

Market Analysis

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Summary and Recommended Investment Strategy.

There are plenty of NZ and (especially) Australian shares that meet our investment criteria (i.e. under-valued with growth potential) but the general stockmarket outlook is slightly unfavourable in NZ and only neutral in Australia. Continue to hold all existing share investments, but also continue to hold 20-25% of portfolios in a riskless cash reserve until the outlook improves.

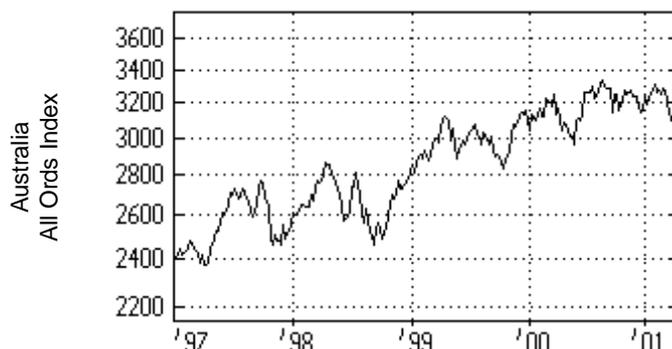
Investment Outlook.

Our stockmarket forecasting models remain steady, with the One Year Forecast for the NZ stockmarket **slightly Bearish** at **34%** (i.e. only a 34% probability that the market will rise over the next 12 months) and for the Australian stockmarket **Neutral** at **57%**. Our **Short Term Trend Model** for the NZ market is **Neutral** at **57%**.

In this situation we shall continue to hold 20-25% of our portfolio in a cash reserve (which will probably be invested in Australia when our Forecasts improve).

Economic statistics from Australia show a sharp drop in Gross Domestic Product. There is a long collection and reporting delay with GDP statistics - with these figures relating to the fourth quarter of 2000. This slowdown was long ago reported by companies, and evident in many depressed Australian profit reports over the last two months. A more up-to-date economic statistic is Retail Sales which show a strong upturn in January and February 2001 - suggesting that Australia's post-GST slump has now ended. That would mean the return to more normal trading conditions for most companies.

While the cold winds of global economic recession blow around the world, both NZ and Australia are at least partially insulated by having depreciated their exchange rates. The Australian Reserve Bank has followed other Central Banks in aggressively lowering interest rates to head off a major recession. Our one major concern is that NZ's Reserve Bank has made only the most minimal cut to interest rates in this country.



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	Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A. Barnett Ltd	C	85	0.45	19	Nil	GDC Communicat.	C	274	2.50	34	1.8	Property F Ind.	C	80	7.44	36	8.6
AMP Limited	B	2535	0.81	19	2.2	Genesis Res.	D	365	3.22	NE	Nil	Pure NZ Limited	D	12	5.35	NE	Nil
AMP NZ Office	C	85	6.08	11	9.1	Goodman Fielder	B	161	0.48	12	6.2	Reid Farmers	B	95	0.62	12	7.9
AXA Asia Pac.	C	346	0.58	13	3.4	Grocorp Pacific	C	16	0.52	NE	Nil	Renaissance	C	100	0.23	27	3.0
Advantage Group	D	72	0.68	25	Nil	Guinness Peat	C	155	2.47	13	2.0	Restaurant Brds	B	140	0.54	10	10.7
Affco Holdings	E	33	0.07	6	Nil	Hallenstein G.	B	235	0.84	12	11.7	Richina Pacific	D	40	0.04	6	Nil
Air New Zealand	C	103	0.16	3	14.6	Hellaby Hold.	B	193	0.37	8	10.8	Richmond Hold.	D	230	N/A	NE	Nil
Akd Int Airport	B	355	8.77	29	4.1	Heritage Mining*	N/R	5.0	0.13	NE	Nil	Rocom Wireless	E	42	N/A	NE	Nil
Apple Fields	C	6.0	0.10	NE	Nil	Horizon Energy	A	1010	1.82	8	12.3	Roller Int'l	D	40	0.21	NE	Nil
AQL Holdings	D	1.6	0.72	NE	Nil	IT Capital Ltd	E	19	N/A	NE	Nil	Rubicon Limited	D	46	0.07	NE	Nil
Baycorp Hold	B	1170	N/A	59	2.4	Ind Newspapers	C	335	2.23	34	3.1	Ryman Health.	B	195	4.19	16	2.7
Beauty Direct	D	6.7	9.31	NE	Nil	Infratil NZ	B	143	8.55	10	7.3	SE Utilities	C	107	N/A	31	7.0
Bendon Limited	C	155	0.64	9	3.2	Kingsgate Int'l	E	12	0.41	3	Nil	Sanford Limited	A	636	1.73	13	4.7
Brierley Invest	D	68	0.58	NE	Nil	Kiwi Developmnt	D	262	N/A	NE	Nil	Savoy Equities	C	2.5	0.09	NE	Nil
Broadway Ind	C	25	0.10	25	Nil	Kiwi Property	C	85	5.92	9	12.3	Scott Tech. Ltd	B	155	0.99	8	10.6
CACI Group Ltd	D	34	N/A	NE	Nil	Lion Nathan Ltd	A	524	1.34	17	3.5	Seafresh Fish.	D	4.1	0.24	NE	Nil
CDL Hotel NZ	D	18	0.26	44	5.8	Lytelton Port	A	172	3.01	12	8.9	Selector Group	C	7.0	N/A	NE	Nil
CDL Investments	E	20	1.36	9	12.2	Mainfreight Grp	B	114	0.26	9	7.9	Shotover Jet	C	50	0.95	45	Nil
Cabletalk Group	C	125	0.58	NE	Nil	Manor Inns Grp	C	10	0.34	NE	Nil	Sky City Ltd	A	918	2.99	15	9.1
Cadmus Tech Ltd	E	13	N/A	NE	Nil	Max Resources	*N/R	13	N/A	NE	Nil	Sky Network TV	C	330	4.60	NE	Nil
Calan Hlthcare	C	78	6.40	12	9.1	Medical Care	D	135	N/A	87	Nil	Software of Exc	D	80	0.76	NE	Nil
Cap Properties	C	93	1.00	3	12.4	Metro. LifeCare	D	92	0.66	21	Nil	Southern Cap	E	70	7.49	NE	Nil
Carter Holt	C	181	0.96	20	3.3	Michael Hill	B	365	0.77	14	5.5	South Port NZ	B	117	1.98	19	7.0
Cavalier Corp	A	470	0.77	13	9.5	Mid-Cap Index *	N/R	185	N/A	NE	Nil	Spectrum Res.	D	2.9	N/A	NE	Nil
Cedenco Foods	A	141	1.72	8	Nil	Montana Group	A	409	1.95	29	2.6	Steel & Tube	B	147	0.35	9	12.2
Col FS Property	C	100	8.42	14	10.5	Mooring Systems	B	180	N/A	NE	Nil	Strathmore Grp	D	6.1	1.28	NE	Nil
Col Motor Co	C	255	0.24	10	10.8	Mr Chips Hold	B	93	0.81	14	9.6	Submarines Aust	D	40	0.18	NE	Nil
Commsoft Group	D	16	N/A	NE	Nil	NZ Experience	D	11	0.89	NE	Nil	Summit Gold Ltd*	N/R	9.0	N/A	NE	Nil
Compass Com.	E	40	N/A	NE	Nil	NZ Invest Trust*	N/R	464	N/A	NE	1.8	Tag Pacific Ltd	E	20	0.28	5	4.1
Contact Energy	B	286	1.99	28	9.1	NZ Oil and Gas *	N/R	34	2.16	NE	Nil	Tasman Agric.	C	156	4.18	16	1.9
Cue Energy Ltd *	N/R	4.4	1.52	NE	Nil	NZ Refining Co	A	1525	1.23	5	24.5	Taylor's Grp Ltd	C	118	0.73	12	7.6
DB Group	A	520	0.65	14	4.6	Nat Property Tr	B	89	6.13	11	10.4	TeNZ *	N/R	91	N/A	NE	Nil
Dairy Brands	C	49	3.40	NE	Nil	National Mail	D	5.0	0.55	NE	Nil	Telecom Corp	C	589	2.39	13	11.7
Damba Hold Ltd	C	37	0.34	29	Nil	Natural Gas	C	130	1.44	11	5.7	Tourism Hold.	C	146	0.67	8	8.7
Design Textiles	B	31	0.16	10	9.6	Newcall Group	E	4.1	0.25	NE	Nil	Tower Limited	B	557	0.57	12	5.4
Dorchester Pac	B	110	0.79	8	8.1	Newmarket Prop.	C	49	N/A	6	19.4	Trans-Tasman	D	22	1.24	6	Nil
E-Force Limited	D	2.1	0.12	NE	Nil	Northland Port	B	180	1.44	17	6.2	Tranz Rail Hold	B	370	0.79	6	2.3
E-Phone Ltd	D	8.5	N/A	NE	Nil	Nufarm Limited	C	370	0.30	8	5.3	Trust Power Ltd	C	304	1.07	17	8.1
E-Ventures NZ	D	26	N/A	NE	Nil	Nuhaka Forestry	E	1025	5.69	NE	Nil	United Networks	B	870	2.87	12	5.7
Ecademy Hold.	D	1.7	N/A	NE	Nil	Nuplex Indust	B	348	0.51	11	6.4	Utilico Int'l	C	37	N/A	NE	Nil
Ebos Group Ltd	C	256	0.85	16	7.6	Opio Forestry	D	50	N/A	39	Nil	Vending Tech.	C	285	0.27	NE	Nil
Eldercare NZ	D	13	0.77	4	Nil	Otter Gold Mine*	N/R	20	0.13	NE	Nil	WN Drive Tech.	E	63	N/A	NE	Nil
Evergreen	E	52	3.49	13	Nil	Owens Group Ltd	C	79	0.13	12	8.5	Warehouse Group	C	590	1.54	23	3.2
FC - Forests	D	32	0.52	4	Nil	Ozzy (Tortis) *	N/R	238	N/A	NE	Nil	Waste Mgmt NZ	B	368	2.62	25	3.0
Finzsoft Sol'ns	E	46	0.43	NE	Nil	PDL Holdings	B	520	0.20	13	Nil	Williams Kettle	B	305	0.28	11	7.3
Fisher & Paykel	A	805	1.14	17	4.6	Pacific Retail	C	140	0.19	8	Nil	World Index Fd *	N/R	193	N/A	NE	Nil
Fletcher Build.	B	238	0.34	8	10.0	Port Tauranga	B	584	6.38	23	5.6	Wrightsons Ltd	C	61	0.14	11	9.8
Force Corp.	C	27	0.76	9	5.5	Ports Auckland	A	515	4.43	15	5.2	Ave of 145 Cos	C	209	0.41	17	3.7
Frucor Bev.	C	213	1.48	22	Nil	Powerco Limited	C	152	0.53	NE	Nil	One Tel Ltd	D	48	1.88	NE	2.1
A.G.L.	A	1114	1.36	15	4.6	Crown Ltd	C	90	0.70	14	Nil	Orica Ltd	C	492	0.34	9	7.1
AMP Diver. Prop	B	242	2.50	13	7.7	Data Advantage	B	636	9.82	NE	0.6	Origin Energy	A	227	0.36	8	9.3
AMP Ltd	B	2088	0.84	20	2.3	Deutsche Office	C	132	N/A	NE	Nil	Pacifica Group	B	385	0.51	17	4.9
AMP Office Trt	B	121	6.62	15	7.9	E.R.G.	C	132	1.96	23	1.5	Pacific Dunlop	C	125	0.22	9	8.0
AMP Shop Centre	B	128	N/A	18	6.6	Email Ltd	B	291	0.37	15	8.4	Paladin Com.	B	124	7.45	14	7.7
ANZ Bank	A	1428	1.82	14	4.5	Energy Develop.	A	1155	N/A	61	0.4	Paperlin X Ltd	B	397	0.53	14	1.3
APN News Media	C	390	1.59	19	3.8	Fairfax (John)	C	371	1.92	16	3.1	Perp Trust Aust	A	3802	5.00	35	1.7
AXA Aust Div PT	B	112	7.80	13	7.8	Faulding (F.H.)	B	1105	0.85	28	1.9	Publishing & Br	C	1095	2.91	22	1.8
AXA Asia Pac	C	288	0.60	14	3.3	Flight Centre	B	2600	0.88	53	1.0	O.B.E. Insur.	B	1115	1.38	46	1.4
Advance Prop	B	182	8.64	15	6.7	Foodland Assoc	B	860	0.21	11	6.5	O.C.T. Resource	C	121	1.05	NE	Nil
Alintagas Ltd	C	335	1.98	NE	Nil	Foster's Brewin	B	525	2.63	21	2.8	Qantas	B	248	0.32	6	23.8
Amcor Ltd	B	600	0.51	14	6.3	Futuris Corp.	B	224	0.27	17	3.6	Rio Tinto Ltd	A	3457	1.36	10	2.5
Aristocrat	C	625	4.82	41	1.8	GWA Internat'l	B	206	0.98	14	8.7	Rural Press Ltd	C	460	1.18	10	3.0
Aust Stock Exch	B	1268	6.37	22	4.4	Gandel Retail T	B	112	8.72	13	7.6	Servcorp Ltd	B	623	7.97	70	0.6
Aust Pipeline	C	250	N/A	NE	Nil	General Prop Tr	B	266	6.45	15	7.2	Seven Network	B	650	1.44	25	3.2
Austereo Group	D	180	N/A	NE	Nil	Goodman Fielder	B	135	0.54	13	5.6	Smith (Howard)	B	854	0.62	15	4.8
Australand Hold	B	124	0.74	5	9.7	Guinness Peat	B	125	2.72	12	0.4	Smorgon Steel	C	71	0.24	7	12.7
BA Tobacco Aust	A	1754	0.69	18	4.8	Hardie (James)	A	441	1.02	12	4.1	Sonic Health	C	803	3.47	72	1.9
BRL Hardy Ltd	A	955	2.28	23	1.9	Harvey Norman	B	392	N/A	NE	0.9	Southcorp Ltd	A	690	1.60	21	3.0
Bank of W.Aust	A	363	3.26	14	5.0	Hills Motorway	B	519	9.84	NE	6.5	Spotless Group	C	702	0.78	38	2.8
Bendigo Bank	A	600	1.37	17	4.0	ING Indust Trt	B	139	7.97	12	9.3	St George Bank	A	1373	1.67	16	4.0
Bidvest	B	300	0.20	16	2.6	ING Office Fund	B	109	N/A	24	4.8	Stockland Trust	B	404	6.58	17	6.5
Billabong Int'l	C	508	N/A	NE	Nil	Incitec	B	510	0.67	18	4.5	Suncorp-Metway	A	1205	1.11	12	3.8
Boral Limited	A	243	0.54	11	7.4	Infomedica Ltd	D	186	8.30	NE	Nil	TAB Ltd	B	325	0.33	27	3.4
Brambles Ind.	A	4576	2.13	29	1.8	Investa Prop.	B	175	7.85	13	7.5	Tabcorp Holding	C	916	2.05	20	5.1
Brickworks Ltd	A	540	3.81	17	2.3	Jupiters	B	420	1.49	15	4.0	Telstra	C	657	2.13	10	2.7
C & W Optus	C	373	3.26	48	Nil	Kaz Computer	C	125	N/A	NE	0.7	Ten Network	C	186	1.16	12	8.5
C'wth Prop Off.	B	105	7.92	13	7.4	Lang Corporatio	B	1129	2.62	27</							

