

# Market Analysis

Issue No. 369

P.O. Box 34-162, Auckland

March 11, 2003

## Inside Market Analysis

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## Summary and Recommended Investment Strategy.

Our Forecasts remain Neutral, but the stockmarket must be approaching its point of *maximum pessimism* (i.e. its ultimate low). The recommended shares offer good value - so remain close to fully invested (with a small cash reserve to help fund new buy recommendations).

### Investment Outlook.

Our short term and long term Forecasting models of the New Zealand and Australian stockmarket remain firmly Neutral (see table at right).

On the positive side, however, the investor sentiment is dominated by fear of war "and its impact on the market". We must be near the point of *maximum pessimism*. When that breaking point is reached - watch out for share prices exploding upwards!

In the meantime, negative sentiment means that the market will punish the share price of companies that under-perform. For example, Brazin which really has mismanaged its Australian business over recent months, Michael Hill over a small profit decline and Toll Holdings for another outstanding 44% profit rise! Oh, yes. That's another thing: The market *is* stupid! Let's not spoil a good gloom and doom story with *facts*.

At the same time negative sentiment means the market ignores good news: Austral Coal's full year profit up 222%, Skilled Engineering's first half year profit up 67%, Cavalier's interim profit up 60%, McPhersons' interim profit up 38%, Vision Systems recover with half year profits up 32% and Steel & Tube's 25% profit growth for the six month plus an attractive acquisition.

So the market's *value* increases considerably during this period of pessimism - either as share prices are marked down well below any decline in the underlying value of the business, or because the business is growing but the share price remains unchanged.

Ultimately, of course, share prices reflect the value of the business. There are extremes when shares over-value the business (i.e. the 1999-2000 Technology boom) and periods when shares under-value the business.

Investors in Technology shares during the recent boom enjoyed short term gains - but ultimately suffered significant long term pain. On the other hand, investors prepared to hold under-valued shares in today's market may suffer some short term pain, but will ultimately be well rewarded with significant long term gains.

### Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	<b>40%</b> (Neutral)	<b>53%</b> (Neutral)
New Zealand:	<b>60%</b> (Neutral)	<b>48%</b> (Neutral)



# Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	C	711	1.10	10	8.7	GDC Communicat.	C	78	0.43	8	6.7	Renaissance	D	22	0.07	NE	20.4
AMP NZ Office	C	83	8.47	13	8.6	Genesis Res.	D	132	2.22	NE	Nil	Restaurant Brds	C	134	0.48	11	11.1
AXA Asia Pac.	C	219	0.78	10	5.4	Goodman Fielder	A	194	0.68	12	2.4	RetailX Limited	D	17	3.88	NE	Nil
Advantage Group	D	18	0.25	7	Nil	Guinness Peat	C	146	0.74	5	2.3	Richina Pacific	D	44	0.06	4	Nil
Affco Holdings	C	18	0.04	8	Nil	Hallenstein G.	B	278	0.93	14	9.9	Richmond Hold.	B	300	N/A	NE	Nil
Air New Zealand	D	50	0.33	NE	Nil	Hellaby Hold.	A	340	0.49	12	7.9	Rocom Wireless	D	16	0.35	NE	Nil
Akd Int Airport	B	534	9.20	26	3.8	Heritage Mining*	N/R	5.0	N/A	NE	Nil	Rubicon Limited	D	67	2.53	NE	Nil
Allied Farmers	B	198	0.22	6	12.1	Horizon Energy	B	340	3.25	11	7.5	Ryman Health.	C	156	2.52	14	3.6
Apple Fields	C	3.5	2.99	15	Nil	IT Capital Ltd	E	1.9	1.20	NE	Nil	Sanford Limited	B	507	1.23	13	5.9
Beauty Direct	D	9.4	2.88	NE	Nil	Ind Newspapers	C	320	1.55	27	4.0	Savoy Equities	C	1.6	4.71	NE	Nil
Blis Technology	E	38	N/A	NE	Nil	Infratil NZ	D	160	1.90	13	2.8	Scott Tech. Ltd	A	240	1.81	22	6.8
Botry-Zen Ltd	D	12	N/A	NE	Nil	Kingsgate Int'l	E	22	1.13	8	Nil	Selector Group	C	1.0	1.41	NE	Nil
Brierley Invest	E	46	4.27	29	Nil	Kirkcaldie & St	C	382	0.72	18	4.7	Shotover Jet	B	75	1.32	10	2.5
Briscoe Group	C	235	1.94	28	4.1	Kiwi Property	B	105	6.72	11	9.7	Skellmax Indust	B	104	1.03	8	10.0
Broadway Ind	C	44	0.24	8	3.4	Lion Nathan Ltd	B	561	1.61	16	3.5	Sky City Ltd	A	870	3.52	19	6.5
CACI Group Ltd	E	35	0.49	NE	Nil	Lytelton Port	B	154	2.53	10	10.7	Sky City Leisur	B	168	0.19	15	Nil
CDL Hotel NZ	C	29	0.50	9	3.6	Mainfreight Grp	C	105	0.19	12	9.2	Sky Network TV	D	355	4.74	NE	Nil
CDL Investments	C	23	2.12	58	Nil	Metro. LifeCare	C	116	1.19	15	Nil	Software of Exc	D	80	1.24	NE	Nil
Cabletalk Group	E	17	0.13	NE	Nil	Michael Hill	B	460	0.82	14	5.5	South Port NZ	B	155	2.86	15	6.3
Cadmus Tech Ltd	E	6.0	1.30	NE	Nil	Mid-Cap Index *	N/R	185	N/A	NE	Nil	Southern Cap	D	62	3.23	9	Nil
Calan Hlthcare	C	79	6.51	12	8.6	Mooring Systems	C	120	N/A	NE	Nil	Spectrum Res.	D	1.0	0.71	NE	Nil
Cap Properties	B	90	2.34	9	10.9	Mowbray Collect	C	76	1.46	NE	Nil	Steel & Tube	A	325	0.86	16	8.7
Carter Holt	C	175	0.74	17	4.3	Mr Chips Hold	B	115	1.00	32	4.5	Strathmore Grp	C	0.6	N/A	NE	Nil
Cavalier Corp	A	395	1.51	19	6.8	NGC Holdings	B	146	1.60	20	4.5	Submarines Aust	C	3.0	1.54	NE	Nil
Cedenco Foods	B	155	0.89	6	Nil	NZ Experience	B	17	N/A	9	Nil	Summit Gold Ltd*	N/R	5.5	N/A	NE	Nil
Cert Organics	D	9.6	3.36	NE	Nil	NZ Invest Trust*	N/R	410	N/A	NE	2.0	Tag Pacific Ltd	E	8.0	0.17	NE	Nil
Col FS Property	B	109	6.21	11	9.7	NZ Oil and Gas *	N/R	28	2.23	NE	Nil	Taylor's Grp Ltd	C	161	0.73	12	7.9
Col Motor Co	A	327	0.24	11	9.6	NZ Refining Co	B	1630	2.42	11	13.7	TeNZ *	N/R	85	N/A	NE	Nil
Commssoft Group	D	0.3	0.04	NE	Nil	NZIJ.co.nz	D	30	2.20	NE	Nil	Telecom Corp	C	431	1.46	12	6.9
Compass Com.	C	41	N/A	58	Nil	Nat Property Tr	C	83	5.09	13	10.8	Tourism Hold.	D	103	0.51	41	4.3
Contact Energy	A	448	2.47	21	6.3	Newcall Group	C	4.0	0.29	NE	Nil	Tower Limited	D	196	0.59	NE	7.7
Cube Capital	C	11	0.61	NE	Nil	Newmarket Prop.	C	52	3.96	9	12.6	Trans-Tasman	D	25	1.81	14	Nil
Cue Energy Ltd *	N/R	5.2	1.39	12	Nil	Northland Port	A	282	6.26	23	5.8	Tranz Rail Hold	D	105	0.27	NE	Nil
DB Breweries	C	591	1.04	15	6.8	Nuhaka Forestry	E	790	N/A	NE	Nil	Trust Power Ltd	B	406	1.23	NE	4.7
Dairy Brands	D	64	7.41	NE	Nil	Nuplex Indust	A	345	0.49	11	7.4	Turners Auction	C	265	N/A	NE	Nil
Design Textiles	B	98	N/A	11	4.6	Opio Forestry	D	51	9.14	NE	Nil	Utilico Int'l	C	63	6.40	8	Nil
Dorchester Pac	C	145	0.61	7	6.8	Otter Gold Mine*	N/R	29	0.68	NE	Nil	Vending Tech.	C	60	0.87	3	Nil
Ecademy Hold.	E	0.2	3.33	NE	Nil	Owens Group Ltd	D	85	0.11	10	4.1	Vertex Group	B	141	0.50	7	15.0
Ebos Group Ltd	A	296	0.39	13	7.3	Ozzy (Tortis) *	N/R	170	N/A	NE	Nil	WN Drive Tech.	E	34	N/A	NE	Nil
Eldercare NZ	E	16	0.75	NE	Nil	Pac Edge Bio.	E	17	1.23	NE	Nil	Wakefield Hosp.	C	140	0.57	19	3.2
Elect Trans Tec	D	4.0	N/A	NE	Nil	Pacific Retail	E	235	0.27	7	Nil	Warehouse Group	C	549	0.89	20	3.7
Evergreen	D	53	3.54	11	Nil	Paramount Prop.	C	100	N/A	NE	Nil	Waste Mgmt NZ	B	295	1.87	22	3.8
F & P Appliance	C	965	1.84	23	3.9	Port Tauranga	B	400	4.88	21	6.2	Williams Kettle	B	378	0.30	8	9.1
F & P Health.	B	940	4.48	15	4.0	Ports Auckland	B	640	4.28	16	7.0	World Index Fd *	N/R	96	N/A	NE	Nil
FC - Forests	D	104	0.87	8	Nil	Powerco Limited	C	131	1.79	9	14.9	Wrightsons Ltd	C	115	0.23	7	14.9
Feverpitch Int.	D	26	N/A	NE	Nil	Property F Ind.	C	90	N/A	16	7.8	<b>Ave of 141 Cos</b>	C	181	0.50	18	3.6
Finzsoft Sol'ns	C	105	2.38	NE	Nil	Pure NZ Limited	D	6.0	5.83	NE	Nil						
Fletcher Build.	A	360	0.42	14	5.8	Pyne Gould G.	B	108	0.42	9	11.7						
AMP Diver. Prop	A	260	9.63	14	7.5	Cochlear Ltd	B	3250	6.66	43	1.6	Nat'l Foods	B	335	0.87	19	4.9
AMP Office Trt	B	111	9.81	13	8.3	Coles Myer	B	552	0.25	18	4.6	Nat'l Aust Bank	B	2906	1.69	13	5.1
AMP Shop Centre	A	139	6.99	14	8.0	Com'wealth Bank	B	2440	1.92	12	6.1	Newcrest Mining	B	617	3.63	NE	0.8
ANZ Bank	B	1635	1.53	11	5.2	Crane Group	A	842	0.26	13	5.9	Normandy NFM	A	1930	4.39	23	1.3
AWB Limited	B	349	0.41	9	7.2	Deutsche Div Tr	B	110	7.48	12	8.2	Nufarm Limited	A	357	0.38	10	5.0
Adelaide Bank	B	707	1.24	15	4.5	Deutsche Ind Tr	A	169	6.78	15	8.9	OPSM Group Ltd	B	330	0.90	17	4.4
Adelaide Bright	A	107	1.18	11	4.9	Deutsche Office	B	110	6.46	11	9.1	Oil Coy of Aust	B	345	3.66	14	7.0
Alumina Ltd	B	421	2.21	20	6.9	Djerrivarrh	B	308	N/A	15	7.0	Oil Search Ltd	C	68	1.65	8	2.2
Amcor Ltd	B	795	0.77	8	3.5	Foodland Assoc	B	1696	0.40	19	4.4	Onesteel Ltd	A	170	0.31	19	3.8
Anaconda Nickel	C	6.5	0.56	NE	Nil	Foster's Group	B	416	1.70	15	4.1	Orica Ltd	B	860	0.56	11	5.1
Angogold Ltd	A	1030	0.30	3	17.6	Futuris Corp.	B	140	0.12	14	8.6	Origin Energy	B	424	1.13	21	1.2
Ansell Ltd	D	533	0.44	NE	Nil	GWA Internat'l	A	262	1.18	16	6.5	Oxiana NL	C	57	N/A	NE	Nil
Aquarius Plat.	C	698	3.19	14	Nil	Gandel Retail	A	131	8.65	15	6.8	Pacifica Group	A	362	0.46	11	5.5
Argo Investment	B	418	N/A	26	3.6	General Prop Tr	A	288	7.30	15	7.1	Paperlin X Ltd	A	497	0.50	13	5.4
Aust Pharm. Ind	C	237	0.24	13	5.5	Goodman Fielder	B	161	0.66	12	4.7	Perp Trust Aust	C	2730	3.50	14	5.9
Aust Stock Exch	B	1090	5.28	19	3.7	Graincorp	B	1005	0.58	8	7.8	Principal Off.	C	136	N/A	NE	Nil
Aust Foundation	B	301	N/A	27	4.7	Guinness Peat	B	140	0.84	6	2.1	Ramsay Health	B	327	0.75	13	3.4
Australand Hold	A	139	0.63	8	8.6	Gunns Ltd	A	979	1.50	15	2.8	Reece Australia	B	620	0.97	15	2.7
BHP Billiton	B	865	0.98	9	2.8	Hills Indust.	A	322	0.69	17	6.2	Rio Tinto Ltd	B	3069	0.83	14	3.3
BHP Steel Ltd	C	317	0.55	NE	Nil	ING Indust Trt	A	170	N/A	13	7.9	Santos Ltd	B	538	2.03	10	5.6
BRL Hardy Ltd	A	1039	2.12	22	1.9	ING Office Fund	A	116	6.46	12	9.1	Sigma Company	B	410	0.33	26	2.4
Bank of O'land	A	700	2.62	16	4.1	ION Limited	A	200	1.21	15	3.6	Sims Group Ltd	A	824	0.52	15	4.4
Bank of W.Aust	C	333	2.90	12	5.9	Iluka Resources	B	375	0.88	7	5.9	Smorgon Steel	B	111	0.32	19	5.9
Bendigo Bank	B	725	3.09	18	4.0	Incitec	A	1070	1.43	22	3.5	Sonic Health	B	589	1.77	45	3.4
Bidvest	B	395	0.22	13	2.6	Investa Prop.	A	204	6.55	14	7.2	Soul Pattinson	B	520	3.14	17	2.7
Billabong Int'l	B	506	2.02	17	3.8	James Hardie	A	610	2.35	49	1.6	Southcorp Ltd	C	318	0.83	8	6.9
Boral Limited	A	454	0.74	13	4.2	Leighton Hold	B	855	0.46	14	4.9	St George Bank	B	1790	2.28	21	4.5
Brickworks Ltd	A	670	5.30	17	2.3	Lend Lease Corp	B	854	0.30	16	2.1	Sthn C. Fliers	D		10570	N/A	NE
Bristle Ltd	A	333	1.74	13	4.8	Lend Lease US	A	98	N/A	9	11.8	Nil					
Burns Philp	C	46	0.26	3	Nil	Lihir Gold	B	142	4.61	18	Nil	Stockland	A	492	4.89	16	6.0
C.wth Prop Off.	B	114	8.15	13	7.8	M.I.M. Holdings	B	143	0.71	32	2.3	Suncorp-Metway	C	922	1.08	16	5.9
C.S.R. Ltd	A	649	0.84	11	3.7	Macquarie Off.	B	120	8.94	13	9.1	Telstra	C	406	1.25	7	5.4
CPH Investment	B	51	0.91	54	Nil	Macquarie Good.	A	150	5.87	13	7.9	WMC Resources	C	374	1.99	56	Nil
CSL Limited	C	1460	1.71	19	2.3	Macquarie Bank	B	2400	2.00	17	3.9	Wesfarmers Ltd	B	2379	1.20	21	4.7
Cabcharge Ltd	B	281	0.69	25	3.6	Macquarie C'Wde	A	166	9.66	14	8.1	Westfield Trust	B	332	7.49	14	7.1
Caltex Australia	C	202	0.09	3	Nil	Mayne Group Ltd	B	301	0.48	14	4.7	Westfield Hold.	B	1290	7.52	31	1.6
Centro Prop.	A	374	N/A	16	7.0	McGuigan Simeon	B	427	3.90	35	3.5	Westfield Amer.	B	197	3.28	15	7.8
Challenger Int.	B	216	1.05	3	4.2	Metcash Trading	B	202	0.20	21	2.5	Westpac Banking	B	1400	1.61	11	5.0
Coal & Allied	B	2300	1.60	12	3.5	Milton Corp.	B	1120	N/A	25	4.0	Woodside Petrol	C	1017	3.03	NE	3.8
CocaCola Amatil	B	568	1.04	19	3.3	Mirvac Group	A	413	2.51	15	6.						

# Recommended Investments

**Cavalier Corporation** increased revenues 21.0% to \$95.0 million for the six months to 31 December 2002, while profits soared 60.2% to \$9,218,000 (14.6 cents per share). A second interim dividend of 7.5 cents (plus full imputation tax credits) lifts the payout so far this financial year by 29.7% to 12.0 cents.

Carpet revenues - aided by the acquisition of the **Ontera Modular** carpet tile business - rose 46.4% to \$77.6 million, with earnings (before interest and tax) up 52.6% to \$14.9 million. Demand has been "extremely high" in both NZ and Australia with the company operating at full manufacturing capacity. While this obviously limits Cavalier Corporation's ability to expand further in the short term, excess demand should ensure good profit margins.

