

Market Analysis

Issue No. 342

P.O. Box 34-162, Auckland

December 12, 2000.

Inside Market Analysis

BUY Lyttelton Port Company	6, 7
Atlas Pacific secures site, harvests more pearls	4
C.S.R. soars on strong profit result	4, 5
PMP falls on profit warning	5

Australian Company Analysis: Retail Technology & Services	9, 10
The <i>New Capital Market</i>	10, 11, 12
Neglect Ratings	12, 13

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

Summary and Recommended Investment Strategy.

Despite the uncertain outlook, remain fully invested in Australian shares. In New Zealand we recommend reducing the cash reserve by 5% (to 20-25%) and buying shares in Lyttelton Port Company.

Investment Outlook.

Our **Forecast** for the NZ stockmarket predicts just a **24%** probability that share prices will be higher in twelve months time. Our **Short Term Trend Model**, however, is **Neutral** at **60%**.

The outlook for the Australian stockmarket is slightly better, with our **One-Year Forecast** only slightly Bearish (i.e. unfavourable) at **39%**.

We recently built up a cash reserve equal to 25-30% of our NZ portfolio, but will reduce that to 20-25%, re-investing some of this cash in shares of **Lyttelton Port Company**. This is a financially strong, low risk, niche business that should benefit from the lower NZ dollar - and the shares offer a very high income yield. Despite an uncertain stockmarket outlook we believe these shares will perform well over the next 6-24 months.

In New Zealand, previously neutral Monetary indicators have turned bearish (i.e. unfavourable) over recent months. Short term interest rates peaked in June and declined through to mid-September, but have since risen slightly. The inflation rate has also increased rapidly this year - starting January at *minus* 0.5% and now up to +3.5%. Central Banks around the world will now let the global economic slowdown control inflation - while looking forward to the need to cut interest rates in mid-2001 to prevent a recession. While the acceleration in NZ's inflation rate probably relates to the rapid decline in the exchange rate, the Reserve Bank is still talking about *raising* interest rates in the first half of next year to control inflation. If interest rates are raised - just as the global economy declines - the impact on the NZ economy could be very severe!

In Australia, Monetary indicators have improved from Bearish (i.e. unfavourable) to Neutral. Inflation is high - but resulting from the one-off impact of GST. The improvement comes from short term interest rates and corporate bond interest rates which have both declined over the last few months.

Looking towards the next upturn in global stockmarkets - probably in mid to late 2001 - we may invest part of our portfolio in a few Australian technology shares. Most companies in that sector lack meaningful

revenue, bleed cash and are unprofitable (and will not survive), but even the stronger technology shares are down 70-80% from their peaks. Prices will likely fall further over the next 6-9 months - but after that we should be able to pick up a few very good bargains!



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A. Barnett Ltd	C	95	0.50	21	Nil	Frucor Bev.	B	193	1.34	20	Nil	Property F Ind.	C	78	8.07	15	8.7
AMP Limited	A	2420	0.75	19	2.2	GDC Communicat.	C	336	N/A	40	Nil	Pure NZ Limited	E	6.1	2.65	NE	Nil
AMP NZ Office	C	83	5.94	11	9.3	Genesis Res.	D	685	N/A	NE	Nil	Radio Works NZ	C	760	1.73	20	Nil
AXA Asia Pac.	B	356	3.36	17	3.2	Goodman Fielder	B	162	0.49	12	6.2	Reid Farmers	B	86	0.56	10	8.7
Advantage Group	D	125	1.18	43	Nil	Grocorp Pacific	C	14	0.85	NE	Nil	Renaissance	C	92	0.26	74	1.6
Affco Holdings	C	43	0.09	8	Nil	Guinness Peat	C	154	2.45	13	2.0	Restaurant Brds	B	134	0.57	10	11.1
Air New Zealand	C	158	0.25	5	9.5	Hallenstein G.	C	228	0.82	12	12.1	Revesco Ltd *	N/R	115	9.26	74	Nil
Akd Int Airport	B	305	7.54	25	4.7	Hellaby Hold.	B	179	0.35	8	11.7	Richina Pacific	E	45	0.07	NE	Nil
Apple Fields	C	5.0	0.04	NE	Nil	Heritage Mining*	N/R	5.0	0.13	NE	Nil	Rocom Wireless	D	60	N/A	NE	Nil
Aquaria 21	D	2.3	0.39	NE	Nil	Horizon Energy	B	865	1.55	7	14.3	Roller Int'l *	N/R	40	0.21	NE	Nil
Baycorp Hold	B	1190	N/A	60	2.4	IT Capital Ltd	E	19	N/A	NE	Nil	Ryman Health.	C	168	3.61	13	3.1
Beauty Direct	D	9.0	N/A	NE	Nil	Ind Newspapers	C	330	2.19	34	3.2	SE Utilities	C	105	N/A	31	7.1
Bendon Limited	B	183	0.75	11	2.7	Infratil NZ	C	122	7.29	9	8.6	Sanford Limited	B	475	1.29	10	6.3
Brierley Invest	E	33	0.57	NE	Nil	Kingsgate Int'l	E	13	1.22	15	Nil	Savoy Equities	E	8.5	0.32	NE	Nil
Broadway Ind	D	25	0.10	25	Nil	Kiwi Developmnt	E	215	N/A	NE	Nil	Scott Tech. Ltd	B	220	1.40	12	7.5
CACI Group Ltd	C	47	N/A	NE	Nil	Kiwi Property	C	89	6.19	10	11.7	Seafresh Fish.	C	7.5	0.30	9	Nil
CDL Hotel NZ	D	19	0.41	11	5.5	Lion Nathan Ltd	A	532	1.36	18	3.5	Selector Group	D	15	N/A	NE	Nil
CDL Investments	D	21	1.30	7	17.8	Lytelton Port	B	150	2.63	10	10.2	Shotover Jet	D	39	0.74	35	Nil
Cabletalk Group	D	66	0.31	NE	Nil	Mainfreight Grp	C	133	0.31	11	6.7	Sky City Ltd	B	791	2.58	13	10.6
Cadmus Tech Ltd	D	14	N/A	NE	Nil	Manor Inns Grp	D	13	0.42	NE	Nil	Sky Network TV	E	300	4.18	NE	Nil
Calan Hlthcare	C	92	7.55	14	7.7	Max Resources	*N/R	13	N/A	NE	Nil	South Port NZ	B	113	1.91	19	7.3
Cap Properties	C	86	0.93	3	13.4	Metro. LifeCare	C	108	1.05	10	8.3	Southern Cap	D	74	7.91	NE	Nil
Carter Holt	C	171	0.91	18	3.5	Michael Hill	B	330	0.70	13	6.1	Spectrum Res. *	N/R	3.7	N/A	NE	Nil
Cavalier Corp	B	480	0.79	13	9.3	Mid-Cap Index *	N/R	180	N/A	NE	Nil	Steel & Tube	C	142	0.33	9	12.6
Cedenco Foods	A	136	1.66	8	Nil	Montana Group	A	380	1.81	27	2.7	Strathmore Grp	E	15	3.05	NE	Nil
Col FS Property	C	90	7.58	13	11.6	Mr Chips Hold	A	100	0.87	15	9.0	Submarines Aust	D	51	0.24	NE	Nil
Col Motor Co	B	250	0.24	10	11.0	NZ Experience	D	11	0.90	NE	Nil	Summit Gold Ltd*	N/R	7.0	N/A	NE	Nil
Commsoft Group	C	150	N/A	NE	Nil	NZ Invest Trust*	N/R	430	N/A	NE	1.9	Tag Pacific Ltd	D	23	0.33	6	3.5
Compass Com.	C	54	N/A	NE	Nil	NZ Oil and Gas *	N/R	30	1.91	NE	Nil	Tasman Agric.	C	130	3.49	13	2.3
Contact Energy	B	295	2.05	29	8.8	NZ Refining Co	A	1275	1.48	54	5.5	Taylors Grp Ltd	C	113	0.70	12	7.9
Cue Energy Ltd * N/R	5.2	1.80	NE	Nil	Nat Property Tr	C	76	5.23	10	12.2	TeNZ *	N/R	85	N/A	NE	Nil	
DB Group	A	510	0.64	14	4.7	National Mail	E	38	N/A	NE	Nil	Telecom Corp	C	561	2.27	13	12.2
Dairy Brands	C	42	2.91	NE	Nil	Natural Gas	B	139	1.54	12	5.4	Tourism Hold.	D	192	0.89	11	6.7
Damba Hold Ltd	C	44	0.78	21	Nil	Newcall Group	D	11	3.37	NE	Nil	Tower Limited	B	523	0.97	22	2.9
Design Textiles	D	25	0.13	8	11.9	Newmarket Prop.	C	48	N/A	6	19.8	Trans-Tasman	E	19	1.03	4	Nil
Dorchester Pac	B	106	0.76	8	8.4	Northland Port	A	170	1.36	16	6.6	Trans Alta NZ	B	275	1.58	19	5.5
E-Force Limited	D	8.8	0.52	NE	Nil	Nufarm Limited	C	400	0.33	9	4.9	Tranz Rail Hold	C	340	0.72	6	2.5
E-Phone Ltd	E	11	N/A	NE	Nil	Nuhaka Forestry	D	1280	7.10	NE	Nil	Trust Power Ltd	C	301	1.06	17	8.2
E-Ventures NZ	E	28	N/A	NE	Nil	Nuplex Indust	B	335	0.49	11	6.7	United Networks	B	800	2.69	11	7.5
E-cademy Hold.	E	4.0	N/A	NE	Nil	Opio Forestry	D	50	N/A	39	Nil	Utilico Int'l	D	36	N/A	NE	Nil
Ebos Group Ltd	C	289	0.96	18	6.7	Otter Gold Mine*	N/R	41	0.27	NE	Nil	Vending Tech.	C	160	0.15	NE	Nil
Eldercare NZ	D	18	1.06	5	Nil	Owens Group Ltd	D	85	0.14	12	7.9	Warehouse Group	A	583	1.52	23	3.2
Evergreen	D	52	3.49	13	Nil	Ozzy (Tortis) *	N/R	259	N/A	NE	Nil	Waste Mgmt NZ	A	435	3.88	40	2.1
FC - Energy	A	840	1.84	18	3.2	PDL Holdings	C	400	0.15	10	Nil	Williams Kettle	A	295	0.27	10	7.6
FC - Forests	D	26	0.43	4	Nil	Pacific Retail	C	140	0.19	8	Nil	World Index Fd *	N/R	216	N/A	NE	Nil
FC - Building	C	194	0.28	6	12.3	Port Tauranga	B	565	6.18	22	5.8	Wrightsons Ltd	B	57	0.13	10	10.5
Fisher & Paykel	B	732	1.04	16	5.1	Ports Auckland	B	445	3.82	13	6.0	Ave of 142 Cos	C	218	0.47	17	3.8
Force Corp.	D	27	0.76	9	5.5	Powerco Limited	C	140	0.49	NE	Nil						
A.G.L.	A	1252	1.52	17	4.1	Computer Share	B	940	N/A	NE	0.1	News Corporatio	C	1631	1.48	26	0.2
AJ Indust Trust	B	145	8.32	13	8.9	Corp Express	C	818	2.01	59	0.6	One Tel Ltd	D	58	2.27	NE	1.7
AJ Office Group	B	115	N/A	26	4.6	Crown Ltd	C	90	0.70	14	Nil	Open Telecom.	E	132	N/A	NE	Nil
AMP Diver. Prop	B	240	2.47	13	7.8	Data Advantage	A	580	8.96	NE	0.7	Orbital Engine	D	198	N/A	NE	Nil
AMP Ltd	B	1900	0.75	20	2.2	David Jones	B	144	0.34	12	5.6	Orica Ltd	C	580	0.40	11	6.0
AMP Office Trt	B	120	6.57	15	7.9	E.R.G.	C	298	4.43	52	0.7	Origin Energy	A	216	0.34	8	9.7
AMP Shop Centre	B	139	N/A	20	6.1	Email Ltd	C	285	0.36	15	8.6	Pacific Dunlop	C	148	0.26	11	6.8
ANZ Bank	A	1499	1.91	14	4.3	Energy Develop.	A	1298	N/A	69	0.4	Paladin Com.	B	124	7.45	14	7.7
APN News Media	C	434	2.15	25	2.9	Fairfax (John)	C	389	2.02	17	3.0	Paperlin X Ltd	B	350	0.47	13	1.4
AXA Asia Pac	B	284	3.35	17	3.2	Faulding (F.H.)	A	1120	0.86	29	1.9	Perp Trust Aust	A	3261	4.29	30	2.0
AXA Aust Div PT	B	119	8.29	14	7.4	Flight Centre	B	2305	0.78	47	1.1	Publishing & Br	C	1290	3.43	26	1.6
Advance Prop	B	175	8.31	14	7.0	Foodland Assoc	B	915	0.23	11	6.1	O.B.E. Insur.	B	936	0.86	25	3.1
Allintagas Ltd	C	313	1.85	NE	Nil	Foster's Brewin	B	460	2.30	18	3.2	O.C.T. Resource	C	119	1.04	NE	Nil
Amcor Ltd	C	520	0.44	12	7.3	Futuris Corp.	C	182	0.22	14	4.4	Qantas	B	371	0.48	9	15.9
Aristocrat	C	565	2.12	16	5.0	GWA Internat'l	C	186	0.89	13	9.7	Rio Tinto Ltd	B	2872	1.13	8	3.1
Aust Stock Exch	B	1360	6.84	24	4.1	Gandel Retail T	B	118	9.19	14	7.2	Rural Press Ltd	C	510	1.30	11	2.7
Aust Pipeline	C	246	N/A	NE	Nil	General Prop Tr	B	283	6.86	16	6.8	Seven Network	B	638	1.41	25	3.2
Austar United	E	192	5.96	NE	Nil	Ges Internat'l	C	123	0.45	21	1.0	Smith (Howard)	C	845	0.62	15	4.9
Australand Hold	C	117	0.70	5	10.3	Goodman Fielder	B	127	0.50	12	5.9	Smorgon Steel	C	112	0.37	12	8.0
Axon Instrument	C	138	N/A	NE	Nil	Guinness Peat	B	119	2.59	11	0.5	Sonic Health	B	888	3.84	80	1.7
BA Tobacco Aust	B	1338	0.51	17	64.8	Hardie (James)	B	355	0.82	10	5.1	Southcorp Ltd	B	535	1.24	16	3.9
BRL Hardy Ltd	B	805	2.21	23	1.9	Harvey Norman	B	390	N/A	NE	0.9	Spotless Group	B	714	0.79	38	2.8
Bank of W.Aust	B	372	3.34	14	4.8	Hills Motorway	B	459	8.71	NE	7.3	St George Bank	A	1326	1.61	16	4.1
Bendigo Bank	A	535	1.22	16	4.5	Hutchison Tel.	D	190	2.76	NE	Nil	Stockland Trust	B	405	6.60	17	6.4
Bidvest	B	285	0.19	15	2.7	Incitec	C	520	0.69	19	4.4	Suncorp-Metway	A	1035	0.95	10	4.4
Billabong Int'l	C	472	N/A	NE	Nil	Infomedia Ltd	C	241	N/A	NE	Nil	TAB Ltd	B	348	0.35	29	3.2
Boral Limited	C	194	0.43	9	9.3	Jupiters	B	390	1.38	14	4.4	Tabcorp Holding	B	1110	2.48	24	4.2
Brambles Ind.	B	4505	2.10	28	1.8	Kaz Computer	C	117	9.69	NE	0.7	Telstra	C	628	2.03	10	2.9
Brickworks Ltd	A	4750	3.36	15	2.6	Lang Corporatio	B	1147	2.37								

