper	232	+7.5	-0.0	14	0-0	6	1.3	10	0.8	12	4.3	0.25	322
Downer Group	59	+7.4	-3.5	15	0-0	-	1.3	18	1.1	7	4.7	0.24	342
Snack Foods Ltd	79	+7.3	-0.0	15	1-1	-	3.4	43	1.0	8	4.1	0.37	98
Westral'n Fores	180	+7.2	-2.7	15	0-0	1	1.0	7	0.8	14	5.6	0.92	110
Penfold Print.	80	+7.1	-1.5	16	0-0	-	1.4	18	1.0	7	10.0	0.23	13
Trust Co of Aus	395	+7.0	+1.6	16	0-0	-	2.1	62	0.7	3	34.8	0.54	13
Platinum Cap'l	147	+7.0	-0.3	16	3-0	-	0.9	20	0.9	5	8.2	0.97	155
Roberts Ltd	215	+6.5	-2.2	17	0-0	-	71.7	-	0.8	8	8.4	0.17	22
Noni B Limited	87	+6.1	+0.7	17	0-0	-	6.2	96	1.0	6	41.0	0.28	19
Penfold (WC)	190	+5.9	+1.5	18	0-0	-	1.6	12	0.8	13	5.3	0.19	20
Plaspak Group	65	+5.9	+1.8	18	0-0	-	1.3	11	1.1	12	8.5	0.50	35
York Securities	60	+5.8	+1.3	18	0-0	-	2.9	19	1.1	15	7.5	0.59	15
Suncorp-Metway	990	+5.6	+1.0	19	0-0	8	2.7	28	0.6	9	4.6	0.91	3,182
Housewares Int.	93	+5.4	+0.3	19	3-0	-	1.8	23	1.0	8	8.6	0.40	67
Coffey Int'l	195	+5.3	-0.4	20	0-0	-	2.3	29	0.8	8	10.3	0.34	22
CMI Limited	121	+5.2	-0.6	20	0-0	2	1.9	37	0.9	5	6.6	0.19	33
Simsmetal Ltd	568	+5.2	+0.9	20	1-0	8	2.2	12	0.7	19	4.4	0.45	497
Reece Australia	2100	+5.1	+2.8	20	0-0	-	2.9	27	0.6	11	6.0	0.70	418
Abigroup Ltd	190	+5.0	+0.4	20	0-0	-	1.6	25	0.8	6	7.9	0.13	91
Ticor Ltd	110	+4.9	-5.9	21	2-0	6	0.7	10	0.9	7	5.5	0.85	271
Shearer (John)	190	+4.7	+2.8	21	0-0	-	0.8	10	0.8	8	3.7	0.45	21
Waterco Ltd	184	+4.7	+2.8	21	3-0	-	1.8	17	0.8	10	5.4	0.72	33
Hudson Invest.	43	+4.7	-6.7	21	0-0	-	0.3	5	1.2	7	7.1	0.19	46
Email Ltd	281	+4.6	-2.4	21	0-0	6	1.6	11	0.8	14	8.7	0.36	764

INCOME SHARES: Highest Yields, Capitalisation > A$250 million

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
BA Tobacco Aust	1300	+1.4	+3.3	31	0-0	3	7.3	44	0.6	16	66.7	0.49	1,957
Qantas	392	-0.5	-0.5	40	1-1	15	1.7	17	0.7	10	15.1	0.51	4,747
Austrim Nylex	155	-12.6	-4.4	74	1-1	3	1.9	35	0.8	5	11.6	0.35	371
PMP Limited	188	-3.8	-0.8	51	1-0	9	-	-	0.8	8	10.9	0.31	476
Origin Energy	204	+17.7	+2.6	5	0-0	-	1.6	22	0.8	7	10.3	0.33	1,159
Singleton Group	255	+22.1	-0.7	3	0-0	-	10.2	29	0.7	35	10.2	4.85	332
Envestra	91	+6.1	+2.4	17	0-0	8	-	-	0.9	NE	9.9	2.22	536
GWA Internat'l	182	-5.9	-2.1	58	6-0	6	1.3	11	0.8	12	9.9	0.87	505
Nat'l Foods	249	-10.3	-3.8	69	1-0	10	2.9	22	0.7	13	9.6	0.63	699
Caltex Austrlia	233	+0.4	-3.3	35	0-0	7	0.7	9	0.7	8	9.4	0.10	629
Smorgon Steel	96	-13.4	-2.6	75	0-0	4	-	-	0.9	10	9.4	0.32	726
Boral Limited	195	-2.6	-1.1	47	1-0	-	0.7	8	0.8	9	9.2	0.43	1,108
Australand Hold	135	+1.7	-1.7	30	0-0	4	1.2	21	0.8	6	8.9	0.80	654
Email Ltd	281	+4.6	-2.4	21	0-0	6	1.6	11	0.7	14	8.7	0.36	764
West Aust News	530	+0.5	-0.5	34	0-0	9	26.5	-	0.7	15	8.5	3.08	1,089
Aust Infra.	195	-0.4	+1.1	39	0-0	5	0.9	12	0.8	7	8.2	6.66	279
Capral Alum.	224	+1.7	-1.5	30	1-0	12	1.0	4	0.7	24	8.0	0.62	461
Energy Resource	235	+11.2	-0.2	9	0-0	7	0.7	5	0.7	15	7.7	1.81	336
Hills Motorway	440	+7.3	+0.6	15	0-0	7	1.8	-	0.7	NE	7.6	8.35	814
Crane Group	830	+0.8	+0.0	33	2-0	5	1.3	13	0.6	10	7.6	0.24	345
Amcor Ltd	540	-5.6	-0.2	57	10-0	13	2.2	18	0.7	12	7.0	0.46	3,368
OPSM Protector	240	-2.5	-1.0	47	0-0	5	3.9	29	0.7	13	6.9	0.57	313
Foodland Assoc	814	-4.1	+0.8	52	1-0	8	2.6	25	0.6	10	6.8	0.20	777
Burswood Ltd	83	+1.6	+1.0	30	6-0	10	1.5	14	0.9	11	6.6	0.90	334
Pacific Dunlop	156	-5.7	+1.2	57	0-0	11	1.9	16	0.8	11	6.4	0.28	1,606

