

Market Analysis

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Summary and Recommended Investment Strategy.

We recommend increasing exposure to Australian and New Zealand shares to about 85-90% of local portfolios, buying into this month's new recommendation and adding to existing holdings rated "Buy" and/or "Hold+". This will lower cash reserves slightly to around 10-15%, leaving some cash for new share recommendations over the next few months.

Investment Outlook.

The Australian and New Zealand economies have largely been protected from the slowdown in the world economy owing to two factors. Firstly, the recession has hit hardest in the technology sectors, so there has been less impact on low-tech, agricultural based economies. Secondly, both countries allowed their exchange rates to devalue, which offset the impact of lower international demand and/or prices for exports.

The world economy will likely recover in the second quarter of 2002 - although we expect only a slow rate of economic growth. Stockmarkets *anticipate* economic changes by 3-9 months, so are probably near their lows in this cycle. It is time to start (cautiously) looking to the next stockmarket upturn.

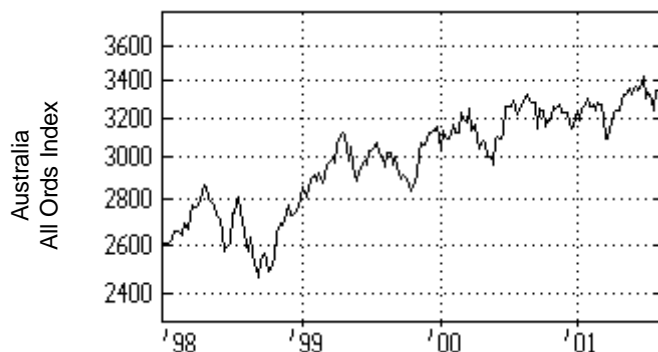
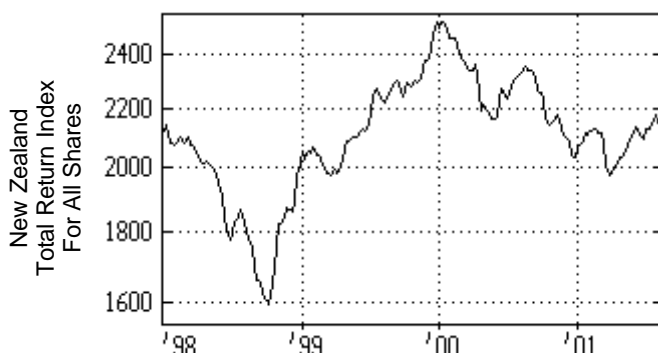
Our One Year Forecasts for the Australian and New Zealand stockmarkets have both improved to **slightly Bullish** (i.e. favourable) at **66%** and **63%**, respectively. Our Short Term Trend Model of the NZ market is **Neutral** at **60%**.

With this moderately favourable outlook we shall use some of our cash reserve to add **Julia Ross Recruitment** to our *Recommended Portfolio*. This company has further demonstrated its superior management by reporting strong profit growth despite difficult market conditions and the shares meet our criteria for emerging growth companies. We shall also quit our unsuccessful investment in **PMP** where recovery potential is diminishing.

Our medium term objective is to hold about 35 shares in the *Recommended Portfolio* (i.e. about 15 NZ and 20 Australian shares), which means adding about 3-5 new shares. We aim to hold approximately equal dollar amounts in each share (i.e. about 2-4% of our local portfolio at time of purchase), but will usually let profits run - so successful investments can grow to become a larger percentage.

The divergence between our *Total Return Index* (which has risen strongly over the last four months) and the *NZSE 40 Index* (which has moved sideways) is

Bullish (i.e. favourable). Weakness by a few large companies in the NZSE 40 Index is hiding a broadly based recovery by most NZ shares.



Performance Forecasts

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

Company	Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A. Barnett Ltd	C	93	0.49	21	Nil	Force Corp.	C	9.8	0.28	3	15.2	Ports Auckland	A	560	4.81	17	4.8
AMP Limited	B	2279	0.73	17	2.5	Frucor Bev.	D	170	1.18	18	Nil	Powerco Limited	B	173	0.61	NE	Nil
AMP NZ Office	C	85	6.08	11	9.1	GDC Communicat.	C	234	2.13	29	2.1	Property F Ind.	D	84	7.81	38	8.2
AOL Holdings	D	1.7	0.76	NE	Nil	Genesis Res.	D	385	3.40	NE	Nil	Pure NZ Limited	E	11	4.78	NE	Nil
AXA Asia Pac.	B	345	0.57	13	3.4	Goodman Fielder	C	145	0.44	11	6.9	Reid Farmers	B	135	0.70	10	7.7
Advantage Group	D	54	0.51	19	Nil	Grocorp Pacific	E	11	0.36	NE	Nil	Renaissance	D	66	0.15	18	4.5
Affco Holdings	E	35	0.07	7	Nil	Guinness Peat	B	169	2.96	16	1.8	Restaurant Brds	B	157	0.61	11	9.5
Air New Zealand	C	113	0.18	4	13.3	Hallenstein G.	B	289	1.04	15	9.6	Richina Pacific	C	77	0.08	12	Nil
Akd Int Airport	C	357	8.82	29	4.1	Hellaby Hold.	B	222	0.43	9	9.4	Richmond Hold.	C	265	N/A	NE	Nil
Apple Fields	C	13	0.21	NE	Nil	Heritage Mining*	N/R	5.0	4.20	NE	Nil	Rocom Wireless	E	46	N/A	NE	Nil
Baycorp Hold	B	1310	N/A	66	2.2	Horizon Energy	A	1120	2.32	11	11.3	Rubicon Limited	C	80	0.12	NE	Nil
Beauty Direct	C	12	4.51	NE	Nil	IT Capital Ltd	D	13	1.60	NE	Nil	Ryman Health.	C	215	3.60	15	2.6
Bendon Limited	B	195	0.72	18	6.9	Ind Newspapers	B	375	2.49	38	2.8	Sanford Limited	B	671	1.82	14	4.4
Blis Technology	D	95	N/A	NE	Nil	Infrail NZ	B	171	3.99	19	6.1	Savoy Equities	D	16	0.60	NE	Nil
Brierley Invest	E	59	0.51	NE	Nil	Kingsgate Int'l	C	15	0.50	3	Nil	Scott Tech. Ltd	B	136	0.87	7	12.1
Broadway Ind	C	33	0.14	34	Nil	Kirkcaldie & St	D	487	N/A	NE	Nil	Seafresh Fish.	E	4.4	0.26	NE	Nil
CACI Group Ltd	C	45	N/A	NE	Nil	Kiwi Property	C	94	5.37	8	11.1	Selector Group	D	3.2	4.71	NE	Nil
CDL Hotel NZ	D	20	0.29	49	5.2	Lion Nathan Ltd	B	527	1.35	18	3.5	Shotover Jet	D	47	0.89	42	Nil
CDL Investments	E	19	1.29	8	12.9	Lytelton Port	B	183	3.20	13	8.4	Sky City Ltd	A	1120	3.65	18	7.5
Cabletalk Group	C	78	N/A	NE	Nil	Mainfreight Grp	C	114	0.20	24	8.5	Sky Network TV	E	356	4.96	NE	Nil
Cadmus Tech Ltd	D	16	N/A	NE	Nil	Medical Care	E	127	N/A	81	Nil	Software of Exc	B	195	1.04	NE	Nil
Calan Hlthcare	D	83	6.81	13	8.6	Metro. LifeCare	C	120	0.86	27	Nil	Southern Cap	D	93	9.95	NE	Nil
Cap Properties	C	94	N/A	8	12.4	Michael Hill	B	452	0.96	18	4.5	South Port NZ	C	125	2.11	21	6.6
Carter Holt	C	174	0.79	12	3.4	Mid-Cap Index *	N/R	198	N/A	NE	Nil	Spectrum Res.	D	2.9	N/A	NE	Nil
Cavalier Corp	A	580	0.96	16	7.7	Montana Group	C	447	3.10	37	Nil	Steel & Tube	A	190	0.45	12	9.4
Cedenco Foods	A	210	2.56	12	Nil	Mooring Systems	C	180	N/A	NE	Nil	Strathmore Grp	C	6.9	1.45	NE	Nil
Col FS Property	C	101	6.56	11	10.6	Mr Chips Hold	A	130	1.19	19	7.5	Submarines Aust	C	40	0.18	NE	Nil
Col Motor Co	B	289	0.28	11	9.6	NZ Experience	C	11	0.86	NE	Nil	Summit Gold Ltd*	N/R	18	N/A	NE	Nil
Commsoft Group	D	9.0	N/A	NE	Nil	NZ Invest Trust*	N/R	499	N/A	NE	1.7	Tag Pacific Ltd	D	15	0.21	4	5.3
Compass Com.	D	32	N/A	NE	Nil	NZ Oil and Gas *	N/R	41	2.61	NE	Nil	Tasman Agric.	B	180	7.69	29	1.7
Contact Energy	C	326	2.27	32	7.9	NZ Refining Co	A	1565	1.26	5	23.8	Taylors Grp Ltd	B	117	0.73	12	7.7
Cube Capital	D	40	0.36	31	Nil	Nat Property Tr	C	97	6.68	12	9.5	TeNZ *	N/R	90	N/A	NE	Nil
Cue Energy Ltd * N/R	9.0	3.11	NE	Nil	National Mail	D	6.5	0.71	NE	Nil	Telecom Corp	C	517	2.10	12	13.3	
DB Group	B	525	0.66	14	4.5	Natural Gas	C	103	1.14	9	7.2	Tourism Hold.	B	150	0.69	8	8.5
Dairy Brands	C	66	4.58	NE	Nil	Newcall Group	D	5.7	0.35	NE	Nil	Tower Limited	C	505	0.52	11	5.9
Design Textiles	C	36	0.19	11	8.3	Newmarket Prop.	C	50	N/A	6	19.0	Trans-Tasman	E	19	1.08	5	Nil
Dorchester Pac	B	120	0.86	9	7.5	Northland Port	C	205	3.09	89	Nil	Tranz Rail Hold	B	411	0.79	18	2.1
E-Ventures NZ	E	29	N/A	NE	Nil	Nufarm Limited	C	351	0.29	8	5.5	Trust Power Ltd	B	335	1.21	26	7.7
E-cademy Hold.	D	1.3	N/A	NE	Nil	Nuhaka Forestry	D	820	2.17	NE	6.7	United Networks	B	850	2.80	12	5.8
Ebos Group Ltd	C	260	0.86	16	7.5	Nuplex Indust	C	337	0.49	11	6.6	Utilico Int'l	D	48	N/A	NE	Nil
Eldercare NZ	D	19	1.09	5	Nil	Opio Forestry	E	55	N/A	NE	Nil	Vending Tech.	C	315	5.56	23	Nil
Elect Trans Tec	D	9.1	7.00	NE	Nil	Otter Gold Mine*	N/R	14	0.09	NE	Nil	WN Drive Tech.	D	53	N/A	NE	Nil
Evergreen	E	49	3.28	13	Nil	Owens Group Ltd	C	83	0.12	10	9.0	Warehouse Group	C	558	1.45	22	3.3
FC - Forests	E	33	0.54	5	Nil	Ozy (Tortis) *	N/R	250	N/A	NE	Nil	Waste Mgmt NZ	C	348	2.47	24	3.2
Finzsoft Sol'ns	D	52	0.10	NE	Nil	PDL Holdings	A	1040	0.40	43	1.4	Williams Kettle	B	355	0.33	13	6.3
Fisher & Paykel	A	1315	1.86	29	2.8	Pacific Retail	B	165	0.21	7	Nil	World Index Fd *	N/R	183	N/A	NE	Nil
Fletcher Build.	A	268	0.39	9	8.9	Port Tauranga	A	720	7.87	28	4.6	Wrightsons Ltd	B	93	0.21	17	6.4
												Ave of 141 Cos	C	233	0.51	18	3.7
A.G.L.	B	859	1.05	12	5.9	Data Advantage	B	705	N/A	NE	0.6	News Corporatio	C	1826	1.66	30	0.2
AMP Div. Prop	B	250	7.74	13	7.6	Deutsche Office	C	140	N/A	NE	Nil	Orica Ltd	B	445	0.31	8	7.9
AMP Ltd	C	1898	0.76	18	2.5	Deutsche Div Tr	B	118	6.97	14	7.4	Origin Energy	A	300	0.48	11	7.0
AMP Office Trt	B	126	N/A	15	7.0	E.R.G.	C	82	1.22	14	2.4	Pacific Dunlop	C	80	0.14	6	12.5
AMP Shop Centre	B	140	7.21	15	7.9	Email Ltd	B	291	0.37	15	8.4	Pacific Group	B	367	0.49	16	5.2
ANZ Bank	A	1648	2.10	16	3.9	Energy Develop.	B	690	7.22	36	0.7	Pacific Hydro	A	399	N/A	86	0.8
APN News Media	C	402	1.64	20	3.7	Fairfax (John)	C	390	2.02	17	2.9	Paladin Com.	B	124	7.45	14	7.7
AXA Asia Pac	B	294	0.61	14	3.2	Faulding (F.H.)	A	1440	1.10	37	1.5	Paperlin X Ltd	B	426	0.57	15	1.2
Adelaide Bank	A	668	1.33	20	4.5	Flight Centre	B	2710	0.92	55	0.9	Perp Trust Aust	A	4200	5.53	38	1.5
Advance Prop	B	182	8.64	15	6.7	Foodland Assoc	A	1200	0.30	15	4.6	Publishing & Br	C	1038	2.76	21	1.9
Alintagas Ltd	C	391	2.31	NE	Nil	Foster's Brewin	B	538	2.69	21	2.7	O.B.E. Insur.	B	1095	1.36	45	1.5
Amcor Ltd	A	667	0.57	15	5.7	Futuris Corp.	B	251	0.30	19	3.2	Q.C.T. Resource	C	121	1.05	NE	Nil
Aristocrat	B	676	5.21	44	1.6	GWA Internat'l	A	248	1.18	17	7.3	Qantas	B	328	0.43	8	6.7
Aust Pipeline	B	253	N/A	NE	Nil	Gandel Retail T	B	115	8.96	14	7.4	Rio Tinto Ltd	B	3290	1.30	9	2.7
Aust Stock Exch	B	1329	6.68	23	4.2	General Prop Tr	B	276	6.69	15	6.9	Rural Press Ltd	C	451	1.15	10	3.1
Aust Pharm. Ind	A	265	0.31	18	4.7	Global Int'l	C	166	N/A	NE	Nil	Seven Network	B	732	1.62	29	2.8
Austereo Group	D	190	N/A	NE	Nil	Goodman Fielder	C	118	0.47	12	6.4	Simsmetal Ltd	B	568	0.45	19	4.4
Australand Hold	A	168	1.00	7	7.1	Graincorp	A	1235	1.69	10	6.4	Singleton Group	B	400	N/A	41	1.8
BA Tobacco Aust	B	1771	0.70	19	4.8	Guinness Peat	B	137	2.99	13	0.4	Smith (Howard)	A	1425	1.04	25	2.9
BRL Hardy Ltd	B	1067	2.55	26	1.7	Hardie (James)	A	590	1.56	NE	3.2	Smorgon Steel	B	100	0.33	10	9.0
Bank of W.Aust	A	435	4.03	17	4.1	Harvey Norman	C	443	N/A	NE	0.8	Sonic Health	C	830	3.58	74	1.8
Bendigo Bank	A	667	1.52	19	3.6	Hills Motorway	B	545	N/A	NE	6.1	Southcorp Ltd	B	738	1.71	22	2.8
Bidvest	B	300	0.20	16	2.6	ING Indust Trt	B	154	N/A	12	8.6	Spotless Group	C	782	0.87	42	2.6
Billabong Int'l	C	620	N/A	NE	Nil	ING Office Fund	B	115	7.37	13	9.2	St George Bank	A	1431	1.74	17	3.8
Boral Limited	A	317	0.71	15	5.7	Incitec	B	576	0.76	21	4.0	Stockland Trust	B	425	4.80	15	6.9
Brambles Ind.	B	1021	1.97	27	7.9	Infomedia Ltd	D	193	8.61	NE	Nil	Suncorp-Metway	A	1500	1.38	14	3.1
Brickworks Ltd	A	686	4.85	21	1.8	Investa Prop.	B	192	8.62	14	6.8	TAB Ltd	C	289	0.29	24	3.8
C & W Optus	C	358	2.62	37	Nil	Jupiters	B	432	1.53	15	3.9	Tabcorp Holding	C	901	2.02	20	5.2
C'wth Prop Off.	B	117	8.36	14	7.2	Kaz Computer	C	148	N/A	NE	0						

