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

Market Analysis

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Inside Market Analysis

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

Summary and Recommended Investment Strategy.

We currently hold a small (15-20%) cash reserve but plan to become 100% invested in equities as we re-invest this in under-valued, cyclical recovery shares and emerging growth companies over the next few months.

Investment Outlook.

The Australian and New Zealand stockmarkets - like virtually every other world stockmarket - have recovered strongly from the September decline. Our *International Investor* newsletter has One-Year Forecasts for most stockmarkets turning Bullish. Internationally, investors are looking beyond the current recession to a recovery in mid to late 2002. As we have discussed over recent months, Monetary conditions are extremely favourable, with most central banks expanding Money Supply and sharply lowering interest rates.

Our Forecasts for the local stockmarkets (see above right) remain Bullish to Neutral. Local interest rates have fallen (although not as fast or as far as overseas) and Money Supply has been increased sharply in both countries.

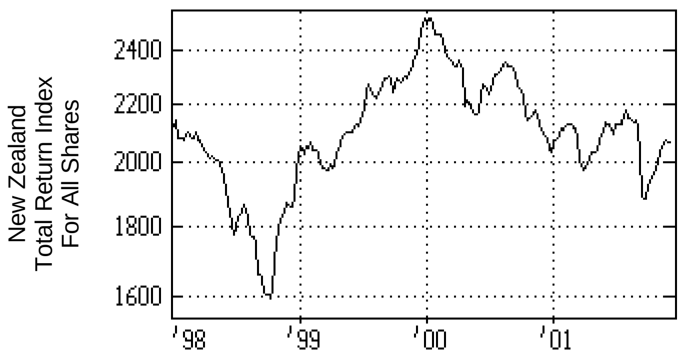
Economic indicators are better in Australia which suffered a post-GST, post-Olympic slowdown starting in the second half of 2000. This depressed profits (and share prices) for a number of cyclical Australian companies - which is now producing a range of potential "Buy" situations. In contrast, the NZ economy has performed quite well over the last two years and is probably currently suffering a moderate slowdown that will continue into the first half of 2002.

Our Fundamental indicators are Neutral for Australia but Bearish (unfavourable) for the NZ stockmarket which is currently at its historical highest levels of valuation (i.e. P/Es are at their historical highs and Yields at their lows). Over one-third of NZ listed companies are trading unprofitably, and over one-half pay no dividend. Are these "emerging growth companies" or "speculative rubbish"?

Today's recommendation to buy **Brazin** (a cyclical recovery situation with growth potential) lifts our *Recommended Portfolio* to 31 shares, and over the next few months we anticipate expanding this to about 35 shares as we become 100% invested in equities. Of these, 21-23 (i.e. 60-65%) will probably be Australian shares and 12-14 (i.e. 35-40) NZ shares.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**78%** (Bullish)	**75%** (Bullish)
New Zealand:	**67%** (Bullish)	**58%** (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.

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A. Barnett Ltd	C	80	0.39	23	Nil
AMP Limited	C	2310	0.74	18	2.5
AMP NZ Office	C	88	6.48	11	8.1
AXA Asia Pac.	C	337	0.56	13	3.5
Advantage Group	D	56	0.50	44	Nil
Affco Holdings	E	34	0.06	12	Nil
Air New Zealand	D	33	0.03	NE	Nil
Akd Int Airport	B	393	9.76	28	4.3
Apple Fields	C	16	0.26	NE	Nil
Baycorp Hold	C	1160	N/A	49	2.9
Beauty Direct	E	11	4.17	NE	Nil
Bendon Limited	C	175	0.64	16	7.7
Blis Technology	E	75	N/A	NE	Nil
Brierley Invest	E	30	0.70	NE	Nil
Broadway Ind	C	40	0.22	11	Nil
CACI Group Ltd	C	52	N/A	NE	Nil
CDL Hotel NZ	E	18	0.26	44	5.8
CDL Investments	E	17	1.19	8	14.0
Cabletalk Group	D	61	N/A	NE	Nil
Cadmus Tech Ltd	E	12	2.19	38	Nil
Calan Hlthcare	C	83	6.74	12	8.2
Cap Properties	B	93	N/A	8	12.5
Carter Holt	C	176	0.80	12	3.4
Cavalier Corp	A	623	1.04	16	7.7
Cedenco Foods	A	230	1.33	8	Nil
Cert Organics	D	0.8	0.36	NE	Nil
Col FS Property	B	109	7.08	12	9.8
Col Motor Co	B	270	0.22	15	7.7
Commsoft Group	D	7.2	0.99	NE	Nil
Compass Com.	D	31	N/A	NE	Nil
Contact Energy	A	402	2.21	19	6.1
Cube Capital	C	45	0.41	35	Nil
Cue Energy Ltd *	N/R	5.5	1.31	3	Nil
DB Group	B	565	1.02	12	7.1
Dairy Brands	C	64	2.94	11	Nil
Design Textiles	C	38	0.23	48	Nil
Dorchester Pac	C	120	0.86	9	7.5
E-Ventures NZ	E	29	N/A	NE	Nil
E-cademy Hold.	E	0.5	N/A	NE	Nil
Ebos Group Ltd	A	334	0.84	16	6.3
Eldercare NZ	C	26	1.20	NE	Nil
Elect Trans Tec	D	9.0	6.92	NE	Nil
Evergreen	D	55	2.34	12	Nil
F & P Appliance	A	965	1.93	30	3.9
F & P Health.	C	1700	2.14	NE	Nil
FC - Forests	E	24	1.03	NE	Nil
Finzsoft Sol'ns	E	40	0.08	NE	Nil
Fletcher Build.	B	282	0.43	29	6.4
Force Corp.	C	8.8	0.26	NE	Nil
Frucor Bev.	B	238	1.30	25	5.0
GDC Communicat.	C	189	1.72	24	2.6
Genesis Res.	D	299	2.64	NE	Nil
Goodman Fielder	B	165	0.50	12	6.1
Guiness Peat	C	159	2.79	15	2.0
Hallenstein G.	A	298	1.03	15	9.3
Hellaby Hold.	B	223	0.29	9	10.0
Heritage Mining*	N/R	5.0	4.20	NE	Nil
Horizon Energy	A	1302	2.69	13	9.7
IT Capital Ltd	D	8.0	1.02	NE	Nil
Ind Newspapers	C	362	2.84	56	3.5
Infratil NZ	C	173	4.03	20	6.0
Kingsgate Int'l	E	14	0.45	3	Nil
Kirkcaldie & St	B	490	0.68	12	10.7
Kiwi Property	B	96	5.49	8	10.9
Lion Nathan Ltd	A	570	1.63	16	3.4
Lyttelton Port	B	170	2.97	13	9.0
Mainfreight Grp	B	148	0.26	31	6.6
Metro. LifeCare	D	115	0.82	26	Nil
Michael Hill	A	500	1.02	19	4.5
Mid-Cap Index *	N/R	200	N/A	NE	Nil
Mooring Systems	D	83	N/A	NE	Nil
Mowbray Collect	C	65	N/A	NE	Nil
Mr Chips Hold	B	113	1.04	16	8.6
NZ Experience	C	11	0.84	32	Nil
NZ Invest Trust*	N/R	520	N/A	NE	1.6
NZ Oil and Gas *	N/R	37	1.66	20	Nil
NZ Refining Co	B	1690	1.37	6	22.1
NZIJ.co.nz	D	25	N/A	NE	Nil
Nat Property Tr	C	92	6.96	15	10.0
Natural Gas	C	130	1.34	11	Nil
Newcall Group	D	3.5	0.22	NE	Nil
Newmarket Prop.	C	47	3.58	9	14.0
Northland Port	C	225	3.39	98	Nil
Nuhaka Forestry	D	845	2.24	NE	6.5
Nuplex Indust	C	292	0.42	12	7.7
Opio Forestry	D	52	N/A	NE	Nil
Otter Gold Mine*	N/R	26	0.23	NE	Nil
Owens Group Ltd	B	129	0.19	15	5.8
Ozzy (Tortis) *	N/R	251	N/A	NE	Nil
Pacific Retail	B	200	0.25	9	Nil
Port Tauranga	B	740	7.53	27	4.8
Ports Auckland	B	550	4.88	17	5.7
Powerco Limited	C	209	0.73	NE	Nil
Property F Ind.	C	86	8.00	39	8.0
Pure NZ Limited	C	12	9.52	NE	Nil
Reid Farmers	B	121	0.63	9	8.6
Renaissance	D	37	0.09	10	8.1
Restaurant Brds	B	188	0.73	14	7.9
RetailX Limited	D	15	N/A	NE	Nil
Richina Pacific	D	63	0.06	10	Nil
Richmond Hold.	C	250	N/A	NE	Nil
Rocom Wireless	D	45	N/A	NE	Nil
Rubicon Limited	C	64	0.09	NE	Nil
Ryman Health.	C	175	2.93	12	3.2
Sanford Limited	B	625	1.66	22	4.8
Savoy Equities	D	5.0	0.19	NE	Nil
Scott Tech. Ltd	C	160	1.88	75	3.3
Seafresh Fish.	D	3.5	0.21	NE	Nil
Selector Group	C	2.8	4.12	NE	Nil
Shotover Jet	D	42	0.73	8	Nil
Sky City Ltd	A	650	2.95	19	14.5
Sky Network TV	D	380	4.92	NE	Nil
Software of Exc	C	245	1.30	NE	Nil
South Port NZ	B	140	2.86	17	6.4
Southern Cap	D	81	N/A	46	Nil
Spectrum Res.	D	2.3	1.76	NE	Nil
Steel & Tube	A	262	0.59	15	9.1
Strathmore Grp	C	4.2	N/A	NE	Nil
Submarines Aust	D	40	N/A	NE	Nil
Summit Gold Ltd*	N/R	13	N/A	NE	Nil
Tag Pacific Ltd	E	13	0.24	NE	Nil
Tasman Agric.	D	175	3.07	NE	Nil
Taylors Grp Ltd	B	150	0.81	12	7.0
TeNZ *	N/R	92	N/A	NE	Nil
Telecom Corp	C	509	1.67	11	5.9
Tourism Hold.	C	117	0.52	8	11.5
Tower Limited	C	510	0.52	11	5.9
Trans-Tasman	E	20	1.11	5	Nil
Tranz Rail Hold	B	416	0.80	19	2.0
Trust Power Ltd	B	340	1.23	27	7.6
United Networks	B	817	2.69	11	6.0
Utilico Int'l	C	59	5.82	9	Nil
Vending Tech.	D	230	4.06	17	Nil
WN Drive Tech.	D	48	N/A	NE	Nil
Wakefield Hosp.	C	155	N/A	7	4.7
Warehouse Group	B	660	1.19	31	2.8
Waste Mgmt NZ	B	277	1.97	19	4.0
Williams Kettle	A	400	0.32	8	7.5
World Index Fd *	N/R	179	N/A	NE	Nil
Wrightsons Ltd	B	115	0.22	14	10.4
Ave of 140 Cos	C	231	0.45	20	3.4