Recommended Investments

Air New Zealand's bid to acquire all of Australian regional airline **Hazelton Airlines** (after buying a 20% shareholding) has turned into a bidding war with **Qantas**. Air NZ subsidiary Ansett originally made a takeover offer at A\$0.90, which was over-bid by Qantas offering A\$1.20. Ansett's offer has since been raised to A\$1.35 - with Qantas indicating that it may raise its own offer. In the meantime, there are buyers for Hazelton Airlines shares on the market offering 151 cents.

Nufarm has successfully sought to speed up the rationalisation of the Australian agricultural services industry by making a market bid of A\$1.30 for all of the shares in **IAMA** (in which Nufarm held a 19.91% stake). As a result IAMA has announced plans to merge with **Wesfarmers Dalgety**. To acquire the business, IAMA is to issue 116 million new shares to **Wesfarmers**, lifting their shareholding in IAMA to 60%. Minority IAMA shareholders will have the right to either hold their IAMA shares or will be offered A\$1.65 per share

in cash - probably through a share buy-back.

Nuplex Industries is to expand its Special Wastes business with the acquisition of Australian based **Medihold International** for A\$20.95 million (i.e. A\$18.7 million in cash and the issue of 935,158 new shares). The private company, operating from Melbourne and Sydney, is involved in the collection, treatment and disposal of medical and quarantine waste.

Nuplex Industries also reports group profits for the first four months of the new financial year are "well ahead" of the previous year.

Radio Works New Zealand has reported for the five-month period to August 31 owing to a change in its balance date. Revenue for the period was \$22.5 million and trading profits were \$1,994,000. No dividend will be paid, which should leave the company debt-free by mid-2001 when the 101-108 MHz FM spectrum will be auctioned by the government. New spectrum will enable Radio Works NZ to *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Perform- mance 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 %
NZ Shares													
HOLD+	Air New Zealand "A"	AIRVA	08/10/96	244*	C	756.7	1.0	0.25	5	9.5	158	74.7	-5%
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	D	171.4	2.1	1.30	7	17.8	21	4.5	+2%
HOLD+	Cavalier Corporation	CAV	05/12/95	312	B	36.0	0.9	0.79	13	9.3	480	136.0	+97%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.8	0.24	10	11.0	250	196.8	+198%
BUY	Lyttelton Port Company	LPC	12/12/00	150	B	101.7	1.1	2.63	10	10.2	150	Nil	
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.6	0.9	0.70	13	6.1	330	68.0	+765%
HOLD	Nufarm Limited	NUF	11/02/97	505	C	155.3	0.8	0.33	9	4.9	400	74.7	-6%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	B	56.3	1.0	0.49	11	6.7	335	36.0	+6%
HOLD	Radio Works NZ Ltd	RWL	08/12/92	205	C	12.3	0.5	1.73	20	Nil	760	121.0	+330%
BUY	Renaissance Corp	RNS	13/08/96	85*	C	35.3	2.1	0.26	74	1.6	92	5.4	+15%
HOLD	Richina Pacific	RCH	03/11/95	119*	E	72.2	1.7	0.07	NE	Nil	45	11.9	-52%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	1.1	1.91	19	7.3	113	38.8	+26%
BUY	Steel & Tube Holdings	STU	08/08/00	146	C	87.7	1.3	0.33	9	12.6	142	7.0	+2%
BUY	Taylors Group Ltd	TAY	09/11/99	102	C	24.3	1.2	0.70	12	7.9	113	6.0	+17%
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	B	47.7	0.9	0.13	6	8.0	187	29.0	-18%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	C	54.8	2.2	2.00	8	Nil	22	Nil	-71%
HOLD+	Auspine Limited	ANE	08/02/00	210	B	57.0	0.8	0.49	6	9.6	230	22.0	+20%
HOLD	Biron Corporation Ltd	BIC	12/04/94	178	C	21.8	2.0	1.48	NE	Nil	26	11.0	-79%
BUY	Campbell Brothers Ltd	CPB	12/10/99	435	B	31.3	0.7	0.53	12	5.8	469	27.0	+14%
HOLD	Central Equity Ltd	CEQ	09/02/94	154	C	82.1	0.8	0.80	6	8.5	213	83.0	+92%
BUY	C.S.R. Limited	CSR	11/07/00	436	B	982.5	0.8	0.66	10	5.1	470	11.0	+10%
HOLD	Hamilton Island Ltd	HAM	09/11/99	205	A	45.0	0.8	1.32	9	3.4	265	9.0	+34%
BUY	McPherson's Ltd	MCP	10/10/00	125	C	39.2	1.0	0.20	4	9.9	121	Nil	-3%
HOLD	PMP Communications	PMP	09/02/99	309	C	253.4	1.1	0.19	5	17.6	116	40.8	-49%
HOLD	Thakral Holdings	THG	10/11/98	65	B	576.1	1.3	1.23	9	10.4	60	12.1	+11%
HOLD+	Toll Holdings	TOL	08/09/98	240	A	61.3	0.7	0.51	18	2.4	1170	43.0	+405%
BUY	Utility Services Corp	USC	11/01/00	55*	C	104.5	1.4	1.04	22	Nil	80	5.0	+55%
HOLD+	Vision Systems Ltd	VSL	10/11/98	69*	B	143.9	0.8	2.18	41	1.4	220	12.8	+237%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +72.5%. This is equal to an average annual rate of +21.2%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 29 current and 111 closed out) is +30.2%, compared with a market gain of +11.2% (by the SRC Total Return Index).

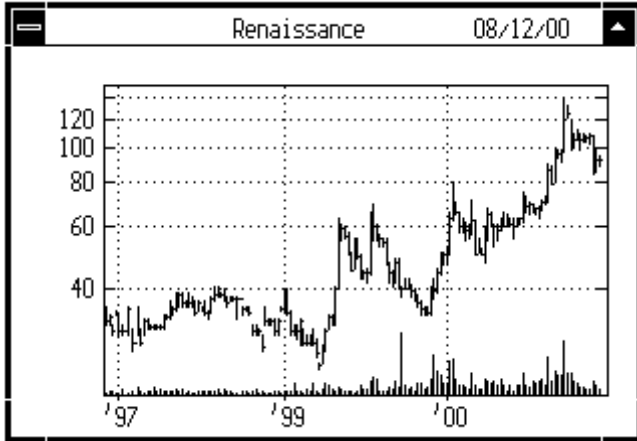
CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

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

(1) Atlas Pacific notes (ATPG) last traded at 22 cents.

Recommended Investments (Continued from Page 3) complete the expansion of its network into all of the main metropolitan markets.

Renaissance Corporation's share price fell 12% over the last month - probably in response to the 20% fall by the NASDAQ index. Lower technology share prices would making it more difficult to float **Conduit** in Singapore - but Renaissance has a sizeable NZ business and remains an attractive investment.



