

# Market Analysis

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## Inside Market Analysis

World stockmarkets decline 10-20%, then recover ... 1	SELL Air New Zealand ..... 6, 7
Steel & Tube sells Canadian associate, prepares for NZ acquisition? ..... 4	SELL Hamilton Island ..... 7, 8
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Editor and Research Director: James R Cornell (B.Com.)

## Summary and Recommended Investment Strategy.

Headline News: *Terrorist Attacks! Stockmarkets fall 10-20%! Then, unnoticed by the popular media, most stockmarkets recovered all of those losses!* Some small changes to our portfolio are necessary, but our long term investment strategy remains unchanged. We remain almost fully invested in Australian and NZ shares, with a small 10-15% cash reserve that will be re-invested over the next several months.

## Investment Outlook.

The recent terrorist attacks in the United States *do* have an impact upon stockmarkets, but that impact is both unfavourable *and* favourable for share prices:

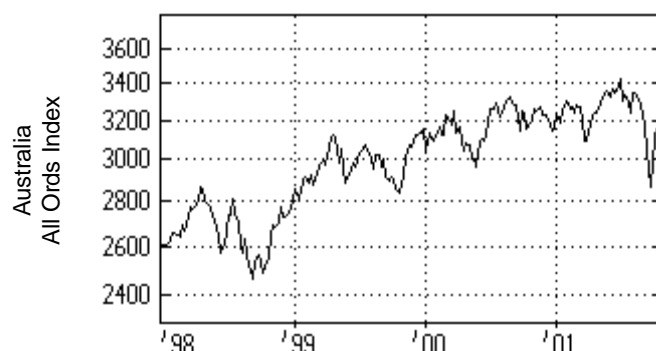
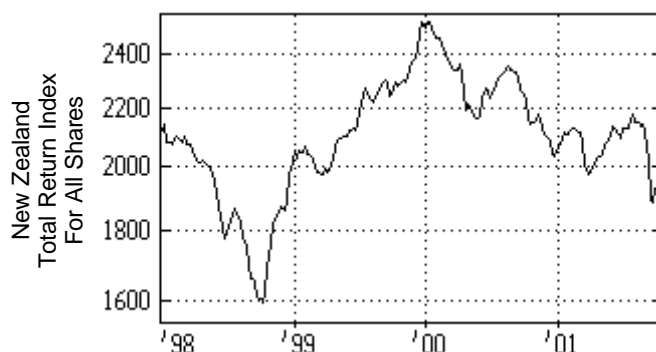
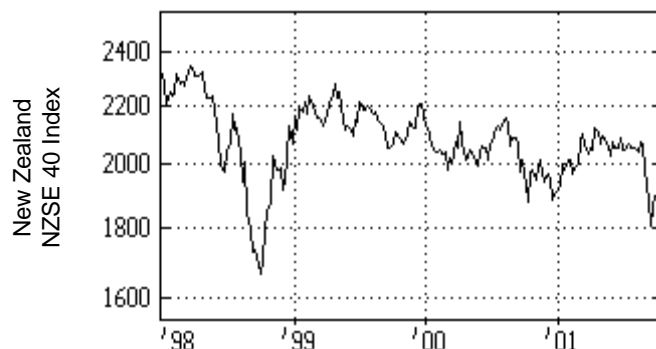
- The impact on share prices of such a widely reported event was *instantaneous*. Most stockmarkets quickly fell 10-20%, accurately reflecting the uncertainty and likely economic downturn.
- The US and world economies were already in recession. The attacks will make the recession deeper and more severe, with the recovery likely deferred by about six months (i.e. from early to mid 2002, until mid to late 2002).
- Additional monetary easing in response to this deteriorating economic situation will lead to a much stronger economic rebound next year.
- These monetary conditions could easily lead to an asset bubble (in China stocks? Emerging markets?) - just as monetary easing in response to the 1997/98 Asian crisis and ahead of the Y2K (expected) crisis led to the NASDAQ asset bubble in Technology and Internet stocks.
- Finally companies adapt their businesses to any crisis and to whatever environment evolves. This adaptability is the reason shares are the best *long term* investment.

So there may be some economic uncertainty ahead and the economic recovery may be delayed - but the global economy and stockmarkets should rebound more strongly than previously expected. In fact, easier monetary conditions are probably a major factor boosting world stockmarkets back to pre-attack levels:

	Decline 7/9/01 to 21/9/01	Recovery 21/9/01 to 12/10/01
Australia (All Ords)	-9.8%	+10.2%
New Zealand (NZSE 40)	-9.6%	+2.3%
France	-18.3%	+18.4%
Germany	-19.9%	+22.1%
Japan	-9.1%	+11.3%
Un. Kingdom	-12.6%	+16.1%
USA (S&P 500)	-11.1%	+13.0%
USA (NASDAQ)	-15.7%	+19.7%
HongKong	-10.6%	+10.7%

### Stockmarket Forecasts

	One-Month	One-Year
Australia:	<b>89%</b> (Bullish)	<b>66%</b> (Bullish)
New Zealand:	<b>75%</b> (Bullish)	<b>50%</b> (Neutral)



