

# Market Analysis

Issue No. 362

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## Inside Market Analysis

Stockmarkets show first signs of Recovery .....	1	ACCEPT takeover offer for Utility Services Corporation (which will give USC control of DVT) .....	5, 6
CDL Investments and Renaissance Corporation return to profitability .....	3, 4	Commander Communications makes fourth attractive business acquisition .....	6
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## Summary and Recommended Investment Strategy.

Stockmarkets are showing the first signs of a recovery - so remain fully invested in the recommended shares.

### Investment Outlook.

Our One-Year Forecast for the Australian stockmarket remains Neutral at 43% but for New Zealand has declined to a Bearish (i.e. unfavourable) 35%. On the other hand, our One-Month Forecasts have both risen strongly and are Bullish (i.e. favourable).

Technical/Trend Following indicators and Monetary indicators are very important in determining *short term* stockmarket trends. After declining since the start of 2002, world stockmarkets - including the Australian and NZ stockmarkets - are showing the first tentative signs of recovery and have rallied over the last two weeks. Short term interest rates also appear to have peaked two months ago in Australia and a month ago in NZ and have since started to fall slightly. These changes have been responsible for the large improvement in our short term Forecasts.

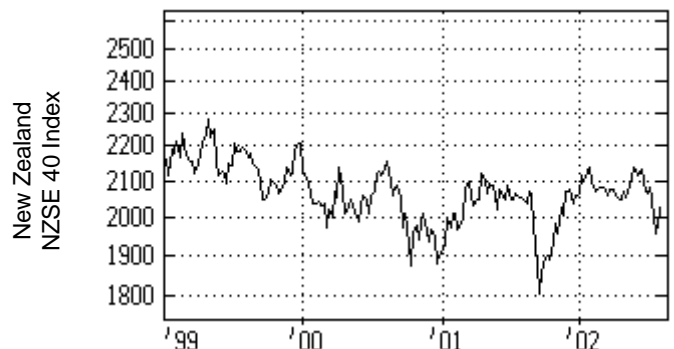
While Technical and Monetary indicators are still used in making longer term forecasts, Fundamental (i.e. valuation) indicators and Economic indicators become more important in determining where stockmarkets will go over the next year. We also look at Technical trends over a longer period, so a two week rally does not make a new long term uptrend! Our One-Year forecasting model still rates Technical indicators as Bearish. Economic indicators are also Bearish for both countries. Fundamental indicators are Bullish in Australia but Bearish in NZ.

The bottom line is that we are *not* going to change our investment strategy in NZ owing to one slightly unfavourable One-Year Forecast, especially when the short term outlook is improving.

Major world stockmarkets recently hit five year lows. The media made big headlines announcing these lows, so they obviously consider it "bad news" (otherwise it wouldn't be reported). Investors respond by sinking further into the depths of pessimism. If you stop to think about it, however, a five year low suggests that the decline has *already* gone a long way and prices must be at least *close* to their ultimate lows. It probably also indicates that shares offer the best value in a decade!

### Stockmarket Forecasts

	One-Month	One-Year
Australia:	<b>80%</b> (Bullish)	<b>43%</b> (Neutral)
New Zealand:	<b>73%</b> (Bullish)	<b>35%</b> (Bearish)



# 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					Performance Forecast					Performance Forecast									
Company	Rating	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Rating	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Rating	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		
A. Barnett Ltd	C	97	0.47	28	Nil	Fletcher Build.	B	284	0.43	29	6.3	Renaissance	D	41	0.08	NE	Nil		
AMP Limited	C	1600	2.48	21	3.9	Force Corp.	C	5.5	0.54	NE	Nil	Restaurant Brds	C	185	0.67	15	8.1		
AMP NZ Office	B	88	6.48	11	8.1	GDC Communicat.	B	101	0.56	11	5.2	RetailX Limited	C	20	4.57	NE	Nil		
AXA Asia Pac.	C	287	0.48	11	4.1	Genesis Res.	D	215	2.80	NE	Nil	Richina Pacific	C	62	0.07	14	Nil		
Advantage Group	D	40	0.36	32	Nil	Goodman Fielder	B	195	0.59	14	5.1	Richmond Hold.	D	198	N/A	NE	Nil		
Affco Holdings	E	18	0.03	6	Nil	Guinness Peat	C	165	0.84	6	2.0	Rocom Wireless	D	24	0.36	NE	Nil		
Air New Zealand	C	62	0.06	NE	Nil	Hallenstein G.	C	262	0.90	13	10.5	Rubicon Limited	C	72	2.72	NE	Nil		
Akd Int Airport	B	418	N/A	30	4.0	Hellaby Hold.	B	245	0.32	9	9.1	Ryman Health.	C	160	2.58	14	3.5		
Allied Farmers	D	197	0.37	NE	Nil	Heritage Mining*	N/R	5.0	N/A	NE	Nil	Sanford Limited	D	490	1.30	17	6.1		
Apple Fields	D	9.0	0.66	NE	Nil	Horizon Energy	A	365	3.49	12	7.0	Savoy Equities	D	3.9	7.36	NE	Nil		
Beauty Direct	E	8.8	2.70	NE	Nil	IT Capital Ltd	E	4.5	2.85	NE	Nil	Scott Tech. Ltd	C	181	2.13	85	2.9		
Blis Technology	E	5.4	N/A	NE	Nil	Ind Newspapers	C	340	2.66	53	3.7	Seafresh Fish.	E	2.8	0.38	NE	Nil		
Brierley Invest	C	61	1.43	NE	Nil	Infratil NZ	B	179	2.13	15	2.5	Selector Group	E	2.0	2.82	NE	Nil		
Briscoe Group	B	254	2.10	30	3.8	Kingsgate Int'l	D	20	1.03	7	Nil	Shotover Jet	D	45	0.78	9	Nil		
Broadway Ind	C	40	0.22	11	Nil	Kirkcaldie & St	A	412	0.62	10	12.7	Skellmax Indust	C	103	1.02	8	10.1		
CACI Group Ltd	D	42	0.59	NE	Nil	Kiwi Property	B	92	5.89	10	11.0	Sky City Ltd	B	645	2.92	19	7.3		
CDL Hotel NZ	C	27	0.47	9	3.9	Lion Nathan Ltd	A	575	1.65	17	3.4	Sky Network TV	E	377	4.88	NE	Nil		
CDL Investments	E	17	1.57	43	Nil	Lytelton Port	B	162	2.83	12	9.4	Software of Exc	E	184	2.86	NE	Nil		
Cabletalk Group	D	32	0.25	NE	Nil	Mainfreight Grp	B	126	0.23	14	7.7	South Port NZ	B	162	3.31	19	5.5		
Cadmus Tech Ltd	D	6.0	1.06	18	Nil	Metro. LifeCare	D	110	1.13	14	Nil	Southern Cap	E	62	N/A	35	Nil		
Calan Hlthcare	C	78	6.33	12	8.7	Michael Hill	B	490	1.00	19	4.6	Spectrum Res.	D	1.6	1.22	NE	Nil		
Cap Properties	B	81	2.11	8	12.1	Mid.Cap Index*	N/R	201	N/A	NE	Nil	Steel & Tube	A	270	0.61	16	8.8		
Carter Holt	A	180	0.82	12	3.3	Mooring Systems	D	130	N/A	NE	Nil	Straightedge	D	50	N/A	NE	Nil		
Cavalier Corp	A	595	0.99	15	8.0	Mowbray Collect	C	85	1.57	NE	Nil	Strathmore Grp	D	2.5	N/A	NE	Nil		
Cedenco Foods	C	175	1.01	6	Nil	Mr Chips Hold	D	102	0.89	28	5.1	Submarines Aust	C	5.5	N/A	NE	Nil		
Cert Organics	E	0.4	N/A	NE	Nil	NZ Experience	D	12	0.95	36	Nil	Summit Gold Ltd*	N/R	9.1	N/A	NE	Nil		
Col FS Property	B	106	6.04	10	10.0	NZ Invest Trust*	N/R	489	N/A	NE	1.7	Tag Pacific Ltd	E	9.0	0.17	NE	Nil		
Col Motor Co	A	270	0.22	15	7.7	NZ Oil and Gas *	N/R	32	1.44	18	Nil	Taylor's Grp Ltd	B	155	0.84	13	6.7		
Commssoft Group	D	1.1	0.15	NE	Nil	NZ Refining Co	B	1670	2.24	11	15.6	TeNZ *	N/R	90	N/A	NE	Nil		
Compass Com.	D	34	N/A	48	Nil	NZIJ.co.nz	C	30	2.20	NE	Nil	Telecom Corp	B	498	1.64	11	6.0		
Contact Energy	A	395	2.17	19	7.2	Nat Property Tr	C	89	6.74	15	10.3	Tourism Hold.	C	87	0.39	6	15.4		
Cube Capital	D	40	0.64	16	Nil	Natural Gas	C	117	1.20	10	Nil	Tower Limited	C	405	0.63	10	7.4		
Cue Energy Ltd *	N/R	5.7	1.36	3	Nil	Newcall Group	D	1.5	0.11	NE	Nil	Trans-Tasman	D	25	1.41	8	Nil		
DB Breweries	B	585	1.06	13	6.9	Newmarket Prop.	C	50	3.81	9	13.1	Tranz Rail Hold	C	202	0.39	9	4.2		
Dairy Brands	D	61	7.06	NE	Nil	Northland Port	C	230	3.47	NE	Nil	Trust Power Ltd	B	345	1.05	NE	5.5		
Design Textiles	C	72	0.44	91	Nil	Nuhaka Forestry	C	895	N/A	NE	Nil	United Networks	A	905	3.01	12	5.8		
Dorchester Pac	A	155	0.65	8	6.4	Nuplex Indust	C	293	0.42	12	7.6	Utilico Int'l	C	67	6.21	9	Nil		
E-Ventures NZ	E	32	6.57	NE	Nil	Opio Forestry	C	53	9.50	NE	Nil	Vending Tech.	C	193	2.80	11	Nil		
Ecademy Hold.	D	0.4	6.67	NE	Nil	Otter Gold Mine*	N/R	27	0.24	NE	Nil	Vertex Group	B	187	0.66	10	11.3		
Ebos Group Ltd	C	282	0.71	14	7.4	Owens Group Ltd	D	85	0.11	10	4.1	WN Drive Tech.	D	40	N/A	NE	Nil		
Eldercare NZ	E	20	0.92	NE	Nil	Ozzy (Tortis)*	N/R	212	N/A	NE	Nil	Wakefield Hosp.	C	142	0.58	19	3.2		
Elect Trans Tec	D	2.6	N/A	NE	Nil	Pacific Retail	B	286	0.33	8	Nil	Warehouse Group	A	728	1.31	35	2.6		
Evergreen	B	57	2.42	12	Nil	Port Tauranga	B	770	7.83	28	4.7	Waste Mgmt NZ	A	321	2.04	24	3.5		
F & P Health.	C	930	4.43	15	4.0	Ports Auckland	B	636	5.33	19	4.9	Williams Kettle	B	345	0.28	7	8.7		
F & P Appliance	B	925	1.77	22	4.0	Powerco Limited	B	186	2.54	13	10.5	World Index Fd *	N/R	132	N/A	NE	Nil		
FC - Forests	C	24	1.03	NE	Nil	Property F Ind.	C	89	8.28	40	7.7	Wrightsons Ltd	C	107	0.20	13	11.2		
Feverpitch Int.	C	25	N/A	NE	Nil	Pure NZ Limited	C	13	N/A	NE	Nil	<b>Ave of 142 Cos</b>	C	198	0.50	20	3.2		
Finzsoft Solns	B	48	1.09	NE	Nil	Pyne Gould G.	B	110	0.57	8	9.5								
AMP Diver. Prop	B	258	9.56	13	7.6	Deutsche Office	D	117	N/A	NE	Nil	Orica Ltd	A	925	0.61	41	1.7		
AMP Ltd	C	1349	0.54	13	3.5	Deutsche Div Tr	B	112	6.61	13	7.8	Origin Energy	B	327	1.11	19	1.2		
AMP Office Trt	B	118	N/A	13	7.8	Downer EDI Ltd	C	61	0.29	11	3.4	Pacifica Group	C	377	0.47	NE	2.3		
AMP Shop Centre	B	137	6.89	14	8.1	Envestra	D	85	1.96	NE	10.9	Paperlin X Ltd	B	495	0.68	15	5.5		
ANZ Bank	B	1866	4.31	15	3.9	Fairfax (John)	C	310	1.71	18	3.7	Patrick Corp	B	1575	3.63	36	1.1		
APN News Media	B	357	2.56	32	4.1	Flight Centre	A	2545	0.72	51	1.1	Perp Trust Aust	C	3800	4.42	26	2.2		
AWB Limited	B	340	0.42	10	6.5	Foodland Assoc	A	1770	0.44	28	3.1	Publishing & Br	C	913	2.34	NE	2.2		
AXA Asia Pac	C	247	0.83	11	5.0	Foster's Group	B	480	2.40	19	3.0	O.B.E. Insur.	C	704	0.43	NE	4.3		
Adelaide Bank	B	703	1.18	18	4.3	Futuris Corp.	C	119	0.12	9	6.7	Qantas Airways	A	475	0.61	15	4.2		
Alintagas Ltd	B	408	2.98	20	2.7	GWA Internat'l	B	254	1.24	17	6.3	Ramsay Health	B	392	1.26	31	2.2		
Amcor Ltd	A	820	0.91	19	3.4	Gandel Retail T	B	123	8.03	14	7.1	Reece Australia	A	640	1.20	23	8.9		
Ansell Ltd	B	673	0.28	NE	0.7	General Prop Tr	B	278	7.92	14	7.1	Rio Tinto Ltd	B	3300	0.80	5	3.5		
Aristocrat	B	579	3.36	30	2.1	Globe Int'l Ltd	C	160	3.78	59	Nil	Rural Press Ltd	B	455	1.19	21	3.1		
Aust Pipeline	B	240	2.43	19	9.2	Goodman Fielder	C	166	0.66	NE	4.5	STW Comm Group	C	349	N/A	27	2.1		
Aust Pharm. Ind	C	333	0.34	19	3.9	Guinness Peat	C	143	3.11	13	0.4	Seven Network	C	498	1.10	82	4.1		
Aust Gas Light	B	972	1.00	30	5.3	Gunns Ltd	A	679	2.26	30	2.4	Sigma Company	C	381	0.31	24	2.6		
Aust Stock Exch	B	1255	6.44	25	3.5	Harvey Norman	B	302	4.46	29	1.3	Simsmetal Ltd	C	645	0.42	14	5.0		
Austereo Group	B	151	7.65	52	2.3	Hills Motorway	C	480	8.79	NE	3.5	Smorgon Steel	C	114	0.35	NE	2.6		
Australand Hold	B	140	0.54	8	8.6	ING Indust Trt	B	164	9.86	13	8.2	Sonic Health	C	488	1.77	42	3.5		
BHP Steel Ltd	D	265	N/A	NE	Nil	ING Office Fund	B	119	6.63	12	8.9	Southcorp Ltd	C	510	1.02	17	4.1		
BRL Hardy Ltd	C	867	1.94	21	2.3	ION Limited	B	251	2.51	28	2.0	Spotless Group	B	460	0.47	25	4.6		
Bank of W.Aust	B	423	4.25	17	4.1	Incitec	A	769	0.94	15	3.6	St George Bank	B	1885	2.28	23	3.4		
Baycorp Advant.	C	348	4.80	29	2.9	Insurance Aust.	C	281	0.92	32	3.6	Stn Cross Brd.	B	899	1.54	16	6.0		
Bendigo Bank	B	724	3.53	25	5.7	Investa Prop.	B	194	6.23	13	7.6	Stockland Trust	B	441	4.38	15	6.7		
Bidvest	A	420	0.30	17	2.1	James Hardie	A	605	2.33	48	1.6	Suncorp-Metway	B	1245	1.14	12	3.7		
Billabong Int'l	B	783	4.03	37	1.7	Jupiter	A	548	1.70	17	3.5	TAB Ltd	A	317	1.90	22	3.8		
Boral Limited	A	407	0.66	15	4.4	Leighton Hold	B	1075	0.65	18	3.6	TAB Queensland	A	382	1.67	25	3.1		
Brambles Ind.	B	777	1.89	48	2.6	Lend Lease Corp	C	1001	0.38	28	2.1	Tabcorp Holding	A	1280	2.59	25	4.0		
Brickworks Ltd	B	590	5.85	13	2.4	Macquarie Good.	B	143	5.60	12	8.3	Telstra	C	479	1.33	8	4.0		
C'wth Prop Off.	B	122	8.73	14	7.3	Macquarie Bank	B	2333	1.94	17	4.0	Ten Network	B	202	1.16	43	7.1		
C.S.R. Ltd	B	635	0.83	11	3.8	Macquarie Infra	C	279	8.20	42	3.3	Toll Holdings	A	3165	1.18	39	1.0		
CSL Limited	C	2483	4.35	48	1.0	Macquarie C'Wde	B	158	9.19	13	8.5	Transurban Grp	D	388	6.46	NE	Nil		
Centro Prop.	B	357	N/A	15	7.4	Macquarie Off.	B	122	9.09	14	9.0	United Energy	C	254	2.19	23	6.8		
Challenger Int.	C	250	0.67	4	3.4	Mayne Group Ltd	C	387	0.46	11	3.4	W.M.C. Limited	C	818	2.46	22	3.5		
Coal & Allied	A	2500	1.40	10	3.0	Metcash Trading	A	230	0.22	24	2.2	Wesfarmers Ltd	B	2930	1.48	26	3.8		
CocaCola Amatil	B	638	1.16	21	2.2	Mia Group Ltd	C	79	2.20	26	3.9	West Aust News	B	508	3.55				