Recommended Investments

Air New Zealand is continuing to negotiate with the government to allow it to issue additional shares to **Singapore Airlines** - after which Air NZ will probably make a cash issue to all shareholders. As part of this change in ownership rules, Air NZ has suggested that the current "A" and "B" shares become a single class of share.

The "A" and "B" shares have equal rights to dividends and to share in the assets of the company, so merging the two classes is as simple as removing the ownership restrictions on the "A" shares. When this happens (and if not in the near future, then eventually) both classes of share will have the same value. For this reason (and for the higher dividend yield on the lower priced "A" shares) *Market Analysis* has advised owning "A" shares. Certainly it will prove attractive to be owning "A" shares - and unattractive to be owning "B" shares -

when the two classes are merged.

Nufarm has delisted from the NZ Stock Exchange and the shares can now only be traded on the Australian Stock Exchange. As a result, we will move this share to the Australian section of our portfolio.

Nufarm is to acquire from **Wesfarmers** a 50% interest in a manufacturing and formulation facility, plus the marketing operations, which produces sulfonyl urea herbicides. This joint venture will "consolidate its position as a leading producer and supplier of crop protection products" and "secures access to markets via the industry's largest distribution channel" (i.e. Wesfarmers).

Nufarm is also to buy the herbicide and pesticide company, **Davison Industries**, a wholly owned subsidiary of **Joyce Corporation** (in receivership).

Nufarm will write \$50 million (*Continued on Page 4*)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation Code	- Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares													
HOLD	Air New Zealand "A"	AIRVA	08/10/96	244*	C	756.7	1.2	0.18	4	13.3	113	78.7	-21%
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	185.8	2.1	1.29	8	12.9	19	6.1	-2%
HOLD+	Cavalier Corporation	CAV	05/12/95	312	A	36.0	0.8	0.96	16	7.7	580	146.0	+133%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.7	0.28	11	9.6	289	202.8	+228%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	B	101.7	0.9	3.20	13	8.4	183	3.5	+24%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.6	0.8	0.96	18	4.5	452	74.5	+1044%
HOLD	Nufarm Limited	NUF	11/02/97	505	C	155.3	0.9	0.29	8	5.5	351	85.0	-14%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	C	56.3	1.0	0.49	11	6.6	337	44.0	+9%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	36.7	2.1	0.15	18	4.5	66	7.4	-14%
HOLD+	Richina Pacific	RCH	03/11/95	119*	C	72.2	1.6	0.08	12	Nil	77	11.9	-25%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	1.2	2.11	21	6.6	125	41.3	+39%
BUY	Steel & Tube Holdings	STU	08/08/00	146	A	87.7	1.1	0.45	12	9.4	190	14.0	+40%
BUY	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	1.2	0.73	12	7.7	117	9.0	+24%
BUY	Wrightson Limited	WRI	13/01/98	83	B	134.1	1.5	0.21	17	6.4	93	11.3	+26%
Australian Shares (in Aust cents)													
HOLD+	Abigroup Limited	ABG	09/03/99	265	A	47.7	0.8	0.14	7	7.0	214	29.0	-8%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	B	56.3	2.0	1.97	6	Nil	26	Nil	-64%
BUY	Auspine Limited	ANE	08/02/00	210	B	57.0	0.8	0.54	6	8.6	256	28.0	+35%
BUY	Austral Coal Ltd	AUO	16/01/01	19	B	81.8	1.7	0.36	7	Nil	35	Nil	+84%
HOLD	Biron Corporation Ltd	BIC	12/04/94	178	C	21.8	1.7	2.24	NE	Nil	40	11.0	-72%
BUY	Campbell Brothers Ltd	CPB	12/10/99	418*	A	31.5	0.5	0.50	11	5.8	515	55.5	+36%
HOLD	Central Equity Ltd	CEQ	09/02/94	154	B	82.1	0.9	0.79	6	8.6	210	91.0	+95%
HOLD+	C.S.R. Limited	CSR	11/07/00	436	A	956.3	0.6	1.05	15	3.2	717	23.0	+70%
HOLD	Hamilton Island Ltd	HAM	09/11/99	205	C	45.0	0.8	1.12	8	4.0	225	9.0	+14%
BUY	Julia Ross Recruitment	JRR	14/08/01	92	B	57.2	1.1	0.33	9	6.5	92	Nil	
HOLD+	McPherson's Ltd	MCP	10/10/00	125	B	39.2	0.9	0.20	4	10.0	120	6.0	+1%
BUY	OAMPS Limited	OMP	15/05/01	198	B	31.7	0.8	1.10	11	4.8	248	Nil	+25%
SELL	PMP Communications	PMP	09/02/99	309	C	253.4	1.5	0.08	2	41.6	49	40.8	-71%
HOLD+	Thakral Holdings	THG	10/11/98	65	B	592.3	1.2	1.25	10	10.2	61	15.1	+17%
HOLD	Toll Holdings	TOL	08/09/98	240	A	61.3	0.6	1.00	35	1.2	2290	58.0	+878%
HOLD	Utility Services Corp	USC	11/01/00	55*	C	102.4	1.8	0.81	17	Nil	62	7.0	+25%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	B	146.4	0.6	3.22	60	0.9	325	14.4	+392%
BUY	Volante Group Ltd	VGL	13/03/01	132	B	68.0	1.0	0.24	27	4.8	135	Nil	+2%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +95.1%.

This is equal to an average annual rate of +27.4%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 32 current and 112 closed out) is +31.9%, compared with a market gain of +10.9% (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 26.5 cents. (2) Toll Holdings notes (TOLG) last traded at 2321 cents.

Recommended Investments (Continued from Page 3) off the value of its US based Sulferworks business which it is trying to sell.