The company does not expect the high NZ dollar to have a negative impact on profit margins. Firstly,

strong demand has enabled it to increase prices in Australia. Secondly, the high exchange rate has lowered raw material costs.

Carpet demand is expected to remain strong for the balance of this financial year, so the company has upgraded its profit forecast to \$17 million (27 cents per share) up 30% on last year and up from its December forecast of \$16 million.

As we expected, **CDL Investments** is re-instating dividend payments. Revenues for the year to 31 December 2002 rose 17.8% to \$23.9 million with profits recovering 8-fold to \$5,985,000 (3.2 cents per share). A final dividend of 1.6 cents (plus full tax credits) will be paid.

221 sections were sold during 2002, up 36% on the previous year, with this strong demand continuing into 2003. CDL Investments is *(Continued on Page 4)*

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation Code	- Date -	Price	Perfor- mance 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 %
<b>NZ Shares</b>													
BUY	CDL Investments Ltd	CDI	12/01/99	25	C	187.1	2.1	2.12	58	Nil	23	6.1	+16%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	A	63.0	0.7	1.51	19	6.8	395	103.5	+220%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	A	27.9	0.6	0.24	11	9.6	327	231.8	+273%
HOLD+	Lyttelton Port Company	LPC	12/12/00	150	B	101.8	1.0	2.53	10	10.7	154	21.3	+17%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.5	0.5	0.82	14	5.5	460	120.0	+1161%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	A	59.7	0.8	0.49	11	7.4	345	68.0	+18%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	37.1	2.0	0.07	NE	20.4	22	10.4	-62%
BUY	Richina Pacific	RCH	03/11/95	119*	D	72.2	1.7	0.06	4	Nil	44	11.9	-53%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	1.0	2.86	15	6.3	155	65.0	+83%
BUY	Steel & Tube Holdings	STU	08/08/00	146	A	87.9	0.9	0.86	16	8.7	325	52.0	+158%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	C	24.3	0.7	0.73	12	7.9	161	21.5	+79%
BUY	Wrightson Limited	WRI	13/01/98	83	C	134.2	1.3	0.23	7	14.9	115	29.8	+74%
<b>Australian Shares (in Aust cents)</b>													
HOLD+	Abigroup Limited	ABG	09/03/99	265	B	47.7	0.7	0.16	13	4.0	200	49.0	-6%
HOLD+	Atlas Pacific Ltd	ATP	14/05/96	73	A	87.8	1.3	2.57	7	10.8	37	6.0	-41%
HOLD+	Auspine Limited	ANE	08/02/00	210	A	57.0	0.6	0.68	14	5.6	250	48.0	+42%
BUY	Austral Coal Ltd	AUO	16/01/01	19	B	154.5	1.3	0.81	6	Nil	52	Nil	+174%
HOLD	Biron Capital Ltd	BIC	12/04/94	171*	B	38.2	1.5	2.41	20	3.1	32	13.0	-74%
HOLD	Brazin Limited	BRZ	11/12/01	160	C	116.4	0.9	0.27	6	11.5	117	13.5	-18%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	418*	B	39.0	0.5	0.49	15	6.7	445	85.5	+27%
HOLD	Cellnet Group Ltd	CLT	12/02/02	152	C	49.5	1.0	0.11	5	11.5	78	9.0	-43%
HOLD+	Commander Comm.	CDR	11/09/01	92	C	145.1	1.0	0.51	10	3.9	71	5.3	-17%
SELL	C.S.R. Limited	CSR	11/07/00	436	A	938.9	0.6	0.84	11	3.7	649	47.0	+60%
BUY	IASbet Ltd	IAS	11/02/03	180	C	41.0	0.9	2.33	12	4.0	175	Nil	-3%
HOLD	Julia Ross Recruitment	JRR	14/08/01	92	C	57.4	1.3	0.25	6	9.1	66	12.0	-15%
HOLD+	McPherson's Ltd	MCP	10/10/00	125	A	41.0	0.5	0.36	10	5.0	240	24.0	+111%
HOLD	Nufarm Limited	NUF	11/02/97	418*	A	155.7	0.6	0.38	10	5.0	357	99.3	+9%
HOLD	OAMPS Limited	OMP	15/05/01	132*	B	71.7	0.6	0.39	13	8.4	239	17.3	+94%
BUY	Skilled Engineering	SKE	12/03/02	126	A	88.7	0.9	0.30	17	4.9	203	10.0	+69%
HOLD	Toll Holdings	TOL	08/09/98	60*	C	302.8	0.6	1.19	22	1.7	585	35.5	+934%
HOLD	UXC Limited	UXC	11/01/00	55*	C	124.1	1.4	0.21	9	8.6	58	14.0	+31%
HOLD+	Villa World Ltd	VWD	11/06/02	68	A	102.9	0.8	0.43	7	9.9	91	5.0	+41%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	B	164.1	1.1	1.40	14	3.8	104	22.1	+83%
HOLD	Volante Group Ltd	VGL	13/03/01	132	C	68.1	0.9	0.19	16	8.0	100	13.0	-14%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +103.7%. This is equal to an average annual rate of +25.0%, 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 117 closed out) is +27.9%, compared with a market gain of +8.3% (by the SRC Total Return Index).

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

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

**Recommended Investments** (Continued from Page 3) developing a further 252 new sections in Auckland and Hamilton. During the year a 10 hectare site was purchased in Albany, increasing the company's land bank to 252 hectares with a current market value of \$59.2 million.

**Colonial Motor Company** continues to enjoy favourable trading conditions. Revenues rose 1.5% to \$190.8 million with profits down 1.4% to \$3,470,000 (12.4 cents per share). The interim dividend will remain unchanged at 9.0 cents (plus full tax credits).

As with the previous year, demand has been strong for heavy trucks.

Many investors would never buy shares in a motor vehicle dealer as the business is so vulnerable to the economic environment. As a result, however, the shares tend to trade at a low valuation, so are an attractive investment! Over a decade of just about the most uncertain economic conditions possible, Colonial Motor Company has repaid our initial investment 1.6 times - while the shares have also doubled in value. So we have increased our money better than 3½-fold in a decade (and even more if one counts the return on the dividends that we have re-invested in other shares in our portfolio). All of which just goes to help prove that *equities are a good long term hedge against uncertainty*.

**Lytelton Port Company's** revenues slipped 0.8% to \$30.4 million for the six months to 31 December 2002. Trading profits were down 19.0% to \$6,341,000 (6.2 cents per share) but there was a \$1.95 million one-off cost for employment negotiation and settlement costs. The interim dividend will remain unchanged at 3.75 cents (plus tax credits).

Full year trading profits (excluding this settlement) are projected to be "in excess of \$13 million" - down about 20% on last year.

Operating cashflows dipped 51% to \$5.8 million, while capital expenditure more than doubled to \$9.2 million (mainly to expand coal export facilities), so interest bearing debts increased \$5.9 million to \$27.8 million.

Despite a small decline in this year's profits, Lyttelton Port Company is a relatively low risk, cash generating business. At 154 cents the shares offer a high gross Dividend Yield of 10.7%. Three *insiders* bought shares on-market last week.

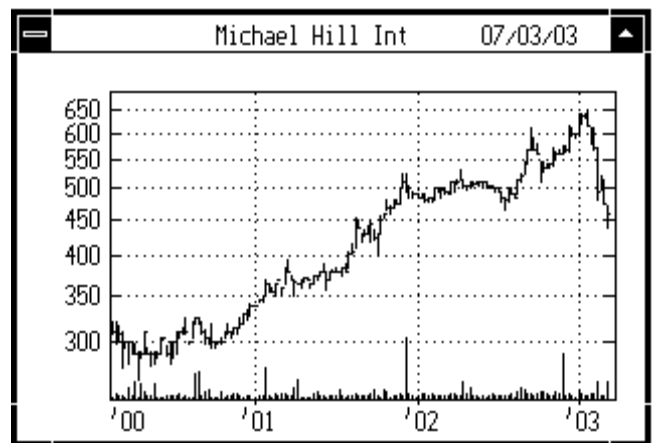
**Michael Hill International** disclosed its half year revenues last month and has now released its full interim report which shows trading profits 11.2% lower at \$7,525,000 (19.5 cents per share). The interim dividend will be steady at 7.0 cents (plus full tax credits).

The company now has 45 NZ stores, 81 Australian stores and three in Canada. For the current six months the company plans to open one NZ store, four in Australia and one in Canada.

In retrospect, the Chairman clearly did well selling one million shares in November, despite the usual positive comments at the AGM, as profitability has been tarnished by weaker than expected NZ sales, an unfavourable exchange rate and start up costs in Canada.

Nevertheless, at 460 cents the shares trade on a Price/Sales ratio of 0.82, a Price/Earnings ratio of 14 and offer a gross Dividend Yield of 5.5% - so offer good value

and remain a long term "Hold".