# Recommended Investments

**CDL Investments** has reported a strong recovery in profitability for the six months to 30 June. Revenues rose 7.7% to \$12.1 million (despite the sale of **Knight Frank NZ** since last year) and profits rose 90.4% to \$2,587,000 (1.4 cents per share). CDL Investments does not pay interim dividends.

The business generated a very strong operating cash surplus of \$5.4 million - which has improved the company's financial position from an overdraft of \$1.0 million to cash in the bank of \$4.4 million (2.3 cents per share).

The company sold 104, mainly mid-priced, residential sections during the half year compared with 111, mainly lower priced, sections the previous year. So total revenues, profit margins and the net profit were all higher. In April, the company purchased 4 hectares adjoining its East Coast Bays, Auckland, land holding

and now holds 244 hectares for current and future development. A further 60 sections will be released shortly in Auckland and Hamilton. The directors forecast "sales growth to continue, albeit at a slower pace" and "remain confident of ongoing profitability".

CDL Investments did not pay a dividend for the year to December 2001 owing to operating losses from Knight Frank NZ and a loss disposing of that business. The company, however, has returned to profitability, generated a large cash surplus and has a large cash holding in the bank. Investors can therefore look forward to dividends being reinstated this year. "Hold" for high income and capital appreciation.

**Nuplex Industries** has succeeded with its takeover offer for **Asia Pacific Specialty Chemicals** after raising its price 5.7% to 74 cents, winning over rival bidder **Symex Holdings**. (Continued on Page 4)

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation Code	- Date -	Price	Perform- ance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
<u>NZ Shares</u>													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	187.1	2.2	1.57	43	Nil	17	6.1	-8%
HOLD+	Cavalier Corporation	CAV	05/12/95	312	A	31.5	0.7	0.99	15	8.0	595	180.5	+149%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	A	27.9	0.6	0.22	15	7.7	270	219.8	+227%
BUY	Lyttelton Port Company	LPC	12/12/00	150	B	101.8	0.7	2.83	12	9.4	162	14.0	+17%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.6	0.6	1.00	19	4.6	490	90.0	+1161%
HOLD	Nuplex Industries Ltd	NPX	11/02/97	350	C	58.6	0.8	0.42	12	7.6	293	59.0	+1%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	37.1	1.9	0.08	NE	Nil	41	7.4	-43%
BUY	Richina Pacific	RCH	03/11/95	119*	C	72.2	1.6	0.07	14	Nil	62	11.9	-38%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.9	3.31	19	5.5	162	59.0	+84%
BUY	Steel & Tube Holdings	STU	08/08/00	146	A	87.8	0.9	0.61	16	8.8	270	42.0	+114%
BUY	Taylor's Group Ltd	TAY	09/11/99	102	B	24.3	0.9	0.84	13	6.7	155	17.0	+69%
BUY	Wrightson Limited	WRI	13/01/98	83	C	134.1	1.4	0.20	13	11.2	107	21.8	+55%
<u>Australian Shares (in Aust cents)</u>													
HOLD+	Abigroup Limited	ABG	09/03/99	265	B	47.7	0.8	0.14	6	5.6	214	45.0	-2%
BUY	Atlas Pacific Ltd	ATP	14/05/96	73	A	82.6	1.4	2.92	8	9.5	42	4.0	-37%
HOLD+	Auspine Limited	ANE	08/02/00	210	B	57.0	0.7	0.58	9	5.7	210	41.0	+20%
BUY	Austral Coal Ltd	AUO	16/01/01	19	B	154.4	1.2	0.60	12	Nil	58	Nil	+205%
HOLD-	Biron Capital Ltd	BIC	12/04/94	171*	C	38.2	1.7	1.52	30	Nil	30	10.5	-76%
BUY	Brazin Limited	BRZ	11/12/01	160	A	116.4	0.9	0.63	22	5.8	217	8.5	+41%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	418*	B	39.0	0.6	0.52	16	6.3	475	72.5	+31%
BUY	Cellnet Telecommunicat	CLT	12/02/02	152	C	49.3	1.0	0.25	8	7.0	129	4.0	-13%
BUY	Commander Comm.	CDR	11/09/01	92	B	144.9	1.1	0.59	11	3.1	80	2.5	-10%
HOLD	C.S.R. Limited	CSR	11/07/00	436	B	937.1	0.7	0.83	11	3.8	635	36.0	+54%
BUY	Julia Ross Recruitment	JRR	14/08/01	92	B	57.4	1.1	0.32	8	6.8	88	6.0	+2%
BUY	McPherson's Ltd	MCP	10/10/00	125	A	39.2	0.7	0.28	7	6.1	196	18.0	+71%
HOLD	Nufarm Limited	NUF	11/02/97	418*	B	155.3	0.8	0.34	9	5.9	306	88.3	-6%
HOLD	OAMPS Limited	OMP	15/05/01	198	B	45.4	0.7	0.41	14	5.2	330	14.0	+74%
BUY	Skilled Engineering	SKE	12/03/02	126	C	86.1	0.9	0.19	NE	Nil	123	4.0	+1%
HOLD	Toll Holdings <sup>1</sup>	TOL	08/09/98	240	A	68.8	0.5	1.18	39	1.0	3165	94.0	+1258%
HOLD	Utility Services Corp	USC	11/01/00	55*	C	94.9	1.4	1.09	0	6.8	59	11.0	+27%
BUY	Villa World Ltd	VWD	11/06/02	68	A	102.9	1.0	0.41	14	5.1	69	Nil	+1%
HOLD+	Vision Systems Ltd	VSL	10/11/98	69*	C	159.4	1.0	1.22	12	2.7	126	18.0	+109%
HOLD+	Volante Group Ltd	VGL	13/03/01	132	A	68.0	1.1	0.20	10	7.3	109	8.5	-11%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +110.0%. This is equal to an average annual rate of +29.8%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 32 current and 117 closed out) is +29.3%, compared with a market gain of +9.2% (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 3160 cents.

