

Market Analysis

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Summary and Recommended Investment Strategy.

The outlook for both the Australian and New Zealand stockmarkets is favourable. Rapid Money Supply growth should continue to inflate share prices. Remain fully invested in the recommended shares.

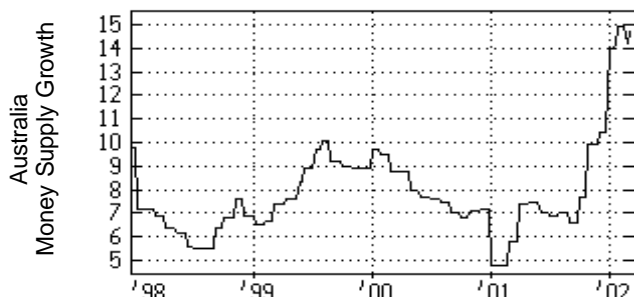
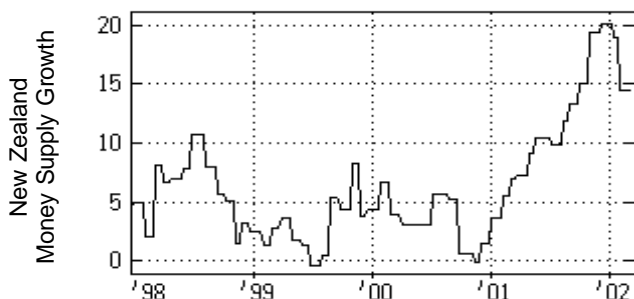
Investment Outlook.

Our One-Year Forecasting model is predicting a **65%** probability that both the Australian and New Zealand stockmarkets will rise over the next twelve months.

Fundamentally, both stockmarkets are a little over-valued (although we have no trouble finding plenty of individual shares which are under-valued). Economic indicators are Bearish (i.e. unfavourable) in Australia, where the economy has *already* recovered from its post-GST slowdown, and Neutral in NZ.

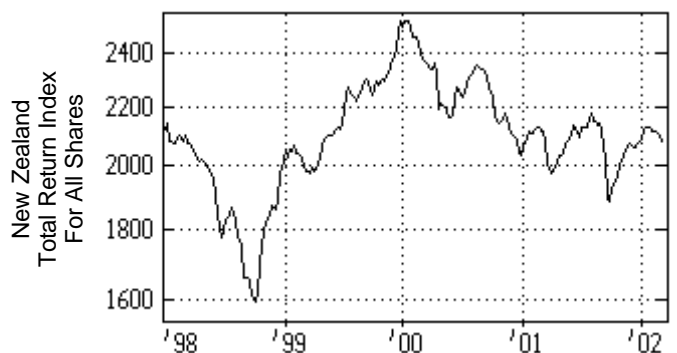
Technical indicators are Bullish (i.e. favourable), but the most Bullish indicators are Monetary: Interest rates are low (but likely to rise slowly in the future) while Money Supply is expanding *extremely rapidly*.

With slow growth in the *real* economy (i.e. low levels of new investment in plant, machinery, factories, etc.) that increase in Money Supply is likely to find its way into *financial* markets - where it will inflate share prices. This is the situation that caused the 1985-87 stockmarket boom and the 1999-2000 technology boom. However, we are still only in the early stages - with no signs of the speculative excesses of past booms.



Stockmarket Forecasts

	One-Month	One-Year
Australia:	81% (Bullish)	65% (Bullish)
New Zealand:	57% (Neutral)	65% (Bullish)



Recommended Investments

Cavalier Corporation has reported a 13.9% lower trading profit of \$5,753,000 for the six months to December 2001 - but earnings per share fell just 1.6% to 18.3 cents owing to the 1 for 8 share re-purchase last May. Total revenue figures are misleading owing to changes in the Wool division. Carpet revenues rose 2.1% to \$53.0 million. The second interim dividend will be 15.0% higher at 11.5 cents (plus full imputation tax credits), making a 15.6% higher payout of 18.5 cents so far this year. A (third) final dividend is payable in October each year.

This first half result exceeds the company's earlier expectation (i.e. that profits would be down 25%) and the directors now expect an annual profit of about \$13 million - up slightly on the 2001 profit of \$12,294,000.

Lytelton Port lifted revenues 5.5% to \$30.7 million

for the six months to December 2001, with profits up 19.4% to \$7,828,000 (7.7 cents per share). An interim dividend of 3.75 cents (plus imputation tax credits) - up 7.1% - will be paid.

Michael Hill International has continued its steady and reliable rate of growth. Revenues for the six months to December 2001 were 10.4% higher at \$115.7 million, profits were 12.5% higher at \$8,712,000 (22.6 cents per share) and the interim dividend will rise 7.7% to 7.0 cents (plus full tax credits).

The NZ operations performed much better than Australia during the period. NZ revenues rose 13.9% to \$42.6 million, with earnings (before interest and tax) up 22.5% to \$6.5 million. That is a 15.4% margin on sales. Two new stores were opened, bringing the total to 43 stores in NZ. *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	C	185.8	2.0	1.54	10	10.9	22	6.1	+12%
HOLD+	Cavalier Corporation	CAV	05/12/95	312	A	31.5	0.7	1.04	16	7.7	622	169.0	+154%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.6	0.23	15	7.6	275	210.8	+224%
HOLD+	Lytelton Port Company	LPC	12/12/00	150	B	101.8	0.8	3.15	13	8.5	180	10.3	+27%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	A	38.6	0.6	1.00	19	4.6	490	83.0	+1146%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	350	B	58.6	0.8	0.50	14	6.5	347	51.0	+14%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	37.1	2.0	0.07	NE	Nil	35	7.4	-50%
HOLD	Richina Pacific	RCH	03/11/95	119*	D	72.2	1.7	0.06	9	Nil	56	11.9	-43%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.9	3.35	20	5.5	164	59.0	+86%
BUY	Steel & Tube Holdings	STU	08/08/00	146	A	87.8	0.9	0.59	16	9.0	264	42.0	+110%
BUY	Taylor's Group Ltd	TAY	09/11/99	102	A	24.3	0.9	0.98	15	5.8	180	13.0	+89%
BUY	Wrightson Limited	WRI	13/01/98	83	B	134.1	1.4	0.23	15	9.9	121	18.3	+68%
Australian Shares (in Aust cents)													
HOLD+	Abigroup Limited	ABG	09/03/99	265	A	47.7	0.8	0.15	6	5.2	230	41.0	+2%
HOLD+	Atlas Pacific Ltd	ATP	14/05/96	73	B	78.7	1.4	3.44	10	Nil	46	2.0	-35%
HOLD	Auspine Limited	ANE	08/02/00	210	C	57.0	0.8	0.55	9	6.0	200	34.0	+11%
HOLD+	Austral Coal Ltd	AUO	16/01/01	19	B	82.7	1.1	0.69	13	Nil	67	Nil	+253%
HOLD	Biron Capital Ltd	BIC	12/04/94	178	C	22.1	1.5	2.04	40	Nil	42	11.0	-70%
BUY	Brazin Limited	BRZ	11/12/01	160	A	116.4	0.9	0.69	24	5.3	238	Nil	+49%
BUY	Campbell Brothers Ltd	CPB	12/10/99	418*	A	38.8	0.5	0.60	13	4.9	613	55.5	+60%
BUY	Cellnet Telecommunicat	CLT	12/02/02	152	B	49.0	0.9	0.33	11	5.4	167	Nil	+10%
HOLD	Central Equity Ltd	CEQ	09/02/94	154	B	82.1	0.9	0.80	8	7.3	206	97.0	+97%
HOLD+	Commander Comm.	CDR	11/09/01	92	C	143.8	1.3	0.46	8	4.0	62	2.5	-30%
HOLD+	C.S.R. Limited	CSR	11/07/00	436	B	936.2	0.7	1.00	14	3.4	680	23.0	+61%
BUY	Julia Ross Recruitment	JRR	14/08/01	92	A	57.2	1.0	0.45	12	4.8	125	6.0	+42%
BUY	McPherson's Ltd	MCP	10/10/00	125	A	39.2	0.7	0.24	6	7.4	163	12.0	+40%
HOLD	Nufarm Limited	NUF	11/02/97	418*	A	155.1	0.8	0.46	12	4.4	409	81.3	+17%
HOLD+	OAMPS Limited	OMP	15/05/01	198	A	39.3	0.7	0.45	16	4.7	365	14.0	+91%
BUY	Skilled Engineering	SKE	12/03/02	126	C	84.2	0.9	0.19	NE	Nil	126	Nil	
HOLD-	Thakral Holdings	THG	10/11/98	65	B	600.4	1.3	1.16	10	11.0	57	20.8	+20%
HOLD-	Toll Holdings ¹	TOL	08/09/98	240	A	68.4	0.5	1.37	46	0.9	3675	94.0	+1470%
HOLD	Utility Services Corp	USC	11/01/00	55*	C	95.7	1.5	1.07	0	6.9	58	9.0	+22%
HOLD	Vision Systems Ltd	VSL	10/11/98	69*	C	157.6	0.9	1.84	18	1.8	190	18.0	+201%
HOLD+	Volante Group Ltd	VGL	13/03/01	132	C	68.0	1.1	0.22	11	6.8	118	8.5	-4%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +125.4%. This is equal to an average annual rate of +36.4%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 33 current and 115 closed out) is +31.5%, compared with a market gain of +10.2% (by the SRC Total Return Index).

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

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

(1)) Toll Holdings notes (TOLG) last traded at 3660 cents.