**Nuplex Industries** has continued to perform well which must eventually lead to a significant re-rating of the share price! For the six months to 31 December 2002, revenues increased 48.3% to \$318.4 million - helped, of course, by acquisitions although existing businesses also performed well. Profits rose 27.6% to \$12,345,000 (20.4 cents per share) and the interim dividend will be raised 18.8% to 9.5 cents (plus full tax credits).

Operating cashflows rose 84% to a very strong \$30.7 million. Together with \$9.5 million in new borrowings and a \$22.4 million reduction in cash (from \$60.5 million to \$38.1 million), this helped fund business acquisitions of \$49.0 million (i.e. mainly **Asia Pacific Specialty Chemicals**) and new property, plant and equipment of \$7.7 million. With the inclusion of debt held by Asia Pacific Specialty Chemicals, total interest bearing debt for the group rose \$26.5 million to \$191.8 million. That is fairly high, compared with Shareholders Equity of \$125.1 million, but to be expected immediately following a major acquisition.

NZ revenues rose 29% to \$79.8 million, with earnings (before depreciation, interest and tax) up 20% to \$11.2 million. In Australia, revenues rose 55% to \$233.0 million and earnings increased 43% to \$22.1 million. Revenues in Vietnam increased only 14% to 7.7 million with earnings up just 5% to \$2.1 million, but new manufacturing facilities will "substantially increase production capabilities and product range" in that region.

**Renaissance Corporation** recorded total revenues down 42.4% to \$110.6 million for the year to 31 December 2002 and a trading loss of \$490,000 (a loss of 1.3 cents per share). No final dividend will be paid, but a 3.0 cents interim dividend (plus full tax credits) was paid during the year.

**Richina Pacific's** full year results to 31 December 2002 show revenues down 23.0% to \$498.1 million but trading profits up 149.1% to \$8,186,000 (11.3 cents per share). No dividend will be paid as the company retains funds to finance further growth in China.

**Steel & Tube Holdings** experienced a 9.3% drop in total revenues for the half year to 31 December 2002. That, as readers will no doubt be aware, resulted from the sale of the Canadian business. Revenues from NZ businesses were up 8.5%. Profits rose 25.5% to \$10,950,000 (12.5 cents per share) and the interim dividend will be increased 22.2% to 11.0 cents (plus full tax credits).

Operating cashflows remain high, although down 28% to \$14.3 million. Interest bearing debt is down \$3.4 million to just \$3.2 million. Steel & Tube is *over-capitalised* with Shareholders Equity of \$125.7 million and could borrow up to \$80-90 million to fund acquisitions.

Steel & Tube has announced plans to acquire **Hurricane Wire Products** for \$25 million. The company is the largest manufacturer and distributor of wire products (i.e. mesh fencing, farm gates, nails and staples and reinforcing mesh) with revenues of \$47 million and earnings of \$4 million expected for the year to June 2003. This company is being purchased on a Price/Sales ratio of 0.53 and a Price/Earnings ratio (based upon estimated net profit after tax) of 10-13. That compares favourably with Steel & Tube's P/S ratio of 0.86 and P/E of 16, so is an even better use of cash than the share buy-back.

This acquisition "will not affect the company's ability to complete its share buy back" although to date Steel & Tube has yet to re-purchase a single share!

Steel & Tube Holdings shares remain a strong "Buy" with excellent potential for further significant income growth and capital appreciation over the next several years.

**Taylors Group** lifted revenues 7.0% to \$28.7 million for the half year to 31 December 2002. Profits rose 9.5% to \$1,939,000 (8.0 cents per share) and the interim dividend will be raised 12.5% to 4.5 cents per share.

Operating cashflows were very strong at \$3.3 million (up 92%), increasing cash on hand by \$1.1 million to \$1.6 million and reducing interest bearing debts by \$0.6 million to \$6.9 million.

As is always the case the "trading environment remains dominated by pressures on price", especially from health board customers with funding constraints, and "ever increasing service expectations". Nevertheless, Taylors Group continues to generate steady revenue, profit and dividend growth which compounds to increase the value of our investment. To remain competitive and grow, the company continues to explore "opportunities to increase efficiency of both the production cycle and improve the management" of its laundry plants. The company expects trading conditions to "remain stable" for the second half.

**Wrightson's** revenues slipped 4.2% to \$318.2 million for the six months to December 2002. Trading profits fell 34.4% to \$4,141,000 (3.1 cents per share) but a steady 3.5 cents dividend (plus full tax credits) will be paid. In fact, over 80% of the lower profit resulted from "strategic and restructuring expenditure" rather than any on-going decline in profitability.

The company remains "positive about the outlook for New Zealand's rural sector" through to the end of this financial year. "Solid revenues" despite the "extreme climatic conditions experienced in spring", plus "strategic initiatives" to increase sustainable earnings, lead the directors to expect a "satisfactory result for the full year".

Wrightson has sought to invest \$7 million in **Genesis Research & Development** through a stand in the market for 19.9% of the company at \$1.31 per share. That has been partially successful with Wrightson

building up a 15.42% shareholding. Biotechnology companies are very good at spending cash, not so good at generating revenues and are seldom able to earn a profit. A closer relationship between these two companies, however, may give Wrightson better access to commercialising agricultural work undertaken by Genesis Research. Overall this is a relatively small \$5.4 million investment for Wrightson, but is a further indication that the company is in a sound financial position with cash available for investment and dividends.

### Australian Shares

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

The **Abigroup/Leighton** joint venture has been officially appointed to construct the \$1,500 million, 40km *Western Sydney Orbital* and maintaining it for 34 years. Abigroup will also own a 10% equity in this electronic toll road.

The value of Abigroup's first toll road investment, in **Hills Motorway**, has increased steadily over recent months to \$79 million - equal to 166 cents per Abigroup share. So the market continues to place little value on its profitable construction business or other investments.

Abigroup is also a major partner in the **QR Consortium** which has been selected as preferred tenderer for the \$200 million contract to design and construct a 108km rail line from the **Rolleston Coal Mine** to the existing QR network at Blackwater. Work will begin soon and be completed by late 2004.

Abigroup's profitability has been depressed over recent years owing to lower revenues *and* lower profit margins in a competitive market. The recent increase in construction work should have a double impact on Abigroup's future profits - from higher revenues *and* a recovery in depressed profit margins!

At 200 cents, Abigroup shares trade on a very low Price/Sales ratio of 0.16, low Price/Earnings ratio of 14 and a Dividend Yield of 4.0%. That looks undervalued even before considering the value of the Hills Motorway shares! Technically the shares are trending sideways, with a Relative Strength ratio of -2.4%, ranked 47. There has been one *insider* buyer over the last year.

We rate the Abigroup shares a "Hold+" but they must eventually be re-rated significantly in value!

**Auspine** has lifted revenues 7.6% to \$121.0 million for the six months to 31 December 2002 - helped by "high activity in the housing market". Profits rose 28.9% to \$8,673,000 while earnings per share rose 34.7% to 15.9 cents per share owing to the reduction in issued capital from the on-market buy-back. The interim dividend will increase 14.3% to 8.0 cents.

Operating cash flows were very strong at \$22.3 million, which helped fund the share buy-back (\$5.7 million, over the period, to re-purchase 2,388,000 shares at an average of \$2.38 each) and reduce interest bearing debts by \$4.1 million to \$59.9 million.

Auspine - the largest forest plantation owner in Australia - reports it is now able to source more timber from its own forests. The company has also changed harvest methods with "logs not suitable for processing into quality-sawn timber now being chipped in the field" and delivered direct to port for export - lowering transport and overall production costs.

Timber sales are "expected to *(Continued on Page 6)*

**Recommended Investments** (Continued from Page 5) remain strong" in the second half, although may weaken "late in the last quarter if housing starts slow down". Woodchip exports are predicted to rise 25% for the full year. Capital expenditure to improve capacity and lower costs to Auspine's sawmill is scheduled over the next three years.

**Austral Coal** has lifted revenues 40.6% to \$99.8 million for the year to 31 December 2002. Profits soared 222.3% to \$13,437,000 - with earnings per share up 74.0% to 8.7 cents. No dividend will be paid.

Issued capital increased by 86.9% during the year - as Austral Coal raised cash to fund *future* expansion which will only start adding to profits later this year and from 2004. Coal production was 1.95 million tonnes and will expand to 3.0 million tonnes in 2004.

Operating cash flows fell 28% to \$11.3 million, but mainly owing to increased coal stocks (up \$7.2 million) and higher debtors (up \$9.2 million) at balance date.

At 52 cents, Austral Coal shares trade on a Price/Sales ratio of 0.81 and a low Price/Earnings ratio of 6.0. Revenues, profits and cashflows will increase significantly from early 2004. The company has almost completed the capital expenditure for this expansion, so cashflows can then be used to repay interest bearing debts and the payment of significantly dividends.