**Recommended Investments** (Continued from Page 3)

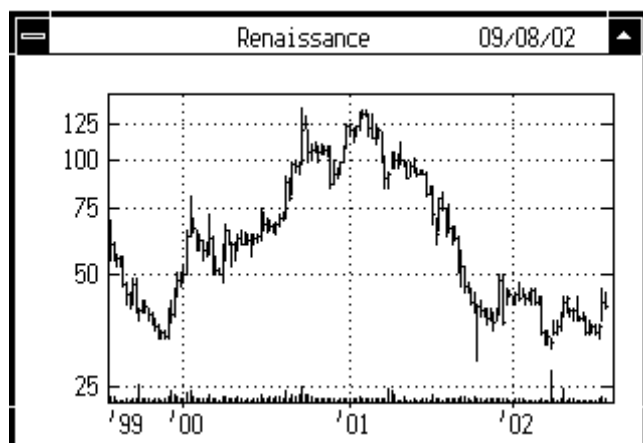
Nuplex Industries has acquired 93.6% of the company and will seek compulsory acquisition of the outstanding shares.

**Renaissance Corporation's** restructuring and downsizing to improve profitability in its *Renaissance Brands* division appears to be proceeding successfully - although it is difficult to analyse this business as the company does not provide divisional information. Revenues dropped, as expected, by 34.0% to \$60.2 million for the six months to 30 June, while trading profits were \$421,000 (1.1 cents per share) compared with a trading loss of \$709,000 in the same period last year.

The current period result was also depressed by "higher than forecast" interest costs as it took longer than expected to sell discontinued stock. The directors also expect "improved earnings in the second half" with further improvement in 2003.

The *Conduite*-commerce business "is now profitable and cash flow positive", with Australian revenues "more than doubled" (although no actual figures are disclosed) and "steady growth" in NZ.

Renaissance Corporation is to pay a high 3.0 cents dividend (plus full imputation tax credits). This exceeds previous annual dividends and the current half year earnings, so the company appears to be distributing surplus cash that is being generated from reducing stock levels.

**Australian Shares**

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

**Austral Coal** had a very strong half year to 30 June with revenues up 73.4% to \$60.9 million and profits 97.3% higher at \$7,313,000. Fully diluted earnings per

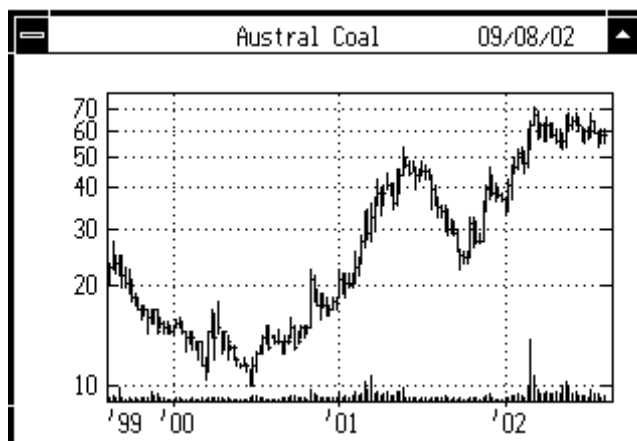
share were only slightly higher at 4.7 cents owing to the new shares issued to finance expansion.

The annual profit to December 2002 is forecast to rise 225% to \$13 million which will raise earnings per share about 70% to around 8½ cents.

While Austral Coal reported record coal production and sales for the half year, investors must remember that production can vary widely. When changing between underground coal panels, production will drop to nothing for 4-6 weeks. Nevertheless, annual production and profitability should increase strongly from 2004 when it begins mining the Tahmoor North deposits. In the meantime, however, the company is benefiting from the development capital expenditure which is improving the capacity and efficiency of the existing coal mining operation. Further increases in the price of coal will also boost cash flows and profits.

Austral Coal generates significant cashflows - which are currently being re-invested, along with new equity and borrowings, to finance expansion. Once this capital expenditure is complete the company can use cash flows to repay debts and to begin large dividend payments to shareholders. The potential for significant further growth in revenues, profits and dividends will help send Austral Coal's share price to around 100-120 cents over the next couple of years. At that stage - subject to an assessment of the company's future potential - we can either realise a large capital gain on this investment, or hold on and collect a high cash income from dividends.

We are upgrading Austral Coal shares from "Hold+" to "Buy" owing to the potential for further gains over the next couple of years.



**Biron Capital's** cash issue at 35 cents (plus a free option) - in which we chose not to take up our entitlement - was 78.6% subscribed by shareholders raising \$3.5 million cash for the company. The remaining shares and options have been placed through a stockbroker (at the same price) to raise just under \$1 million.

**Campbell Brothers** expects profits for the first half year to 30 September to be about 10% lower than last year. Competitive conditions which squeezed profit margins in the second half of the year to March have continued into the new financial year.

The company and **Crossmark Holdings**, however, have continued to expand their consumer sales and marketing joint venture. In May the joint venture purchased **Superbroker Strategic** and **Airtime Sales** which brokers and distributes to the retail grocery

August 13, 2002.

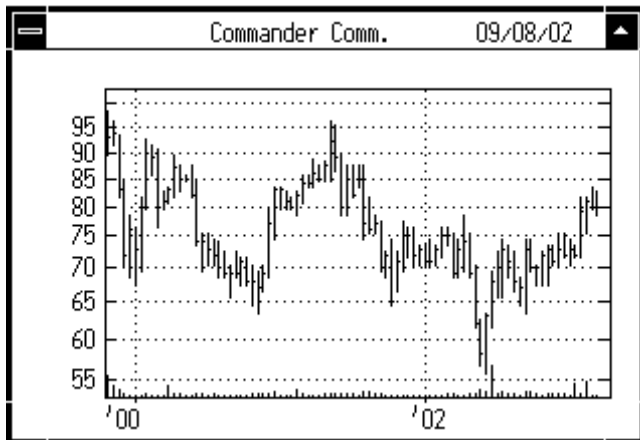
market in New Zealand, and in July purchased **Nationwide Food Brokers** which provides similar services in Australia.

**Commander Communications** share price is still down on where we initially bought into this company in September 2001. The company, however, is seeking to expand both internally and through acquisition using its strong balance sheet, operating cash flows and unutilised banking facilities to expand its core business. Commander Communications made three acquisitions - for a total of less than \$15 million in cash - in the year to June 2002. More importantly it bought businesses at (1) low valuations and (2) which fit its existing business and should provide synergies in marketing and servicing.

The company is now making the larger acquisition of **Centari Group**, an Australia-wide data services business specialising in “computer infrastructure solutions and services to medium sized businesses, government and education”. Centari Group was founded eleven years ago, employs 114 staff and is expected to contribute a net profit of about \$3.25 million from revenues of around \$97 million over the next year. The acquisition price is \$20 million cash (i.e. \$16 million now and \$4 million after a year if performance targets are met) which is a low Price/Earnings ratio of 6.2 and low Price/Sales ratio of 0.22. This acquisition will also be “earnings per share positive immediately” which indicates that profitability will exceed the interest cost of borrowings.

Commander Communications shares dipped to a low of 56 cents in March but have recovered well over recent months. The Relative Strength rating is +2.9%, ranked 24 (on a scale of 0-99). We prefer to buy shares in an uptrend and likely to go higher - rather than trying to pick the bottom of a decline. That means we will never buy at the very bottom. However, we sometimes manage to buy just as a share is starting to make a very big move upwards, and we often avoid buying a share at its low, only to see the price decline lower and lower.

With some attractive acquisitions to boost growth and profitability, plus the improvement in the share price trend, we are upgrading Commander Communications shares from “Hold+” to “Buy”.



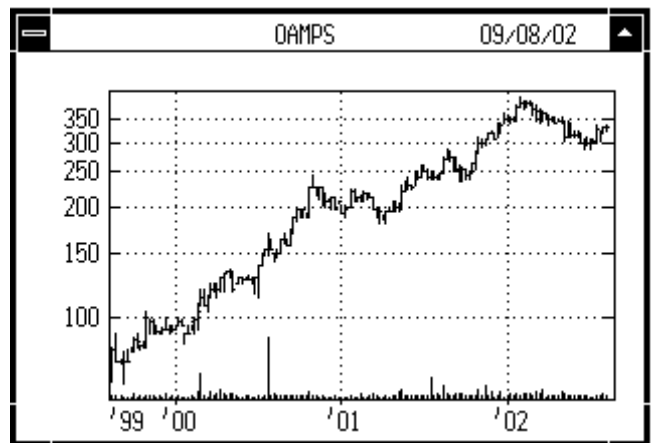
**CSR** has expanded its US business with agreement to purchase **Kiewit Materials Company**, a major aggregates, concrete and asphalt company in Arizona, and the 16th largest aggregate business in the US, for US\$540 million. Settlement is expected on 30 September.

Kiewit operates eight rock quarries producing 28 million tons of aggregate annually with an average mining life of 30 years, 60 plants producing 4.7 million cubic yards of concrete and 16 plants producing 3.4 million tons of hot-mix asphalt. Revenues for 2001 were US\$509 million with earnings (before interest and tax) of US\$57.5 million.

This acquisition will increase the US operations by about 50% to become the fifth largest aggregate business (supplying 84 million tons annually) and the second largest producer of pre-mix concrete (supplying 13 million cubic yards) in the US. Furthermore, the business is focused on states - such as Florida, Nevada and Arizona - which are growing far more rapidly than the rest of America.

CSR's demerger plans are to split the business into (1) a heavy building materials company “focused on growth” and (2) a “high yield” company holding the Sugar, Aluminium and other businesses. Subject to the demerger legislation currently before the Australian Federal Parliament, CSR expects “to complete this transaction in the first half of 2003”.

**OAMPS** has made three further acquisitions: Brisbane based insurance and financial advisor business **Summit Group** (which generates premium revenue of \$4.2 million and advisory fees on \$15 million of investors funds), Sydney based insurance broker **Halliday & Nicholas** (generating \$7 million in annual premiums) and another Sydney business, **Wilson Hirst Insurance Brokers** (with annual premium revenues of \$6 million).



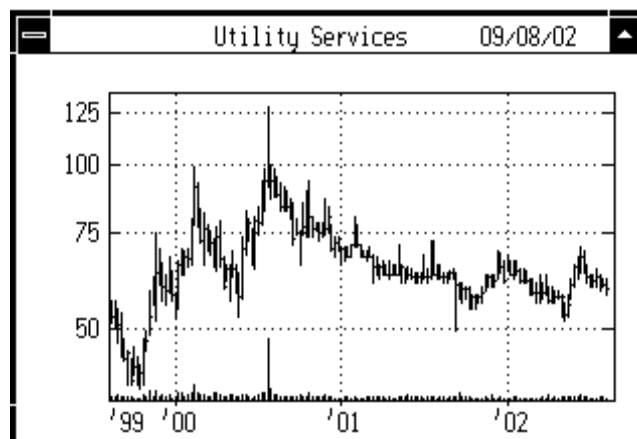
**Utility Services Corporation** is in the process of making a reverse takeover of **DVT Holdings**. This means that Utility Services will acquire ownership and control of DVT by arranging (Continued on Page 6)

**Recommended Investments** (Continued from Page 5) for the smaller DVT to acquire the larger Utility Services. By arranging a reverse takeover Utility Services (1) avoids paying a premium to acquire DVT, (2) ensures that the takeover will reach 90%, allowing compulsory acquisition of any outstanding shares, which allows the complete merger of operations and (3) saves money on the printing, postage and share registry costs (as DVT has a large number of very small shareholders). Utility Services shareholders should therefore ACCEPT the takeover of 18.6 DVT Holdings shares for every USC share.

Utility Services has expanded its **Eclipse Computing** business (acquired in May this year) with the purchase of the software business of chartered accountancy firm **William Buck**. This business, which distributes *Microsoft White Plains* accounting and financial software will be merged with the similar operations of Eclipse Computing.

In addition to actively buying back its own shares on-market Utility Services has acquired 25.5 million shares

in **DVT Holdings** (4.7% of the company) from **Bigshop.com.au** and a further 1.2 million shares on-market. Utility Services and DVT are currently merging via a reverse takeover for Utility Services by DVT, so these transactions effectively buy back about 1% of the shares of the combined group.