# 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	85	0.45	19	Nil	Frucor Bev.	C	172	0.94	18	6.9	Pure NZ Limited	D	12	9.52	NE	Nil		
AMP Limited	C	2165	0.69	17	2.6	GDC Communicat.	C	180	1.64	23	2.7	Reid Farmers	B	126	0.65	9	8.3		
AMP NZ Office	C	82	6.04	10	8.7	Genesis Res.	D	280	2.47	98	Nil	Renaissance	D	41	0.10	11	7.3		
AXA Asia Pac.	C	308	0.51	12	3.9	Goodman Fielder	B	164	0.49	12	6.1	Restaurant Brds	B	156	0.61	11	9.6		
Advantage Group	D	31	0.28	25	Nil	Guinness Peat	C	158	2.77	15	2.0	RetailX Limited	D	20	N/A	NE	Nil		
Affco Holdings	E	30	0.06	6	Nil	Hallenstein G.	B	265	0.91	13	10.4	Richina Pacific	C	63	0.06	10	Nil		
Air New Zealand	E	30	0.03	NE	Nil	Hellaby Hold.	B	201	0.27	8	11.1	Richmond Hold.	C	250	N/A	NE	Nil		
Akd Int Airport	B	325	8.07	23	5.2	Heritage Mining*	N/R	5.0	4.20	NE	Nil	Rocom Wireless	D	37	N/A	NE	Nil		
Apple Fields	B	15	0.23	NE	Nil	Horizon Energy	A	1240	2.56	12	10.2	Rubicon Limited	C	66	0.10	NE	Nil		
Baycorp Hold	C	1200	N/A	50	2.8	IT Capital Ltd	D	8.5	1.09	NE	Nil	Ryman Health.	C	198	3.31	14	2.8		
Beauty Direct	D	9.5	3.57	NE	Nil	Ind Newspapers	C	320	2.51	50	4.0	Sanford Limited	B	635	1.72	13	4.7		
Bendon Limited	C	168	0.62	15	8.0	Infratil NZ	B	163	3.80	18	6.4	Savoy Equities	D	6.8	0.26	NE	Nil		
Blis Technology	E	70	N/A	NE	Nil	Kingsgate Int'l	C	13	0.42	3	Nil	Scott Tech. Ltd	B	115	0.73	6	14.3		
Brierley Invest	E	33	0.77	NE	Nil	Kirkcaldie & St	C	452	N/A	NE	Nil	Seafresh Fish.	D	3.8	0.23	NE	Nil		
Broadway Ind	C	30	0.17	8	Nil	Kiwi Property	B	94	5.37	8	11.1	Selector Group	D	3.0	4.41	NE	Nil		
CACI Group Ltd	D	47	N/A	NE	Nil	Lion Nathan Ltd	A	540	1.38	18	3.4	Shotover Jet	C	45	0.78	9	Nil		
CDL Hotel NZ	E	17	0.25	42	6.0	Lytelton Port	B	160	2.80	12	9.6	Sky City Ltd	A	1125	2.55	17	8.4		
CDL Investments	E	17	1.19	8	14.0	Mainfreight Grp	C	124	0.22	26	7.8	Sky Network TV	D	325	4.21	NE	Nil		
Cabletalk Group	C	59	N/A	NE	Nil	Medical Care	D	127	N/A	81	Nil	Software of Exc	C	191	1.02	NE	Nil		
Cadmus Tech Ltd	D	13	2.37	41	Nil	Metro. LifeCare	D	105	0.75	24	Nil	South Port NZ	B	145	2.97	17	6.2		
Calan Hlthcare	C	81	6.57	12	8.4	Michael Hill	A	460	0.94	18	4.9	Southern Cap	D	76	N/A	43	Nil		
Cap Properties	C	88	N/A	8	13.2	Mid-Cap Index *	N/R	188	N/A	NE	Nil	Spectrum Res.	D	2.7	2.06	NE	Nil		
Carter Holt	D	150	0.68	10	4.0	Montana Group	C	475	3.30	39	Nil	Steel & Tube	A	200	0.45	12	11.9		
Cavalier Corp	A	526	0.88	13	9.1	Mooring Systems	C	143	N/A	NE	Nil	Strathmore Grp	C	7.0	1.47	NE	Nil		
Cedenco Foods	B	200	2.44	11	Nil	Mowbray Collect	C	63	N/A	NE	Nil	Submarines Aust	C	39	N/A	NE	Nil		
Cert Organics	D	0.7	0.31	NE	Nil	Mr Chips Hold	B	115	1.06	17	8.4	Summit Gold Ltd*	N/R	16	N/A	NE	Nil		
Col FS Property	B	102	6.62	11	10.5	NZ Experience	D	10	0.79	30	Nil	Tag Pacific Ltd	C	17	0.32	NE	Nil		
Col Motor Co	B	275	0.23	15	7.6	NZ Invest Trust*	N/R	485	N/A	NE	1.7	Tasman Agric.	C	166	2.91	NE	Nil		
Commsoft Group	D	6.0	0.83	NE	Nil	NZ Oil and Gas *	N/R	36	1.62	20	Nil	Taylor's Grp Ltd	B	127	0.69	10	8.2		
Compass Com.	D	30	N/A	NE	Nil	NZ Refining Co	A	1510	1.22	5	24.7	TeNZ *	N/R	82	N/A	NE	Nil		
Contact Energy	B	391	2.72	38	6.6	NZIJ.co.nz	E	30	N/A	NE	Nil	Telecom Corp	B	439	1.44	10	6.8		
Cube Capital	C	38	0.35	30	Nil	Nat Property Tr	C	85	6.43	14	10.8	Tourism Hold.	B	121	0.54	9	11.1		
Cue Energy Ltd * N/R	5.5	1.31	3	Nil	National Mail	D	6.5	0.71	NE	Nil	Tower Limited	C	505	0.52	11	5.9			
DB Group	B	521	0.65	14	4.6	Natural Gas	D	116	1.19	10	Nil	Trans-Tasman	E	17	0.97	4	Nil		
Dairy Brands	C	66	3.03	12	Nil	Newcall Group	D	3.0	0.18	NE	Nil	Tranz Rail Hold	B	442	0.85	20	1.9		
Design Textiles	D	33	0.20	42	Nil	Newmarket Prop.	C	45	3.42	8	14.6	Trust Power Ltd	C	320	1.16	25	8.0		
Dorchester Pac	C	110	0.79	8	8.1	Northland Port	C	187	2.82	81	Nil	United Networks	B	855	2.82	12	5.8		
E-Ventures NZ	E	31	N/A	NE	Nil	Nuhaka Forestry	C	840	2.22	NE	6.5	Utilico Int'l	C	51	5.03	8	Nil		
E-cademy Hold.	E	0.6	N/A	NE	Nil	Nuplex Indust	C	290	0.42	12	7.7	Vending Tech.	C	255	4.50	19	Nil		
Ebos Group Ltd	B	285	0.72	14	7.3	Opio Forestry	E	47	N/A	NE	Nil	WN Drive Tech.	E	38	N/A	NE	Nil		
Eldercare NZ	D	16	0.75	NE	Nil	Otter Gold Mine*	N/R	19	0.17	NE	Nil	Wakefield Hosp.	B	219	N/A	10	3.3		
Elect Trans Tec	D	7.0	5.38	NE	Nil	Owens Group Ltd	B	110	0.16	13	6.8	Warehouse Group	B	605	1.09	29	3.1		
Evergreen	D	49	2.08	11	Nil	Ozzy (Tortis) *	N/R	226	N/A	NE	Nil	Waste Mgmt NZ	B	251	1.78	17	4.5		
FC - Forests	E	25	1.07	NE	Nil	Pacific Retail	B	179	0.22	8	Nil	Williams Kettle	A	360	0.29	8	8.3		
Finzsoft Sol'ns	E	40	0.08	NE	Nil	Port Tauranga	A	700	7.12	26	5.1	World Index Fd *	N/R	175	N/A	NE	Nil		
Fisher & Paykel	A	1380	1.95	30	2.7	Ports Auckland	A	557	4.94	17	5.6	Wrightsons Ltd	B	106	0.20	13	11.3		
Fletcher Build.	A	264	0.40	27	6.8	Powerco Limited	C	195	0.68	NE	Nil	<b>Ave of 142 Cos</b>	C	215	0.43	19	3.4		
Force Corp.	D	7.0	0.20	NE	Nil	Property F Ind.	C	85	7.91	39	8.1								
A.G.L.	B	863	0.89	27	6.0	Crown Ltd	C	90	0.70	14	Nil	Nat'l Foods	B	261	0.75	16	5.7		
AMP Div. Prop	B	253	7.83	14	7.5	Data Advantage	B	651	8.98	54	1.5	Nat'l Aust Bank	B	2901	1.06	13	4.2		
AMP Ltd	C	1797	0.72	17	2.6	Deutsche Div Tr	B	116	6.85	13	7.5	News Corporatio	C	1433	1.30	23	0.2		
AMP Office Trt	B	126	N/A	15	7.0	Deutsche Office	C	137	N/A	NE	Nil	OPSM Protector	A	375	0.80	NE	2.5		
AMP Shop Centre	B	143	7.36	15	7.7	Downer EDI Ltd	A	69	0.33	12	3.0	Orica Ltd	B	450	0.31	8	7.8		
ANZ Bank	B	1720	2.19	16	3.7	Email Ltd	B	291	0.37	15	8.4	Origin Energy	B	323	1.10	19	1.2		
APN News Media	C	375	1.53	19	3.9	Energy Develop.	C	760	8.09	41	0.7	Pacific Dunlop	C	73	0.15	NE	6.8		
AWB Limited	C	350	N/A	NE	Nil	Envestra	C	89	2.05	NE	10.4	Paladin Com.	B	124	7.45	14	7.7		
AXA Asia Pac	C	258	0.54	12	3.7	Fairfax (John)	C	343	1.90	20	3.4	Paperlin X Ltd	B	425	0.58	13	6.4		
Adelaide Bank	A	619	1.04	16	4.8	Faulding (F.H.)	A	1710	0.98	26	1.6	Perp Trust Aust	A	3850	4.48	26	2.2		
Advance Prop	B	182	8.64	15	6.7	Flight Centre	C	2160	0.61	43	1.3	Publishing & Br	D	930	2.39	NE	2.2		
Alintagas Ltd	B	373	1.53	14	1.5	Foodland Assoc	A	1134	0.28	18	4.9	O.B.E. Insur.	C	608	0.75	25	2.6		
Amcor Ltd	B	660	0.71	15	4.2	Foster's Brewin	B	538	2.69	21	2.7	O.C.T. Resource	C	121	1.05	NE	Nil		
Aristocrat	B	640	4.93	42	1.7	Futuris Corp.	C	164	0.17	12	4.9	Qantas	B	348	0.45	11	5.7		
Aust Pipeline	B	250	2.53	20	8.8	GWA Internat'l	B	237	1.15	16	6.8	Ramsay Health	A	455	1.47	36	1.9		
Aust Stock Exch	C	1130	5.80	22	3.8	Gandel Retail T	B	119	7.77	14	7.3	Rio Tinto Ltd	C	3450	1.36	10	2.6		
Aust Pharm. Ind	B	274	0.32	19	4.5	General Prop Tr	B	283	6.86	16	6.7	Seven Network	B	653	1.44	NE	3.1		
Austereo Group	C	200	N/A	69	1.7	Global Int'l	B	178	4.20	66	Nil	Singleton Group	B	404	N/A	41	1.7		
Australand Hold	B	160	0.95	7	7.5	Goodman Fielder	C	136	0.54	NE	5.5	Smith (Howard)	B	1482	1.08	26	2.8		
BA Tobacco Aust	B	1771	0.70	19	4.8	Guinness Peat	B	130	2.83	12	0.4	Smorgon Steel	C	96	0.29	NE	3.1		
BRL Hardy Ltd	B	1037	2.50	25	1.7	Hardie (James)	B	445	1.18	NE	4.3	Sonic Health	C	828	3.00	72	2.1		
Bank of W.Aust	B	387	3.59	15	4.6	Harvey Norman	C	338	4.99	33	1.2	Southcorp Ltd	B	750	1.49	25	2.8		
Bendigo Bank	A	613	2.99	21	6.7	Hills Motorway	B	525	9.61	NE	3.2	Spotless Group	B	629	0.64	34	3.3		
Bidvest	B	319	0.23	13	2.7	ING Indust Trt	A	161	N/A	12	8.2	St George Bank	A	1578	1.92	19	3.5		
Billabong Int'l	A	748	3.85	36	1.7	ING Office Fund	B	119	7.63	14	8.9	Sthn Cross Brd.	C	1105	1.89	20	4.9		
Boral Limited	A	325	0.53	12	5.5	Incitec	B	550	0.73	20	4.2	Stockland Trust	B	449	5.07	16	6.5		
Brambles Ind.	B	1045	2.54	65	7.8	Investa Prop.	A	196	8.21	9	7.0	Suncorp-Metway	A	1500	1.38	14	3.1		
Brickworks Ltd	A	614	6.08	13	2.3	Jupiters	B	421	1.31	13	4.5	TAB Ltd	B	275	1.64	19	4.4		
C & W Optus	C	371	2.71	38	Nil	Kaz Computer	C	112	4.74	57	0.6	Tabcorp Holding	B	936	1.90	19	5.5		
C'wth Prop Off.	A	122	8.71	14	6.9	Lang Corporatio	B	1068	2.48	26	1.3	Telstra	C	507	1.41	8	3.7		
C.S.R. Ltd	B	691	1.01	14	3.3	Leighton Hold	A	1090	0.66	19	3.6	Ten Network	B	175	1.10	11	9.1		
CSL Limited	A	4515	7.91	86	0.6	Lend Lease Corp	C	1132	0.42	32	1.9	Toll Holdings	A	2561	0.96	32	1.3		
Cadbury Sch.	C	991	N/A	NE	3.4	Macquarie Off.	B	125	8.66	13	8.6	Transurban Grp	C	433	7.20	NE	Nil		
Centro Prop.	A	326	9.40	14	7.7	Macquarie Bank	A	3805	4.60	28	2.4	United Energy	B	274	1.67	76	6.3		
Challenger Int.	C	297	0.80	5	2.9	Macquarie C-Wde	B	155	8.89	14	8.5	Wesfarmers Ltd	B	3101	2.34	39	2.4		
Coal & Allied	B	2291	2.81	25	1.5	Macquarie Good.	B	141	N/A	14	8.1	West Aust News	B	510	3.21	16	6.3		
Coca-Cola Bev.	C	240	N/A	NE	Nil	Macquarie Infra	A												

# Recommended Investments

**Nuplex Industries** has written down the value of goodwill on its **Medihold International** business (acquired in January this year for SA\$20,950,000) by NZ\$11,877,000. Medihold has failed to achieve its business plan and has been unsuccessful tendering to retain a NSW hospital contract which will expire in December.

Nevertheless, the new financial year has started well for the group. Results for first two months are similar to the "very buoyant" July and August last year.

**Richina Pacific** has sold **Colyer Mair**, its NZ semi-processed leather operation, to **Lowe Corporation** for \$35.0 million in cash, which is a \$5.5 million premium above book value.

Cash from this sale will be used to significantly reduce interest bearing debts which stood at \$94 million in June. Lower debt levels will make Richina Pacific

shares more attractive to investors and should lead to further re-rating of Richina Pacific's share price, while the Chinese leather business offers the potential for strong profit growth over the next few years. Buy.

Just last month we pointed out that **South Port NZ** "will need to buy-back more shares and/or make further special dividends to achieve its plans to have the best mix of debt and shareholders equity in its capital structure". The company has since announced a special dividend of 11.5 cents (plus full imputation tax credits). This special dividend will distribute \$3.0 million, which still leaves South Port with a very strong balance sheet, low debts levels and the ongoing potential for further share buy-backs or special dividends.

The special dividend will be paid on November 2nd with the regular final dividend of 3.5 cents.

(Continued on Page 4)

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation		Perform- ance 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										
<b>NZ Shares</b>													
SELL	Air New Zealand "A"	AIRVA	08/10/96	244*	E	756.6	1.9	0.03	NE	Nil	30	78.7	-55%
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	185.8	2.2	1.19	8	14.0	17	6.1	-7%
HOLD+	Cavalier Corporation	CAV	05/12/95	312	A	31.5	0.8	0.88	13	9.1	526	162.0	+121%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.7	0.23	15	7.6	275	202.8	+219%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	B	101.8	0.9	2.80	12	9.6	160	10.3	+13%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	A	38.6	0.8	0.94	18	4.9	460	74.5	+1062%
HOLD	Nuplex Industries Ltd	NPX	11/02/97	350	C	58.6	1.0	0.42	12	7.7	290	51.0	-3%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	36.7	2.3	0.10	11	7.3	41	7.4	-43%
BUY	Richina Pacific	RCH	03/11/95	119*	C	72.2	1.7	0.06	10	Nil	63	11.9	-37%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	1.1	2.97	17	6.2	145	44.8	+58%
BUY	Steel & Tube Holdings	STU	08/08/00	146	A	87.8	1.1	0.45	12	11.9	200	23.0	+53%
BUY	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	1.1	0.69	10	8.2	127	13.0	+37%
BUY	Wrightson Limited	WRI	13/01/98	83	B	134.1	1.4	0.20	13	11.3	106	18.3	+50%
<b>Australian Shares (in Aust cents)</b>													
BUY	Abigroup Limited	ABG	09/03/99	265	A	47.7	0.8	0.13	5	5.9	205	29.0	-12%
BUY	Atlas Pacific Ltd (1)	ATP	14/05/96	73	B	57.9	1.9	2.12	6	Nil	28	Nil	-62%
HOLD+	Auspine Limited	ANE	08/02/00	210	B	57.0	0.8	0.65	10	5.1	235	34.0	+28%
HOLD+	Austral Coal Ltd	AUO	16/01/01	19	C	82.7	1.9	0.25	5	Nil	25	Nil	+32%
HOLD	Biron Capital Ltd	BIC	12/04/94	178	C	22.4	1.8	1.80	35	Nil	37	11.0	-73%
BUY	Campbell Brothers Ltd	CPB	12/10/99	418*	B	37.9	0.5	0.50	11	5.9	510	55.5	+35%
HOLD	Central Equity Ltd	CEQ	09/02/94	154	B	82.1	0.9	0.74	7	7.9	191	94.0	+85%
BUY	Commander Comm.	CDR	11/09/20	92	B	143.6	1.2	0.63	11	2.9	85	2.5	-5%
HOLD	C.S.R. Limited	CSR	11/07/00	436	B	943.6	0.6	1.01	14	3.3	691	23.0	+64%
SELL	Hamilton Island Ltd	HAM	09/11/99	205	C	45.0	0.8	0.92	7	Nil	205	9.0	+4%
BUY	Julia Ross Recruitment	JRR	14/08/01	92	A	57.2	1.1	0.32	8	6.8	88	3.0	-1%
HOLD+	McPherson's Ltd	MCP	10/10/00	125	A	39.2	0.9	0.17	4	10.4	115	12.0	+2%
HOLD	Nufarm Limited	NUF	11/02/97	418*	B	154.6	0.8	0.30	8	6.8	265	70.3	-20%
BUY	OAMPS Limited	OMP	15/05/01	198	B	32.6	0.7	0.31	11	6.8	251	Nil	+27%
HOLD+	Thakral Holdings	THG	10/11/98	65	B	592.3	1.3	0.97	8	13.0	48	18.3	+2%
HOLD	Toll Holdings (2)	TOL	08/09/98	240	A	62.1	0.6	0.96	32	1.3	2561	76.0	+999%
HOLD	Utility Services Corp	USC	11/01/00	55*	C	99.9	1.8	1.01	0	7.3	55	7.0	+13%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	C	146.4	0.7	2.06	20	1.6	213	16.2	+232%
BUY	Volante Group Ltd	VGL	13/03/01	132	C	68.0	1.1	0.20	10	7.3	110	5.0	-13%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +87.5%.