South Port New Zealand has completed its 22.2% (i.e. 2 in 9) share buy-back, re-purchasing 19.03% of its capital at A\$1.10 per share. The issued capital is now 26,234,898 shares. Interests associated with this newsletter followed the advice in last month's newsletter and chose not to sell any shares to the company.

Steel & Tube Holdings reports that "trading conditions remain difficult" but that results since its June 30 balance date are "slightly ahead of last year". This is the *perfect* situation for making a counter-cyclical purchase of shares in Steel & Tube. Buy low, collect a high dividend yield for several years - and sell out in three or four years when the trading situation improves and institutional investors are paying 400-600 cents per share to buy into the company!

Taylors Group has reported the new financial year has started with "a strong first quarter". The company's Australian parent company, **Spotless Group**, has recently raised A\$104.6 million in new equity via a share placement. We believe that sooner or later Spotless Group will buy out the minority shareholders in Taylors Group and merge that company with its other NZ operations. In the meantime, Taylors Group shares offer a good income yield, look undervalued and could appreciate strongly in value as profits continue to grow.

Australian Shares

Atlas Pacific has reviewed security following unsuccessful attacks by thieves in October (in which an employee was killed). The company "is satisfied that it can adequately secure the safety of employees and protect its assets, particularly nucleated oysters".

A further 10,271 pearls were harvested in November and sent to Sydney for cleaning, grading, valuation and sale. On average these pearls are 22% larger than pearls from the previous four harvests. These pearls will probably be sold early next year, so revenue (and profits) from these pearls will not be included in the current financial year (to December 2000).

Biron Corporation has finalised an agreement -

subject to shareholder approval in February 2001 - to sell its created emerald business to **Gemhouse Online.com Inc** and has received a non-refundable A\$250,000 deposit. Details of the sale are unclear, but it appears that Biron will receive approximately book value - about A\$3.0 million - for the plant, machinery, stock and debtors involved in this business. Biron will retain its Land & Buildings (worth \$2.6 million) with the premises involved in emerald production being leased to Gemhouse for A\$150,000 per year on a two year lease. Biron's Land & Buildings will also be used as security for the Gold loan (gold is used in emerald production) and receive an undisclosed security fee.

This will raise the company's cash holding to A\$6.0 million (27.5 cents per share), with other assets being Land & Buildings worth A\$2.6 million (11.9 cents per share) and 5.4 million Atlas Pacific convertible notes worth A\$1.24 million (5.7 cents per share). Biron has no debts, so net asset backing will be 45 cents per share. The company is "actively seeking alternative business opportunities".

Campbell Brothers has lifted revenues by 27.3% to A\$161.2 million for the six months to September 30. Trading profits rose 10.5% to A\$6,141,000 (19.6 cents per share) and the interim dividend is being raised 18.2% to 13.0 cents. In addition, the company realised an A\$4,079,000 gain on the sale of its Brisbane head office.

The **Soap & Chemical** division lifted revenues 22.4% to A\$112.4 million and earnings (before interest and tax) 14.3% to A\$7.9 million. **Laboratory Services** revenues increased 43.0% to A\$38.5 million with earnings up 19.9% at A\$4.8 million - aided by the October 1999 acquisition of **Chemex Laboratories**. **Distribution** recorded a 27.5% lift in revenues to A\$9.1 million and a 62.8% jump in earnings to A\$0.4 million.

As part of the relocation of its Brisbane operation, Campbell Brothers sold its small soap manufacturing business to **Faulding Healthcare** for A\$4.6-4.8 million plus stock on December 1 - realising an A\$3 million abnormal gain which will be included in the second half result.

Central Equity has awarded the fixed time, fixed price construction contract for *The Summit* apartment complex to **Multiplex Constructions**. This 26 level, 200 apartment project has a sales value of over A\$70 million - and has been 96% pre-sold.

Pre-selling ahead of construction and building on fixed price contracts offers Central Equity many advantages. Firstly, it avoids the risk that a project does not sell and needs to be discounted. Secondly, there is no risk of cost over-runs eroding profit margins. Thirdly, the profit margin (i.e. the difference between its sales prices and the cost of the land, design and construction) is assured *before* construction begins.

CSR has performed strongly for the six months to September 30. Revenues fell 5.5% to A\$3,394.6 million but profits were up 20.9% to A\$271,100,000 (26.8 cents per share). Earnings per share rose 22.0% owing to the lower issued capital as a result of the share buy-back (which has reduced the issued capital by a further 2.5% since September 30). A steady 11.0 cents interim dividend will be paid.

CSR expects to finalise the US\$275 million sale of its

Gove alumina and bauxite operations - either to **Billiton** or **Alcan/Algroup** (which holds pre-emptive rights to buy on the same terms) by the end of March 2001. This sale will generate a "significant abnormal profit" but will also provide significant funds for debt reduction and to finance further expansion of core businesses.

CSR is also holding talks with several parties interested in purchasing its Sugar business - which could realise A\$800-1,400 million. **Citigroup** has submitted a bid on behalf of an undisclosed Asian group - widely believed to be **Taiwan Sugar Corporation** - while a rival bid has been received from a joint venture between listed construction group **Leighton Holdings** and a group of 1500 Queensland sugar farmers. CSR has assets of A\$1,019 million invested in its sugar business which currently generates only a low return. The sale of this business could generate an abnormal gain but more importantly using this money to repay debt or finance new acquisitions will boost pre-tax profits by A\$50-100 million per year.

McPhersons is experiencing mixed results as a result of the lower Australian dollar. The company's houseware products are imported in US dollars, so unless the company can raise local selling prices its profit margins will be significantly reduced during the second half of the year. On the other hand, its Australian book printing business has become more competitive against overseas printers - and the company reports "a high number of enquiries" from publishers.

Overall the company warns that profits may fall about 10% this year. Despite this, McPherson shares are very attractive as a long term investment owing to (1) their low valuation (i.e. low P/E, high Yield) and (2) the high *free* cash flow from operations - which is not needed in the business but can be distributed to shareholders or used to finance acquisitions and growth. The company has a capitalisation of only A\$40 million, so the shares can be difficult to acquire at times. Therefore a period of profit weakness offers an attractive buying opportunity for investors to build up an investment that has the potential to outperform strongly over the long term. Buy.

PMP Communications has changed its name to **PMP Ltd** and predicted that profits may fall 25% this year to A\$45 million (about 18 cents per share). The company will "also be reviewing its current dividend policy" which had been to maintain the annual dividend at 20.4 cents despite a fall in profits over recent years. Unfortunately, the period of low profits has continued so long that the company will now be forced to cut its dividend in line with current profitability.

An "industry wide fall in advertising and circulation" continuing into the second quarter are blamed for the expected fall in profits. The Print division is performing well - with earnings ahead of last year - as a result of recent restructuring and cost reductions.

PMP has appointed **ABN AMRO** to work on a "strategic review" of the company to "release shareholder value". The company will consider selling under-performing and non-core businesses, as well as strategic opportunities to strengthen its Australasian and UK/European publishing operations.

In early November, PMP director KE Cowley sold

250,000 shares at around A\$1.88, reducing his holding 15% to 1,356,511 shares.

Unfortunately, PMP shares have reacted so quickly - and so severely - to the current profit warning that this negative event is already fully reflected in the current lower share price! We recommend that investors continue to hold for recovery.

Thakral Holdings Group reports "strong first quarter results" for its Hotel division with a "better than anticipated contribution from the Olympics", two new Gaming Lounges have "exceeded expectations" and profits from its Retail and Commercial Property division "ahead of last year". The Property Development division will produce a lower first half profit but the company is "forecasting the full year result will exceed last year".

Although **Toll Holdings** shares are up five-fold since our initial recommendation just two years ago we have argued over recent months that the shares were "not looking expensive" and that the shares remained a "very attractive investment". The people who know Toll Holdings best - the insiders - also see good value in the shares at recent prices. Managing Director PA Little recently purchased 120,510 shares at around A\$10.77 (an A\$1.3 million additional investment in the company) while Group General Manager M Rowsthorn has bought 64,689 shares (an A\$0.7 million additional investment). What is even more significant about these purchases is that both men are already heavily over-weighted in Toll Holdings shares, so we would expect to see them *selling* to diversify their investments. PA Little now owns 8,984,147 shares (14.7% of the company, worth A\$105.1 million) while M Rowsthorn now holds 9,235,850 shares (15.1% of the company, worth A\$108.1 million).

One of Toll Holdings' e-commerce investments, **Australian Wine Exchange**, will become operational during the second half of 2001 with wine securities traded through the **Newcastle Stock Exchange**. Initially it is expected that 110 premium Australian wines will be listed and traded. Australian Wine Exchange will also receive an option to purchase equity in the Newcastle Stock Exchange, which expects to receive new broker members wanting to be able to trade for investors.

As we have previously discussed, Toll Holdings will warehouse premium wines, with producers, investors and consumers able to trade securities representing the ownership of the wine. This arrangement allows producers to sell stock early (releasing capital that would otherwise be tied up in stock), and allows consumers to buy at lower pre-release prices.

Following the sale of its main businesses **Utility Services Corporation** will pay its 5.0 cents special dividend on December 18, with the shares trading entitlement to the dividend from December 5.

After selling its Defence business, **Visions Systems** is earning commissions from the successful execution of specific major contract bids. The execution of a contract by **Tenix LADS Corporation** to provide bathymetric data to **Apache Energy Corporation** has resulted in Vision Systems receiving a commission that will increase its revenues, cash flow and pre-tax profits by \$250,000 for the half year to December 2000.

Share Recommendation: Buy Lyttelton Port Company

BUY Lyttelton Port

Lyttelton Port Company shares offer investors a high gross Dividend Yield of 10% from regular dividends. The company has also paid significant special dividends of 22.5 cents per share in 1998 and 10.0 cents per share in September this year. Operating a port is a relatively low risk, niche business and there is potential for steady growth - *without* the need for large capital expenditure.

Company History and Current Business

Lyttelton Port Company was floated on the NZ Stock Exchange in June 1996 when three district councils offered 19,000,000 shares at 100 cents each. The Christchurch City Council remains the largest shareholder with 66,631,730 shares or 65.6% of the company.

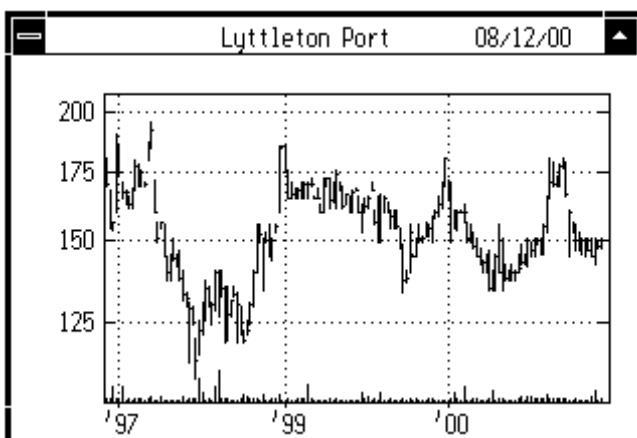
Lyttelton Port is a major container port, exports large volumes of coal (from the West Coast), imports bulk fuel and imports/exports other commodities. Port facilities are also used by fishing vessels and larger tourist vessels, and the port company also provides cool store, freezer warehousing and other storage facilities.