Renaissance Corporation has put out an interim report that is *almost* worthless! Revenues rose 24.5% to \$91.2 million - but that increase probably all came from the takeover of **Insite Technologies**. There was a *trading* loss of \$709,000 (more on this later), compared with a profit of \$626,000 last year. The company, however, did realise an abnormal net gain of \$2,984,000 from the sale of 16.7% of **Conduit** (less Initial Public Offering costs and restructuring costs).

So, is Renaissance Corporation trading at a loss? Yes . . . and No. The business consists of three divisions: **IT Distribution** (a large, mature business that is profitable), **Education** (a small start-up business, probably unprofitable, not really significant at present) and **Conduit** (a high growth business that probably incurred significant start-up losses). The IT Distribution and Conduit are very different businesses: We would look for cash flow and profits from IT Distribution, but would accept losses from Conduit as it seeks rapid growth. Without providing divisional revenue and profits, it is impossible to accurately assess the performance of these two businesses.

However, it is possible to make some assumptions based upon the accounts and comments from the company.

The accounts show the minority interest share of losses at \$551,000. Presumably this is the 16.7% share of losses recorded by Conduit which indicates that division lost about \$3.3 million - with Renaissance Corporation's 83.3% share of Conduit's loss being about \$2,750,000. That suggests IT Distribution profits of about \$2,040,000.

An alternative way to estimate the results of the IT Distribution division result is to work from the statement that "Trading conditions in our Distribution business were encouraging and" gross profit "*margins were stable*." The percentage of sales via the internet has risen to 50% (from 40% last year), resulting in further cost savings. In the six months to June 2000 the company's overall *net profit margin* was 0.85%. Assuming this net profit margin has risen to 1.10-1.20% (as a result of cost savings) then IT Distribution profit would have been around \$1.0-1.1 million.

Of course, if the 2000 result was depressed by (undisclosed) trading losses in Conduit, then the IT Distribution profit margin last year could have been around 1.6%. In that case, IT Distribution's profit this year would be around \$2.0 million as estimated earlier. Unfortunately, we cannot analyse these two different businesses accurately as the company is not providing divisional results.

Nevertheless, it would appear likely that profits from the core IT Distribution business have risen about 60-75% - which is an excellent growth rate!

The company also states "Conduit's expenses are now aligned with its revenues" (i.e. read "this technology business is no longer bleeding cash and is not still making huge losses") while IT Distribution sales via the internet are expected "to exceed 60% by year end". In addition, "the directors anticipate paying an annual dividend at year-end" as usual. So overall we believe

this business is performing reasonably well, although the shares will likely remain steady in the short to medium term. We shall continue to rate Renaissance Corporation a "Hold".

Guinness Peat Group has sold a 19.9% shareholding in **Wrightson** to **RD1.COM** which is an 80% owned subsidiary of the **NZ Dairy Group** (which in turn will merge to become **GlobalCo**).

Australian Shares

(This section in Australian currency, unless stated.)

Abigroup and **Q-Free Consortium** have won the tender from **Hills Motorway** to install a new electronic tolling system on the M2 Motorway. This system will be compatible with the one Abigroup/Q-Free installed on the Sydney Harbour Bridge and Sydney Harbour Tunnel, allowing motorists to use one electronic tag to use all Sydney motorways.

Abigroup has also announced completion of the Hopkins Road Interchange - within budget and four months ahead of schedule.

Over the last month, **Atlas Pacific** has received requests from investors to convert 1,075,763 notes to ordinary shares. We plan to convert our Atlas Pacific notes to ordinary shares after the next interest payment late September.

Auspine reports house framing timber sales up 11% during May and June (compared with the previous three months), "although margins continued to be under pressure". Mortgage approvals for new home construction rose 21.2% in May - and with a two month lag between financing and construction - Auspine anticipates further increases in timber demand in the new financial year.

Austral Coal has reported a 23.1% lift in revenues to \$35.1 million for the six months to June. Trading profits were \$3,707,000 (4.5 cents per share), up from a trading loss of \$511,000 last year. In addition, there were foreign exchange losses of \$5,792,000.

This result includes very little of the recent 25% increase in coal prices - which will start to impact in the second half of the current year. The directors are predicting that the second half profits (after tax) will be around \$7 million - lifting the annual result to about \$11 million (13 cents per share). That \$7 million profit over six months is consistent with our estimate (*Market Analysis* April 2001, Issue No 346) that the coal price increase would lift profits to \$13-15 million over a full year. With Austral Coal shares having dipped back to 35 cents, that places the shares on an extremely low prospective Price/Earnings ratio of 2.7.

The current low 35 cents share price also places no value on the company's expansion program that will double production by 2005 and lift annual profits to about \$25 million (30 cents per share).

Mine expansion will cost around \$106 million - but about \$28 million has already been spent, leaving the company to find about \$80 million over the next four years to complete the expansion. Probably 50% (i.e. \$50-55 million) will be debt-funded, so Austral Coal needs to find only \$25-30 million from operating cash flow or new equity. Operating cash flows were \$4.6 million over the last six months, but the high coal price should boost net cash flows to \$8-9 million during the

August 14, 2001.

second half of the year. With operating cash flows of \$12-14 million, Austral Coal will probably fund its expansion from internal sources without the need to seek new equity from shareholders.

Austral Coal's shares are *very volatile* - but the shares are very under-valued (based upon *current* profitability) and have excellent growth potential. The shares remain a "Buy" for capital appreciation and high dividends at completion of the expansion project. Don't be frightened out of an attractive investment by short term volatility.

Biron Corporation has sold its Australian and NZ Emerald distribution business to **Bolton Gems** which has purchased all of the company's stocks of cut and polished created emeralds.

Subject to approval by shareholders at a General Meeting (on August 31), Biron will change its name to **Biron Capital** and become a property finance company. Geoff Hill, who has "25 years experience in merchant banking, finance and funds management" has been appointed as a director.

The proposal is for the company to provide *mezzanine finance* (i.e. second mortgages up to 80% of valuation, ranking behind bank mortgages up to 65% of valuation) for short term property development projects. The company sees a niche for small (i.e. up to \$1.25 million), short term (i.e. 6-9 month) loans for refurbishment projects or late stage developments.

Biron proposes to charge Application Fees of 10-15% plus interest at 12% per annum. This is a potentially very profitable business, generating a 30-35% pre-tax return on assets - before operating costs and losses on any defaulting loans! The company hopes to "expand its loan book through a possible capital raising in early 2002" and then by "borrowing wholesale funds in late 2002". Biron currently has Shareholders Equity of about \$10.1 million (46 cents per share), which is mainly in cash.

We are happy to go along with this new business proposal at this stage - and so continue to rate the shares a "Hold".

Central Equity has awarded **LU Simon Brothers** the contract to build its 31 level *Southpoint* tower at 33 Kavanagh Street, Southbank. Off-the-plan sales began in March 2001 and the \$70 million project is now "effectively sold out".

Hamilton Island now expects its pre-tax earnings for the year to June 2001 to be up about 11% on the previous year - aided by an upturn in (high profit margin) land sales which are believed to be about 40% higher at \$7 million. Over the next year the company plans to develop a new sub-division to "accommodate 50 units as well as 15 other villa sites" and will seek permission to develop nearby **Dent Island** (which is State and Federal government owned). The plan is to develop Dent Island over the next ten years with a golf course, around 270 dwellings and a 100 room hotel.

OAMPS has continued to expand with the acquisition of **Gardner Insurance & Finance Brokers** (which generates \$440,000 annually in brokerage commission and fees) and **BMI Brokers** (generating income of about \$400,000 annually).

Discussions with parties interested in taking over **Thakral Holdings Group**, or buying some of its

major assets, are continuing (and continuing, and continuing).

Toll Holdings is just slightly short of becoming a ten-bagger investment (i.e. up 10-fold in value) since we first bought into the company almost three years ago. So, is it time for some partial profit-taking?

Often we would say "Yes". When a share rises 5-fold or 10-fold in value in a very short time it can start to dominate a portfolio. Selling 25-35% of the shares will realise a large cash sum that can be re-invested elsewhere to improve portfolio diversification.

In the case of Toll Holdings we have been reluctant to take partial profits by selling shares. It doesn't pay to sell successful investments too early - and that has certainly been the case with these shares! And while an old stockmarket adage states "You will never go broke taking profits" we have many times over the last 20 years countered with the argument that "You will never get rich taking *small* profits".

Toll Holdings' Price/Earnings ratio is looking expensive at 35 - but brokers expect profits to rise 75% for the year ended June 2001 and 87% this financial year. That would reduce the P/E ratio to just 11.

Our decision not to take profits over recent months, however, has also been aided by the issue of convertible notes in April. By selling our ordinary shares and re-investing in the convertible notes we significantly reduced our risk of giving back our accumulated profits (should the ordinary share price decline in value in the future). With the option to convert the notes into ordinary shares we continue to benefit from further appreciation in the share price while also enjoying a substantially higher cash income. We also have the option to redeem the notes at \$17.00 in cash - so our risk is limited, allowing us to remain relaxed about being over-weighted in this company. Of course, that cash redemption option is less valuable as the ordinary shares move well beyond \$17 (but the notes are still more attractive than the shares owing to the higher income).

Over the last 6-9 months we have been following a number of cyclical companies and emerging growth companies - many of which will probably become attractive new investments over the next 3-9 months. Eventually we shall probably realise some partial profits on our Toll Holdings investment to fund investments in 4-5 of these shares. However, neither the time to buy these other shares, nor the time to sell Toll Holdings, has yet arrived. "Hold" Toll Holdings for further gains.

Volante Group's unaudited results for the year to June show revenues up 72.0% to \$372.7 million and profits up 298.3% to \$7,155,069 (10.5 cents per share). The annual dividend rate will rise 23.1% to 8.0 cents.

The result, of course, reflects the merger with AAG Technology and eight months trading of that business. A full year's contribution from AAG Technology would have added about 2 cents to earnings per share figures.

Volante holds \$12 million (18 cents per share) in cash which will be "used for acquisitions and returns to shareholders" (i.e. presumably the final dividend). Within the next six months Volante hopes to make an acquisition of an IT service company with strong earnings.

Share Recommendation: Buy Julia Ross Recruitment

(This section in Australian currency, unless stated.)

BUY Julia Ross Recruitment.

Australian listed **Julia Ross Recruitment** (Code JRR) was highlighted last month in our quarterly analysis of *Insider Trades* revealing strong buying in the *Misc Services* industry group. Most shares in that industry are technically weak (i.e. declining rapidly in value) so are unattractive for investment. Julia Ross Recruitment, however, has reported strong profit growth for the year to June 2001 - leading to an improvement in the shares *fundamental* and *technical* indicators. These shares now rate as a "Buy" under the *Under-Valued Shares*, *Best Performing Shares* and *Insider Buying* sections of our *Comprehensive Share Selection Criteria*.

Therefore we are now formally recommending Julia Ross Recruitment shares for investment.

Company History

Julia Ross - the founder of Julia Ross Recruitment - originally worked in the construction industry in the UK, rising to become the Chief Executive of a division within a major UK company. In 1982 she moved to a multi-national employment agency and from 1984 to 1988 was responsible for establishing and managing the Asian, Australian and NZ operations of that business.