Recommended Investments

Air New Zealand has warned the market that it "expects to report a substantial operating loss for the full year to June 30" after trading conditions deteriorated further during January and February.

While Air NZ may have problems running its core business profitably, it is successful at extracting value from non-core assets. **Travel Industries Automated Systems** - a 50% owned joint venture with **Qantas** - has sold **Southern Cross Distribution Systems** and **Sabre Pacific**. Air NZ's share of the gain on these sales will be \$80 million (10.6 cents per Air NZ share).

Residential property developer **CDL Investments** has experienced a 4.0% drop in sales to \$26.6 million for the year to December 2000. Profits fell 20.2% to \$4,081,000 while earnings per share were down 26.7% to 2.2 cents. This larger fall in earnings per share reflects the increase in issued capital as a result of the

company's dividend re-investment scheme. The annual dividend will be cut 36.0% to 1.6 cents - as a result of lower profits *and* uses all of the imputation tax credits currently available to the company.

Owing to the "very difficult market conditions" the company sold only 204 residential sections during 2000, down from 240 sections in 1999. The purchase of three new properties in Auckland, totalling 17.3 hectares, increased land holdings by \$5.6 million to \$39.8 million and interest bearing debts by \$2.9 million to \$10.5 million. The company, however, remains conservatively financed with Shareholders Equity of \$42.1 million. One of these properties, plus other land in Hamilton, are currently being developed into 125 new sections, and the other two Auckland properties will be developed later in the year.

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation		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 %	
		Code	- Date - Price										
NZ Shares													
HOLD+	Air New Zealand "A"	AIRVA	08/10/96	244*	C	756.7	1.2	0.16	3	14.6	103	78.7	-26%
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	185.8	2.0	1.36	9	12.2	20	6.1	+2%
HOLD+	Cavalier Corporation	CAV	05/12/95	312	A	36.0	0.9	0.77	13	9.5	470	146.0	+97%
HOLD	Colonial Motor Company	CMO	10/11/92	150	C	27.9	0.7	0.24	10	10.8	255	202.8	+205%
HOLD+	Lytelton Port Company	LPC	12/12/00	150	A	101.7	0.9	3.01	12	8.9	172	3.5	+17%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.6	0.8	0.77	14	5.5	365	74.5	+855%
HOLD	Nufarm Limited	NUF	11/02/97	505	C	155.3	0.9	0.30	8	5.3	370	74.7	-12%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	B	56.3	1.0	0.51	11	6.4	348	44.0	+12%
BUY	Renaissance Corp	RNS	13/08/96	85*	C	36.7	1.8	0.23	27	3.0	100	7.4	+26%
HOLD+	Richina Pacific	RCH	03/11/95	119*	D	72.2	2.0	0.04	6	Nil	40	11.9	-56%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	1.2	1.98	19	7.0	117	41.3	+32%
BUY	Steel & Tube Holdings	STU	08/08/00	146	B	87.7	1.2	0.35	9	12.2	147	14.0	+10%
BUY	Taylors Group Ltd	TAY	09/11/99	102	C	24.3	1.2	0.73	12	7.6	118	9.0	+25%
BUY	Wrightson Limited	WRI	13/01/98	83	C	134.1	1.6	0.14	11	9.8	61	11.3	-13%
Australian Shares (in Aust cents)													
HOLD	Abigroup Limited	ABG	09/03/99	265	B	47.7	0.9	0.12	6	8.2	183	29.0	-20%
BUY	Atlas Pacific Ltd ¹	ATP	14/05/96	73	C	54.8	2.0	1.74	5	Nil	23	Nil	-68%
HOLD+	Auspine Limited	ANE	08/02/00	210	B	57.0	0.8	0.47	6	9.9	223	28.0	+20%
BUY	Austral Coal Ltd	AUO	16/01/01	19	A	81.3	1.6	0.39	8	Nil	38	Nil	+100%
HOLD+	Biron Corporation Ltd	BIC	12/04/94	178	C	21.8	1.8	1.82	NE	Nil	32	11.0	-76%
BUY	Campbell Brothers Ltd	CPB	12/10/99	435	B	31.5	0.5	0.57	13	5.4	500	40.0	+24%
HOLD	Central Equity Ltd	CEQ	09/02/94	154	C	82.1	0.9	0.75	5	9.0	200	87.0	+86%
HOLD+	C.S.R. Limited	CSR	11/07/00	436	A	964.7	0.7	0.79	12	4.3	560	11.0	+31%
HOLD	Hamilton Island Ltd	HAM	09/11/99	205	A	45.0	0.8	1.14	8	3.9	230	9.0	+17%
BUY	McPherson's Ltd	MCP	10/10/00	125	B	39.2	1.0	0.18	4	11.2	107	6.0	-10%
HOLD	PMP Communications	PMP	09/02/99	309	C	253.4	1.1	0.18	5	18.4	111	40.8	-51%
HOLD	Thakral Holdings	THG	10/11/98	65	B	576.1	1.1	1.35	10	9.5	66	15.1	+25%
HOLD+	Toll Holdings	TOL	08/09/98	240	A	61.3	0.7	0.72	25	1.7	1640	58.0	+608%
HOLD+	Utility Services Corp	USC	11/01/00	55*	C	104.7	1.7	0.84	18	Nil	65	5.0	+27%
HOLD+	Vision Systems Ltd	VSL	10/11/98	69*	B	146.3	0.7	2.85	53	1.0	287	14.4	+337%
BUY	Volante Group Ltd	VGL	13/03/01	132	B	68.0	1.1	0.21	24	5.4	120	Nil	-9%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +73.8%.

This is equal to an average annual rate of +22.7%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 30 current and 112 closed out) is +30.9%, compared with a market gain of +10.5% (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 21 cents.

Recommended Investments (Continued from Page 3)

Colonial Motor Company has reported a 53.8% drop in total profits to \$2,019,000 (7.2 cents per share) despite a 14.9% lift in revenues to \$166.9 million. The interim dividend will be cut 33.3% to 6.0 cents (plus full tax credits).

The percentage decline isn't strictly meaningful. Last year's result was boosted by property gains of \$641,000 while this year's result was depressed by \$1,215,000 of losses - mainly non-recurring items resulting from the closure of two dealerships - from its Auckland joint venture.

Adjusting for these one-off items suggests *trading* profits from the motor vehicle business fell about 13%.

Nufarm has reported a 10.6% drop in revenue to A\$593.6 million for the six months to December 2000, although profits rose 18.4% to A\$12,620,000 (8.1 Australian cents per share). The interim dividend will be raised 16.7% to A\$0.07.

Last year's result covers *eight* months (owing to a change in balance date) but that would not have had much impact on profits.

Richina Pacific has lifted revenues by 25.6% to \$724.6 million for the year to December with a strong return to profitability! Profits were \$4,686,000 (6.5 cents per share). No dividend will be paid as the company has interest bearing debts of \$101.2 million and requires cash to fund the "exceptional growth opportunities" from its Chinese leather business.