INSIDER BUYING: Most Insider Buying, 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
C.S.R. Ltd	412	+2.7	-2.0	27	9-0	11	1.2	14	0.7	9	5.8	0.58	4,080
OAMPS	230	+28.2	+2.6	2	9-0	-	5.2	41	0.7	13	5.2	1.00	58
Normandy Mining	95	+1.1	-0.9	32	7-0	15	-	-	0.8	12	6.3	1.11	1,677
Wine Investment	33	+8.2	-0.7	13	6-0	-	0.7	5	1.1	15	Nil	6.08	3
Burswood Ltd	83	+1.6	+1.0	30	6-0	10	1.5	14	0.9	11	6.6	0.90	334
Adtrans Group	185	+4.2	-0.5	22	7-1	1	1.8	28	0.7	6	8.1	0.10	42
Brickworks Ltd	4250	+2.0	+0.2	29	4-0	3	1.2	9	0.5	13	2.9	3.00	560
Beacon Fin Serv	43	+0.3	-2.6	36	4-0	-	1.7	13	1.0	13	3.5	3.48	17
M.I.M. Holdings	106	+1.4	-0.7	31	4-0	15	-	-	0.8	NE	2.4	0.50	1,842
Herald Resource	75	+18.3	+9.6	5	4-0	-	-	-	0.9	NE	Nil	7.88	32
Bristile Ltd	118	+3.6	-1.1	24	4-0	3	1.2	17	0.8	7	8.9	0.87	181
Hardman Res.	28	+18.3	-1.3	5	5-1	-	-	-	1.1	NE	Nil	N/A	72
Perp Trust Aust	3433	+17.9	+1.3	5	6-2	8	12.0	38	0.6	31	1.9	4.52	1,276
McPherson's Ltd	131	+4.1	-3.8	22	3-0	1	3.7	78	0.8	5	9.2	0.21	51
Western Mining	745	+2.6	-2.5	27	3-0	15	2.3	7	0.6	31	1.7	3.50	8,276
Adsteam Marine	240	+1.6	-2.1	30	3-0	6	3.2	25	0.7	13	6.3	2.03	226
Schaffer Corp	380	+12.3	+1.5	8	3-0	-	1.3	25	0.7	5	3.5	0.76	47
Housewares Int.	93	+5.4	+0.3	19	3-0	-	1.8	23	0.8	8	8.6	0.40	67
Majestic Res.	26	+4.5	+2.8	21	3-0	-	-	-	1.1	NE	Nil	N/A	31
Waterco Ltd	184	+4.7	+2.8	21	3-0	-	1.8	17	0.7	10	5.4	0.72	33
Healthscope	68	+27.2	+6.5	2	3-0	-	68.0	-	0.9	8	Nil	0.39	44
Austral Coal	21	+2.2	+4.1	28	3-0	-	-	-	1.2	8	Nil	0.22	17
Platinum Cap'l	147	+7.0	-0.3	16	3-0	-	0.9	20	0.8	5	8.2	0.97	155
Ludowici Ltd	117	+1.2	+2.5	32	3-0	-	0.5	5	0.8	10	5.1	0.18	16

Australian Company Analysis: Ticor Ltd

After losing hundreds of millions of dollars on other mining businesses, Australian listed **Ticor** (code TOR) has finally focused its attention on one profitable niche market and improved its financial performance to the stage where it is able to consider expansion opportunities.

Our *Comprehensive Share Selection Criteria* rates the shares a "Buy" under the *Best Performing* section - but the shares also look very under-valued and a couple of directors have recently bought shares.

Company History

This company listed on the Australian Stock Exchange in 1987 as **Minproc Group** and acquired all of the mineral investments held by **National Mutual**. Most of the business (except the Minerals sands and Coal assets) were floated off as a separate company, **Minproc Engineers**, in 1994. Additional equity was raised and the company changed its name to **Ticor**.

Recent Performance

Unfortunately, Ticor continued to perform poorly, reporting a A$22,687,000 loss in the year to December 1996 owing to (1) problems with its coal business, (2) lower prices for coal and titanium dioxide and (3) a stronger Australian dollar (reducing the value of its exports). Since then the company has started to make progress in the right direction. Profits rose to A$11,024,000 (4.5 cents per share) in 1997, jumped 151.5% to A$28,183,000 (11.5 cents per share) in 1998 and a further 32.8% to A$37,439,000 (15.2 cents per share) in 1999. A maiden dividend of 3.0 cents was paid in 1998 and 6.0 cents in 1999.

Profit improvement has continued in the current year. For the six months to June 30, revenues rose 21.0% to A$180.5 million, profits rose 80.0% to A$27,394,000 (11.1 cents per share) and the interim dividend was up 50.0% to 3.0 cents.

Current Business

Ticor currently has two divisions:

1. Resources - a 50% interest in the **Tiwest Joint Venture**, which is involved in the mining, processing and marketing of titanium minerals, titanium dioxide pigments and synthetic rutile. The company also owns 100% of a plant producing sodium cyanide which is marketed by **DuPont** to the gold mining industry.
2. Energy (read "Coal") - which comprises a 26.06% interest in the **German Creek Coal Joint Venture** (Queensland) and 20.0% of the **Warkworth Coal Mine** (NSW).

The Resource division is the biggest (generating 65% of revenues and 82% of earnings) and this is where the company is now looking for future growth.

The company is seeking to sell its coal business - and in October announced the sale of German Creek Coal to **Anglo Coal Australia** for A$81 million. Negotiations to sell the Warkworth Coal Mine are continuing.

In July this year, Ticor took a 37% interest in the **AusRutile Joint Venture** (with **Austpac Resources** holding a 37% share and **Indian Rare Earths** 26%) which will develop a test plant capable of producing 10,000 tonnes per annum of synthetic rutile at Indian Rare Earths' mineral sands operation. Once this plant is operating at capacity the joint venture will construct a larger plant to lift production to 200,000 tonnes of rutile annually. This total project is valued at US$200 million (A$380 million). In addition to funding its own 37% interest, Ticor will provide debt financing to Austpac Resources - if requested - to finance its 37% share. This project would therefore require financing of A$140-280 million.

At the same time Ticor is considering a major investment in South Africa. Its major shareholder, South African based **Iscor Ltd** (which owns 39.9% of Ticor) is one-quarter of the way through developing a high grade mineral sands mining and ilmenite smelting project on the east coast of South Africa which will be completed over the next three years. The project has three high grade mineral deposits, totalling 16 million tonnes, giving a mining life of at least 20 years. The proposed smelters will process 250,000 tonnes per annum of titanium dioxide slag, with by-products including 140,000 tonnes of high quality pig iron, 30-40,000 tonnes of rutile and 80,000 tonnes of zircon. Financial returns (before interest and tax) are projected at about A$100 million annually.

Ticor is currently undertaking a due diligence review of the project and can earn a 50% share in the project by contributing A$250 million - half of the project development costs of A$500 million. If Ticor proceeds it will take over control of the project - which will be called **Ticor South Africa** - and will have an option to acquire the remaining 50% at a later date. Ticor would become the world's third largest titanium minerals company.