She formed her own company, **Julia Ross Personnel**, in 1989, which changed its name to **Julia Ross Recruitment** ahead of its public float in September 2000. All of the \$26.9 million raised in the public share issue went to the existing shareholder (i.e. Julia Mary Ross), reducing her shareholding from 100% to 53.0% of the company.

Current Business

The company's main activity (generating about 70% of revenues) is providing up to 3,500 *temporary* staff to large companies and government organisations, mainly working in the areas of administration, call centre, business support, data processing and technical positions. In addition, the permanent recruitment business maintains a database of over 32,000 candidates. About 170 people are employed in running Julia Ross Recruitment.

Recent Results

The year to June 2001 was a difficult year for recruitment companies but Julia Ross Recruitment managed to lift revenues 25.1% to \$125.6 million while profits rose 44.6% to \$6,029,000 (10.5 cents per share). A maiden interim dividend of 3.0 cents, plus a final 3.0 cents dividend (ex-entitlement October 5, payable October 19), makes 6.0 cents for the year.

Growth Strategy

Julia Ross Recruitment sees itself as a "solutions-oriented" business and seeks to form long term "business partnerships" with its customers. Growth has

historically been generated internally but the company will also seek suitable acquisitions. Julia Ross Recruitment also hopes to expand into new markets in the Asia/Pacific region. The Managing Director - as mentioned previously - is experienced at establishing a recruitment business in these markets.

In March this year the business was split into two divisions, branded as: *Julia Ross hot* (Office Support, Call Centre, Industrial) and *Julia Ross chilli* (Executive Search, Financial and I.T. Consulting, Outsourcing).

In March the company also introduced *Talking CV!* which allows clients to view employment candidate interviews over the internet. This is an effective use of new technology to add value to an existing business. The *Talking CV!* helps employers to quickly and more effectively shortlist candidates and reduces the number of personal interviews in the selection process.

In July 2001, Perth based **MHP Recruitment Group** was purchased for \$600,000 plus options to buy 200,000 Julia Ross Recruitment shares (at 75 cents each) over the next five years. MHP offers permanent executive placement services as well as *Office Angels* temporary business staff

Investment Criteria

At 92 cents, Julia Ross Recruitment shares are trading on a Price/Sales ratio of 0.33, a Price/Earnings ratio of 9 and a Dividend Yield of 6.5%. Those fundamental statistics offer good value - although Julia Ross Recruitment shares do appear more highly priced than other companies in this sector (i.e. Candle Australia, Skilled Engineering). This higher valuation is justified by two factors: Firstly, and most importantly, Julia Ross Recruitment is emerging as the highest quality, best managed company in its industry. The strong revenue growth - and even stronger profit growth - over the difficult year are further evidence of this. Secondly, the low value of other shares in the industry reflects their expected *decline* in profitability for the year to June 2001. Candle Australia's profit is expected to decline 33%, while Skilled Engineering will probably make a small loss.

With a market capitalisation of \$53 million, Julia Ross Recruitment is a *smaller* listed company.

Julia Ross Recruitment is *neglected* with no brokers following the company closely enough to publish profit forecasts. Institutions have a moderate interest, with about a half dozen funds owning about 25% of the company.

Management (i.e. Julia Ross) continues to have a major shareholding in the company, after initially selling 47% of the shares in the initial public offering. Since then she has re-purchased shares on-market four times, buying a total of 883,063 shares to build her

holding up to 31,183,063 (54.5% of the company).

A year ago these shares were offered to the public at 100 cents, but fell to a low of 55 cents by April 2001. Since then the shares have recovered strongly and are now in a strong uptrend. The Relative Strength Rating is +5.2%, ranking the shares 19 (i.e. on a scale of 0-99).

Summary

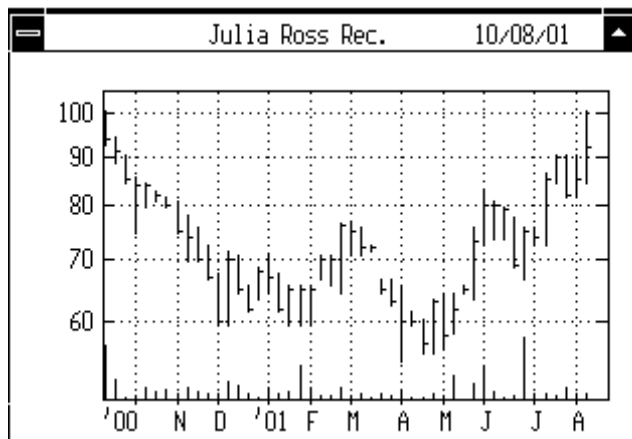
Julia Ross Recruitment shares offer an attractive current income of 6.5% but could also appreciate significantly in value over the next few years. This is not a capital intensive business, so if the company has superior management skills it should be able to grow and increase its market share within Australia and NZ. Results for the last year suggest that Julia Ross Recruitment is being managed better than its competitors. The company could therefore generate strong growth over many years.

If this small company does grow, either internally or through acquisition, then its capitalisation will soon increase to the level at which brokers and institutional investors “discover” the company. With the founder holding over half the shares, this could develop into the type of *tight scrip* situation that helped propel our investment in another emerging growth company, **Flight Centre**, to a six-fold gain in just two years!

Recommendation

Julia Ross Recruitment shares have risen 24% over the last five weeks. Despite this increase, the shares have become more attractive. The excellent profit result has provided further evidence that this is the type of quality growth company capable of generating above average long term investment returns. The increase in share price has also improved the Relative Strength and established the shares in a new uptrend.

Buy Julia Ross Recruitment shares for current income, plus income growth and capital appreciation over the medium to long term.



Sell PMP Limited

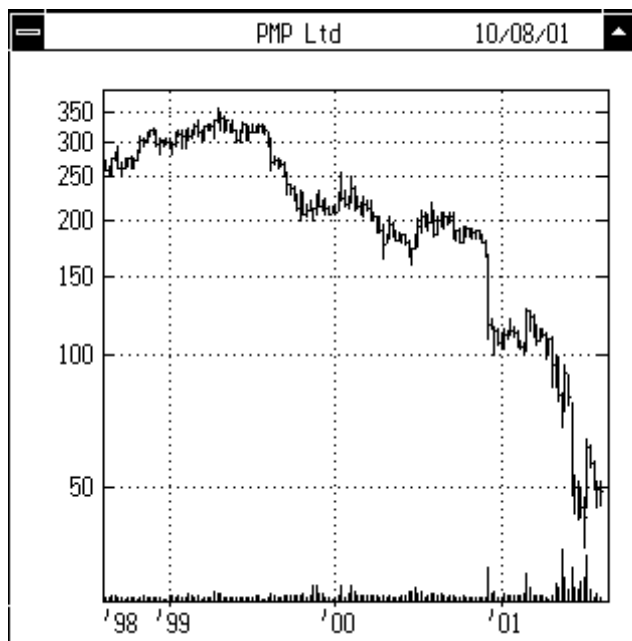
SELL P.M.P.

We are giving up on **PMP** and recommend selling these shares to realise what little is left of our original investment as this money can be better invested elsewhere.

We had hoped for a recovery in PMP, as the company sold some assets to reduce debts and restructured, but now that recovery potential is diminishing. **Seven Network** is currently negotiating to buy a 50% interest in PMP's magazine publishing business. Negotiations, however, have been dragging on and the deadline for a final announcement has been repeatedly moved back. This suggests that Seven Network is not happy with its examination of the PMP business and/or that it is seeking to improve the deal. Some assets have been excluded and the value of the proposed joint venture has declined.

The proposed deal was expected to be “earnings per share neutral” for PMP, but recovery potential reduces as (1) a 50% share of the publishing business will be transferred to Seven Network (i.e. half the recovery potential of this division will no longer accrue to PMP shareholders and (2) PMP will issue 37 million new

shares to Seven Network (at 55 cents each) which increases PMP's issued capital by 14.6% - thereby diluting any recovery in earnings per share. Sell.



Investment Risks and Returns: Margin Leverage and Share Volatility

We saw last month that investors can minimise *systematic risk* by taking a long term view of their investments. Short term, shares (and the whole stockmarket) can fluctuate widely in value, but over 10-20 years shares are no more risky than fixed interest investments. So a *long term* investor's portfolio can be 100% invested in shares - to earn the highest long term returns.

Can an investor further maximise long term returns by taking on additional risks? Two possible ways that investors do seek to maximise returns is through the use of *margin leverage* and *share volatility*.

Margin Leverage

The stockmarket offers higher average returns (i.e. about 10% per year) than fixed interest investment (i.e. about 5% per year). So can an investor increase returns by borrowing money to buy further shares? The answer is both *Yes* and *No*. Overall, we do not recommend borrowing to buy shares.

Firstly, an investor cannot borrow at the same rate that banks and corporates are paying on fixed interest investments. If the banks are paying 5% interest then the lending rate to investors is probably 8-10% - which eliminates much of the potential profit margin!

Secondly, banks will usually only lend money on large, blue chip shares. These are usually mature businesses with lower long term growth potential. Large company shares also tend to be widely followed by brokers and widely held by institutions. These types of shares offer below average returns - so the potential profit margin is further reduced.

Thirdly, the main problem with buying shares with borrowed money is the higher exposure to *systematic risk* (i.e. short term stockmarket volatility). You may be a long term investor and prepared to invest for the long term despite a 25%, 50% or even a 75% drop in the stockmarket - but the bank isn't. If share prices fall, the bank will require you to deposit additional capital - or more likely - force you to sell some shares at depressed prices to reduce your borrowing.

Fourthly, margin leverage *decreases* as shares appreciate in value (i.e. becomes less effective at maximising gains), and *increases* if shares fall in value (i.e. raising risks and multiplying losses). So, to maintain a desired level of leverage, an investor needs to borrow and buy more shares when prices are high and sell shares to re-pay debt when prices are low. Buying high and selling low is not the way to make money!

As a result of these four factors, borrowing money to buy shares offers only a small profit margin with the significant risk that the bank will force you to sell when stock prices are low.

Share Volatility

The other way to increase risk and returns is to invest

in *high volatility* shares. The *volatility rating* of a share will show how much faster it will rise or fall in value relative to the market. For example, if the market rises 10% a share with a *volatility rating* of 1.5 can be expected to rise about 15% (i.e. 10% times 1.5).

High volatility shares tend to be either cyclical companies, younger growth companies or companies that are not the most financially sound. Most investors will be aware that the cyclical and growth companies can be sound investments - and may be surprised to learn that shares of less financially secure companies also tend to out-perform the stockmarket average. [Editor's Note. This is as shares of less sound companies tend to be under-valued relative to the shares of higher quality companies.]

Share volatility can, however, duplicate many of the *positive* aspects of margin leverage (i.e. higher gains or losses), but without the negative aspects (i.e. no restriction on which shares can be owned, no margin calls forcing shares to be sold at lower prices, and without the increase or decrease in leverage as prices fluctuate).

To use *share volatility* an investor needs to simply give preference to buying and owning shares with a high volatility rating. Our *Portfolio of Recommended Investments* (on Page 3) and most of the computer generated tables in *Market Analysis* include *volatility ratings*.

A Comparison of Margin Leverage and Share Volatility

Suppose - in the search for higher returns - that an investor is prepared to accept 50% greater than average stockmarket risks. Here is how to achieve that using *margin leverage* and *share volatility* - and a comparison of the results.