Richina Pacific's *Mobil-on-the-Park* property (now fully leased and producing a rental income) is valued at over \$80 million. The eventual sale of this asset will have a favourable impact upon the group: further boosting profits (by reducing borrowing costs) and freeing up financial resources for its growth businesses.

China leather sales rose 134% to NZ\$129 million and reached profitability, contributing NZ\$2.9 million to earnings (before interest and overheads). This business is now the second largest specialised waterproof shoe leather company in the world and one of the 20 largest finished leather manufacturers.

The restructured NZ semi-processed leather business was the major profit contributor with earnings of \$11.2 million, followed by the NZ venison business with earnings of \$4.0 million. Both businesses have been aided by the lower NZ dollar exchange rate.

At a price of 40 cents, Richina Pacific shares trade on an extremely low Price/Sales ratio of 0.04 and a Price/Earning ratio of only 6. The shares are also trading at a 66% discount to their net asset backing of 119 cents.

Steel & Tube Holdings is seeking Commerce Commission approval to acquire **Fletcher Steel**, believing that **Fletcher Building** may consider this a non-core business to be sold. Fletcher Steel already has approval to acquire Steel & Tube, but it is now believed this was sought to indicate to Steel & Tube that the two steel businesses could be merged. If the Commerce Commission is happy for Fletcher Steel to buy Steel & Tube then it should have no objections to Steel & Tube buying Fletcher Steel.

Merging the two businesses could result in some cost savings, but there are no restrictions on new companies entering the market or importing steel products. The acquisition of Fletcher Steel would be

attractive to Steel & Tube shareholders only if made at a realistic price, increasing the size of the business and improving earnings per share. As we reported just last month, Steel & Tube is generating "very strong operating cashflows" and "interest bearing debts are relatively low at \$39.0 million compared with Shareholders Equity of \$127.5 million". While Steel & Tube is in a sound financial position, Fletcher Steel would be a very large acquisition.

The two companies are similar in size. In the latest full year, Steel & Tube had annual revenues of \$372 million, earnings (before interest and tax) of \$32 million and total assets of \$223 million, while Fletcher Steel has revenues of \$417 million, earnings of \$31 million and assets of \$357 million. Fletcher Steel's earnings, however, have been more volatile, so we wouldn't want to see Steel & Tube paying too much for this company.

Taylor's Group has made an acquisition - closely following our comments of last month that "Taylor's Group will need to make acquisitions or increase its dividend rate if it is to avoid accumulating a large cash holding" and that it "has the financial capacity to make a major (\$10-20 million) debt funded acquisition".

Taylor's Group has acquired Auckland based **Laundry and Drycleaning Services** for \$6.2 million in cash. This acquisition takes the group into the new business of servicing airlines and providing laundry services to companies providing in-flight catering at Auckland International Airport, as well as adding to its existing businesses of industrial, corporate and tourism laundry services.

Financial details are not disclosed, but we would expect a \$6 million acquisition to add 20-30% to group revenues and 10-20% to profits (and earnings per share and future dividends).

Wrightson is negotiating a joint venture with **Merino New Zealand** (which is owned by growers) that would offer "significant benefits to the merino industry and (Wrightson) shareholders. The joint venture would involve establishing a new company to combine the existing Merino NZ activities and Wrightson's fine wool business (which currently handles 70% of merino wool). The venture would be 50% owned by each party.

Australian Shares

This section is in Australian currency, unless stated. **Atlas Pacific** lifted revenues by 23.1% to \$7.25 million for the year to December 31, 2000 while profits rose 68.0% to \$2,472,000 (4.5 cents per share - or 3.1 cents diluted for the convertible preference shares). No dividend will be paid on the ordinary shares, but the directors expect to begin dividend payments later this year or early in 2002. With the ordinary shares at 23 cents - and the convertible notes at only 21 cents - these securities trade on a Price/Earnings ratio of just 7.

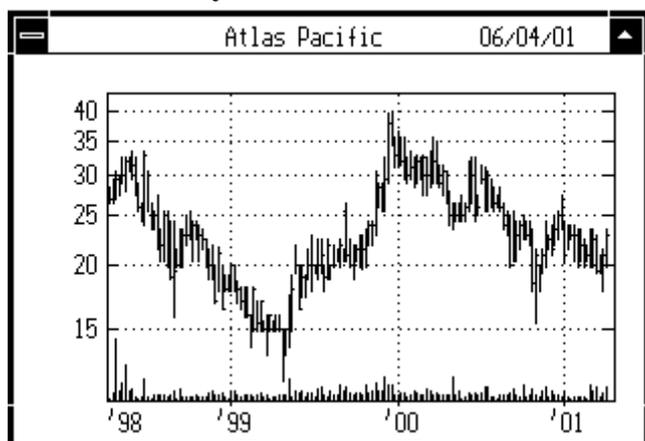
The company is now forecasting pre-tax profits to increase 3.2-fold to \$7.9 million in the current financial year. Income tax will be payable from this year, so tax paid profits are expected to rise 125% to \$5.6 million. Profits of \$7.8-8.8 million (8.8-10 cents, fully diluted) are expected for the 2002, 2003 and 2004 years - giving an extremely low P/E ratio 2.1-2.6. Very little of this profit needs to be re-invested in the company, so a high dividend payout ratio can be expected. Annual dividend

April 10, 2001.

payments of 7-9 cents are therefore possible (yielding 40% p.a.), although a lower maiden dividend - perhaps 3-5 cents (yielding 13-24%) - is likely for the December 2001 year.

Atlas Pacific recently sold 8,200 pearls, harvested in November 2000, which have yielded \$1.8 million towards the current year's revenues. A further 34,000 pearls have been harvested and will be sold in mid April (after cleaning and grading). The company expects to harvest 16,000 pearls in June (to be sold this financial year) plus 20,000 pearls in November (to be sold in early 2002).

Over recent years we have been recommending that investors hold the convertible preference shares (which pay 1.875 cents interest annually) rather than the ordinary shares (which currently pay no dividend). The preference shares can be redeemed at 15 cents on March 23, 2002 or converted to ordinary shares (with full dividend entitlements) at any time. Given the potential for significant dividend payments late this year or in early 2002, investors should continue to hold the preference shares at least until the September 2001 interest payment, but should then probably convert them to ordinary shares to obtain the higher expected dividend income. We shall update our advice on when investors should elect to convert the notes to ordinary shares later this year.



Austral Coal last month reported that it expected to negotiate price increases "in excess of 20%" for its semi-hard coal (compared with an industry wide coal price rise of around 7½%). The company has since completed contracts for 70% of 2001 production at "an average price rise of more than 23%". The remaining contract negotiations are "well advanced" and expected to achieve similar price increases.

The company states this will "significantly enhance profitability in 2001" - which may well be an understatement! A 23% price increase will add \$18.4 million to revenues, while operating costs remain unchanged. 70-90% of that extra revenue will go straight into pre-tax profits, so tax paid profits could increase 200-360% to \$13-15 million (16-18½ cents per share).

The shares have doubled in value since our initial buy recommendation just three months ago, but 38 cents may be just 2.0-2.4 times future earnings. So Austral Coal shares could double again (i.e. to 70-80 cents) over the next three months. Back in January we had anticipated significant potential from these shares (i.e. "the share price could double over the next 12 months and increase about five-fold in value over the next five years") but the 23% increase in the coal price

has exceeded our expectations and significantly increases the value of these shares. "Buy".

Last month **Biron Corporation** indicated it would *consider* a dividend, cash return or buy-back *after June* but then immediately announced an on-market share buy-back. The company is currently seeking to re-purchase up to 1,500,000 shares (6.9% of its capital).

Toll Holdings is seeking \$112 million through a \$25 million placement and an \$87 million renounceable issue of convertible notes. Existing shareholders have been offered one convertible note for every 12 shares held. Rights to these notes will trade on the stockmarket until early next week (April 17). Payment for the notes is due by April 24. The notes cost \$17.00, pay interest at 6.2%, can be redeemed in cash in March 2006 or converted (from September 2002 through till March 2006) into one ordinary share.

The *advantages* of the convertible notes over the ordinary shares are:

1. A higher income yield of 6.2% (compared with under 2% from the ordinary shares) and
2. Less risk as investors can choose repayment in cash (at \$17.00 in March 2006) or conversion into one ordinary share (so participate in any capital appreciation in the ordinary share price).

The only *disadvantage* is the market value of the notes (about \$17.50) which is about 7% more than the ordinary shares (\$16.40), although this will be repaid over two years by the higher income yield.

We recommend that investors take up their entitlement to the convertible notes. Investors over-weighted with a seven-fold gain on Toll Holdings shares may not wish to add to their total investment in this company and should therefore sell a few of the ordinary shares. In fact, once the convertible notes start trading on the stockmarket, investors should consider selling their ordinary shares and buying convertible notes instead.

For example, selling 1000 Toll Holdings ordinary shares would realise about \$16,400, while buying 1000 convertible notes on market will cost around \$17,500. That is an additional investment of \$1,100 but your annual income will rise from \$280 to \$1,054 - or an extra \$774 per year! The main advantage, however, is a reduction in risk. The notes can be converted to ordinary shares from September 2002 onwards, so will participate fully in any appreciation in Toll Holdings ordinary share price! Alternatively, investors can choose to receive \$17 per note in cash in March 2006, so if the ordinary share price falls in value the notes will retain their value owing to the cash repayment option.

We therefore suggest that investors switch from an investment in the ordinary shares to an investment in the convertible notes. This switch will remove the risk of losing any of the 7-fold gain we have already made from our investment in Toll Holdings without diminishing the potential to earn further gains.

This switch from the ordinary shares to the convertible notes (for higher income and less risk) is similar to our 1999 switch from Atlas Pacific ordinary shares to their convertible notes. We shall continue to show Toll Holdings ordinary shares in our *Recommended Portfolio* but at a premium of 7-12% we now rate Toll Holdings convertible notes as the preferred investment in this company. (Continued on Page 6)

Recommended Investments (Continued from Page 5)

This cash issue may put some downwards pressure on Toll Holdings shares in the short term, but we continue to rate this company a "Hold+".

See also our comments on Page 6 regarding taking up entitlements in cash issues by Australian companies.

Toll Holdings has acquired **Strang Stevedoring** which generates \$16 million in annual revenues. The company is "particularly strong in the automotive sector" and involves regional stevedoring at Newcastle, Port Kembla, Geelong and Portland, plus the Webb Dock West facility in Melbourne.

Utility Services Corporation has announced the acquisition of **Opticon-Australia**, a niche *knowledge management* consultancy business for \$2.5 million (consisting of 1,250,000 shares issued at 70 cents, plus \$1,625,000 in cash). This acquisition "is expected to be earnings positive immediately" and will add almost \$4 million to annual revenues (so is being purchased on a relatively low Price/Sales ratio of 0.6).

In December 2000, Utility Services Corporation acquired the remaining 50% of **NeoDesign Synergy** (funded with the issue of 800,000 new shares), which in turn acquired **Visual Purple**, an interactive website design business.