**Austral Coal shares remain a "Buy" with significant growth still to come over the next few years.**

**Biron Capital** generated revenues of \$1.4 million and a profit of \$742,000 (1.9 cents per share) during the six months to 31 December 2002 from its new property financing business. An interim dividend of 1.5 cents will be paid on 21 March.

\$9.7 million of loans were written during the half year but the second half has started even better with a further \$5.6 million of new loans written in January. Biron is looking at expanding its loan portfolio financed either by external bank borrowings or by establishing a Mortgage Trust to raise funds from the public.

**Brazin** has lifted revenues 14.1% to \$316.9 million for the six months to 31 December 2002, but trading profits slipped 13.1% to \$18,788,000 (16.1 cents per share). A steady 8.5 cents interim dividend will be paid.

**Sanity Entertainment (Australia)** performed extremely poorly. Revenues fell 7% to \$150 million with earnings down 85% to just \$2.7 million. The Australian music market is in a downturn, with intense competition. In addition, Brazin has been slow to expand its product range to include music and movie DVDs and has lost market share to competitors.

**Sanity Music (UK)** lifted revenues 96% to A\$106 million - helped by further acquisitions - with earnings up 65% to A\$3.7 million.

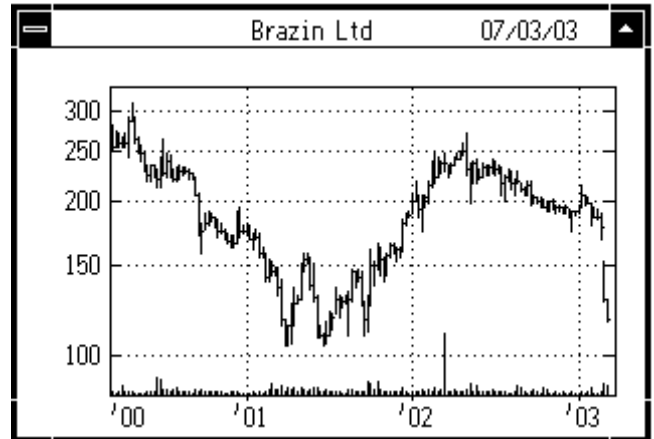
**BNT (Bras N Things)** performed well in Australia, lifting revenues just 8% to \$52 million but improving earnings 77% to \$6.9 million.

**Aztec Rose** saw revenues slip 8% to \$9.2 million with earnings down 15% to \$2.2 million.

Brazin has clearly performed very poorly in the Australian music business and lost market share to competitors. As a result, investors have significantly marked down the value of Brazin shares. Management is now seeking to "re-focus from music stores to

entertainment stores" belatedly introducing more DVDs and accessories.

The market has probably been too harsh on Brazin, but we are unwilling to buy shares that are so weak. **"Hold" for income and recovery** in both the Australian music business and the share price. As we have stated previously, the cheaply acquired UK music stores offer the potential for growth with little of Brazin's capital at risk. Ultimately, of course, the company succeeds or fails on management's ability to run the business efficiently and to provide customers with the products they want.



**Commander Communications** has lifted revenues 38.6% to \$131.1 million for the six months to 31 December 2002. Profits were \$6,344,000 (4.4 cents per share), up 136.0% on the 2001 period which was depressed by redundancy and brand improvement costs. A steady 1.75 cents dividend will be paid in April, but a higher final dividend is likely to lift the annual payout above last year's 2.75 cents.

Operating cash flows rose 35% to \$7.7 million.

The directors report "encouraging progress is being made from recent voice and data acquisitions, with continued reductions in operating expenses" owing to synergies between these acquisitions and the company's original businesses.

**C.S.R.** has announced details of its de-merger, but these are unfavourable for NZ and US investors, so we shall realise our gain and look to re-invest the cash elsewhere. See the *Sell Recommendation* on Page 8.

As previously predicted by the company, **Julia Ross Recruitment's** revenues eased 8.8% to \$72.5 million for the six months to 31 December 2002 and profits dived 54.5% to \$1,442,000 (2.5 cents per share) owing to competition in the market for temporary office staff. The interim dividend, however, will be maintained at a steady 3.0 cents.

The company maintained market share "in a very hard market" but profit margins suffered owing to competition from global competitors. Pressure on margins has since eased and "an improved result" for the second half of the year is expected, together with a steady annual dividend rate of 6.0 cents.

Julia Ross Recruitment will concentrate on expanding its permanent recruitment business and also expand its operation from white-collar workers to blue-collar labour to provide a wider range of services. A two-year, \$20 million tender has been won to supply permanent staff to **National Australia Bank**. Contracts with **Telstra**

have been extended by two years, while contracts with the **Commercial Bank of Australia** and **Chubb** have been expanded.

The recruitment industry is very fragmented with many small businesses, with the current downturn putting pressure on consolidation within the industry. We believe that Julia Ross Recruitment is an efficient company that can grow in this environment. The company has invested heavily in technology to provide customer service, so acquisitions and gains in market share are important to better utilise this investment and generate economies of scale. "Hold".

**McPhersons** has reported revenues down 4.1% to \$135.1 million for the six months to 31 December, but profits have risen strongly: up 37.8% to \$7,306,000 (17.8 cents per share). The interim dividend will increase 16.7% to 7.0 cents.

Revenues fell 1% in the Printing division to \$63.1 million, with earnings (before interest and tax) down 11% at \$6.9 million. The Printing division experienced pressure on volumes and margins across the industry, but is "well placed to take advantage of likely industry rationalisation opportunities".

The Houseware division performed extremely well: Revenues were down 4% to \$70.1 million but earnings rose 99% to \$6.7 million. The company attributes this improved profitability to "excellent productivity gains, successful new products and the deletion of low margin products". The Houseware division imports most of its product but the rise in the Australian dollar "had little impact on results" for the period but "will positively affect next financial year's results".

McPhersons is again evaluating potential compatible acquisitions, focusing on cashflow businesses in "unfashionable industries" with the objective of "delivering superior returns to shareholders".

We have better than doubled our money in McPhersons over the last 2½ years, but the shares continue to offer excellent value (i.e. P/S of 0.36, P/E of 10 and Yield of 5.0%), profits are growing and the businesses generate good cashflows that can fund growth through acquisition. The shares are in a strong uptrend (i.e. Strength rating of +8.6, ranked 15), so McPhersons shares remain a strong "Hold+" for further high income and capital appreciation.

**OAMPS** has recorded strong revenue growth for the period to 31 December 2002, up 58.7% to \$278.1 million. Trading profits rose only 38.0% to \$7,623,000 while earnings per share - adjusted for the recent bonus issue but diluted by share placements and issues to acquire businesses - was up only 13.1% to 10.6 cents per share. The interim dividend will be 31.3% higher (adjusted for the bonus issue) at 7.0 cents.

Further acquisitions over the last four weeks included **Multisurance Brokers** based in Ipswich (with \$1 million in annual insurance premium revenues) and two North Sydney businesses, **Harvey Robson Insurance Brokers** (with 1800 clients and \$5.5 million in premium revenues) and **IMM Insurance Broking Group** (which specialises in the jewellery and boatbuilding industries, with 600 clients and \$4.4 million in revenues).

**Skilled Engineering** has experienced a strong

profit recovery during the half year to 31 December 2002. Revenues rose 13.6% to \$325.2 million while trading profits soared 67.3% to \$7,612,000 (8.6 cents per share). The interim dividend is being raised 50.0% to 6.0 cents. In addition there was a small gain on the sale of surplus assets.

While Julia Ross Recruitment has suffered a downturn in the white collar market, Skilled Engineering has experienced buoyant demand for blue collar workers in building, construction, manufacturing, heavy engineering and mining industries. As previously reported, the company has been focusing on improving profit margins with "more value-added propositions" and Skilled Engineering has also worked to win business and increase market share - which is an important indicator of future success! The company reports a trend among customers to cut down on the number of external contractors, which favours larger companies (like Skilled Engineering) and puts further pressure on consolidating this industry.

As we have often stated, the recruitment and labour hire market is very fragmented. There are 1400 companies in this industry, and the biggest 20 companies account for less than 30% of the market. Skilled Engineering, with a 5% market share, is the largest and is therefore well placed to benefit from consolidation.

Investors will remember that we recommended Skilled Engineering shares in March 2002 when the \$4,454,000 first half profit and reinstatement of a dividend indicated the early stages of a cyclical recovery. This year's *improved* first half result confirms the company is in the recovery/growth phase and that our initial target of a share price of "\$4-5 dollars over the next 2-4 years" is very achievable.

The directors "remain optimistic about future prospects and opportunities to expand and profitably grow the business". They also expect the second half result to be similar - giving an annual profit of around \$15.0-15.5 million (17-17½ cents per share).



**Toll Holdings** continues to grow at an outstanding rate. For the six months to 31 December 2002, revenues rose 20.2% to \$1,243.2 million and profits soared 43.6% to \$56,270,000. Earnings per share rose 29.7% to 18.6 cents per share and the interim dividend will be raised 44.4% to 6.5 cents.