The *margin* investor will need to borrow an amount equal to 50% of his capital. The *share volatility* investor needs simply select shares that have an average *volatility rating* of 1.5 (i.e. five shares with volatility ratings of 1.0, 1.2, 1.5, 1.8 and 2.0 would achieve this).

Here are examples based on starting with \$10,000 of capital (and a 5% interest rate and 1% brokerage):

	Margin Investor	Volatility Investor
Equity	\$10,000	\$10,000
Borrowings	<u>\$5,000</u>	_____
Amount to Invest	\$15,000	\$10,000

Example One: Equity in the portfolio if market falls by 20% per year:

Year 1:	\$6,630	\$6,930
Year 2:	\$3,992	\$4,851
Year 3:	\$1,815	\$3,396
Year 4:	\$5	\$2,377

A moderate 20% decline in share prices for four years will result in a total loss of capital in a *margin leveraged* portfolio (starting with 33% debt), while a *high volatility* portfolio will suffer a significant decline but survives and will appreciate strongly when the stockmarket recovers.

Example Two: Equity in the portfolio if market rises by 20% per year:

Year 1:	\$12,570	\$12,870
Year 2:	\$15,873	\$16,731
Year 3:	\$19,873	\$21,750
Year 4:	\$24,715	\$28,275

A *high volatility* portfolio again outperforms a *margin leveraged* portfolio during a stockmarket advance.

Summary and Recommendation

As discussed in previous articles, investors need to choose a mix of low risk, low return fixed interest and high risk, high return shares *appropriate* to their individual risk tolerance and investment horizon. **Most risk tolerant, long term investors should simply invest 100% of their portfolio in shares.**

For those investors seeking higher returns (with exposure to higher risk) the options are to use either (1) *margin leverage* or (2) invest in *high volatility shares*. While most investors are familiar with *margin leverage* a superior option is *high volatility shares*.

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

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

Company	STRENGTH RATING						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	Brokers Following	Price to NTA							
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Design Textiles	36	+8.8	-1.1	23	-	0.5	4	1.8	11	8.3	0.19	12	
Wrightsons Ltd	93	+21.5	+5.5	7	-	1.2	7	1.5	17	6.4	0.21	125	
Col Motor Co	289	+1.1	+3.3	51	-	1.1	10	0.7	11	9.6	0.28	80	
CDL Hotel NZ	20	+0.5	+2.1	52	-	0.2	0	2.3	49	5.2	0.29	70	
Williams Kettle	355	+12.7	+1.7	14	-	1.4	11	0.6	13	6.3	0.33	52	
Fletcher Build.	268	+6.8	+2.0	28	7	0.9	11	1.3	9	8.9	0.39	918	
PDL Holdings	1040	+50.1	+3.9	0	-	1.6	4	0.8	43	1.4	0.40	141	
Hellaby Hold.	222	+8.3	+1.3	25	3	1.7	17	1.0	9	9.4	0.43	111	
Steel & Tube	190	+11.9	+2.1	16	5	1.3	11	1.1	12	9.4	0.45	167	
Nuplex Indust	337	+0.5	-0.9	54	6	1.5	15	1.0	11	6.6	0.49	190	
AXA Asia Pac.	345	+1.5	+0.0	50	-	1.5	12	0.8	13	3.4	0.57	6,080	
Restaurant Brds	157	+8.3	+1.3	25	6	5.2	45	1.3	11	9.5	0.61	145	
DB Group	525	+5.2	-1.2	32	5	2.4	17	0.6	14	4.5	0.66	265	
Reid Farmers	135	+18.7	+4.7	9	-	1.8	18	1.2	10	7.7	0.70	76	
Bendon Limited	195	+6.5	+2.8	29	1	1.2	6	1.0	18	6.9	0.72	60	
Taylor's Grp Ltd	117	+2.2	-0.4	46	-	1.5	12	1.2	12	7.7	0.73	28	
AMP Limited	2279	+2.6	-1.6	45	-	2.5	14	0.6	17	2.5	0.73	24,535	
Tranz Rail Hold	411	+2.1	+2.0	47	7	1.1	6	0.9	18	2.1	0.79	496	
Dorchester Pac	120	+1.0	+2.4	51	-	1.5	18	1.3	9	7.5	0.86	22	
Cavalier Corp	580	+12.0	+0.2	15	3	2.6	16	0.8	16	7.7	0.96	209	

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0												
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
Richina Pacific	77	+38.3	+7.7	1	-	0.6	5	1.4	12	Nil	0.08	56
Wrightsons Ltd	93	+21.5	+5.5	7	-	1.2	7	1.2	17	6.4	0.21	125
Reid Farmers	135	+18.7	+4.7	9	-	1.8	18	1.0	10	7.7	0.70	76
Williams Kettle	355	+12.7	+1.7	14	-	1.4	11	0.5	13	6.3	0.33	52
Cavalier Corp	580	+12.0	+0.2	15	3	2.6	16	0.7	16	7.7	0.96	209
Steel & Tube	190	+11.9	+2.1	16	5	1.3	11	0.9	12	9.4	0.45	167
Design Textiles	36	+8.8	-1.1	23	-	0.5	4	1.4	11	8.3	0.19	12
Restaurant Brds	157	+8.3	+1.3	25	6	5.2	45	1.1	11	9.5	0.61	145
Hellaby Hold.	222	+8.3	+1.3	25	3	1.7	17	0.9	9	9.4	0.43	111
Fletcher Build.	268	+6.8	+2.0	28	7	0.9	11	1.2	9	8.9	0.39	918
Bendon Limited	195	+6.5	+2.8	29	1	1.2	6	0.8	18	6.9	0.72	60
Michael Hill	452	+6.3	+1.1	30	4	4.1	23	0.7	18	4.5	0.96	174
DB Group	525	+5.2	-1.2	32	5	2.4	17	0.5	14	4.5	0.66	265
Kingsgate Int'l	15	+3.7	+5.2	39	-	0.4	14	2.1	3	Nil	0.50	59
Pacific Retail	165	+3.1	+2.9	42	4	1.4	19	1.2	7	Nil	0.21	83
AMP Limited	2279	+2.6	-1.6	45	-	2.5	14	0.5	17	2.5	0.73	24,535
Taylor's Grp Ltd	117	+2.2	-0.4	46	-	1.5	12	1.0	12	7.7	0.73	28
Tranz Rail Hold	411	+2.1	+2.0	47	7	1.1	6	0.8	18	2.1	0.79	496
AXA Asia Pac.	345	+1.5	+0.0	50	-	1.5	12	0.7	13	3.4	0.57	6,080
Col Motor Co	289	+1.1	+3.3	51	-	1.1	10	0.6	11	9.6	0.28	80

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
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million												
NZ Refining Co	1565	+7.1	-2.0	27	4	1.2	23	0.3	5	23.8	1.26	376
Telecom Corp	517	-5.5	-3.0	75	8	8.0	68	0.7	12	13.3	2.10	9,075
Air New Zealand	113	-12.5	+2.1	85	7	0.4	11	0.8	4	13.3	0.18	855
Hallenstein G.	289	+10.5	+2.2	19	5	5.0	34	0.6	15	9.6	1.04	168
Restaurant Brds	157	+8.3	+1.3	25	6	5.2	45	1.0	11	9.5	0.61	145
Steel & Tube	190	+11.9	+2.1	16	5	1.3	11	0.9	12	9.4	0.45	167
Hellaby Hold.	222	+8.3	+1.3	25	3	1.7	17	0.8	9	9.4	0.43	111
Fletcher Build.	268	+6.8	+2.0	28	7	0.9	11	1.1	9	8.9	0.39	918
Tourism Hold.	150	-9.2	+2.4	80	6	0.8	9	0.8	8	8.5	0.69	138
Lyttelton Port	183	+4.5	-0.2	36	4	5.6	45	0.6	13	8.4	3.20	186

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0												
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
Elect Trans Tec	9	-19.0	+1.7	92	-	14.9	-	3.0	NE	Nil	7.00	12
Sky Network TV	356	-0.7	-0.2	62	7	32.6	-	0.8	NE	Nil	4.96	1,302
Genesis Res.	385	-14.4	+1.8	87	-	1.7	1	0.9	135	Nil	3.40	97
Waste Mgmt NZ	348	-5.0	-0.4	73	6	2.2	9	0.6	24	3.2	2.47	339
Nuhaka Forestry	820	-10.6	-1.0	82	-	0.7	-	0.4	NE	6.7	2.17	15
GDC Communicat.	234	-12.3	+0.8	85	2	6.3	22	0.9	29	2.1	2.13	89
Telecom Corp	517	-5.5	-3.0	75	8	8.0	68	0.7	12	13.3	2.10	9,075

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
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
Newcall Group	6	-29.1	+3.4	96	-	-	-	2.5	NE	Nil	0.35	6
Advantage Group	54	-28.8	-1.1	95	5	0.5	3	1.4	19	Nil	0.51	33
Strathmore Grp	7	-26.3	+0.7	93	-	0.4	-	2.7	NE	Nil	1.45	14
Elect Trans Tec	9	-19.0	+1.7	92	-	14.9	-	2.8	NE	Nil	7.00	12
Savoy Equities	16	-18.5	+8.5	92	-	18.0	-	2.6	NE	Nil	0.60	9
Eldercare NZ	19	-16.7	+4.8	91	-	0.7	15	1.8	5	Nil	1.09	28
IT Capital Ltd	13	-14.7	-1.9	88	-	1.0	-	2.4	NE	Nil	1.60	21
Genesis Res.	385	-14.4	+1.8	87	-	1.7	1	0.9	135	Nil	3.40	97
Natural Gas	103	-13.4	-2.0	87	7	0.6	7	0.9	9	7.2	1.14	464
GDC Communicat.	234	-12.3	+0.8	85	2	6.3	22	0.9	29	2.1	2.13	89
Nuhaka Forestry	820	-10.6	-1.0	82	-	0.7	-	0.4	NE	6.7	2.17	15
FC - Forests	33	-9.3	+1.6	81	8	0.2	4	1.4	5	Nil	0.54	846
Rocom Wireless	46	-8.8	+2.7	80	-	1.4	-	1.0	NE	Nil	N/A	7
E-Ventures NZ	29	-8.5	+3.5	79	-	1.3	-	1.3	NE	Nil	N/A	73
Grocorp Pacific	11	-7.5	-7.4	77	-	1.7	-	1.9	NE	Nil	0.36	6
Frucor Bev.	170	-7.1	-3.2	77	6	6.7	38	0.8	18	Nil	1.18	212
Waste Mgmt NZ	348	-5.0	-0.4	73	6	2.2	9	0.6	24	3.2	2.47	339
Goodman Fielder	145	-4.4	-1.1	71	-	1.1	10	0.5	11	6.9	0.44	1,851