The Ticor South Africa A$250 million investment (if it proceeds) will be funded entirely from cash - from asset sales, operating cash flows and some additional debt. This Ticor South Africa investment would also help the company fund its investment in the Indian joint venture, as most of the capital expenditure in India will occur *after* the South African project is operational and generating cash flows.

Iscor is also planning to develop an Indian mineral sands project that will produce titanium slag, zircon and rutile by 2003. The company is considering offering 50% of that project to Ticor.

Investment Criteria

At a share price of 125 cents, Ticor shares are currently trading on a moderate Price/Sales Ratio of 0.97, a low Price/Earnings ratio of 8.2 and offer a reasonable Dividend Yield of 4.8%. Profits are already up strongly for the first half of the current financial year, so the P/E ratio will likely fall to a very low 5-6 when the company reports for the full year. At present only 25-30% of profits are likely to be distributed as the company retains funds for expansion. In 3-5 years - as new projects begin to contribute *(Continued on Page 10)*

Ticor Ltd *(Continued from Page 9)*

to cashflow - it is likely that the dividend payout will be raised to 70-80%, producing an annual dividend rate of 30-35 cents and supporting a share price of 325-400 cents (i.e. a gain of 200-260%).

While Ticor's products are subject to the normal fluctuations in commodity prices, titanium products have tended to increase in value over the medium to long term. The company also sells in US dollars, so will benefit from the lower Australian dollar. However, the company's policy is to forward sell US dollars equal to about 18 month's revenue, so has sold US$466 million at an exchange rate averaging about US$0.64 to the Australian dollar. The current exchange rate of US$0.52 will therefore result in a *significant* increase in the Australia dollar value of revenue - and a *very significant* increase in profit margins - during the June 2002 financial year.

Ticor has a market capitalisation of A$308 million, making it a medium to large Australian company. At that level, however, its proposed internally funded A$250 million investment in South Africa generating A$50 million in pre-tax earnings will make a significant impact upon the company's profitability. For example, assuming that 50% of the project is debt funded, tax paid profits would increase by about A$25 million (10 cents per share) - or about 50%.

Ticor shares have only a *moderate following* among stockbrokers, with just six firms producing profit results.

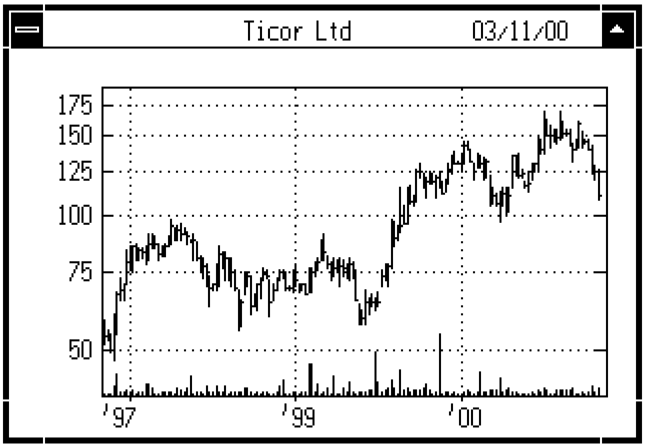
There are no large management or director shareholdings in Ticor, but two directors have purchased shares on-market over the last twelve months. JC Taylor purchased 30,000 shares (at about A$1.08) in March, raising his holding to 80,000 shares, while RJ Carter also bought 30,000 shares (at about A$1.07) in April to bring his holding up to 50,000 shares.

Technically, Ticor shares are attractive in a long term uptrend. The Strength rating is +6.8% which ranks the shares at 17 (on a scale of 0-99), making them one of the best performing shares on the Australian stockmarket.

Summary & Recommendation

Usually we avoid mining or commodity businesses, believing that better long term returns are available in businesses that can "add value" rather than simply extract a raw commodity from a limited mineral resource. However, unlike other commodities, titanium has tended to increase in value over the longer term. After problems in the past, the company is now focused upon titanium production and in a financially strong position from which to pursue expansion opportunities that could add significantly to profits. Ticor shares are also very under-valued at present and have dipped back from what we believe to be a long term uptrend. This offers an attractive buying opportunity. The lower Australian dollar and new projects suggest a high degree of certainty that profits will grow strongly.

We are not formally recommending Ticor shares but these are an attractive mining investment.



Australian Company Analysis: Scientific Services

When a company has surplus cash to spend buying back its own shares it is a sign that the directors are confident in its future financial strength. When the company has recently experienced several years of poor performance, a share buy-back is a certain sign that a strong recovery is under-way and the shares are under-valued. Australian listed Scientific Services (code SSE) has recently announced a 9.9% on-market buy-back and a 40% profit recovery. Aggressive investors may wish to make a small investment in these volatile shares.

Company History

Originally formed in 1986 (as a finance business), the company acquired the Scientific Services group (and its current name) in 1987 but the shares were *very inactively* traded until the public offer of a further 21,500,000 shares at A$0.28 in early 1993. This raised A$6 million which, together with borrowings, was used to significantly expand the business with the acquisition of the **Cytopath** pathology business and **Analabs** mineral and environmental testing businesses.

Current Business

Scientific Services' earns 85-90% of its revenues from the Oil and Gold industries, its laboratory businesses are also involved in Health Services (i.e. pathology), Genetic Services (i.e. pre-natal genetic testing, chromosome testing) and Environmental/Industrial testing (i.e. water and soil testing, food analysis).

The Investment Merits of a Laboratory Services Business

Scientific Services operates a business very similar to the Laboratory Services division of **Campbell Brothers** which we formally recommended for investment (and discussed in detail) in October 1999 (*Market Analysis* Issue No 328). In fact, it was our interest in Scientific Services that first led us to look at Campbell Brothers.

Laboratory Services is a business that (1) can generate a high profit margin, (2) a very high return of Shareholders Equity, (3) has economies of scale and (4) can generate large *free* cash flows. However, both the Campbell Brothers business and Scientific Services have suffered with the downturn in mineral exploration following the Asian crisis of 1997 and 1998.

Laboratories involve a high capital cost to establish, but have relatively low operating costs and require little on-going capital expenditure. This produces *economies of scale* - as it is cheaper for customers to use the services of an independent laboratory rather than make a significant capital investment in setting up their own laboratory. The high initial capital cost also acts as a barrier to entry by new competitors. The low operating costs can result in the high profit margins (providing there is sufficient demand for laboratory services) while the minimal on-going capital expenditure means that most of the operating cash flows can be paid out to shareholders as a dividend, used to repay debt, to re-purchase shares or to fund acquisitions to generate growth.