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Diver. Prop	B	252	7.80	14	7.6
AMP Ltd	C	1861	0.74	18	2.5
AMP Office Trt	B	126	N/A	15	7.0
AMP Shop Centre	B	145	7.46	16	7.6
ANZ Bank	A	1698	3.92	14	4.3
APN News Media	C	364	1.49	18	4.0
AWB Limited	A	448	0.56	13	4.9
AXA Asia Pac	C	274	0.57	13	3.5
Adelaide Bank	A	675	1.14	17	4.4
Alintagas Ltd	B	367	1.51	14	1.5
Amcor Ltd	B	699	0.76	16	4.0
Aristocrat	B	635	4.89	41	1.7
Aust Stock Exch	C	1166	5.98	23	3.7
Aust Pipeline	A	257	2.60	20	8.6
Aust Gas Light	B	897	0.92	28	5.8
Aust Pharm. Ind	A	319	0.38	22	3.9
Austereo Group	B	219	N/A	75	1.6
Australand Hold	A	180	1.07	8	6.7
BRL Hardy Ltd	B	1063	2.57	26	1.7
Bank of W.Aust	B	401	3.71	16	4.5
Bendigo Bank	A	715	3.48	24	5.7
Bidvest	A	400	0.29	16	2.2
Billabong Int'l	A	819	4.22	39	1.6
Boral Limited	B	329	0.54	12	5.5
Brambles Ind.	B	976	2.37	61	2.1
Brickworks Ltd	B	610	6.04	13	2.3
C'wth Prop Off.	B	118	8.43	14	7.1
C.S.R. Ltd	B	670	0.98	14	3.4
CSL Limited	A	4960	8.69	95	0.5
Centro Prop.	B	334	9.63	15	7.5
Challenger Int.	C	329	0.88	5	2.6
Coal & Allied	B	2400	2.95	26	1.5
CocaCola Amatil	B	539	1.41	29	2.2
Cochlear Ltd	A	4683	N/A	78	0.9
Col FS Property	B	215	5.52	13	8.4
Coles Myer	B	856	0.31	50	3.0
Com'wealth Bank	B	2830	1.93	15	4.8
Computer Share	C	549	3.98	78	0.2
Corp Express	C	487	0.93	18	1.8
Data Advantage	C	610	8.42	51	1.6
Deutsche Div Tr	B	117	6.91	13	7.4
Deutsche Office	C	132	N/A	NE	Nil
Downer EDI Ltd	A	85	0.41	15	2.5
Energy Develop.	B	751	8.00	41	0.7
Envestra	C	91	2.10	NE	10.2
Fairfax (John)	C	387	2.14	22	3.0
Flight Centre	C	2225	0.63	44	1.2
Foodland Assoc	A	1219	0.30	20	4.6
Foster's Group	B	479	2.40	19	3.0
Futuris Corp.	C	181	0.19	14	4.4
GWA Internat'l	B	239	1.16	16	6.7
Gandel Retail T	B	118	7.70	14	7.4
General Prop Tr	B	280	6.79	16	6.8
Globe Int'l Ltd	B	238	5.62	88	Nil
Goodman Fielder	C	133	0.53	NE	5.6
Guinness Peat	C	128	2.79	12	0.4
Harvey Norman	C	358	5.29	35	1.1
Hills Motorway	C	485	8.88	NE	3.5
ING Indust Trt	B	164	N/A	12	8.0
ING Office Fund	B	118	7.56	13	8.9
Incitec	A	635	0.78	12	4.4
Investa Prop.	B	202	8.47	9	6.8
James Hardie	B	520	1.38	NE	3.7
Jupiters	B	465	1.44	15	4.1
Kaz Computer	C	107	4.52	54	0.6
Lang Corporatio	B	1107	2.55	26	1.5
Leighton Hold	A	1081	0.65	18	3.6
Lend Lease Corp	C	1160	0.44	33	1.8
Macquarie Off.	B	128	8.86	13	8.4
Macquarie Bank	B	3586	4.33	26	2.6
Macquarie C'Wde	B	160	9.18	14	8.2
Macquarie Good.	B	142	N/A	15	8.1
Macquarie Infra	B	327	9.61	50	2.8
Mayne Nickless	A	690	0.81	19	1.9
Metal Storm Ltd	C	147	N/A	NE	Nil
Mia Group Ltd	B	141	3.93	46	2.2
Mirvac Group	B	387	2.88	15	6.4
Mirvac Property	B	178	9.75	15	6.4
NRMA Insurance	C	304	1.00	35	3.3
Nat'l Aust Bank	B	3087	1.83	23	4.4
Nat'l Foods	A	272	0.78	17	5.5
News Corporatio	C	1635	1.49	26	0.2
OPSM Group Ltd	A	400	0.85	NE	2.4
Orica Ltd	A	636	0.42	28	2.5
Origin Energy	B	285	0.97	17	1.4
Pacific Hydro	B	409	N/A	19	0.7
Pacific Dunlop	C	102	0.21	NE	4.9
Paperlin X Ltd	B	460	0.63	14	5.9
Peptech Limited	B	413	N/A	NE	Nil
Perp Trust Aust	B	4200	4.88	29	2.0
Publishing & Br	D	1016	2.61	NE	2.0
Q.B.E. Insur.	C	745	0.95	32	2.1
Qantas Airways	A	399	0.51	13	5.0
Ramsay Health	A	467	1.50	37	1.8
Rio Tinto Ltd	B	3674	1.45	11	2.4
Rural Press Ltd	B	470	1.23	22	3.0
Seven Network	B	695	1.53	NE	2.9
Singleton Group	C	390	N/A	40	1.8
Smorgon Steel	C	106	0.32	NE	2.8
Sonic Health	B	799	2.90	70	2.1
Southcorp Ltd	B	744	1.48	25	2.8
Spotless Group	C	506	0.51	27	4.2
St George Bank	A	1707	2.06	20	3.8
Sthn Cross Brd.	C	1080	1.85	19	5.0
Stockland Trust	B	433	4.89	15	6.7
Suncorp-Metway	B	1299	1.19	12	3.5
TAB Ltd	B	270	1.61	18	4.4
Tabcorp Holding	B	975	1.98	19	5.2
Telstra	C	554	1.54	9	3.4
Ten Network	B	209	1.20	45	6.9
Toll Holdings	A	2946	1.10	37	1.1
Transurban Grp	C	448	7.46	NE	Nil
United Energy	B	251	1.53	70	6.9
W.M.C. Limited	C	942	2.74	14	4.4
Wesfarmers Ltd	B	3052	2.30	39	2.4
West Aust News	B	507	3.19	16	6.3
Westfield Trust	B	330	N/A	19	6.2
Westfield Hold.	B	1680	7.00	52	1.0
Westfield Amer.	B	176	3.22	20	4.7
Weston (George)	B	455	0.36	16	4.2
Westpac Banking	A	1510	1.89	14	4.1
Woolworths Ltd	B	1118	0.53	24	2.4
Ave of 1313 Cos	C	159	0.00	21	2.0

Recommended Investments

Cavalier Corporation has warned that first quarter carpet revenues were down about 7%. Margins are also lower, so profits for the first half of the year will probably be down about 25%. The company expects the second half (to June) to be stronger and, as that period last year was slow, the annual profit will likely be down only about 10%.

The Microbial Technologies research is "approaching a crucial phase" with field trials just commencing that "may well make or break the project". Success in these trials would lead to commercialisation. That would "require significant further investment" but be a "major business expansion" and an important source of new revenues and profits. A decision on *how* the company may proceed with funding commercialisation has not been made, but Cavalier Corporation has a strong balance sheet and the "capacity to debt fund quite aggressive expansion if the opportunity is right".

If the field tests are unsuccessful, the company could stop work and write off its investment in Research & Development. That would show an accounting loss, but that money is *already* spent out of cash flows over recent years, so there is no impact upon *current* cashflows, carpet profits or the company's ability to pay dividends in the future. In fact, without having to fund further research, Cavalier will have *more* cash!

The carpet business may lack any huge growth potential, but it is a profitable niche business. A Price/Sales ratio of 1.04, a Price/Earnings ratio of 16 and a Dividend Yield of 7.7% is a fair valuation for the carpet business - with the market placing little value on the Microbial Technologies *potential*. *(Continued on Page 4)*

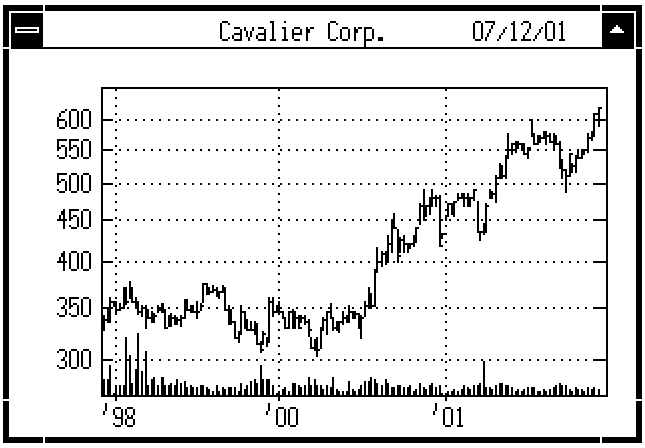
Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Initial Recommendation Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
	NZ Shares												
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	185.8	2.2	1.19	8	14.0	17	6.1	-8%
HOLD+	Cavalier Corporation	CAV	05/12/95	312	A	31.5	0.8	1.04	16	7.7	623	169.0	+154%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.7	0.22	15	7.7	270	210.8	+221%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	B	101.8	0.9	2.97	13	9.0	170	10.3	+20%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	A	38.6	0.7	1.02	19	4.5	500	83.0	+1167%
HOLD	Nuplex Industries Ltd	NPX	11/02/97	350	C	58.6	1.0	0.42	12	7.7	292	51.0	-2%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	36.7	2.4	0.09	10	8.1	37	7.4	-48%
BUY	Richina Pacific	RCH	03/11/95	119*	D	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	2.86	17	6.4	140	56.3	+64%
BUY	Steel & Tube Holdings	STU	08/08/00	146	A	87.8	1.0	0.59	15	9.1	262	33.0	+102%
BUY	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	1.1	0.81	12	7.0	150	13.0	+60%
BUY	Wrightson Limited	WRI	13/01/98	83	B	134.1	1.4	0.22	14	10.4	115	18.3	+61%
	Australian Shares (in Aust cents)												
BUY	Abigroup Limited	ABG	09/03/99	265	A	47.7	0.8	0.15	6	5.0	240	29.0	+2%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	B	57.9	1.8	2.50	7	Nil	33	2.0	-52%
HOLD+	Auspine Limited	ANE	08/02/00	210	B	57.0	0.8	0.59	9	5.6	215	34.0	+19%
HOLD+	Austral Coal Ltd	AUO	16/01/01	19	C	82.7	1.6	0.39	8	Nil	39	Nil	+103%
HOLD	Biron Capital Ltd	BIC	12/04/94	178	C	22.4	1.7	1.99	39	Nil	41	11.0	-71%
BUY	Brazin Limited	BRZ	11/12/01	160	B	116.4	1.0	0.47	16	7.8	160	Nil	
BUY	Campbell Brothers Ltd	CPB	12/10/99	418*	A	37.9	0.5	0.49	11	6.0	501	55.5	+33%
HOLD	Central Equity Ltd	CEQ	09/02/94	154	B	82.1	0.9	0.78	8	7.5	200	97.0	+93%
HOLD+	Commander Comm.	CDR	11/09/01	92	C	143.6	1.2	0.56	10	3.3	75	2.5	-16%
HOLD+	C.S.R. Limited	CSR	11/07/00	436	B	943.6	0.7	0.98	14	3.4	670	23.0	+59%
BUY	Julia Ross Recruitment	JRR	14/08/01	92	B	57.2	1.1	0.36	9	6.1	98	3.0	+10%
HOLD+	McPherson's Ltd	MCP	10/10/00	125	B	39.2	0.9	0.18	4	9.9	121	12.0	+6%
HOLD	Nufarm Limited	NUF	11/02/97	418*	B	154.6	0.8	0.34	9	5.9	306	81.3	-7%
HOLD+	OAMPS Limited	OMP	15/05/01	198	B	32.6	0.7	0.38	13	5.5	308	6.0	+59%
HOLD	Thakral Holdings	THG	10/11/98	65	C	592.3	1.3	1.03	9	12.3	51	18.3	+6%
HOLD-	Toll Holdings (1)	TOL	08/09/98	240	A	62.1	0.6	1.10	37	1.1	2946	76.0	+1159%
HOLD	Utility Services Corp	USC	11/01/00	55*	C	99.9	1.8	1.13	0	6.6	61	9.0	+27%
HOLD	Vision Systems Ltd	VSL	10/11/98	69*	C	146.4	0.7	1.95	19	1.7	202	16.2	+216%
HOLD+	Volante Group Ltd	VGL	13/03/01	132	C	68.0	1.1	0.22	11	6.7	120	5.0	-5%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +112.9%. This is equal to an average annual rate of +31.2%, based upon the length of time each position has been held.
The average annual rate of gain of ALL recommendations (both the 31 current and 115 closed out) is +31.9%, compared with a market gain of +10.3% (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) Toll Holdings notes (TOLG) last traded at 2950 cents.