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

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

Company	STRENGTH RATING										Market Cap'n	
	Share Price	Cur. Rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield		Sales Ratio
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0												
Col Motor Co	270	+1.2	-2.6	31	-	1.0	7	0.6	15	7.7	0.22	75
Hellaby Hold.	245	+2.7	-2.8	22	1	1.6	17	0.8	9	9.1	0.32	122
CDL Hotel NZ	27	+14.0	-1.0	5	-	0.4	5	1.8	9	3.9	0.47	94
Goodman Fielder	195	+3.7	-0.9	16	-	1.4	10	0.6	14	5.1	0.59	2,489
Steel & Tube	270	+3.4	-4.0	19	5	1.8	11	0.9	16	8.8	0.61	237
Dorchester Pac	155	+6.3	-0.1	10	-	1.5	18	1.1	8	6.4	0.65	30
Carter Holt	180	+3.5	-1.0	18	7	0.6	5	1.1	12	3.3	0.82	3,130
Guinness Peat	165	+2.9	-4.8	20	2	0.8	14	1.0	6	2.0	0.84	979
Taylor's Grp Ltd	155	+0.4	-2.2	38	1	1.7	14	0.9	13	6.7	0.84	38
Cavalier Corp	595	+1.1	-1.7	31	2	3.4	22	0.5	15	8.0	0.99	187
Michael Hill	490	+1.4	-1.6	28	4	3.8	20	0.6	19	4.6	1.00	189
<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0												
Pacific Retail	286	+23.3	-0.8	0	2	1.9	22	0.9	8	Nil	0.33	145
CDL Hotel NZ	27	+14.0	-1.0	5	-	0.4	5	1.4	9	3.9	0.47	94
Dorchester Pac	155	+6.3	-0.1	10	-	1.5	18	0.9	8	6.4	0.65	30
Richina Pacific	62	+5.2	-1.5	10	-	0.6	5	1.3	14	Nil	0.07	45
Broadway Ind	40	+4.3	-5.3	15	-	1.1	10	1.0	11	Nil	0.22	8
Goodman Fielder	195	+3.7	-0.9	16	-	1.4	10	0.5	14	5.1	0.59	2,489
Carter Holt	180	+3.5	-1.0	18	7	0.6	5	0.9	12	3.3	0.82	3,130
Steel & Tube	270	+3.4	-4.0	19	5	1.8	11	0.8	16	8.8	0.61	237
Guinness Peat	165	+2.9	-4.8	20	2	0.8	14	0.8	6	2.0	0.84	979
Hellaby Hold.	245	+2.7	-2.8	22	1	1.6	17	0.7	9	9.1	0.32	122
Shotover Jet	45	+1.6	-2.0	27	-	1.1	12	1.1	9	Nil	0.78	19
Michael Hill	490	+1.4	-1.6	28	4	3.8	20	0.5	19	4.6	1.00	189
Col Motor Co	270	+1.2	-2.6	31	-	1.0	7	0.5	15	7.7	0.22	75
Cavalier Corp	595	+1.1	-1.7	31	2	3.4	22	0.5	15	8.0	0.99	187
Taylor's Grp Ltd	155	+0.4	-2.2	38	1	1.7	14	0.7	13	6.7	0.84	38
<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million												
NZ Refining Co	1670	-2.9	+0.1	58	2	1.2	11	0.2	11	15.6	2.24	401
Wrightsons Ltd	107	-3.0	-1.4	59	2	1.3	9	1.1	13	11.2	0.20	144
Hallenstein G.	262	-3.6	+0.2	60	6	3.8	29	0.5	13	10.5	0.90	152
Powerco Limited	186	+1.3	-1.0	29	1	1.0	8	0.6	13	10.5	2.54	414
Skellmax Indust	103	-1.8	-1.8	51	-	5.7	69	0.9	8	10.1	1.02	103
Lytelton Port	162	-1.0	-3.3	50	4	3.8	32	0.5	12	9.4	2.83	165
Hellaby Hold.	245	+2.7	-2.8	22	1	1.6	17	0.6	9	9.1	0.32	122
Steel & Tube	270	+3.4	-4.0	19	5	1.8	11	0.7	16	8.8	0.61	237
Restaurant Brds	185	-0.9	-5.2	48	4	4.2	29	0.7	15	8.1	0.67	172
Cavalier Corp	595	+1.1	-1.7	31	2	3.4	22	0.5	15	8.0	0.99	187
<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0												
Dairy Brands	61	-0.2	+0.4	41	-	2.5	-	0.7	NE	Nil	7.06	30
E-Ventures NZ	32	-0.6	-1.4	43	-	0.9	-	1.1	NE	Nil	6.57	29
F & P Health	930	-18.4	+2.5	87	6	5.5	37	0.4	15	4.0	4.43	952
Software of Exc	184	-9.9	-4.5	76	-	6.1	-	0.7	NE	Nil	2.86	39
IT Capital Ltd	5	-24.2	-4.5	92	-	7.6	-	2.9	NE	Nil	2.85	8
Lytelton Port	162	-1.0	-3.3	50	4	3.8	32	0.5	12	9.4	2.83	165
Genesis Res.	215	-13.4	-2.5	85	-	1.1	-	0.8	NE	Nil	2.80	56
Vending Tech.	193	-5.2	-4.0	66	-	3.6	34	0.6	11	Nil	2.80	58
Ind Newspapers	340	-3.4	-3.2	59	6	1.3	2	0.6	53	3.7	2.66	1,465
AMP Limited	1600	-12.1	-3.6	82	3	1.6	7	0.4	21	3.9	2.48	18,056
NZ Refining Co	1670	-2.9	+0.1	58	2	1.2	11	0.2	11	15.6	2.24	401
<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
Elect Trans Tec	3	-26.6	-2.3	94	-	-	-	3.5	NE	Nil	N/A	6
Cert Organics	0	-26.1	-1.7	94	-	1.6	-	7.1	NE	Nil	N/A	10
IT Capital Ltd	5	-24.2	-4.5	92	-	7.6	-	2.7	NE	Nil	2.85	8
Cabletalk Group	32	-21.4	+0.2	91	-	0.7	-	0.9	NE	Nil	0.25	12
Cadmus Tech Ltd	6	-20.2	-2.6	90	-	0.5	3	1.8	18	Nil	1.06	8
GDC Communicat.	101	-20.2	-2.3	89	-	2.4	22	0.8	11	5.2	0.56	38
Tranz Rail Hold	202	-18.5	-7.6	87	6	0.5	6	0.6	9	4.2	0.39	244
F & P Health	930	-18.4	+2.5	87	6	5.5	37	0.3	15	4.0	4.43	952
Genesis Res.	215	-13.4	-2.5	85	-	1.1	-	0.8	NE	Nil	2.80	56
AMP Limited	1600	-12.1	-3.6	82	3	1.6	7	0.4	21	3.9	2.48	18,056
WN Drive Tech.	40	-11.8	+7.3	81	-	11.1	-	1.1	NE	Nil	N/A	42
Summit Gold Ltd	9	-10.8	-2.7	80	-	2.1	-	1.7	NE	Nil	N/A	8
Southern Cap	62	-10.4	-1.2	78	-	1.6	4	0.8	35	Nil	N/A	48
Wakefield Hosp.	142	-10.4	+1.9	78	-	0.7	4	0.6	19	3.2	0.58	13
Blis Technology	54	-10.0	+2.1	77	-	6.5	-	1.1	NE	Nil	N/A	34
Software of Exc	184	-9.9	-4.5	76	-	6.1	-	0.7	NE	Nil	2.86	39
Sanford Limited	490	-8.6	-1.4	74	4	1.2	7	0.5	17	6.1	1.30	469
Eldercare NZ	20	-7.0	-5.3	73	-	1.0	-	1.4	NE	Nil	0.92	35
AXA Asia Pac.	287	-6.2	-5.0	71	3	1.3	12	0.5	11	4.1	0.48	5,058
Cue Energy Ltd	6	-6.0	-1.1	71	-	0.6	19	2.2	3	Nil	1.36	19