Recent Profit Results

As one would expect from a low risk, niche business, Lyttelton Port Company's revenues and profits have been very stable:

Year	Revenue (million)	Net Profit	Earnings per Share	Dividends per Share
1996	\$48.6	\$10,466,000	10.3	5.2
1997	\$52.2	\$12,290,000	12.1	6.0
1998	\$53.0	\$12,847,000	12.7	6.3
1999	\$55.3	\$13,151,000	13.0	7.3
2000	\$58.1	\$14,857,000	14.6	10.25

Revenues, however, have grown slowly but steadily by 4-5%p.a., profit growth has averaged 7-9%p.a. while dividends have grown by 20-25% as the company has increased its payout ratio from a low 50% of profits to a still conservative 70% payout last year. In addition, Lyttelton Port Company paid a special dividend of 22.5 cents in 1998 and 10.0 cents during the last year - which



suggests that regular dividend payouts have been too conservative (i.e. too low). Over the last five years the company has made total distributions of 67.55 cents (plus full imputation tax credits), equal to 108% of profits. Over the period, debt levels remained relatively unchanged and are low at \$12.2 million. So Lyttelton Port Company is a financially strong company that could further increase its dividend payout ratio from 70% of profits to around 100%.

Future Growth Potential

Future profit growth is possible by continuing to improve efficiency and reducing operating costs, as well as expansion of port facilities.

Over the last year the No 3 Wharf was refurbished at a cost of about \$2.4 million. A new computer system was implemented in April 2000 to track containers and optimise the location of containers to improve efficiency loading and unloading vessels and trucks. Some bugs in the system resulted in an initial *loss* of productivity - so the productivity gains will begin to accrue in the current financial year. A fourth container truck lane is under construction and truck activity on the container terminal is available by webcam over the internet (www.lpc.co.nz) enabling dispatchers to view traffic conditions before sending trucks. **P&O Nedlloyd** plans to start sending super container ships to Lyttelton port, which has a deep draught and easy navigation, but the company will need to increase crane capacity and the number of straddle carriers.

\$660,000 has recently been spent upgrading the storm water collection drains from the coal stockpile area but further expenditure is needed to treat the water prior to discharge to meet resource consents. The current weakness of the NZ dollar is favourable for coal exports, and the company reports that with "modest levels of capital expenditure" it can increase its coal handling volumes by 50%.

Lyttelton Port Company is also negotiating with the oil companies to rationalise their lease holdings. This would make six hectares of flat land immediately adjacent to the inner harbour available for additional cool stores and other warehousing.

Investment Criteria

At 150 cents, Lyttelton Port Company shares trade on a high Price/Sales ratio of 2.63, a low Price/Earnings ratio of 10 and offer a very high gross Dividend Yield of 10.2%. Port companies are able to maintain high profit margins as part of their business involves renting out access to their property assets, so a relatively high P/S ratio is justified. The low P/E and high Yield suggest that the shares are under-valued - especially with the steady growth that the company is able to generate.

Lyttelton Port Company shares qualify as a Buy under the Income Shares section of our Comprehensive Share Selection Criteria. With Telecom NZ cutting its dividend and experiencing a decline in profits, income

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 0-99	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 0-99	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0												
Wrightsons Ltd	57	+10.0	-3.6	9	-	0.7	7	1.7	10	10.5	0.13	76	Revesco Ltd	115	-2.2	-4.1	54	-	7.4	10	1.5	74	Nil	9.26	256
Col Motor Co	250	+2.6	-4.0	28	-	1.0	10	0.8	10	11.0	0.24	70	Calan Hlthcare	92	-4.8	-2.1	64	-	0.8	6	0.6	14	7.7	7.55	114
Renaissance	92	+28.9	-8.6	0	-	2.5	3	2.1	74	1.6	0.26	32	Infratil NZ	122	-0.8	-0.5	48	6	1.6	19	0.5	9	8.6	7.29	231
Williams Kettle	295	+9.3	+0.5	10	-	1.2	11	0.6	10	7.6	0.27	43	Nuhaka Forestry	1280	-0.7	-0.5	47	-	0.7	-	0.4	NE	Nil	7.10	23
Nuplex Indust	335	+2.7	+0.8	27	7	1.5	15	1.0	11	6.7	0.49	189	Kiwi Property	89	-0.8	-0.8	48	8	0.8	8	0.6	10	11.7	6.19	306
Reid Farmers	86	+6.8	-0.9	15	-	1.4	13	1.1	10	8.7	0.56	48	AMP NZ Office	83	-1.3	-1.8	50	6	1.4	13	0.7	11	9.3	5.94	208
Restaurant Brds	134	+0.1	+2.5	39	8	4.2	42	1.3	10	11.1	0.57	123	Nat Property Tr	76	-1.0	+0.6	49	-	0.8	8	0.6	10	12.2	5.23	30
DB Group	510	+11.9	+2.0	8	6	2.3	17	0.6	14	4.7	0.64	257	Sky Network TV	300	-10.0	-4.3	80	9	27.5	-	0.7	NE	Nil	4.18	1,097
Michael Hill	330	+0.5	+0.0	36	5	3.0	23	0.9	13	6.1	0.70	127	Ports Auckland	445	-3.3	+1.9	59	9	2.4	19	0.5	13	6.0	3.82	590
Tranz Rail Hold	340	+1.0	-3.0	34	8	0.9	15	0.9	6	2.5	0.72	411	Ryman Health.	168	-0.1	-1.5	42	4	2.1	16	0.7	13	3.1	3.61	168
AMP Limited	2420	+5.5	-0.5	20	-	2.7	14	0.7	19	2.2	0.75	26,053	Newcall Group	11	-31.7	-3.2	98	-	0.8	-	2.0	NE	Nil	3.37	10
Bendon Limited	183	+0.8	+0.2	34	5	1.6	15	1.1	11	2.7	0.75	56	Strathmore Grp	15	-18.7	-6.5	89	-	0.9	-	2.0	NE	Nil	3.05	29
Cavalier Corp	480	+12.1	+0.2	7	4	2.2	16	0.9	13	9.3	0.79	173	Pure NZ Limited	6	-25.2	-2.8	95	-	2.7	-	2.4	NE	Nil	2.65	2
Hallenstein G.	228	+2.3	+0.2	29	6	3.9	34	1.0	12	12.1	0.82	132	Lyttelton Port	150	-0.5	-3.5	46	6	4.6	45	0.8	10	10.2	2.63	152
Mr Chips Hold	100	+20.1	-0.7	2	-	3.2	21	0.8	15	9.0	0.87	15	Telecom Corp	561	-12.8	-0.1	83	9	8.7	68	0.6	13	12.2	2.27	9,848
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
Mr Chips Hold	100	+20.1	-0.7	2	-	3.2	21	0.6	15	9.0	0.87	15	Spectrum Res.	4	-48.7	+0.0	99	-	2.1	-	2.8	NE	Nil	N/A	3
Cavalier Corp	480	+12.1	+0.2	7	4	2.2	16	0.8	13	9.3	0.79	173	Newcall Group	11	-31.7	-3.2	98	-	0.8	-	1.9	NE	Nil	3.37	10
DB Group	510	+11.9	+2.0	8	6	2.3	17	0.5	14	4.7	0.64	257	Aquaria 21	2	-31.3	+0.5	97	-	0.6	-	3.4	NE	Nil	0.39	5
Wrightsons Ltd	57	+10.0	-3.6	9	-	0.7	7	1.4	10	10.5	0.13	76	Eldercare NZ	18	-26.4	-2.7	97	-	0.7	15	1.6	5	Nil	1.06	27
Williams Kettle	295	+9.3	+0.5	10	-	1.2	11	0.4	10	7.6	0.27	43	E-Force Limited	9	-26.0	-3.0	96	-	1.2	-	2.3	NE	Nil	0.52	3
Reid Farmers	86	+6.8	-0.9	15	-	1.4	13	0.9	10	8.7	0.56	48	Pure NZ Limited	6	-25.2	-2.8	95	-	2.7	-	2.2	NE	Nil	2.65	2
Affco Holdings	43	+6.3	-0.6	17	-	0.8	9	1.0	8	Nil	0.09	88	E-Phone Ltd	11	-25.1	-4.4	94	-	2.2	-	2.4	NE	Nil	N/A	12
AMP Limited	2420	+5.5	-0.5	20	-	2.7	14	0.6	19	2.2	0.75	26,053	Savoy Equities	9	-24.9	-10.1	94	-	0.4	-	2.5	NE	Nil	0.32	3
Nuplex Indust	335	+2.7	+0.8	27	7	1.5	15	0.9	11	6.7	0.49	189	FC - Forests	26	-21.9	-10.3	93	9	0.2	4	1.3	4	Nil	0.43	667
Col Motor Co	250	+2.6	-4.0	28	-	1.0	10	0.7	10	11.0	0.24	70	Advantage Group	125	-21.4	-4.7	92	7	1.2	3	0.9	43	Nil	1.18	75
Hallenstein G.	228	+2.3	+0.2	29	6	3.9	34	0.8	12	12.1	0.82	132	Force Corp.	27	-21.4	-0.8	92	5	0.8	9	1.4	9	5.5	0.76	42
Tranz Rail Hold	340	+1.0	-3.0	34	8	0.9	15	0.8	6	2.5	0.72	411	National Mail	38	-20.5	-4.2	91	-	-	-	1.0	NE	Nil	N/A	10
Bendon Limited	183	+0.8	+0.2	34	5	1.6	15	0.9	11	2.7	0.75	56	IT Capital Ltd	19	-20.4	-2.9	90	-	1.3	-	1.5	NE	Nil	N/A	28
Michael Hill	330	+0.5	+0.0	36	5	3.0	23	0.8	13	6.1	0.70	127	Selector Group	15	-18.9	-8.1	90	-	-	-	1.4	NE	Nil	N/A	N/A
Restaurant Brds	134	+0.1	+2.5	39	8	4.2	42	1.1	10	11.1	0.57	123	Strathmore Grp	15	-18.7	-6.5	89	-	0.9	-	1.9	NE	Nil	3.05	29
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													Otter Gold Mine												
Steel & Tube	142	-2.0	-0.8	52	8	1.0	11	1.0	9	12.6	0.33	125	Tag Pacific Ltd	23	-17.8	-2.4	87	-	0.6	10	1.3	6	3.5	0.33	15
FC - Building	194	-5.9	-2.1	69	9	0.7	11	1.1	6	12.3	0.28	665	E-Ventures NZ	28	-16.9	-2.5	85	-	1.2	-	1.4	NE	Nil	N/A	70
Telecom Corp	561	-12.8	-0.1	83	9	8.7	68	0.6	13	12.2	2.27	9,848	Cue Energy Ltd	5	-16.4	-1.7	85	-	0.6	-	2.4	NE	Nil	1.80	15
Hallenstein G.	228	+2.3	+0.2	29	6	3.9	34	0.8	12	12.1	0.82	132	Beauty Direct	9	-15.9	+4.3	84	-	0.7	-	1.6	NE	Nil	N/A	3
Restaurant Brds	134	+0.1	+2.5	39	8	4.2	42	1.0	10	11.1	0.57	123													
Sky City Ltd	791	+3.7	-0.7	22	9	4.8	38	0.5	13	10.6	2.58	762													
Lyttelton Port	150	-0.5	-3.5	46	6	4.6	45	0.9	10	10.2	2.63	152													
Air New Zealand	158	-7.5	-1.6	75	8	0.6	11	0.7	5	9.5	0.25	1,196													
Cavalier Corp	480	+12.1	+0.2	7	4	2.2	16	0.7	13	9.3	0.79	173													
Contact Energy	295	-0.2	+2.4	45	9	1.1	4	0.6	29	8.8	2.05	178													

investors are likely to switch to alternative low risk income shares like Lyttelton Port Company which should increase the shares current low valuation.