While having issued 2,050,000 shares for these acquisitions, Utility Services has re-purchased a total of 3,186,121 shares on-market at prices of 62-68 cents.

Taking Up Rights to an Australian Cash Issue

When a NZ or Australian company makes a cash issue to its shareholders you will receive an "Entitlement and Acceptance Form" showing your entitlement to the new shares and the amount to pay to buy those shares from the company. To buy the shares, simply sign the form and mail it back to the company's share registry with your cheque.

If it is an Australian company, then you will need to pay in Australian currency, which normally means purchasing an Australian dollar bank draft - and allowing a week for postal delivery.

There is an alternative way to pay for Australian shares. If your Australian shares are broker-sponsored under the CHESS system - which will be the case if you use an internet broker like Sanford or E*Trade Australia - then you can get your broker to exercise the rights and make payment for the new shares.

You will need to write a letter to your broker instructing them to exercise the rights and to withdraw money from your cash management account to make this payment. The signed letter, plus your completed Entitlement and Acceptance Form, can be faxed or mailed to the broker.

Company Analysis: Hellaby Holdings

Hellaby Holdings (code HBY) is a medium sized NZ company holding investments in a wide range of small NZ companies. While failing to generate *growth* this is a very profitable company that offers investors a *high, tax paid income from dividends*.

Company History

During the Investment and Property boom of the 1980's this company was floated on the NZ Stock Exchange under the name **Renouf Corporation**. After the 1987 crash, asset values fell, leaving the company with serious debt problems. The shares fell to just one cent and were delisted in 1993.

After a major restructuring, debt moratorium and the consolidation of five old shares into one new share, the company was re-listed in March 1994 in its present form as Hellaby Holdings.

Current Business

Hellaby Holdings is still an investment company with shareholdings in a wide range of small NZ businesses. The major sectors in which the company invests are: Automotive activities (generating 41% of revenue and 55% of profits for the year to June 2000), Retail (25% of revenue, 25% of profits), Equipment merchandising (14% of revenue, 24% of profits), Wool Scouring (13% of revenues, 7% of profits), Textiles & Apparel (7% of revenues, 8% of profits) and Investment (*minus* 20% of profits).

Partially owning stakes in a wide range of businesses

can have both disadvantages and advantages: A large range of small businesses could involve significant duplication of overheads, leaving each business without the economies of scale necessary to be profitable and support a public company structure. Managing a large number of unlisted investments could also result in an inefficient use of management time in the parent company, again incurring unnecessarily high overheads that erode group profitability. Fortunately, Hellaby Holdings does not appear to suffer from either of these problems and has been able to generate a high return on Shareholders Equity (i.e. 22-26%). Around 50% of profits are distributed as dividends, so Hellaby Holdings shares have produced a high income for shareholders.

On the positive side, a wide range of small investments provides excellent diversification for the company. Smaller companies also hold the potential to grow significantly faster than bigger, mature businesses. Unfortunately, Hellaby Holdings has been unable to generate any real growth in profits over recent years.

Recent Results

For the year to June 1999, revenues rose 23.9% to \$171.9 million. Profits increased slightly, up 2.4% to \$14,056,000 (27.9 cents per share) and a steady 14.0 cents dividend (plus full imputation tax credits) was paid.

Revenues rose strongly in the June 2000 year, up 49.6% to \$257.1 million, but half (Continued on Page 8)

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	Vola. til. ity	Price Earn. Ratio	Dividend Yield	Sales Ratio	Market Cap'n	Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola. til. ity	Price Earn. Ratio	Dividend Yield	Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million												
Wrightsons Ltd	61	+13.2	-3.6	5	-	0.8	7	1.6	11	9.8	0.14	82	NZ Refining Co	1525	+16.4	-0.6	3	5	1.2	23	0.3	5	24.5	1.23	366
Design Textiles	31	+10.8	+1.6	8	-	0.4	4	1.8	10	9.6	0.16	10	Air New Zealand	103	-9.0	-3.3	79	9	0.4	11	0.8	3	14.6	0.16	779
Renaissance	100	+12.9	-8.9	6	-	2.3	9	1.8	27	3.0	0.23	37	Steel & Tube	147	+2.1	-0.5	37	8	1.0	11	0.9	9	12.2	0.35	129
Williams Kettle	305	+9.1	-2.5	12	-	1.2	11	0.6	11	7.3	0.28	45	Hallenstein G.	235	+3.2	-0.1	30	7	4.1	34	0.6	12	11.7	0.84	136
Fletcher Build.	238	+1.4	+3.0	41	9	0.8	11	1.3	8	10.0	0.34	815	Telecom Corp	589	-6.4	+4.3	73	9	9.2	68	0.7	13	11.7	2.39	10,339
Steel & Tube	147	+2.1	-0.5	37	8	1.0	11	1.1	9	12.2	0.35	129	Restaurant Brds	140	+5.8	-1.1	21	8	4.6	45	1.0	10	10.7	0.54	129
Hellaby Hold.	193	+3.0	+1.4	33	5	1.4	17	1.0	8	10.8	0.37	96	Fletcher Build.	238	+1.4	+3.0	41	9	0.8	11	1.1	8	10.0	0.34	815
Goodman Fielder	161	+1.1	+0.5	43	1	1.2	10	0.8	12	6.2	0.48	2,055	Cavalier Corp	470	+6.7	-1.8	19	4	2.1	16	0.7	13	9.5	0.77	169
Nuplex Indust	348	+5.8	-1.0	21	7	1.6	15	1.0	11	6.4	0.51	196	Sky City Ltd	918	+12.5	+0.6	8	9	5.6	38	0.5	15	9.1	2.99	884
Restaurant Brds	140	+5.8	-1.1	21	8	4.6	45	1.3	10	10.7	0.54	129	Contact Energy	286	+1.8	+1.6	39	9	1.1	4	0.7	28	9.1	1.99	173
Tower Limited	557	+2.8	+1.0	35	5	1.1	9	0.6	12	5.4	0.57	984	OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0												
Reid Farmers	95	+7.9	-0.1	16	-	1.5	13	1.2	12	7.9	0.62	53	Southern Paper	70	-1.9	-1.6	60	-	2.0	-	0.8	NE	Nil	7.49	51
DB Group	520	+15.0	-1.4	4	6	2.4	17	0.5	14	4.6	0.65	262	Calan Hlthcare	78	-8.0	-1.6	75	-	0.7	6	0.6	12	9.1	6.40	97
Taylor's Grp Ltd	118	+1.7	+0.1	40	-	1.5	12	1.1	12	7.6	0.73	29	AMP NZ Office	85	-0.4	-2.1	53	6	1.4	13	0.7	11	9.1	6.08	212
Michael Hill	365	+8.0	+0.5	15	5	3.3	23	0.8	14	5.5	0.77	141	Kiwi Property	85	-0.4	+0.3	53	8	0.7	8	0.6	9	12.3	5.92	293
Cavalier Corp	470	+6.7	-1.8	19	4	2.1	16	0.8	13	9.5	0.77	169	Nuhaka Forestry	1025	-6.7	-1.8	73	-	0.6	-	0.3	NE	Nil	5.69	18
Tranz Rail Hold	370	+4.8	+1.9	23	8	1.0	15	0.9	6	2.3	0.79	447	Genesis Res.	365	-10.0	-7.9	79	-	1.6	1	0.9	128	Nil	3.22	92
Mr Chips Hold	93	+8.0	-1.3	14	-	3.0	21	0.9	14	9.6	0.81	14	GDC Communicat.	274	-0.4	-5.9	52	3	7.4	22	0.9	34	1.8	2.50	104
AMP Limited	2535	+3.0	-1.4	32	-	2.8	14	0.6	19	2.2	0.81	27,291	Telecom Corp	589	-6.4	+4.3	73	9	9.2	68	0.7	13	11.7	2.39	10,339
Hallenstein G.	235	+3.2	-0.1	30	7	4.1	34	0.8	12	11.7	0.84	136	WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													E-Phone Ltd	9	-28.3	+2.1	93	-	1.7	-	2.8	NE	Nil	N/A	10
DB Group	520	+15.0	-1.4	4	6	2.4	17	0.5	14	4.6	0.65	262	Strathmore Grp	6	-24.4	-2.8	92	-	0.4	-	2.7	NE	Nil	1.28	12
Wrightsons Ltd	61	+13.2	-3.6	5	-	0.8	7	1.3	11	9.8	0.14	82	Eldercare NZ	13	-22.7	+0.8	91	-	0.5	15	1.9	4	Nil	0.77	20
Design Textiles	31	+10.8	+1.6	8	-	0.4	4	1.4	10	9.6	0.16	10	Advantage Group	72	-22.6	-0.6	90	7	0.7	3	1.3	25	Nil	0.68	43
PDL Holdings	520	+10.4	+8.7	11	3	0.8	6	0.8	13	Nil	0.20	71	E-Ventures NZ	26	-18.2	-1.6	88	-	1.2	-	1.3	NE	Nil	N/A	65
Williams Kettle	305	+9.1	-2.5	12	-	1.2	11	0.5	11	7.3	0.28	45	FC - Forests	32	-16.2	+3.4	87	9	0.2	4	1.4	4	Nil	0.52	820
Mr Chips Hold	93	+8.0	-1.3	14	-	3.0	21	0.7	14	9.6	0.81	14	Tag Pacific Ltd	20	-13.5	-0.0	86	-	0.5	10	1.3	5	4.1	0.28	13
Michael Hill	365	+8.0	+0.5	15	5	3.3	23	0.7	14	5.5	0.77	141	Force Corp.	27	-13.4	+3.5	85	5	0.8	9	1.5	9	5.5	0.76	42
Reid Farmers	95	+7.9	-0.1	16	-	1.5	13	1.0	12	7.9	0.62	53	Rocom Wireless	42	-13.3	-2.0	84	-	1.3	-	1.0	NE	Nil	N/A	6
Cavalier Corp	470	+6.7	-1.8	19	4	2.1	16	0.7	13	9.5	0.77	169	Metro. LifeCare	92	-12.3	-0.6	84	5	0.8	4	0.7	21	Nil	0.66	79
Restaurant Brds	140	+5.8	-1.1	21	8	4.6	45	1.1	10	10.7	0.54	129	IT Capital Ltd	19	-12.2	+2.9	83	-	1.3	-	2.2	NE	Nil	N/A	27
Nuplex Indust	348	+5.8	-1.0	21	7	1.6	15	0.9	11	6.4	0.51	196	Cue Energy Ltd	4	-10.8	+2.0	81	-	0.5	-	2.4	NE	Nil	1.52	13
Tranz Rail Hold	370	+4.8	+1.9	23	8	1.0	15	0.8	6	2.3	0.79	447	Genesis Res.	365	-10.0	-7.9	79	-	1.6	1	0.9	128	Nil	3.22	92
Hallenstein G.	235	+3.2	-0.1	30	7	4.1	34	0.8	12	11.7	0.84	136	Damba Hold Ltd	37	-8.1	-2.1	75	-	0.5	2	0.7	29	Nil	0.34	6
AMP Limited	2535	+3.0	-1.4	32	-	2.8	14	0.5	19	2.2	0.81	27,291	Nuhaka Forestry	1025	-6.7	-1.8	73	-	0.6	-	0.3	NE	Nil	5.69	18
Hellaby Hold.	193	+3.0	+1.4	33	5	1.4	17	0.9	8	10.8	0.37	96													
Tower Limited	557	+2.8	+1.0	35	5	1.1	9	0.5	12	5.4	0.57	984													
Steel & Tube	147	+2.1	-0.5	37	8	1.0	11	1.0	9	12.2	0.35	129													
Taylor's Grp Ltd	118	+1.7	+0.1	40	-	1.5	12	0.9	12	7.6	0.73	29													
Fletcher Build.	238	+1.4	+3.0	41	9	0.8	11	1.2	8	10.0	0.34	815													
Goodman Fielder	161	+1.1	+0.5	43	1	1.2	10	0.6	12	6.2	0.48	2,055													

"Strongest" Shares

This table shows the 50 NZ shares that are appreciating most rapidly in value. As a group, these *strong* shares can be expected to outperform the market - so investors should generally HOLD for further gains.