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

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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									
<b>OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength &lt; 0</b>													
Webjet NL	9	-7.6	-12.2	58	1-1	-	-	1.2	NE	Nil	9.78	11	
Pro Medicus Ltd	97	-12.8	+1.1	70	0-0	1	9.7	41	0.5	24	2.3	9.45	
Pacific Hydro	333	-7.7	+0.9	59	0-0	5	2.6	16	0.5	16	0.9	8.97	
Genetic Tech.	42	-7.3	-10.5	58	6-0	-	-	0.9	NE	Nil	8.79	61	
Hills Motorway	480	-3.7	-1.2	46	1-0	8	2.3	-	0.3	NE	3.5	8.79	
Cochlear Ltd	3700	-8.8	-0.3	61	0-1	11	33.6	54	0.3	62	1.1	8.66	
Macquarie Infra	279	-6.2	-3.6	54	0-0	4	1.7	4	0.3	42	3.3	8.20	
Electrometals	14	-5.7	+0.5	53	2-0	-	-	0.9	NE	Nil	7.87	9	
Tech Star Ltd	25	-31.9	-4.2	95	0-2	-	2.5	-	0.9	NE	Nil	7.81	
Austereo Group	151	-10.4	-1.4	65	0-0	9	0.8	2	0.6	52	2.3	7.65	
Aust Net.com	18	-0.6	-7.3	37	0-0	-	0.4	-	0.8	NE	Nil	7.54	
Huntley Invest	57	-4.0	-0.9	48	3-0	-	0.8	7	0.6	12	5.3	7.48	
Div. United Inv	180	-2.9	-2.8	44	0-0	-	0.9	5	0.5	18	3.5	7.34	
Meditech Rsrch	17	-25.4	-5.7	90	4-0	-	-	1.1	NE	Nil	7.14	13	
Progen Indust.	103	-7.5	-3.9	58	0-0	-	1.3	-	0.8	NE	Nil	7.07	
Wilson Invest.	117	-1.5	-0.4	40	0-0	-	0.9	-	0.4	NE	3.2	6.64	
Transurban Grp	388	-2.3	-3.3	42	3-0	7	9.7	-	0.4	NE	Nil	6.46	
Impress Venture	5	-5.8	+7.6	53	6-1	-	0.5	-	1.9	NE	Nil	6.41	
Premier Invest	180	-5.6	-3.1	53	2-0	-	0.5	3	0.4	16	2.8	6.31	
Neighbourhood C	9	-21.0	-1.0	84	1-0	-	-	1.5	NE	Nil	6.23	15	
Peptech Limited	225	-14.2	-1.2	72	2-0	1	7.5	69	0.7	11	Nil	6.22	
Tap Oil	144	-1.0	-4.4	38	1-1	5	-	0.4	20	Nil	6.20	223	
Westfield Hold.	1470	-5.0	-2.5	50	4-5	8	5.9	13	0.5	46	1.1	6.13	
Infomedia Ltd	69	-22.5	-3.1	85	0-0	6	6.9	40	0.6	17	3.6	6.12	
Brickworks Ltd	590	-3.0	-4.5	45	11-0	2	1.5	11	0.4	13	2.4	5.85	
Gradiopore Ltd	142	-19.6	-0.3	81	3-0	-	1.4	-	0.8	NE	Nil	5.50	
Bligh Oil & Min	14	-7.3	+2.6	58	0-1	-	-	1.2	NE	Nil	5.42	49	
Collection Hse	328	-11.4	+1.0	67	1-0	6	5.5	16	0.4	33	2.0	5.14	
Gasnet Aust Trt	198	-1.6	+1.0	40	1-0	2	0.9	3	0.5	27	0.9	5.12	
Pearl Riv. Tyre	5	-8.5	-11.0	61	0-0	-	0.1	2	1.5	5	Nil	4.81	
Baycorp Advant.	348	-18.3	+2.2	80	0-0	5	34.8	-	0.7	29	2.9	4.80	
Institute Drug	220	-18.4	-3.5	80	3-1	1	4.4	18	0.8	25	1.8	4.80	
Gro Pep Limited	58	-35.6	-1.1	97	1-1	1	1.2	0	0.7	NE	Nil	4.77	
Harvey Norman	302	-10.3	+0.3	64	0-5	8	4.3	15	0.9	29	1.3	4.46	
Perp Trust Aust	3800	-3.1	-5.3	45	8-2	8	7.5	29	0.3	26	2.2	4.42	
Diamondmatrix Intl	18	-17.6	-7.7	78	0-0	-	-	1.6	NE	Nil	4.37	14	
Novogen Ltd	138	-12.9	-10.0	70	0-1	2	2.8	-	1.0	NE	Nil	4.36	
CSL Limited	2483	-16.8	-3.7	77	5-1	10	13.1	27	0.4	48	1.0	4.35	
Tasmanian Perp	755	-2.4	+0.7	42	0-0	-	4.4	14	0.3	32	3.8	4.28	
Panbio Ltd	107	-5.9	-6.3	54	2-0	1	-	-	0.7	NE	Nil	4.28	
Adsteam Marine	209	-7.3	+0.8	57	3-0	6	10.5	43	0.4	24	7.2	4.12	
Beston Wine Ind	88	-4.6	-0.3	49	0-0	1	1.1	14	0.5	8	10.8	4.11	
Energy Develop.	385	-20.2	+2.8	82	3-1	9	1.3	6	0.5	21	1.4	4.10	
Brain Resource	18	-3.9	-4.7	47	0-0	-	1.8	-	1.2	NE	Nil	4.00	
Zeolite Aust.	16	-8.2	+3.9	60	0-0	-	-	1.1	NE	Nil	3.97	6	
Earth Sanct.	21	-21.2	+3.4	84	1-0	-	0.3	-	1.4	NE	Nil	3.95	
Globe Intl Ltd	160	-8.4	-3.3	60	2-0	4	16.0	27	0.7	59	Nil	3.78	
Canada Land	7	-0.1	+0.0	36	0-0	-	0.2	-	1.7	NE	Nil	3.74	
Credit Corp	68	-4.0	-2.4	48	3-0	-	3.4	27	0.6	13	3.7	3.69	
Tox Free Sol.	11	-6.7	-0.2	56	0-1	-	1.1	-	1.0	NE	Nil	3.65	
<b>WORST PERFORMING SHARES: Weakest Shares, P/S Ratio &gt; 0.25, Yield &lt; Twice Average</b>													
Renew. Energy	11	-44.4	+1.0	99	2-0	3	0.5	-	1.3	NE	Nil	1.41	
Redflex Holding	44	-43.3	+0.3	99	0-4	-	0.7	-	0.9	NE	Nil	0.69	
China Converg.	1	-39.6	+3.2	99	0-0	-	-	-	3.8	NE	Nil	1.79	
RMG Limited	5	-39.1	-3.1	98	0-2	-	-	-	1.4	NE	Nil	N/A	
Kaz Group Ltd	23	-39.0	-1.5	98	4-1	6	2.3	20	1.4	12	2.8	0.97	
Sky Net Global	6	-38.6	-1.0	98	0-0	-	-	1.2	NE	Nil	0.73	6	
PowerTel Ltd	7	-37.9	+0.9	98	0-0	2	0.7	-	2.1	NE	Nil	1.18	
Open Telecom.	5	-37.6	+3.4	98	0-1	0.5	-	-	2.3	NE	Nil	0.46	
Anaconda Nickel	24	-36.0	-1.2	97	2-1	2	-	-	1.3	NE	Nil	2.06	
Gro Pep Limited	58	-35.6	-1.1	97	1-1	1	1.2	0	0.7	NE	Nil	4.77	
Hire Intell.	19	-35.6	-17.7	97	0-1	-	-	-	0.9	NE	Nil	N/A	
Quadrant Irid.	15	-34.2	-6.3	96	0-0	-	0.4	-	1.3	NE	Nil	N/A	
Axon Instrument	26	-33.1	-0.6	96	0-0	3	1.3	2	1.3	84	Nil	1.77	
Silex Systems	70	-32.8	-14.2	96	1-2	2	1.8	-	1.0	NE	Nil	N/A	
Multimedia Ltd	1	-32.4	-4.7	95	0-2	-	-	-	3.9	NE	Nil	1.02	
Tech Star Ltd	25	-31.9	-4.2	95	0-2	-	2.5	-	0.9	NE	Nil	7.81	
Compumedics Ltd	24	-31.8	-8.3	95	0-0	-	2.4	14	1.0	17	Nil	1.83	
Majestic Res.	4	-31.4	-2.2	95	3-0	-	-	-	1.5	NE	Nil	N/A	
SSH Medical Ltd	16	-31.4	+1.4	95	0-0	-	1.6	-	1.2	NE	Nil	N/A	
Vita Life Sci.	79	-30.2	-1.5	94	4-0	-	1.3	3	1.0	49	1.9	1.05	
Union Capital	1	-30.0	+2.1	94	5-0	-	0.1	-	3.3	NE	Nil	2.86	
Matrix Oil NL	7	-29.9	+0.7	94	0-0	1	-	-	1.3	NE	Nil	1.38	
MTM Entertainment	15	-29.6	-2.6	93	0-0	1	0.3	-	0.9	NE	Nil	1.34	

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									
Advanced Engine	6	-29.5	+0.8	93	0-0	-	-	-	1.4	NE	Nil	1.92	
Poltech Intl	81	-29.3	-3.8	93	4-6	-	2.7	23	0.7	12	Nil	2.27	
Stockford Ltd	19	-29.1	+2.9	93	7-0	1	1.9	-	0.8	NE	Nil	0.53	
Envirostar E.	12	-28.7	-1.2	92	0-1	-	1.2	-	0.9	NE	Nil	N/A	
Supersorb Env.	4	-28.7	-3.1	92	0-2	-	-	-	1.6	NE	Nil	0.57	
Garrisons Acctg	8	-27.9	-4.0	92	0-0	-	-	-	1.1	NE	Nil	0.41	
Austar United	17	-27.8	+3.9	92	1-1	4	-	-	1.4	NE	Nil	0.33	
Computer Share	165	-26.8	-0.9	91	10-1	9	-	-	0.9	23	0.6	1.20	
Federation Grp	33	-26.6	-11.9	91	4-0	-	3.3	-	1.1	NE	Nil	N/A	
latia Limited	12	-26.3	-4.3	91	0-0	-	-	-	1.2	NE	Nil	N/A	
Pinnacle VRB	13	-26.2	+0.2	90	0-0	-	-	-	1.0	NE	Nil	N/A	
Keycorp Ltd	88	-25.7	-1.2	90	2-0	1	-	-	1.1	NE	Nil	0.68	
Found'n Health.	31	-25.6	-0.4	90	5-3	2	-	-	0.6	NE	Nil	0.59	
Supersorb Env.	76	-25.5	+1.2	90	1-0	2	0.4	-	1.4	NE	Nil	2.20	
Snowball Group	40	-25.5	-8.7	90	0-0	-	-	-	0.9	NE	Nil	2.27	
Meditech Rsrch	17	-25.4	-5.7	90	4-0	-	-	-	1.1	NE	Nil	7.14	
Uccom Limited	12	-25.1	+2.4	89	1-0	2	0.6	-	1.1	NE	Nil	1.76	
Qadtel Limited	3	-24.9	-4.1	89	0-0	-	-	-	1.9	0	Nil	0.31	
Acclaim Explor	8	-24.7	-4.4	89	4-0	-	-	-	1.7	NE	Nil	N/A	
Prophecy Intl	20	-24.4	+1.8	88	2-0	-	1.0	-	1.0	NE	Nil	0.79	
Morning Star	10	-24.1	-6.1	88	1-0	-	0.5	-	1.0	NE	Nil	0.81	
Avatar Indust.	30	-23.8	-4.0	88	0-0	-	0.2	3	1.2	6	Nil	0.25	
Thundelarra Exp	34	-23.7	-13.2	87	3-4	-	-	-	0.7	NE	Nil	N/A	
Con Broken Hill	5	-23.5	+0.0	87	1-0	-	-	-	1.5	NE	Nil	N/A	
E.R.G.	28	-23.4	+5.1	87	0-1	6	1.4	5	1.3	29	3.6	0.60	
Kings Minerals	2	-23.3	-4.0	87	1-0	-	-	-	2.0	NE	Nil	N/A	
Tradehouse Int.	17	-23.1	-1.3	87	0-0	-	1.7	-	1.0	NE	Nil	1.06	

## Readers Ask . . .

**Question:** I have shares in 23 companies, mainly your recommendations, but would like your comments on AXA, Contact Energy, Capital Properties, Fletcher Forests, ANZ, GUD, Telstra and Westpac.

I am 70, my wife a couple of years younger. We own our home and are in the process of selling a property which should realise about \$140,000.

Our investments consist of about \$300,000 in fixed interest and about \$200,000 in shares. I still have \$20,000 in cash to invest in the sharemarket plus \$80,000 from the property sale in about 12 months.

In addition to the investment income and NZ Superannuation we receive modest private pensions.

**Answer:** This portfolio is well structured and very well diversified. About 55-60% is in fixed interest and 40-45% in shares, which is an appropriate low-risk spread for retired investors. About half the share portfolio is in the nine larger companies that you ask about above and the remainder invested in fourteen shares recommended in *Market Analysis*. While the share portfolio is mainly aimed at producing a high current income these shares (and especially the *Market Analysis* recommended shares) are important to provide *income growth* and *capital appreciation* over the long term to maintain the real value of your income and capital.

The most important things for a retired investor are (1) to provide sufficient income to cover living expenses and (2) provide liquidity (so that the cash is there when you want to spend it and you don't need to sell shares when they are depressed). While you don't give details of your required living expenses, I would assume that your combined income is sufficient without the need to consume capital. Furthermore, the spread of term deposits probably provides good liquidity. So you appear to be doing everything correctly!

The largest of your investments are **ANZ Bank** (A\$19,000), **Westpac** (A\$16,000) and **Telstra** (A\$14,000). Medium sized and smaller companies probably provide better long term income and growth potential - but do involve higher risks - so this type of Blue Chip share is appropriate for a retired investor. Nevertheless, you would probably do better to avoid telecommunication network companies (i.e. Telstra or Telecom NZ) owing to their need to invest to expand capacity while prices fall as a result of competition (i.e. the companies will need to make new investments but will receive no additional revenues, so profitability will be squeezed).

**GUD** (A\$6,600) is a smaller Australian company which is performing well at present and which expects

further improvements in the future. The company is in a sound financial position, and re-purchasing its shares on-market, so hold for income and further capital appreciation.

**AXA Asia Pacific** (\$6,000) has not performed too well, so you should probably sell this investment as there are better places to invest. **Fletcher Forests** (\$2000) has been a long term poor performer, so sell this small holding. Two years ago the company nearly failed but was kept afloat by raising a massive amount of new capital from investors. Now the company seeks to repeat its past mistakes by taking on a huge debt burden to re-purchase the CNIFP assets. Fletcher Forests is not attractive for high risk investors and certainly not appropriate for a retired investor seeking income and low risk!

**Capital Properties** (\$9000) and **Contact Energy** (\$8000) are both low risk, high income investments - so both are appropriate long term investments for a retired investor.

The only other suggestion would be to increase the size of your investments in the *Market Analysis* recommended shares using your current cash, funds from the sale of some existing shares and from the eventual property sale. At present you appear to be investing about NZ\$5-6,000 or A\$5,000 in each and that could be increased by about 50%. That is, make slightly larger purchases when you make new investments and also top up several of your existing shareholdings.

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**Question:** I'm not very experienced in shares. Could you please explain the meaning at the top of the columns such as P/E, etc. It would clarify what I am looking at.

It would probably be easiest by email.

**Answer:** I often tell people that if they know what a "P/E ratio" (or "Price/Earnings ratio") is then they are better educated than 50% of stockmarket investors. Don't laugh, it's probably true!