Recommended Investments (Continued from Page 3)

Australian revenues rose 8.5% to NZ\$73.1 million, earnings were down 10.2% to \$7.1 million, with a profit margin of just 9.7%. Profit margins were lower owing to "aggressive marketing and pricing in a tight economy". With four new stores opened, the company has 78 stores in Australia at present, with another two new stores planned to open before the end of June.

Michael Hill International is also investigating expanding into Canada. That is a much larger market than NZ or Australia, so could offer significant potential for future expansion and growth. The company is in a healthy financial position with interest bearing debt of only \$27.6 million and Shareholders' Equity of \$53.1 million. In addition, selling (and leasing back) half of its Australian Head Office will realise about \$4.6 million, with the second half of the property to be sold in three years. Additional borrowings and cash from asset sales could therefore finance a significant expansion into a new market.

Nuplex Industries has reported a 3.3% lift in revenues but an 11.5% rise in profits for the six months to the end of December 2001. Revenues were \$214.7 million and profits \$9,672,000 (16.4 cents per share). A steady 8.0 cents interim dividend (plus full tax credits) will be paid.

In NZ, revenues were down 1.1% to \$61.9 million and earnings (before interest and tax) slipped 1.4% to \$9.3 million. Australian operations lifted revenues 4.2% to \$151.3 million although earnings were off 2.2% at \$15.5 million. The strongest performance came from the small Vietnam operation where revenues grew 34.8% to \$6.8 million and earnings were 183.4% higher at \$2.0 million.

Nuplex Industries has already increased capacity in Vietnam "to meet demand from a growing domestic economy" and is investing in new plant and equipment which will be commissioned in 2003. The company is also interested in entering the Chinese market, but will first open a representative office in Guangzhou "before contemplating any significant investment".

Renaissance Corporation lifted revenues by 22.2% to \$192.0 million for the full year to December 31, but traded at a loss of \$2,837,000 (minus 7.6 cents per share), compared with a profit of \$1,364,000 in 2000. In addition there were extraordinary items totalling a loss of \$646,000. No dividend will be paid.

As previously announced, Renaissance Corporation will discontinue distributing low margin products which will reduce revenues to about \$100 million in future years. Despite the loss, the company generated positive operating cash flows (i.e. from reducing stock levels) of \$6.2 million, which has allowed interest bearing debt to be reduced from \$12.4 million to \$5.9 million. Shareholders' Equity is \$11.7 million, so the company remains in a sound financial position. Its challenge is to find niche markets in which it can operate profitably. "Hold".

Steel & Tube Holdings continues to move from strength to strength - so the shares remain a strong "Buy". US tariffs on steel will have no impact upon this company. It is **BHP NZ Steel** - an unrelated company - that produces steel for export.

For the six months to December, Steel and Tube

Holdings total revenues fell 8.8% to \$177.9 million owing to the sale of its Canadian subsidiary, **AJ Forsyth & Co**, in October. Revenues from the NZ operations rose 9.7% to \$148.7 million. Trading profits - all from NZ operations - rose 29.5% to \$8,727,000 (9.9 cents per share). In addition there was a \$279,000 gain (after tax) on the sale of the Canadian business. The interim dividend will rise 28.6% to 9.0 cents per share (plus full imputation tax credits).

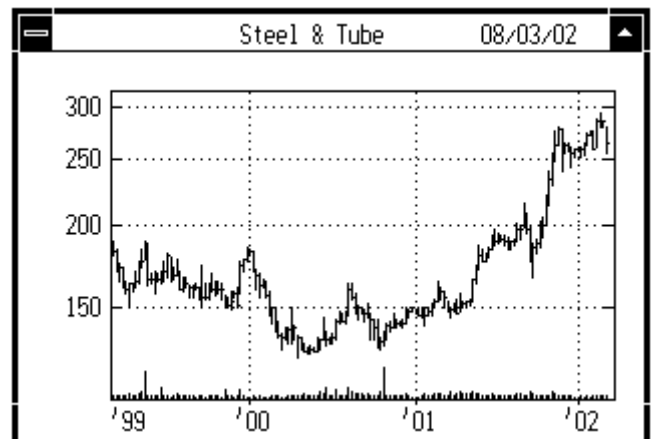
The sale of the Canadian business for NZ\$38.3 million and the removal of that company's assets and liabilities from Steel & Tube's balance sheet has had a major impact. Interest bearing debts have declined from a total of \$33.1 million (i.e. \$24.6 million plus an \$8.5 million overdraft) to just \$5.0 million in debt which is exceeded by \$6.9 million in cash! Shareholders' Equity is \$121.9 million, so Steel & Tube could easily borrow up to \$60 million to fund an acquisition or borrow around \$40 million (45 cents per share) to make a capital repayment to shareholders.

Steel & Tube is a good cash generating business, so now that the company is virtually debt free this cash flow will need to be used to either (1) make a major acquisition (which will increase future revenues, profits and cash flows) or (2) be returned to shareholders in high regular dividends, special dividends and/or a share buy-back/capital repayment.

Steel & Tube has experienced "strong demand for steel and allied products from all regions with the exception of Auckland" where "some improvement" is "anticipated late in the year".

Steel & Tube is a cyclical business and its share price is cyclical. We are currently in the recovery and growth phase which will continue further as the economy recovers and cash flows are used to make acquisitions to generate new growth. Buying from investors seeking a high income yield will push the share price higher over the next 6-12 months. Eventually institutional investors will discover this "growth" company and their buying will push the share price to \$6 to \$8 - just as we approach the next cyclical peak.

For now the shares remain a "Buy" for investors who do not already have a shareholding, while investors who followed our recommendation to buy at 146 cents nineteen months ago should hold for further capital appreciation while collecting a very high cash income return on that initial investment!



Taylor's Group has continued to make excellent progress with a 24.9% lift in revenues to \$26.8 million for the six months to December and a 27.9% increase in

profits to \$1,771,000 (7.3 cents per share). The interim dividend is being raised 33.3% to 4.0 cents (plus full tax credits).

The business remains "price sensitive" and competitive, with the "trend of increasing volumes and lower margins" continuing . . . but that simply means that the most efficient, lowest cost company will have a competitive advantage and be able to expand both revenues and profits - as Taylors Group has been able to do over recent years. The directors report that "maintaining strong profit growth remains an important target" and anticipate the full year result being ahead of last year.

With strong gains in the Taylors Group share price over the last five months (and steady dividend returns), this investment is now showing an excellent long term rate of return (i.e. in excess of 30% per annum) but still offers good value.

Wrightson's revenues slipped 5.5% to \$332.1 million for the six months to December. Trading profits - compared to last year's poor first half - soared 556.0% to \$6,311,000 (4.7 cents per share). The interim dividend will be 250.0% higher at 3.5 cents (plus full tax credits).

The NZ rural sector is likely to remain buoyant, which offers an attractive environment for Wrightson which is seeking to expand its higher margin businesses and move away from exposure to commodity cycles and exchange rate fluctuations.

Australian Shares

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

Abigroup has reported a 31.9% drop in revenues to \$289.9 million for the six months to the end of December. Profits fell 45.9% to \$3,307,000 (6.9 cents per share) and the interim dividend will be 42.9% lower at just 4.0 cents.

The company predicts an improvement in the second half year when revenues should be \$310-330 million with slightly improved margins. That, however, will still leave annual revenues 17-20% lower than last year.

Abigroup has won three new contracts over the last month:

1. A \$31 million, 6.1 km, "bus only" lane as part of the Liverpool to Parramatta Rapid Bus Transit way. Construction commenced in February and should be completed by December 2002.
2. A \$30 million design and build contract for a 23 level student accommodation building with 268 apartments and ground floor retail. The completion date is July 2003.
3. Abigroup Asset Services NZ has won a NZ\$21 million, three-year contract from **Metrowater** (in Auckland) to provide reactive and programmed maintenance services to its network and pump stations.

The company has also been short listed for the NZ\$12 million, three-year maintenance contract for the **Manukau Water Authority** and has tendered for the \$10 million maintenance contract for **City West Water Authority** in Victoria.

Abigroup continues to focus on building long term infrastructure maintenance business to offset the cyclical swings in its construction business. The company has also formed a new business unit,

Abigroup Asset Development, which will be responsible for sponsoring and investing in infrastructure development projects.

An Abigroup and **Leighton Contractors** joint venture is tendering for the *Western Sydney Orbital* project - the largest BOOT (i.e. build, own, operate, transfer) scheme to be awarded in Australia involving 40 km of dual carriage motorway connecting the M5 motorway and the M2 motorway. A decision on this tender is expected within six months.

Abigroup operates in a cyclical industry, but is a profitable, soundly financed business that will survive through the current downturn. The company also has a very valuable investment in its 15.0 million **Hills Motorway** shares (market value \$78.8 million, or \$1.65 per Abigroup share). "Hold+".

Atlas Pacific has made an excellent start to the 2002 financial year. \$6.5 million has been received from the sale of 29,357 pearls at auction on February 20-22. Three further harvests will be made this year. The company also reports having already nucleated over 50,000 oysters.

Auspine has managed to lift revenues only 3.8% to \$112.5 million for the half year to December 2001. Net profit fell 30.8% to \$6,728,000 (11.8 cents per share). The interim dividend will be raised 16.7% to 7.0 cents.

Last year's interim result was boosted by a \$15.2 million increase in the value of standing timber, which contributed only \$760,000 to the 2001 result. The current result, however, was boosted by \$4.2 million (after tax) from the settlement of legal action against **Email** over the purchase of a business in 1995 and against another party over the supply of faulty glue in 1997.