This is equal to an average annual rate of +25.4%, 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 113 closed out) is +31.0%, compared with a market gain of +10.0% (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 cents. (2) Toll Holdings notes (TOLG) last traded at 2580 cents.

**Recommended Investments** (Continued from Page 3)  
dividend of 3.5 cents.

South Port also reports "considerable opportunities exist for cargo growth" with "potential for a continuation of volume and value growth" in processed timber products and "a lift in woodchip volumes in mid-decade". Dairy exports are currently "modest" but "expected to expand over the next 2-3 years" with potential exports through South Port of 160,000 tonnes from the Edendale plant. This expansion in forestry, timber processing facilities and dairy processing in Southland was one of the reasons for our initial investment in South Port shares in 1996.

South Port is a financially strong, niche business servicing Southland's rapidly expanding exports. We therefore continue to consider these shares an attractive, low risk, high income investment, likely to generate steady long term capital appreciation.

**Steel & Tube Holdings** is selling its 51% shareholding in Canadian based **AJ Forsyth & Company** to US based **Russel Metals** for C\$24.9 million (\$38.3 million). This is slightly in excess of book value. Steel and Tube's parent company, **OneSteel**, is selling its 49% of AJ Forsyth on the same terms.

AJ Forsyth began and will end the company's expansion into North America. Steel & Tube believes it "is unlikely to obtain acceptable returns" in North America and "will now focus our growth strategy in Australia and New Zealand". That may mean buying some or all of Fletcher Steel's businesses. Selling the Canadian business certainly puts Steel & Tube in a much stronger financial position to make a very large NZ acquisition.

#### **Australian Shares**

(This section is in Australian currency unless stated.)

**Abigroup** lifted revenues 6.2% to \$749.2 million for the year to June 30, with profits up 26.7% to \$18,155,000 (38.1 cents per share). This result was aided by a \$5.3 million tax credit compared with \$4.5 million of tax paid last year. Pre-tax profits actually declined 31.8%.

The final dividend will be cut to 5.0 cents, making a 20.0% lower 12.0 cents for the year.

Construction margins "remain under significant pressure" with no improvement expected this year. Opportunities in the civil engineering market are expected to be "more buoyant" in 2003.

Abigroup recently won a \$40 million 3G infrastructure construction contract from **Ericsson Australia** for **Hutchinson Orange**. The company has also been short-listed for the \$80 million Karuah by-pass and the \$70 million Bega water treatment facility. A joint venture with **Leighton Contractors**, named **Westlink**, has lodged an application to develop the \$1,400 million **Western Sydney Orbital** motorway as a BOOT (i.e. Build, Own, Operate, Transfer) project.

Equally importantly, Abigroup's 15.0 million **Hills Motorway** units continue to appreciate in value and are now worth \$79 million (165 cents per Abigroup share).

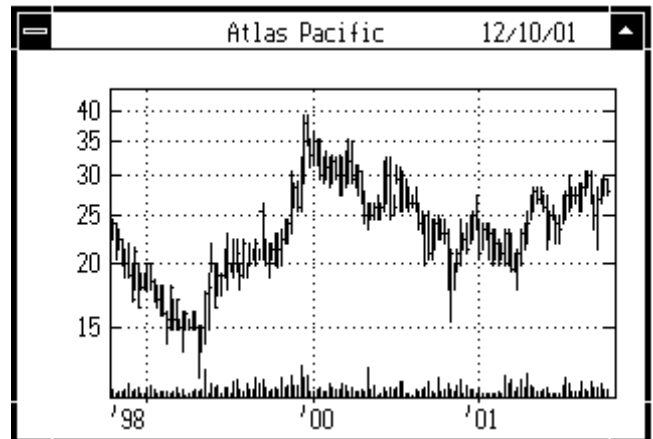
Abigroup's move to re-enter the property syndicate business (see *Market Analysis*, September 2001) has fallen through after the company failed to exercise its option to purchase six properties for \$48.1 million. The reason for not proceeding is not disclosed, but Abigroup

may not have been able to finalise an underwriting agreement with **Westpac**.

As expected, **Atlas Pacific** has announced a maiden dividend of 2.0 cents (ex-dividend October 23, payable October 29). The company wrote advising noteholders to convert to ordinary shares prior to October 15 to participate in this dividend.

In September 19,514 pearls were auctioned resulting in the sale of 15,590 pearls for \$3,255,700 and the sale of 4.5kg of natural, seedless pearls for \$222,000. The unsold pearls are "mainly of higher quality" and are being sold privately. The company has realised \$10.2 million this financial year (ending December 31) with approximately \$1.8 million of pearls still to be sold. So far the company has harvested pearls from 55,000 oysters, and expects to harvest another 25,000 oysters before the year end, although these will probably be sold in the 2002 financial year.

Atlas Pacific has also performed well in other activities. The hatchery successfully spawned a "small number" of spat (juvenile oysters) in August/September - which is "significant in that it is the earliest in a season that we have ever succeeded in rearing spat". The company has also exceeded its target to nucleate 150,000 oysters this year, with over 160,000 oysters having already been seeded and "still more operations to come". As a result Atlas Pacific now expects to be able to harvest over 100,000 oysters in 2003.



**Auspine** has chosen **CLP Power Australia**, an international power group, as its preferred joint venture partner in its \$110 million, 69 megawatt Biomass Power project. A feasibility study has shown this project could produce "attractive profit margins" and a due diligence study will now examine engineering and commercial aspects. If the study is favourable, the partners will commit to the project and begin construction of the power plant in early 2002, which should be operational by early 2003.

The power station would be 75% debt funded, requiring an equity investment of about \$14 million by each partner. Auspine would provide most of the 600,000 tonnes per annum of biomass fuel. At present, 24% of a full grown tree is used as structural timber and 38% becomes woodchips. The 38% waste would be used as fuel in the power station.

**CSR** has spent US\$24 million purchasing two quarries (2.7 million tons per annum), five pre-mix concrete plants and 200 concrete and aggregate trucks from **Hanson plc**. This will double or triple CSR's existing **Rinker Materials** business in Las Vegas,

Nevada, and make it the largest supplier in the city. The purchase price is five times prospective earnings (before interest, tax and depreciation) and includes no goodwill. The company reports that "Rinker expects to gain substantial synergies from the acquisition".

The Australian government has negotiated an important bilateral agreement with the United States to eliminate withholding tax on the payment of inter-company dividends (to take effect from July 2003). This will benefit large Australian companies like CSR which have significant businesses in the US. At present, tax paid profits from a US subsidiary paid to an Australian parent company would be subject to an additional 15% withholding tax - which will be eliminated under this agreement. Of course, CSR is currently not repatriating US profits, but is selling some Australian businesses and *increasing* its investments in the US. At some stage in the future, however, CSR will probably want to repatriate some of its US profits to fund dividend payments or to re-purchase shares.

**Julia Ross Recruitment** announced the conditional agreement for the "strategic acquisition of the successful" **Price Waterhouse Coopers Executive Recruitment** business for \$3.0 million in cash on September 19 - but then indicated it would "not proceed" with this purchase on September 28.

In fact, the PWC Executive Recruitment is generally considered an under-performing business - mainly owing to United States restrictions on the range of other services that auditors can offer to client companies. This makes the recruitment ineligible to act for many large companies.

Cancellation of the acquisition may be a result of increased economic uncertainty as a result of recent terrorist attacks in the US or a reported downturn in the recruitment business in Australia. In view of this, Julia Ross Recruitment *possibly* decided that (1) this is not a good time for a leveraged purchase, or (2) not a good time to acquire an under-performing business or (3) that this business is now worth less than \$3 million.

**Nufarm** has reported a 9.5% increase in revenues to \$1,388.1 million for the year to June 30. Trading profits fell 11.0% to \$51,100,000 (33.1 cents per share), but the annual dividend rate will rise 5.9% to 18.0 cents. Extraordinary losses - mainly writing down the value of its non-operating Sulfer Works business - produced an overall loss of \$4.5 million.

**OAMPS** has lifted revenues 74.7% to \$263.9 million for the year to June. Profits rose 80.9% to \$7,568,000 with earnings per share (diluted by acquisitions, share placements and a 1 for 8 cash issue) up 6.9% to 23.3 cents. A final dividend of 6.0 cents (together with interims of 6.0 cents and 5.0 cents) lifts the annual dividend rate 41.7% to 17.0 cents.

The directors are expecting profits to rise "more than 40%" for the year to June 2002 - "excluding benefits from new acquisitions under consideration".

The group's insurance subsidiary, **Australian International Insurance**, has "no involvement in the United States insurance market". There "may be minimal exposure" to travel insurance claims "in relation to the tragedy in the US" but these are "capped at \$200,000 by a AAA-rated reinsurer. Similarly, travel insurance losses related to the failure of **Ansett**

**Australia** are also capped at \$200,000 with a AAA-rated reinsurer.

**Thakral Group Holdings** is likely to experience lower hotel demand from business travellers as a result of recent events. Plans to sell the company - or parts of the business - are also now unlikely to proceed. Nevertheless, the company is expanding its property development business with two major projects:

The first is a two stage, \$70 million further redevelopment of part of the **Lyons Hotel** complex, purchased in 1997 for \$12 million. Thakral previously spent \$4.5 million redeveloping the retail and restaurant outlets along the Cairns Esplanade. The first stage of the current **Trilogy on the Esplanade** will involve building 41 serviced apartments and 50 residential units. Construction will start in July 2002, with an expected completion in early 2004. The second stage will involve a further 92 residential units.

The second project is an \$80 million residential tower to be built above the company's **Oasis** retail centre in Broadbeach, Gold Coast where the residential market is described as "booming". Construction of the 33 level tower, with 43 serviced apartments (priced from \$275,000-\$500,000) and 84 residential units (priced from \$275,000-\$3,000,000) is expected in mid 2002 with completion in 2004.

Thakral shares are an attractive *income* investment and the company is diversifying away from the hotel business, so this is still a sound investment. The shares are a "Buy" for investors seeking high income.

**Toll Holdings** is a 20% shareholder in (and "preferred transport partner" to) the **Australian Wine Exchange (AWE)** which recently began operations with the issue of a prospectus for 20 different classes of preference shares worth \$3.8 million. Each class of preference share gives investors an entitlement to a case of a specific type of premium wine.

Premium wine producers will sell wine through the AWE in the form of an individual class of preference share. The financing cost of aging wines is therefore transferred from the producer (who receives cash up front) to the investor/consumer (who can buy the product at a discount from the expected final retail value). The AWE receives a portion of the sales price to cover its costs of storage and insurance. It will also receive revenue from shares that are traded. The preference share holders can either trade the shares, or redeem them (i.e. take delivery of the wine) up until a final maturity date on each class of preference share, at which time the wine will be delivered to the investor/consumer. Toll Holdings will earn revenue providing warehousing and delivery (within Australia) for this business.

**Utility Services'** results for the year to June 2001 are relatively meaningless as the company sold most of its businesses during the year. Revenue (excluding \$89.5 million from the sale of businesses) was \$54.2 million and trading profits (excluding the \$42.1 million gain selling its businesses) was just \$283,000 (0.3 cents per share). A final dividend of 2.0 cents will be paid at the end of this month, bringing the annual rate to 4.0 cents (last year nil), in addition to a 5.0 cents special dividend paid early in the financial year.

(Continued on Page 5)

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

Shareholders Equity is \$68.1 million (68.1 cents per share), consisting mainly of cash in the bank of \$54.4 million (54.4 cents per share).

Utility Services has "entered into a convertible note facility and an option agreement" that will allow it to progressively purchase **Fox Technology**.