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					Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	STRENGTH RATING					Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	
	Share Price	Cur. Chg.	4-Wk Rank	Insider Buy-Sell	Brokers Following									Cur. Chg.	4-Wk Rank	Insider Buy-Sell	Brokers Following	Cur. Chg.								4-Wk Rank
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																										
Payce Consol.	69	-1.5	+1.1	42	6.0	-0.8	1.0	0.8	73	Nil	9.40	24	China Converg.	5	-36.7	+1.0	97	0.0	-	-	-1.7	NE	Nil	1.50	97	
Progen Indust.	130	-8.8	+2.7	58	0.0	1.2	-	0.7	NE	Nil	9.17	32	Indcor Limited	1	-36.6	+0.4	97	0.0	-	-	-3.2	NE	Nil	N/A	5	
Highland Pac.	10	-6.8	+0.7	54	0.0	-10.0	-	1.4	NE	Nil	9.09	22	Gutnick Res.	5	-35.9	-2.0	96	0.0	-	-	-1.7	NE	Nil	N/A	8	
Smart World	6	-22.2	-9.2	82	0.0	-2.1	-	1.7	NE	Nil	8.77	7	Techniche Ltd	34	-35.6	+1.9	96	0.0	-0.5	-	-0.9	NE	Nil	0.34	12	
Infomedia Ltd	193	-2.4	+3.0	44	0.0	-38.6	-	0.7	NE	Nil	8.61	618	Multi-Emedia	3	-35.5	-1.0	96	0.0	-0.9	2	2.1	47	Nil	1.19	9	
BresaGen Ltd	94	-11.2	-1.8	64	0.0	-1.6	-	0.8	NE	Nil	8.58	42	Melbourne IT	55	-35.3	+0.1	95	0.0	-3.1	28	0.8	11	Nil	0.62	28	
Lion Selection	57	-6.6	-0.9	53	1.0	-0.5	-	0.9	NE	Nil	8.25	57	Amcom Telecom.	15	-35.2	-3.6	95	0.0	-0.5	-	-1.2	NE	Nil	6.59	12	
Computer Share	616	-9.3	-0.8	60	4.7	12	-	0.6	86	0.2	8.05	3,371	SecureNet Ltd	123	-34.9	-0.9	95	1.0	-0.7	1	0.7	59	Nil	3.98	96	
Julia Mines	8	-16.8	+0.7	73	0.0	-	-	1.5	NE	Nil	7.64	11	PEG Technology	9	-34.5	-3.3	95	0.0	-1.3	6	1.4	23	Nil	2.43	10	
Healthpoint Tec	11	-18.7	+3.1	76	0.0	-5.3	-	1.4	NE	Nil	7.55	10	Austar United	51	-34.1	+0.2	95	1.0	-12.8	-	-0.9	NE	Nil	1.58	364	
Premier Invest	150	-7.5	+0.7	55	0.0	-0.5	2	0.7	26	3.3	7.41	135	Keycorp Ltd	114	-34.1	-5.2	94	0.0	5	2.5	41	0.7	6	Nil	0.77	87
Energy Develop.	690	-11.4	-3.4	64	1.3	8	3.3	9	0.6	36	0.7	7.22	707	Shield Telecom.	2	-33.9	-4.1	94	8.0	-0.2	-	-2.3	NE	Nil	5.95	7
Bridge DFS Ltd	235	-1.0	+0.9	40	0.0	-29.4	-	0.7	24	3.1	7.07	235	Telemedia Netwk	73	-33.8	+1.7	94	0.0	-4.1	-	-0.8	NE	Nil	2.06	51	
Aust Magnesium	156	-2.2	-5.2	43	0.0	-	-	0.7	NE	Nil	6.96	173	Senetas Corp	8	-33.7	-3.5	94	0.0	-0.4	-	-1.4	NE	Nil	2.69	15	
Nullarbor Hold	27	-26.2	-0.1	87	0.0	-	-	1.0	NE	Nil	6.88	7	Voxson Limited	25	-32.9	-0.1	94	0.0	-0.8	-	-1.0	NE	Nil	1.30	7	
Aust Pure Fruit	60	-17.2	+0.6	73	0.0	-2.1	-	0.9	NE	Nil	6.86	8	Morning Star	15	-32.9	-0.7	93	0.0	-0.6	-	-1.2	NE	Nil	1.22	10	
Electrometals	15	-3.8	-2.9	47	0.0	-	-	1.3	NE	Nil	6.66	8	Easycall Group	8	-32.7	-0.1	93	0.0	-0.4	11	1.4	4	Nil	0.51	18	
Amcom Telecom.	15	-35.2	-3.6	95	0.0	-0.5	-	1.3	NE	Nil	6.59	12	Union Capital	3	-31.8	+0.6	93	0.2	-	-	-2.2	NE	Nil	0.39	13	
Metroland Aust	9	-4.9	+2.8	49	6.0	-1.1	-	1.5	NE	Nil	6.04	7	Aust Energy	31	-31.7	+1.3	93	0.0	-	-	-1.0	NE	Nil	N/A	5	
Cape Range Wire	12	-11.0	-2.9	64	1.0	-11.5	-	1.3	NE	Nil	5.98	44	PowerTel Ltd	23	-31.3	-2.3	92	0.0	3	1.6	-	-1.0	NE	Nil	4.04	199
Huada City	70	-2.3	+0.4	44	0.0	-70.0	-	0.8	6	14.7	5.96	26	Reckon Limited	12	-31.1	-0.1	92	0.0	-	-	-1.3	NE	Nil	0.32	14	
Shield Telecom.	2	-33.9	-4.1	94	8.0	-0.2	-	2.5	NE	Nil	5.95	7	CBD Online	3	-31.1	+2.9	92	0.0	-1.3	-	-2.2	NE	Nil	N/A	6	
Neverfall Spr.	365	-1.7	-1.6	42	0.1	-	-	0.6	32	2.2	5.92	337	FTR Holdings	7	-31.0	-2.1	92	0.0	-0.5	-	-1.5	NE	Nil	1.64	9	
Tennyson Netwks	40	-18.4	+2.4	75	0.0	-8.0	-	0.9	NE	Nil	5.41	18	Prophesy Int'l	33	-30.6	-2.3	91	0.0	2	1.2	-	-1.0	NE	Nil	1.09	14
Novogen Ltd	167	-18.4	-4.1	76	0.0	3	3.6	-	0.7	NE	5.34	159	Sanford Limited	14	-30.4	-3.4	91	0.0	-1.2	-	-1.2	NE	Nil	N/A	5	
Earth Sanct.	75	-25.1	-2.2	85	1.1	-0.8	9	0.8	10	0.7	5.25	20	Eagle Bay Res.	10	-30.4	-3.8	91	0.0	-	-	-1.3	NE	Nil	N/A	7	
Aristocrat	676	-2.4	+1.2	44	0.0	6	18.8	43	0.6	44	1.6	5.21	3,042	Cendant Aust.	15	-30.2	-0.4	91	0.0	-3.8	-	-1.2	NE	Nil	0.58	7
Primary Health	440	-6.0	+0.3	52	0.0	-	-	0.6	67	1.6	5.19	366	Nugold	12	-30.2	+2.4	91	0.0	-	-	-1.3	NE	Nil	N/A	10	
Working Systems	15	-27.7	-1.8	89	0.0	-2.5	5	1.2	47	Nil	5.02	11	Liberty One	6	-29.9	+2.3	91	0.0	-3.2	-	-1.6	NE	Nil	0.67	20	
Queensland Opal	5	-13.4	+2.9	68	3.0	-	-	1.8	NE	Nil	4.85	5	Ecorp Limited	49	-29.7	-1.8	90	0.0	-3.3	-	-0.9	NE	Nil	1.72	104	
Adultshop.com	16	-22.2	-1.5	82	0.0	-2.7	-	1.2	NE	Nil	4.32	32	Tuart Resources	7	-29.6	+7.8	90	0.0	-	-	-1.5	NE	Nil	N/A	21	
H-G Ventures	71	-5.4	-1.0	51	0.0	-0.5	11	0.8	5	11.3	4.31	26	New Tel Ltd	20	-29.4	-0.8	90	1.2	-0.4	-	-1.1	NE	Nil	2.23	29	
Herald Resource	40	-10.6	-5.2	62	9.0	-	-	0.9	NE	Nil	4.20	17	Kingstream St'l	5	-29.3	-2.1	90	1.0	-0.3	-	-1.7	NE	Nil	N/A	22	
Lake Technology	34	-20.4	+2.0	79	0.0	-6.7	-	1.0	NE	Nil	4.07	10	West Oil NL	5	-29.0	+3.1	90	3.0	-	-	-1.7	NE	Nil	N/A	6	
PowerTel Ltd	23	-31.3	-2.3	92	0.0	3	1.6	-	1.1	NE	4.04	199	Phoneware Ltd	8	-28.8	-3.1	90	0.0	-0.9	-	-1.4	NE	Nil	0.51	8	
SecureNet Ltd	123	-34.9	-0.9	95	1.0	-0.7	1	0.8	59	Nil	3.98	96	E TRADE Aust.	65	-28.6	+3.6	89	2.0	2	3.1	-	-0.8	NE	Nil	1.81	48
Dominion Mining	33	-0.7	+0.5	39	0.0	-	-	1.0	NE	Nil	3.92	23	Smart Comm.	14	-28.3	-1.0	89	0.0	-1.2	3	1.2	39	Nil	0.75	8	
Investor Web	23	-4.9	+3.7	49	1.0	-	-	1.1	38	Nil	3.83	29	Aneka Tambang	50	-28.2	-5.4	89	0.0	-	-	-0.9	NE	Nil	N/A	123	
World.net Serv.	40	-8.5	-1.7	58	0.0	-3.6	-	0.9	NE	Nil	3.74	7	INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
National 1 Ltd	64	-7.1	-2.1	55	0.0	-	-	0.9	6	16.4	3.68	37	Investor Group	280	-3.4	-3.9	46	0.4	-8.0	19	0.6	41	2.1	3.35	126	
Objective Corpo	37	-17.6	+1.5	74	0.0	-9.3	96	1.0	10	Nil	3.63	50	Evans & Tate	117	-1.1	+0.5	41	3-7	-6.2	30	0.7	21	5.9	2.48	49	
Deep Sea Fish.	50	-12.1	+2.2	66	0.0	-1.0	2	0.9	45	3.2	3.61	27	Croesus Mining	29	-6.3	-2.8	53	0.3	-	-	-0.9	24	Nil	1.31	32	
Asset Backed	17	-12.9	-0.3	67	0.0	-1.0	-	1.2	NE	Nil	3.57	6	Computer Share	616	-9.3	-0.8	60	4-7	12	-	-0.6	86	0.2	8.05	3,371	
Tectonic Res.	6	-8.8	-4.7	58	0.0	-	-	1.7	NE	Nil	3.50	9	Brandrill	135	-6.2	-2.2	53	0-2	5	2.5	8	0.7	34	1.9	0.86	127
Orbital Engine	51	-26.4	-0.8	87	1.0	3	7.3	-	0.9	NE	3.49	181	Technology One	93	-25.9	+1.6	86	0-2	-11.6	71	0.7	16	1.6	3.26	295	
Sydney Aquarium	360	-3.9	+0.5	47	0.0	2	4.6	31	0.6	15	7.2	342	Union Capital	3	-31.8	+0.6	93	0.2	-	-	-2.1	NE	Nil	0.39	13	
Investor Group	280	-3.4	-3.9	46	0.4	-8.0	19	0.7	41	2.1	3.35	126	Magnetic Min.	30	-4.4	-4.7	48	0-2	-	-	-0.9	NE	Nil	N/A	7	
Autron Corp	40	-6.6	-0.6	54	0.0	-5.0	17	0.9	29	6.9	3.30	207	Corp Express	502	-17.6	-7.9	74	1-3	8	12.6	66	0.6	19	1.8	0.96	956
Technology One	93	-25.9	+1.6	86	0.2	-11.6	71	0.8	16	1.6	3.26	295	Energy Develop.	690	-11.4	-3.7	64	1-3	8	3.3	9	0.6	36	0.7	7.22	707
CPT Global Ltd	83	-7.0	-1.9	55	3-2	-	-	0.8	70	10.8	3.19	24	Cabonne Limited	49	-11.6	-2.4	65	0-1	-0.5	9	0.8	5	8.2	1.34	30	
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																										
Commsoft Group	9	-43.8	+0.3	99	0.1	-0.4	-	1.4	NE	Nil	N/A	6	Westel Group	11	-13.8	-0.5	69	0.1	-1.4	-	-1.2	NE	Nil	2.38	30	
Open Telecom.	11	-43.0	-3.4	99	0.0	-1.0	17	1.3	6	Nil	0.69	64	Neverfall Spr.	365	-1.7	-1.6	42	0.1	-	-	-0.6	32	2.2	5.92	337	
TVSN Limited	6	-40.9	-3.6	99	0.0	-	-	1.6	NE	Nil	0.46	8	Global Doctor	2	-23.3	+0.4	83	0.1	-	-	-2.2	NE	Nil	N/A	7	
Clarity Int'l	30	-40.8	+0.4	99	0.0	-10.0	-	1.0	NE	Nil	N/A	94	Sausage Softwar	54	-26.8	+2.5	87	0.1	-4.5	-	-0.8	NE	Nil	2.56	155	
Voicenet (Aust)	6	-40.7	-1.9	99	0.0	-0.2	-	1.6	NE	Nil	0.27	7	Commsoft Group	9	-43.8	+0.3	100	0.1	-0.4	-	-1.3	NE	Nil	N/A	6	
Uecomm Limited	21	-40.1	-1.6	98	0.0	-0.6	-	1.1	NE	Nil	N/A	106	Icon Energy	7	-7.7	-3.6	56	0.1	-	-	-1.4	NE	Nil	N/A	12	
Johnson's Well	3	-39.4	-4.3	98	0.0	-	-	2.2	NE	Nil	N/A	20	Ges Internat'l	66	-16.8	+1.4	73	0.1	-1.5	13	0.8	11	1.8	0.24	364	
Circle Com Ltd	4	-38.9	-0.7	98	0.0	-	-	1.9	NE	Nil	1.95	7	Mt Grace Res.	19	-5.4	-2.5	51	0.1	-	-	-1.0	NE	Nil	N/A	13	
Hutchison Tel.																										