Auspine is clearly not achieving an acceptable return on its business at the present time, but the company has modernised its operations, reduced costs and improved productivity - so has the potential to perform better. The shares trade on a moderate valuation and provide a reasonable dividend income. "Hold".

Austral Coal's revenues were steady at \$80.0 million for the year to December 2001. Trading profits were 1.8% higher at \$4,169,000 (5.0 cents per share). No dividend will be paid as the company re-invests in expanding its operations.

Cash flow from operations rose 8.1% to \$15.7 million and was used to fund mine development costs of \$18.3 million.

Austral Coal has placed 50.0 million shares at 45 cents to raise \$22.5 million. This increases the issued capital by 60% - so dilutes future earnings per share - but will help fund the mine expansion that will double coal production from 2004.

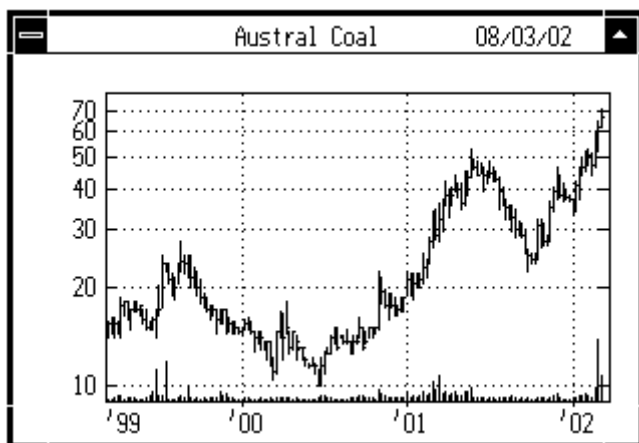
Austral Coal is predicting a 25-30% increase in coal production for the new financial year (i.e. to December 2002). Revenues are forecast to rise 32% while net profit will more than *triple* to \$13.0 million. Earnings per share - diluted for the share placements - will almost *double* to about 9½ cents.

In addition, Austral Coal will offer all existing shareholders \$2997 worth of shares (i.e. 6660 shares at 45 cents). As the Austral Coal share price has risen to 67 cents, this placement will have a market value of \$4462 - or an immediate

(Continued on Page 6)

Recommended Investments (Continued from Page 5) gain of \$1465. Investors without a shareholding in Austral Coal could therefore buy a small parcel of shares on-market before 14 March to participate in this placement. Please note, however, that the directors may lower the number of shares being offered to existing shareholders.

On the other hand, investors with a large shareholding in Austral Coal need to consider how this situation may affect the share price. On-market buying of Austral Coal shares from investors seeking to participate in this placement is likely to be *inflating* the share price at present - while selling of the placement shares in late April or May *could* tend to depress the price later. Investors with a large shareholding in Austral Coal may therefore be able to profit by selling most of their shares on-market before 14 March (retaining a few shares to participate in the placement) and be able to re-purchase those shares in a couple of months at a lower price.



Brazin has lifted revenues 32.2% to \$296.9 million for the six months to December. Three-quarters of this revenue growth came from two month's trading from the recently acquired UK music businesses. Trading profits rose 25.3% to \$21,611,000 (18.6 cents per share) and a steady 8.5 cents dividend will be paid at the end of March. In addition there were extraordinary gains of \$9,002,000.

A previously undisclosed cost of the "free" UK acquisition was that Brazin would pay **Virgin** 30% of pre-tax profits from that business for the first five years. That *earn-out* commission has been cancelled and replaced by the issue of a further 2.25 million share options exercisable at \$1.27 per share.

For the six months to December 2001, **Central Equity** experienced a 25.9% drop in revenues to \$86.1 million and a 31.0% decline in profits to \$9,059,000 (11.0 cents per share). A second quarter dividend of 3.0 cents makes a 25.0% lower 6.0 cents payout for the half year.

The drop in revenues is simply a result of the timing of completion (and settlement) of its major high rise residential developments. With around \$450 million in pre-sales, Central Equity will complete a higher volume of developments in the second half of the current year - with the resulting increase in reported revenues and profits. Profits were also depressed in the current period as GST and higher building costs lowered profit margins when current developments were originally pre-sold.

Central Equity is seeking to raise \$7.1 million in new equity through a 1 for 20 non-renounceable cash issue at \$1.75 per share. The new money will be used to help fund "an increased number of larger projects" where there is "an increased time scale between the acquisition of sites and the completion of developments" and the receipt of sales revenue. Investors will also receive one option (to buy an additional share at \$2.20 until 30 April 2005) with every new share. Existing shares have traded ex-entitlement to this issue since February 20 and payment must be received by March 20. Central Equity is a sound *income* investment and these new shares are being issued at a small discount to market, so investors should take up their entitlements.

Commander Communications has reported revenues of \$94.5 million for the six months to December 2001 and a trading profit of \$2,688,000 (1.9 cents per share). No interim dividend will be paid.

Adjusted for only four months in the 2000 period, revenues fell about 4% with profits down 40%. However, the current period includes one-off redundancy costs of \$2.3 million (pre-tax) from the company's \$10 million per annum cost savings program and another \$2.5 million (pre-tax) "brand enhancement" costs. *Without* those costs, the tax paid profit for the period would have been around \$5.8 million (up 22%, annualised, on the previous period).

Nevertheless, Commander Communications has experienced a difficult period with lower demand. This is expected to improve in the second half of the current year, helped by "an expanded product line" and acquisitions. Earnings (before interest and tax, but after the one-off costs) was \$4.5 million for the last six months but is forecast to reach \$10.5 million in the second half.

The company also remains in a strong financial position with cash of \$3.9 million (after the acquisition of **Unitel** for about \$3.9 million in cash, so far) and has interest bearing debt of only \$0.3 million. Commander Communications has since announced the acquisition of **ICA - Evolution IT** for \$2.4 million in cash which will be funded from cash flows. ICA - Evolution IT, a Melbourne data services business with 29 employees and 3000 customers, is a profitable business which generated revenues of \$8.9 million last year and is forecast to generate revenues of \$12 million over the next year.

Commander Communications sells most of its telephone systems under long term rental leases, which it funds by on-selling the lease receivables to **Citibank** under a \$50 million financing facility. This facility has recently been raised to \$100 million - which offers plenty of potential for the company to expand its existing business. Commander Communications also has a \$45 million unutilised loan facility, which can be used to fund internal expansion or acquisitions.

Julia Ross Recruitment recorded steady revenues (i.e. up 0.3%) to \$79.5 million for the six months to December 2001, but profits rose 18.7% to 3,166,000 (5.5 cents per share). A steady 3.0 cents interim dividend will be paid.

The company describes this as a "strong result in a very difficult market" but several other recruitment/labour hire companies have also performed well (e.g.

Integrated Workforce, Skilled Engineering). The recent acquisition of *Office Angels* (i.e. MHP Recruitment, bought in June 2001) and *FirstWater Executive* (formerly PWC Executive Recruitment, acquired October 2001) are reported to have made a positive contribution to profits. Julia Ross Recruitment has focused upon controlling costs, but has "increased investment in technology that is expected to increase market share".

McPhersons experienced a 4.1% drop in revenues for the six months to December, but pre-tax profits rose 1.6% to \$7.3 million. Unfortunately, the company exhausted past tax losses a year ago, so is now paying full tax rates. Net profits were therefore 21.1% lower at 5,302,000 (13.5 cents per share). A steady 6.0 cents dividend will be paid.

Paying income tax has allowed the company to include full franking credits on this dividend - and while this is of no value to NZ investors it makes McPhersons shares more attractive to Australian investors. That probably explains the recent rise in the share price. Another explanation is that McPhersons shares were simply far too *under-valued*. The company expects full year tax-paid profits to exceed \$8.1 million (21 cents per share) so at 163 cents McPhersons shares still trade at a Price/Earnings ratio of less than 8 and offer a Dividend Yield of 7.4% (taxable to NZ investors, tax-paid to Australian investors). So the shares still look cheap!

The Printing division experienced a 6.5% drop in revenues to \$63.8 million, but earnings (before interest and tax) rose by 44.0% to \$3.1 million. The Houseware division revenues fell 2.4% to \$73.4 million but earnings were 25.4% lower at \$0.5 million. The lower Australian dollar depressed profit margins in the Houseware division (where most products are imported) but margins are now improving.



Nufarm is to become the exclusive distributor of **Monsanto's Roundup** herbicides in Australia and New Zealand. Annual sales from this product are around \$100 million and under the proposed arrangement profits will be shared by the two companies. This is expected to add \$3 million to Nufarm's net profits (starting in the June 2003 financial year) and offers "a significant return on investment" given that Nufarm will pay no upfront fees to secure these distribution rights.

Nufarm also plans to purchase Monsanto's selective chemistry business - which produces niche market products with annual revenues of \$10 million.

Nufarm will release its interim profit on March 27.

Owing to the seasonal nature of its business, the company forecasts that this will account for only 10% of annual profits.

OAMPS preliminary report for the six months to December 2001 shows revenues up 67.7% to \$158.2 million and trading profits up 59.5% to \$5,523,000 but earnings per share rose only 2.9% to 14.1 cents, diluted by the issue of new shares. The interim dividend will rise 33.3% to 8.0 cents.