STRENGTH RATING													STRENGTH RATING												
Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola. til. ity	Price Earn. Ratio	Dividend Yield	Sales Ratio	Market Cap'n	Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola. til. ity	Price Earn. Ratio	Dividend Yield	Sales Ratio	Market Cap'n
Mooring Systems	180	+79.2	+27.6	0	-	-	-	0.9	NE	Nil	N/A	10	Summit Gold Ltd	9	+7.6	+4.3	17	-	1.8	-	3.3	NE	Nil	N/A	8
Vending Tech.	285	+48.5	+3.5	0	-	1.1	-	0.8	NE	Nil	0.27	84	Fisher & Paykel	805	+7.3	-0.7	17	9	2.5	14	0.6	17	4.6	1.14	951
Dairy Brands	49	+20.4	-1.3	1	-	1.0	0	1.4	272	Nil	3.40	24	Frucor Bev.	213	+6.8	+1.5	18	6	8.4	38	1.0	22	Nil	1.48	266
Montana Group	409	+18.5	-4.1	2	7	3.2	11	0.9	29	2.6	1.95	878	Cavalier Corp	470	+6.7	-1.8	19	4	2.1	16	0.8	13	9.5	0.77	169
Cabletalk Group	125	+17.7	+6.6	2	-	0.7	-	1.0	NE	Nil	0.58	2	Shotover Jet	50	+6.1	+1.5	20	-	1.7	4	1.4	45	Nil	0.95	22
NZ Refining Co	1525	+16.4	-0.6	3	5	1.2	23	0.3	5	24.5	1.23	366	Restaurant Brds	140	+5.8	-1.1	20	8	4.6	45	1.3	10	10.7	0.54	129
DB Group	520	+15.0	-1.4	4	6	2.4	17	0.5	14	4.6	0.65	262	Nuplex Indust	348	+5.8	-1.0	21	7	1.6	15	1.0	11	6.4	0.51	196
Tasman Agric.	156	+14.3	-0.2	4	3	1.1	7	0.8	16	1.9	4.18	164	SE Utilities	107	+5.2	-0.8	22	-	1.0	3	1.0	31	7.0	N/A	64
Wrightsons Ltd	61	+13.2	-3.6	5	-	0.8	7	1.6	11	9.8	0.14	82	Lytelton Port	172	+5.0	-1.3	22	6	5.3	45	0.9	12	8.9	3.01	175
Renaissance	100	+12.9	-8.9	6	-	2.3	9	1.8	27	3.0	0.23	37	Tranz Rail Hold	370	+4.8	+1.9	23	8	1.0	15	0.9	6	2.3	0.79	447
Horizon Energy	1010	+12.9	+0.8	7	3	1.8	21	0.5	8	12.3	1.82	50	Powercor Limited	152	+4.7	+0.6	24	-	0.4	-	0.9	NE	Nil	0.53	N/A
Sky City Ltd	918	+12.5	+0.6	7	9	5.6	38	0.6	15	9.1	2.99	884	Kiwi Developmnt	262	+4.7	-0.1	24	-	1.5	-	0.7	NE	Nil	N/A	126
Design Textiles	31	+10.8	+1.6	8	-	0.4	4	1.8	10	9.6	0.16	10	Medical Care	135	+4.6	-0.6	25	-	8.6	10	1.7	87	Nil	N/A	301
Akd Int Airport	355	+10.8	+1.0	9	9	3.0	10	0.8	29	4.1	8.77	1,491	Ryman Health.	195	+4.4	+1.0	26	4	2.5	16	0.9	16	2.7	4.19	195
Cedenco Foods	141	+10.6	-2.8	9	-	0.9	11	1.0	8	Nil	1.72	22	Col FS Property	100	+4.1	+0.9	26	-	1.0	7	1.0	14	10.5	8.42	145
Utilico Int'l	37	+10.5	+0.0	10	-	0.9	-	1.6	NE	Nil	N/A	22	Nat Property Tr	89	+3.8	+2.1	27	-	1.0	8	0.9	11	10.4	6.13	35
PDL Holdings	520	+10.4	+8.7	11	3	0.8	6	0.9	13	Nil	0.20	71	Port Tauranga	584	+3.5	+0.4	28	8	1.7	8	0.5	23	5.6	6.38	446
United Networks	870	+9.3	+0.4	11	5	1.6	14	0.4	12	5.7	2.														

Hellaby Holdings (Continued from Page 6) of this increase resulted from consolidating the higher revenue, low profit margin, Wool Scouring business (after ownership increased from 46.0% to 59.4% in April 2000). Profits fell 16.7% to \$11,703,000 (23.5 cents per share) but the dividend remained steady at 14.0 cents (plus full tax credits).

The consolidation of the wool business again resulted in significantly higher reported revenues - up 64.4% to \$177.5 million - for the six months to December 2000. Profits rose 4.0% to \$4,312,000 (8.7 cents) and the interim dividend remained steady at 7.0 cents (plus full imputation tax credits).

To be able to attach full imputation tax credits to its dividends, Hellaby Holdings has needed to *pre-pay* income tax to the Inland Revenue Department.

Investment Criteria

At 193 cents, Hellaby Holdings shares trade on a low Price/Sales ratio of 0.37, a low Price/Earnings ratio of 8 and offer a gross Dividend Yield of 10.8%. Despite a lack of profit growth over the years, these shares appear under-valued and a good *income* investment.

A market capitalisation of \$96 million makes this a medium sized NZ company.

The shares are *neglected*, with only five brokers publishing profit forecasts and institutional investors owning under 10% of the capital.

Green & McCahill Group is the major shareholder with 16,125,000 shares (or 32.05% of the company) followed by Managing Director A Borren with 4,000,000 shares (7.95% of the company).

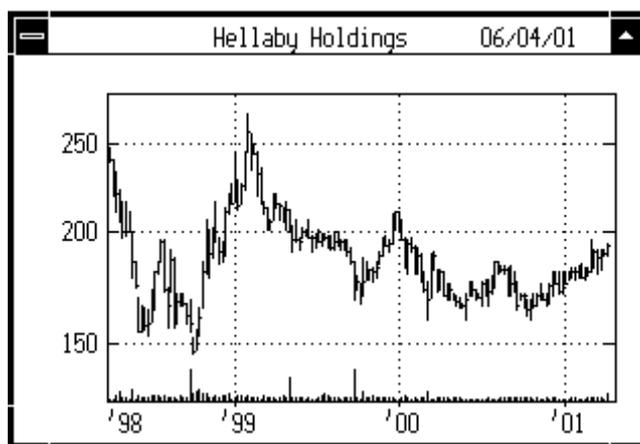
Hellaby Holdings were very volatile from late 1997 until early 1999. The shares peaked at 312 cents in October 1997, falling 53% to a low of 147 cents in

October 1998, spiking back to 270 cents in February 1999. Since then the shares drifted to a low of 160 cents in March, June and October 2000 - and now appear to be in a moderate uptrend.

Summary and Recommendation

Hellaby Holdings has been a steady performer, without much growth, but able to offer investors a high dividend yield. The shares are attractive to investors seeking a high income yield from a diversified portfolio of NZ shares. As interest rates continue to fall, high yielding shares like Hellaby Holdings will become relatively more attractive (compared with fixed interest investments), which will tend to push the share price steadily higher.

While we are not formally recommending Hellaby Holdings shares they do offer investors a high tax paid income yield plus the potential for 30-40% capital appreciation (i.e. to 250-270 cents) over the next 18-24 months.