Fox, which has offices in Sydney, Houston and London, was originally formed in 1989 to develop and market electronic biometric identification products (i.e. finger printing, hand geometry, facial recognition) for use in applications such as smart cards. The company developed the NSW photo drivers license system. Later the company became a leading specialist provider of "added value EFTPOS solutions". Fox is working with the Australian Newsagents Federation to provide bill payment, recharge prepaid mobile phones and other services at newsagents. The company is developing a "range of new B2B2C products" for major oil companies' outlets and with several banks on applications using its *B2B2C Wizard Solutions*.

**Vision Systems** has lost over half of its value recently, falling from a June high of 371 cents to a

September low of 180 cents. The shares have since recovered slightly to 213 cents. Company predictions of weaker sales of smoke detector equipment in North America and Europe, plus a decline in the market value of its UK listed **TTP Communications** shares explains only part of that decline.

As previously reported, the company holds \$77.5 million in cash (50 cents per share) and the TTP shares are currently worth \$55.4 million (38 cents per share).

**Volante Group** has finally released its detailed audited results - which are exactly the same as its short, preliminary announcement that we reported two months ago. We have, however, been incorrectly listing the final dividend as 7.5 cents in our *Dividends* section when it was 5.0 cents (making 8.0 cents for the year).

Affinity Consulting, the group's IT recruitment business, has reduced staff numbers as demand for IT candidates has declined. This subsidiary expanded in April with the acquisition of **Best People International** for \$1.5 million (i.e. \$750,000 paid up front and \$750,000 depending upon performance).

## *Share Recommendations:*

### *Sell Air New Zealand*

**SELL Air New Zealand**

We recommend the sale of Air New Zealand shares, which have suffered a significant loss of value.

Recent developments all make this company less attractive and diminish the prospects of recovery and a return to profitability.

The government's "rescue" package massively dilutes existing shareholders' investments - leaving them with just 17% ownership of the company. In part the government is obtaining such a large shareholding for its \$855 million capital injection because it (1) did not approve genuine rescue packages where new shares would be issued at \$1.31 or, later, at 67 cents and (2) as the Prime Minister depressed Air NZ's share price with talk of "statutory management".

This does not give us confidence that the new major shareholder will manage Air NZ for the benefit of *all* shareholders. Furthermore, while publicly arguing that it doesn't want to put public money into private businesses, the government has structured its package to specifically *exclude* the public minority shareholders. A *genuine rescue* package, for example could have involved Air NZ making a 5 for 1 cash issue to existing shareholders at 24 cents per share *fully underwritten by the government*. This would have allowed existing shareholders to participate fully in any recovery potential and minimise the amount of public money needed to bail out the airline.

This package is, of course, subject to shareholder approval but - as the government vetoed previous rescue packages by Brierley Investments and Singapore Airlines - this is the only recapitalisation proposal

available to Air NZ. The Companies Act 1993 gives minority shareholders protection against this type of transaction in the form of "buy out" rights. (Note: To be able to exercise these rights a shareholder needs to attend the meeting and vote against the proposal.) The government, however, has sought to effectively remove these minority shareholder rights by making its package conditional on less than 2% of shareholders exercising these buyout rights.

Having the government manipulate the Air NZ share price *prior* to its recapitalisation package, excluding minority shareholders from participation in that low priced share issue *and* seeking to avoid sections of the Companies Act that were written to protect minority shareholders will certainly do nothing to improve the NZ stockmarket "*Wild West*" reputation for insider trading and deals that favour major shareholders at the expense of minorities.

We are also doubtful that Air NZ has a viable recovery strategy or will become profitable in the foreseeable future.

Abandoning Ansett Australia removes a massive loss making, under-capitalised business and leaves the company with a more viable NZ based airline - but without access to the Australian passengers that Ansett provided. Air NZ, however, has suffered massive operating and capital losses from its investment in Ansett, so has high debt levels and its share capital has been significantly diluted.

Air NZ shares traded around 150-350 cents throughout much of the 1990's. However, even if the company ever returns to historical profit levels of this

October 16, 2001.

era the share price will likely be only 1/8th of that time (i.e. 20-45 cents) owing to the 8-fold increase in capital (i.e. 1 for 3 cash issue in October 2000) to help fund the Ansett purchase and the current package to recapitalize the company after the Ansett losses. The share capital has increased 8-fold - with no growth in the size of the business - so the shares have been diluted to only 1/8th of their former value.

The \$300 million of convertible preference shares will cost \$15 million annually until they convert in January 2005. This interest expense will further erode potential profitability over the medium term.

Air NZ has suffered from depressed profit margins over the last couple of years owing to high fuel costs. In a perfect example of penultimate preparedness "Air NZ has hedged a significant proportion of its predicted fuel usage for the current financial year" to protect its "operating cost position should oil markets rally significantly". In fact, it is now likely that oil prices (and aviation fuel) will fall in price and remain low! Terrorist attacks have depressed economic activity (i.e. lowered demand for oil), Middle East oil producers will not support direct military action against terrorists, but will support the West through lower oil prices to offset other negative impacts on economic activity and the demand for aviation fuel has dropped as the airline industry experiences a global downturn. Air NZ has therefore tied itself into high fuel prices by hedging when costs were high - and right at the time when fuel prices were starting to fall. This will give Air NZ a competitive *disadvantage* and likely result in below industry average profitability (i.e. which probably means higher than average losses) over at least the next year.

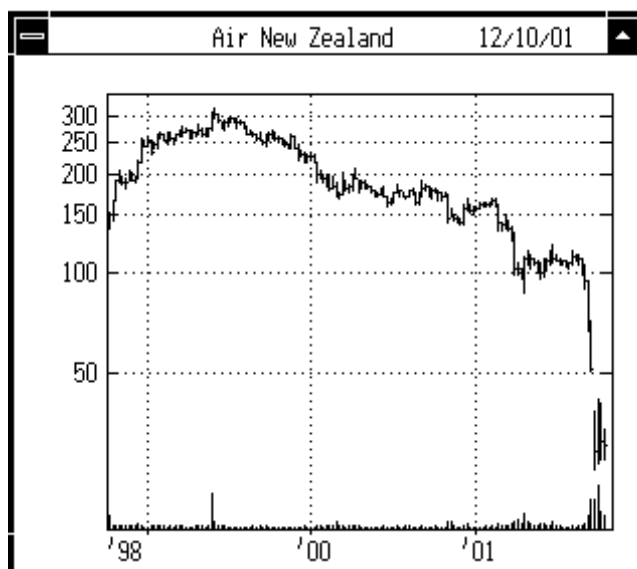
Finally, as a result of terrorist attacks the aviation industry faces a global downturn. Extra security and delays will make flying less attractive. Insurance costs have risen significantly. Aviation is a very capital intensive business, so capacity utilisation (i.e. the percentage of seats carrying paying customers) is very important to determining profitability. It is likely that most airlines - including Air NZ - will operate at historically low levels of capacity utilisation and that

the industry will operate at significant losses over at least the next 12-18 months.

Even if Air NZ's business did significantly outperform our expectations, the shares would probably still underperform the stockmarket. Brierley Investments and Singapore Airlines are unlikely to remain long term investors. Selling (or the *expectation* of selling) by these two shareholders is likely to depress the Air NZ share price. The government would also be an eager seller - if the share price recovers - so the potential for a partial trade sale and an institutional placement or *secondary public offering* to the public will also tend to depress the share price.

### **Summary and Recommendation**

We have already lost the majority of our investment in Air NZ shares, but we see poor prospects of recovering these losses. With the massive dilution in the capital, the shares are likely to have a value of only 20-45 cents *after* a recovery (i.e. in 5-10 years time). Therefore we recommend selling Air NZ shares now, realising what is left of our investment so that we can re-invest in other (probably Australian) companies that offer better potential for capital appreciation and better protection of minority shareholder rights.



## *Sell Hamilton Island*

*(This section is in Australian currency unless stated.)*

### **SELL Hamilton Island**

We are recommending the sale of Hamilton Island shares as the company will suffer from the collapse of **Ansett Australia**.

Over recent years Ansett Australia has brought in about 50% of visitors to Hamilton Island and, although **Qantas** is putting on additional flights, there will be at least a short to medium term downturn as a result of the airline failure. In addition, Hamilton Island will suffer a \$1.2 million bad debt resulting from package holidays (and some land fees) sold by Ansett. Most resorts are cancelling packages sold through Ansett - leaving the tourists with a financial loss - then seeking

to earn revenue by offering discounts for re-booking. Hamilton Island will honour all of its packages, seeking to earn revenue only from food and drink sales.

While Hamilton Island is confident that **Qantas** will further increase flights to the airport and quickly replace most of the lost services, it is also looking to establish its own airline charter service. However, Hamilton Island is a high fixed cost business and depends upon air services to bring in visitors. Any drop in air services, bringing in fewer tourists, will have an impact on revenues - and an even greater impact upon profits. The collapse of Ansett therefore reverses the favourable opening up of the *(Continued on Page 8)*

**Sell Hamilton Island** (Continued from Page 7)  
airport and the growth in air services that has been increasing visitor numbers.

Hamilton Island is in a much better financial position than most other resorts - but the overall situation is considered so serious that the **Australian Hotels Association** is seeking \$20-30 million in federal aid for North Queensland tourism operators. In addition it wants the government to (1) open domestic routes to foreign airlines, (2) provide funding for regional carriers and (3) postpone a charge on air fares to meet Ansett's debts to employees.

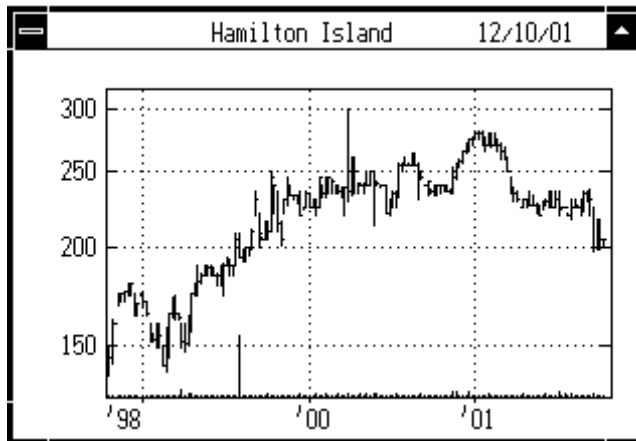
The recent terrorist attacks are also likely to lead to fewer tourists from the US, UK and Europe, although these visitors accounted for only 16% of rooms sold last year by Hamilton Island. On the other hand, tourist numbers from Japan (13% of rooms sold) are likely to increase, while Australian domestic sales and convention/incentive travel (68% of room sales) may also increase.

**Summary and Recommendation**

At the very least Hamilton Island will suffer a bad debt and short to medium term downturn in its business, a

drop in airline capacity - from the collapse of Ansett and as a result of terrorist attacks - also reducing the company's growth potential. On the other hand, the situation could become much worse as the Whitsunday resorts depend heavily upon air services to bring in visitors.

With this current downturn and lower growth potential we recommend that investors seek to sell their Hamilton Island shares around 200 cents.