Recommended Investments *(Continued from Page 3)*

So, if Cavalier Corporation's new venture proves *unsuccessful* then we would not expect any significant decline in the share price. If it proves *successful* it could add several dollars to the value of the shares over the next few years. "Hold+".



Colonial Motor Company reports first quarter sales ahead of last year with profits "marginally higher". Rural and provincial demand is buoyant - and tractor sales are ahead of last year - but some rural economic slowdown is expected.

Renaissance Corporation is planning a major restructure that will almost halve its revenues but is aimed at increasing profits. In the current financial year (to December 31) there will, however, be a "significant negative impact" on profitability owing to the restructuring costs but Renaissance Corporation will start the 2003 year "in a strong financial position".

Renaissance Corporation plans to drop very low profit margin, non-exclusive, products from suppliers like **Hewlett Packard**, **Compaq**, **Microsoft** and **Toshiba**. Instead the company will focus upon its higher margin, higher growth products and services.

In the short term, the share price may remain weak but longer term this restructuring could be very good for the company. It is impossible to accurately predict the financial impact, but this restructuring could be similar to **Cavalier Corporation**'s exit from the low profit margin wool trading business. It is unlikely that Renaissance Corporation earns much profit from the products to be discontinued. On the other hand, the company has $11-25 million tied up in working capital (i.e. stock and debtors, less creditors), so discontinuing these lines could release $5-13 million that is currently invested in the business but earning little, if any, return. That money can be better used to repay debt (and save interest costs), re-invested in new ventures or used to fund an acquisition.

As Renaissance Corporation shares are likely to remain depressed in the short term, we shall continue to rate them "Hold".

Taylors Group continues to sound bullish about its future prospects: "Forward prospects for the 2002 year are encouraging", with new revenue and earnings coming from its acquisition of **Laundry & Drycleaning Services** as well as "solid sales growth" from the existing businesses. As we have often reported, Taylors Group has low debt levels and a strong cashflow, so the directors are keen to find further suitable acquisitions or "other opportunities for development".

Australian Shares

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

The **Q-Free Consortium** - a joint venture between **Abigroup** and **Q-Free Pty** which installed the electronic tolling system on the Sydney Harbour Bridge and Sydney Harbour Tunnel - has been awarded a $2.7 million contract to install the same system on all lanes of the **M2 Hills Motorway**. This will replace the current **T-Pass** electronic tolling system and allows motorists to use one tag on all Sydney motorways. Another Abigroup joint venture, **Tollaust** (a 60% owned Abigroup subsidiary) is responsible for collecting tolls and maintaining the M2 motorway, while Abigroup's major asset is a 15.0 million unit holding in **Hills Motorway**.

Atlas Pacific has released its updated forecasts for the years through to December 2004. Revenues for the current year are expected to be up 52% to $11.0 million with profits up 102% to $4,995,000 (6.4 cents per share).

For the year to December 2002, revenues are forecast to rise 42% to $15.7 million but, with the payment of full tax rates, profits will rise just 28% to $6,372,000 (7.3 cents per share). Revenues are forecast to increase 32% in 2003, with profits growing 52% to $9,692,000 (11.1 cents per share). For the final year of the predictions, 2004, revenues are projected to be 25% higher at $25.9 million and profits 25% higher at $12,151,000 (13.9 cents per share). Owing to annual changes in pearl quality, prices and exchange rates, gross revenues may fluctuate by 30% from the above estimates, with profits up or down 50% on these forecast levels.

Now that the company has finished development there is little need to retain cash within the business - except to fund *new* expansions. Atlas Pacific *may* develop new pearl farms, which would not require *too much* capital investment and easily funded from cash flows. Another *possible* source of growth would be to enter joint ventures with other Indonesian operations which generally lack technical expertise and produce lower quality, lower priced pearls.

Most - about 80-90% - of the net profit will be available as *free cash flow* which Atlas Pacific can use to either (1) finance expansion, (2) distribute as dividends or (3) use to re-purchase shares. That suggests Atlas Pacific could pay dividends of 4.0-4.5 cents for this financial year (i.e. a 2.0-2.5 cents final dividend), 5.0-6.0 cents in 2002, 7.5-9.0 cents in 2003 and 9.5-11.0 cents in 2004.

If, in 2004-5, Atlas Pacific shares are conservatively valued at a Price/Earnings ratio of 7-8 and a Dividend Yield of 9-11%, then the share price will be around 95-110 cents. An investment in Atlas Pacific shares at the current price of 33 cents could therefore appreciate 63-78 cents (190-230%) over the next three years, plus yield a total income return of 24-29 cents (70-90%). That is a total return of 260-320% over the next three years. That potential suggests the shares are very under-valued.

The current year (i.e. 2001) forecast would also put the shares on a Price/Sales ratio of 2.40, a P/E ratio of just 5 and a Yield of 12.1-13.6%. A high P/S ratio is acceptable as this is a low cost, high quality *producer* with a high net profit margin (i.e. 40-50% of revenue), while the very low P/E and very high Yield scream under-valuation. Expect the Atlas Pacific share price to perform strongly in the short to medium term.

We therefore believe that *now* is a good time to buy into Atlas Pacific or to increase an existing investment in this company. "Buy".

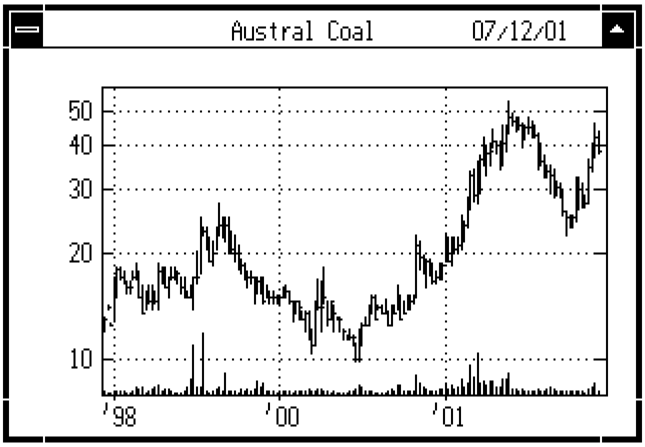
Auspine has warned that its half year profit to December 2001 will be "well below" last year's $9.7 million. While there is "evidence of an upturn in home building" that has "not yet translated into a significant improvement in profitability". Unseasonable wet weather in Victoria and South Australia is also blamed for the lower profitability.

Despite this short term profit decline, the Managing Director and major shareholder, A de Bruin, has made a small on-market purchase of 19,742 shares, to now own 13,249,112 shares. This makes three *insider* buys, and no sells, over the last year.

The very strong rise in **Austral Coal**'s share price over the last month is probably a reaction to two *very favourable* broker reports which investors will be able to find republished on the company's website (www.austcoal.com.au). Our resident conspiracy theorist suggests that these "Research Reports" are just part of the process by which brokers seek to win the job of organising and underwriting a cash issue or share placement from a company that will probably want to raise some new equity to partially fund its current expansion process.

Whatever the reason for brokers publishing Research Reports we *do* agree that Austral Coal is an under-valued share, that the company has excellent growth potential and that this business generates strong free cash flows. These cash flows are currently being re-invested in the expansion, but will later be available to repay expansion debt and to pay high dividends to shareholders.

Our one concern is the very *short term* impact of widely distributed brokers reports on the share price. These two reports boosted the Austral Coal share price from 28 cents to a recent high of 46 cents, but they have already slipped back to 38-39 cents. Austral Coal shares will possibly fall back to 32-36 cents over the next few weeks - at which price they are an attractive "Buy".



Biron Capital's directors continue to buy shares. G Snow's recent purchase of 40,000 shares (lifting his holding to 7,318,544 shares) is the 15th *insider* buy (and there have been no sells) over the last year!

Campbell Brothers has reported a slight fall in trading profits - down 2.6% to $5,979,000 for the six months to September 30. Earnings per share are down 19.9% to 15.7 cents, owing to the increased capital following the 1 for 5 cash issue. Revenues were up 5.5% at $168.8 million and a steady 13.0 cents interim dividend will be paid.

The company has changed its divisional breakdowns. The Consumer division reports revenues up 6% to $77.2 million and earnings (before interest and tax) virtually unchanged at $4.9 million. The Industrial division's revenues were steady at $48.4 million but earnings fell 8% to $3 million. Laboratory Services lifted revenues 12% to $38.5 million and earnings 23% to $6.0 million.

Campbell Brothers has taken further steps to expand its Laboratory Services business with an agreement to acquire **Bondar Clegg** which is the second largest minerals laboratory group (after Campbell Brothers' **ALS Chemex**) in North and South America. The total cost of this acquisition - including "a significant provision" to rationalise it into the existing ALS Chemex business - will be about A$8 million. Following the purchase of Bondar Clegg, ALS Chemex will be the "largest global provider" of services in the mining sector with a 30% market share. The Laboratory Services division earns half of its revenue from "environmental" services, where it is one of the ten largest companies

Laboratory services is a business with high fixed capital costs and low operating costs. In other words there are *economies of scale* - bigger operations that can better *utilise* their laboratory facilities will be able to provide customers with a lower cost service *and* earn significantly higher profit margins. The company announcement confirms this by noting that "the acquisition will significantly increase work volumes through its current laboratories and this will flow on to enhanced profit margins".

Campbell Brothers has failed to produce any meaningful growth since we first bought in to the company two years ago (although our investment has produced a reasonable 33% return). Nevertheless, the shares remain very attractive. The Consumer and Industrial divisions generate relatively stable revenues and profits, while the Laboratory Services division holds the *potential* to generate strong growth and earn very high profit margins. The shares trade at a low valuation, with the Price/Sales ratio at 0.50, the Price/Earnings ratio 11 and the Dividend Yield 5.8%. Over the last year there have been eight *insider* buys (the last five buys in August) and one sell.