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

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

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average															
Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earnings Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earnings Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	
Julia Mines	11	-23.1	+0.6	87	0.0	-	-	-	1.4	NE	Nil	9.78	14	Poltech Int'l	148	-2.4	-1.4	43	3-2	-	6.4	19	0.7	34	Nil	6.49	30	
Institute Drug	373	-0.2	+0.0	34	5-2	-	-	-	0.6	49	0.9	9.67	153	Huada City	75	-2.0	-0.1	41	0-0	-	75.0	-	0.8	7	13.7	6.38	27	
Westfield Trust	309	-0.2	-1.9	35	0-0	10	1.1	6	0.7	17	6.7	9.62	5,720	Commonwealth DS	114	-0.8	-0.6	37	0-0	-	1.0	15	0.8	7	4.7	6.28	68	
BresGen Ltd	105	-7.1	-3.9	56	0-0	-	1.8	-	0.8	NE	Nil	9.58	47	Bridge DFS Ltd	205	-2.3	-1.7	42	0-0	-	25.6	-	0.7	21	3.5	6.17	205	
Computer Share	716	-4.1	-4.1	48	1-7	9	-	-	0.6	100	0.1	9.35	3,871	Lake Technology	50	-17.2	-5.3	77	0-0	-	10.0	-	0.9	NE	Nil	6.07	15	
Min-Tech 8 NL	6	-19.4	+2.9	81	0-0	-	3.0	-	1.7	NE	Nil	9.08	9	Hillgrove Gold	7	-5.2	+1.3	51	0-0	-	-	-	1.6	NE	Nil	5.74	23	
Earth Sanct.	125	-8.4	-0.3	59	2-1	-	1.4	9	0.7	16	0.4	8.75	34	Primary Health	470	-2.5	-2.5	43	0-0	-	-	-	0.6	71	1.5	5.55	390	
Gandel Retail T	112	-0.1	-0.9	34	0-0	10	1.0	8	0.8	13	7.6	8.72	1,408	Tennysong Netwks	40	-21.4	-4.3	85	0-0	-	8.0	-	0.9	NE	Nil	5.41	18	
Working Systems	26	-12.1	-1.8	66	0-0	-	4.3	5	1.0	81	Nil	8.70	20	PEG Technology	20	-13.6	-4.6	69	0-0	-	2.9	6	1.1	50	Nil	5.41	23	
Reef Casino Trt	7	-1.3	+0.3	39	0-0	-	1.4	8	1.6	18	4.2	8.67	71	Gold Mines Sard	31	-2.6	+3.2	43	0-0	-	2.4	-	1.0	NE	Nil	5.37	73	
Novogren Ltd	268	-3.4	+0.0	46	0-0	3	5.7	-	0.7	NE	Nil	8.57	227	FlowCom Limited	30	-13.1	+3.9	68	0-0	-	2.5	-	1.0	NE	Nil	5.33	27	
Payce Consol.	62	-1.4	-1.1	39	5-0	-	0.7	1	0.9	66	Nil	8.45	21	Senetas Corp	16	-28.7	-0.7	93	0-0	-	0.8	-	1.2	NE	Nil	5.18	28	
PowerTel Ltd	48	-25.7	-0.5	90	0-0	4	3.4	-	0.9	NE	Nil	8.42	414	Sedimentary Hld	7	-15.2	-2.2	73	0-0	-	-	-	1.6	NE	Nil	5.11	12	
Protel Int'l	415	-7.3	-2.2	56	0-0	-	9.0	25	0.6	36	1.4	8.41	316	E-Bet Limited	20	-19.7	+3.3	82	0-0	-	1.5	-	1.1	NE	Nil	5.09	17	
Infomedia Ltd	186	-2.6	+0.9	44	0-0	-	37.2	-	0.7	NE	Nil	8.30	594	Adultshop.com	19	-21.2	+2.7	85	0-0	-	3.1	-	1.2	NE	Nil	5.00	38	
Aust Pure Fruit	70	-4.9	-5.3	50	0-0	-	2.5	-	0.8	NE	Nil	8.01	10	Queensland Opal	5	-10.9	+1.7	63	3-0	-	-	-	1.8	NE	Nil	4.95	5	
Psiron Limited	27	-21.3	-2.3	85	0-0	-	6.8	-	1.0	NE	Nil	7.99	10	Aristocrat	625	-10.7	+4.8	63	0-0	817.4	43	0.6	41	1.8	4.82	2,649		
ING Indust Trt	139	-0.4	-0.5	35	0-0	-	1.0	8	0.7	12	9.3	7.97	743	Objective Corpo	47	-16.4	+0.5	76	0-0	-	11.8	96	0.9	12	Nil	4.62	63	
Premier Invest	160	-7.3	-0.9	57	0-0	-	0.5	2	0.7	28	3.1	7.91	149	World.net Serv.	49	-7.8	+1.2	57	0-0	-	4.5	-	0.9	NE	Nil	4.58	9	
Charter Pacific	71	-1.4	+0.7	39	0-0	-	4.2	-	0.8	NE	Nil	7.85	46															
AXA Aust Div PT	112	-0.7	-1.0	36	0-0	-	1.0	8	0.8	13	7.8	7.80	1,011															
Centro Prop.	280	-0.3	-1.2	35	0-0	6	1.1	9	0.7	13	8.5	7.58	909															
Highland Pac.	8	-22.1	-0.8	86	0-0	-	8.3	-	1.5	NE	Nil	7.55	18															
E-Sec Limited	18	-19.9	-4.9	82	0-2	-	4.5	-	1.2	NE	Nil	7.44	7															
AMP Ind Prop Tr	98	-1.0	+0.3	38	0-0	5	1.0	9	0.8	11	9.6	7.35	332															
Macquarie C'Wde	138	-1.4	-1.0	39	0-0	7	1.1	10	0.7	11	9.5	7.34	383															
Healthpoint Tec	10	-16.4	-2.5	76	0-0	-	5.0	-	1.4	NE	Nil	7.19	9															
SecureNet Ltd	213	-24.9	-4.1	89	2-0	-	1.1	1	1.0	102	Nil	6.89	166															
Cape Range Wire	15	-13.7	-3.8	70	3-0	-	15.0	-	1.2	NE	Nil	6.79	48															
Orbital Engine	98	-7.2	-5.0	56	0-0	114.0	-	0.8	NE	Nil	6.70	348																
Aust Infra.	194	-2.5	+0.0	43	0-0	6	0.9	12	0.7	7	8.2	6.62	285															

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	Current	4-Wk Chg.	Rank 0-99									
Sausage Softwar	36	-35.6	-0.6	98	0-1	-	3.0	-	0.9	NE	Nil	1.71	103
Surfboard Ltd	9	-35.3	+0.9	98	0-0	-	-	-	1.4	NE	Nil	0.40	6
Access 1 Ltd	5	-35.2	-0.8	98	0-2	-	0.8	-	1.7	NE	Nil	3.22	6
IXLA Limited	14	-35.1	-1.6	98	0-1	-	1.7	-	1.2	NE	Nil	0.81	11
ICS Global Ltd	20	-35.0	-0.4	98	0-0	-	1.1	-	1.1	NE	Nil	0.76	5
Spike Networks	15	-34.7	+1.7	97	0-0	-	1.3	-	1.2	NE	Nil	0.35	7
Techniche Ltd	34	-34.6	-1.6	97	0-0	-	0.5	-	0.9	NE	Nil	0.34	12
BMCMedia.com	15	-34.2	-0.4	97	0-0	-	3.0	-	1.2	NE	Nil	3.33	15
Datafast Tel.	4	-34.1	-1.5	97	0-0	-	0.5	-	1.9	NE	Nil	0.92	5
New Tel Ltd	29	-33.9	-1.3	97	1-0	-	0.6	-	1.0	NE	Nil	3.24	29
ISIS Com'cation	11	-33.8	+0.1	97	0-0	-	0.4	-	1.3	NE	Nil	0.38	9
POS Media	6	-33.8	+1.9	97	0-0	-	-	-	1.6	NE	Nil	2.96	5
Newland Group	9	-33.8	+1.7	96	0-0	-	-	-	1.4	NE	Nil	N/A	5
Sino Securities	50	-33.7	-1.3	96	0-0	-	0.7	-	0.9	NE	Nil	N/A	7
Circle Com Ltd	8	-33.3	-1.0	96	0-0	-	-	-	1.4	NE	Nil	4.00	15
Austar United	66	-33.3	-2.9	96	0-0	-	16.5	-	0.8	NE	Nil	2.05	330
CI Technologies	155	-33.0	-1.1	96	3-0	5	7.8	49	0.7	16	5.2	1.98	81
Pilbara Mines	21	-32.5	+0.9	96	0-0	-	-	-	1.1	NE	Nil	N/A	8
Technology One	87	-32.5	-0.4	96	0-3	-	10.9	71	0.8	15	1.7	3.05	276
Weatherpoint Ltd	27	-32.1	+0.1	96	0-0	-	-	-	1.0	NE	Nil	1.33	12
Quadtel NL	9	-32.1	-1.1	95	0-0	-	-	-	1.4	NE	Nil	1.20	5
M.Y.O.B. Ltd	136	-31.9	-0.5	95	2-1	-	45.3	-	0.7	16	3.7	2.74	335
Copper Mines	1	-31.4	+1.4	95	0-0	-	-	-	3.2	5	Nil	0.42	7
Smart Comm.	15	-31.3	-0.2	95	0-0	-	1.3	3	1.2	42	Nil	0.80	9
Eisa Ltd	14	-31.3	+2.2	95	0-0	-	-	-	1.2	NE	Nil	0.56	9
Multi-Emedia	6	-30.5	-0.9	94	0-0	-	1.9	2	1.6	97	Nil	2.46	18

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	Current	4-Wk Chg.	Rank 0-99									
Solution 6	102	-30.4	+1.5	94	0-0	8	2.5	-	0.7	NE	Nil	0.76	170
Webspy Limited	6	-30.2	-0.5	94	0-0	-	1.1	-	1.6	NE	Nil	N/A	6
Geo2 Limited	6	-30.1	+2.3	94	0-0	-	1.2	-	1.6	NE	Nil	1.02	8
Morning Star	25	-29.8	-12.2	94	0-0	-	1.0	-	1.0	NE	Nil	2.04	17
Startrack Comm.	4	-29.1	-2.2	93	0-0	-	0.8	-	1.8	NE	Nil	N/A	7
Hutchison Tel.	52	-28.9	-2.3	93	0-0	-	3.7	-	0.9	NE	Nil	0.86	353
Harvest Road	17	-28.8	+0.7	93	0-0	-	0.7	-	1.1	NE	Nil	1.95	6
B Digital Ltd	21	-28.8	+1.6	93	0-0	-	-	-	1.1	NE	Nil	0.28	16
Senetas Corp	16	-28.7	-0.7	93	0-0	-	0.8	-	1.1	NE	Nil	5.18	28
IBA Technology	22	-28.4	-0.6	93	0-0	-	1.1	-	1.0	NE	Nil	1.96	27
Open Telecom	62	-27.9	-0.8	92	0-0	-	5.6	17	0.8	32	Nil	3.91	357
Prophecy Int'l	60	-27.7	-1.0	92	0-0	3	2.1	-	0.8	NE	Nil	2.01	26
EcCorp Limited	72	-27.7	-3.8	92	0-0	-	4.8	-	0.8	NE	Nil	2.53	152

INSIDER SELLING: Most Insider Selling, Relative Strength < 0

Computer Share	716	-4.1	-4.1	48	1-7	9	-	-	0.6	100	0.1	9.35	3,871
Union Capital	4	-26.5	+0.4	91	0-4	-	-	-	1.7	NE	Nil	0.67	19
Technology One	87	-32.5	-0.4	96	0-3	-10.9	71	0.7	15	1.7	3.05	276	85
AMX Resources	38	-0.3	+0.1	35	0-3	-	-	-	0.9	NE	Nil	N/A	85
Publishing & Br	1095	-3.8	-3.4	47	1-4	13	2.1	10	0.6	22	1.8	2.91	7,159
Formida Holding	62	-27.6	-5.6	92	0-2	-	-	-	0.8	NE	Nil	1.42	15
Westel Group	11	-26.8	-0.4	91	0-2	-	1.4	-	1.2	NE	Nil	2.38	30
E-Sec Limited	18	-19.9	-4.9	82	0-2	-	4.5	-	1.1	NE	Nil	7.44	7
Access 1 Ltd	5	-35.2	-0.8	98	0-2	-	0.8	-	1.6	NE	Nil	3.22	6
Adacel Tech.	154	-12.7	-2.6	68	0-2	-	2.2	5	0.7	42	Nil	2.21	77
Ges Internat'l	60	-14.9	-1.9	73	0-2	-	1.4	13	0.8	10	2.0	0.22	271
Circadian Tech	278	-5.6	-2.6	52	2-4	-	2.4	-	0.6	NE	Nil	N/A	115

Australian Company Analysis: Ridley Corporation

This section is in Australian currency, unless stated.

Salt and stockfeed company, **Ridley Corporation** (listed on the Australian stockmarket under the code RIC) is a Salt and Stockfeed company. The business suffered a decline during 1998 and 1999, with profits, dividends and the share price all down significantly. Now, however, Ridley Corporation looks to be a *recovery situation* - helped by an excellent US acquisition, falling interest rates and the lower Australian dollar. Our *Comprehensive Share Selection Criteria* rates the shares attractive under both the *Best Performing Shares* and *Under-Valued Shares* criteria.

Company History

Ridley Corporation was originally formed as an investment company during the 1987 stockmarket boom, when the public subscribed for 16.0 million shares at 50 cents. The investment boom ended with the October 1987, so in 1988 Ridley Corporation entered the salt business.

In November 1990 the company acquired the AgriProducts division of **Goodman Fielder Wattie** for \$72 million (funded mainly by issuing new shares) and in May 1992 bought **Cheetham Salt** and rural businesses from **National Foods** for \$73 million (again, mostly in shares). These acquisitions gave Goodman Fielder 38.2% and National Foods 46.8% of the company, but both companies sold out in late 1993.