# 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										Market Cap'n	
	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
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0												
Owens Group Ltd	110	+6.1	+3.1	22	3	1.8	14	1.0	13	6.8	0.16	62
Wrightsons Ltd	106	+22.6	-5.6	3	-	1.3	9	1.4	13	11.3	0.20	142
Col Motor Co	275	+1.1	-0.7	45	-	1.0	7	0.7	15	7.6	0.23	77
Hellaby Hold.	201	+4.3	-2.7	29	2	1.3	17	1.0	8	11.1	0.27	100
Williams Kettle	360	+7.8	-3.1	16	-	1.2	16	0.6	8	8.3	0.29	53
Fletcher Build.	264	+7.3	-0.6	19	7	1.2	4	1.3	27	6.8	0.40	910
Steel & Tube	200	+9.3	-2.1	12	6	1.3	11	1.1	12	11.9	0.45	176
Restaurant Brds	156	+7.2	-1.0	20	6	5.1	45	1.2	11	9.6	0.61	144
Bendon Limited	168	+1.5	-3.7	41	1	1.0	6	1.0	15	8.0	0.62	52
Reid Farmers	126	+14.1	-5.1	6	-	1.6	18	1.2	9	8.3	0.65	71
DB Group	521	+1.4	-1.5	43	4	2.4	17	0.6	14	4.6	0.65	263
Taylor's Grp Ltd	127	+1.8	-0.9	38	-	1.4	14	1.1	10	8.2	0.69	31
Ebos Group Ltd	285	+0.2	+1.7	49	-	2.0	14	0.8	14	7.3	0.72	77
Dorchester Pac	110	+0.8	-1.7	46	-	1.4	18	1.3	8	8.1	0.79	20
Tranz Rail Hold	442	+6.4	+0.9	21	6	1.1	6	0.8	20	1.9	0.85	534
Cavalier Corp	526	+5.9	-3.2	22	3	3.0	22	0.8	13	9.1	0.88	166
Hallenstein G.	265	+5.3	-3.0	25	5	3.9	29	0.7	13	10.4	0.91	154
Michael Hill	460	+10.1	+1.4	10	5	3.6	20	0.7	18	4.9	0.94	177

<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0												
Wrightsons Ltd	106	+22.6	-5.6	3	-	1.3	9	1.2	13	11.3	0.20	142
Richina Pacific	63	+15.7	-15.1	6	-	0.5	5	1.4	10	Nil	0.06	45
Reid Farmers	126	+14.1	-5.1	6	-	1.6	18	1.0	9	8.3	0.65	71
Michael Hill	460	+10.1	+1.4	10	5	3.6	20	0.6	18	4.9	0.94	177
Steel & Tube	200	+9.3	-2.1	12	6	1.3	11	0.9	12	11.9	0.45	176
Broadway Ind	30	+9.2	-2.5	13	-	0.9	10	1.2	8	Nil	0.17	6
Williams Kettle	360	+7.8	-3.1	16	-	1.2	16	0.4	8	8.3	0.29	53
Pacific Retail	179	+7.6	+1.2	17	4	1.5	19	1.2	8	Nil	0.22	90
Restaurant Brds	156	+7.2	-1.0	20	6	5.1	45	1.1	11	9.6	0.61	144
Tranz Rail Hold	442	+6.4	+0.9	21	6	1.1	6	0.8	20	1.9	0.85	534
Owens Group Ltd	110	+6.1	+3.1	22	3	1.8	14	0.8	13	6.8	0.16	62
Cavalier Corp	526	+5.9	-3.2	22	3	3.0	22	0.7	13	9.1	0.88	166
Hallenstein G.	265	+5.3	-3.0	25	5	3.9	29	0.7	13	10.4	0.91	154
Hellaby Hold.	201	+4.3	-2.7	29	2	1.3	17	0.9	8	11.1	0.27	100
Kingsgate Int'l	13	+3.9	-1.6	30	-	0.4	14	2.2	3	Nil	0.42	49
Taylor's Grp Ltd	127	+1.8	-0.9	38	-	1.4	14	0.9	10	8.2	0.69	31
Bendon Limited	168	+1.5	-3.7	41	1	1.0	6	0.8	15	8.0	0.62	52
DB Group	521	+1.4	-1.5	43	4	2.4	17	0.5	14	4.6	0.65	263
Col Motor Co	275	+1.1	-0.7	45	-	1.0	7	0.6	15	7.6	0.23	77
Dorchester Pac	110	+0.8	-1.7	46	-	1.4	18	1.1	8	8.1	0.79	20

<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million												
NZ Refining Co	1510	+0.7	-2.6	47	3	1.2	23	0.3	5	24.7	1.22	362
Steel & Tube	200	+9.3	-2.1	12	6	1.3	11	0.8	12	11.9	0.45	176
Wrightsons Ltd	106	+22.6	-5.6	3	-	1.3	9	1.1	13	11.3	0.20	142
Tourism Hold.	121	-9.8	-2.5	79	6	0.6	7	0.9	9	11.1	0.54	111
Hallenstein G.	265	+5.3	-3.0	25	5	3.9	29	0.6	13	10.4	0.91	154
Restaurant Brds	156	+7.2	-1.0	20	6	5.1	45	1.0	11	9.6	0.61	144
Lyttelton Port	160	+0.4	-1.6	48	4	3.8	32	0.6	12	9.6	2.80	163
Cavalier Corp	526	+5.9	-3.2	22	3	3.0	22	0.7	13	9.1	0.88	166
Sky City Ltd	1125	+10.1	-3.6	10	7	4.9	29	0.5	17	8.4	2.55	1,128
Trust Power Ltd	320	-0.7	-1.8	53	5	1.0	4	0.5	25	8.0	1.16	587

<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0												
Elect Trans Tec	7	-13.7	+0.7	86	-	11.5	-	3.1	NE	Nil	5.38	10
Sky Network TV	325	-1.4	-0.7	58	7	15.0	-	0.8	NE	Nil	4.21	1,265
Ind Newspapers	320	-2.2	-3.9	62	7	1.2	2	0.7	50	4.0	2.51	1,378
Genesis Res.	280	-15.5	-2.1	88	-	1.2	1	0.9	98	Nil	2.47	71
Nuhaka Forestry	840	-10.1	+1.1	80	-	0.7	-	0.4	NE	6.5	2.22	15
Evergreen	49	-0.5	-1.0	52	-	0.6	6	0.8	11	Nil	2.08	69
Spectrum Res.	3	-48.7	+0.0	99	-	1.2	-	3.8	NE	Nil	2.06	6

<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
Spectrum Res.	3	-48.7	+0.0	99	-	1.2	-	3.5	NE	Nil	2.06	6
Advantage Group	31	-31.7	-1.0	96	5	3.6	14	1.5	25	Nil	0.28	21
IT Capital Ltd	9	-25.5	-4.5	92	-	0.6	-	2.6	NE	Nil	1.09	15
Strathmore Grp	7	-22.5	+1.7	90	-	0.4	-	2.6	NE	Nil	1.47	14
Genesis Res.	280	-15.5	-2.1	88	-	1.2	1	0.9	98	Nil	2.47	71
Tag Pacific Ltd	17	-15.3	+2.3	87	-	0.7	-	1.4	NE	Nil	0.32	11
GDC Communicat.	180	-14.2	-2.0	87	2	4.9	22	0.9	23	2.7	1.64	68
Elect Trans Tec	7	-13.7	+0.7	86	-	11.5	-	3.0	NE	Nil	5.38	10
WN Drive Tech.	38	-13.5	-1.6	85	-	10.5	-	1.0	NE	Nil	N/A	40
Brierley Invest	33	-12.6	-8.4	84	4	0.3	-	1.0	NE	Nil	0.77	451
Blis Technology	70	-11.7	-5.8	83	-	-	-	1.1	NE	Nil	N/A	44
Rocom Wireless	37	-10.9	-1.3	82	-	1.1	-	1.0	NE	Nil	N/A	6
Waste Mgmt NZ	251	-10.7	-3.3	81	6	1.6	9	0.6	17	4.5	1.78	245
Eldercare NZ	16	-10.3	+3.2	80	-	0.9	-	1.8	NE	Nil	0.75	26
Nuhaka Forestry	840	-10.1	+1.1	80	-	0.7	-	0.3	NE	6.5	2.22	15
FC - Forests	25	-9.6	-1.3	78	8	0.5	-	1.5	NE	Nil	1.07	695
Telecom Corp	439	-9.0	-1.7	78	8	4.1	42	0.7	10	6.8	1.44	8,151
Natural Gas	116	-8.4	+4.1	76	7	0.7	7	0.8	10	Nil	1.19	522
Trans-Tasman	17	-7.2	-1.3	75	4	0.2	6	1.2	4	Nil	0.97	102
Ozzy (Tortis)	226	-4.3	-2.9	71	-	-	-	0.6	NE	Nil	N/A	75