Recent Results

Scientific Services experienced strong growth for the year to June 1997. Revenues rose 18.0% to A$82.1 million, profits soared 142.0% to A$5,700,000 (7.6 cents per share) and the dividend rose 242.9% to 6.0 cents. Unfortunately things deteriorated from there with a sharp downturn in demand from the mineral exploration industry following the October 1997 Asian crisis.

In the year to June 1998 revenues fell 7.2% to A$76.2 million, profits slipped just 13.7% to A$4,918,000 (6.4 cents per share) and the dividend remained steady at 6.0 cents.

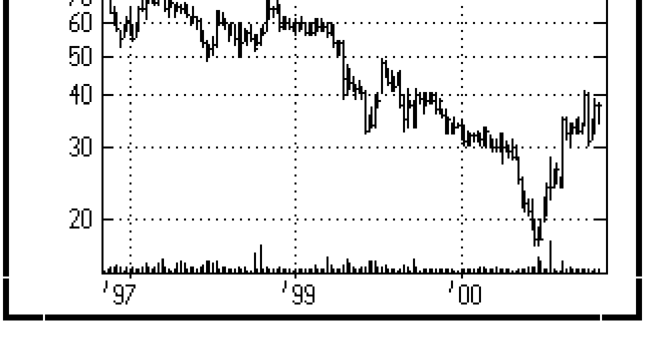
The June 1999 year saw revenues down 1.2% at A$75.3 million (despite the acquisition of Gearhart Australia which added about A$10 million to revenues), trading profits plunged 54.3% to A$2,247,000 (2.9 cents per share) and the dividend was cut 58.3% to 2.5 cents.

The year to June 30, 2000 has seen a recovery in operating performance. Revenues fell 6.3% to A$70.6 million but trading profits recovered 40.7% to A$3,162,000 (4.0 cents per share) and the annual dividend has been raised 20.0% to 3.0 cents.

Recent Acquisitions

In the early months of 1998, Scientific Services attempted to take over **ACIRL** - an unlisted public company involved in the design and operation of coal processing plants. This turned into a competitive bidding situation, with Scientific Services raising its offer from A$7.75 per ACIRL share to A$8.05, to A$8.25 and finally to A$8.50 before losing to a rival bidder who paid A$9.00 per share.

In May 1998, Scientific Services acquired 19.8% of listed **Gearhart Australia** (at 174 cents per share) and then successfully bid A$2.25 per share for the remainder of the company. Gearhart is involved in the provision of services to the oil exploration industry. This A$26.5 million cash acquisition doubled Scientific Services interest bearing debt to A$30.5 million and added about A$10 million to revenues.



In June 1999 the company increased its shareholding in **Envirogen** (which provides services to the power generation and water supply industries) from 50% to 100%, with this business merged with its **Australian Environmental Laboratories** division.

In March 2000, Scientific Services expanded its Oil and Gas services with the A$1 million acquisition of a 50% shareholding in **Urban Energy Pty** - a company involved in providing and maintaining compressed natural gas refuelling facilities and supplying natural gas to fuel transport fleets.

In April this year Scientific Services expanded its core mineral laboratory services businesses with the purchase of eight laboratories in West Africa for £1,158,000 million (A$3.05 million) from UK based **Intertek Testing Services**. All of these laboratories are supported by "contractual relationships with major operators of long-life gold mines" in the region.

On-Market Share Buy-Back

A significant indication that Scientific Services' fortunes are improving is the company's recently announced on-market share buy-back. In July Scientific Services announced that it will seek to buy-back 7,800,000 shares (9.9% of its capital) over the year from August 2000 to August 2001.

As reported in our *Share Selection Methods used in Market Analysis* report, studies have shown that *smaller company* share prices respond best to a share buy-back. As we wrote in that report "Typically smaller companies' shares had been falling sharply for three years prior to the share re-purchase and their subsequent two year rally" after the announcement "dwarfed that of the shares of larger companies".

Investment Criteria

Scientific Services rates as a "Buy" on two of our *Comprehensive Share Selection Criteria*: as a *Best Performing Share* and as a smaller company involved in a *Share Buy-Back*.

At 38 cents the shares trade on a low Price/Sales ratio of 0.42, a low Price/Earnings ratio of 9.5 and offer a high Dividend Yield of 7.9%. Those statistics make the shares look under-valued and compare favourably with Campbell Brothers (P/S 0.54, P/E 12, Yield 5.6%).

With a market capitalisation of just A$30 million this is a very *small* listed company which is *neglected* by most stockbrokers and institutional investors. Only one broker follows the company closely enough to publish profit forecasts, while a handful of institutional investors own less that 20% of the capital.

There has been no *insider* buying or selling over the last twelve months, but Chairman Dr MJ Cohen owns 5,631,539 shares (7.16% of the company).

Scientific Services shares have declined from a peak of 95 cents in July/October 1997, falling to a low of 17½ cents during *tax loss* selling in June this year. Since then the share price has *(Continued on Page 12)*

Scientific Services *(Continued from Page 11)*

recovered to around 31-40 cents owing to the announcement of the share buy-back in July (which indicates a strong cash position) and the announcement in August of the profit recovery. An on-market share buy-back is an extremely favourable development for a smaller company like Scientific Services where the share price has declined significantly over recent years. The recent doubling of the share price since June lows has also improved the Relative Strength Rating which is very strong at +9.7%, with the shares ranked at 11 (on a scale of 0-99). This shows a strong long term uptrend.

Summary and Recommendation

Laboratory services is a high profit margin, high free cash flow business that *can* generate significant wealth for shareholders. We are not formally recommending Scientific Services believing that Campbell Brothers - a larger and more diversified company - is a safer way to invest in this sector. Scientific Services lacks that diversification and is much smaller, so involves considerably higher company risk.

Nevertheless, Scientific Services shares could appreciate strongly in value and are therefore attractive to investors holding a diversified share portfolio and prepared to accept higher risks.

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
NZ Oil & Gas Options	$0.27	$0.70	0-11	4.3	1.1	+276	0.697	3.7	1.0000	+202%
Otter Gold Mines 1999/2003	$0.40	$2.00	2-7	3.2	0.2	+1946	0.382	5.4	1.0000	+88%
Otter Gold Mines 2001	$0.40	$2.75	0-11	1.0	0.0	+9999	0.382	5.2	1.0000	+722%
WDR FC - Building	$1.78	$2.75	0-0	0.5	0.0	+9999	0.403	N/A	2.0000	+9999%
WDR FC - Energy	$8.53	$5.50	0-0	147.0	151.5	-3	0.362	2.8	2.0000	-100%
WDR Telecom NZ	$5.71	$9.00	0-1	5.0	-0.0	+9999	0.316	N/A	2.0000	+9999%

Australian Warrant / Option Analysis

One feature of the recent sharp decline in Australian technology shares is the large number of virtually worthless options. These are shown in our table below with a *Break Even Rate* of +999% per annum (or smaller, but similarly unattainably high rates). In many cases the *actual* break even rate is much larger but our computer program shows +999 so that the number will fit in our table!