In 1996 Cheetham Salt purchased a 50% interest in NZ based **Dominion Salt**. During 1999 the company acquired a major salt field adjacent to its existing field near Rockhampton from **Orica** for \$4.1 million. Integration of these two fields offers "considerable synergies" and will "significantly boost production capacity".

Ridley Inc (formerly Ridley Canada)

In April 1994 the company expanded into Canada with the C\$25 million acquisition of Canadian stockfeed business **Feed-Rite**. This was followed by the purchase of two other Canadian businesses, **Quality Feeds**

Alberta (in October 1995) and **Green Valley Feeds** (in March 1996), and two US based businesses **Zip Feeds** (in August 1996) and **Hubbard Milling** (in April 1997). This latter acquisition cost US\$65 million but doubled the size of the North American business. These businesses were consolidated under the name **Ridley Canada** (now **Ridley Inc**) and listed on the Toronto Stock Exchange in August 1997. Ridley Corporation retained a 60.0% interest (which has since increased to 68.2% with on-market purchases).

Ridley Inc later acquired UK based **Cotswold Pig Development Company** (October 1998) which has sustained significant losses. C\$250,000 (rising to C\$1,000,000) was invested in **Gensel Biotechnologies** (merging pig breeding research, gaining access to sperm sexing technology and rights to future technology relating to swine breeding).

In April 2000, US based **Wayne Feeds** was purchased for US\$37 million in cash. Wayne Feeds is "expected to realise substantial operating efficiencies and cost reductions" and moves the company from the tenth largest to the sixth largest livestock feed manufacturer in North America.

Current Business

Ridley Corporation currently operates five divisions: **Salt:** This division generates only 5-6% of revenues but is a relatively stable business with high profit margins which contribute around 40% of earnings. The company seeks to grow this business through the 1999 acquisition of the Orica salt business and a new 50.1% owned Indonesian production and marketing venture.

Australian Agriproducts: This under-performing division generates around 40% of revenues but only about 20% of earnings. Restructuring since 1998 has led to four feed mills being closed, resulting in annual cost savings of \$4 million.

Canada Stockfeed: This operation (owned by Ridley Inc) generates 15-20% of (Continued on Page 10)

Ridley Corporation (Continued from Page 9) group revenues and about 12% of earnings. Earnings have been depressed by losses at its pig breeding operation, **Quality Swine Systems** - a non-core business that is for sale.

USA Stockfeeds: This business (owned by Ridley Inc) generated 33% of revenues and 41% of earnings in the year to June 2000. The acquisition of Wayne Foods will boost revenues by 80% with earnings likely to rise about 120% during the June 2002 financial year. This division will therefore be a major source of profit growth in the June 2001 and 2002 financial years.

Cotswold Pig Development: This UK pig breeding business (owned by Ridley Inc) has been a constant source of operating losses - equal to about 15% of group earnings. This business suffered from historically low pig prices during 1998 and 1999 resulting in low demand from farmers.

Result Results

North American acquisitions expanded Ridley Corporation's revenues during the mid to late 1990's from around \$500 million to \$900 million. Group profits, however, remained steady at \$20-22 million with the company paying a steady 7.5 cents dividend since 1995.

The business under-performed in the year to June 1999 when revenues slipped 2.5% to \$916.3 million, trading profits fell 22.5% to \$16,994,000 (7.2 cents per share). There were also extraordinary losses of \$24.2 million (although mainly from writing down asset values and goodwill). Despite this profit decline the dividend remained steady at 7.5 cents.

Revenues recovered 11.1% to \$1,017.7 million in the June 2000 year, but profits fell 19.3% to \$13,714,000 (5.7 cents) and the dividend was cut 46.7% to 4.0 cents.

For the six months to December 2000, revenues rose 53.3% to \$705.0 million with profits recovering strongly to be up 73.8% at \$12,320,000 (5.1 cents per share). The company is actively seeking to repay debt (from the Wayne Foods acquisition), so the interim dividend remained steady at 2.0 cents.

Investment Criteria

At 68 cents Ridley Corporation shares are trading on a very low Price/Sales ratio of 0.16, a Price/Earnings ratio of 12 and a Dividend Yield of 5.9%. Those statistics suggest the shares offer good value. The *profit recovery* in the six months to December will likely reduce the P/E ratio to 6-7 for the full year. The final dividend will likely be raised, with further recovery back towards 7.5 cents likely in the June 2002 year.

Falling US and world interest rates should also help reduce the company's expense on its \$311 million of interest bearing debts. This is a high, although manageable, debt level.

With a capitalisation of \$162 million this is currently a medium sized business. The company is *moderately* following (i.e. by five brokers) and institutional investors have significant shareholdings.

Directors have moderate investments in Ridley Corporation. Chairman Dr JS Keniry holds 548,445 shares and 147,999 options, MJ Edgar has 400,000 shares and 66,699 options, RG Seldon holds 150,000 shares, MP Bickford-Smith 50,000 shares and 500,000 options, RJ Lotze 80,332 shares and 4,033 options

while DG McGauchie has 10,000 shares.

There have been two insider sales, with MJ Edgar selling 400,000 shares and 200,000 shares during March.

Ridley Corporation shares peaked at 175 cents in late 1996 and again at 170 cents in mid 1997, but then fell sharply to a low of 48 cents in March 2000 as profits fell and the dividend rate was eventually cut. Since then the shares have been in an uptrend (although a little volatile). The shares hit a recent high of 88 cents in early March and have settled back to 65 cents at present. Reflecting the recovery over the last year, the Relative Strength Rating is +8.7%, ranking the shares at 10 (i.e. in the top performing 10% of the market). Technically this is a very favourable situation - with the shares likely to recover up towards 100-150 cents over the next 12-24 months.

April 2002 Options

While Ridley Corporation shares are attractive - offering a good income yield and potential for capital appreciation - an alternative investment in the company are the listed options (code RICO). In March 2000 the company issued these options, free of charge, as a 1 for 10 bonus to shareholders.

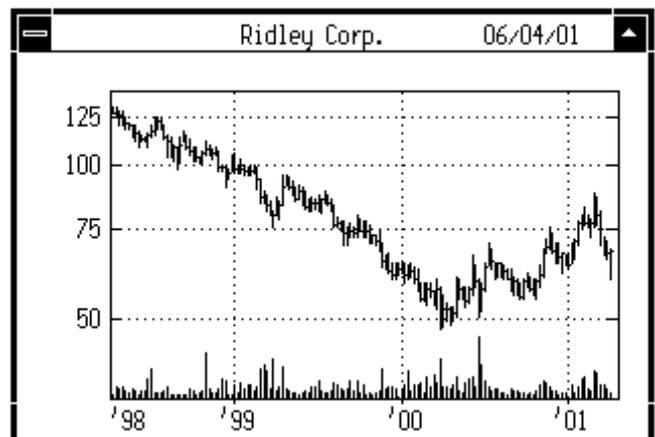
These options give the right to purchase shares at 65 cents in April 2002. So if the Ridley Corporation share price rises significantly over the next year these options will become extremely valuable. The options, however, are inactively traded and available only in small quantities. At 15-16 cents, the ordinary share price will need to rise about 20% (to 80-81 cents) for the options to break-even (i.e. be worth 15-16 cents). A rise in the share price to 100 cents (a 53% total return) would value the options at 35 cents (a 125% gain). On the other hand, if the share price falls below 65 cents the options will expire completely worthless.

Overall we believe that the low risk shares are a better investment than the high risk options.

Summary & Recommendation

Ridley Corporation has not been a great long term performer but has under-performed significantly owing to a decline in profitability. That situation now appears to be reversing, with strong profit growth coming from the growth in its North American operations.

We are not formally recommending Ridley Corporation shares for purchase as we believe the company lacks significant long term growth potential. Nevertheless, this is a sound business and a good *recovery situation* where the shares could return to 100-150 cents (up 50-130%) over the next couple of years.



"Insider" Trades in Australian Shares

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

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

"Insider" Indicators

Last 5 wks: 77.2% Buyers
Last 13 wks: 77.6% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AMX Resources	0-3	Burswood Ltd	8-0	GWA Internat'l	4-0	McGuigan Wines	4-0	Reinsurance Aus	6-0
ARC Energy	2-0	C.S.R. Ltd	12-1	Garratt's Ltd	3-1	McPherson's Ltd	2-0	Ridley Corporation	0-2
Access 1 Ltd	0-2	CI Technologies	3-0	Gazal Corp	1-3	Metroland Aust	6-0	S.P.C. Ltd	4-1
Adacel Tech.	0-2	CSL Limited	0-2	Ges Internat'l	0-2	Michealago Res.	4-0	Schaffer Corp	2-0
Adtrans Group	7-1	Campbell Bros	3-0	Gippsland Ltd	3-0	Mikoh Corp.	2-0	SecureNet Ltd	2-0
Aerodata Hold	2-0	Cape Range Wire	3-0	Goodman Fielder	2-0	Milton Corp.	7-1	Simeon Wines	2-0
Allegiance Min.	2-0	Chiquita Brands	2-0	Grand Hotel	5-0	Minotaur Gold	2-0	Smith (Howard)	3-0
Ambition Group	5-0	Circadian Tech	2-4	HIH Insurance	17-4	Mobile Innov.	4-0	Sonic Health	0-4
Ancor Ltd	5-0	Cleland	9-0	Hallmark Gold	4-1	Mt Burgess Gold	3-0	Spencer Gulf TV	4-0
Amity Oil NL	3-1	Coates Hire	3-0	Hardman Res.	5-2	Nat'l Aust Bank	3-0	St George Bank	2-0
Amrad Corp.	3-0	Coles Myer	2-0	Harvey Norman	0-2	Newcrest Mining	3-0	Sthn Star	2-0
Aquila Res.	2-0	Com'wealth Bank	3-0	Healthscope	9-4	News Corporatio	4-0	Sthn Cross Brd.	5-0
Argo Investment	4-2	Commsecure Ltd	6-0	Herald Resource	8-0	Norgard C.	6-4	Sun Resources	4-0
Atkins Carlyle	7-0	Computer Share	1-7	Hillcrest Res.	2-0	Normandy Mining	3-0	Swish Group	2-0
Auspine Ltd	6-0	Corp Express	2-5	Hills Indust.	2-0	OAMPS	8-1	TAB Queensland	3-0
Aussie Online	0-2	Craton Res.	2-0	Housewares Int.	2-0	Online Trading	4-0	Tap Oil	3-0
Aust Rural	3-1	Croesus Mining	1-3	Hydromet Corp.	2-0	Orica Ltd	6-0	Technology One	0-3
Aust Foundation	6-0	DCA Group Ltd	3-1	Institute Drug	5-2	PCH Group	2-0	Text Media Grp	5-0
Austral Coal	2-0	Dalrymple Res.	2-0	Intermin Res	2-0	Pac Strategic	5-0	Ticor Ltd	2-0
Austrim Nylex	5-0	Darowa Corp	6-0	Internet Travel	2-0	Pacifica Group	2-0	Toll Holdings	2-0
Automotive Ind.	4-1	Davids	2-0	Investor Info	2-0	Pacific Dunlop	3-0	Triako Res.	3-1
BRL Hardy Ltd	8-5	David Jones	6-1	Investor Group	0-5	Paperlin X Ltd	3-0	Union Capital	0-4
BT Aust Equity	4-1	Day Trader HQ	3-0	Joyce Corp.	2-0	Payce Consol.	5-0	Utility Serv.	3-0
BT Resources	7-0	Djerriwarrh	4-1	Kagara Zinc Ltd	1-3	Peter Lehman W.	4-2	Vietnam Indust.	3-0
Beacon Fin Serv	9-0	E-Sec Limited	0-2	Kingsgate Cons.	2-0	Platinum Cap'l	3-0	Vision Systems	1-4
Bendigo Bank	4-1	ETRADE Aust.	2-0	Lakes Oil NL	2-0	Publishing & Br	1-4	Volante Group	2-0
Billabong Int'l	0-2	Equs Limited	2-0	Ludowici Ltd	4-0	Quadrant Aust.	4-0	Waterco Ltd	6-0
Biron Corp	7-0	Evans & Tate	2-5	M.I.M. Holdings	3-0	Queensland Opal	3-0	Wattyl Ltd	5-0
Boral Limited	5-0	Exodus	2-0	MacMahon Hold	2-0	Queens'd Cotton	4-0	West'n Metals	2-0
Brazin Limited	4-0	Fairfax (John)	12-0	Macmin NL	4-0	Realestate.com	3-0	Westel Group	0-2
Brickworks Ltd	2-0	Formida Holding	0-2	Macquarie Bank	3-1	Rec. Solutions	2-0	Westfield Hold.	4-9
Bristle Ltd	3-0	G.U.D. Holdings	2-0	Majestic Res.	3-0	Recruiters Aust	8-0	Westpac Banking	0-2
Bunnings W/hse	2-0	GME Resources	2-0	Marymia Explor.	2-0	Redflex Holding	2-0	Wet Dreams Ltd	3-0
Burdekin Pacific	2-0			Maxi TRANS	3-0			Wine Investment	2-0