**Pacific Rail** generated revenues of \$547 million, earnings before tax and interest of \$54.9 million and a net profit of \$25.8 million. This business is 50% owned, so contributed \$12.9 million in (Continued on Page 8)

**Recommended Investments** (Continued from Page 7) equity profits (but no revenue) to the Toll Holdings result above.

Toll Holdings reports "current trading remains strong" with the second half starting strongly and "no evidence of a deterioration of economic conditions or any significant new cost pressures", that "the company is in excellent shape" and "poised to maintain earnings momentum".

While Toll Holdings shares have weakened significantly over the last year we are reluctant to sell out of a company that is growing so rapidly. At the current share price of 585 cents, and with a continuation of the first half result over the remainder of the year, the Price/Earnings ratio will be a relatively low 16-17. "Hold" for long term growth and a re-rating of the shares.

**UXC** earned revenues of \$47.9 million for the six months to 31 December 2002 with profits of \$2,860,000 (2.3 cents per share), but this period *excludes* two months of revenue and profits from Utility Services (i.e. most of the combined businesses) prior to the reverse takeover of DVT Holdings. A steady 2.0 cents dividend will be paid.

UXC remains virtually debt-free with cash of \$21.8 million (17.6 cents per share).

**Villa World** has paid \$6 million for a 50% interest in

a joint venture with the land owner, **Woodhouse Pastoral Company**, to develop 1250 hectares of the 7400 hectare *Eynesbury Station*. The development, 40km west of Melbourne, will consist of around 2100 residential units (i.e. golf course homes, medium density apartments and houses on individual sites), an 18-hole international standard golf course and a 200 room hotel with conference facilities. Complete planning of the development will take place over the next year.

**Vision Systems** has lifted trading revenues 13.8% to \$71.3 million for the six months to 31 December 2002, while trading profits recovered 32.0% to \$7,233,000 (4.4 cents per share). The interim dividend is being raised 11.1% to 2.0 cents.

In addition there was a \$1,072,000 profit on the sale of the final **TTP Communications** shares.

Operating cash flow was very strong at \$21.1 million, helping the company reduce interest bearing debts \$3.8 million to \$22.4 million and increase cash \$6.1 million to \$21.1 million.

See our *Recommended Company Review* on Pages 9 and 10 for more information about Vision Systems.

**Volante Group** experienced a 5.7% fall in revenues to \$173.4 million for the six months to 31 December 2002 owing to "many companies cutting their IT spending". Profits fell 4.2% to \$3,015,000 (4.4 cents per share) but the interim dividend is being raised 14.3% to 4.0 cents.

## Share Recommendation: Sell C.S.R.

### SELL C.S.R.

We are recommending the sale of C.S.R. ahead of its de-merger (ex-entitlement 31 March 2003).

While the de-merger into **Rinker** (i.e. mainly the US assets) and **C.S.R.** (i.e. mainly the Australian assets) should increase the total value of this group, the method of splitting these two businesses has unattractive tax consequences for NZ (and US) resident shareholders. Fortunately, much of the increased shareholder value from the de-merger is likely to have accrued to C.S.R.'s share price *ahead* of the actual split. The rally in the share price over the last four months is probably the result of the market *anticipating* the value of the de-merger.

The de-merger will be achieved by C.S.R. making an 84 cents per share capital reduction and a 69 cents dividend. This will not be paid in cash, but as one Rinker share for every one C.S.R. share held. Neither payment is taxable to Australian residents (and will lower the capital gains taxes on their eventual sale). For US residents the capital reduction is non-taxable, but the dividend is taxable. For NZ residents, C.S.R. believes that both payments will be subject to NZ income tax.

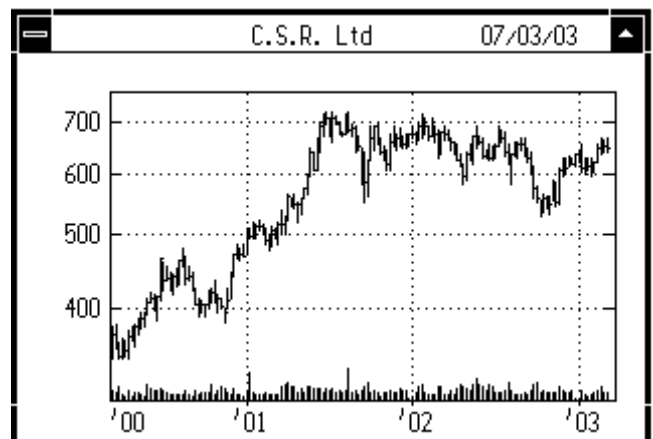
### Summary and Recommendation

Three years ago C.S.R. shares were out of favour and depressed - and have since produced a 60% gain as the shares have been re-rated. While the shares still offer good value, the tax consequences (for NZ investors) of

the demerger are not attractive and will destroy up to 10% of our investment in this company.

Therefore this is probably the correct time to realise our gain on C.S.R. and re-invest in more under-valued shares that will likely yield higher returns over the next few years.

Australian investors do not have this tax problem, so could hold in the short term. Nevertheless, the decline in the share prices of many quality companies has offered many new attractive investment opportunities, so there are better places to invest over the medium to long term. C.S.R. (and Rinker) can be sold at some stage in the future to help finance new, more attractive investments.





# Recommended Company Review: Vision Systems

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

We initially recommended **Vision Systems** shares in November 1998. That investment performed well, but the shares declined sharply in value from mid-2001 until late 2002 as demand for its high-tech fire and security products declined.

This situation has improved over recent months - and Vision Systems shares are again attractive for purchase. Vision Systems has recently invested heavily in Research & Development to bring new products to the market in late 2002 and throughout 2003 which will increase future revenues and profits. It has expanded to earn recurring, high profit margin revenues by providing reagents for use with its high value medical equipment. The shares now trade on a low valuation, *Insiders* have been actively buying shares over the last year and the share price appears to have passed its lows and be in the early stages of a new uptrend.

## Company History

Vision Systems was formed in 1984 and floated on the Australian Stock Exchange in 1985 to raise funds to commercialise an automatic surveillance system.

Contract R & D company, **CJ Abell & Co**, was acquired in 1987 and **Forensic Science Technology International** was bought in 1988. **Investech** was purchased in 1994 and **IEI Group** in 1995.

Starting in 1994 the company developed LADS (Laser Airborne Depth Sounding) which together with other Defence businesses was sold to **Tennex Defence Systems** in early 2000 for \$50 million with further payments over the next three years.

Vision System's \$2 million investment in a UK associate, **TTP Group**, produced a huge pay-off in late 2000 when that company spun-off **TTP Communications** which was listed on the UK stockmarket. Initially worth around A\$159.5 million, \$10.5 million of shares were sold in the float, but the sale of the remaining shares was restricted until late 2001 by which time the share price had declined. Nevertheless, Vision Systems finally realised a total of A\$69.7 million from these shares.

Most of this cash was eventually used to acquire UK based **Novacastra Laboratories** in June 2002 for £36 million (A\$94 million). The market was initially dubious of this acquisition, further marking down the value of Vision Systems shares.

## Novacastra Laboratories

This business was acquired for \$94 million in cash, mainly to acquire goodwill and intangible assets. Private companies, however, tend to use very conservative accounting policies to understate the value of their assets and taxable profits.

Upon a review of the business, Vision Systems has identified the tangible assets consisting of Cell Lines valued at \$32.8 million and inventories valued at \$3.3

million that were previously recorded at zero value. Intangible assets consisting of Brands (\$7.6 million) and Intellectual property (\$9.3 million) were also recognised. This reduces the Goodwill on acquisition to \$33.5 million.

Cell Lines are biological material kept in cryogenic storage between being used to generate each batch of reagents. They will be depreciated over a period of 50 years.

At the time of acquisition (i.e. June 2002), Novacastra Laboratories was forecast to contribute earnings (before interest, tax and amortisation) of \$9 million for the year to June 2003. It is running ahead of this with a contribution of \$5 million over the last six months, up about 25% on the previous year from its original business. The extra sales force and marketing should start to produce additional growth during the current six months, with Vision Systems new medical equipment adding to sales in the year to June 2004.

This is all high profit margin revenues from recurring reagents used in cancer diagnostics - which is a growing and recession proof niche market.

## Recent Results

While Vision Systems was successful at extracting value from the sale of its Defence division and TTP Communications, revenue growth has been slow and profitability volatile.

In the year to June 1999, revenues rose 19.7% to \$130.2 million, profits slipped 4.2% to \$6,890,000 (5.6 cents per share) but the dividend rose 7.7% to 2.8 cents.

Revenues from on-going businesses (i.e. excluding the Defence business) rose 16.1% to \$120.2 million for the year to June 2000. Trading profits fell 16.6% to \$5,743,000 (4.0 cents per share), although the dividend rose 7.1% to 3.0 cents.