Australian Warrant / Option Analysis

The drop in speculative technology shares has left most warrants virtually worthless. The few warrants worth consideration include **AP Eagers** (although the share price is very stable), **Auspine** (although a very high *break-even rate*), **Lang Corporation** and **Ridley** (although a very short expiry date).

Company	Share Price	Yr/Mth Exercise Price	To Expiry	Black-Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Yr/Mth Exercise Price	To Expiry	Black-Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
AP Eagers Ltd	410	400	1-5	18.0	58.0	-69	0.19	4.97	1.00	+1	Jervois Mining NL	4	20	0-6	0.3	0.0+999	0.97	4.76	1.00	+999	
Adultshop.com	16	20	2-10	5.0	12.2	-59	1.43	1.15	1.00	+17	KCG Mines	20	20	3-3	5.5	14.5	-62	1.21	1.18	1.00	+9
Adultshop.com	16	175	2-4	0.3	5.8	-95	1.43	1.44	1.00	+179	Kalrez Energy NL	3	20	1-10	0.4	0.0+999	0.46	6.56	1.00	+208	
Advanced Engine	20	35	1-4	2.6	4.2	-38	0.80	2.25	1.00	+61	Kanowna Cons Gold	20	20	3-3	5.5	14.5	-62	1.21	1.18	1.00	+9
Allegiance Mining	5	20	2-4	1.4	0.2+582	0.57	3.16	1.00	+91	Kanowna Lights NL	7	20	0-5	0.8	0.1+616	0.98	4.44	1.00	+999		
Amadeus Petroleum	13	20	2-3	2.3	1.5	+56	0.40	3.24	1.00	+29	Kimberley Diamond	51	130	1-11	15.5	15.4	+1	0.99	1.74	1.00	+73
Ambition Group	75	100	3-1	20.0	22.9	-13	0.51	2.03	1.00	+16	Kimberley Oil NL	9	20	0-3	1.5	0.1+999	0.81	7.03	1.00	+999	
Amity Oil	86	35	1-1	59.0	57.3	+3	0.98	1.39	1.00	+9	Kingstream Steel	5	110	0-11	0.5	0.0+999	0.77	6.55	1.00	+999	
Amlink Technologies	13	45	2-10	1.0	7.2	-86	1.29	1.30	1.00	+56	Lafayette Mining NL	9	20	0-1	0.1	0.0+999	0.74	20.91	1.00	+999	
Amlink Technologies	13	45	2-10	1.0	7.2	-86	1.29	1.30	1.00	+56	Lang Corporation	1101	875	3-4	345.0	418.3	-18	0.28	2.24	1.00	+3
Analytica Ltd	10	50	4-2	1.0	1.4	-29	0.63	2.10	1.00	+50	Legend Mining NL	15	20	0-7	2.1	2.7	-21	0.88	2.73	1.00	+94
Arrow Energy	14	20	0-10	4.5	3.4	+33	1.02	2.13	1.00	+104	Loftus Pooled Dev.	58	110	1-4	0.5	0.1+431	0.22	11.58	1.00	+62	
Asset Backed	17	35	1-0	1.9	1.5	+24	0.74	3.04	1.00	+124	Lumacorn	9	20	1-10	3.5	2.2	+61	0.81	2.03	1.00	+66
Astro Mining NL	16	25	8-4	1.2	15.8	-92	1.68	1.01	1.00	+6	M2M Corporation	1	20	8-6	1.4	1.3	+7	1.57	1.03	1.00	+38
Astro Mining NL	16	120	1-4	1.0	4.9	-79	1.68	1.56	1.00	+379	Magna Pacific	26	5	1-9	0.9	21.7	-96	0.84	1.18	1.00	-57
Auridium Consolidated	5	50	2-10	1.0	0.2+561	0.67	2.86	1.00	+127	Majestic Resources	17	20	1-10	5.6	4.7	+19	0.61	2.15	1.00	+27	
Auridium Consolidated	5	20	0-5	1.0	0.0+999	0.67	9.24	1.00	+999	Metabolic	59	20	1-11	45.0	41.3	+9	0.52	1.40	1.00	+5	
Auspine Ltd	256	400	1-4	3.0	6.4	-53	0.29	6.56	1.00	+41	Metex Resources	6	20	2-10	2.2	0.8+186	0.60	2.43	1.00	+57	
Aust Kimb Diamonds	3	20	1-1	0.3	0.0+999	0.68	5.42	1.00	+591	Minerals Corporation	24	20	0-3	10.0	5.0	+99	0.53	3.87	1.00	+144	
Bara Resources	28	25	2-0	10.5	12.0	-12	0.66	1.77	1.00	+13	Minerals Corporation	24	40	1-5	5.5	2.6+110	0.53	3.21	1.00	+57	
Beach Petroleum NL	5	20	2-8	1.7	0.1+999	0.40	4.41	1.00	+71	Minotaur Gold NL	8	20	0-4	0.2	0.1+182	0.83	5.86	1.00	+999		
Beaconsfield Gold	23	125	0-7	1.0	0.0+999	0.62	9.63	1.00	+999	Molopo Australia NL	4	20	2-1	1.3	0.2+526	0.70	2.79	1.00	+129		
Bionomics Ltd	87	50	0-3	25.0	38.1	-34	0.68	2.21	1.00	-45	Mosaic Oil NL	25	25	0-10	7.4	5.4	+37	0.55	2.92	1.00	+36
Biotech Capital	29	50	2-1	6.5	2.0+222	0.36	3.98	1.00	+38	Natural Gas Aust	41	25	3-7	17.0	35.2	-52	1.34	1.09	1.00	+1	
Bullion Minerals	7	20	2-10	2.0	1.5	+30	0.72	1.97	1.00	+51	New Holland Mining	2	20	1-1	0.6	0.0+999	0.68	5.49	1.00	+627	
Burns Philp	47	20	1-12	26.5	29.0	-9	0.33	1.60	1.00	-1	Norwest	9	20	0-10	5.0	2.1+138	1.30	1.95	1.00	+255	
CMC Power Systems	6	25	0-11	0.9	0.0+999	0.70	4.77	1.00	+442	One Three One Shop	5	75	0-5	0.1	0.0+999	0.96	10.97	1.00	+999		
Canbet	6	20	0-7	0.5	0.0+999	0.72	5.79	1.00	+825	Optiscan Imaging Ltd	73	20	0-7	70.0	53.6	+31	0.70	1.36	1.00	+43	
Cardia Technologies	6	20	2-10	2.8	2.1	+34	0.94	1.61	1.00	+59	Oropa	3	20	1-4	0.7	0.0+999	0.66	4.82	1.00	+388	
Carnarvon Petroleum	8	25	0-11	1.8	0.2+663	0.71	3.94	1.00	+259	Pacific Strategic	22	30	2-7	2.0	0.7+168	0.16	7.33	1.00	+17		
Centamin	15	20	1-7	3.5	5.2	-33	0.90	1.77	1.00	+36	Paht Telecom.	2	20	1-10	0.3	0.3	-7	1.18	1.89	1.00	+245
Chariot Internet	18	100	1-4	0.6	1.5	-59	1.00	2.45	1.00	+263	Pancontinental	5	20	0-7	1.0	0.0+999	0.66	7.44	1.00	+999	
Charter Pacific	91	50	1-2	61.0	46.5	+31	0.55	1.80	1.00	+19	PI2 Limited	7	75	1-4	1.0	1.2	-17	1.54	1.76	1.00	+532
Chiquita Brands	44	110	1-5	4.0	3.2	+23	0.64	3.14	1.00	+96	Pima Mining NL	25	20	0-7	8.5	6.8	+26	0.48	2.99	1.00	+25
Citistate Corp	8	25	0-1	0.2	0.0+999	0.41	9.99	1.00	+999	Platinum Australia	48	20	3-0	30.0	34.1	-12	0.69	1.30	1.00	+1	
Clover	29	30	2-11	10.0	12.6	-20	0.64	1.67	1.00	+12	Plenty River	16	20	0-11	5.1	4.2	+22	0.86	2.21	1.00	+63
Cluff Resources	2	20	0-4	0.1	0.0+999	0.49	9.99	1.00	+999	Prima Resources NL	17	20	0-3	0.5	2.1	-76	0.90	3.74	1.00	+111	
Cobra Resources NL	2	20	1-4	0.2	0.0+432	0.90	3.18	1.00	+446	Pulsat Communicat.	5	20	2-1	2.0	0.8+152	0.92	1.99	1.00	+114		
Consolidated Mineral	52	20	0-7	30.0	32.6	-8	0.38	1.60	1.00	-7	Pulsat Communicat.	5	200	1-5	0.2	0.0+999	0.92	4.15	1.00	+999	
Cranswick Premium	135	195	0-10	2.0	8.2	-76	0.46	4.69	1.00	+57	Quiktrak Networks Ltd	4	20	0-7	0.2	0.0+999	0.88	5.06	1.00	+999	
Craton Resources	34	25	1-7	16.0	10.9	+46	0.14	3.07	1.00	+13	Redflex Holdings	96	350	1-4	8.0	70.8	-89	2.49	1.14	1.00	+168
Diamond Ventures NL	8	20	0-10	1.0	0.8	+31	0.98	2.69	1.00	+244	Reefton Mining NL	7	20	2-3	1.8	1.8	+1	0.89	1.83	1.00	+68
Dioro Exploration	6	20	2-5	1.7	0.1+999	0.42	4.22	1.00	+70	Ridley Corporation	87	65	0-8	18.5	25.4	-27	0.34	3.09	1.00	-6	
Dioro Exploration	6	20	2-5	1.5	0.1+999	0.42	4.22	1.00	+70	SSH Medical	72	40	0-10	35.0	36.7	-5	0.73	1.76	1.00	+5	
Dwyka Diamond	31	20	1-10	12.0	15.0	-20	0.54	1.78	1.00	+2	Sabre Resources	13	20	0-3	0.1	0.9	-88	1.05	3.95	1.00	+569
E-Financial Capital	37	50	1-8	3.0	3.8	-20	0.35	3.93	1.00	+24	Seafood Online.com	7	20	2-0	2.4	0.2+869	0.46	3.95	1.00	+76	
E-Star Online	9	50	1-10	1.7	1.1	+50	0.99	2.09	1.00	+168	Senetas Corporation	8	30	2-9	3.4	1.9	+83	0.80	1.89	1.00	+66
E-Tick Limited	14	30	0-10	5.0	0.7+628	0.67	3.86	1.00	+200	Shield Equities	2	20	0-1	0.1	0.0+999	0.63	9.99	1.00	+999		
ECAT Development	3	30	0-0	0.1	0.7	-85	0.65	3.86	1.00	+999	Simon Gilbert	41	100	3-4	5.0	6.3	-20	0.50	2.43	1.00	+33
Efnet Technologies	5	20	3-1	1.9	2.1	-10	1.11	1.42	1.00	+64	Solar Energy Systems	19	30	3-4	4.6	5.4	-14	0.53	2.03	1.00	+20
Empire Oil & Gas	5	20	1-4	2.0	0.3+607	0.76	3.04	1.00	+191	Stericorp	42	40	0-2	3.0	5.7	-47	0.66	4.72	1.00	+15	
Euroz	51	50	3-3	5.0	25.0	-80	0.64	1.57	1.00	+2	Strata Mining	2	20	1-4	0.2	0.0+999	0.61	6.21	1.00	+540	
Federation Res.	170	400	0-8	27.0	1.9+999	0.57	5.82	1.00	+298	Stratatel Limited	17	25	4-0	5.0	5.3	-6	0.48	1.96	1.00	+15	
FlowCom Ltd	12	63	0-4	0.1	0.0+999	0.69	12.60	1.00	+999	Sun Resources NL	7	25	0-10	2.5	0.0+999	0.61	5.52	1.00	+383		
GPS Online.com	8	40	0-10	1.5	0.1+999	0.82	4.18	1.00	+621	Sydney Gas Company	45	100	1-1	13.0	1.4+799	0.53	4.43	1.00	+134		
General Gold Res.	4	20	0-10	1.3	0.0+999	0.00	9.99	1.00	+717	Tanami Gold NL	11	20	0-3	1.0	0.0+999	0.50	12.38	1.00	+999		
Glengarry Resources	2	75	0-8	0.2	0.0+999	0.50	9.99	1.00	+999	Terraplanet.com	2	100	3-3	0.5	1.1	-56	2.10	1.12	1.00	+257	
Global Business	6	100	0-9	0.1	0.0+982	1.10	4.23	1.00	+999	Tiger Resources	7	23	0-1	20.5	0.0+999	0.70	9.99	1.00	+999		
Global Business	6	20	4-4	1.5	3.5	-57	1.10	1.26	1.00	+35	Timemac	4	20	2-10	1.0	0.2+310	0.65	2.58	1.00	+88	
Globe Securities	4	20	2-4	0.5	0.5	+5	0.79	2.24	1.00	+101	Travelshop Ltd	4	20	3-3	1.1	2.0	-46	1.34	1.27	1.00	+72
Gold Partners NL	2	20	0-10	0.2	0.0+999	1.04	3.95	1.00	+999	Tuart Resources	7	20	1-10	1.3	4.7	-72	1.80	1.21	1.00	+82	
Golden Triangle	7	20	1-4	1.2	1.2	+0	0.96	2.17	1.00	+130	Union Capital	3	20	0-5	0.1	0.0+999	0.93	7.16	1.00	+999	
Golden Valley Mines	4	20	0-10	0.2	0.1+298	0.85	4.02	1.00	+598	Vincorp Wineries	9	40	0-3	0.5	0.0+999	0.49	9.99	1.00	+999		
Goldsearch Limited	4	20	0-11	0.3	0.0+999	0.67	5.44	1.00	+540	Virotec	40	30	0-4	20.0	12.5	+60	0.73	2.64	1.00	+95	
Goldstream Mining	44	20	0-1	20.0	24.1	-17	0.63	1.83	1.00	-68	Vital Capital	22	20	7-9	11.5	14.1	-19	0.55	1.31	1.00	+5
Gradipore Ltd	330	250	0-4	111.0	91.9	+21	0.53	3.12	1.00	+31	Vos Industries Ltd	4	50	0-11	5.0	0.0+999	0.71	6.72	1.00	+999	
Greater Pacific	1	20	1-2	0.2	0.0+999	0.86	4.27	1.00	+950	WRF Securities	45</										

"Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Held	
				Before	After
13/07/2001					
Nuplex Industries	Tower	Sell	-0.589	10.543	9.54%
Southern Capital	AXA Asia Pacific	Buy	+0.793	9.85%	10.87%
Tourism Holdings	NZ Guardian Trust	Sell	-1.527	6.37%	4.71%
Tranz Rail Holdings	AXA Asia Pacific	Buy	+1.220	5.23%	6.24%
Waste Management	CBA	Sell	-1.065	17.79%	16.70%
20/07/2001					
Carter Holt Harvey	Franklin Resources	Buy	+0.520	4.98%	5.01%
Lion Nathan	The Capital Group	Buy	+7.323	5.07%	6.44%
Mowbray Collectables	RA Brierley	Buy	+1.000	0.0%	14.20%
Wrightson	GPG	Sell	-26.700	20.91%	1.00%
Wrightson	RD1.COM	Buy	+26.700	0.0%	19.90%
27/07/2001					
Rubicon Ltd	Deutsche	Buy	+5.500	7.16%	8.36%
Southern Capital	Milton Bay	Sell	-4.039	9.28%	3.52%
Tower Ltd	AXA Asia Pacific	Buy	+1.857	0.0%	6.86%
Waste Management	CBA	Sell	-2.283	16.70%	14.37%
03/08/2001					
Advantage Group	AXA Asia Pacific	Sell	-0.749	8.35%	7.23%
Dorchester Pacific	PR Briggs	Sell	-0.274	9.46%	8.03%
Fisher & Paykel	The Capital Group	Sell	-1.416	6.61%	5.41%
Hallenstein Glasson	AMP	Sell	-0.592	15.79%	14.77%
10/08/2001					
Hellaby Holdings	Quatro Mgmt	Buy	+0.350	8.05%	8.76%
Opio Farm Forestry	Oceania & Eastern	Sell	-2.098	14.00%	0.0%

Total Return Index for All Listed Shares

	Jul 9	2125.33		
	Jul 10	2130.03		
	Jul 11	2122.77		
	Jul 12	2128.05		
	Jul 13	2131.69		
Jul 16	2128.92	Jul 23	2152.13	
Jul 17	2127.67	Jul 24	2143.15	
Jul 18	2128.30	Jul 25	2152.43	
Jul 19	2117.23	Jul 26	2167.61	
Jul 20	2130.21	Jul 27	2174.83	
Jul 30	2172.19	Aug 6	2178.02	
Jul 31	2166.72	Aug 7	2171.69	
Aug 1	2168.56	Aug 8	2160.98	
Aug 2	2176.80	Aug 9	2159.56	
Aug 3	2181.74	Aug 10	2161.66	

Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Calan Healthcare	1.7268	20-08	31-08	Nil
GDC Communications	1.75	27-08	31-08	Full
Property For Industry	1.30	13-08	17-08	0.30
Reid Farmers	7.00	20-08	14-09	Full
Restaurant Brands	4.50	17-09	28-09	Full
Trust Power	8.00	20-08	31-08	Nil
United Networks	17.00	27-08	07-09	Full
Waste Management NZ	2.50	03-09	07-09	Full
<u>Australian Shares</u>				
Julia Ross Recruitment	3.00	05-10	19-10	
Volante Group	7.50	-	-	

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Current Issues

SHARE REPURCHASES

Port of Tauranga Details 1:8 @ \$7.00

NEW ISSUES

Wakefield Hospital Price Date EPS DPS 250 03-09 21.4 7.3

Wakefield Hospital is seeking to issue 3,300,000 new shares at 250 cents to raise \$8,250,000 (less fees of \$450,000) in new equity. This money will be used to repay debt raised to finance building extensions and doubling the number of operating theatres from two to four.

Despite this \$10 million upgrade, revenues are forecast to rise only 7% to \$26.6 million in the year to March 2002, with profits up 14.8% \$1.96 million (21.4 cents per share) and the annual dividend 21.7% to 7.3 cents. This projected growth in revenue and profits suggest that the expansion has been a poor investment, adding just \$250,000 to profits. That is a return of only 2.5%!

Overall this company is little more than a specialty property trust that rents theatre time to surgeons. Being a small, specialty company could involve above average risks. The dividend yield is substantially less than conventional, diversified property trusts - so we rate the New Issue by Wakefield Hospital "avoid".

GPG Junk Bonds

Guinness Peat Group is currently seeking to raise \$250 million from an issue of *capital notes*. Whether *capital notes* are issued by GPG, Brierley, Edison Mission or Fletcher Challenge we believe they are a poor investment that expose investors to too much risk for too little return.

Capital Notes rank *behind* all other borrowing and *behind* unsecured creditors. If a company gets into financial difficulties the capital note holders would receive nothing - making them almost as risky as ordinary shares.

Ordinary shares are risky - but investors are rewarded for taking those risks. If a company does well its ordinary shareholders receive higher dividends and capital appreciation. Capital Note holders take all of the same high risks, but get none of these rewards - just a fixed interest rate and the promise of their original investment back.

The GPG capital notes, for example, offer investors a 9% interest return - just 2.5-2.8% more than high quality, very low risk bank term deposits. Investors need to ask themselves "Is risking a 100% loss of capital for an extra 2.5-2.8% per year of taxable income a good deal?". We don't think so.

Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday September 11, 2001 (and delivered in most areas on Wednesday 12).

Subscribers who have updated their account online with an e-mail address will also receive the Electronic version in their e-mail Tuesday morning.