I have written an explanation of all these statistics and other investment jargon used in *Market Analysis* in the *Market Analysis Subscriber Reports* that was included in the package sent out when you first subscribed. If you have misplaced these *Reports* I can send another copy.

Please read through the *Reports* first. Then, wherever I have failed to adequately explain something, please feel free to seek further clarification.

My e-mail address is: [james@stockmarket.co.nz](mailto:james@stockmarket.co.nz)



# Australian Warrant / Option Analysis

A large number of Australian options in our table below will ultimately expire worthless. So they should be avoided.

Many options were issued when shares sold at higher prices - especially during the 1999-2000 technology boom. In these cases the *Exercise Price* of the options (i.e. the price at which an investor can buy the share) is 2-10 times higher than the current market value of the shares. If the shares fail to recover above the Exercise Price then the options will expire worthless. A high *Break-Even Rate* (i.e. anything above about 30-40% per annum) in our table is a good indication that an option will probably expire worthless. Avoid these options.

While most options are unattractive, there are a few interesting situations that may appeal to investors seeking high returns and prepared to accept high risks - at least with a small percentage of their portfolio.

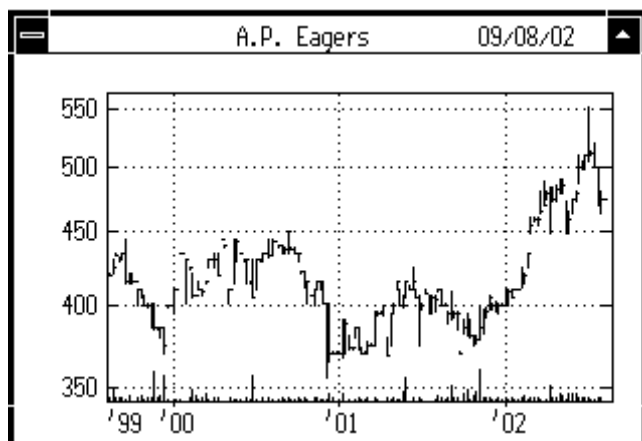
## AP Eagers (codes: share APE, options APEO).

We featured these options in May (and in previous *Warrant/Option Analysis* surveys) as the shares were rated a "Buy" under our *Comprehensive Share Selection Criteria*.

The company continues to perform well and the share price hit a recent high of 550 cents in early July before weakening back along with general stockmarket weakness. As a result, the share price has fallen 2% to 475 cents over the last three months, but the options have risen 65% to 76 cents. This appreciation reflects the options improving from a 54% discount to fair value in May, to just a 9% discount today. With the approach of their final *Exercise/Expiry Date* (i.e. 31 January 2003) the options should trade near their fair value.

While the options have appreciated strongly (i.e. from under-valued to fairly valued) they continue to offer a very high *Option Leverage* of 5.49 times. That is, the options will rise or fall in value 5½ times more (in percentage terms) than the AP Eagers share price. Given that AP Eagers shares are attractive and could rise over the next five months, the options offer the potential to realise a significantly higher rate of gain.

Of course, the options would also lose value 5½ times faster than the shares - if the company's fortunes were to suddenly deteriorate or if general stockmarket weakness further depressed the share price.



## Aberdeen Leaders (codes ALR and ALRO).

Last May we wrote briefly about this investment company that seeks "growth at a reasonable price" from shares in the Top 50 Australian companies.

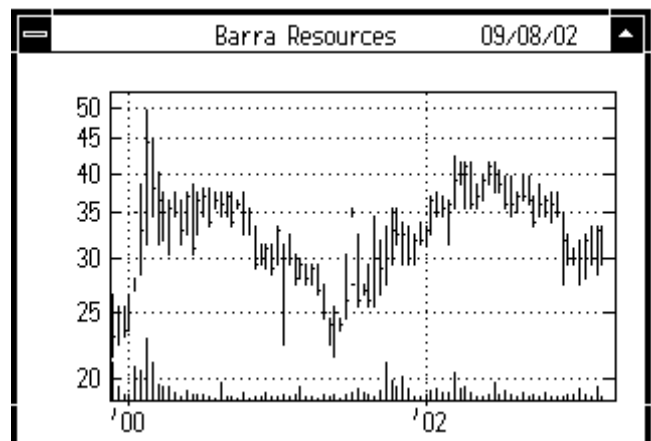
The share price has dipped 6.8% to 109 cents but the option price is steady at 8 cents - up from being 62% under-valued to a still large 41% under-valued today.

The main attraction to speculators would be the high *Option Leverage* of 4.47 times. The main problem? While the options have traded reasonably actively in the past they have limited marketability at the present time, so are difficult to purchase.

## Barra Resources (codes BAR and BARO).

A 19% drop in the share price to 30 cents and a 43% fall in the option price to 8 cents has produced a more attractive leveraged situation in this small, \$16 million capitalisation gold exploration company.

If the price of Gold and gold shares recover from their recent declines then Barra Resources options could soar in value owing to their high *Option Leverage* of 2.86 times. The options expire in just one year, but if the share price were to rise 20-40% to recent highs around 36-42 cents the options would be worth 11-17 cents for a gain of 35-110%. The options, however, are not too actively traded, so may be difficult to purchase.



## City Pacific (codes CIY and CIYOA).

City Pacific's share price has been very volatile over the last year - rising from a low of 22 cents to a peak of 271 cents and then falling back to 137 cents at present. The business is also growing very rapidly - but looks to involve significant risk. All of this is the perfect situation in which to consider an investment in options.

Volatility and growth offer the potential for the share price to rise and significantly increase the value of the options. At the same time, options *minimise* the risks of investing in such a volatile, uncertain business. For example, rather than risk 137 cents buying the shares an investor is better to buy the options at 37-40 cents and risk less than one-third as much capital. If the business does well over the next four years you can exercise the options at 100 cents on 1 September 2006.

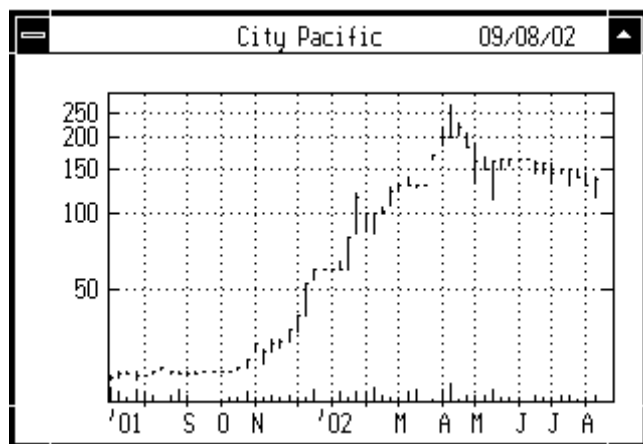
The business involves mortgage broking and managing mortgage funds for retail investors. The business is growing very rapidly (*Continued on Page 10*)

**Warrant/Option Analysis** (Continued from Page 9)

with very strong inflows of money into its mortgage funds. In March 2002 the company forecast a profit of \$2.84 million to June 2002 and \$5.7 million to June 2003, but those forecasts were increased in May to \$4.0 million (29 cents per share) in 2002 and \$8.1 million (59 cents per share) in 2003. The annual dividend rate for the June 2002 year has been raised to 7.0 cents.

There have also been five *insider* buys and no sells over the last year. Managing Director PK Sullivan purchased 90,000 options in April, 118,000 shares and 50,000 shares in May, 30,500 shares in July and 53,000 shares in August to lift his holding to 5,862,960 shares.

The options trade at a 59% discount to fair value and have four years to expiry, so offer an attractive leveraged investment in a rapidly growing business. The volume of options trading on the market is not large, but investors looking for a leveraged investment opportunity should seek to buy these as they become available.

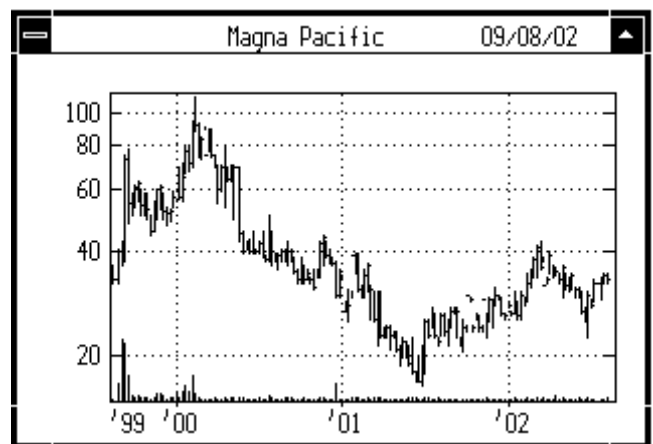
**Euroz** (codes EZL and EZLO).

This cash rich (i.e. 36 cents per share), stockbroking business was briefly discussed in May. This is a very small company, so the options are very inactively traded, but at a 52% discount to fair value and a high 2.43 times leverage the options could be attractive buy - when available.

**Magna Pacific** (codes MPH and MPHOB).

This is a small \$17 million capitalisation company with \$5 million in cash, no debts, and a rapidly growing business producing DVDs. Unfortunately, with such a *micro-cap* company, both the shares and options are not actively traded!

The options, however, last traded at a 73% discount to fair valuation, offer high leverage and have a low break-even rate - so are worth buying if you can pick some up.



Company	Share Price	Exercise Price	Yr/Mth Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break Even Rate
AKD Ltd	2	20	0-1	0.1	0.0	+999	0.85	9.99	1.00	+999
AP Eagers Ltd	475	400	0-5	76.0	83.7	-9	0.17	5.49	1.00	+1
Aberdeen Leaders	109	118	1-5	8.0	13.4	-41	0.27	4.47	1.00	+11
Acclaim Explor.	8	20	1-8	1.4	0.4	+278	0.52	3.65	1.00	+83
Adamus Resources	16	20	0-10	5.0	2.7	+84	0.70	2.81	1.00	+77
Adultshop.com	23	175	1-4	1.0	0.7	+49	0.92	2.97	1.00	+368
Adultshop.com	23	20	1-10	11.5	11.7	-2	0.92	1.51	1.00	+20
Adultshop.com	23	100	1-5	2.0	2.0	-1	0.92	2.48	1.00	+191
Advanced Engine	6	35	0-4	0.2	0.0	+999	0.94	7.67	1.00	+999
Aerosonde Holdings	5	40	1-10	2.0	0.2	+999	0.80	2.87	1.00	+219
Afminex Ltd	3	10	2-9	1.5	0.9	+67	0.89	1.70	1.00	+63
Afminex Ltd	3	50	0-7	0.1	0.0	+999	0.89	7.87	1.00	+999
Alcaston Mining	8	20	0-1	1.0	0.0	+999	0.69	9.99	1.00	+999
Alkane Explor.	21	35	2-7	10.0	6.1	+65	0.65	1.95	1.00	+34
Alligance Mining	4	20	1-4	1.0	0.4	+164	0.99	2.41	1.00	+240
Allied Mining	9	20	0-10	0.9	0.8	+9	0.84	2.99	1.00	+175
Amadeus Energy	11	25	2-3	2.5	0.4	+456	0.40	3.98	1.00	+53
Amadeus Petroleum	11	20	1-3	1.5	0.3	+426	0.40	5.23	1.00	+77
Ambition Group	46	100	2-1	1.5	7.8	-81	0.65	2.35	1.00	+46
Ambri Ltd	115	135	0-3	13.0	63.4	-80	3.24	1.39	1.00	+174
Amcom Telecom.	11	30	1-5	1.8	0.7	+166	0.67	3.13	1.00	+119
Amity Oil	49	35	0-1	11.0	13.6	-19	0.49	3.57	1.00	-72
Amink Technologies	4	45	1-10	0.2	0.7	-72	1.31	1.75	1.00	+286
Anitsense Therapeutic	12	20	4-5	6.2	4.3	+44	0.56	1.75	1.00	+19
Aquacaratene	4	5	0-5	1.2	0.6	+92	0.90	3.05	1.00	+186
Astro Mining NL	12	75	7-4	0.9	11.9	-92	2.03	1.01	1.00	+29
Astro Mining NL	12	360	0-4	1.0	0.0	+999	2.03	3.86	1.00	+999
Audax Resources	30	30	1-4	13.5	9.6	+40	0.66	2.12	1.00	+32
Auridium Consolidated	4	50	1-10	0.3	0.0	+999	0.75	3.63	1.00	+321
Auridium Consolidated	4	20	-1-5	0.3	0.0	+999	0.75	3.63	1.00	-95
Auspine Ltd	210	400	0-4	0.1	0.0	+999	0.23	9.99	1.00	+591
Aust Food & Fibre	29	32	3-10	1.3	8.5	-85	0.36	2.25	1.00	+4
Aust Magnesium	49	125	2-11	9.0	8.3	+8	0.59	2.26	1.00	+42
Aust Mining Invest.	5	20	1-1	0.8	1.2	-32	1.40	1.81	1.00	+273
Aust Oil & Gas	270	120	2-7	146.0	167.8	-13	0.41	1.55	1.00	-1
Aust Silicon	10	20	1-5	1.6	2.8	-43	0.99	1.88	1.00	+72