A market capitalisation of \$152 million makes this a medium sized NZ listed company. The shares are *moderately followed* by brokers (i.e. six brokers publish profit reports) but have a reasonably high level of institutional ownership. A dozen institutions own about 20% of the shares, which is about two-thirds of the shares that are not still owned by the original Council shareholders.

Technically the shares are drifting sideways. The Relative Strength rating is -0.5%, which ranks the shares 46 (on a scale of 0-99), or right in the middle of the NZ market in terms of performance.

Summary and Recommendation

We are recommending buying Lyttelton Port Company shares as these are an attractive *income* investment, with low risk and steady long term growth potential. The shares appear to be under-valued and the low NZ dollar should help boost export volumes through the port. Therefore we are looking for above average performance over the next 6-24 months, with the shares being re-rated as income investors buy into the company.

The shares will be particularly attractive to retired investors seeking high current income (plus some income growth and capital growth). More aggressive investors not requiring income should also consider an investment in Lyttelton Port Company shares to help maintain a *diversified* 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.

Company	STRENGTH RATING				Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Earth Sanct.	142	-9.7	-1.1	65	1-0	-	1.6	8	0.7	19	0.4	9.94	39
Telemedia Netwk	350	-9.4	-12.4	64	0-0	-23.3	-	0.7	NE	Nil	9.87	242	
Equatorial Min.	260	-5.3	+0.8	54	0-0	-	-	0.7	NE	Nil	9.85	92	
Bunnings W/hse	103	-0.1	+0.7	36	0-0	-	1.1	8	0.8	13	9.3	9.81	184
Kaz Computer	117	-25.4	+5.2	91	0-0	-58.5	43	0.8	136	0.7	9.69	600	
Aust Pure Fruit	82	-3.8	-2.4	48	0-0	-	2.4	-	0.8	NE	Nil	9.38	6
Ambition Group	90	-5.3	-0.2	54	4-0	-	-	-	0.8	NE	Nil	8.97	9
Micromedical	35	-8.1	-1.1	61	1-0	-	6.9	-	1.0	NE	Nil	8.94	43
Metroland Aust	13	-5.9	-8.0	56	2-0	-	1.3	-	1.3	NE	Nil	8.72	10
Templeton Globa	154	-3.0	-1.7	46	3-0	-	0.9	1	0.7	72	11.0	8.37	131
New Tel Ltd	72	-11.7	-4.7	69	1-0	-72.0	-	-	0.8	NE	Nil	8.04	72
Huada City	75	-5.1	+2.5	53	0-0	-	6.6	0.8	9	11.1	8.02	27	
Voiicenet (Aust)	48	-31.0	-8.5	96	0-0	-	1.8	-	0.9	NE	Nil	7.79	54
Sedimentary Hld	10	-10.1	-0.1	65	0-0	-	1.7	-	1.4	NE	Nil	7.52	17
Electrometals	16	-2.7	-1.9	45	0-0	-	-	-	1.2	NE	Nil	7.35	9
Zylotech	13	-18.5	-2.1	82	0-0	-	3.3	-	1.3	NE	Nil	7.34	9
AMP Ind Prop Tr	97	-1.9	-0.2	43	0-0	4	1.0	9	0.8	10	9.7	7.28	328
Canada Land	5	-13.0	-2.4	73	0-0	-	0.1	-	1.8	NE	Nil	7.25	5
Aust United In	320	-1.4	-0.5	41	1-0	-	0.8	4	0.7	23	3.9	6.97	205
Objectif Tele.	40	-32.1	-0.9	96	0-0	-13.2	41	1.0	32	Nil	6.79	47	
Ecorp Limited	191	-18.9	-0.5	82	0-0	-11.2	-	-	0.7	NE	Nil	6.71	403
Tectonic Res.	12	-4.4	-3.1	51	0-1	-	-	-	1.3	NE	Nil	6.67	16
Aust Infra.	188	-1.1	-0.7	40	0-0	6	0.8	12	0.7	7	8.5	6.42	275
Objective Corpo	65	-13.9	-3.3	74	0-0	-16.3	96	0.9	17	Nil	6.39	88	
Fleet Capital	160	-5.0	-5.7	53	0-0	-	1.4	-	0.7	NE	Nil	6.37	7
Primary Health	535	-1.8	-2.0	42	0-0	-44.6	55	0.6	81	1.3	6.31	443	
Queensland Opal	6	-8.8	-0.7	62	3-0	-	6.3	-	-	NE	Nil	6.12	7
Indust Inv Trt	144	-1.3	-0.5	41	0-0	5	-	-	0.7	10	10.1	6.02	209
Austar United	192	-21.3	-5.8	87	0-0	-	2.3	-	0.7	NE	Nil	5.96	960
Hillgrove Gold	7	-8.9	+3.0	63	0-0	-	-	-	1.6	NE	Nil	5.74	23
Adultshop.com	21	-29.3	-3.5	94	0-0	-	2.1	-	1.1	NE	Nil	5.68	42
Equico Corp Ltd	6	-16.9	-6.4	79	0-0	-	-	-	1.7	NE	Nil	5.59	10
FlowCom Limited	30	-12.5	-4.2	71	0-0	-	-	-	1.0	NE	Nil	5.33	23
FTR Holdings	21	-17.6	-4.9	80	0-0	-	-	-	1.1	NE	Nil	5.30	30
Macquarie Leis.	77	-1.2	-0.2	40	0-0	-	0.9	10	0.8	9	13.6	5.29	106
Armourglass Ltd	2	-19.2	-0.0	83	0-0	-	0.4	-	2.5	NE	Nil	5.11	5
Pie Networks	13	-20.7	-3.0	86	0-0	-	1.4	-	1.3	NE	Nil	5.00	6
Beston Wine Ind	86	-1.3	+1.8	41	0-0	-86.0	-	-	0.8	9	9.9	4.89	13
Formida Holding	210	-1.8	-4.1	42	0-2	-10.0	-	-	0.7	NE	Nil	4.81	49
Oil Search Ltd	151	-4.2	+0.3	49	0-0	13	-	-	0.7	47	Nil	4.73	870
E-Bet Limited	19	-20.1	-2.3	85	0-0	-	2.1	-	1.2	NE	Nil	4.71	13
World.net Serv.	50	-10.2	-1.5	65	0-0	-	-	-	0.9	NE	Nil	4.67	9
M2M Corporation	19	-14.0	-2.7	75	0-0	-	1.0	5	1.2	19	Nil	4.63	22
ETRADE Aust.	163	-14.9	-1.7	76	1-0	2	4.4	-	-	NE	Nil	4.54	111
Dominion Mining	38	-7.0	-1.0	58	0-0	-	-	-	1.0	NE	Nil	4.51	25
E.R.G.	298	-1.8	-2.0	42	0-3	8	7.6	15	0.7	52	0.7	4.43	1,851
CPT Global Ltd	113	-4.9	-1.5	52	1-0	-	9.4	10	0.8	96	8.0	4.34	32
Entertain't Wld	25	-18.3	-2.1	81	0-0	-	4.2	-	1.1	NE	Nil	4.32	8
M.Y.O.B. Ltd	300	-25.5	-0.3	92	2-1	-60.0	-	-	0.7	28	1.1	4.31	738
RP Data Limited	35	-7.9	-2.4	60	0-0	-	0.7	2	1.0	45	2.1	4.25	48
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Plexus Int'l	8	-47.5	-0.1	99	0-0	-	-	-	1.5	NE	Nil	2.34	7
Liberty One	6	-43.4	-0.8	99	0-0	-	3.2	-	1.6	NE	Nil	0.67	20
Eisa Ltd	14	-39.5	+0.7	99	0-0	-	-	-	1.2	NE	Nil	0.56	9
Timbercorp	174	-39.5	+0.8	98	0-0	-	3.2	54	0.7	6	4.0	2.09	345
Melbourne IT	124	-38.6	-3.7	98	0-0	-	6.5	11	0.7	61	1.5	4.16	62
Surfboard Ltd	14	-37.8	-2.9	98	0-0	-	-	-	1.2	NE	Nil	0.62	10
Spike Networks	20	-37.5	-3.0	98	0-0	-	-	-	1.1	NE	Nil	0.47	9

Company	STRENGTH RATING				Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
BMCMedia.com	48	-37.2	+0.6	98	0-0	-	7.9	-	0.9	NE	Nil	N/A	26
Copper Mines	1	-36.4	+1.6	98	0-0	-	-	-	2.9	6	Nil	0.54	8
ECAT Dev Cap'l	5	-35.7	-0.2	98	0-0	-	0.8	-	1.7	NE	Nil	N/A	9
POS Media	7	-35.3	-1.6	98	0-0	-	2.3	-	1.5	NE	Nil	N/A	5
Emitch Limited	31	-35.1	-1.0	98	0-0	-	3.9	-	1.0	NE	Nil	2.29	17
Solution 6	117	-34.4	-3.5	97	0-0	7	1.2	-	0.7	NE	Nil	0.88	175
Reckon Limited	22	-33.8	-7.7	97	0-0	-	0.8	-	1.1	NE	Nil	1.16	23
ISIS Com'cation	22	-33.6	-5.6	97	0-0	-	0.5	-	1.1	NE	Nil	2.01	20
IBA Technology	35	-33.3	-3.6	97	0-0	-	1.1	-	0.9	NE	Nil	3.13	38
Objectif Tele.	40	-32.1	-0.9	96	0-0	-13.2	41	0.9	32	Nil	6.79	47	
Channel E Ltd	15	-31.3	+2.1	96	0-1	-	1.5	-	1.2	NE	Nil	1.61	6
Day Trader HQ	30	-31.2	-4.9	96	3-0	-	1.9	12	1.0	15	Nil	1.05	6
Webpsy Limited	10	-31.1	-1.4	96	0-0	-	-	-	1.4	NE	Nil	N/A	11
Voxson Limited	80	-31.0	+0.0	96	0-0	-	0.0	-	0.8	NE	Nil	4.03	23
Voiicenet (Aust)	48	-31.0	-8.5	96	0-0	-	1.8	-	0.9	NE	Nil	7.79	54
ICS Global Ltd	33	-30.6	-2.1	96	0-0	-	1.2	-	1.0	NE	Nil	1.26	9
Deep Sea Fish.	50	-30.5	+0.4	95	0-0	-	1.0	2	0.9	45	3.2	3.61	27
Datafast Ltd	8	-30.2	-1.0	95	0-0	-	-	-	1.5	NE	Nil	1.98	11
Precious Metals	7	-30.1	-5.1	95	0-0	-	-	-	1.6	NE	Nil	0.31	10
MXL Limited	5	-29.9	+1.3	95	1-0	-	-	-	1.8	NE	Nil	1.97	5
My Money	8	-29.7	-1.0	95	0-0	-	1.1	-	1.5	NE	Nil	0.39	8
Kidz.net Ltd	13	-29.5	-0.3	95	0-0	-	1.0	-	1.2	NE	Nil	1.98	14
Multi-Media	10	-29.5	-1.9	94	0-0	-	1.7	1	1.3	167	Nil	4.24	28
Pilbara Mines	41	-29.5	-4.4	94	0-0	-	-	-	0.9	NE	Nil	N/A	16
Adultshop.com	21	-29.3	-3.5	94	0-0	-	2.1	-	1.1	NE	Nil	5.68	42
Sausage Software	81	-29.3	-3.8	94	0-4	-	4.5	-	0.8	NE	Nil	3.83	231
Greater Pacific	3	-29.2	-3.5	94	0-1	-	-	-	2.1	NE	Nil	N/A	6
Technique Ltd	89	-29.1	-7.2	94	0-0	-	1.1	-	0.8	NE	Nil	0.88	32
Access 1 Ltd	19	-28.9	-6.1	94	0-2	-	2.1	-	1.1	NE	Nil	N/A	22
I-Sec Ltd	23	-28.6	+2.9	94	0-0	-	2.3	-	1.1	NE	Nil	3.50	18
My Casino Ltd	8	-28.1	-16.0	93	2-2	-	2.1	-	1.4	NE	Nil	N/A	11
China Cons	4	-28.1	-2.0	93	0-0	-	0.1	0	1.9	22	Nil	1.04	21
Wealthpoint Ltd	50	-27.9	-3.3	93	0-0	-	0.9	-	0.9	NE	Nil	2.45	18
Open Telecom.	132	-27.7	-1.2	93	0-0	-14.7	-	-	0.7	NE	Nil	N/A	761
Crest Resources	4	-27.7	-4.1	93	1-2	-	-	-	1.9	NE	Nil	N/A	8
Barron Enter.	3	-27.6	-2.1	93	0-0	-	1.0	-	2.1	NE	Nil	0.54	6
Shield Telecom.	9	-27.6	-0.7	93	0-0	-	0.7	-	1.4	NE	Nil	N/A	28
Harvest Road	24	-27.6	-2.7	92	1-0	-	0.8	-	1.0	NE	Nil	2.84	9