OAMPS is to offer all shareholders (as at March 14) 882 shares at \$3.40 (i.e. for \$2,998.80). Entitlement forms will be mailed on April 5 and payment must be made by May 3. This placement is at a slight discount to the market value, so investors who do not already have an investment in OAMPS may wish to buy a small parcel of shares on-market to participate in this issue.

Thakral Holdings Group's total revenues were unchanged at \$141.6 million for the six months to December 2001. Profits, however, fell 16.5% to \$16,269,000 (2.5 cents per unit). The interim dividend will be 16.7% lower at 2.5 cents).

In November, Thakral Holdings had announced that it expected profits for the full year to June 2002 would be 20% lower than the previous year. The company now expects an improvement in the second half year, with the annual result down about 10%.

Toll Holdings continued to grow *very rapidly* in the six months to December 2001. Revenues were up 41.9% at \$1,039.7 million and profits soared 45.2% to \$39,187,000 (57.3 cents per share). The interim dividend will rise 20.0% to 18.0 cents.

Utility Services Corporation has formed an "alliance" with renewable energy company **Primergy**. Under this deal, Utility Services will provide maintenance services to Primergy's renewable power projects, help market its energy and carbon credits as well as assist with finance and construction on new energy projects. Utility Services will also invest \$5 million in Primergy 9½% convertible notes. These will convert to ordinary shares in two years or earlier if Primergy lists on the Australian Stock Exchange during that period. In the case of a stock exchange listing, Utility Services shareholders would probably be given a preferential entitlement to subscribe for new Primergy shares.

Primergy is using new technologies to develop a range of renewable energy projects, using agricultural and wood waste, in Australia and the United Kingdom. The company recently acquired **CPL Energy**, the second largest landfill gas-to-power business with 13 sites in England and Wales.

Utility Services is also funding a management buy-out (for an undisclosed sum) of **Alcatel e-Business Distribution Pty** which is the sole Australian distributor of Alcatel's voice and data products. Utility Services and local Alcatel management will each own 50% of the Australian business, with Utility Services having the option to buy-out management at a price based upon future performance of the business. The business generates annual revenues of \$22.6 million and will be "earnings per share positive" immediately (i.e. will earn a higher return than interest currently being earned on Utility Services' cash holding).

(Continued on Page 8)

Recommended Investments (Continued from Page 7) **Vision Systems'** results look incomprehensible owing to the inclusion of revenue from the sale of TTP Communications shares and gains/losses from changes in the market value of this investment. Eliminating the \$135 million re-valuation gain on TTP Communications included in the 2000 result and the \$17 million "loss" on the partial sale and devaluation this year gives some meaningful figures.

Revenue (from normal business activities) fell 24.1% to \$63.5 million while profits were down 19.1% at \$5,481,000 (3.5 cents per share). The interim dividend will rise 12.5% to 1.8 cents.

During the six months the company's expenditure on Research and Development fell 27.2% but is still very high at \$15.0 million. \$6.0 million of R & D was written off as an expense in the profit statement.

At December 31, Vision Systems held cash of \$85.2 million and has since sold a further 2,483,182 **TTP Communications plc** shares to realise a further A\$10.1 million. This leaves the company with 6,893,588 shares.

Volante Group's results for the six months to December show revenues up 12.8% to \$183.9 million and profits up 1.1% at \$3,148,000 (4.6 cents per share). However, the previous year included only two months trading by **AAG Technology** so revenues are down by about one-quarter and profits down one-third. The interim dividend will *increase* 16.7% to 3.5 cents.

The company describes this as "a solid result, for a

period when corporate IT expenditure fell significantly". While the second half may remain depressed, the company believes that it is "well positioned to benefit from any upswing in purchasing" or "any consolidation in the IT procurement and service sectors".

Improved management of stock and debtors helped generate an operating cash surplus up 100.2% to \$21.2 million. This has allowed the company to reduce interest bearing debt from \$29.4 million to \$19.2 million while also building up a cash holding from \$12.3 million (at June 2001) to \$19.5 million (29 cents per share). Shareholders Equity is \$42.0 million.

The two IT procurement businesses, *Volante Integrated Technology* and *Applied Micro Systems*, were merged in February and re-branded as *Volante Systems*.

The services and consulting business, *Netbridge*, has also been re-branded under the Volante name as *Volante Solutions*. Services revenues increased from \$6.8 million to \$20.3 million (which is up 40%, adjusted for the different accounting periods) but higher selling costs and lower recovery rates depressed earnings. As we pointed out in our initial review in March 2001 "this business needs to improve its utilisation rates (i.e. be able to bill customers for a higher percentage of its employees time)". Improvements are expected in the fourth quarter (i.e. April to June 2002) and the company has won several new contracts and is earning a higher proportion of revenue from long term outsourcing work.

Share Recommendation: Buy Skilled Engineering

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

BUY Australian listed Skilled Engineering

Skilled Engineering (code SKE) is a service company providing labour hire, contract maintenance and communication services with interests in other related businesses.

This company has grown very strongly over the years but is cyclical *and* hit a glitch in its Communication division in late 2000 - with both of these factors significantly depressing the share price. Profitability and the share price are now recovering strongly, so this is the time to buy into this company.

Company History

This business was founded by the current Managing Director, Frank J Hargrave, in 1964 when he was a 24 year old electrician. The company was incorporated in 1979 as **Skilled Engineering (Contract Labour)** and changed to its current form ahead of its initial public offering (at \$1.00 per share) and stock exchange listing in 1994.

Current Business

The group currently operates under three divisions: Supplementary Labour Hire is a major contributor to revenues and profits. This division provides a "flexible workforce and contract labour hire", ranging from a single workman on hourly hire to large work crews for long term projects. Contract Maintenance consists of several separate

businesses including **Skilled Equipment Manufacturing** (which manufactures fire fighting and other emergency vehicles), **Skilled Maritime Services** (providing services at the Port of Melbourne), **Yallourn Mechanical Workshops** (a supplier of heavy industrial mechanical services to the mining and power industries), **Skilled Power Services** (a large independent maintenance provider in Victoria) and **Skilled Rail Services** (rail infrastructure servicing and training).

Communications provides a range of services including labour hire of technical staff, installation (i.e. telephone, cable TV) and call centres. Major customers are Telstra and Cable & Wireless Optus.

Skilled Engineering employs over 10,000 people and provides services for 6000 companies in Australia and New Zealand.

Growth and Expansion

An attractive investment feature of a Labour Hire business is that it is not capital intensive, so Skilled Engineering has been able to grow rapidly by expanding its business without the need to seek new capital from its shareholders.

While most growth is internal, the company has made a few small acquisitions over the years. For example, **Skilled Power Services** expanded its business in December 1999 with the acquisition of

HighLift Power Services which employed 70 power technicians and linesmen, and held significant maintenance contracts with electricity distribution companies in Victoria.

Quest Personnel - a white-collar temporary and permanent employment service - was purchased in April 2000 for \$4.6 million (50% in cash and 50% in shares). That business generated annual revenues of \$23 million (i.e. acquired on a low Price/Sales ratio of 0.20) and merged with the group's existing personnel operations (which generated annual revenues of \$12 million) to form **Skilled Quest Personnel**.

Western Australian rail businesses **Railskills** and **Trainwest**, plus South Australian **SteelRoads**, were acquired in July 2001 (for a total of about \$1.15 million) and merged with the group's existing New South Wales and Victoria rail businesses to form **Skilled Rail Services**.

The fire and emergency vehicle manufacturing business was expanded with the purchase of the assets of **Australia Fire Company** (in administration) for \$285,000 in February 2001, enabling the business to "significantly increase capacity" and "better utilise design and technical resources".

Recent Results

Skilled Engineering has expanded rapidly over recent years - especially in its Communications division. This division hit a glitch in the six months to December 2000, from which the company is now recovering strongly.

In the June 1993 year (i.e. before it went public) Skilled Engineering generated revenues of \$97.9 million and \$2,141,000 in profits. By 1996 revenues had increased to \$299.6 million and profits were \$12,641,000. An 11.0 cents dividend was paid in 1995, rising to 15.0 cents in 1996.

The company suffered a cyclical downturn in the year to June 1997. Although revenues rose 22.5% to \$367.1 million, profits fell 76.6% to \$2,962,000 (4.3 cents per share) and the dividend was cut 46.7% to 8.0 cents.

The June 1998 year saw revenues rise just 4.6% to \$383.8 million but profits recovered 103.0% to \$6,013,000 (8.4 cents per share). The annual dividend remained steady at 8.0 cents.

In the year to June 1999 revenues soared 39.7% to \$383.8 million while profits more than doubled - up 112.5% - to \$12,777,000 (17.8 cents). The annual dividend rate was increased 68.8% to 13.5 cents.

For the year to June 2000, revenues rose 20.2% to \$644.5 million with profits up 4.1% to \$13,289,000 (16.6 cents per share) and a steady 13.5 cents dividend was paid plus a special 10.0 cents

dividend.

In the first half of the year to June 2001 Skilled Engineering experienced a sharp decline in its Communications division. The company lost \$4,521,000 in the first half to December 2000. Profitability returned in the second half, but revenues for the full year were down 14.4% to \$553.7 million and the annual loss was \$1,688,000 (a *loss* of 2.0 cents per share). No dividend was paid.

This profit recovery has continued into the current financial year. Revenues for the six month to December 2001 were steady (i.e. up 1.3%) at \$286.6 million, with the company returning to a profit of \$4,454,000 (5.3 cents per share). A 4.0 cents interim will restore dividend payments.