Rank	Industry Group	No. Average of Buyers-Coys	Average of Sellers	Rank	Industry Group	Insider Buy/Sell	No. Average of Buyers-Coys	Average of Sellers	Rank	Industry Group	Insider Buy/Sell	No. Average of Buyers-Coys	Average of Sellers
1	Insurance	32-5	8 +3.38	25	Mineral Exploration	26-7	51 +0.37		48	Health & Related Products	2-0	21 +0.10	
2	Building Materials	32-1	15 +2.07	26	Oil/Gas Producer	6-0	17 +0.35		49	Misc Financial	21-18	32 +0.09	
3	Publishers	18-1	9 +1.89	27	Property Dev'ment/Manager	7-0	20 +0.35		50	Other Telecommunications	4-2	22 +0.09	
4	Hospital Management	10-4	4 +1.50	28	Agricultural	11-5	19 +0.32		51	Residential Developer	2-1	12 +0.08	
5	Diversified Industrial	34-0	23 +1.48	29	Gold Explorer	59-20	126 +0.31		52	Mining Services	3-3	12 +0.00	
6	Trustee Company	15-5	7 +1.43	30	Mineral Sands	4-1	11 +0.27		53	Machinery Manufacturer	0-0	3 +0.00	
7	Diversified Mining	5-0	5 +1.00	31	Mining Producer	8-4	15 +0.27		54	Other Infrastructure	0-0	7 +0.00	
8	Misc Services	45-7	42 +0.90	32	Brewer	1-0	4 +0.25		55	Advertising/Marketing	0-0	9 +0.00	
9	Chemical & Fertiliser	11-3	9 +0.89	33	Gold/Other Mining	1-0	4 +0.25		56	Biotechnology	0-0	27 +0.00	
10	Forest Products	10-0	14 +0.71	34	Base Metals	12-7	21 +0.24		57	Mining Investment	0-0	4 +0.00	
11	Casinos/Gaming	16-4	17 +0.71	35	Food	10-4	27 +0.22		58	Gold/Copper	0-0	2 +0.00	
12	Investment Trust/Company	22-2	30 +0.67	36	Coal	2-0	10 +0.20		59	Other Utilities	0-0	2 +0.00	
13	Television	6-0	9 +0.67	37	Transport	4-2	11 +0.18		60	Soft Drink/Confectionery	1-1	9 +0.00	
14	Wholesaler/Retail	6-0	9 +0.67	38	Leisure Activities	3-1	11 +0.18		61	Oil/Gas Investor	0-0	2 +0.00	
15	Banking	19-9	16 +0.63	39	Engineering Contractor	1-0	6 +0.17		62	Energy/Electricity	2-2	13 +0.00	
16	Light Engineering	10-1	15 +0.60	40	Pharmaceutical	10-8	13 +0.15		63	Uranium	0-0	2 +0.00	
17	Misc Industrial	24-4	37 +0.54	41	Building Contractor	2-0	13 +0.15		64	Computer & Office Serv.	21-22	75 -0.01	
18	Automotive	8-1	14 +0.50	42	Gold Producer	12-5	46 +0.15		65	Equipment/Services	4-5	53 -0.02	
19	High Technology	23-8	30 +0.50	43	Hotel/Resort	1-0	7 +0.14		66	Diamonds	1-2	13 -0.08	
20	Property Investor	5-0	10 +0.50	44	Network Operator	2-1	7 +0.14		67	Manufacturer/Retailer	3-6	11 -0.27	
21	Diversified Media	22-5	34 +0.50	45	Retail	19-14	36 +0.14		68	Health/Medical Services	0-5	16 -0.31	
22	Equity Investor	40-7	67 +0.49	46	Property Trust	12-4	61 +0.13		69	Heavy Engineer	0-2	6 -0.33	
23	Vintner	21-14	16 +0.44	47	Entrepreneurial Investor	1-0	8 +0.13		70	Gold/Investment	0-1	2 -0.50	
24	Oil/Gas Exploration	21-5	39 +0.41										

"Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Held	
				Before	After
09/03/2001					
PDL Holdings	Clipsal Industries	Buy	+0.896	5.11%	6.59%
16/03/2001					
Beauty Direct	Damba Holdings	Buy	+3.311	0.0%	11.80%
Cedenco Foods	SK Foods	Buy	+3.103	0.0%	19.90%
Force Corporation	Sky City	Buy	+77.724	0.0%	50.19%
Force Corporation	Francis Securities	Sell	-77.724	50.19%	0.0%
Hallenstein Glasson	AMP Asset Mgmt	Sell	-0.630	15.00%	13.91%
Kiwi Development	Kiwi Income Property	Buy	+12.217	69.88%	95.33%
Property For Industry	Armstrong Jones	Sell	-3.040	10.11%	8.42%
Waste Mgmt (NZ)	NZ Guardian Trust	Buy	+5.093	0.0%	5.21%
23/03/2001					
Capital Properties	Courtenay Nominees	Sell	-14.000	5.90%	0.15%
Designer Textiles	GAC Gould	Buy	+1.857	0.0%	5.20%
Designer Textiles	KD Harding	Sell	-1.857	5.20%	0.0%
Infrastructure & Utilities	Tower Corporation	Buy	+9.318	0.0%	5.02%
Kiwi Development	Kiwi Income Property	Buy	+0.766	95.33%	96.93%
PDL Holdings	Clipsal Industries	Buy	+1.020	6.59%	7.51%
Restaurant Brands	AXA Asia Pacific	Sell	-2.941	5.88%	2.42%
Shotover Jet	J Boulton	Sell	-13.226	30.52%	0.0%
Shotover Jet	Ngai Tahu Invest.	Buy	+13.226	50.00%	80.50%
Sky City Ltd	Col First State	Buy	+4.362	14.50%	18.92%
06/04/2001					
Nuplex Industries	Tower Asset Mgmt	Sell	-0.650	11.67%	10.54%
Sky Network TV	Independent News.	Buy	+11.364	47.02%	49.96%
Spectrum Resources	Momentum Invest	Buy	+26.417	4.92%	13.50%

Total Return Index for All Listed Shares

Mar 12	2104.82	Mar 19	2009.88
Mar 13	2080.30	Mar 20	2022.35
Mar 14	2067.01	Mar 21	2010.99
Mar 15	2047.84	Mar 22	1989.15
Mar 16	2048.74	Mar 23	1983.89
Mar 26	1986.49	Apr 2	1983.22
Mar 27	1980.23	Apr 3	1986.23
Mar 28	1976.48	Apr 4	1967.03
Mar 29	1961.07	Apr 5	1973.89
Mar 30	1968.42	Apr 6	1970.45

Current Issues

SHARE REPURCHASES

Details

Hellaby Holdings	5%, on-market
Warehouse Group	2½%, on-market

CASH ISSUES

	Ratio	Price	Ex-Date	Appln Date
MetLifeCare	2:5	85	02-04	27-04

Next Issue

The next issue of "Market Analysis" will be posted in five weeks time on Tuesday May 15, 2001 (and delivered in most areas on Wednesday 16, 2001).

Subscribers who have updated their account online with an e-mail address will also receive the Electronic version in their e-mail Tuesday morning. The newsletters will also be available from our internet site (www.stockmarket.co.nz) on Tuesday.

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Air New Zealand	4.00	19-03	30-03	Nil
CDL Hotels	0.70	02-04	09-04	Full
CDL Investments	1.60	02-04	12-04	12-04
Colonial Motor Company	6.00	02-04	09-04	Full
GDC Communications	1.75	30-04	04-05	Full
Hallenstein Glasson	9.00	23-04	27-04	Full
Kiwi Income Property	4.54	04-04	04-05	0.71
Newmarket Property	2.989527	26-03	30-03	0.57927
Northland Port (special)	15.00	23-04	27-04	Full
Warehouse Group	8.50	17-04	23-04	Full
Williams & Kettle	9.00	23-04	30-04	Full
Australian Shares				
Abigroup	7.00	12-04	27-04	
McPhersons	6.00	06-04	27-04	
Nufarm	7.00	17-04	27-04	

Human Click

HumanClick is a feature on our website that allows you to open up a private chat session (if I'm online to take your call) and ask questions. Here is a recent example (edited slightly to save space):

Visitor: How does the Total Return Index for All Listed Shares work for me. How do I use it?

James Cornell: The Total Return Index is designed to measure the broad market, both big and small companies. It gives a good indication of what the market as a whole is doing, not just the biggest companies.

Visitor: I looked at the charts on the front page, its quite similar to NZSE 40.

James Cornell: Look at the *trend* on the charts. See how the TRI has been *weaker* than the NZSE 40 index during 2001? The rally in the NZSE 40 index was not matched by the broad market and in that situation the broad market trend is usually correct (and the market has since weakened).

James Cornell: This situation is similar to the early months of 1989 (but I don't think the market is going so low this time).

Visitor: NZSE40 was rising whereas TRI showed the market is going down. Am I right?

James Cornell: Yes, and in that situation the market will usually follow the TRI trend.

James Cornell: Also note the weakness in the broad market during 1997, despite the NZSE 40 going higher (which did not last).

Visitor: After you pointed out the detail, all of a sudden, I understand now. Thanks a lot!

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