It was the expansion of the Laboratory Services business with the $8-12 million purchase of **Chemex** in October 1999 that led us to initially recommend Campbell Brothers shares for investment. Since then the group has acquired **Analytical Services Laboratories** (a Canadian based environmental analysis company) for $10 million and now Bondar Clegg. It may have taken longer than we expected, but this series of acquisitions should help realise the *growth potential*, *high margins* and *free cash flows* that we believe the Laboratory Services division can produce for Campbell Brothers.

The shares remain a strong "Buy" - offering a high income yield and the potential for profit growth and capital appreciation. *(Continued on Page 6)*

Recommended Investments *(Continued from Page 5)*

Central Equity reports buoyant conditions. Off the plan, pre-sales for the September 2001 quarter - and in October - are ahead of the corresponding periods in the two previous years. Total pre-sales currently stand at a very high $490 million (compared with $320 million in June 2001 and $310 million in December 2000).

The company has extended its product range to include "luxury" *Deluxe Apartments*. The first apartment tower in this range, *Victoria Tower*, officially went on sale at the end of November - but was already 50% pre-sold at that stage!

Commander Communications has acquired **UniTel**, a company that provides network security, video conferencing, audio conferencing and telephone call management products to medium sized and larger companies. The company has not disclosed the cost of this acquisition, but it is believed to be about $5 million in cash, subject to UniTel meeting performance targets. The business will add $11 million in revenues and be "immediately earnings per share positive". So Unitel is being purchased on a Price/Sales ratio of about 0.45 which is reasonable.

Commander Communications is also believed to be negotiating with several data networking companies and close to making another acquisition.

Commander Communications is well placed to expand through acquisition. At its June balance date the company held $9.4 million in cash and had an undrawn debt facility of $50 million.

C.S.R. has lifted trading revenues by 9.3% to $3,711.8 million for the six months to September 30. Profits rose 2.2% to $277.0 million, but earnings per share rose 10.1% to 29.5 cents (as the company reduces its issued capital by buying back shares). A steady 11.0 cents interim dividend will be paid.

In November, CSR won a long running tax dispute with the **Australian Tax Office** that will see CSR receive a $33 million refund of tax paid in 1995, plus interest of about $11 million.

Despite the widely publicised downturn in the recruitment industry, **Julia Ross Recruitment** expects both revenues and profits for the current financial year to be ahead of last year! A strong performance by its temporary placement service is expected to offset weakness in the permanent recruitment business.

Julia Ross Recruitment's positive expectations contrast with other listed companies in this sector although these companies confirm that the weakness is in the *permanent* placement sector of the industry. **Catalyst Recruitment** reports revenues down 20% and earnings down 75%. **Recruitment Solutions** reports a strong July and August but a "material reduction in revenues" for September and October, while **Integrated Workforce** reports the opposite trend - a "cautious start" in July and August followed by "better levels of sales" in September and October! **Skilled Engineering**, which provide temporary labour hire and outsoucing services, reports steady revenues and good profit margins (after trading unprofitably in the June 2001 year) which confirms the strength in the *temporary* labour market sector.

Rationalisation is widely expected in the Recruitment industry which is fragmented with many small private businesses and small recruitment subsidiaries of other larger businesses. In the present depressed environment, many small recruitment businesses may not survive. Julia Ross Recruitment has already made two cash acquisitions over the last six months (i.e. MHP Recruitment and PWC Executive) and with a strong balance sheet and sound management could play a leading role (i.e. cheaply acquire a lot of financially weaker competitors) in this rationalisation.

Nufarm Chief Executive, DJ Rathbone, has purchased 8000 shares on-market - which is pretty insignificant for someone with an interest in 37,744,372 shares!

OAMPS has announced four acquisitions: The first is the business of **Harts One to One Insurance Solutions** (in liquidation), which generates brokerage commissions and fees of around $500,000 per annum. The second, **Kenyon Insurance Brokers**, is a Melbourne based insurance broker and financial services company with annual premium revenues of $9 million. OAMPS has issued 100,000 shares and will make further cash payments over the next two years based upon the performance of the business. The third and fourth are **Blackbutt Insurance Brokers** and **Dunne & Associates**, both independent general insurance businesses in Wollongong, NSW, generating combined premium income of $9 million. The company has issued 60,000 shares and will again make cash payments based on business renewals.

OAMPS directors just keep on buying shares! HW Robertson has purchased 5,681 shares, raising his holding to 82,760 shares, while BM Austin bought 40,973 shares, building his holding to 2,200,971 shares. These are the *third* buys by both of these directors over the last twelve months, and in total there have been 12 *insider* buys and two sells.

Thakral Holdings Group continues to expand its property development business - to offset weakness in its hotel business. The company has formed a joint venture with **Belgravia Group** which has purchased an abandoned restaurant and car-park site at 74 Queens Road, Melbourne, adjacent to Albert Park. A $60 million residential development, consisting of a 10 storey tower with 180 one and two bedroom apartments is planned. Construction is expected to begin in April.

Utility Services Corporation has acquired the Australian and NZ assets and business of **QSP** from the UK parent which was placed in receivership in October. These assets include exclusive rights to QSP WebFinance Suite (i.e. financial software for businesses with 10 to 10,000 employees) and all intellectual property.

This business is expected to generate "revenues in excess of $12 million per annum and achieve profit margins of approximately 10% of revenues" (i.e. $1.2 million per year) "over the medium term". Utility Services made an "opportunistic" offer of "less than $1 million" which the receiver accepted! Unlike the parent company, QSP "has always traded profitably in Australia".

QSP's major customers include **Qantas**, **Telstra** and Federal Government departments.

Utility Services is taking a very long time to re-invest its cash - but it is more important that it invests the money *wisely* that investing it *quickly*. QSP certainly looks to be an outstanding *value for money* acquisition and the company is hoping to announce the acquisition of three more businesses before Christmas.

Director F Swaab has purchased 100,000 Utility Services shares on-market at about 56 cents, lifting his holding to 574,361 shares. That makes five *insider* buys - no sells - for the last twelve months.

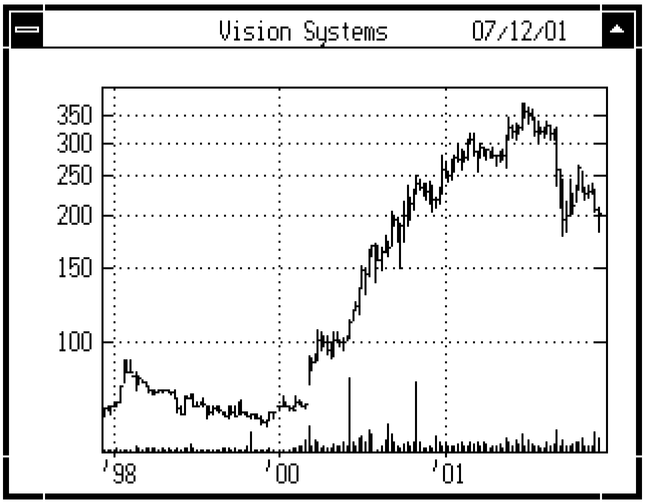
Vision Systems had *another* change of mind over its intentions for its **TTP Communications** shares. In mid November it sold 9 million shares, in a secondary offering of 24 million shares, at £1.33. This realises *another* A$32 million in cash for Vision Systems and leaves the company with 9,376,700 TTP Communications shares.

Vision Systems' Managing Director Dr JC Fox has increased his holding to 4,238,350 shares with the purchase of 200,000 shares on-market during November at prices around $2.30. Dr Fox has also been issued 2,135,000 executive options (to buy shares at $3.00 each until October 2006). A total of a further 3,818,861 options were issued to four other senior executives.

Another director, PA Murphy, seems more confused about the future prospects for Vision Systems. During November he first *bought* 40,000 shares (at about $2.30) and two weeks later *sold* 250,000 shares (at a slightly lower price), reducing his holding to 1,693,240 shares.

Overall there have been three *insider* buys and three sells over the last year - which gives us little guidance to the immediate future performance of Vision Systems. The shares appear to be out of favour with investors who are clearly not happy about the expected downturn in revenue and profits this year - nor that the company plans to invest much of its $109 million (75 cents per share) cash hoard in Research & Development.

While the shares are not *cheap*, their valuation is quite modest (taking into account the large cash holding and TTP Communications shares). Vision Systems is a *quality* technology company that has been successful at turning Research & Development expenditure into Shareholder value. Therefore - despite any short term uncertainties - we are happy to continue holding our Vision Systems shares as a long term investment. We shall, however, rate the shares as a "Hold" and upgrade them when the prospects for recovery become more certain.



Share Recommendation: Buy Brazin

BUY Australian listed Brazin

The introduction of GST and restructuring resulted in a profit decline for retailer **Brazin** (Code BRZ) last year, but the company is now focused on its core businesses in Australia and has embarked upon a major expansion into the United Kingdom. The shares are under-valued, neglected by brokers and institutions, while management own most of the company *and* have been buying more. The share price is starting to recover. This is exactly the type of situation that our *Comprehensive Share Selection Criteria* are designed to identify as a "Buy" for our portfolio!

Company History

This business was started in 1980 to sell recorded music (i.e. records, tapes and, later, CDs) and incorporated in 1986 under the name **Dork Enterprises**. The name changed to Brazin ahead of the October 1997 share offer (at 200 cents) and December 1997 stockmarket listing. The $85 million raised from the public went to repay shareholder loans and to acquire **CC Records**' business of 15 music stores.

Current Business

Since 1980, Brazin has built up a large retail business in Australia selling recorded music (through *Sanity Music*, *Dance Arena* and *IN2Music* stores plus online at *sanity.com*), lingerie, sleepwear and swimwear (through stores trading under the brands *Bras N Things* and *Viva Lingerie*). The businesses have grown mainly internally - but with a few acquisitions. For example, in March 1998 Brazin acquired 27 music stores from the receiver of **Brash's** and in the same month **Blockbuster Music** was purchased for $2 million. A further 23 music stores, mainly in South Australia, were purchased from **CC Music** in August 2000 and converted to *Sanity Music* and *IN2Music* stores.

In April 1999, *Viva Lingerie* was launched as a separate division from the company's *Bras N Things* lingerie business to target the youth market.

Brazin also established the *Gosh Coffee* business in June 2000, with plans to eventually expand to 200-300 stores within Australia.

The group took advantage of the internet boom by floating its online music business as a separate company, **Sanity.com**. The public float (at 100 cents) raised $8.4 million in cash. $5.9 million worth of shares (10% of Sanity.com) were issued to **EMI Music** in return for "expertise and services" including digital download technology, e-commerce functionality and EMI content for the website. The shares initially listed at $2 - a 100% premium to their issue price - but fell to a low of 5 cents in June 2001. In September, Brazin acquired 100% ownership of Sanity.com after buying out the minority shareholders at 10 cents.

In March 2001, Brazins made a takeover offer of 14 cents per share for another listed online music business, **Chaos Music** - but this was withdrawn.

The group invested $1.5 million in a joint venture to develop a new Sydney nightclub *City Live* (with an option to increase ownership from 55% to 80%) and has a 25% interest (with an option to increase this to 50%) in a profitable music recording business purchased in February 2001 at a cost of $1.4 million.

Ian W Duffell was recruited as Managing Director in May to strengthen the management team and this led to a review of the company. As a result, Brazin has announced a restructuring of its operations with all non-core businesses to be sold or closed down, and the company will then focus on music and lingerie. Subsequently, Brazin has announced a significant expansion of its music business through an acquisition in the United Kingdom.