Company	Share Price	Exercise Price	Yr/Mth Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break Even Rate
Aust Technology	6	50	0-10	0.1	0.2	-56	1.26	2.74	1.00	+999
Aust United Gold	1	5	0-10	0.3	0.1	+202	1.30	2.34	1.00	+640
Autogen Ltd	45	125	7-6	11.0	16.2	-32	0.51	1.65	1.00	+16
Automotive Ind.	13	15	0-10	2.0	4.0	-49	0.96	2.05	1.00	+38
Aztec Resources	4	20	2-5	1.3	0.7	+76	0.90	1.93	1.00	+100
Barra Resources	30	25	1-0	8.0	8.2	-2	0.41	2.86	1.00	+10
Barlow (Tony)	0	10	2-4	0.1	0.1	+76	1.25	1.78	1.00	+299
Basin Minerals	210	25	0-7	185.0	185.7	-0	0.72	1.13	1.00	+0
Bioprospect	10	20	3-5	3.4	3.0	+13	0.64	1.83	1.00	+29
Biotech Capital	31	50	1-1	3.1	2.5	+22	0.52	3.72	1.00	+64
Biron Capital	30	40	1-9	3.3	3.0	+9	0.33	4.00	1.00	+23
Blaze International	4	20	0-9	0.7	0.7	+7	1.59	1.99	1.00	+795
Blinks Models	2	20	0-4	0.1	0.0	+999	0.89	9.98	1.00	+999
Bolnisi Gold	16	20	0-4	1.9	1.6	+21	0.76	4.06	1.00	+156
Boulder Steel	7	20	0-3	1.3	0.0	+999	0.74	9.79	1.00	+999
Bounty Oil	9	20	1-5	3.9	0.4	+789	0.51	3.89	1.00	+98
Bullion Minerals	8	20	1-10	2.1	1.4	+53	0.72	2.32	1.00	+69
Burns Philp	60	20	0-12	40.0	40.9	-2	0.30	1.47	1.00	+0
Cape Range Wireless	4	5	0-3	0.8	0.4	+105	0.87	4.06	1.00	+342
Captech Group	2	50	0-3	0.1	0.0	+999	1.53	7.30	1.00	+999
Captech Group	2	25	0-8	0.6	0.1	+857	1.53	2.68	1.00	+999
Cardia Technologies	9	20	1-10	2.4	2.4	+0	0.87	1.91	1.00	+63
Carnarvon Petroleum	4	20	0-4	0.2	0.0	+999	0.71	9.99	1.00	+999
Carnegie Corporation	2	20	0-4	0.1	0.0	+999	0.78	1.00	1.00	+999
Centamin	28	20	0-7	9.0	9.7	-7	0.57	2.47	1.00	+6
Central Equity	169	220	2-8	3.4	11.9	-71	0.19	5.50	1.00	+11
Central Kalgoorlie	3	20	0-4	0.1	0.0	+999	0.96	8.26	1.00	+999
Chariot Internet	18	100	0-4	0.1	0.1	+96	1.19	5.09	1.00	+999
Charter Pacific	52	50	0-2	6.5	5.5	+19	0.50	6.02	1.00	+64
Chiquita Brands	35	104	0-5	0.1	0.0	+312	0.61	8.86	1.00	+999
City Pacific	137	30	3-10	90.0	116.7	-23	0.76	1.14	1.00	-3
City Pacific	137	100	4-0	37.0	90.7	-59	0.76	1.30	1.00	+0
Clover	18	30	1-11	5.5	3.7	+47	0.63	2.31	1.00	+43
Cluff Resources	2	4	1-4	0.3	0.1	+144	0.71	2.94	1.00	+120
Cobra Resources	2	10	1-10	0.3	0.3	+14	1.00	2.05	1.00	+159
Cobra Resources NL	2	20	0-4	0.1	0.0	+999	1.00	8.66	1.00	+999

Company	Yr/Mth			Black-Option	Share	Option	Options	Break-		Company	Yr/Mth			Black-Option	Share	Option	Options	Break-			
	Share	Exercise	to								Price	Valuation	Over/Under-Valued							Volatility	Leverage
Cockatoo Ridge Wines	68	55	3-4	27.0	40.6	-33	0.75	1.39	1.00	+6	New Holland Mining	2	20	0-1	0.1	0.0	+999	1.21	9.99	1.00	+999
Commsecure	5	20	0-3	0.1	0.0	+999	0.74	9.99	1.00	+999	Newland Resources	3	20	0-2	3.0	0.0	+999	1.49	6.59	1.00	+999
Compass Resources	24	50	0-3	0.8	0.1	+592	0.73	7.76	1.00	+999	Nexus Energy	3	18	1-11	0.6	0.6	-7	1.05	1.89	1.00	+143
Conquest Mining	5	20	2-10	1.5	1.5	-3	1.00	1.59	1.00	+71	Olea Australia	17	25	3-3	5.0	9.3	-46	0.92	1.38	1.00	+19
Cooper Energy	15	20	1-7	4.8	1.5	+227	0.35	4.06	1.00	+37	Optima Corporation	23	20	2-4	1.8	6.7	-73	0.28	2.73	1.00	-2
Customers Ltd	4	20	1-1	1.5	0.0	+999	0.71	4.23	1.00	+372	Optima ICM	11	48	1-0	0.7	3.8	-81	1.77	1.55	1.00	+343
Datafast Telecommun.	1	20	3-3	0.1	0.3	-65	1.38	1.40	1.00	+170	Orchid Capital	2	20	0-5	0.1	0.0	+999	0.76	9.99	1.00	+999
DayTrader HQ	1	50	1-5	0.7	0.0	+999	1.30	2.40	1.00	+999	Oriel Communications	6	25	2-1	0.6	1.5	-61	1.11	1.68	1.00	+109
Didasko	9	10	2-2	4.3	6.2	-30	1.51	1.19	1.00	+27	Oropa	2	20	0-4	0.1	0.0	+999	0.77	9.99	1.00	+999
Didasko	9	250	0-3	0.1	0.0	+999	1.51	8.20	1.00	+999	Oxiana	32	25	0-1	5.9	6.8	-13	0.60	4.29	1.00	-21
Dolomatrix Int'l	18	8	1-10	9.0	12.4	-27	0.90	1.33	1.00	-3	Pacific Magnesium	2	20	0-4	0.1	0.0	+999	0.80	9.99	1.00	+999
Dromana Estate	65	150	3-1	3.0	11.1	-73	0.54	2.34	1.00	+32	Pacific Strategic	24	30	1-7	1.4	3.3	-58	0.41	3.34	1.00	+20
Dwyka Diamond	45	60	0-10	9.0	17.2	-48	1.31	1.71	1.00	+67	Pahth Telecom.	10	20	0-10	0.6	2.2	-73	1.23	2.01	1.00	+153
E-Star Online	4	50	0-10	0.1	0.0	+999	0.86	5.35	1.00	+999	Paladin Resources	2	15	0-9	0.1	0.0	+264	1.07	3.52	1.00	+999
East Corporation	1	20	0-10	0.1	0.0	+999	0.96	4.93	1.00	+999	Patrick Corporation	1575	875	2-4	760.0	821.6	-8	0.36	1.80	1.00	+2
Eastern Star Gas	11	20	0-4	0.5	0.1	+642	0.56	8.30	1.00	+547	Perseverance Corp	17	5	0-0	11.0	821.6	-99	1.09	1.80	1.00	-100
Eastland Medical	8	35	1-4	2.0	0.4	+361	0.86	2.80	1.00	+231	PI2 Limited	4	75	0-4	0.1	0.0	+999	1.37	5.93	1.00	+999
Echo Technology	5	35	2-10	0.9	1.5	-40	1.08	1.59	1.00	+99	Pilbara Mines	15	20	2-7	5.7	9.1	-38	1.13	1.31	1.00	+23
Eftnet Technologies	1	20	2-1	0.1	0.6	-84	1.74	1.33	1.00	+259	Platinum Australia	36	20	2-0	20.0	21.1	-5	0.68	1.51	1.00	+5
Ellex Medical Laser	99	50	1-11	62.0	57.2	+8	0.54	1.60	1.00	+7	Prana Biotech	178	50	0-6	130.0	130.0	-0	1.00	1.35	1.00	+2
Empire Oil & Gas	3	20	0-4	0.3	0.0	+999	0.83	9.99	1.00	+999	Precious Metals	7	200	3-3	0.3	0.5	-43	0.97	2.00	1.00	+187
Epitan Ltd	13	30	0-10	2.0	2.0	+2	1.05	2.40	1.00	+195	Prima BioMed	41	20	1-10	20.0	29.9	-33	1.23	1.22	1.00	-1
Essential Petroleum	14	20	0-3	2.2	0.2	+999	0.52	8.80	1.00	+532	Q-Mastor	18	25	3-4	3.5	3.3	+6	0.34	2.81	1.00	+15
Euroz	55	50	2-3	8.1	16.7	-52	0.37	2.43	1.00	+2	Q-Multimedia	3	11	0-7	1.0	0.0	+999	0.82	4.73	1.00	+918
Evans & Tate	103	115	2-2	31.0	19.9	+56	0.34	3.07	1.00	+17	QED Corporation	8	20	2-0	3.0	2.2	+37	0.90	1.84	1.00	+69
Ezenet Ltd	10	10	0-11	4.0	5.0	-20	1.38	1.50	1.00	+44	Quadtel	3	10	0-5	0.1	0.0	+113	1.16	3.91	1.00	+999
Ezymage	2	20	8-3	0.5	1.0	-48	0.84	1.31	1.00	+33	Quantum Resources	3	10	8-2	1.1	2.4	-55	1.63	1.02	1.00	+20
Flinders Diamonds	10	20	2-6	4.0	1.1	+253	0.46	2.95	1.00	+42	Range Resources	6	10	1-10	2.0	2.0	-2	0.97	1.68	1.00	+52
Global Reef Mining	3	10	1-10	1.0	0.2	+320	0.66	2.85	1.00	+100	Range Resources	6	20	0-10	0.9	0.3	+178	0.97	2.99	1.00	+386
Giralia Resources	11	15	1-7	5.2	4.1	+26	0.93	1.73	1.00	+47	Redflex Holdings	44	110	1-4	6.5	5.6	+16	0.80	2.53	1.00	+108
Global Business	2	20	3-4	0.4	0.6	-38	1.08	1.54	1.00	+98	Redflex Holdings	44	343	0-4	0.1	0.0	+999	0.80	9.99	1.00	+999
Global Doctor	1	20	0-4	0.1	0.0	+999	0.73	9.99	1.00	+999	Reefont Mining NL	4	20	1-3	0.5	0.1	+574	0.73	3.70	1.00	+270
Globe Securities	3	20	1-4	0.2	0.1	+84	0.90	2.92	1.00	+318	Rimfire Pacific	7	20	2-1	2.1	1.7	+24	0.90	1.87	1.00	+75
Golden Cross Resources	8	20	0-4	0.8	0.0	+999	0.60	9.53	1.00	+999	S8 Ltd	225	300	4-8	40.0	81.2	-51	0.46	1.85	1.00	+9
Golden State Res	4	10	1-7	0.7	0.9	-24	1.07	1.81	1.00	+103	SP Telecommunications	71	25	3-9	45.0	53.4	-16	0.62	1.26	1.00	-0
Golden Valley Mines	3	10	3-1	1.1	0.8	+39	0.79	1.80	1.00	+53	Sapphire Mines	12	12	3-3	7.0	4.2	+65	0.42	2.05	1.00	+15
Gowit Ltd	25	25	1-10	9.0	11.0	-18	0.84	1.63	1.00	+20	Select-Tel	8	72	0-8	0.5	0.7	-30	1.71	2.19	1.00	+999
Greater Pacific	2	20	0-2	0.1	0.0	+999	0.90	9.99	1.00	+999	Senetas Corporation	12	20	1-9	5.3	4.0	+31	0.96	1.72	1.00	+57
Greenstone Resources	11	20	1-5	4.0	2.9	+40	0.90	1.99	1.00	+73	Simon Gilbert	12	100	2-4	1.0	1.2	-13	0.89	2.20	1.00	+149
Gutnick Resources	18	375	0-8	1.0	0.8	+24	1.83	2.32	1.00	+999	Solar Energy Systems	9	30	2-4	0.8	0.7	+14	0.59	2.83	1.00	+69
Gutnick Resources	18	125	8-1	2.5	17.7	-86	1.83	1.01	1.00	+27	Solbec Pharmaceuticals	14	20	0-10	3.1	1.1	+172	0.52	4.07	1.00	+82
Hamill Resources	23	20	1-4	12.0	10.0	+20	0.83	1.74	1.00	+28	Sonacom	8	20	1-10	1.0	3.2	-69	1.26	1.48	1.00	+75
Helix Resources	27	100	0-2	0.1	0.0	+999	0.46	9.99	1.00	+999	Sphere Investments	10	29	1-10	2.0	2.5	-20	0.97	1.86	1.00	+85
Hillcrest Resources	3	20	2-5	0.8	0.3	+144	0.84	2.19	1.00	+123	Spiriflex Gold	8	20	3-10	1.9	2.9	-34	0.74	1.63	1.00	+30
IGM Group	2	20	0-10	0.1	0.0	+507	1.05	3.64	1.00	+999	St Barbara Mines	17	30	1-6	8.9	1.8	+387	0.54	3.14	1.00	+74
IPT Systems	1	20	1-10	0.3	0.2	+26	1.43	1.68	1.00	+368	St Francis	2	20	0-9	0.1	0.4	-74	1.96	1.79	1.00	+999
ISIS Communications	5	100	0-4	1.0	0.0	+999	1.09	9.99	1.00	+999	Strata Mining	2	20	0-4	0.1	0.0	+999	0.63	9.99	1.00	+999
Iatia Ltd	12	25	3-7	3.1	1.4	+129	0.38	2.97	1.00	+27	Stratatel Limited	6	25	3-0	1.0	1.5	-35	0.91	1.69	1.00	+68
Imperial	2	20	0-11	0.2	0.0	+999	0.90	4.60	1.00	+999	Striker Resources	10	20	0-1	1.1	0.0	+999	0.81	9.99	1.00	+999
Imperial One	2	10	1-10	0.3	0.1	+146	0.90	2.37	1.00	+186	Sub-Sahara Resources	2	20	1-4	0.4	0.1	+338	1.00	2.71	1.00	+414
Impress Ventures	5	20	0-4	0.2	0.0	+999	0.67	9.99	1.00	+999	Sun Capital	4	20	1-1	0.4	0.2	+128	0.93	2.97	1.00	+350
Independence Gold	34	20	2-5	16.5	18.1	-9	0.48	1.67	1.00	+3	Swift Ltd	6	10	2-7	2.0	3.4	-41	1.15	1.34	1.00	+31
Integra Medical	2	20	2-4	0.5	1.2	-59	1.84	1.21	1.00	+171	Sydney Gas Company	34	100	0-1	0.1	0.0	+999	0.36	9.99	1.00	+999
Intercontinental Gold	2	20	0-10	0.1	0.0	+507	1.05	3.64	1.00	+999	Sylvania	12	20	2-10	4.2	6.2	-33	0.99	1.40	1.00	+28
JAM Developments	16	25	3-3	1.2	4.9	-76	0.60	1.87	1.00	+18	Synergy Metals	2	200	0-3	0.5	0.0	+999	0.55	9.99	1.00	+999
Johnson's Well	11	260	0-10	55.0	6.0	+824	3.34	1.23	1.00	+999	Tasman Resources	12	20	3-6	5.3	6.3	-16	0.90	1.40	1.00	+24
Julia Corporation	2	10	1-0	0.5	0.0	+999	0.65	4.76	1.00	+338	Tawana Resources	70	50	0-10	28.0	24.9	+12	0.50	2.40	1.00	+14
KCG Mines	7	20	2-3	1.5	2.6	-42	1.06	1.58	1.00	+65	Technology Inv Fund	42	80	0-9	1.6	0.3	+497	0.40	7.98	1.00	+155
Kalrez Energy NL	0	20	0-10	0.1	0.0	+999	0.89	6.34	1.00	+999	Technstar	25	80	0-4	5.0	0.0	+999	0.83	7.64	1.00	+999
Kanowna Cons Gold	7	20	2-3	1.5	2.6	-42	1.06	1.58	1.00	+65	Techton Resources	6	20	1-10	2.1	1.0	+112	0.86	2.14	1.00	+104
Kanowna Lights	4	20	2-10	0.9	0.5	+78	0.73	2.20	1.00	+79	Telezon	6	20	2-4	1.8	0.0	+999	0.08	9.99	1.00	+74
Kimberley Diamond	44	130	0-11	4.4	0.4	+999	0.56	5.38	1.00	+238	Terraplanet.com	1	100	2-3	0.2	0.0	+763	1.23	2.22	1.00	+712
Local Telecom	4	33	3-4	0.1	1.8	-95	1.31	1.32	1.00	+91	Tiger Resources	8	10	2-10	2.5	5.1	-51	1.11	1.28	1.00	+17
Loftus Capital	53	110	0-4	0.1	0.0	+999	0.36	9.99	1.00	+796	Timemac	4	200	1-10	1.0	0.0	+999	0.00	9.99	1.00	+811
Lumacom	6	20	0-10	2.0	0.9	+126	1.23	2.23	1.00	+366	Travelshop	4	140	1-1	0.1	0.0	+999	0.82	5.90	1.00	+999
M2M Corporation	1	20	7-6	0.2	0.8	-76	1.40	1.08	1.00	+50	Travelshop Ltd	4	20	2-3	0.9	0.4	+141				