# 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.

STRENGTH RATING													STRENGTH RATING																												
Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Insider Buy/Sell	Brokers Following	Price NTA	Return on Equity	Volatility	Price Earnings	Dividend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Insider Buy/Sell	Brokers Following	Price NTA	Return on Equity	Volatility	Price Earnings	Dividend Yield	Price Sales Ratio	Market Cap'n														
																												Yld > 0	Rel Strength > 0	Yld > 0	Rel Strength > 0										
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0																																									
Adtrans Group	198	+1.3	+0.8	24	1.2	1	2.0	22	0.9	9	9.1	0.11	45	SDI Limited	71	+9.8	-2.6	8	0.0	-	1.8	29	1.0	6	4.2	0.58	17														
Abigroup Ltd	205	+3.7	-1.4	17	0.0	-	0.9	17	0.9	5	5.9	0.13	98	Raptis Group	17	+8.7	+0.5	8	0.0	-	1.1	13	1.6	8	5.9	0.22	12														
Watpac Ltd	30	+5.1	-1.3	14	0.0	1	1.0	16	1.7	6	11.0	0.13	21	Imdex NL	23	+8.5	-2.1	8	0.1	-	1.4	12	1.4	13	Nil	0.77	22														
Henry Walker E.	96	+1.5	-1.0	23	1.1	-	0.7	7	1.1	10	10.9	0.14	158	Roberts Ltd	254	+8.5	-0.7	8	0.0	-	1.0	10	0.8	10	7.9	0.20	26														
Danks Holdings	830	+0.1	+2.0	30	0.0	-	1.2	9	0.7	13	6.0	0.14	54	Sphere Invest.	12	+8.4	+13.7	9	1.0	-	0.8	7	1.8	11	Nil	0.61	4														
Ridley Corp.	91	+11.4	+3.1	6	0.1	3	1.0	5	1.2	18	4.4	0.16	219	CCI Holdings	18	+8.2	-8.0	9	0.0	-	1.1	10	1.6	11	8.6	0.35	12														
Onestep Ltd	94	+3.1	-1.2	19	0.0	-	0.5	-	1.1	NE	6.4	0.16	433	Mark Sensing	9	+7.6	+1.0	9	0.0	-	1.9	17	2.0	11	Nil	0.68	17														
Atkins Carlyle	270	+7.0	-1.7	10	4.0	2	1.8	14	0.9	13	8.9	0.17	89	Multipares Hld	19	+7.6	+0.7	10	0.0	-	0.6	7	1.5	8	2.6	0.17	4														
McPherson's Ltd	115	+0.3	-0.1	28	0.0	-	3.8	94	1.1	4	10.4	0.17	45	Pro Maintenance	212	+7.6	-1.8	10	0.0	-	2.2	21	0.8	11	4.2	0.94	137														
Multipares Hld	19	+7.6	+0.7	10	0.0	-	0.6	7	2.0	8	2.6	0.17	4	Angus & Cootie	480	+7.1	-1.3	10	1.0	-	1.3	15	0.7	9	5.8	0.27	57														
CMI Limited	121	+0.4	-0.1	28	0.0	-	1.9	37	1.1	5	6.6	0.19	33	Mayne Nickless	720	+7.1	+1.1	10	4.0	10	4.0	20	0.7	20	1.8	0.85	3,191														
Roberts Ltd	254	+8.5	-0.7	8	0.0	-	1.0	10	0.9	10	7.1	0.20	26	Atkins Carlyle	270	+7.0	-1.7	10	4.0	2	1.8	14	0.8	13	8.9	0.17	89														
Austin Group	14	+0.9	+4.0	25	1.0	-	0.7	10	2.2	8	7.1	0.20	8	Plaspak Group	81	+7.0	-0.1	10	1.1	-	1.6	12	1.0	14	6.8	0.64	45														
Wrigdways Aust	46	+12.1	+2.3	5	0.0	-	-	-	1.4	7	8.8	0.22	15	Amadeus Petrol.	12	+6.7	-1.1	11	0.0	-	-	5	0.6	16	1.2	0.40	5														
Raptis Group	17	+8.7	+0.5	8	0.0	-	1.1	13	2.1	8	5.9	0.22	12	Linden & Compan	2500	+6.7	-1.8	11	0.0	-	0.8	5	0.6	16	1.2	0.40	5														
CDK Tectonics	99	+0.5	-5.5	27	0.0	-	1.9	26	1.1	7	10.1	0.22	11	Australand Hold	160	+6.5	-2.8	11	0.0	-	4	1.3	19	0.8	7	7.5	0.95	776													
Bidvest	319	+1.8	+0.4	22	0.0	-	2.5	19	0.8	13	2.7	0.23	627	Downer EDI Ltd	69	+6.3	+2.7	11	0.0	-	2.1	18	1.0	12	3.0	0.33	541														
Pirelli Cables	83	+1.5	-0.4	23	0.0	-	1.8	10	1.2	18	4.2	0.23	71	Clough Limited	89	+5.7	-3.8	13	0.0	-	1	2.3	19	1.0	12	5.1	0.54	329													
Palm Corp	42	+2.1	-0.5	21	0.0	-	1.0	13	1.5	8	7.2	0.24	15	Forrester Kurts	87	+5.5	+0.5	13	0.0	-	3	0.7	8	1.0	8	6.9	0.46	98													
Sigma Company	306	+22.0	-2.3	2	0.0	-	2.6	11	0.9	25	2.5	0.24	419	Watpac Ltd	30	+5.1	-1.3	14	0.0	-	1	1.0	1.6	13	6	11.0	0.13	21													
K&S Corporation	193	+10.3	-6.8	7	0.0	2	1.1	12	0.9	10	6.7	0.25	58	Gregory Indust.	28	+5.0	+6.9	14	0.0	-	1.4	23	1.3	6	3.6	0.33	3														
Angus & Cootie	480	+7.1	-1.3	10	1.0	-	1.3	15	0.8	9	5.8	0.27	57	Select harvest	173	+4.9	-1.3	14	0.0	-	3.1	36	0.8	9	5.8	0.87	57														
United Group	153	+2.0	-0.5	22	0.0	-	2.4	25	1.0	9	5.9	0.27	124	White (J) Malt	345	+4.8	+0.5	14	0.0	-	1.0	15	0.7	7	5.8	0.49	72														
Coles Myer	768	+1.0	+2.0	25	2.0	14	2.7	6	0.7	45	3.3	0.27	6,797	Canberra Invest	46	+4.7	+1.6	15	0.0	-	0.7	14	1.1	5	8.7	0.50	14														
Foodland Assoc	1134	+14.6	-1.5	4	1.0	9	3.4	19	0.7	18	4.9	0.28	1,080	BA Tobacco Aust	1771	+4.6	-1.2	15	0.0	-	10.9	59	0.6	19	4.8	0.70	2,665														
Just Jeans Grp	135	+13.3	-3.6	5	0.0	2	2.4	25	1.0	9	6.7	0.28	108	Cons Minerals	44	+4.6	-4.5	15	0.0	-	-	-	1.2	4	5.1	0.81	53														
Crevet Ltd	68	+0.5	-0.1	27	0.0	-	0.9	-	1.3	NE	2.2	0.28	23	Freedom Group	127	+4.6	+0.3	15	2.0	5	3.8	24	0.9	16	6.3	0.34	129														
Evans Deakin	230	+1.6	-0.4	23	0.2	-	1.5	8	0.9	18	8.3	0.28	217	Hills Indust.	276	+4.0	-3.5	16	3.0	4	2.8	19	0.8	15	7.0	0.66	334														
Smorgon Steel	96	+0.2	-0.2	29	0.0	5	-	-	1.1	NE	3.1	0.29	726	TDG Logistics	94	+3.9	+1.6	16	0.0	-	2	1.2	1.0	12	5.7	0.47	45														
Ludowici Ltd	205	+12.7	+0.1	5	3.0	-	-	-	0.9	12	4.1	0.31	29	Paperlin X Ltd	425	+3.9	-0.7	16	8.0	-	1.4	11	0.7	13	6.4	0.58	1,366														
OAMPS	251	+10.6	-3.1	7	12.2	-	7.6	70	0.9	11	6.8	0.31	82	Reece Australia	2105	+3.8	+0.1	17	0.0	-	2.5	16	0.6	15	2.7	0.79	419														
Julia Ross Rec.	88	+13.7	+1.4	4	3.0	-	4.6	55	1.2	8	6.8	0.32	50	Woolstock Aust	100	+3.8	+0.1	17	0.0	-	1.0	19	0.9	5	Nil	0.88	349														
G.U.D. Holdings	170	+0.5	-1.7	27	2.0	2	1.5	15	1.0	10	8.8	0.32	111	Spicers Paper	326	+3.7	-0.9	17	0.0	-	1.8	10	0.7	17	3.1	0.35	452														
Aust Pharm. Ind	274	+3.3	-0.6	18	2.0	4	2.8	15	0.9	19	4.5	0.32	538	Abigroup Ltd	205	+3.7	-1.4	17	0.0	-	0.9	17	0.8	5	5.9	0.13	98														
Downer EDI Ltd	69	+6.3	+2.7	11	0.0	-	2.1	18	1.3	12	3.0	0.33	541	Intelic	550	+3.4	-1.6	18	0.0	-	2.0	10	0.7	20	4.2	0.73	725														
Gregory Indust.	28	+5.0	+6.9	14	0.0	-	1.4	23	1.7	6	3.6	0.33	3	Aust Pharm. Ind	274	+3.3	-0.6	18	2.0	4	2.8	15	0.8	19	4.5	0.32	538														
Freedom Group	127	+4.6	+0.3	15	2.0	5	3.8	24	1.1	16	6.3	0.34	129	Queensld Tour.	33	+3.2	-0.8	18	0.0	-	0.8	22	1.3	4	Nil	0.72	6														
Simsmetal Ltd	526	+2.6	-2.6	20	0.1	7	2.1	19	0.8	11	6.1	0.34	467	Orton Int'l	300	+3.2	-1.9	18	1.1	-	3.7	37	0.7	10	5.7	0.78	56														
CCI Holdings	18	+8.2	-8.0	9	0.0	-	1.1	10	2.0	11	8.6	0.35	12	Commander Comm.	85	+3.1	-0.5	19	4.0	-	4.0	35	1.0	11	2.9	0.63	122														
Spicers Paper	326	+3.7	-0.9	17	0.0	-	1.8	10	0.8	17	3.1	0.35	452	Pac Strategic	22	+2.8	-1.7	19	5.0	-	0.7	7	1.5	10	Nil	0.66	10														
Coventry Group	408	+2.2	-0.4	20	0.0	-	1.1	6	0.8	19	11.0	0.35	138	Campbell Bros	510	+2.7	-1.8	20	8.1	2	3.3	29	0.7	11	5.9	0.50	193														
Milnes Holdings	106	+0.6	-2.4	27	0.0	-	2.1	5	1.1	4.5	6.6	0.37	40	Simsmetal Ltd	526	+2.6	-2.6	20	0.1	7	2.1	19	0.7	11	6.1	0.34	467														
Email Ltd	291	+0.3	-0.1	28	0.0	-	1.8	12	0.9	15	8.4	0.37	791	CMG CH China In	57	+2.2	-6.6	20	0.0	-	0.8	58	1.1	1	Nil	0.92	75														
Linden & Compan	2500	+6.7	-1.8	11	0.0	-	0.8	5	0.6	16	1.2	0.40	5	Coventry Group	408	+2.2	-0.4	20	0.0	-	1.1	6	0.7	19	11.0	0.35	138														
Rebel Sport	147	+49.2	+8.2	1	0.0	2	3.6	10	1.0	37	2.0	0.40	93	Amcor Ltd	660	+2.2	-2.3	21	9.0	10	2.5	17	0.7	15	4.2	0.71	4,184														
Maxlink	104	+0.4	-2.9	28	0.0	-	0.9	19	1.1	4	12.0	0.44	60	<b>INCOME SHARES:</b> Highest Yields, Capitalisation > A\$250 million																											
Forrester Kurts	87	+5.5	+0.5	13	0.0	3	0.7	8	1.2	8	6.9	0.46	98	Caltex Austria	123	-18.3	-2.9	74	0.0	2	0.4	4	0.8	9	13.0	0.07	332														
TDG Logistics	94	+3.9	+1.6	16	0.0	2	1.2	10	1.1	12	5.7	0.47	45	Envestra	89	+0.7	+1.8	26	1.0	8	-	5	0.9	NE	10.4	2.05	542														
Fleetwood Corp	153	+1.4	+2.1	24	0.0	1	2.7	22	1.0	12	7.8	0.47	55	Energy Resource	183	-8.4	-1.1	54	0.0	2	0.6	5	0.8	12	9.8	1.41	261														
Colorado Group	183	+13.4	-5.6	5	0.0	-	2.5	24	1.0	11	4.4	0.48	155	Orogen Minerals	104	-10.8	+1.0	60	0.0	5	-	-	0.8	3	9.3	0.72	334														
Hudson Timber	58	+9.0	+3.4	8	0.0	-	3.9	10	1.3	39	2.2	0.48	158	Ten Network	175	-6.6	-0.9	49	1.1	9	-	-	0.8	11	9.1	1.10	666														
Tempo Services	263	+19.7	-2.1	3	2.2	6	-	-	0.9	24	2.5	0.48	250	Aust Pipeline	250	+0.6	-0.2	27	0.0	-	1.3	7	0.7	20	8.8	2.53	610														
White (J) Malt	345	+4.8	+0.5	14	0.0	-	1.0	15	0.8	7	5.8	0.49	72	Email Ltd	291	+0.3	-0.1	28	0.0	-	1.8	12																			

# "Insider" Trades in Australian Shares

The 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 Buyers and Sellers were equal). Shares where many "insiders" have been buying can outperform the market for up to two years, while shares where many "insiders" have sold can underperform for a similar period.