The year to June 2001 saw revenues up 26.1% to \$151.6 million and trading profits soared 166.4% to \$15,300,000 (10.5 cents per share). The dividend was raised only 13.3% to 3.4 cents.

Vision Systems hit a glitch in the year to June 2002. The global downturn in economic activity plus reduced capital expenditure by technology companies significantly lowered the demand for Vision Systems' products. Revenues fell 22.1% to \$118.2 million with trading profits down 20.8% at \$12,116,000 (7.6 cents per share). The annual dividend was raised 14.7% to 3.9 cents.

The six months to 31 December 2002 shows some improvement, with Vision systems seeking to expand its customer base into other industries such as Utilities and Finance. Revenues rose 13.8% to \$71.3 million, while trading profits recovered 32.0% to \$7,233,000 (4.4 cents per share) and the interim dividend was raised 11.1% to 2.0 cents.

*(Continued on Page 10)*

**Vision Systems***(Continued from Page 9)***Growth Potential**

Over the last year Vision Systems has invested heavily in Research & Development with new products likely to boost revenues and profits in the near future.

Recent new products include *LaserTEKNIC* (released November 2002), *FastTrace* (December 2002) and *PROACTIV* (December 2002) although "none of these product releases contributed materially to the first half result, but significant contributions are expected from the current half year onwards". Planned product releases of *FastTrace* ATM interface (March 2003), *Video Central Interface Monitoring Software* (March 2003), *Bond* (April 2003) and *Peloris* (June 2003) will begin generating meaningful revenue and profit growth from next year onwards. The *Bond* and *Peloris* cancer screening medical instruments will also generate recurring, high profit margin revenues from reagent sales provided by Novacastra Laboratories.

**Investment Criteria**

At 104 cents, Vision Systems shares trade on a Price/Sales ratio of 1.40, a Price/Earnings ratio of 14 and a Dividend Yield of 3.8%. Those statistics appear to offer *fair* value if Vision Systems had only average growth potential. New products, however, should substantially boost revenues and profits over the next several years, and also lead to an increasing volume of high profit margin reagent sales.

Vision Systems invested \$35.5 million in Research & Development to develop new products. So on a share price of 104 cents the Price/Research ratio is a very low 4.8. Page 60 of Kenneth Fisher's book *Super Stocks* states "Don't buy a Super Company selling on a P/R ratio of greater than 15" and "Find Super Companies with a P/R ratio of 5 to 10." In the current situation, this low P/R ratio may be one of the best indications that the shares are under-valued.

The market capitalisation is \$171 million making this a medium sized company.

Vision Systems is *neglected* by stockbrokers, with just two firms publishing profit forecasts, but institutions have fairly large holdings.

Management have a significant investment in Vision Systems. Chief Executive Dr JC Fox owns 1,727,368 shares, Executive Director PA Murphy has 1,693,240 shares and Chairman WR Beischer has 179,000 shares. Other non-executive director shareholdings are TFS James with 152,001 shares, GE McGuiness with 30,000 shares, JB Parncutt with 200,000 shares, GF Latta with 220,126 shares and JN Button with 75,000 shares.

There have also been seven *insider* buys in Vision Systems - all in September and October 2002 - which is another strong indication that the shares are under-valued. Chairman WR Beischer bought 20,000 shares at \$1.10. JB Parncutt doubled his investment, buying 100,000 shares in a series of on-market purchases at prices around \$1.08-1.12. TFS James increased his holding by 60,000 shares at prices around \$1.17-1.19. GE McGuiness bought 22,000 shares at between 97 cents and \$1.18 and JN Button purchased 10,000 shares at 97 cents.

Visions System peaked at 371 cents in June 2001 and

plunged to a low of 85 cents in October 2002, but appear to have stabilised and *may* be about to start a new uptrend. The Relative Strength rating is -1.3% (i.e. slightly less than a *positive* value that would show an uptrend), but ranked 43 (i.e. performing slightly better than the average Australian share). We believe this could be a final dip caused by general market weakness, ahead of a new uptrend driven by future profit growth.

**Summary and Recommendation**

In retrospect we clearly under-estimated the impact that lower capital expenditure by technology companies would have on Vision Systems revenues and profit margins. The company was also unable to realise its TTP Communications shares earlier, at a better price, and lost value in the technology stockmarket decline. The stockmarket also reacted unfavourably initially to the purchase of Novacastra Laboratories. All of this resulted in a glitch that has significantly depressed Vision Systems share price over the last 18 months.

Vision Systems, however, has moved to position itself to earn recurring revenues and better profit margins in the future. It has taken its expertise in developing high value, automated medical equipment *for other people* and is developing, manufacturing and marketing its own range. While this can be a high risk, high return business, Vision Systems has sought to maximise returns and generate low risk, high profit margin revenues by diversifying into the supply of reagents. Each piece of equipment sold will therefore eventually generate many times as much future revenue from the sale of supplies.

New products being released this year - together with its new higher margin business - hold the potential to generate significant revenue and profit growth over the next few years. Therefore we are upgrading Vision Systems shares to a "Buy". Existing shareholders may wish to follow the example of the directors and add to their investment in Vision Systems, while the shares are also attractive for other investors making an initial investment.

Vision Systems is an emerging growth company, so is most suitable for investors seeking maximum capital appreciation from a diversified share portfolio.



# Company Analysis: Crane Group

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

**Crane Group** (code CRG) is a large Australasian group involved in the production, distribution and sale of metal products and plumbing supplies. This is a cyclical business, but acquisitions and restructuring over recent years has improved profitability and we would expect the shares to be re-rated over the next year or two. The shares also offer a high current income yield, so will appeal to retired investors seeking high income *and* the potential for capital appreciation from a large, sound company.

We previously reviewed Crane Group in June 1999 (*Market Analysis* issue 324).

## Company History

Building supplies company, **GE Crane Holdings**, listed on the Australian stockmarket in 1947 and changed its name to **Crane Group** in November 1998.

## Recent Growth and Rationalisation

Historically Crane Group has grown steadily with a couple of big acquisitions (i.e. **Metal Manufacturers** in 1969 and **C.O.N. Holdings** in 1977) but has been more active in buying out competitors, increasing market share and rationalising manufacturing to lower production costs over the last several years.

In the metals businesses, Crane Group acquired **Extrusion Metals**, a manufacturer of copper and brass rod and wire, for \$35 million from **Email** in October 1999. A year later the company paid \$55 million to **Boral** to acquire its aluminium distribution and extrusion businesses which generated annual revenues in excess of \$100 million. These businesses were rationalised with Crane's existing brass and aluminium extrusion business, removing excess capacity from the industry and resulting in higher efficiencies and lower cost manufacturing.

**Smart Aluminium**, a distributor of aluminium products with annual revenues of \$40 million, was acquired in October 2002 for \$19 million.

A 75% owned Crane Group joint venture had paid \$121 million in 1997 to acquire the plastic pipes business of **Iplex Pipelines** from **James Hardie Industries** - but competition and over-supply resulted in poor returns. In July 2000, the joint venture successfully took over listed **Crevet Ltd**, another plastic pipe manufacturer, rationalising and merging these two businesses.

In plumbing and building supplies the group acquired both **Tradelink** and NZ based **Mico Wakefield** in 1994, and in October 2000 the NZ electrical distribution business of **Corys Fraser** (and integrated this with Mico Wakefield). The NZ based plumbing supplies business of **MasterTrade** was acquired in December 2001 for NZ\$40 million, adding NZ\$150 million to annual revenues. This business will operate as a separate unit from Mico Plumbing Supplies, but Crane will look at synergies between the two businesses.

## Recent Results

In the year to June 1998 revenues rose 26.0% to \$1,205.4 million, but profits fell 33.2% to \$19,341,000 (50.5 cents per share) although the annual dividend remained steady at 50.0 cents.

Revenues rose 7.1% to \$1,291.4 million for the year to June 1999 and profits recovered 41.2% to \$27,317,000 (69.0 cents per share). The dividend remained unchanged at 50.0 cents.

For the year to June 2000, revenues continued to grow steadily, up 11.3% to \$1,437.4 million, and profits grew 23.1% to \$33,634,000 (82.4 cents per share). The annual dividend rate was raised 26.0% to 63.0 cents.

The June 2001 year saw revenues up 2.2% to \$1,469.2 million, but profits plunged 73.1% to \$9,032,000 (20.8 cents per share) and the annual dividend rate was cut 31.7% to 43.0 cents. The post-GST building downturn and restructuring costs were the main reasons for the decline in profits. A special 50.0 cents dividend was paid in late 2000, distributing about \$20.5 million (plus franking credits) to shareholders - but six months later the company placed 6,433,622 shares with institutions at \$7.10 to raise \$45.7 million to reduce debt.

Revenues advanced 13.6% to \$1,668.9 million in the year to June 2002 while profits recovered strongly, up 271.7% to \$33,576,000 (66.4 cents per share). The dividend was raised 16.2% to 50.0 cents.