Recorded music generates approximately 70% of revenues (although this will rise to 80-85% in future with the UK expansion) and about 60% of earnings. Lingerie makes up 20-25% of revenues and 25-30% of earnings. Swimwear is the smallest business, accounting for only 5% of revenues but has the highest profit margins, generating around 10-12% of group earnings.

Future Growth Potential

In October 2001, Brazin acquired 77 under-performing music stores in the UK from **Virgin Group**, which will be re-branded as *Sanity Music*. Brazin will pay "a nominal sum plus inventory at cost" up to a maximum of £7.7 million (A$23 million) for these 77 stores - while Virgin Group will then pay "£7.7 million for the restructuring of the 77 stores" back to Brazin. So Virgin is effectively *giving* these stores *and their £7.7 million* in inventory to Brazin for nothing! Virgin will also receive undisclosed "earn out" payments over the next five years, based upon profitability and 1,500,000 options to acquire Brazin shares at $1.27.

This expansion immediately *doubles* the group's revenues from music sales to A$500 million with little cash outlay - and with the vendor financing the restructuring and rebranding of the stores. The UK business is expected to be "profit neutral" in the first year and make a positive contribution to earnings from the second year. More importantly, this gives Brazin a very cheap entry into the UK and a base of operations from which to expand over the medium to long term.

Brazin will also rebrand its Australian *IN2Music* stores under the name *Virgin Music* and plans to expand this chain from 55 stores to 100. Brazin will pay Virgin a 1% royalty on sales from the Australian *Virgin Music* stores.

We believe the restructuring of the Australian businesses and the expansion into the UK are potentially very significant for Brazin. The company is the largest music seller in Australia. While this business generates good cash flows and profits, it offers limited potential for expansion. Rather than seeking growth in new businesses, Brazin will "concentrate on improving the performance of core businesses" and "expand in core activities". Brazin will be a small operator in the UK, so this offers plenty of room to expand its share of the market - if Brazin is able to duplicate its successful Australian music business methods. Just as importantly, Brazin is investing very little in this expansion (i.e. $23 million for stock) and is effectively being paid to take this business as the vendor will refund *all of this money* to pay for restructuring.

Recent Results

For the year to June 1999, revenues rose 50.6% to $334.0 million, with profits up 45.0% to $28,169,000 (25.1 cents per share). The dividend was raised 31.0% to 15.0 cents.

Revenues increased 18.3% to $395.2 million for the year to June 2000, while profits slipped 5.4% to $26,653,000 (24.2 cents per share). The dividend was raised 13.3% to 17.0 cents.

Revenues continued to grow in the year to June 2001 - up 4.9% to $379.3 million - but net profits fell 57.4% to $11,345,000 (9.7 cents per share). The annual dividend rate was cut 26.5% to 12.5 cents (although a special 10.0 cents dividend was paid prior to June to distribute franking credits ahead of the drop in the Australian company tax rate). The lower profit for the period resulted from "soft trading conditions" following the introduction of GST, "start up losses" at *Gosh Coffee*, *Viva Lingerie*, *City Live* and other non-core businesses, plus a $5.4 million provision for rationalisation and closure costs following the decision to sell off all non-core operations.

Investment Criteria

At $1.60, Brazin shares are trading on a Price/Sales ratio of 0.47, a Price/Earnings ratio of 16 and a Dividend Yield of 7.8%. Those statistics offer good value, but the shares look very under-valued when one remembers last year's profit glitch and the depressed dividend payout.

The market capitalisation is $186 million, making Brazin a medium sized Australian company.

Brazin is *neglected*, with only four brokers following the company. Institutional investors also have *very* small holdings in the company. Neglected shares tend to be under-valued relative to widely followed and widely held shares.

We also like to see management having a stake in the company - and the directors have a *very big* stake in Brazin. Chief Executive, Brett Blundy, owns 77,578,884 shares or 66.7% of the company and non-executive director T Blundy is the second largest shareholder with 3,208,800 shares (2.76%). Managing Director IW Duffell owns 200,000 shares, while the other non-executive directors with shares are AP Ho with 120,400 shares, GH Bennett holds 113,050 shares and BR Martin owns 27,991 shares.

There have been four insider buys - and no sells -

over the last year. AP Ho purchased 10,000 shares in February at about 156 cents per share. The major shareholder B Blundy further increased his investment, purchasing 1,858,266 shares on market (at about 146 cents) in March and another 5,922,050 shares (around 125 cents) also in March (but not reported until June). BR Martin purchased 15,000 shares (at about 125 cents) in July.

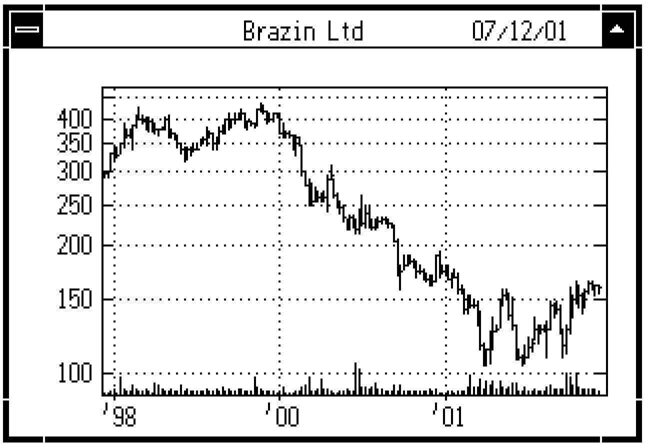
Technically the shares are very attractive. The shares suffered a significant decline in value during 2000 and early 2001, have bottomed out since April and now appear to be in the early stages of a recovery. The Relative Strength Rating has recently turned *positive* and is now +2.0% which ranks the shares at 24 (on a scale of 0-99).

Summary and Recommendation

Brazin shares offer excellent value, having declined significantly last year when the company experienced a profit glitch. The company has since restructured to concentrate on its core businesses and expanded that core business into the UK which offers new opportunities to grow the business. In response to these developments the share price has now started to recover strongly.

Insiders have large shareholdings in Brazin and have further increased those investments over the last year, while brokers and institutional investors have not yet *discovered* the company.

Brazin shares should appeal to a wide range of investors. The shares not only offer a high current income yield but, following last year's profit glitch, profits and dividends are likely to recover strongly over the next two years, while the share price could appreciate 100-200%. Longer term the new UK business offers the potential for further significant expansion and growth.



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

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

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0												
Owens Group Ltd	129	+14.9	+3.3	3	3	2.1	14	1.0	15	5.8	0.19	73
Wrightsons Ltd	115	+17.0	-4.7	2	2	1.4	9	1.4	14	10.4	0.22	154
Mainfreight Grp	148	+5.3	+3.2	22	5	2.2	7	1.0	31	6.6	0.26	108
Hellaby Hold.	223	+3.6	+0.1	27	1	1.5	17	1.0	9	10.0	0.29	111
Williams Kettle	400	+7.5	+0.7	16	-	1.4	16	0.6	8	7.5	0.32	59
Fletcher Build.	282	+5.8	-0.1	20	6	1.2	4	1.3	29	6.4	0.43	972
Goodman Fielder	165	+4.1	+1.9	26	-	1.2	10	0.8	12	6.1	0.50	2,106
Steel & Tube	262	+17.5	+4.1	1	5	1.8	11	1.0	15	9.1	0.59	230
Reid Farmers	121	+7.4	-3.2	17	-	1.6	18	1.2	9	8.6	0.63	68
Restaurant Brds	188	+9.6	+2.0	10	5	6.2	45	1.2	14	7.9	0.73	173
Tranz Rail Hold	416	+4.7	-1.6	23	6	1.1	6	0.9	19	2.0	0.80	503
Taylors Grp Ltd	150	+8.2	+3.2	13	1	1.7	14	1.1	12	7.0	0.81	36
Ebos Group Ltd	334	+7.3	+2.7	18	-	2.3	14	0.8	16	6.3	0.84	90
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0												
Steel & Tube	262	+17.5	+4.1	1	5	1.8	11	0.9	15	9.1	0.59	230
Wrightsons Ltd	115	+17.0	-4.7	2	2	1.4	9	1.2	14	10.4	0.22	154
Owens Group Ltd	129	+14.9	+3.3	3	3	2.1	14	0.8	15	5.8	0.19	73
Pacific Retail	200	+12.4	+1.0	6	3	1.7	19	1.1	9	Nil	0.25	101
Restaurant Brds	188	+9.6	+2.0	10	5	6.2	45	1.0	14	7.9	0.73	173
Taylors Grp Ltd	150	+8.2	+3.2	13	1	1.7	14	0.9	12	7.0	0.81	36
Williams Kettle	400	+7.5	+0.7	16	-	1.4	16	0.4	8	7.5	0.32	59
Reid Farmers	121	+7.4	-3.2	17	-	1.6	18	1.0	9	8.6	0.63	68
Ebos Group Ltd	334	+7.3	+2.7	18	-	2.3	14	0.7	16	6.3	0.84	90
Broadway Ind	40	+6.8	-0.2	18	-	1.1	10	1.1	11	Nil	0.22	8
Tranz Rail Hold	416	+4.7	-1.6	23	6	1.1	6	0.8	19	2.0	0.80	503
Goodman Fielder	165	+4.1	+1.9	26	-	1.2	10	0.6	12	6.1	0.50	2,106
Hellaby Hold.	223	+3.6	+0.1	27	1	1.5	17	0.8	9	10.0	0.29	111
INCOME SHARES: Highest Yields, Capitalisation > NZ$100 million												
NZ Refining Co	1690	+2.0	+1.3	34	1	1.3	23	0.3	6	22.1	1.37	406
Sky City Ltd	650	+9.6	+0.3	11	6	2.8	15	0.5	19	14.5	2.95	1,303
Tourism Hold.	117	-13.1	-1.3	82	4	0.6	7	0.9	8	11.5	0.52	108
Wrightsons Ltd	115	+17.0	-4.7	2	2	1.4	9	1.1	14	10.4	0.22	154
Hellaby Hold.	223	+3.6	+0.1	27	1	1.5	17	0.8	9	10.0	0.29	111
Hallenstein G.	298	+4.4	+1.6	24	5	4.4	29	0.6	15	9.3	1.03	173
Steel & Tube	262	+17.5	+4.1	1	5	1.8	11	0.8	15	9.1	0.59	230
Lyttelton Port	170	-1.6	-0.1	56	4	4.0	32	0.6	13	9.0	2.97	173
Restaurant Brds	188	+9.6	+2.0	10	5	6.2	45	1.0	14	7.9	0.73	173
Nuplex Indust	292	-6.1	-1.1	72	5	1.2	10	0.9	12	7.7	0.42	171
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0												
Elect Trans Tec	9	-15.8	+0.5	88	-	14.8	-	3.0	NE	Nil	6.92	12
Vending Tech.	230	-4.9	-4.1	68	-	6.7	40	0.6	17	Nil	4.06	68
Lyttelton Port	170	-1.6	-0.1	56	4	4.0	32	0.6	13	9.0	2.97	173
Ind Newspapers	362	-2.2	+1.0	59	6	1.3	2	0.7	56	3.5	2.84	1,559
Genesis Res.	299	-18.1	-0.6	89	-	1.3	1	0.9	105	Nil	2.64	76
Nuhaka Forestry	845	-7.6	+1.1	77	-	0.7	-	0.4	NE	6.5	2.24	15
Cadmus Tech Ltd	12	-5.5	-1.8	69	-	1.1	3	1.6	38	Nil	2.19	16
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
Spectrum Res.	2	-48.7	+0.0	99	-	1.0	-	3.8	NE	Nil	1.76	5
Force Corp.	9	-28.5	+2.6	94	2	3.2	-	2.1	NE	Nil	0.26	14
Advantage Group	56	-28.5	+3.9	94	2	6.4	14	1.4	44	Nil	0.50	37
IT Capital Ltd	8	-27.4	-0.1	92	-	0.6	-	2.6	NE	Nil	1.02	14
Brierley Invest	30	-24.4	-5.1	90	2	0.3	-	1.1	NE	Nil	0.70	410
Strathmore Grp	4	-22.7	-1.4	89	-	1.1	-	3.1	NE	Nil	N/A	8
Genesis Res.	299	-18.1	-0.6	89	-	1.3	1	0.9	105	Nil	2.64	76
Elect Trans Tec	9	-15.8	+0.5	88	-	14.8	-	2.8	NE	Nil	6.92	12
Waste Mgmt NZ	277	-14.7	-1.1	87	5	1.8	9	0.6	19	4.0	1.97	270
WN Drive Tech.	48	-14.0	+0.3	84	-	13.3	-	1.0	NE	Nil	N/A	50
GDC Communicat.	189	-13.9	+1.2	84	-	5.1	22	0.9	24	2.6	1.72	72
FC - Forests	24	-13.1	-1.1	83	7	0.5	-	1.6	NE	Nil	1.03	667
Blis Technology	75	-12.1	+1.5	81	-	-	-	1.1	NE	Nil	N/A	47
Rocom Wireless	45	-9.6	+2.3	79	-	1.4	-	1.0	NE	Nil	N/A	7
Telecom Corp	509	-8.3	+1.5	78	7	4.7	42	0.7	11	5.9	1.67	9,451
Nuhaka Forestry	845	-7.6	+1.1	77	-	0.7	-	0.3	NE	6.5	2.24	15
Scott Tech. Ltd	160	-7.4	+3.9	76	-	2.6	3	0.7	75	3.3	1.88	31
Cue Energy Ltd	6	-7.2	-4.1	74	-	0.6	19	2.3	3	Nil	1.31	18
CDL Hotel NZ	18	-5.6	-1.3	71	-	0.2	0	1.3	44	5.8	0.26	63