Australian Company Analysis: Retail Technology and Services

Retail Technology & Services is still classified by the Australian Stock Exchange as a *Retail* company and its shares trade at a very low valuation - even within the Retail sector! Over the last year, however, the company has changed its focus to *Technology* - and this is where it expects to generate most future growth.

Company History

The company, originally called **Retail Services**, was listed on the Australian Stock Exchange in April 1996 following a public share issue at 50 cents. Funds raised in the float were used to acquire **B&H Consultants**.

B&H Consultants merged with another subsidiary, **RSM Technology**, in July 1999 to become **ReTech Global** while Retail Services was itself re-named as Retail Technology & Services.

Current Business

Retail Technology & Services currently operates three diversified business divisions (after selling its Services division in February 2000) servicing the small retail industry.

The main growth potential is expected to come from the Technology division (i.e. ReTech Global). ReTech Global is involved in the development and supply of point of sales systems to smaller retail grocery businesses. The company's *Grocery Managers* scanning system is used at over 800 retail sites. During 1993 ReTech Global developed and manufactured its own *PC based* touch screen and fully programmable point of sale terminal, *POSt Ultimate*. Over 1000 of these terminals, in over 250 retail sites, are in operation.

The group has a Franchising division which owns or franchises a total of 36 *NightOwl* convenience stores.

The Media division publishes a range of magazines aimed at specific segments of the retail industry.

Recent Developments

In July 1999, the Technology division released a version of its *POSt Ultimate* system aimed at the service station industry. This system includes touch screen technology and software for the management of forecourt, retail store and back office systems. In August 1999 the company formed a new subsidiary, **Retail Petroleum**, which has taken over the management of eleven franchised **BP** service stations. Presumably a small direct involvement in retailing (i.e. *NightOwl* stores, **BP** service stations) helps the company to develop technology solutions for running these businesses more efficiently.

In February 2000, the group sold its Services division back to **Foodlink** for A\$3.8 million in cash. This division offered retail grocers a wide range of services including administration, planning, promotion, finance.

During 1999, Retail Technology & Services formed a joint venture - **WoWonline** - with **Shortech International** and **Roslyn Capital**. In March 2000, WoWonline launched a "virtual private network" offering retailers Business to Business (B2B) and Business to Consumer (B2C) services. B2B services include Internet and Telephone Services, Transaction

Processing, Smart card services, Loyalty programs and improved communications between small stores and their suppliers, buying groups and management. The B2C service involves a virtual on-line Liquor and Grocery store (with purchases delivered from the physical store closest to the shopper) allowing small stores to compete against on-line shopping offered by larger retailers. WoWonline will initially focus upon the 1000 retailers already involved with Retail Technology & Services.

Also in March 2000, Retail Technology & Services formed a joint venture with **Australian Teller Machines**, which operates a privately owned teller machine network. The joint venture will put internet enabled ATMs in 600 stores - allowing customers to withdraw cash and/or check their e-mail and surf the internet. Store owners will receive some income from the machines which should also bring more people into their stores.

In June 2000 Retail Technology & Services won two major contracts: Firstly, the company will supply software to **Woolworths** subsidiaries **Free Standing Liquor**, **Tasmanian Self Service Warehouse**, **Crazy Prices** and its **Petroleum Division**. Installation will take place over 18 months, although most will be during the second half of the current financial year to June 2001. Secondly, the company has reached an agreement with **British American Tobacco (Australia)** to supply and install hardware and software with independent tobacconists. This is expected to result in over 300 systems being sold and installed, mainly during the current financial year.

Recent Results

The first full year - to June 1997 - produced revenues of A\$22.6 million and a profit of A\$1,264,000 (5.6 cents per share) and a dividend of 5.0 cents.

For the year to June 1998, revenues rose 42.4% to A\$32.1 million but trading profits fell 7.0% to A\$1,176,000 (4.8 cents per share). The annual dividend was maintained at 5.0 cents.

The company experienced a series of problems in the year to June 1999 resulting in a 5.0% drop in revenue to A\$30.7 million and a trading *loss* of A\$1,206,000 (4.9 cents per share) and the annual dividend was cut to zero. In addition, there were abnormal losses of A\$2,039,000. The company's problems included (1) business interruption owing to problems sourcing supplies for the technology division, (2) costs of operating *NightOwl* stores pending finding new franchisees and (3) losses on unsuccessful Asian businesses that were closed.

Retail Technology & Services recovered strongly in the year to June 2000. Revenues rose 67.3% to A\$51.3 million with a trading profit of A\$2,012,000 (7.9 cents per share) and dividends were re-instated with a final 3.0 cents. This year there were abnormal gains of A\$602,000 in addition to the trading profit.

(Continued on Page 10)

Retail Technology & Services (Continued from Page 9)

At the close of business last Friday, Retail Technology & Services issued a profit warning. ReTech Global experienced strong demand prior to June 30 - as retailers upgraded ahead of the introduction of GST - but sales have been weak this year. This division is now expected to report a loss of \$500,000 for the period to December 2000, although other divisions are trading profitably. While ReTech Global's sales remained weak in November, the company reports "clear signs of an improving sales trend". The Woolworths and BAT contracts (discussed above) are expected to contribute to "strong sales growth" in the second half of the year "resulting in a satisfactory profit for the full year" to June 2001.

Investment Criteria

At 38½ cents, Retail Technology & Services shares trade on a very low Price/Sales ratio of 0.19, a very low Price/Earnings ratio of 4.9 and offer a high Dividend Yield of 7.8%. Those statistics qualify the shares as a *Buy* under the *Under-Valued Shares* section of our *Comprehensive Share Selection Criteria*.

Those statistics would make a no-growth share look under-valued - but Retail Technology & Services is undertaking many new ventures and could grow at an above average rate. That growth potential could justify a valuation several times higher!

The issued capital is only 25,325,189 shares so the market capitalisation is just A\$9.8 million, making this a *micro-cap* company. While a micro-cap company can be risky - and its shares can lack liquidity - these *very small* companies can make the very best investments. Very small companies can be *neglected* and very under-valued - which we believe is certainly the case with Retail Technology & Services.

The company is completely *neglected* by institutional investors and by brokers - which is another sign that the shares could be under-valued!

Directors have reasonable shareholdings in the company. JT Berry - who (at age 65) retired as Chairman in October - holds 520,609 shares (2.05% of the company), Chief Executive WD Hodge has 181,941 shares (0.72%) and director RV Harris owns 366,724 shares (1.45%). The other two directors, RG Smith and LA Hielscher, each hold 22,857 shares.

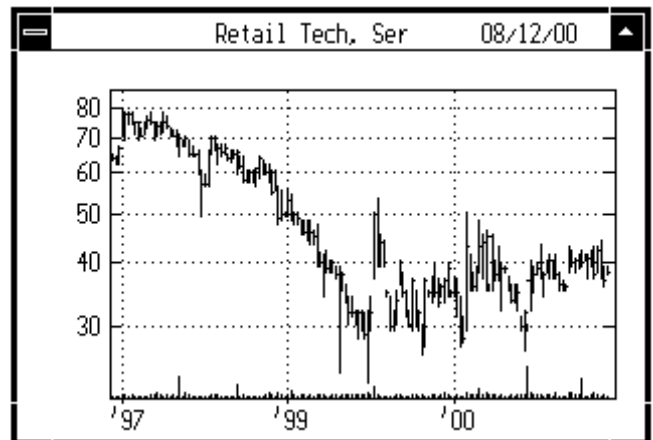
With a Relative Strength Rating of +3.4%, Retail Technology & Services shares are ranked 22 (on a scale

of 0-99). That suggests that the shares could be at the start of a new uptrend and rates them a *Buy* in the *Best Performing Shares* section of our *Selection Criteria*.

Summary and Recommendation

The key to successful investment in technology shares is the same as in other sectors: buying at the *right price*. And a P/S ratio of 0.2, a P/E of 5 and Yield of 7.8% certainly looks like the right price to us! Retail Technology & Services *could* become a very profitable investment - with strong share price appreciation coming from both (1) above average growth in revenues and profits and (2) a re-rating of the shares. On the other hand, this is a *very small* company and will involve above average risks. The current profit warning - which hopefully is just a short term sales glitch - highlights those risks. This glitch also offers investors the opportunity to build up a shareholding in a very small company whose shares are usually only traded in small volumes.

We are not formally recommending Retail Technology & Services shares at this time as the shares trade in only small volumes. Nevertheless, investors prepared to accept above average risks - in the search for ten-bagger investments - cannot afford to be without a small shareholding in this company. The current glitch will probably help keep the share price depressed over the next several months and, owing to the low volume of shares traded, investors should seek to steadily build a shareholding at prices around 35-45 cents.



Disclosure of Interest: Persons associated with this newsletter have a shareholding in this company.

The NZ Stock Exchange "New Capital Market"

Earlier this year the **New Zealand Stock Exchange** established the *New Capital Market* (NCM). This new section is designed to encourage smaller companies to list on the stockmarket - and reverse the trend of the last 15 years which has seen the number of NZ listed companies decline substantially. While part of our

investment strategy in *Market Analysis* is to focus on *smaller, emerging* companies, we have not found the NCM listings particularly attractive.