What value are those **Isis Communications** options that expire next month? The exercise price of the options is A$1.25 but the shares trade on market at only 31 cents. **131 Shop** options aren't much better. They don't expire for another fourteen months, but with an exercise price of 75 cents far above the current share price of 6 cents the break-even rate is 777% p.a. The **Pulsat Communications** options to buy shares at A$2.00 in 14 months are also worthless, with the shares trading at just 12 cents. Even their break-even rate of 269% per annum is unattainable!

So can one find any leveraged opportunities in Australian options? Yes, there are many possible situations:

AP Eagers options trade at 30% below their *fair value* and have a break-even rate of just 5%. So if the share price rises *at least* 5% per annum over the next 26 months these options will rapidly start to become valuable. The *Option Leverage* of 3.88 times indicates the potential for very high gains.

Advanced Engine options trade 63% below fair value and also have a low 5% break even rate, but lower option leverage of 1.35 times shows less potential for large gains.

Auspine options are 60% under-valued, offer higher leverage (3.87 times) but now require a very high break-even rate of 40% per annum. That is *unlikely*, but *possible*, making this a very high risk, high return situation. If the shares don't reach A$4.00 by December 2002 the options will expire worthless.

Bionomics options are under-valued by 17%. The share price of 93 cents is well above the exercise price of 50 cents, giving the options an *intrinsic value* of 43 cents (i.e. 43 cents = 93 cents - 50 cents) and they trade at just a 2 cents premium to that price. The break-even rate is just 2%. Reflecting this conservative situation, the options offer a leverage of 1.51 times.

Chariot Internet options are 42% under-valued, but leverage is relatively low at 1.65 times while the break-even rate is up to 32% per annum.

Franked Income options are 60% under-valued, offer a high 4.53 times leverage and require only an 11% per annum increase in the share price to break-even and then start to become valuable. That looks to be an attractive situation.

Huntley Investment Company options have only six months until expiry, but trade at their intrinsic value of 7 cents (so the break-even rate is zero). The option leverage is 5.92 times - so any rise (or fall) in the share price will result in a large percentage gain (or loss) in the option price.

Jam Development options are under-valued by 39%, offer only a low leverage (1.18 times) and have a fairly low break-even rate (11% per annum). The great advantage here is the long five years until expiry - giving investors plenty of time to find out whether this venture capital company can make any very profitable investments!

M2M Corporation options have nine years and three months to expiry! At 7.7 cents the options are 57% under-valued and the break-even rate is 4% per annum. The option leverage is negligible at 1.03 times, but an investment in 5000 shares requires a risk investment of A$950 now whereas an investment in 5000 options requires an investor to risk only A$385. *If* the company is successful, then there will be A$1000 to pay in 9¼ years, but the present value of that (discounted at 6%) is only A$583 (i.e. A$583 in the bank earning 6% will grow to A$1000 in 9¼ years). So the total investment is virtually identical - but by buying the *options* you get 9¼ years to find out if the company will be successful before committing 60% of your valuable capital.

Travelshop options are under-valued by 50%. Its better to invest only 5.8 cents in the options than 20 cents in the shares. The options give investors four years to find out if the company will be successful. The break-even rate is a low 7%.