Investment Criteria

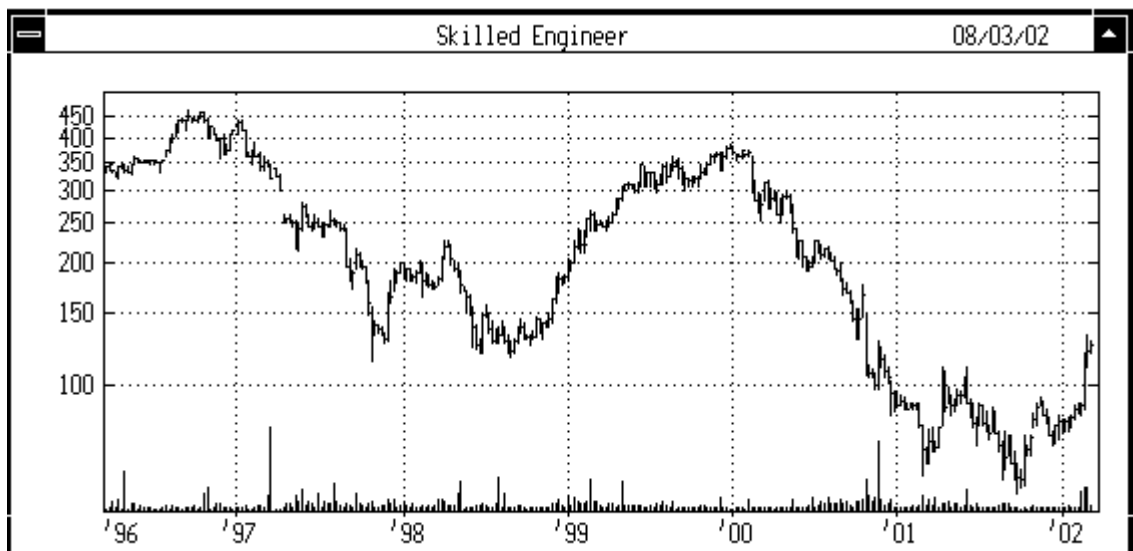
There are several factors that make Skilled Engineering's business favourable for investors. Firstly, this business is not *capital intensive* - so expansion is limited simply by management's ability to find new work. The company does not need to raise additional capital from shareholders to grow the business. Secondly, the company is in a *growth industry* and benefits from the trend towards outsourcing labour and outsourcing services in communications, power and other industries. Thirdly, the business is *cyclical* - so periodic downturns (i.e. the 1997 and 2001 profit declines) offer an opportunity to buy Skilled Engineering shares at a low valuation.

At \$1.26, Skilled Engineering shares trade at a very low Price/Sales ratio of 0.19. The Price/Earnings ratio and Dividend Yield are meaningless, owing to last year's loss when no dividend was paid. However, over the last twelve months (i.e. the second half of the June 2001 year and the first half of the current financial year) the company has earned a profit of \$7,287,000 (8.7 cents per share) and dividend payments have been restored.

With a market capitalisation of \$106 million Skilled Engineering is a medium sized to smaller company.

Management have a very large shareholding in Skilled Engineering. The Founder and Managing Director, FJ Hargrave, holds 42,076,656 shares or 50.1% of the company. Executive directors KW Hughes holds 139,054 shares and TB Janes has 20,000 shares. Chairman KV Loughnan

(Continued on Page 10)



Skilled Engineering (Continued from Page 9) has 137,653 shares, while non-executive directors BJ Kelly (15,000 shares) and RJ Gartside (12,067 shares) have small investments.

There have been four *insider* buys and no sells over the last year. KV Loughnan purchased 9,185 shares in March 2001 and a further 7,000 shares in May. TB Janes bought 15,000 shares on-market in March 2001 and KW Hughes purchased 30,000 shares last September.

Skilled Engineering is *moderately followed*, with six brokers publishing profit forecasts. The shares, however, are *very neglected* by institutional investors. A handful of institutions own only about 10% of the company.

As we have written above, Skilled Engineering's shares are *cyclical* and have experienced *very wide* fluctuations in price. In the latest cycle the share price peaked at 386 cents in December 1999 and then declined to an ultimate low of 55 cents in September 2000. The shares had started to recover slightly over the last five months and then jumped 37.5% (i.e. from 88 cents to 121 cents) with the latest interim profit announcement and the re-instatement of dividend payments. Our share selection methods will *always* miss out on the first 50-100% of a recovery but avoid buying too early (and watching the price decline), and help to time our purchase for when the shares are entering a strong uptrend and producing a high rate of capital appreciation. The Relative Strength Rating is +4.6% (and increasing rapidly) which ranks the shares at 36 (on a scale of 0-99).

Our *Comprehensive Share Selection Criteria* is only updated with company financial information *after* the end of each company's financial year. So our database still records Skilled Engineering as (1) unprofitable and (2) not paying a dividend. Our *Best Performing Shares*

section requires a P/E ratio of less than 20, while our *Under-Valued Shares* section requires that a company pay a dividend. Our computer selection therefore *fails* to rate Skilled Engineering as a "Buy" even though the current profit announcement and re-instatement of dividends will eventually qualify the shares when, in six months, we update the year end financial statistics for Skilled Engineering. While we do follow our *Comprehensive Share Selection Criteria* quite closely, there is also some need for intelligent analysis of the results. In this case we believe that Skilled Engineering warrants a "Buy" under both of these criteria as its financial position has improved.

Skilled Engineering *does* qualify as a "Buy" under our *Insider Buying* criteria.

Summary and Recommendation

Skilled Engineering operates a *non-capital intensive* business in a sector which is *growing rapidly* but also *cyclical*. These first two factors makes this an attractive business for investment, while the third factor allows us to time our entry into the business at a low valuation.

The re-instatement of dividends suggests an annual payout of 8-10 cents this financial year, producing a current income yield of 6.3-7.9% - with further recovery and growth potential over the next few years. This recovery and growth, plus the cyclical upturn in valuation, also offers the potential for the shares to appreciate to new highs around 400-500 cents (up 200-300%) over the next 2-4 years.

Skilled Engineering shares are therefore suitable for a wide range of investors, ranging from older investors requiring current income to younger investors seeking maximum capital appreciation. The shares are volatile (i.e. risky), so an investment in Skilled Engineering needs to be part of a diversified portfolio.

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

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

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
		Cur-rent	4-Wk Chg.	Rank 0-99												Cur-rent	4-Wk Chg.	Rank 0-99									
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0																											
Ruralco Hold.	360	+43.9	+8.3	3	0-0	-	2.0	12	0.6	16	3.9	0.09	30	McPherson's Ltd	163	+14.4	+4.4	16	0-0	-	5.4	94	0.7	6	7.4	0.24	64
Queens'd Cotton	349	+0.9	+1.9	49	0-1	3	0.8	11	0.6	7	8.6	0.12	97	Pacific Dunlop	114	+7.6	+3.3	29	0-0	6	2.2	-	1.0	NE	4.4	0.24	1,061
Bridgestone	176	+13.0	+13.3	19	0-0	-	0.5	7	0.7	7	4.3	0.13	64	Raptis Group	18	+3.7	-4.3	39	0-0	-	1.1	13	1.9	9	5.6	0.24	12
Adtrans Group	224	+5.6	+3.8	33	0-4	1	2.3	22	0.6	10	8.0	0.13	51	Skansen Holding	17	+32.1	+7.4	5	0-0	-	3.3	46	1.9	7	3.0	0.24	7
A.P. Eagers	459	+3.2	+1.8	41	2-0	1	1.1	6	0.4	16	5.2	0.14	72	David Jones	114	+1.2	-0.7	47	5-0	8	1.2	7	0.9	16	7.0	0.25	454
Abigroup Ltd	230	+9.7	-0.1	24	0-0	-	1.1	17	0.7	6	5.2	0.15	110	Onesteel Ltd	147	+15.1	+6.1	15	0-0	5	0.8	-	0.8	NE	4.1	0.25	788
Catalyst Rec'mt	34	+5.6	+7.1	34	4-0	-	1.5	21	1.4	7	10.4	0.15	9	Crane Group	875	+4.4	+0.6	37	5-0	4	1.7	4	0.5	42	4.9	0.26	438
Penfold (WC)	150	+1.1	-1.0	48	0-0	-	1.3	12	0.7	11	6.7	0.15	16	Kidston Gold	22	+6.5	+0.8	31	0-0	-	1.0	-	1.5	1	61.4	0.28	28
Danks Holdings	900	+1.0	+0.6	48	0-0	-	1.3	9	0.4	14	5.6	0.15	59	Garratt's Ltd	30	+7.9	+7.1	28	1-0	-	0.7	3	1.5	21	3.3	0.28	3
McConnell Dowel	162	+0.9	+3.4	49	0-0	-	0.7	-	0.7	NE	4.9	0.16	68	Roberts Ltd	369	+15.1	+6.2	15	0-0	-	1.4	10	0.5	15	5.4	0.28	40
Asia Pac Spec	67	+17.2	-1.9	13	0-0	-	0.8	4	1.1	19	3.0	0.17	45	Coles Myer	814	+8.3	-0.6	27	1-0	13	3.3	7	0.5	48	3.1	0.29	7,205
Mobile Innov.	10	+0.7	+2.8	49	0-0	-	1.6	45	2.5	4	10.5	0.17	11	Capral Alum.	247	+5.8	-0.2	33	3-0	2	0.9	0	0.7%	1647	2.4	0.29	167
Henry Walker E.	121	+10.5	+0.7	23	2-1	4	0.9	7	1.0	13	8.7	0.17	200	Coventry Group	357	+4.7	-3.7	36	0-0	-	0.9	6	0.6	16	8.4	0.31	121
Structural Syst	85	+9.4	-2.2	25	1-0	-	1.1	2	1.0	51	2.4	0.18	17	Noni B Limited	102	+13.7	+6.0	17	4-0	-	5.4	41	1.5	13	6.4	0.32	23
Watpac Ltd	43	+15.0	+1.3	15	0-0	-	1.5	16	1.3	9	7.6	0.19	31	Celinet Telecom	167	+6.0	+4.3	32	0-0	2	2.2	21	0.8	11	5.4	0.33	82
CMI Limited	121	+0.1	-0.0	51	0-0	-	1.9	37	0.8	5	6.6	0.19	33	Angus & Cootie	600	+18.0	-6.3	13	0-0	-	1.7	15	0.4	11	4.7	0.33	72
Embelton Ltd	190	+2.9	+3.9	42	0-0	-	0.7	-	0.8	NE	3.7	0.20	4	Gregory Indust.	28	+3.7	-1.6	39	0-0	-	1.3	22	1.4	6	3.6	0.33	3
Multispares Hld	23	+8.8	+3.4	26	0-0	-	0.7	7	1.6	10	2.2	0.21	4	Bidvest	480	+17.7	+2.3	13	0-0	-	3.7	19	0.7	19	1.8	0.34	943
Ridley Corp.	128	+18.5	+0.8	12	0-1	2	1.4	5	1.0	25	3.1	0.22	309	York Group	50	+5.5	+3.2	34	0-0	-	2.1	11	1.3	18	8.0	0.35	13
Alesco Corp Ltd	375	+14.9	+3.4	16	0-0	2	2.5	14	0.6	17	6.4	0.23	126	S.P.C. Ltd	127	+22.8	+5.5	9	15-4	-	1.6	17	0.8	10	3.1	0.36	204
Int. Workforce	96	+3.3	+3.6	41	1-1	2	6.0	63	1.0	10	6.8	0.23	42	Vealls Ltd	110	+5.8	+0.3	33	0-0	-	-	-	0.7	4	6.9	0.36	5
														Ranger Minerals	45	+11.7	-2.0	21	0-1	3	-	-	1.3	4	11.1	0.36	29