How the New Capital Market Works

Listing a company on the New Capital Market differs from listing a company on the major section. All NCM

listing are *shell companies* with no actual business, but which plan to make an acquisition of an existing business within a period of 18 months. This acquisition is called a "Key Transaction" and must be worth at least \$1,000,000.

An initial public offering by an NCM company can raise only \$400,000 to \$600,000. The promoter/directors are required to invest a further \$200,000 to \$600,000 of their own money - but can be issued shares at half the price paid by the public investors.

What is Wrong with the New Capital Market

While reluctant to criticise a new development that encourages companies to list on the NZ stockmarket, we see several unattractive features in the New Capital Market.

Firstly, the amount of equity raised (i.e. \$600,000 to \$1,200,000 in total) would appear to be too little to finance a company large enough to be a publicly listed corporation. Such very small companies are unlikely to be able to cover the overheads (i.e. listing fees, directors fees, annual reporting) involved in being a listed company. The NZ Stock Exchange would be doing better to encourage companies worth around \$10-50 million to become listed.

Secondly, with just \$400,000 to \$600,000 raised from the public, the shares of NCM companies are likely to be inactively traded. *Small* investors (who may invest \$1,000-2,000 per shareholding) probably should not touch these smaller, riskier NCM companies, while *wealthier* investors will be unable to make a meaningful investment in an NCM company. These companies are so small that institutional investors can't even *consider* investing in these shares!

Thirdly, the New Capital Market structure puts the interests of the promoter/directors far ahead of the private investors. Initially, the promoter/directors are able to invest \$200,000 to \$600,000 in shares *at half the cost of the public investors.* Later, those same promoter/directors can benefit again when the NCM company "negotiates" its Key Transaction - as the NCM directors are usually also the *vendors* of the existing business.

The Key Transaction must be (1) approved by the NZ Stock Exchange, (2) supported by an "independent valuation" and (3) approved by shareholders - but none of these conditions offer any *meaningful* protection to investors. Firstly, the NZ Stock Exchange and its member firms are not in the business of valuing companies - but of floating companies to earn advisory fees, underwriting commissions and brokerages. Just look at the track record of brokers promoting and recommending high flyers during the 1986-87 boom! Secondly, valuing companies is an imprecise science. We have *never* seen an *independent valuation* that did not support the preconceived views of the party that *commissioned* the report! Thirdly, even approval by the minority public shareholders offers little protection. Most will abstain or simply follow the recommendation of the directors and the independent report. Rejecting the Key Transaction leaves the company as a shell with continuing overhead expenses but no income. Dissident shareholders are not able to reject an unfavourable Key Transaction and get their money back.

How Promoter/Directors May Benefit from an NCM Listing

To demonstrate how the NCM structure benefits the promoter/directors (at the expense of the public investors), let us examine a hypothetical \$2 million business that will list on the NZ Stock Exchange.

If floated on the main section, the existing investors may decide to sell 25% of the company to public investors for \$500,000. That leaves them with 75% of the company (worth \$1.5 million) and \$500,000 in cash. They have simply swapped one-quarter of the company for cash, and their total investment is still worth \$2 million.

Listed via the NCM the promoters could sell 500,000 shares to the public at \$1.00 (raising \$500,000) and borrow \$500,000 to issue 1,000,000 shares to themselves at just 50 cents per share. The NCM company will then negotiate to buy the unlisted business, which will probably be valued at about \$4 million - as confirmed by an "independent valuation". The NCM company would then pay \$1 million in cash and issue a further 3,000,000 shares to the vendors to complete its key transaction. This would leave the promoters with the same \$500,000 in cash (after re-paying the \$500,000 borrowed to invest in the NCM company) but 89% of the company, which (at \$1 per share) would be worth \$4 million. Listing via the NCM has therefore increased the value of the promoter/directors \$2 million company to \$4.5 million!

Unfortunately, in economics and stockmarket investing there are no *free lunches*. The company is still only really worth \$2 million, so the share price will eventually fall back to 44 cents (i.e. \$2 million divided by the issued capital of 4.5 million shares). The promoter/directors will therefore likely seek to sell as many of their 4,000,000 shares on the market as quickly as possible before the price collapses. The directors own financial interests will therefore focus their attention on inflating the share price with optimistic reports (to keep the share price up long enough to sell out), rather than working on growth to maximise the long term value of the company.

An Uninformed Market - so Trust in the Directors?

The New Capital Market does not provide an informed environment in which investors can assess the investment merits of the companies in which they will *eventually* have a shareholding. Investors in NCM shares put their blind trust in the company directors - who will in most cases have a major conflict of interest as the vendors of businesses to be sold to the company. Unfortunately, the NZ stockmarket offers little in the way of *investor protection* and is infamous for the many ways in which *insiders* have put their personal interests ahead of those of public investors.

Summary and Recommendation

Over-priced Key Transactions and selling by the promoter/directors after the key transaction are two factors that should ensure that most NCM shares perform poorly during their first five years. We also believe that most companies listing via the New Capital Market will be too small to survive.

Investors therefore need to be particularly careful about investing in NCM shares. (Cont'd on Page 12)

The New Capital Market (Continued from Page 11)

We would suggest investors wait until *well after* the key transaction has been completed so that they can critically evaluate that acquisition. Even then, many investors should choose to wait several years to see how well the company performs *before* making a significant investment in these NCM companies.

New Capital Market Companies.**Current Listings:**

CACI Group: Plans to acquire Micromode Medical (NZ), which franchises beauty clinics.

Cabletalk Group: Plans to acquire a group of companies (Cabletalk, McBreen Jenkins Telecommunications, MJCT Communications and Astute Networks) involved in maintaining telephone lines for Telecom NZ.

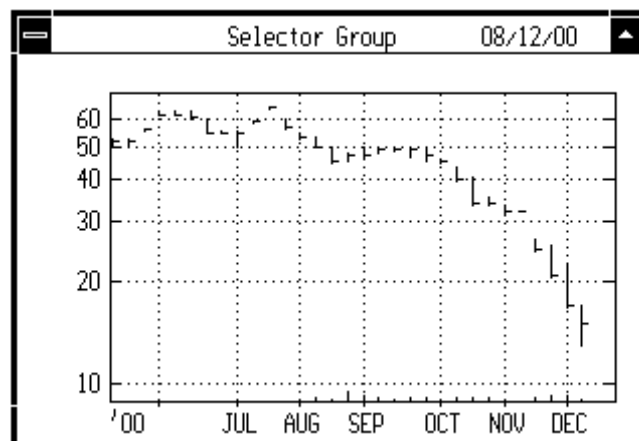
Compass Communications: Plans to acquire Compass Communications, an independent telecommunications and internet service provider.

Mowbray Collectables: Has entered an agreement to purchase the Mowbray stamp and rare book business.

nzij.co.nz: Has entered an agreement to acquire Reuhman & Company stockbroking and associated NZ Investment Journal.

RetailX: This company will investigate opportunities, either in *bricks and mortar* retailing or internet retailing. This may be the only company where the directors don't have a conflict of interest (i.e. aren't selling a business to the NCM company), but its plans do look particularly vague.

Rocom Wireless: Has entered an agreement to



purchase Rocom, a business mainly involved in retailing mobile phones.

Submarines Australasia: Plans to acquire Submarine Adventures, a company that plans to offer its services to tourists in Milford Sound.

New Listings:

Finzsoft Solutions: Plans to acquire Systems Support Group, which provides financial software and recruitment services.

Mooring Systems: Plans to acquire Mooring International which has developed an automatic mooring and berthing system.

Graduated to Main Board:

Selector Group: Listed as *E-Opportunities* and made a takeover offer for on-line employment company, Selector. This share (see chart) has not performed well over recent months!

“Neglect” Ratings of NZ Shares

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

Company	No. of Brokers Following	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	208	Fisher & Paykel	9	865	Mainfreight Grp	7	96	Restaurant Brds	8	123
Advantage Group	7	75	Force Corp.	5	42	Metro. LifeCare	3	67	Ryman Health.	4	168
Air New Zealand	8	1,196	Frucor Bev.	6	241	Michael Hill	5	127	Sanford Limited	6	454
Akd Int Airport	9	1,281	GDC Communicat.	3	127	Montana Group	7	816	Sky City Ltd	9	762
Baycorp Hold	9	947	Goodman Fielder	2	2,068	NZ Refining Co	5	306	Sky Network TV	9	1,097
Bendon Limited	5	56	Guinness Peat	5	795	Natural Gas	7	625	Steel & Tube	8	125
Brierley Invest	6	903	Hallenstein G.	6	132	Northland Port	3	71	Tasman Agric.	3	137
CDL Hotel NZ	2	66	Hellaby Hold.	5	89	Nufarm Limited	3	621	Telecom Corp	9	9,848
Cap Properties	4	103	Horizon Energy	2	43	Nuplex Indust	7	189	Tourism Hold.	7	177
Carter Holt	9	2,970	Ind Newspapers	8	1,279	Owens Group Ltd	7	48	Tower Limited	5	868
Cavalier Corp	4	173	Infratil NZ	6	231	PDL Holdings	3	54	Trans-Tasman	4	114
Contact Energy	9	178	Kiwi Property	8	306	Pacific Retail	5	71	Tranz Rail Hold	8	411
DB Group	6	257	Lion Nathan Ltd	7	2,842	Port Tauranga	8	432	Trust Power Ltd	8	453
FC - Energy	7	2,884	Lyttelton Port	6	152	Ports Auckland	9	590	United Networks	5	1,212
FC - Forests	9	667				Powerco Limited	8	0	Warehouse Group	8	1,678
FC - Building	9	665				Property F Ind.	6	139	Waste Mgmt NZ	7	423