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/ Under-Valued	Share Vola-tility	Option Lever-age	Options to Buy 1 Share	Break-Even Rate
AP Eagers Ltd	406	400	2-2	55.0	78.6	-30	0.20	3.88	1.00	+5
Adultshop.com	27	20	3-7	30.0	21.8	+38	1.20	1.13	1.00	+19
Adultshop.com	27	175	3-1	1.5	11.7	-87	1.20	1.40	1.00	+84
Advanced Engine	40	35	2-1	9.1	24.5	-63	1.06	1.35	1.00	+5
Allegiance Mining	8	20	3-1	3.8	2.6	+46	0.80	1.68	1.00	+44
Allied Mining	8	20	0-3	1.4	0.5	+186	1.49	3.28	1.00	+999
Allstate Exploration	35	50	0-7	2.5	1.6	+54	0.51	5.36	1.00	+111
Amadeus Petroleum	11	20	3-0	2.9	2.8	+2	0.57	2.07	1.00	+28
Ambition Group	94	100	3-10	30.0	37.9	-21	0.45	1.84	1.00	+9
Amity Oil	64	35	1-10	41.0	39.9	+3	0.83	1.42	1.00	+10
Amlink Technologies	24	45	3-7	3.0	13.2	-77	0.94	1.36	1.00	+21
Asset Backed	26	35	1-9	8.0	16.6	-52	1.52	1.25	1.00	+35
Astro Mining NL	22	120	2-1	8.0	7.5	+7	1.28	1.54	1.00	+137
Astro Mining NL	22	25	9-1	17.0	21.1	-19	1.28	1.02	1.00	+7
Audax Resources	18	50	0-4	1.0	0.3	+268	0.99	4.82	1.00	+999
Auridiam Consolidated	7	20	1-2	2.5	0.9	+194	0.90	2.49	1.00	+172
Auridiam Consolidated	7	50	3-7	2.5	1.8	+38	0.90	1.67	1.00	+75
Auspine Ltd	200	400	2-1	5.0	12.4	-60	0.39	3.87	1.00	+40
Aust Kimb Diamonds	3	20	1-10	1.0	0.3	+243	0.92	2.30	1.00	+184
Beach Petroleum NL	4	20	3-5	1.6	0.8	+92	0.82	1.78	1.00	+69
Bionomics Ltd	93	50	1-0	45.0	54.4	-17	0.96	1.51	1.00	+2
Bolnisi Gold NL	8	20	0-7	0.6	0.3	+72	0.83	3.88	1.00	+365
Burns Philp	56	20	2-9	37.3	40.4	-8	0.57	1.33	1.00	+1
CMC Power Systems	13	25	1-8	3.3	3.9	-15	0.91	1.85	1.00	+59
Canbet	13	20	1-4	4.6	4.6	-1	1.09	1.69	1.00	+66
Cardia Technologies	9	20	3-7	3.0	5.0	-40	1.06	1.31	1.00	+32
Carnarvon Petroleum	5	400	0-8	0.2	0.0	+999	0.75	9.99	1.00	+999
Carnarvon Petroleum	5	25	1-8	1.9	0.3	+658	0.75	2.90	1.00	+174
Centamin	8	20	2-4	3.0	2.3	+33	0.83	1.82	1.00	+57
Central Kalgoolie	7	25	0-1	0.6	0.0	+999	1.23	9.99	1.00	+999
Chariot Internet	65	100	2-1	15.0	25.7	-42	0.88	1.65	1.00	+32
Charter Pacific	87	50	1-11	60.0	55.3	+8	0.88	1.38	1.00	+13
Chiquita Brands	95	110	2-2	20.0	17.4	+15	0.32	3.21	1.00	+16
Citie Centre Ltd	88	100	1-8	10.0	15.1	-34	0.35	3.33	1.00	+14
Citistate Corp	8	25	0-10	0.2	1.6	-87	1.35	2.02	1.00	+296
Clover	53	30	3-8	27.5	31.3	-12	0.40	1.57	1.00	+2
Cluff Resources	4	20	1-1	1.0	0.0	+999	0.53	6.82	1.00	+397
Cobra Resources NL	7	20	2-1	2.1	2.3	-10	1.03	1.66	1.00	+74
Consolidated Mineral	38	20	1-4	18.0	21.2	-15	0.63	1.64	1.00	+0
Cranswick Premium	250	195	1-7	65.0	79.1	-18	0.26	2.81	1.00	+3
Craton Resources	34	25	2-4	16.0	18.7	-15	0.72	1.51	1.00	+8
Deepgreen Minerals	1	20	0-7	5.0	0.0	+999	1.09	5.37	1.00	+999
Defiance Mining NL	3	20	2-7	0.9	0.7	+34	1.00	1.76	1.00	+112
Diamond Ventures NL	8	20	1-7	1.6	2.1	-23	1.02	1.84	1.00	+90
Dioro Exploration	8	20	3-2	2.6	3.1	-17	0.89	1.53	1.00	+40
Downer Group Ltd	59	50	0-3	6.0	13.7	-56	0.73	3.24	1.00	-19
E-Financial Capital	32	50	2-5	3.7	2.0	+83	0.26	4.75	1.00	+24
ECAT Development	6	30	0-9	0.5	0.2	+108	1.16	2.90	1.00	+882
Eftnet Technologies	40	20	3-10	25.0	34.0	-26	1.17	1.11	1.00	+3
Empire Oil & Gas	11	20	2-1	3.0	2.6	+17	0.67	2.15	1.00	+42
Euroz	41	50	4-0	20.0	31.1	-36	1.15	1.16	1.00	+14
Federation Res.	197	400	1-5	70.0	54.9	+27	0.99	1.88	1.00	+85
Fimiston Mining NL	10	30	0-10	3.0	2.0	+53	1.33	2.03	1.00	+319
Franked Income Fd	485	580	2-1	22.0	54.8	-60	0.23	4.53	1.00	+11
GPS Online.com	16	40	1-7	3.8	5.4	-30	1.14	1.66	1.00	+89
Gemstock Corporation	9	20	1-6	1.8	4.0	-55	1.43	1.44	1.00	+87
General Gold Res.	4	20	1-7	1.3	0.0	+999	0.57	4.53	1.00	+202
Giants Reef Mining	5	20	0-7	0.7	0.1	+881	0.90	4.31	1.00	+968
Glengarry Resources	4	75	1-5	0.8	0.1	+725	1.13	2.61	1.00	+743
Glengarry Resources	4	20	0-1	0.2	0.0	+999	1.13	1.00	1.00	+999
Global Business	14	20	5-1	8.1	10.7	-24	1.06	1.15	1.00	+15
Global Business	14	100	1-6	2.0	1.3	+49	1.06	2.24	1.00	+276
Globe Securities	10	20	3-1	2.5	6.7	-63	1.28	1.22	1.00	+30
Gold Partners NL	6	20	1-7	3.0	2.0	+52	1.36	1.56	1.00	+150
Golden Triangle	9	20	2-1	1.7	2.8	-40	0.95	1.70	1.00	+57
Golden Valley Mines	4	20	1-7	1.2	0.4	+186	0.98	2.24	1.00	+201
Goldsearch Limited	7	20	1-8	2.4	2.9	-18	1.37	1.46	1.00	+104
Goldstream Mining	37	20	0-10	20.0	18.4	+9	0.61	1.84	1.00	+12
Gradipore Ltd	515	250	1-1	315.0	285.9	+10	0.48	1.74	1.00	+9
Greater Pacific	3	20	1-11	0.9	0.6	+58	1.21	1.74	1.00	+197
Green's Foods Ltd	43	50	1-3	11.0	5.1	+115	0.33	4.19	1.00	+32
Greenstone	10	20	0-7	1.1	1.8	-39	1.31	2.22	1.00	+293
Gutnick Resources	20	38	2-4	6.1	16.3	-63	0.93	1.58	0.50	+35
Gympie Gold Limited	41	80	0-7	2.6	0.2	+999	0.44	8.20	1.00	+232
Hill 50 Gold NL	79	70	1-6	25.0	21.3	+17	0.35	2.83	1.00	+13
Hunter Exploration	8	25	0-7	1.2	0.3	+378	0.97	3.66	1.00	+716
Huntley Investment	57	50	0-6	7.0	8.8	-21	0.17	5.92	1.00	+0
IHG Limited	31	20	0-7	16.0	14.4	+11	0.95	1.83	1.00	+29
Imperial	8	20	2-8	2.5	1.4	+80	0.60	2.29	1.00	+47
Impress Technologies	9	20	0-5	1.4	0.3	+311	0.93	4.08	1.00	+721
Infosentials	15	75	2-4	2.5	1.2	+105	0.72	2.49	1.00	+105
Infosentials Limited	15	25	0-1	2.0	0.0	+999	0.72	9.99	1.00	+999
Intercontinental Gold	4	20	2-7	1.1	0.8	+36	0.86	1.93	1.00	+87
International Equities	2	20	0-7	0.3	0.0	+999	0.26	9.99	1.00	+999
Isis	31	125	0-1	0.6	0.0	+999	1.21	9.99	1.00	+999