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	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Institute Drug	418	-0.8	+0.7	33	2-3	-	8.7	18	0.6	48	1.0	9.12	178
Canbet Limited	6	-12.3	+2.9	65	3-0	-	-	-	1.6	NE	Nil	9.01	19
Neighbourhood C	13	-19.5	+2.8	79	0-0	-	1.2	-	1.3	NE	Nil	9.00	10
Cont'l Gold	7	-10.4	+8.6	60	0-0	-	0.2	-	1.6	NE	Nil	8.86	5
CI Technologies	208	-13.6	-0.5	67	5-2	5	7.7	-	0.7	NE	Nil	8.81	108
Progen Indust.	128	-15.2	+3.3	70	0-0	1	1.2	-	0.7	NE	Nil	8.79	31
Impress Tech.	7	-6.8	+7.5	52	2-1	-	0.8	-	1.6	NE	Nil	8.72	8
Carlton Invest	930	-4.0	+1.1	44	0-0	-	0.9	-	0.6	NE	2.7	8.49	247
Data Advantage	610	-1.1	-4.5	35	0-0	-	16.1	32	0.6	51	1.6	8.42	644
BresaGen Ltd	109	-8.6	-0.4	56	0-0	-	2.1	-	0.8	NE	Nil	8.38	49
Huntley Invest	63	-0.1	+0.0	31	4-5	-	0.9	7	0.9	13	4.8	8.27	45
Canada Land	7	-3.7	+0.9	43	0-0	-	0.2	-	1.6	NE	Nil	8.19	7
Earth Sanct.	43	-24.6	-1.9	87	1-1	-	0.5	-	0.9	NE	Nil	8.12	12
Energy Develop.	751	-10.2	+4.0	60	2-3	10	2.6	6	0.6	41	0.7	8.00	770
Smart World	6	-38.6	+1.5	98	0-0	-	1.8	-	1.7	NE	Nil	7.53	8
Reef Casino Trt	124	-4.6	-2.9	45	0-0	-	0.7	5	0.8	15	0.2	7.47	61
Autogen Limited	92	-7.6	-0.7	54	0-0	-	5.1	-	0.8	NE	Nil	7.43	35
Technology One	89	-15.4	+2.5	70	0-0	-	12.7	35	0.8	36	2.7	7.05	282
Sapphire Mines	17	-4.2	+3.7	44	0-0	-	-	-	1.2	NE	Nil	6.85	5
Bligh Oil & Min	17	-2.9	+4.1	40	1-1	-	-	-	1.2	NE	Nil	6.83	32
Sharon Austen	11	-25.7	+3.8	89	2-0	-	10.5	-	1.4	NE	Nil	6.77	12
Gold Mines Sard	39	-1.3	-2.6	35	0-0	-	3.3	-	1.0	NE	Nil	6.76	93
Electrometals	12	-17.2	+1.6	74	0-0	-	-	-	1.3	NE	Nil	6.46	6
Iress Mkt Tech	213	-3.4	-1.3	42	0-0	-	19.4	88	0.7	22	3.4	6.41	213
Maxe-tec Aust	2	-6.4	+6.7	51	0-0	-	2.2	-	2.5	NE	Nil	6.29	8
Metroland Aust	11	-1.5	+2.9	36	6-0	-	1.6	-	1.4	NE	Nil	6.21	9
Advanced Engine	18	-21.9	-1.1	82	0-0	-	18.0	-	1.2	NE	Nil	6.06	16
Anaconda Nickel	69	-27.6	+0.1	91	3-0	3	-	-	0.8	NE	Nil	6.05	318
Aust Stock Exch	1166	-5.4	-0.9	47	1-1	6	7.8	34	0.6	23	3.7	5.98	1,183
Novogen Ltd	183	-22.8	+4.7	83	0-0	3	3.4	-	0.7	NE	Nil	5.79	174
Solar Energy	18	-10.4	-1.0	60	0-0	-	1.5	-	1.2	NE	Nil	5.66	6
FTR Holdings	28	-22.3	+9.8	83	0-0	-	2.8	-	1.0	NE	Nil	5.47	40
Compumedics Ltd	70	-6.6	+0.6	51	0-0	-	5.0	10	0.8	50	Nil	5.35	98
Harvey Norman	358	-5.4	-1.6	47	0-5	10	6.1	18	0.6	35	1.1	5.29	3,645
Minerals Corp.	27	-1.9	+0.8	37	1-0	-	0.8	-	1.0	NE	Nil	5.28	46
Brain Resource	23	-13.8	-2.2	68	0-0	-	2.9	-	1.1	NE	Nil	5.11	23
Balmoral Corp.	39	-2.4	+3.1	38	0-0	-	0.7	-	1.0	NE	Nil	5.06	7
Union Capital	1	-37.2	+1.2	97	2-0	-	-	-	3.1	NE	Nil	5.00	8
Altium Limited	329	-8.3	-4.9	56	0-0	-	23.5	-	0.7	23	2.4	4.98	288
Palm Springs	36	-9.5	+2.5	58	0-0	-	2.2	-	1.0	NE	Nil	4.90	51
Aristocrat	635	-3.8	-1.3	43	0-0	10	35.3	85	0.6	41	1.7	4.89	2,862
Asset Backed	23	-3.6	+6.3	42	0-0	-	1.5	-	1.1	NE	Nil	4.87	8
Queensland Opal	5	-3.1	+0.7	41	0-0	-	-	-	1.8	NE	Nil	4.85	5
Biota Holdings	80	-31.4	+4.3	94	3-0	4	1.5	-	0.8	NE	Nil	4.65	60
Neverfall Spr.	326	-5.1	+1.0	46	0-1	-	-	-	0.7	33	2.5	4.56	301
Kaz Computer	107	-10.4	-2.6	60	1-1	-	26.8	49	0.8	54	0.6	4.52	639
Adsteam Marine	229	-1.0	+0.6	34	5-0	7	-	-	0.7	27	6.6	4.52	449
Primary Health	475	-0.5	+1.3	32	0-0	-	-	-	0.6	62	1.5	4.39	396
Objective Corpo	27	-20.3	-0.7	80	0-0	-	9.0	-	1.0	NE	Nil	4.38	36
Beston Wine Ind	93	-0.2	+0.3	31	0-0	-	1.1	13	0.8	9	10.3	4.35	20
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Redflex Holding	94	-44.4	+0.9%	100	1-0	-	1.7	-	0.8	NE	Nil	1.48	30
Open Telecom.	7	-43.9	+0.9%	100	0-0	-	0.9	24	1.5	4	Nil	0.45	42
Davnet Limited	4	-41.4	+0.9	99	0-0	-	0.3	-	1.8	NE	Nil	0.27	21
TVSN Limited	5	-39.2	+1.7	99	0-0	-	-	-	1.7	NE	Nil	0.38	7
Austar United	31	-39.1	+1.0	98	1-1	-	6.2	-	1.0	NE	Nil	0.96	221
Smart World	6	-38.6	+1.5	98	0-0	-	1.8	-	1.6	NE	Nil	7.53	8
PEG Technology	5	-38.0	+0.9	98	0-3	-	1.7	-	1.7	NE	Nil	0.83	6
Uecomm Limited	21	-37.9	+2.1	98	0-0	-	0.7	-	1.1	NE	Nil	N/A	103
Multiemedia Ltd	2	-37.5	+2.0	97	0-0	-	2.1	-	2.4	NE	Nil	2.14	8
Union Capital	1	-37.2	+1.2	97	2-0	-	-	-	2.8	NE	Nil	5.00	8
Circle Com Ltd	3	-37.1	+1.5	97	0-0	-	2.5	-	2.2	NE	Nil	0.28	6
Found'n Health.	46	-36.0	-0.8	96	6-0	-	-	-	0.9	NE	Nil	0.87	73