# "Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares % of Coy Held		
			(Mill)	Before	After
<b>12/07/2002</b>					
CFS Property	CBA	Sell	-84.221	62.49%	58.08%
NZJ.co.nz	JP Reuhman	Buy	+0.041	57.90%	58.70%
Rubicon Ltd	AMP	Sell	-2.705	14.72%	11.27%
Rubicon Ltd	UBS Nominees	Sell	-28.404	10.18%	0.0%
Rubicon Ltd	Tower Corporation	Sell	-6.515	7.64%	5.30%
Rubicon Ltd	Perry Corporation	Buy	+44.588	0.0%	15.98%
Rubicon Ltd	Deutsche Australia	Sell	-19.000	8.36%	1.97%
<b>19/07/2002</b>					
Tower Corporation	AXA Asia Pacific	Buy	+8.360	0.0%	4.79%
TranzRail Holdings	AXA Asia Pacific	Buy	+1.836	8.35%	9.86%
<b>26/07/2002</b>					
Fletcher Building	AXA Asia Pacific	Buy	+4.089	5.47%	6.65%
Goodman Fielder	AMP Henderson	Sell	-3.513	5.03%	4.75%
Kiwi Income Properties	AXA Asia Pacific	Buy	+4.980	5.97%	7.05%
Mainfreight	Tower Corporation	Buy	+3.977	0.0%	5.38%
NZJ.co.nz	JP Reuhman	Buy	+0.167	58.70%	62.40%
SkellMax Industries	AXA Asia Pacific	Buy	+8.210	0.0%	8.21%
TranzRail Holdings	AXA Asia Pacific	Buy	+2.103	9.86%	11.59%
Vertex Group	AXA Asia Pacific	Buy	+3.920	0.0%	12.23%
<b>02/08/2002</b>					
Michael Hill Int'l	AMP Henderson	Sell	-0.409	7.59%	6.56%
Newmarket Property	St Laurence Prop.	Buy	+4.518	5.07%	6.68%
Newmarket Property	National Property	Buy	+43.442	0.0%	64.20%
Tower Corporation	AXA Asia Pacific	Buy	+2.371	4.79%	6.15%
<b>09/08/2002</b>					
Kiwi Income Property	AXA Asia Pacific	Buy	+1.821	+7.05%	7.38%
Newmarket Property	National Property	Buy	+8.729	64.20%	77.10%

## Current Issues

### CASH ISSUES

	Ratio	Price	Ex-Date	Appln Date
Affco Holdings	1:1	10	26-08	20-09
Capital Properties	1:3	72	05-08	30-08
Software of Excellence	1:8		Cancelled	

**Affco Holdings** is making a 1 for 1 cash issue to shareholders at 10 cents to raise new equity. Is this a case of throwing good money after bad? Or is it a case of "This time it's different"?

Over the three decades that we have been following the NZ stockmarket there have been about half a dozen listed meat processing companies. Without exception, each one proved a bad investment. After losing significant amounts of money, most ended up in the hands of their major shareholders - the only parties willing to offer continued financial support in the face of endless operating losses.

When Affco listed in 1995 the company swapped new shares for existing debt and raised \$50 million in new equity from the public at 50 cents per share. Just last December the company raised \$17 million from shareholders in a 1 for 5 cash issue and now it is back for another \$27 million bite at shareholders' wallets!

## Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Calan Healthcare	1.6893	19-08	02-09	0.3107
Carter Holt Harvey	3.00	05-08	19-08	Nil
GDC Communications	1.75	16-09	20-09	Full
Newmarket Property	1.170441	29-07	02-08	0.329559
Property For Industry	1.35	05-08	09-08	0.003
Renaissance Corporation	3.00	23-09	27-09	Full
Trustpower	10.00	19-08	30-08	Nil
United Networks	19.00	02-09	06-09	Full
Waste Management NZ	2.50	02-09	06-09	Full

### Total Return Index for All Listed Shares

Jul 8	1940.06		
Jul 9	1941.92		
Jul 10	1934.77		
Jul 11	1922.48		
Jul 12	1928.48		
Jul 15	1913.99	Jul 22	1876.44
Jul 16	1911.66	Jul 23	1865.03
Jul 17	1901.73	Jul 24	1854.09
Jul 18	1910.34	Jul 25	1862.32
Jul 19	1905.01	Jul 26	1852.57
Jul 29	1850.78	Aug 5	1851.20
Jul 30	1867.78	Aug 6	1844.36
Jul 31	1861.57	Aug 7	1862.44
Aug 1	1863.35	Aug 8	1862.23
Aug 2	1860.58	Aug 9	1884.45

As with previous meat companies, Affco will eventually end up wholly owned by **Talley's Fisheries** (currently with a 19.9% shareholding) and **Toocooya Nominees** (with 18.7%). Those shareholdings will rise with both companies taking up their entitlement and underwriting the cash issue. As in the past, having committed tens of millions to a company it is difficult for the major shareholders to admit a mistake and stop throwing new money after past losses.

Hopefully, smaller shareholders will be more willing to cut their losses and walk away from a hopeless situation.

### Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday September 10, 2002 (and delivered in most areas on Wednesday 11).

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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