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

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Company	STRENGTH RATING										Market Cap'n	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	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
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million												
Owens Group Ltd	120	+16.2	-3.8	4	4	2.0	14	1.0	14	6.2	0.18	68	NZ Refining Co	1835	+7.6	+0.5	18	2	1.3	11	0.2	12	14.2	2.47	440
Wrightsons Ltd	121	+12.8	-2.1	8	2	1.4	9	1.4	15	9.9	0.23	162	Wrightsons Ltd	121	+12.8	-2.1	8	2	1.4	9	1.1	15	9.9	0.23	162
Mainfreight Grp	148	+10.0	-2.2	11	4	2.2	7	1.0	31	6.6	0.26	108	Hallenstein G.	295	+4.2	-2.1	34	6	4.3	29	0.5	15	9.4	1.02	171
CDL Hotel NZ	20	+0.8	+2.7	58	-	0.2	0	2.2	49	5.2	0.29	70	Steel & Tube	264	+15.6	-3.3	5	5	1.8	11	0.7	16	9.0	0.59	232
Williams Kettle	443	+9.7	+0.2	13	-	1.5	16	0.6	9	6.7	0.36	65	Lyttelton Port	180	-0.3	+0.7	64	4	4.2	32	0.5	13	8.5	3.15	183
Hellaby Hold.	275	+9.1	+2.3	13	1	1.8	17	0.8	11	8.1	0.36	137	Hellaby Hold.	275	+9.1	+2.3	13	1	1.8	17	0.6	11	8.1	0.36	137
Fletcher Build.	304	+8.4	+0.0	15	6	1.3	4	1.0	31	5.9	0.46	1,047	Sky City Ltd	596	+5.3	-3.0	29	6	2.6	15	0.4	17	7.9	2.70	1,195
Nuplex Indust	347	+2.7	+2.9	44	5	1.5	10	0.8	14	6.5	0.50	203	Cavalier Corp	622	+5.8	-0.8	26	2	3.5	22	0.5	16	7.7	1.04	196
Goodman Fielder	185	+7.2	+1.1	23	-	1.4	10	0.7	14	5.4	0.56	2,361	Trust Power Ltd	335	+2.3	-0.4	48	4	1.0	4	0.5	26	7.7	1.21	614
Steel & Tube	264	+15.6	-3.3	5	5	1.8	11	0.9	16	9.0	0.59	232	Restaurant Brds	200	+11.7	-1.5	9	5	6.6	45	0.7	15	7.5	0.78	184
Pyne Gould G.	122	+4.8	-0.3	31	-	1.6	18	1.0	9	8.6	0.63	68	OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0												
AXA Asia Pac.	380	+3.2	+1.7	40	4	1.7	12	0.7	14	3.1	0.63	6,697	Elect Trans Tec	7	-12.7	-1.2	88	-	11.5	-	2.9	NE	Nil	5.38	10
Bendon Limited	185	+1.3	+0.6	56	2	1.1	6	0.9	17	7.3	0.68	57	Genesis Res.	288	-9.5	+1.4	83	-	1.5	-	0.8	NE	Nil	3.76	75
Restaurant Brds	200	+11.7	-1.5	9	5	6.6	45	1.0	15	7.5	0.78	184	AMP Limited	2370	-0.5	+0.2	65	4	2.3	7	0.4	32	2.6	3.6826	746
Ebos Group Ltd	347	+8.2	-0.8	16	-	2.4	14	0.7	17	6.0	0.87	93	Vending Tech.	197	-9.5	-1.0	82	-	5.7	40	0.7	14	Nil	3.48	58
Carter Holt	195	+5.9	+1.9	26	7	0.7	5	1.1	13	3.1	0.89	3,391	Lyttelton Port	180	-0.3	+0.7	64	4	4.2	32	0.5	13	8.5	3.15	183
Taylors Grp Ltd	180	+13.8	+0.5	6	1	2.0	14	0.9	15	5.8	0.98	44	United Networks	815	-0.7	-0.1	65	5	1.4	13	0.3	11	6.4	2.71	1,234
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
Owens Group Ltd	120	+16.2	-3.8	4	4	2.0	14	0.8	14	6.2	0.18	68	Cert Organics	1	-24.8	+1.5	94	-	3.6	-	5.1	NE	Nil	N/A	21
Steel & Tube	264	+15.6	-3.3	5	5	1.8	11	0.8	16	9.0	0.59	232	IT Capital Ltd	7	-20.5	+2.4	94	-	0.6	-	2.5	NE	Nil	0.95	13
Pacific Retail	210	+14.7	-1.0	6	2	1.8	19	0.9	9	Nil	0.26	106	Strathmore Grp	4	-20.2	+1.9	93	-	1.1	-	2.8	NE	Nil	N/A	8
Taylors Grp Ltd	180	+13.8	+0.5	6	1	2.0	14	0.7	15	5.8	0.98	44	Advantage Group	42	-15.1	+0.7	90	2	4.8	14	1.3	33	Nil	0.37	28
Wrightsons Ltd	121	+12.8	-2.1	8	2	1.4	9	1.1	15	9.9	0.23	162	Blis Technology	53	-13.7	-2.3	89	-	-	-	1.1	NE	Nil	N/A	33
Restaurant Brds	200	+11.7	-1.5	9	5	6.6	45	0.8	15	7.5	0.78	184	Elect Trans Tec	7	-12.7	-1.2	88	-	11.5	-	2.8	NE	Nil	5.38	10
Williams Kettle	443	+9.7	+0.2	13	-	1.5	16	0.5	9	6.7	0.36	65	WN Drive Tech.	28	-11.1	-3.2	86	-	7.8	-	1.2	NE	Nil	N/A	29
Hellaby Hold.	275	+9.1	+2.3	13	1	1.8	17	0.7	11	8.1	0.36	137	Brierley Invest	44	-10.3	+7.9	85	2	0.4	-	1.1	NE	Nil	1.03	602
Ebos Group Ltd	347	+8.2	-0.8	16	-	2.4	14	0.6	17	6.0	0.87	93	Cadmus Tech Ltd	10	-9.9	-2.9	84	-	0.9	3	1.5	30	Nil	1.77	13
Broadway Ind	40	+7.4	-1.5	19	-	1.1	10	1.0	11	Nil	0.22	8	FC - Forests	23	-9.6	+0.9	84	6	0.5	-	1.3	NE	Nil	0.99	640
Michael Hill	490	+7.4	-2.4	20	4	3.8	20	0.5	19	4.6	1.00	189	Genesis Res.	288	-9.5	+1.4	83	-	1.5	-	0.8	NE	Nil	3.76	75
Goodman Fielder	185	+7.2	+1.1	23	-	1.4	10	0.5	14	5.4	0.56	2,361	Vending Tech.	197	-9.5	-1.0	82	-	5.7	40	0.6	14	Nil	3.48	58
Carter Holt	195	+5.9	+1.9	26	7	0.7	5	1.0	13	3.1	0.89	3,391	GDC Communicat.	175	-8.6	+0.3	81	-	4.7	22	0.7	22	2.8	1.60	66
Pyne Gould G.	122	+4.8	-0.3	31	-	1.6	18	0.8	9	8.6	0.63	68	Tag Pacific Ltd	15	-8.2	+4.0	80	-	0.6	-	1.2	NE	Nil	0.28	10
AXA Asia Pac.	380	+3.2	+1.7	40	4	1.7	12	0.6	14	3.1	0.63	6,697	Force Corp.	5	-4.8	+9.9	77	1	1.7	-	2.7	NE	Nil	0.47	82
Kingsgate Int'l	14	+3.1	+0.2	42	-	0.4	14	2.0	3	Nil	0.47	55	Summit Gold Ltd	12	-4.5	-1.8	76	-	2.8	-	1.6	NE	Nil	N/A	11
Nuplex Indust	347	+2.7	+2.9	44	5	1.5	10	0.7	14	6.5	0.50	203	Cabletalk Group	55	-3.7	-1.1	74	-	1.1	-	0.8	NE	Nil	N/A	7
Affco Holdings	33	+2.0	-0.3	51	-	0.6	5	1.2	12	Nil	0.06	81	Southern Cap	70	-3.4	-2.4	70	-	1.8	4	0.8	40	Nil	N/A	54
Bendon Limited	185	+1.3	+0.6	56	2	1.1	6	0.8	17	7.3	0.68	57													