JAM Developments	20	25	5-0	9.0	14.8	-39	0.98	1.18	1.00	+11
Jervois Mining NL	4	20	1-3	0.8	0.1	+999	0.76	3.63	1.00	+307
KCG Mines	18	20	4-0	10.0	17.1	-42	1.93	1.03	1.00	+14
Kalrez Energy NL	4	20	2-7	0.9	1.2	-25	1.14	1.53	1.00	+100
Kanowna Lights NL	10	20	1-2	2.6	3.9	-33	1.36	1.59	1.00	+103
Kimberley Diamond	20	130	2-8	4.5	3.9	+16	0.93	1.85	1.00	+104
Kimberley Oil NL	16	20	1-0	6.0	5.9	+2	1.15	1.73	1.00	+68
Kingstream Steel	17	110	1-8	6.0	0.4	+999	0.72	3.29	1.00	+217
Lafayette Mining NL	8	20	0-10	1.7	0.3	+435	0.72	3.79	1.00	+241
Lang Corporation	987	875	4-1	230.0	376.6	-39	0.27	2.19	1.00	+3
Legend Mining NL	12	20	1-4	2.9	3.3	-12	0.90	1.99	1.00	+62
Lumacom	15	20	2-7	7.7	8.7	-11	1.05	1.35	1.00	+27
M2M Corporation	19	20	9-3	7.7	18.1	-57	1.22	1.03	1.00	+4
Macmin NL	5	20	0-3	0.2	0.0	+999	0.83	9.99	1.00	+999
Magna Pacific	32	5	2-6	5.5	27.7	-80	0.87	1.12	1.00	-36
Magna Pacific	32	25	0-7	15.0	11.5	+31	0.87	2.11	1.00	+51
Majestic Resources	26	20	2-7	15.5	13.9	+11	0.67	1.54	1.00	+13
Medica	108	75	0-6	42.0	40.9	+3	0.72	2.24	1.00	+17
Menzies Court	14	20	0-4	0.3	0.2	+24	0.48	8.03	1.00	+205
SMetabolic	50	20	2-8	36.0	35.4	+2	0.65	1.33	1.00	+4
Metex Resources	8	20	3-7	2.7	2.6	+6	0.70	1.74	1.00	+34
Metroland Australia	16	20	0-6	2.3	3.8	-40	1.10	2.33	1.00	+94
Mineral Commodities	8	20	0-4	0.3	0.2	+53	1.04	4.35	1.00	+999
Minerals Corporation	25	20	1-0	7.0	9.1	-23	0.63	2.15	1.00	+8
Minotaur Gold NL	13	20	1-1	6.0	5.6	+7	1.35	1.56	1.00	+90
Molopo Australia NL	9	20	2-10	3.6	2.8	+31	0.79	1.73	1.00	+43
Mosaic Oil NL	17	25	1-7	5.0	2.9	+74	0.56	2.67	1.00	+46
Mt. Grace Resources	21	20	0-0	1.0	0.5	+100	0.75	9.99	1.00	+999
My Money Group	13	21	0-3	1.5	0.7	+103	0.91	4.67	0.83	+733
New Hampton Gldflds	23	23	0-5	4.0	2.8	+45	0.47	4.62	1.00	+55
New Holland Mining	2	20	1-10	0.5	0.8	-40	1.82	1.33	1.00	+277
Nonferral Recyclers	27	50	0-8	2.6	0.5	+392	0.51	5.77	1.00	+180
Normandy Mining	95	250	0-5	1.0	0.0	+999	0.35	9.99	1.00	+929
Norwest	34	20	1-7	20.5	20.1	+2	0.85	1.47	1.00	+12
One Three One Shop	6	75	1-2	0.6	0.3	+140	1.20	2.53	1.00	+777
Optiscan Imaging Ltd	212	20	1-4	180.0	193.6	-7	0.65	1.09	1.00	-4
PEG Technology	40	50	0-6	2.1	1.0	+106	0.31	8.77	1.00	+70
Pacific Strategic	20	30	3-4	2.5	5.0	-50	0.44	2.26	1.00	+16
Pahth Telecom.	14	20	2-7	5.0	9.1	-45	1.24	1.25	1.00	+25
Pancontinental	5	20	1-4	1.4	0.6	+142	0.98	2.32	1.00	+202
Pima Mining NL	35	20	1-4	22.0	18.3	+20	0.60	1.72	1.00	+15
Pinnacle VRB Limited	36	20	0-2	21.5	16.3	+32	0.83	2.14	1.00	+135
Platgold Pacific NL	12	20	0-7	1.0	2.5	-59	1.24	2.21	1.00	+181
Plenty River	25	20	1-8	14.5	12.7	+14	0.84	1.57	1.00	+21
Pocketmail	6	40	0-1	0.2	0.0	+999	2.01	7.10	1.00	+999
Precious Metals	7	65	0-7	0.5	0.0	+999	0.58	5.35	1.00	+999
Prima Resources NL	7	20	1-0	1.7	0.8	+120	0.93	2.60	1.00	+206
Pulsat Communicat.	12	200	2-2	3.0	1.0	+211	1.05	2.12	1.00	+269
Pulsat Communicat.	12	20	2-10	4.9	6.7	-27	1.05	1.35	1.00	+29
Quadrant Australia	4	20	0-7	0.7	0.2	+236	1.24	2.96	1.00	+999
Quiktrak Networks Ltd	10	20	1-4	2.7	1.8	+49	0.82	2.30	1.00	+88
Rand Mining	106	20	0-7	80.0	87.0	-8	1.10	1.21	1.00	-10
Redfire Resources NL	9	20	0-2	0.6	0.2	+259	1.18	5.34	1.00	+999
Redflex Holdings	189	350	2-1	45.0	19.1	+136	0.44	3.26	1.00	+42
Reefton Mining NL	6	20	3-0	2.2	2.8	-22	1.08	1.42	1.00	+54
Ridley Corporation	61	65	1-5	16.0	11.4	+40	0.37	3.27	1.00	+22
SSH Medical	44	40	1-7	18.0	16.7	+8	0.63	1.95	1.00	+19
Sabre Resources	24	20	1-0	1.1	21.1	-95	3.15	1.06	1.00	-10
Seafood Online.com	12	20	2-9	4.5	3.4	+33	0.60	2.00	1.00	+30
Senetas Corporation	33	30	3-6	24.0	26.0	-8	1.27	1.13	1.00	+16
Shield Equities	9	20	0-10	1.2	2.3	-48	1.31	1.92	1.00	+180
Sirocco Resources NL	15	20	0-1	4.0	0.5	+656	1.17	6.03	1.00	+999
Stericorp	28	40	0-11	5.1	5.2	-2	0.76	2.59	1.00	+68
Strata Mining	3	20	2-1	0.9	0.3	+162	0.89	2.20	1.00	+150
Sun Resources NL	8	25	1-7	5.4	1.2	+351	0.87	2.24	1.00	+134
Sydney Gas Company	43	20	0-7	29.5	24.2	+22	0.70	1.71	1.00	+27
Sydney Gas Company	43	100	1-10	14.5	7.0	+108	0.70	2.37	1.00	+71
Tanami Gold NL	12	20	1-0	2.6	1.3	+104	0.67	3.10	1.00	+97
Technology Invest.	108	110	0-1	3.0	3.5	-15	0.34	14.19	1.00	+72
Technology Licencing	25	50	1-2	9.0	4.5	+99	0.86	2.33	1.00	+109
Telco Australia Ltd	37	25	0-1	22.0	12.4	+77	1.25	2.62	1.00	+999
Tiger Resources	14	23	0-10	20.5	4.7	+335	1.31	1.78	1.00	+284
Timemac	5	20	3-7	1.7	3.5	-52	1.40	1.18	1.00	+50
Travelshop Ltd	20	20	4-0	5.8	11.7	-50	0.72	1.39	1.00	+7
Union Capital	13	20	1-2	7.3	7.4	-1	1.67	1.34	1.00	+89
Vincorp Wineries	9	40	1-0	0.5	0.1	+500	0.67	4.60	1.00	+335
Vital Capital	25	20	8-6	12.0	21.0	-43	0.86	1.09	1.00	+3
Voicenet (Aust)	75	50	0-1	24.0	25.9	-8	1.03	2.71	1.00	-15
Vos Industries Ltd	19	50	1-8	10.0	1.1	+838	0.55	3.44	1.00	+99
WRF Securities	45	35	4-1	14.0	26.3	-47	0.60	1.43	1.00	+2
Wells Gold	2	20	2-4	0.3	0.2	+88	1.02	2.03	1.00	+205
West Australian Metals	10	20	1-10	4.1	4.4	-7	1.24	1.46	1.00	+67
West Oil NL	23	30	0-7	7.0	3.9	+78	0.83	2.84	1.00	+126
Wet Dreams	5	20	2-1	1.1	2.4	-55	1.42	1.37	1.00	+100
Willhart	19	35	2-11	10.0	9.8	+2	0.99	1.40	1.00	+34
Yamarna Goldfields	2	20	1-7	0.8	0.1	+873	0.95	2.64	1.00	+339
Zylotech Limited	12	20	0-10	4.2	2.5	+68	0.98	2.28	1.00	+132

"Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Held Before	After
06/10/2000					
Mainfreight	Armstrong Jones	Sell	-0.539	5.25%	4.51%
13/10/2000					
Nuhaka Farm Forestry	Evergreen Forest	Buy	+0.065	24.71%	28.40%
20/10/2000					
Baycorp Holdings	CR Bidwell	Sell	-5.770	6.53%	0.0%
Southern Capital	Armstrong Jones	Buy	+1.715	9.24%	11.59%
27/10/2000					
NZ Refining Company	Emerald Capital	Buy	+3.407	0.0%	14.20%
NZ Refining Company	FC Energy	Sell	-3.407	14.20%	0.0%
03/11/2000					
Designer Textiles	GAC Gould	Buy	+4.126	0.0%	11.55%
Nuplex Industries	Tower Asset Mgmt	Buy	+0.627	10.57%	11.67%
Southern Capital	AXA Asia Pacific	Buy	+0.847	8.69%	9.85%

Evergreen Forest's purchase of additional **Nuhaka Farm Forestry** units indicates good value in this fund which is just starting to harvest its forests. The purchase of an 11.55% stake in **Designer Textiles** by GAC Gould could be interesting - especially if the new shareholder can pressure management to lift performance.

The most interesting transaction, however, is CR Bidwell's sale of his remaining **Baycorp** shares. Baycorp shares trade at a huge valuation - which the *market* (and the company) seek to justify with its e-commerce and software interests. When a major shareholder and former director takes the money and runs . . . private investors would do well to follow the example of this knowledgeable insider. On the other hand, perhaps Bidwell's sale isn't a reflection on the value of Baycorp shares and he just needed a quick $68,663,000 in cash - but we don't think so!

Total Return Index for All Listed Shares

Oct 9	2201.86	Oct 16	2148.11
Oct 10	2187.28	Oct 17	2146.60
Oct 11	2162.88	Oct 18	2133.70
Oct 12	2140.08	Oct 19	2124.70
Oct 13	2118.18	Oct 20	2148.36
Oct 23	Holiday	Oct 30	2158.45
Oct 24	2151.00	Oct 31	2150.38
Oct 25	2151.48	Nov 1	2155.48
Oct 26	2139.75	Nov 2	2150.93
Oct 27	2148.30	Nov 3	2163.75

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D i v i d e n d $

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Auckland Int'l Airport	5.20	13-11	21-11	Full
Calan Healthcare	1.7513	13-11	01-12	Nil
Colonial Motor Company	9.50	30-10	06-11	Full
Hallenstein Glasson	9.50	11-12	15-12	Full
Infrastructure & Utilities	2.75	20-11	24-11	Full
Infrastructure & Utilities special	2.75	20-11	24-11	Full
Montana Group NZ	3.50	30-10	17-11	Full
Port of Tauranga	14.00	23-10	03-11	Full
Property For Industry	1.30	06-11	10-11	0.30
Sanford Limited	12.00	20-11	06-12	Full
Scott Technology	6.50	04-12	07-12	Full
South Port New Zealand	3.50	16-10	03-11	Full
Warehouse Group	4.00	13-11	27-11	Full
Williams & Kettle	8.00	13-11	27-11	Full
Australian Shares				
Abigroup	8.00	25-10	15-11	-
Central Equity	4.00	-	-	-
Utility Services special	5.00	-	-	-
Vision Systems	1.60	23-10	17-11	-
Vision Systems special	7.00	03-11	24-11	-

Current Issues

SHARE REPURCHASES

	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
Nufarm	5%, on-market
South Port	2 in 9, at 110c each
Utilico International	2 in 5, at 50c each
Warehouse Group	2½%, on-market

SHARE CONSOLIDATIONS

	Ratio	Ex-Date
Brierley Investments (1)	2 to 1	-

(1) Brierley will consildate 2 existing shares into 1 new share.

CASH ISSUES

	Ratio	Price	Ex-Date	Appln Date
FC - Forests (1)	2:1	25	13-11	08-12

(1) FC - Forests will issue convertible preference shares with identical rights as its ordinary shares, except that they rank ahead of the ordinary shares for the first 25 cents if the company is would up.

Next Issue

The next issue of "Market Analysis" will be posted in five weeks time on Tuesday December 11, 2000 and on our internet sites on Wednesday December 12.

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Birkenhead, Auckland. (66 Stanaway Street. Telephone 64-9-4199 427 Facsimile 64-9-4199 428 Internet: www.stockmarket.co.nz or www.stockmarket-research.com or www.stockmarket-research.co.uk Email: james@stockmarket.co.nz). Subscription Rate NZ$190 (including GST) per year.