## "Insider" Indicators

Last 5 wks: 75.7% Buyers  
Last 13 wks: 80.7% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
A.G.L.	2-0	Carnarvon Pet.	1-0	Greater Pacific	2-0	Mikoh Corp.	3-0	Schaffer Corp	2-0
AMCIL Limited	2-0	Carnegie Min'ls	1-0	Green's Foods	1-0	Millers Retail	3-2	Scientific Serv	0-1
AMP Ltd	1-0	Catalyst Rec'mt	4-0	Grow Force Aust	1-2	Milton Corp.	7-0	SecureNet Ltd	1-0
ANZ Bank	4-1	Cent Pac Min'ls	1-0	HIH Insurance	0-3	Minerals Corp.	1-0	Senetas Corp	2-0
APN News Media	1-0	Cent West Gold	0-1	Hallmark Gold	6-1	Mineral Commod.	0-2	Seven Network	1-0
ARC Energy	6-0	Centennial Coal	5-0	Hamilton Island	1-0	Mobile Innov.	3-0	Sharon Austen	2-0
Acclaim Explor	2-0	Chaos Group Ltd	1-0	Hansen Tech.	0-1	Monto	1-0	Shield Telecom.	11-0
Acma Engineer.	1-0	Chiquita Brands	3-0	Haoma Mining NL	2-1	Mosaic Oil NL	3-0	Simeon Wines	1-0
Adelaide Bright	2-1	Circadian Tech	3-1	HarTec Ltd	2-0	Mt Burgess Gold	9-0	Simsmetal Ltd	0-1
Adsteam Marine	4-0	Citadel Pooled	1-0	Hardman Res.	6-2	Mt Grace Res.	0-1	Sirocco Res.	1-0
Adtrans Group	1-2	Cleland	3-0	Harrington Grp	0-1	Murchison Un.	3-0	Skilled Eng.	3-1
Allegiance Min.	1-0	Climax Mining	1-0	Harvey Norman	0-3	My Money	0-1	Smith (Howard)	0-1
Ambition Group	1-0	Coates Hire	3-0	Harvest Road	2-0	Nat'l Foods	6-1	Sonic Health	0-3
Amcors Ltd	9-0	CocaCola Amatil	0-1	Healthscope	16-4	Nat'l Forge	0-1	Sons of Gwalia	0-1
Amity Oil NL	5-2	Cochlear Ltd	0-1	Helix Resources	3-0	Nat'l Aust Bank	10-0	Soul Pattinson	6-0
Amrad Corp.	5-0	Coles Myer	2-0	Herald Resource	6-0	National Hire	2-0	Southcorp Ltd	7-1
Anaconda Nickel	3-0	Com'wealth Bank	6-0	Hillcrest Res.	5-0	Neverfall Spr.	0-1	Spencer Gulf TV	4-0
Angus & Coote	1-0	Comb Communicat	2-1	Hills Indust.	3-0	New Tel Ltd	0-2	Sphere Invest.	1-0
Anzoil NL	3-0	Commander Comm.	4-0	Hitech Energy	1-0	Newcrest Mining	4-0	St Frances Min.	2-0
Apollo Group	1-0	Commsecure Ltd	6-0	Housewares Int.	3-0	News Corporatio	3-1	St George Bank	6-0
Aquila Res.	4-0	Computer Share	6-3	Hudson Pacific	1-4	Noni B Limited	3-0	Sthn Cross Brd.	5-1
Argo Investment	14-2	Corp Express	4-2	Hugall & Hoile	1-0	Normandy NFM	2-0	Sthn Star	2-0
Ashburton Min.	1-0	Crane Group	3-0	Huntley Invest	4-5	Normandy Mining	3-0	Stockford Ltd	2-0
Atkins Carlyle	4-0	Cranswick Wines	5-0	Hydromet Corp.	2-0	OAMPS	12-2	Straits Res.	1-0
Atlas Pacific	0-2	Croesus Mining	0-3	IXLA Limited	0-3	OPSM Protector	0-1	Strategic Poole	2-1
Auspine Ltd	2-0	DCA Group Ltd	4-0	Icon Energy	0-1	Olea Australia	1-0	Strategic Min.	3-0
Aust United In	1-0	Dalrymple Res.	2-0	Illuka Resource	2-0	Online Advant.	3-1	Sun Resources	5-1
Aust Stock Exch	1-0	Data & Commerce	3-0	Imdex NL	0-1	Online Trading	2-0	Suncorp-Metway	2-1
Aust Rural	4-0	David Jones	10-1	Imperial One	1-0	Orbital Engine	1-0	Sunraysia TV	1-0
Aust Pharm. Ind	2-0	Delta Gold NL	1-0	Impress Tech.	1-0	Orica Ltd	8-0	Swiftel	2-0
Aust Foundation	8-0	Diamond Rose	1-0	Institute Drug	7-3	Oxiana NL	6-0	Sylvastate Ltd	1-0
Austin Group	1-0	Div. United Inv	1-0	Int'l Allsports	0-1	PCH Group	1-0	TAB Ltd	2-0
Austindo Res	1-0	Djerriwarrh	6-0	Int'l Contract	0-1	PEG Technology	0-2	TAB Queensland	4-0
Austral Coal	1-0	E-Com Multi Ltd	1-0	Internet Travel	2-0	PMP Limited	6-1	Tabcorp Holding	2-1
Austrim Nylex	4-0	E-Star Online	2-0	Intermin Res	4-0	POS Media	2-0	Takoradi Gold	1-0
Auto Group Ltd	1-0	ETRADE Aust.	2-0	Investor Web	2-0	Pac Strategic	5-0	Tamawood Ltd	4-0
Automotive Ind.	2-1	Ecorp Limited	0-1	Investor Group	0-3	Pacific Dunlop	11-0	Tanami Gold NL	1-0
B.H.P.	16-1	Efinancial	1-0	locom Limited	3-1	Pacific Group	4-0	Tandou Ltd	1-0
BRL Hardy Ltd	12-10	Ehyou.com	1-0	Joyce Corp.	1-0	Pacific Mining	1-0	Tap Oil	2-0
BT Aust Equity	8-1	Emitch Limited	1-0	Julia Ross Rec.	3-0	Pacific Mining	0-1	Tassal Ltd	1-2
BT Global Asset	1-0	Energy Equity	2-0	Kagara Zinc Ltd	7-2	Paperlin X Ltd	8-0	Technology One	0-1
BT Resources	4-0	Energy Develop.	1-3	Kalrez Energy	1-0	Payce Consol.	7-0	Tennyson Netwks	3-0
Bank of W.Aust	1-0	Envestra	1-0	Kaz Computer	1-0	Perilya Mines	1-0	Text Media Grp	7-0
Barton Capital	1-0	Equus Limited	2-0	Kimberley Diam.	0-1	Peter Lehman W.	4-1	Ticor Ltd	2-0
Bass Strait Oil	1-0	Euroz Limited	1-0	Kingsgate Cons.	3-0	Platinum Aust	0-1	Timbercorp	3-1
Beacon Fin Serv	14-5	Evans Deakin	0-2	Kingstream St'l	1-0	Platinum Cap'l	3-0	Toll Holdings	2-0
Bendigo Bank	5-1	Fairfax (John)	8-0	Lafayette Min.	2-0	Poltech Int'l	2-0	Tourism Assets	5-4
Biota Holdings	3-0	First Aust Res.	0-1	Lakes Oil NL	3-0	Portman Mining	2-0	Travel.com.au	2-0
Biotech Capital	1-0	First Wine Fund	2-0	Legalco Limited	2-0	Powerlan Ltd	1-0	Triako Res.	3-1
Biron Capital	14-0	Flight Centre	2-1	Leighton Hold	1-0	Precious Metals	2-0	Union Capital	1-0
Blackmores Ltd	1-0	Foodland Assoc	1-0	Lend Lease Corp	3-0	Prime Life Corp	2-0	Utility Serv.	3-0
Boral Limited	6-0	Fortland Hotel	4-0	Lion Selection	2-0	Publishing & Br	4-3	Vietnam Indust.	3-1
Brambles Ind.	1-0	Foster's Brewin	2-0	Ludowici Ltd	3-0	Q Multimediam	4-0	Villa World	2-0
Brandrill	0-1	Found'n Health.	6-0	M.I.M. Holdings	3-0	Q.B.E. Insur.	5-0	Volante Group	1-0
Brazin Limited	6-0	Freedom Group	2-0	MXL Limited	5-1	Qantas	0-1	WAM Capital Ltd	1-0
Brickworks Ltd	7-0	Futuris Corp.	1-0	MacMahon Hold	5-0	Quadrant Aust.	4-1	WRF Securities	1-0
Buderim Ginger	1-0	G.R.D. NL	0-2	Macmin NL	7-0	Queensland Opal	2-0	Waterco Ltd	6-0
Buka Minerals	3-0	G.U.D. Holdings	2-0	Macquarie Bank	7-2	Queens'd Cotton	2-1	Wattyl Ltd	3-0
Bunnings W/hse	3-0	GWA Internat'l	4-0	Macro Corp.	1-0	R M Williams	5-0	Wedgetail Exp.	1-0
Burswood Ltd	8-0	Garratt's Ltd	3-1	Magellan Petrol	1-0	RCR Tomlinson	1-0	Werrie Gold Ltd	0-1
C & W Optus	2-6	Gazal Corp	2-3	Magna Pacific	0-1	Ramsay Health	3-0	Wesfarmers Ltd	11-4
C.S.R. Ltd	8-1	Genetic Tech.	3-0	Magnetic Min.	0-2	Ranger Minerals	1-0	West Oil NL	3-0
CCK Financial	1-0	Ges Internat'l	0-1	Majestic Res.	2-0	Range Resources	1-0	West'n Metals	7-0
CI Technologies	5-2	Gippsland Ltd	2-0	Marymia Explor.	2-0	Recruiters Aust	3-0	Western Mining	1-0
CPT Global Ltd	6-2	Giralia Res.	3-0	Max Multimedia	1-0	Redflex Holding	2-0	Westel Group	0-1
CSL Limited	0-2	Glengarry Res.	1-2	Maxi TRANS	2-0	Reinsurance Aus	2-0	Westfield Hold.	4-3
Cabonne Limited	0-1	Global Seafood	2-1	Mayne Nickless	4-0	Ridley Corp.	0-1	Wet Dreams Ltd	2-0
Campbell Bros	8-1	Global Doctor	0-1	McGuigan Wines	7-0	Rio Tinto Ltd	1-0	Whitefield Ltd	0-1
Canbet Limited	3-0	Goldstream Min.	1-0	Mermaid Marine	0-2	Roc Oil Company	2-0	Wine Investment	1-0
Capral Alum.	3-0	Goodman Fielder	2-0	Metroland Aust	5-0	Rural Press Ltd	1-0	Woolworths Ltd	2-0
Cardia Tech.	1-0	Grand Hotel	12-0	Michealago Res.	2-0	S.P.C. Ltd	5-1	Yamarna Goldfld	2-0

# "Insider" Trades in Australian Shares

The table below 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.

Rank	Industry Group	Insider Buy/Sell	No. Average of Buyers-Coys Sellers	Rank	Industry Group	Insider Buy/Sell	No. Average of Buyers-Coys Sellers	Rank	Industry Group	Insider Buy/Sell	No. Average of Buyers-Coys Sellers
1	Diversified Mining	21-1	5 +4.00	25	Residential Developer	6-0	10 +0.60	48	Agricultural	8-5	20 +0.15
2	Hospital Management	19-4	4 +3.75	26	Food	22-6	27 +0.59	49	Hotel/Resort	1-0	7 +0.14
3	Banking	44-8	15 +2.40	27	Wholesaler/Retail	5-0	9 +0.56	50	Health & Related Products	5-2	23 +0.13
4	Building Materials	37-4	15 +2.20	28	Coal	6-0	11 +0.55	51	Entrepreneurial Investor	2-1	8 +0.13
5	Insurance	20-5	8 +1.88	29	Other Telecommunications	16-3	24 +0.54	52	Health/Medical Services	6-4	16 +0.13
6	Diversified Industrial	42-5	22 +1.68	30	Light Engineering	8-1	13 +0.54	53	Property Dev'tment/Manager	6-4	21 +0.10
7	Chemical & Fertiliser	17-2	10 +1.50	31	Misc Industrial	28-6	41 +0.54	54	Leisure Activities	3-2	11 +0.09
8	Publishers	16-2	10 +1.40	32	Gold Explorer	72-11	114 +0.54	55	Energy/Electricity	4-3	14 +0.07
9	Trustee Company	20-11	7 +1.29	33	Mineral Exploration	35-8	52 +0.52	56	Automotive	3-2	14 +0.07
10	Vintner	39-16	18 +1.28	34	Oil/Gas Investor	1-0	2 +0.50	57	Other Infrastructure	0-0	7 +0.00
11	Base Metals	27-2	23 +1.09	35	Brewer	2-0	4 +0.50	58	Gold/Copper	0-0	2 +0.00
12	Investment Trust/Company	33-2	29 +1.07	36	Misc Financial	23-7	34 +0.47	59	Diamonds	2-2	15 +0.00
13	Casinos/Gaming	19-2	17 +1.00	37	Mining Producer	8-2	13 +0.46	60	Other Utilities	0-0	2 +0.00
14	Forest Products	10-0	11 +0.91	38	Building Contractor	7-1	13 +0.46	61	Gold/Other Mining	0-0	4 +0.00
15	Television	9-1	9 +0.89	39	Oil/Gas Producer	8-1	17 +0.41	62	Advertising/Marketing	0-0	13 +0.00
16	High Technology	31-5	31 +0.84	40	Computer & Office Serv.	43-18	75 +0.33	63	Machinery Manufacturer	0-0	3 +0.00
17	Retail	39-11	34 +0.82	41	Property Trust	24-4	61 +0.33	64	Uranium	0-0	2 +0.00
18	Pharmaceutical	17-6	14 +0.79	42	Gold Producer	17-5	44 +0.27	65	Mining Investment	0-0	4 +0.00
19	Property Investor	7-0	9 +0.78	43	Transport	5-2	11 +0.27	66	Mining Services	0-2	12 -0.17
20	Oil/Gas Exploration	37-7	40 +0.75	44	Engineering Contractor	1-0	4 +0.25	67	Soft Drink/Confectionery	0-2	9 -0.22
21	Manufacturer/Retailer	13-4	13 +0.69	45	Biotechnology	6-0	32 +0.19	68	Heavy Engineer	0-3	6 -0.50
22	Equity Investor	58-11	70 +0.67	46	Equipment/Services	12-2	54 +0.19	69	Network Operator	2-6	7 -0.57
23	Misc Services	39-10	45 +0.64	47	Mineral Sands	5-3	11 +0.18	70	Gold/Investment	0-2	2 -1.00
24	Diversified Media	28-6	35 +0.63								