"Neglect" Ratings of NZ Shares

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

Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	
AMP Limited	4	26,746	F & P Appliance	6	604	Michael Hill	4	189	Sky Network TV	6	1,786	
AMP NZ Office	5	430	F & P Health.	6	0	NZ Refining Co	2	440	South Port NZ	2	43	
AXA Asia Pac.	4	6,697	FC - Forests	6	640	Natural Gas	4	549	Steel & Tube	5	232	
Advantage Group	2	28	Fletcher Build.	6	1,047	Northland Port	3	116	Taylors Grp Ltd	1	44	
Air New Zealand	6	257	Force Corp.	1	82	Nuplex Indust	5	203	Telecom Corp	7	9,377	
Akd Int Airport	7	1,767	Guinness Peat	2	1,006	Owens Group Ltd	4	68	Tourism Hold.	4	94	
Bendon Limited	2	57	Hallenstein G.	6	171	Pacific Retail	2	106	Tower Limited	4	978	
Brierley Invest	2	602	Hellaby Hold.	1	137	Port Tauranga	6	525	Trans-Tasman	3	132	
Briscoe Group	4	0	Horizon Energy	1	67	Ports Auckland	6	808	Tranz Rail Hold	5	475	
Cap Properties	3	113	Ind Newspapers	6	1,745	Powerco Limited	1	0	Trust Power Ltd	4	614	
Carter Holt	7	3,391	Infratil NZ	1	331	Property F Ind.	6	157	United Networks	5	1,234	
Cavalier Corp	2	196	Kiwi Property	5	305	Restaurant Brds	5	184	Warehouse Group	5	1,999	
Col FS Property	1	155	Lion Nathan Ltd	5	3,072	Ryman Health.	1	178	Waste Mgmt NZ	4	298	
Contact Energy	6	2,392	Lyttelton Port	4	183	Sanford Limited	4	588	Wrightsons Ltd	2	162	
DB Group	2	305	Mainfreight Grp	4	108	Sky City Ltd	6	1,195				

"Neglect" Ratings of Australian Shares

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

Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (A\$ Mill.)
A.P. Eagers	1	72	Coal & Allied	2	2,598	Julia Ross Rec.	3	72	Publishing & Br	10	6,790
AMP Diver. Prop	7	1,229	Coates Hire	6	245	Jupiters	9	1,255	Q.B.E. Insur.	9	4,517
AMP Ind Prop Tr	7	359	Coca Cola Amatl	10	4,054	K&S Corporation	2	120	Qantas Airways	13	6,811
AMP Ltd	10	21,942	Cochlear Ltd	10	2,000	Kaz Computer	7	467	Queens'd Cotton	3	97
AMP Office Trt	6	1,068	ColFS Property	8	1,313	Keycorp Ltd	1	117	RG Capt'l Radio	4	129
AMP Shop Centre	8	943	Coles Myer	13	7,205	Leighton Hold	8	3,006	Ramsay Health	9	636
ANZ Bank	15	26,993	Collection Hse	5	405	Lend Lease Corp	9	5,231	Ranger Minerals	3	29
APN News Media	7	1,673	Colorado Group	3	229	Leysdon Res.	4	13	Rebel Sport	1	97
ARB Corporation	2	160	Comwealth Bank	15	39,669	Lihir Gold	9	1,565	Reece Australia	1	447
AXA Asia Pac	3	5,515	Commander Comm.	3	89	M.I.M. Holdings	11	2,415	Renew. Energy	3	25
Adacel Tech.	2	42	Computer Share	8	1,648	M.Y.O.B. Ltd	2	166	Ridley Corp.	2	309
Adcorp Aust.	1	48	Cons Rutile	1	216	Macarthur Coal	1	177	Rio Tinto Ltd	14	19,978
Adelaide Bright	4	431	Corp Express	8	931	Macquarie Good.	7	1,056	Roc Oil Company	2	175
Adelaide Bank	9	662	Count Financial	2	102	Macquarie Bank	6	6,422	Rural Press Ltd	8	544
Adsteam Marine	7	549	Crane Group	4	438	Macquarie CWde	6	618	SMS Mgmt & Tech	3	136
Adtrans Group	1	51	Cranswick Wines	3	52	Macquarie C Tel	3	24	STW Comm Group	5	590
Alesco Corp Ltd	2	126	DCA Group Ltd	4	237	Macquarie GMgt	1	336	Santos Ltd	9	3,301
Alintagas Ltd	7	642	DVT Holdings	1	16	Macquarie Infra	3	5,283	SecureNet Ltd	4	85
Altium Limited	5	259	David Jones	8	454	Macquarie Off.	5	920	Servcorp Ltd	3	252
Amalgamated Hld	1	337	Deutsche Office	6	1,470	Macquarie Leis.	2	93	Seven Network	11	2,019
Amcom Telecom.	1	19	Deutsche Ind Tr	5	405	Matrix Oil NL	1	69	Sigma Company	7	669
Ancor Ltd	10	4,995	Deutsche Div Tr	7	1,029	Mayne Group Ltd	12	4,478	Silex Systems	2	385
Amrad Corp.	1	131	Downer EDI Ltd	4	776	McGuigan Wines	4	213	Simeon Wines	6	233
Anaconda Nickel	3	231	E.R.G.	6	277	Mermaid Marine	1	34	Simsmetal Ltd	6	615
Aristocrat	9	2,835	ETRADE Aust.	2	47	Metabolic Phar.	1	128	Skilled Eng.	4	106
Aurion Gold Ltd	6	1,174	Ecorp Limited	7	232	Metal Storm Ltd	1	445	Smorgon Steel	4	1,179
Ausdoc Group	5	184	Energy Resource	1	290	Metcash Trading	6	887	Snack Foods Ltd	3	174
Auspine Ltd	2	114	Energy Develop.	10	588	Mia Group Ltd	5	1,014	Solution 6	4	142
Aust Oil & Gas	1	67	Envestra	6	561	Micromedical	1	125	Sonic Health	7	1,919
Aust Pipeline	5	634	Eserv Global Ltd	2	25	Millers Retail	8	665	Sons of Gwalla	9	1,085
Aust Infra.	4	218	Evans & Tate	3	71	Mirvac Group	7	2,419	Soul Pattinson	2	1,207
Aust Stock Exch	6	1,320	FKP Limited	2	140	Mosaic Oil NL	1	56	Southcorp Ltd	8	4,920
Aust W/wide Exp	1	162	Fairfax (John)	10	2,947	Murchison Un.	1	80	Spotless Group	5	920
Aust Magnesium	1	100	Fantastic Hold.	3	112	Nat'l Telecoms	2	146	St George Bank	11	8,866
Aust Agricult.	2	176	Fiducian P Serv	2	24	Nat'l Aust Bank	16	54,462	Stargames Ltd	2	82
Aust Pharm. Ind	4	776	Flight Centre	4	2,268	Nat'l Foods	6	896	Starpharma Pool	2	44
Aust Gas Light	11	3,531	Foodland Assoc	8	1,462	Nautronix Ltd	3	32	Sthn Star	1	69
Austar United	5	207	Forest Ent Aust	1	25	Neverfall Spr.	6	263	Sthn Cross Brd.	7	636
Austal Limited	3	282	Foster's Group	13	9,679	Newcrest Mining	11	1,335	Stockford Ltd	1	53
Austereo Group	8	866	Found'n Health.	2	65	News Corporatio	11	29,303	Stockland Trust	7	3,487
Australand Hold	3	777	Freedom Group	8	176	Normandy NFM	6	1,018	Strathfield Grp	1	47
Austrim Nylex	1	70	Futuris Corp.	8	1,102	Norwood Abbey	1	59	Suncorp/Metway	9	6,757
Axon Instrument	2	313	G.U.D. Holdings	2	144	Novogen Ltd	3	276	Sydney Aquarium	2	83
BHP Billiton	12	44,386	GWA Internat'l	4	750	Novus Petroleum	6	367	Symex Holdings	3	114
BRL Hardy Ltd	11	1,967	Gandel Retail T	8	1,507	Nufarm Limited	5	634	TAB Ltd	11	1,380
BT Office	7	0	General Prop Tr	7	5,060	OPSM Group Ltd	6	473	TAB Queensland	7	441
Bank of W. Aust	8	2,530	Goodman Fielder	7	1,934	Objective Corpo	2	38	TVSN Limited	1	5
Bankia Wines	3	54	Graincorp	2	531	Oil Search Ltd	8	789	Tabcorp Holding	11	4,091
Baycorp Advant.	3	1,188	Grand Hotel	4	145	Onesteel Ltd	5	788	Tap Oil	4	260
Bendigo Bank	7	844	Gribbles Group	2	373	Open Telecom.	1	43	Technology One	5	248
Billabong Int'l	8	1,939	Gro Pep Limited	2	78	Optiscan Image	1	70	Telemedia Serv.	5	0
Biota Holdings	4	47	Gt Sthn Plant'n	1	142	Orbital Engine	1	139	Telstra	15	36,276
Boral Limited	7	2,401	Gunns Ltd	4	443	Orica Ltd	7	2,138	Tempo Services	6	292
Brambles Ind.	8	9,633	Gympie Gold	1	158	Origin Energy	9	1,958	Ten Network	10	880
Brandrill	3	38	Hansen Tech.	2	41	Orogen Minerals	4	620	Thakral Holding	4	342
Brazin Limited	4	277	Harvey Norman	8	3,837	Oroton Int'l	1	77	Ticor Ltd	5	308
Breakwaters.	1	45	Healthscope	1	191	PMP Limited	6	235	Timbercorp	1	158
Brickworks Ltd	3	909	Henry Walker E.	4	200	Pacific Hydro	5	540	Toil Holdings	5	2,513
Bristle Ltd	4	443	Hill 50 Gold	3	202	Pacific Dunlop	6	1,061	Transfield Ltd	1	344
Bunnings W/hse	3	233	Hills Indust.	3	358	Pacifica Group	7	571	Transurban Grp	8	2,081
Burns Philp	3	520	Hills Motorway	8	971	Pan Pharmaceut.	3	340	Uecomm Limited	2	63
Burswood Ltd	7	338	Horizon Energy	1	80	Paperlin XLtd	9	1,774	United Energy	8	867
Cwth Prop Off.	7	687	Hpal Limited	2	219	Patrick Corp	6	2,475	United Group	4	259
C.S.R. Ltd	9	6,366	Hutchison Tel.	6	271	Peptech Limited	1	534	Villa World	1	80
CITechnologies	4	132	IBA Health Ltd	2	27	Perm Trustee Co	1	109	Village Road.	5	462
CPI Group	4	50	ING Indust Trt	7	919	Perp Trust Aust	8	1,721	Vision Systems	3	299
CSL Limited	11	6,812	ING Office Fund	7	946	Peter Lehman W.	5	167	Volante Group	1	80
Cabcharge Ltd	5	445	ION Limited	5	413	Polartechnics	2	112	W.M.C. Limited	12	10,893
Caltex Australia	4	505	Iluka Resources	8	1,078	Portman Limited	3	325	Wattyl Ltd	3	193
Campbell Bros	1	238	Infomedia Ltd	6	355	Powerlan Ltd	5	108	Wesfarmers Ltd	11	11,819
Candle Aust.	4	42	Institute Drug	2	157	PowerTel Ltd	2	112	West Aust News	10	1,060
Capral Alum.	2	167	Insurance Aust.	9	4,870	Pracom Ltd	2	13	West'n Metals	4	45
Carindale Prop	2	157	Int Research	3	102	Primary Health	5	455	Westfield Trust	7	6,033
Cellnet Telecom	2	82	Int. Workforce	2	42	Prime Life Corp	1	126	Westfield Hold.	8	9,519
Centennial Coal	1	187	Intellect Hold	1	127	Prime TV	4	268	Westfield Amer.	4	2,981
Centro Prop.	5	1,305	Investor Group	2	141	Prime Retail	2	109	Westpac Banking	15	28,089
Challenger Int.	4	936	Investa Prop.	6	1,204	Pro Medicus Ltd	1	140	Woodside Petrol	12	9,673
Chiquita Brands	1	22	Iress Mkt Tech	3	266	Pro Maintenance	5	163	Woolworths Ltd	12	13,006
Clarity Int'l	1	29	James Hardie	6	2,733	Progen Indust.	1	33	Yates Limited	1	49
Clough Limited	1	390	Jubilee Mines	2	174	Prophecy Int'l	1	16	Zimbabwe Plat.	1	89

"Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Held	
				Before	After
08/02/2002					
Tranz Rail Holdings	Pacific Rail	Sell	-17.552	14.50%	0.0%
15/02/2002					
F & P Healthcare	CBA	Buy	+6.165	4.74%	6.02%
Mainfreight	Armstrong Jones	Sell	-1.100	5.59%	4.08%
Nuplex Industries	NZ Guardian	Sell	-0.602	7.05%	6.03%
22/02/2002					
Bendon Group	Pacific Retail	Buy	+0.335	19.05%	20.14%
Cedenco Foods	MG McPhail	Buy	+0.757	5.28%	10.13%
Certified Organics	Ambergate Ltd	Sell	-30.028	11.60%	10.34%
F & P Healthcare	Caledonia Invest.	Buy	+5.122	0.0%	5.01%
F & P Healthcare	LFG Holdings	Buy	+7.026	0.0%	6.87%
F & P Healthcare	CBA	Sell	-4.861	6.02%	4.75%
South Port	Infratil	Sell	-0.308	8.90%	7.73%
Southern Capital	Dublin Nominees	Sell	-1.024	10.31%	8.36%
Southern Capital	Armstrong Jones	Sell	-2.418	9.87%	6.76%
Tranz Rail	Wisconsin Central	Sell	-28.685	22.48%	0.0%
Tranz Rail	Marathon Asset M.	Buy	+1.375	4.30%	5.44%
Tranz Rail	Principal Financial	Buy	+1.175	4.24%	5.21%
01/03/2002					
Affco Holdings	Green & McCahill	Sell	-27.062	10.14%	0.0%
Affco Holdings	Talley Fisheries	Buy	+28.525	16.73%	28.71%
F & P Healthcare	AMP	Sell	-0.463	5.06%	4.61%
Tranz Rail	CBA	Buy	+13.847	0.0%	11.42%
Tranz Rail	Armstrong Jones	Buy	+7.421	0.0%	6.12%

Total Return Index for All Listed Shares

Feb 11	2116.04	Feb 18	2108.89
Feb 12	2117.26	Feb 19	2109.12
Feb 13	2106.84	Feb 20	2110.04
Feb 14	2110.57	Feb 21	2112.09
Feb 15	2105.34	Feb 22	2106.97
Feb 25	2106.88	Mar 4	2086.14
Feb 26	2102.83	Mar 5	2085.20
Feb 27	2097.78	Mar 6	2060.74
Feb 28	2084.55	Mar 7	2072.33
Mar 1	2089.58	Mar 8	2075.87

Current Issues

BONUS ISSUES

	Ratio	Ex-Date
NZ Oil & Gas (1)	1:2	May/June

(1) NZ Oil & Gas plans to issue one free option (probably to buy shares at 60 cents until July 2005) for every existing share or option currently held.

CASH ISSUES

	Ratio	Price	Ex-Date	Appln Date
Mr Chips Holdings	3:10	100	-	-

Dividend \$

Company	Cents per Share	Ex- Date	Pay- able	Tax Credit
Auckland Airport	6.00	25-03	28-03	Full
Cavalier Corporation	11.50	11-03	15-03	Full
CSF Property	2.20	11-03	22-03	0.4396
Contact Energy	2.50	27-05	31-05	Full
Designer Textiles	1.00	08-04	12-04	Full
Ebos Group	6.50	11-03	15-03	Full
Fletcher Building	6.00	25-03	10-04	Full
Hellaby Holdings	8.00	08-04	12-04	Full
Independent Newspapers	4.00	18-03	28-03	Full
Lyttelton Port Company	3.75	18-03	22-03	Full
Michael Hill International	7.00	15-03	25-03	Full
National Property Trust	2.00	25-02	08-03	0.25
Natural Gas Corporation	3.00	18-03	25-03	Nil
NZ Refining	125.00	25-03	28-03	Full
Nuplex Industries	8.00	25-03	05-04	Full
Port of Tauranga	11.00	11-03	22-03	Full
Ports of Auckland	12.50	11-03	20-03	Full
Property For Industry	1.624024	11-03	15-03	0.49
Restaurant Brands	8.00	20-05	29-05	Full
Sky City	15.50	18-03	05-04	Full
South Port NZ	2.75	25-02	01-03	Full
Steel & Tube Holdings	9.00	04-03	08-03	Full
Taylor's Group	4.00	11-03	22-03	Full
Telecom NZ	5.00	11-03	22-03	Full
United Networks	18.00	08-04	12-04	Full
Waste Management NZ	5.00	18-03	22-03	Full
Wrightson	3.50	18-03	28-03	Full
<u>Australian Shares</u>				
Abigroup	4.00	23-03	15-04	-
Auspine Limited	7.00	23-03	05-04	-
Brazin Limited	8.50	18-03	28-03	-
Central Equity	3.00	25-03	09-04	-
Julia Ross Recruitment	3.00	04-03	22-03	-
McPhersons	6.00	03-04	30-04	-
OAMPS	8.00	07-03	05-04	-
Skilled Engineering	4.00	02-04	24-04	-
Thakral Holdings Group	2.50	06-03	27-03	-
Toll Holdings	18.00	04-03	28-03	-
Vision Systems	1.80	08-03	09-04	-
Volante Group	3.50	08-03	28-03	-

Next Issue

The next issue of *Market Analysis* will be posted in five weeks time on Tuesday April 16, 2002 (and delivered in most areas on Wednesday 17).

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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