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Clarity Int'l	29	-35.7	+1.4	96	0-0	-	5.7	41	1.0	14	1.8	1.99	90
China Converg.	2	-35.0	-1.9	96	0-0	-	-	-	2.6	NE	Nil	0.51	33
Hutchison Tel.	48	-33.5	+4.8	95	0-0	-	-	-	0.9	NE	Nil	0.78	322
Keycorp ltd	201	-33.0	+5.2	95	0-0	3	9.1	-	0.7	NE	Nil	1.56	156
Kingstream St'l	2	-32.9	-1.9	95	1-0	-	0.1	-	2.3	NE	Nil	N/A	11
Amcom Telecom.	14	-32.6	+3.4	95	0-0	-	0.5	-	1.2	NE	Nil	1.60	15
Cape Range Wire	6	-32.6	-1.2	95	0-0	-	5.5	-	1.6	NE	Nil	2.86	22
Stockford Ltd	46	-32.3	+2.7	95	2-0	-	3.5	-	0.9	NE	Nil	1.32	101
Brandrill	69	-31.9	-0.8	94	0-1	4	1.3	5	0.8	28	1.4	0.37	65
Biota Holdings	80	-31.4	+4.3	94	3-0	4	1.5	-	0.8	NE	Nil	4.65	60
FlowCom Limited	7	-31.3	+1.2	94	0-0	-	0.5	-	1.5	NE	Nil	0.41	6
Afminex Limited	3	-31.2	+5.3	94	11-0	-	0.3	-	2.0	NE	Nil	2.14	10
PowerTel Ltd	22	-31.0	+3.7	94	0-0	3	1.2	-	1.0	NE	Nil	3.86	190
Aust Magnesium	64	-30.6	-1.8	93	0-0	-	-	-	0.8	NE	Nil	0.96	71
Voxson Limited	20	-30.4	+3.4	93	0-0	-	1.1	-	1.1	NE	Nil	0.69	10
Cendant Aust.	20	-30.4	+2.4	93	0-0	-	-	-	1.1	NE	Nil	1.56	9
E.R.G.	56	-30.4	+1.1	93	0-1	11	1.4	2	0.8	59	1.8	1.21	457
Astro Mining NL	10	-29.8	+5.8	92	0-0	-	-	-	1.3	NE	Nil	N/A	12
Gutnick Res.	6	-29.7	+4.7	92	0-0	-	-	-	1.6	NE	Nil	N/A	9
Netcomm Limited	10	-29.1	+4.8	92	0-0	-	1.7	-	1.3	NE	Nil	0.32	7
Senetas Corp	11	-28.9	+5.6	92	2-0	-	1.2	-	1.3	NE	Nil	4.05	25
Working Systems	10	-28.9	+1.2	92	0-0	-	3.2	-	1.3	NE	Nil	1.32	7
Majestic Res.	8	-28.8	-1.7	92	1-0	-	-	-	1.4	NE	Nil	N/A	10
City View	18	-28.5	-0.1	91	0-0	-	-	-	1.1	NE	Nil	N/A	9
Sino Securities	39	-28.5	+6.0	91	0-0	-	0.9	-	0.9	NE	Nil	1.19	6
CBD Online	2	-28.1	+2.5	91	0-0	-	1.2	-	2.3	NE	Nil	N/A	6
Q-Vis Limited	124	-27.9	-1.4	91	0-0	-	4.3	-	0.7	NE	Nil	N/A	41
Black Range Min	7	-27.9	+1.7	91	0-0	-	-	-	1.5	NE	Nil	N/A	11
Anaconda Nickel	69	-27.6	+0.1	91	3-0	3	-	-	0.8	NE	Nil	6.05	318
Cosmos Limited	7	-27.4	-7.5	90	0-0	-	-	-	1.5	NE	Nil	1.68	11
Sanford Limited	22	-27.2	+4.0	90	0-0	-	1.7	-	1.0	NE	Nil	0.54	9
Reckon Limited	13	-27.0	+4.5	90	0-0	-	0.1	-	1.2	NE	Nil	0.35	15
Julia Corp Ltd	4	-26.9	-1.6	90	0-0	-	-	-	1.9	NE	Nil	3.54	5
Lake Technology	22	-26.8	+1.0	90	0-0	-	5.4	-	1.1	NE	Nil	1.74	7
POS Media	3	-26.7	+4.8	90	2-0	-	3.2	-	2.0	NE	Nil	1.63	7
Ecorp Limited	42	-26.6	+3.0	89	0-1	-	3.2	-	0.9	NE	Nil	1.37	282
Tuart Resources	2	-26.3	-5.6	89	0-0	-	-	-	2.3	NE	Nil	N/A	7
Startrack Comm.	3	-26.1	-2.0	89	0-0	-	0.7	-	2.0	NE	Nil	3.74	6
INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Harvey Norman	358	-5.4	-1.6	47	0-5	10	6.1	18	0.6	35	1.1	5.29	3,645
PEG Technology	5	-38.0	+0.9	98	0-3	-	1.7	-	1.6	NE	Nil	0.83	6
Magnetic Min.	33	-7.0	+4.5	53	0-2	-	-	-	0.9	NE	Nil	N/A	8
New Tel Ltd	36	-22.5	+7.1	83	0-2	-	-	-	0.9	NE	Nil	1.18	51
Croesus Mining	24	-10.0	+0.2	59	0-2	-	-	-	1.0	NE	Nil	0.96	26
G.R.D. NL	124	-1.4	+5.4	35	0-2	-	2.5	26	0.7	10	4.0	0.79	120
Brandrill	69	-31.9	-0.8	94	0-1	4	1.3	5	0.8	28	1.4	0.37	65
Iasbet Limited	20	-18.1	+2.8	76	0-1	-	0.6	-	1.0	NE	Nil	0.65	8
Rec. Solutions	25	-23.0	+0.0	84	0-1	-	1.4	-	1.0	NE	Nil	0.12	6
Hansen Tech.	122	-14.4	-4.6	68	0-1	-	-	-	0.7	33	2.9	1.75	98
Icon Energy	7	-13.5	-0.9	67	0-1	-	-	-	1.4	NE	Nil	N/A	12
Ecorp Limited	42	-26.6	+3.0	89	0-1	-	3.2	-	0.9	NE	Nil	1.37	282
Ges Internat'l	47	-17.9	-1.2	76	0-1	-	1.0	12	0.8	8	2.5	0.17	277
Global Doctor	2	-24.1	+0.2	86	0-1	-	-	-	2.5	NE	Nil	N/A	5
Simsmetal Ltd	543	-1.6	-1.8	36	0-1	7	2.2	19	0.6	12	5.9	0.36	482
Imdex Limited	20	-1.6	-5.3	36	0-1	-	1.3	12	1.0	11	Nil	0.67	19
Neverfall Spr.	326	-5.1	+1.0	46	0-1	-	-	-	0.6	33	2.5	4.56	301
Mt Grace Res.	13	-16.4	-0.6	73	0-1	-	-	-	1.2	NE	Nil	N/A	8
E.R.G.	56	-30.4	+1.1	93	0-1	11	1.4	2	0.8	59	1.8	1.21	457
Sons of Gwalia	751	-4.6	+0.9	45	0-1	8	-	-	0.6	14	3.3	2.13	914
Investor Group	290	-10.0	+2.8	59	1-2	-	7.8	24	0.6	32	2.8	2.00	131
Grow Force Aust	246	-5.3	+6.2	47	1-2	-	1.5	13	0.6	11	5.7	0.06	21
Energy Develop.	751	-10.2	+4.0	60	2-3	10	2.6	6	0.6	41	0.7	8.00	770
Institute Drug	418	-0.8	+0.7	33	2-3	-	8.7	18	0.6	48	1.0	9.12	178
Gazal Corp	210	-4.0	-0.1	44	2-3	-	2.8	21	0.7	13	6.5	0.67	119

Readers Ask . . .

Question: Powerlan has moved up 40% since your review, with some large buys breaking the downtrend. How close is this to a missed opportunity?

Answer: *Maybe* it is a missed opportunity, but *probably* it is not. In fact, the recent bounce in the share price does not break the long term downtrend that began in March 2000 when the shares peaked at 315 cents.

If you carefully examine Powerlan's share price history you will see that the share price has started to recover on several occasions: (1) Soaring 103% from 95 cents to 193 cents in May to June 2000, (2) recovering 54% from 87 cents to 134 cents in December 2000 to February 2001, (3) gaining 47% from 66 cents to 97 cents in April 2001 and (4) rising 64% from 33 cents to 54 cents from September to November.

To help prevent us from making the mistake of buying into a *recovery* situation *too early* and paying *too much* we use a long term Relative Strength Rating. Our *Comprehensive Share Selection Criteria* requires a positive Relative Strength rating - preventing us from buying a share that is in a long term downtrend and making us wait until the share price has started to recover. Yes, that does guarantees missing the first 20-80% of every recovery but it is impossible to accurately pick the bottom of a *(Continued on Page 11)*