## "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.

Company	Share Price	STRENGTH RATING	Cur- rent	4-Wk Chg.	Rank	Brokers Following	Price to NTA	Return on Equity	Vola- tility	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	STRENGTH RATING	Cur- rent	4-Wk Chg.	Rank	Brokers Following	Price to NTA	Return on Equity	Vola- tility	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
50 Strongest NZ Shares																											
Apple Fields	15	+42.2	+4.3	0	-	2.5	-	2.1	NE	Nil	0.23	4	Horizon Energy	1240	+7.4	+0.0	17	2	2.1	17	0.5	12	10.2	2.56	62		
Summit Gold Ltd	16	+37.5	+3.7	0	-	3.7	-	2.6	NE	Nil	N/A	15	Montana Group	475	+7.4	-1.8	18	7	3.5	9	0.9	39	Nil	3.30	1,020		
Tasman Agric.	166	+26.5	-9.9	1	2	1.0	-	0.8	NE	Nil	2.91	175	Fletcher Build.	264	+7.3	-0.6	19	7	1.2	4	1.3	27	6.8	0.40	910		
Software of Exc	191	+25.5	-8.1	2	-	1.4	-	0.9	NE	Nil	1.02	10	Restaurant Brds	156	+7.2	-1.0	19	6	5.1	45	1.2	11	9.6	0.61	144		
Wrightsons Ltd	106	+22.6	-5.6	2	-	1.3	9	1.4	13	11.3	0.20	142	Powerco Limited	195	+6.6	-1.7	20	-	0.5	-	0.8	NE	Nil	0.68	N/A		
Fisher & Paykel	1380	+21.9	-5.3	3	6	4.2	14	0.6	30	2.7	1.95	1,630	Tranz Rail Hold	442	+6.4	+0.9	21	6	1.1	6	0.9	20	1.9	0.85	534		
Rubicon Limited	66	+19.1	-8.3	4	-	0.2	-	1.4	NE	Nil	0.10	N/A	Owens Group Ltd	110	+6.1	+3.1	21	3	1.8	14	1.0	13	6.8	0.16	62		
Dairy Brands	66	+18.9	-2.9	5	-	1.1	9	1.2	12	Nil	3.03	32	Cavalier Corp	526	+5.9	-3.2	22	3	3.0	22	0.8	13	9.1	0.88	166		
Richina Pacific	63	+15.7	-15.1	5	-	0.5	5	1.7	10	Nil	0.06	45	South Port NZ	145	+5.9	+1.4	23	-	1.5	9	1.1	17	6.2	2.97	38		
Reid Farmers	126	+14.1	-5.1	6	-	1.6	18	1.2	9	8.3	0.65	71	Sanford Limited	635	+5.7	-3.0	23	5	1.6	12	0.8	13	4.7	1.72	607		
Mr Chips Hold	115	+13.3	-3.4	7	-	4.4	26	0.8	17	8.4	1.06	21	Northland Port	187	+5.6	-3.9	24	2	1.6	2	0.8	81	Nil	2.82	78		
Cedenco Foods	200	+12.6	-6.2	7	-	1.2	11	0.9	11	Nil	2.44	32	Hallenstein G.	265	+5.3	-3.0	25	5	3.9	29	0.8	13	10.4	0.91	154		
Cabletalk Group	59	+12.1	-3.8	8	-	1.1	-	1.3	NE	Nil	N/A	7	Guinness Peat	158	+5.0	-4.4	26	2	1.0	7	1.0	15	2.0	2.77	898		
Beauty Direct	10	+10.8	-3.7	9	-	1.0	-	3.1	NE	Nil	3.57	3	Mooring Systems	143	+4.9	-6.8	26	-	4.2	-	0.9	NE	Nil	N/A	8		
Sky City Ltd	1125	+10.1	-3.6	9	7	4.9	29	0.6	17	8.4	2.55	1,128	Vending Tech.	255	+4.7	-8.2	27	-	7.4	40	0.8	19	Nil	4.50	75		
Michael Hill	460	+10.1	+1.4	10	5	3.6	20	0.7	18	4.8	4.94	177	Lion Nathan Ltd	540	+4.6	-0.5	28	5	1.3	7	0.5	18	3.4	1.38	2,885		
Utilico Int'l	51	+10.0	-1.0	11	-	1.1	15	1.4	8	Nil	5.03	30	NZ Oil and Gas	36	+4.5	-4.1	28	-	0.9	5	1.8	20	Nil	1.62	42		
Steel & Tube	200	+9.3	-2.1	12	6	1.3	11	1.1	12	11.9	0.45	176	Hellaby Hold.	201	+4.3	-2.7	29	2	1.3	17	1.0	8	11.1	0.27	100		
Infratil NZ	163	+9.3	-2.0	12	3	1.9	10	0.9	18	6.4	3.80	303	Kingsgate Int'l	13	+3.9	-1.6	30	-	0.4	14	2.9	3	Nil	0.42	49		
Broadway Ind	30	+9.2	-2.5	13	-	0.9	10	1.7	8	Nil	0.17	6	Ryman Health.	198	+3.5	-1.1	30	1	2.1	15	0.9	14	2.8	3.31	198		
Port Tauranga	700	+9.1	-1.0	14	6	2.0	8	0.5	26	5.1	7.12	535	NZ Invest Trust	485	+3.3	-1.3	31	-	-	0.7	NE	1.7	N/A	49			
Cue Energy Ltd	6	+8.4	-14.9	14	-	0.6	19	4.3	3	Nil	1.31	18	Ports Auckland	557	+3.0	-2.8	32	7	2.6	15	0.7	17	5.6	4.94	738		
Contact Energy	391	+7.8	+1.9	15	6	1.5	4	0.8	38	6.6	2.72	236	Col FS Property	102	+2.9	-0.2	33	1	1.1	9	1.0	11	10.5	6.62	148		
Williams Kettle	360	+7.8	-3.1	16	-	1.2	16	0.6	8	8.3	0.29	53	Kiwi Property	94	+2.2	+0.2	33	5	0.7	8	1.0	8	11.1	5.37	290		
Pacific Retail	179	+7.6	+1.2	16	4	1.5	19	1.3	8	Nil	0.22	90	Nat Property Tr	85	+2.1	-2.6	34	-	0.9	6	0.9	14	10.8	6.43	46		

## Company Update: Scientific Services

In November 2000, Scientific Services was reviewed - but not formally recommended. Last month we discussed a Management Buyout Offer where it will be better for NZ investors to sell on market and concluded "No rival bidder has emerged, so it is probably safe to sell on-market at 56-57 cents."

The shares traded at 55-56 cents for a few days, then fell slightly after the terrorist attacks. So investors still holding

shares can now benefit from a late alternative bid (58 cents cash plus a 7 cents dividend) from **SGS Societe Generale de Surveillance Holdings SA**. This offer is subject to due diligence, so not a certainty. Again, the after tax value to NZ residents is only 62½ cents. The shares trade at 62-63 cents but could rise to 65-66 cents, being the value of this offer to Australian investors. A higher management offer is unlikely.

# Current Issues

## CAPITAL RECONSTRUCTIONS

Fisher & Paykel Ex-Date 12-11

## SHARE REPURCHASES

Port of Tauranga Details 1:8 @ \$7.00

## CASH ISSUES

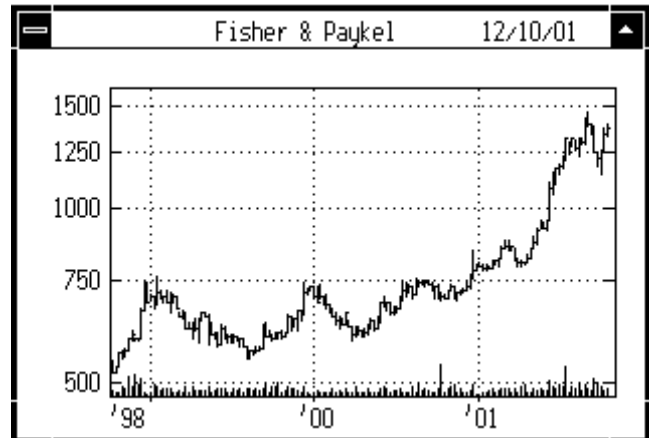
	Ratio	Price	Ex-Date	Appln Date
ElderCare	2:15	16½	15-10	09-11
Vending Technologies (1)	1:10	250	-	-

(1) Posponed "until the impact of the USA terrorist attacks can be quantified".

**Fisher & Paykel** has announced final plans to spin off its healthcare business as a separate company. Under the split, shareholders with 1000 Fisher & Paykel shares will receive 550 shares in Fisher & Paykel Appliances (worth perhaps \$12.50 per share, or \$6875), 528 shares in Fisher & Paykel Healthcare (worth \$10.00-11.20 per share or \$5280-5914) and a cash

payment (from money received floating 18% of F & P Healthcare on the US stockmarkets) of NZ\$447-706. That is a total of \$12,602-13,495 or about \$12.60-13.50 per existing Fisher & Paykel share.

Splitting the company releases value from the two different divisions - but this value is *already* reflected in Fisher & Paykel shares which have risen strongly over the last year in *anticipation* of this separation.



## "Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/Sell	Shares (Mill)	% of Coy Held Before	% of Coy Held After
<b>07/09/2001</b>					
Mainfreight	Armstrong Jones	Buy	+0.787	4.51%	5.59%
<b>14/09/2001</b>					
Auckland Airport	CBA	Buy	+5.008	10.18%	11.37%
National Mail	PE Meier	Buy	+9.330	43.00%	77.10%
Wakefield Hospital	AMP Henderson	Buy	+0.464	0.0%	5.06%
<b>21/09/2001</b>					
Mainfreight	AXA Asia Pacific	Buy	+0.532	4.77%	5.50%
Rubicon Ltd	AMP Henderson	Buy	+3.636	13.71%	16.02%
<b>28/09/2001</b>					
Genesis Research	AXA Asia Pacific	Buy	+0.426	5.98%	7.34%
Southern Capital	AXA Asia Pacific	Buy	+1.065	10.87%	12.24%
Telecom NZ	Bell Atlantic	Sell	-19.252	24.95%	22.50%
<b>05/10/2001</b>					
Affco Holdings	Talley Fisheries	Buy	+25.547	0.0%	11.35%
Evergreen Forests	Hambrecht & Quist	Sell	-2.583	9.39%	7.53%
Genesis Research	Armstrong Jones	Sell	-1.082	5.45%	1.00%
Hallenstein Glasson	AMP Asset Mgmt	Sell	-0.736	14.77%	13.51%
Tower Ltd	AXA Asia Pacific	Buy	+9.526	0.0%	5.32%
<b>12/10/2001</b>					
Tower Ltd	CBA	Buy	+2.003	5.58%	6.90%
Waste Management NZ	CBA	Sell	-1.029	14.37%	13.32%

## Total Return Index for All Listed Shares

Sep 10	2062.08		
Sep 11	2059.42		
Sep 12	1985.63		
Sep 13	1993.00		
Sep 14	1973.55		
Sep 17	1868.64	Sep 24	1851.26
Sep 18	1908.85	Sep 25	1875.97
Sep 19	1911.98	Sep 26	1882.62
Sep 20	1898.85	Sep 27	1890.96
Sep 21	1860.46	Sep 28	1903.15
Oct 1	1907.34	Oct 8	1928.90
Oct 2	1919.54	Oct 9	1922.71
Oct 3	1925.56	Oct 10	1931.85
Oct 4	1931.92	Oct 11	1935.41
Oct 5	1937.98	Oct 12	1948.67

## Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Auckland Int'l Airport	6.25	08-10	19-10	Full
Baycorp Holdings	13.50	15-12	18-12	Full
Colonial Motor Company	8.00	29-10	05-11	Full
Fisher & Paykel	20.00	24-09	28-09	Full
Fisher & Paykel (special)	25.00	24-09	28-09	Full
Fletcher Building	6.00	12-09	27-11	Full
Hallenstein Glasson	9.50	10-12	17-12	Full
Hellaby Holdings	8.00	08-10	12-10	Full
Independent Newspapers	4.50	29-10	06-11	Full
Michael Hill International	8.50	22-10	29-10	Full
Newmarket Property Trust	2.489409	24-09	28-09	0.529246
Nuplex Industries	7.00	08-10	19-10	Full
Port of Tauranga	15.00	22-10	02-11	Full
South Port NZ	3.50	08-10	02-11	Full
South Port NZ (special)	11.50	22-10	02-11	Full
Sky City Holdings	35.00	24-09	05-10	Full
Tourism Holdings	5.00	15-10	22-10	Full
Warehouse Group	4.00	19-11	26-11	Full
Williams & Kettle	11.00	19-11	26-11	Full
<b>Australian Shares</b>				
AMP Ltd	25.00	09-10	25-10	
Atlas Pacific	2.00	23-10	29-10	
Commander Com.	2.50	26-09	19-10	
Julia Ross Recruitment	3.00	05-10	19-10	
McPhersons	6.00	11-10	31-10	
Nufarm	11.00	29-10	09-11	
OAMPS	6.00	01-11	16-11	
Utility Services Corporation	2.00	18-10	31-10	

## Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday November 13, 2001 (and delivered in most areas on Wednesday 14).

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