“Neglect” Ratings of Australian Shares

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

Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)
A.G.L.	15	4,445	CentroProp.	5	844	IpoH Garden	1	167	RangerMinerals	5	90
A.P. Eagers	1	61	ChallengerInt.	4	1,030	Jupiters	11	941	RebelSport	4	45
AJ Retail	5	317	CinemaPlus	1	8	Just Jeans Grp	5	74	ResoluteSaman.	3	21
AMP Ind Prop Tr	4	328	CloughLimited	2	210	K&S Corporation	3	44	Ridley Corp.	6	167
AMP Ltd	15	20,896	Coal & Allied	2	1,526	KeycorpLtd	3	262	Rio Tinto Ltd	16	14,302
AMP Office Trt	6	766	CoatesHire	4	125	KidstonGold	1	19	Rock Building	1	36
ANZ Bank	19	22,538	CocaCola Amatil	15	4,471	Lang Corporatio	7	1,415	RuralPressLtd	9	584
APN NewsMedia	11	1,092	CochlearLtd	10	1,559	LeightonHold	13	1,770	SantosLtd	17	3,520
ARB Corporation	1	84	ColesMyer	17	8,196	Lend LeaseCorp	13	9,033	Scientific Serv	1	31
Adelaide Bright	5	192	ComwealthBank	17	40,160	Lihir Gold	13	777	SevenNetwork	12	1,648
AdelaideBank	10	479	Computer Share	8	5,069	M.I.M. Holdings	18	1,981	SimeonWines	10	210
AdsteamMarine	5	219	ConsRutile	2	118	MacMahonHold	1	32	SimsmetalLtd	9	489
Adtrans Group	1	37	Corp Express	8	775	Macquarie C/Wde	6	390	Skilled Eng.	10	90
AdvanceProp	5	832	Crane Group	7	308	MacquarieInd.	5	301	Smith(Howard)	14	1,660
Amalgamated Hld	2	260	CranswickWines	4	113	MacquarieInfra	8	2,003	SmorgonSteel	7	847
Amcor Ltd	15	3,241	DCA Group Ltd	1	96	Macquarie Off.	5	650	Solution 6	7	175
Amrad Corp.	1	116	Data 3 Ltd	1	9	MacquarieBank	9	4,892	SonicHealth	7	1,643
Anaconda Nickel	7	799	David Jones	14	567	Maxi TRANS	1	22	Sons of Gwalla	14	750
Aristocrat	7	2,388	Delta Gold NL	13	320	Mayne Nickless	13	2,250	SoulPattinson	2	937
AshtonMining	8	656	E.R.G.	8	1,851	McGuiganWines	5	120	Southcorp Ltd	16	3,354
Asia Pac Spec	2	29	ETRADE Aust.	2	111	Millers Retail	5	389	Spicers Paper	6	406
Atkins Carlyle	5	82	East'n Aluminu	3	176	Namoi Cotton	2	48	Spotless Group	7	1,366
Aurora Gold	6	34	Email Ltd	9	775	Nat'l Foods	12	640	St George Bank	17	6,043
Ausdoc Group	9	139	Emperor Mines	2	25	Nat'l Aust Bank	18	44,866	Sthn Cross Brd.	6	321
Auspine Ltd	3	131	Energy Equity	1	26	Nautronix Ltd	4	37	Stockland Trust	8	2,208
Aust Oil & Gas	1	81	Energy Resource	6	386	Newcrest Mining	17	1,060	Straits Res.	1	22
Aust Com Prp Tr	3	158	Energy Develop.	9	1,207	News Corporatio	13	33,342	Strathfield Grp	3	91
Aust Stock Exch	8	1,376	Envestra	9	494	Norm Mt Leshon	9	59	Suncorp/Metway	13	3,329
Aust Pharm. Ind	4	464	Evans Deakin	3	211	Normandy NFM	9	419	Sydney Aquarium	1	84
Aust Hospital	8	221	Fairfax (John)	14	2,846	Normandy Mining	17	1,765	TAB Ltd	12	1,740
Aust Infra.	6	275	Faulding (F.H.)	10	1,823	NormanWines	2	27	TDG Logistics	2	50
Aust Gth Prop.	1	107	Finemore Hold	3	114	Novogen Ltd	3	294	Tabcorp Holding	12	4,132
Austrim Nylex	4	436	Fleetwood Corp	2	43	Novus Petroleum	8	268	Tap Oil	7	126
Australand Hold	4	567	Flight Centre	5	1,897	OPSM Protector	7	277	Telecasters Aus	5	164
B.H.P.	15	35,052	Foodland Assoc	9	878	Oil Search Ltd	13	870	Telemedia Serv.	5	0
BA Tobacco Aust	5	2,014	Forrester Kurts	2	96	Orbital Engine	2	701	Telstra	19	40,321
BRL Hardy Ltd	13	1,228	Foster's Brewin	17	8,752	Orica Ltd	11	1,599	Tempo Services	4	139
BT Office	6	0	Franked Income	3	1,701	Orogen Minerals	7	475	Ten Network	9	937
BT Property	1	488	Freedom Group	9	102	PMP Limited	9	294	Thakral Holding	3	346
Bank of W. Aust	12	1,977	Futuris Corp.	8	1,104	Pacific Mining	3	160	Ticor Ltd	7	283
Beaconsfield Gl	1	32	G.U.D. Holdings	6	108	Pacifica Group	10	490	Toll Holdings	9	717
Bendigo Bank	9	593	GWA Internat'l	6	516	Pacific Dunlop	13	1,372	Tourism Aust.	2	173
Biota Holdings	4	272	Gandel Retail T	8	1,453	Pacific Hydro	4	275	United Group	4	103
Brambles Ind.	13	10,392	General Prop Tr	9	4,920	Pasminco Ltd	17	776	United Energy	10	1,458
Brandrill	4	216	Goldfields	9	334	Perp Trust Aust	9	1,215	Village Road.	8	434
Brazin Limited	8	185	Goodman Fielder	14	1,624	Petaluma Ltd	9	113	Villa World	2	75
Breakwaters.	1	40	Graincorp	1	365	Peter Lehman W.	7	78	Watpac Ltd	1	19
Brickworks Ltd	3	626	Grand Hotel	5	204	Petroz NL	5	147	Watty Ltd	5	213
Bristle Ltd	3	184	Gunns Ltd	2	96	Pipers Brook	2	28	Wesfarmers Ltd	13	4,389
Burns Philp	3	319	Gympie Gold	1	71	Polartech nics	2	126	West Aust News	11	1,110
Burswood Ltd	10	314	HIH Insurance	11	146	Portman Mining	5	180	West'n Metals	11	64
C & W Optus	16	14,945	Hardie (James)	11	1,445	PowerTel Ltd	5	403	Western Mining	17	8,451
C.S.R. Ltd	14	4,618	Harris Scarfe	5	74	Pracom Ltd	5	264	Westfield Trust	10	6,133
CITechnologies	4	167	Harvey Norman	12	3,971	Prime Retail	1	83	Westfield Amer.	5	1,766
CPI Group	5	80	Hill 50 Gold	5	97	Prime TV	5	188	Westfield Hold.	13	7,260
CSL Limited	12	5,522	Hills Motorway	7	849	Prophecy Int'l	3	43	Westpac Prop Tr	8	848
Caltex Australia	7	575	Hills Indust.	4	291	Publishing & Br	14	8,426	Westpac Banking	19	23,595
Campbell Bros	1	147	Homemaker Prop.	5	175	Q.B.E. Insur.	10	3,992	Westral'n Fores	1	121
Candle Aust.	7	63	IAMA Ltd	2	157	Q.C.T. Resource	8	820	Wide Bay Cap'n	1	70
Capral Alum.	14	494	Illuka Resource	13	888	Qantas	15	4,519	Woodside Petrol	17	9,987
Catuity	1	114	Incitec	3	660	Queens'd Cotton	3	100	Woolworths Ltd	15	8,414
Centaur Mining	2	18	Indust Inv Trt	5	209	Ramsay Health	7	179	Yates (Arthur)	3	16

"Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Held	
				Before	After
03/11/2000					
<u>Designer Textiles</u>	GAC Gould	Buy	+2.334	11.55%	18.08%
Fisher & Paykel	The Capital Group	Buy	+0.287	6.50%	7.65%
Restaurant Brands	AMP	Buy	+18.350	0.0%	19.92%
10/11/2000					
Carter Holt Harvey	Franklin Resources	Sell	-17.738	6.14%	5.12%
<u>Designer Textiles</u>	GAC Gould	Buy	+0.570	18.08%	19.67%
Designer Textiles	Harris Associates	Sell	-1.960	5.98%	0.0%
Otter Gold Mines	Mid-East Minerals	Buy	+19.832	19.87%	43.65%
Restaurant Brands	AMP	Buy	+1.006	19.92%	21.00%
Shotover Jet	Armada Holdings	Sell	-1.190	33.27%	30.32%
24/11/2000					
Infrastructure & Utilities	Hettinger Nominees	Buy	+9.595	0.0%	5.16%
Telecom NZ	Brandes Invest	Buy	+171.227	8.70%	9.80%
01/12/2000					
Evergreen Forests	Arnhold & SB Inc	Sell	-6.221	11.78%	7.89%
Restaurant Brands	AMP	Buy	+0.958	21.00%	22.04%
08/12/2000					
FC - Building	Franklin Resources	Sell	-3.514	7.03%	6.01%
Otter Gold Mines	NZ Guardian Trust	Sell	-2.594	7.58%	4.47%

GAC Gould - who last month purchased 11.55% of **Designer Textiles** - has increased that shareholding to 19.67%. The bad news is that the new shareholder does not appear to be seeking control or pressuring management to perform better!

Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Bendon Ltd	5.00	18-12	20-12	Full
Capital Properties	2.40	27-11	08-12	0.5125
Cavalier Corporation	6.00	04-12	08-12	Full
CFS Property Trust	2.32	04-12	15-12	0.3541
Contact Energy	12.36	11-12	-	Full
DB Group	16.00	05-02	16-02	Full
Dorchester Pacific	3.00	20-11	-	Full
Hallenstein Glasson	9.50	11-12	15-12	Full
Horizon Energy	40.00	18-12	20-12	Full
Kiwi Income Properties	4.655	04-12	15-12	0.545
Mainfreight Group	3.00	11-12	15-12	Full
Mr Chips Holdings	2.00	27-11	01-12	Full
National Property Trust	1.75	27-11	08-12	0.25
Nuhaka Farm Forestry	20.00	04-12	-	(1)
Owens Group	2.00	18-12	20-12	Full
Telecom NZ	5.00	04-12	15-12	Full
Tower Corporation	14.00	15-01	25-01	1.00
Trust Power NZ	9.206	18-12	22-12	Full
Ryman Healthcare	2.80	04-12	08-12	Nil

(1) Non-taxable.

Australian Shares

Campbell Brothers	13.00	20-11	15-12	-
Central Equity	4.00	01-12	14-12	-
CSR Ltd	11.00	24-11	18-12	-
Utility Services special	5.00	05-12	18-12	-

Current Issues

CAPITAL RECONSTRUCTIONS

Ex-Date

Brierley Investments (1)

-

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

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
Warehouse Group	2½%, on-market

Total Return Index for All Listed Shares

Nov 6	2177.59
Nov 7	2184.04
Nov 8	2172.41
Nov 9	2166.06
Nov 10	2176.19
Nov 13	2162.06
Nov 14	2152.43
Nov 15	2155.71
Nov 16	2152.51
Nov 17	2159.57
Nov 20	2149.68
Nov 21	2130.81
Nov 22	2129.69
Nov 23	2111.45
Nov 24	2111.71
Nov 27	2188.97
Nov 28	2114.34
Nov 29	2103.21
Nov 30	2105.85
Dec 1	2098.73
Dec 4	2093.29
Dec 5	2089.73
Dec 6	2099.60
Dec 7	2089.43
Dec 8	2101.58

Internet Upgrade

Our internet site, launched in November 1997 with our newsletters on-line, will be significantly upgraded early in the New Year and will play a more important role in the delivery of our investment services to subscribers.

Internet Password

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

December's Password January's Password

See Print Newsletters

For Passwords

Please keep these passwords confidential!

Next Issue

The next issue of "Market Analysis" will be posted in five weeks time on Tuesday January 16, 2001 and on our internet sites on Wednesday January 17.

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\$205 (including GST) per year.

Readers are advised that they should not assume that every recommendation made in the future will be profitable or equal the performance of recommendations made in the past. A summary of All prior recommendations is available to any current subscriber, free of charge, upon request. The information presented has been obtained from original and published sources believed to be reliable, but its accuracy cannot be guaranteed. The entire contents are copyright. Reproduction in whole or part is strictly forbidden.

Copyright © Securities Research Company Ltd