“Neglect” Ratings of Australian Shares

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

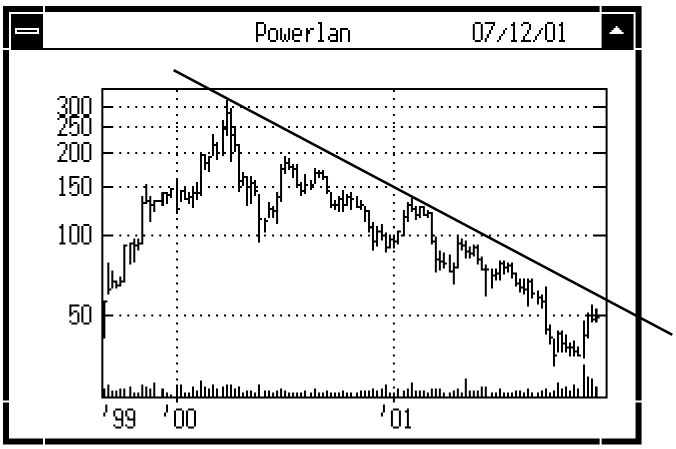
Company	No. of Brokers Following Company	Market Capital-isation (A$ Mill.)
A.P. Eagers	1	62
AMP Ind Prop Tr	6	376
AMP Ltd	11	20,809
AMP Office Trt	7	912
ANZ Bank	14	25,270
APN News Media	7	934
ARB Corporation	2	136
Adelaide Bright	4	365
Adelaide Bank	9	589
Adsteam Marine	7	449
Adtrans Group	1	42
Alesco Corp Ltd	3	100
Amalgamated Hld	1	283
Amcor Ltd	10	4,431
Amrad Corp.	1	116
Anaconda Nickel	3	318
Aristocrat	10	2,862
Asia Pac Spec	1	40
Aurora Gold	1	25
Ausdoc Group	5	163
Auspine Ltd	2	122
Aust Gth Prop.	1	166
Aust Oil & Gas	1	69
Aust Infra.	4	228
Aust Stock Exch	6	1,183
Aust Pharm. Ind	4	626
Australand Hold	4	873
Austrim Nylex	2	88
Avatar Indust.	1	93
BHP Billiton	14	38,426
BRL Hardy Ltd	10	1,655
BT Office	7	0
Bank of W.Aust	8	2,175
Bendigo Bank	5	795
Biota Holdings	4	60
Brambles Ind.	5	9,369
Brandrill	4	65
Brazin Limited	4	186
Breakwater Is.	1	41
Brickworks Ltd	3	804
Bristile Ltd	4	390
Burns Philp	3	407
Burswood Ltd	7	294
C.S.R. Ltd	8	6,324
CI Technologies	5	108
CPI Group	4	33
CSL Limited	12	7,862
Caltex Austrlia	4	337
Campbell Bros	1	190
Candle Aust.	5	31
Capral Alum.	2	163
Centro Prop.	5	1,121
Challenger Int.	4	907
Clough Limited	1	344
Coal & Allied	2	2,078
Coates Hire	6	139
Coca Cola Amatil	11	3,656
Cochlear Ltd	10	2,437
Coles Myer	13	7,576
Com'wealth Bank	14	35,209
Computer Share	9	3,015
Cons Rutile	1	151
Corp Express	8	927
Crane Group	5	397
Cranswick Wines	5	57
DCA Group Ltd	3	174
Data 3 Ltd	1	7
David Jones	10	469
Delta Gold NL	9	611
E.R.G.	11	457
ETRADE Aust.	2	36
Emperor Mines	1	29
Energy Develop.	10	770
Energy Resource	1	281
Envestra	7	555
Fairfax (John)	9	2,836
Fleetwood Corp	1	55
Flight Centre	3	1,902
Foodland Assoc	8	1,161
Forrester Kurts	2	112
Freedom Group	8	173
Futuris Corp.	9	1,102
G.U.D. Holdings	2	119
GWA Internat'l	5	664
Gandel Retail T	8	1,514
General Prop Tr	8	5,143
Goldfields	6	463
Goodman Fielder	10	1,705
Graincorp	2	441
Grand Hotel	4	147
Gunns Ltd	4	354
Gympie Gold	1	111
Harvey Norman	10	3,645
Healthscope	2	163
Hill 50 Gold	3	152
Hills Motorway	9	897
Hills Indust.	3	351
Homemaker Prop.	3	206
Iluka Resources	9	848
Ipoh Limited	1	241
James Hardie	6	2,344
Jupiters	10	1,122
Just Jeans Grp	1	108
K&S Corporation	2	90
Keycorp ltd	3	156
Lang Corporatio	6	1,788
Leighton Hold	8	2,885
Lend Lease Corp	11	4,983
Leyshon Res.	4	10
Lihir Gold	10	1,302
M.I.M. Holdings	14	2,051
Macquarie Off.	5	857
Macquarie Bank	6	7,066
Macquarie C'Wde	6	567
Macquarie Infra	4	4,509
Mayne Nickless	11	3,058
McGuigan Wines	5	192
Micromedical	1	90
Millers Retail	7	361
Namoi Cotton	1	25
Nat'l Aust Bank	14	47,854
Nat'l Foods	6	772
Nautronix Ltd	3	44
Newcrest Mining	11	974
News Corporatio	10	34,201
Normandy Mining	12	3,768
Normandy NFM	6	838
Novogen Ltd	3	174
Novus Petroleum	6	306
OPSM Group Ltd	6	534
Oil Search Ltd	8	710
Orbital Engine	1	220
Orica Ltd	7	1,764
Orogen Minerals	4	369
PMP Limited	7	198
Pacific Hydro	4	524
Pacifica Group	8	490
Pacific Dunlop	7	949
Perp Trust Aust	8	1,580
Peter Lehman W.	5	123
Petroz NL	1	157
Polartechnics	2	152
Portman Limited	3	228
PowerTel Ltd	3	190
Pracom Ltd	4	21
Prime TV	4	207
Prime Retail	2	104
Progen Indust.	1	31
Prophecy Int'l	1	13
Publishing & Br	10	6,646
Q.B.E. Insur.	10	4,108
Qantas Airways	13	5,221
Queens'd Cotton	4	87
Ramsay Health	11	587
Ranger Minerals	4	78
Rebel Sport	1	93
Ridley Corp.	3	257
Rio Tinto Ltd	14	18,312
Rock Build Soc.	1	42
Rural Press Ltd	8	538
Santos Ltd	11	3,863
Scientific Serv	1	50
Sea World PT	1	175
Seven Network	9	1,810
Simeon Wines	8	174
Simsmetal Ltd	7	482
Singleton Group	5	529
Skilled Eng.	6	64
Smorgon Steel	4	801
Solution 6	5	139
Sonic Health	8	1,820
Sons of Gwalia	8	914
Soul Pattinson	2	1,039
Southcorp Ltd	12	5,461
Spotless Group	6	1,023
St George Bank	12	8,259
Sthn Cross Brd.	7	583
Stockland Trust	7	3,334
Straits Res.	1	26
Strathfield Grp	1	48
Sydney Aquarium	1	74
TAB Ltd	11	1,350
Tabcorp Holding	11	3,638
Tap Oil	4	185
Telemedia Serv.	6	0
Telstra	15	35,570
Tempo Services	6	252
Ten Network	10	796
Thakral Holding	4	302
Ticor Ltd	6	285
Toll Holdings	7	1,829
Tourism Assets	1	174
United Energy	8	1,053
Village Road.	5	446
Villa World	1	64
W.M.C. Limited	13	10,406
Watpac Ltd	1	25
Wattyl Ltd	4	171
Wesfarmers Ltd	9	10,964
West Aust News	9	1,042
West'n Metals	5	23
Westfield Trust	8	6,221
Westfield Hold.	9	9,408
Westfield Amer.	5	2,867
Westpac Banking	14	26,425
Wide Bay Cap'n	1	101
Woodside Petrol	12	8,671
Woolworths Ltd	11	11,580

Readers Ask (Powerlan) *(Continued from Page 10)*
decline (or ever to get anywhere close) and attempts to do so usually involve holding a share for a couple of years while the price slips 50-75% to its ultimate low!

Our criteria gives away that first, impossible to capture, 20-80% recovery from that ultimate low in return for *better prospects that a share will continue to recover and appreciate in value after we buy it.* It won't work every time but it does *improve our chances* of buying winners and avoiding losers, thereby lifting the overall rate of return from our portfolio.

Even if Powerlan's share price moved straight up from here the Relative Strength criteria has successfully kept us out of Powerlan during the first three false recoveries at prices *far in excess of the current share price.* In fact, Powerlan's Relative Strength rating is still unfavourable at -25.4% (ranking the shares 87), so technically the shares are still unattractive.

While we don't attach much importance to “trendlines” drawn on charts, it is easy to place a line showing the downtrend in Powerlan's share price remains unbroken by the recent rally.



"Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Held Before	After
16/11/2001					
Affco Holdings	UBS Nominess	Sell	-12.952	6.45%	0.01%
ElderCare NZ	AXA Asia Pacific	Buy	+14.793	0.0%	8.26%
Hellaby Holdings	Castle Investments	Sell	-1.000	32.05%	30.96%
Newmarket Property	St Laurence Property	Buy	+3.433	0.0%	5.07%
Otter Gold Mines	Normandy NFM	Buy	+7.798	0.0%	9.35%
Pyne Gould	PGG Reid Farmers	Sell	-13.000	68.49%	55.49%
Sky City Entertainment	CBA	Sell	-18.355	18.92%	17.91%
23/11/2001					
Baycorp Holdings	CBA	Sell	-9.884	12.79%	11.74%
Dorchester Pacific	PR & PA Briggs	Sell	-0.192	8.03%	7.03%
30/11/2001					
Certified Organics	Ambergate	Sell	-163.154	19.02%	11.60%
F & P Appliances	CBA	Sell	-0.960	7.30%	5.82%
Infratil Ltd	Hettinger Nominees	Buy	+2.073	6.23%	7.34%
Lyttelton Prt Company	AMP Henderson	Sell	-0.960	13.65%	12.53%
Rubicon Ltd	Tower Asset Mgmt	Buy	+14.311	0.0%	5.13%
Waste Management NZ	NZ Guardian Trust	Sell	-0.225	5.21%	4.98%
07/12/2001					
Advantage Group	Soros Fund	Sell	-4.064	7.18%	0.0%
F&P Appliances	AMP Henderson	Buy	+0.719	6.54%	7.65%
Genesis Research	AMP Henderson	Sell	-0.491	6.38%	4.47%
Utilico International	AMP Henderson	Sell	-1.860	5.04%	1.89%
Wakefield Hospital	AMP Henderson	Buy	+0.154	5.06%	6.75%

Total Return Index for All Listed Shares

Oct 12	2038.04	Oct 19	2053.32
Oct 13	2048.06	Oct 20	2064.49
Oct 14	2053.59	Oct 21	2054.42
Oct 15	2053.00	Oct 22	2049.94
Oct 16	2058.32	Oct 23	2055.39
Oct 26	2058.81	Nov 3	2065.72
Oct 27	2075.78	Nov 4	2058.63
Oct 28	2077.20	Nov 5	2065.69
Oct 29	2069.81	Nov 6	2071.41
Oct 30	2071.72	Nov 7	2065.00

D i v i d e n d $

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Baycorp Holdings	20.00	03-12	04-12	Full
Capital Properties	2.175	03-12	12-12	0.20
Cavalier Corporation	7.00	03-12	07-12	Full
CFS Property	2.15	10-12	21-12	0.4887
Dorchester Pacific	3.00	03-12	14-12	Full
Hallenstein Glasson	9.50	10-12	17-12	Full
Infratil	2.75	03-12	07-12	Full
Infratil (special)	1.25	03-12	07-12	Full
Kirkcaldie & Stains	20.50	03-12	10-12	Full
Kiwi Income Properties	5.46	03-12	14-12	Nil
Mainfreight	3.00	10-12	14-12	Full
Mr Chips Holdings	2.00	14-12	21-12	Full
National Property Trust	2.00	26-11	07-12	0.25
Owens Group	2.00	28-01	30-01	Nil
Ryman Healthcare	2.00	17-12	21-12	Nil
Telecom New Zealand	5.00	03-12	14-12	Full
Trustpower	6.00	10-12	19-12	Full
Power Co	5.90	03-12	14-12	Full
Wakefield Hospital	2.00	03-12	14-12	Full
Australian Shares				
Campbell Brothers	13.00	19-11	14-12	
Central Equity	3.00	03-12	14-12	
C.S.R.	11.00	26-11	17-12	
Lion Nathan	8.00	26-11	13-12	
OAMPS	6.00	25-10	16-11	

"Neglect" Ratings of NZ Shares

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

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
AMP Limited	4	24,869
AMP NZ Office	5	440
AXA Asia Pac.	4	5,939
Advantage Group	2	37
Air New Zealand	6	250
Akd Int Airport	7	1,654
Baycorp Hold	6	977
Bendon Limited	1	54
Brierley Invest	2	410
Cap Properties	3	111
Carter Holt	7	3,061
Cavalier Corp	2	196
Col FS Property	1	158
Contact Energy	6	2,428
DB Group	4	285
F & P Appliance	7	627
F & P Health.	7	0
FC - Forests	7	667
Fletcher Build.	6	972
Force Corp.	2	14
Frucor Bev.	5	297
Guiness Peat	1	903
Hallenstein G.	5	173
Hellaby Hold.	1	111
Horizon Energy	1	65
Ind Newspapers	6	1,559
Infratil NZ	1	321
Kiwi Property	5	296
Lion Nathan Ltd	5	3,045
Lyttelton Port	4	173
Mainfreight Grp	5	108
Michael Hill	4	193
NZ Refining Co	1	406
Natural Gas	6	585
Northland Port	2	93
Nuplex Indust	5	171
Owens Group Ltd	3	73
Pacific Retail	3	101
Port Tauranga	6	565
Ports Auckland	6	729
Powerco Limited	1	0
Property F Ind.	6	154
Restaurant Brds	5	173
Ryman Health.	1	175
Sanford Limited	4	598
Sky City Ltd	6	1,303
Sky Network TV	6	1,479
South Port NZ	2	37
Steel & Tube	5	230
Taylors Grp Ltd	1	36
Telecom Corp	7	9,451
Tourism Hold.	4	108
Tower Limited	5	901
Trans-Tasman	3	117
Tranz Rail Hold	6	503
Trust Power Ltd	4	623
United Networks	5	1,238
Warehouse Group	6	2,009
Waste Mgmt NZ	5	270
Wrightsons Ltd	2	154

Current Issues

CAPITAL RECONSTRUCTIONS

	Ex-Date
NZ Oil & Gas (1)	-

(1) Distribution of 1 Pan Pacific share for every NZOG share held.

CASH ISSUES

	Ratio	Price	Ex-Date	Appln Date
Affco Holdings	1:5	25	19-11	14-12
Force Corporation (1)	1:5	100	17-12	18-12
Mooring Systems	3:2	50	19-11	14-12

(1) Convertible notes.

Next Issue

The next issue of *Market Analysis* will be posted in five weeks time on Tuesday January 15, 2002 (and delivered in most areas on Wednesday 16).

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

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