Results for the six months to 31 December 2002 show further benefits of the rationalisation and restructuring undertaken over recent years. Revenues rose 17.3% to \$965.5 million, profits improved 49.1% to \$25,877,000 (50.6 cents per share) and the interim dividend will be raised 50.0% to 30.0 cents. The directors expect the second half result "will not be as strong" owing to weakness in the building industry during the June quarter, although "significantly ahead" of the June 2002 financial year.

## Investment Criteria

At \$8.42, Crane Group shares trade on a low Price/Sales ratio of 0.26, a Price/Earnings ratio of 13 and offer a Dividend Yield of 5.9%. This is probably a fair valuation for this type of essential, but cyclical, business.

While this is a *low growth* business - and Crane Group shares offer a *high income* investment - the recent growth in profits could represent a permanent increase in average profit levels as a result of rationalisation and restructuring over recent years which have restored previously depressed profit margins. With a higher level of future profits and dividends, the share price could be re-rated to around \$12-18 over the next 3-4 years. That offers the potential for a 15-25% per annum compound rate of capital appreciation, in addition to an attractive income yield.

The market capitalisation is \$430 million, making this a larger Australian company.

Crane Group shares are, not surprisingly for a big company, widely held by institutional investors although only *moderately followed* by brokers (i.e. only five firms publish profit forecasts).

Directors have a reasonable interest in the company. Managing Director J Ingram holds 448,029 shares, Executive Director and Financial Controller G Laurie owns 251,425 shares. Chairman L Tutt owns 31,156 shares while Non-executive (Continued on Page 12)

**Co Analysis: Crane Group** (Continued from Page 11) directors J Fairfax 301,868 shares, B Hutchinson 3000 shares, J Harkness 2000 shares and C Stubbs 2000 shares.

There has been one *insider* buy over the last year when the Chairman purchased 10,000 shares on-market at \$8.44 per share in August 2002.

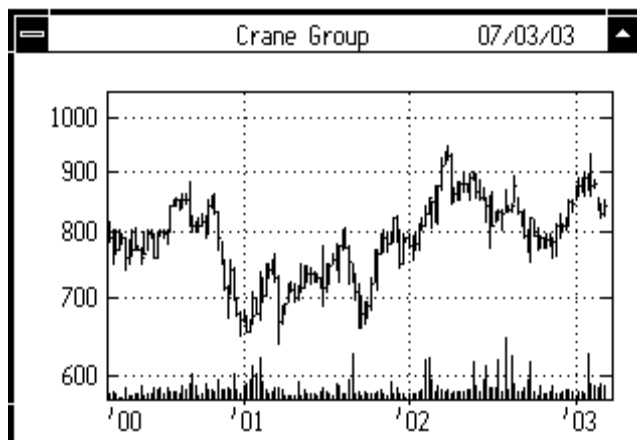
Crane Group shares peaked at \$16.60 in 1997 and then lost over half their value over the next year. The shares have remained depressed since then, hitting an ultimate low of \$6.40 in early 2001. With steady annual growth in revenues and now an improvement in profit margins, Crane Group shares could be re-rated strongly over the next several years. The Relative Strength rating is currently +3.2%, ranked 25, suggesting a new uptrend is now underway.

#### Summary and Recommendation

Crane Group is a large, relatively low risk, high income investment, although subject to cyclical swings in profitability. Although revenues have grown steadily over the long term, profit margins have declined - so profits, dividends and the share price have changed little. If the recent improvement in margins, helped by

rationalisation and restructuring, can be maintained then profits, dividends and the share price should all grow strongly over the next few years.

We are not formally recommending Crane Group shares but they are a fairly low risk investment, offering a high current income yield plus good potential for capital appreciation. So these shares would appeal to retired investors who are living off their investments.



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

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

Company	Share Price	STRENGTH RATING			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>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0												
Col Motor Co	327	+7.3	+0.3	11	-	1.1	10	0.6	11	9.6	0.24	91
Broadway Ind	44	+2.0	+4.4	25	-	1.1	14	1.1	8	3.4	0.24	9
Fletcher Build.	360	+10.2	-0.0	7	5	2.2	16	0.7	14	5.8	0.42	1,248
Nuplex Indust	345	+5.5	-0.9	15	3	1.6	15	0.8	11	7.4	0.49	206
Hellaby Hold.	340	+12.3	+0.8	5	1	2.1	17	0.7	12	7.9	0.49	168
CDL Hotel NZ	29	+10.2	+3.3	6	1	0.5	5	1.7	9	3.6	0.50	101
Tourism Hold.	103	+6.5	-1.6	13	4	0.6	1	1.2	41	4.3	0.51	95
Wakefield Hosp.	140	+0.8	+1.3	33	-	0.7	4	0.8	19	3.2	0.57	13
Goodman Fielder	194	+4.9	+3.5	17	-	1.9	15	0.8	12	2.4	0.68	2,376
Carter Holt	175	+0.2	+0.2	34	6	0.6	4	1.1	17	4.3	0.74	3,048
Michael Hill	460	+2.6	-5.7	22	3	4.0	28	0.5	14	5.5	0.82	177
Steel & Tube	325	+5.0	-0.6	16	4	2.3	15	0.9	16	8.7	0.86	286

<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0												
Hellaby Hold.	340	+12.3	+0.8	5	1	2.1	17	0.6	12	7.9	0.49	168
CDL Hotel NZ	29	+10.2	+3.3	6	1	0.5	5	1.3	9	3.6	0.50	101
Fletcher Build.	360	+10.2	-0.0	7	5	2.2	16	0.6	14	5.8	0.42	1,248
Col Motor Co	327	+7.3	+0.3	11	-	1.1	10	0.4	11	9.6	0.24	91
Sky City Leisur	168	+7.0	-4.5	12	-	17.2	-	1.4	15	Nil	0.19	10
Nuplex Indust	345	+5.5	-0.9	15	3	1.6	15	0.7	11	7.4	0.49	206
Steel & Tube	325	+5.0	-0.6	16	4	2.3	15	0.8	16	8.7	0.86	286
Goodman Fielder	194	+4.9	+3.5	17	-	1.9	15	0.7	12	2.4	0.68	2,376
Affco Holdings	18	+4.2	+5.8	20	-	0.3	4	1.4	8	Nil	0.04	88
Michael Hill	460	+2.6	-5.7	22	3	4.0	28	0.4	14	5.5	0.82	177
Broadway Ind	44	+2.0	+4.4	25	-	1.1	14	0.8	8	3.4	0.24	9
Wakefield Hosp.	140	+0.8	+1.3	33	-	0.7	4	0.6	19	3.2	0.57	13
Carter Holt	175	+0.2	+0.2	34	6	0.6	4	0.9	17	4.3	0.74	3,048

<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million												
Powerco Limited	131	-10.9	-1.3	79	3	0.7	8	0.5	9	14.9	1.79	291
Wrightsons Ltd	115	-1.4	-2.2	50	2	1.3	18	1.0	7	14.9	0.23	154
NZ Refining Co	1630	+2.9	-1.5	22	1	1.3	12	0.2	11	13.7	2.42	391
Pyne Gould G.	108	-0.3	-0.3	43	-	1.1	12	0.6	9	11.7	0.42	108
Restaurant Brds	134	-8.4	+0.6	74	3	3.1	29	0.8	11	11.1	0.48	125

Company	Share Price	STRENGTH RATING			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:</b> Highest Price/Sales Ratios, Relative Strength < 0												
Lyttelton Port	154	+0.2	+2.3	34	4	5.6	58	0.8	10	10.7	2.53	157
Skellmax Indust	104	+1.6	+0.4	29	3	5.8	69	0.8	8	10.0	1.03	104
Hallenstein G.	278	-0.5	-1.1	44	4	3.8	27	0.5	14	9.9	0.93	164
AMP Limited	711	-22.2	-5.3	89	-	0.7	7	0.6	10	8.7	1.10	8,024
Steel & Tube	325	+5.0	-0.6	16	4	2.3	15	0.8	16	8.7	0.86	286

<b>Worst Performing Shares:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average												
Opio Forestry	51	-0.0	+0.7	38	-	0.5	-	0.6	NE	Nil	9.14	8
Sky Network TV	355	-3.0	+2.7	61	5	25.2	-	0.8	NE	Nil	4.74	1,382
F & P Health.	940	-2.9	-1.5	60	8	5.6	37	0.6	15	4.0	4.48	962
Brierley Invest	46	-8.3	-3.2	74	1	0.4	1	1.2	29	Nil	4.27	650
Cert Organics	10	-33.4	-2.5	96	-	0.6	-	2.2	NE	Nil	3.36	5
South Port NZ	155	-1.3	-0.1	50	1	3.1	20	0.7	15	6.3	2.86	41
Rubicon Limited	67	-0.2	-0.2	40	2	0.8	-	0.8	NE	Nil	2.53	187
NZ Oil and Gas	28	-0.8	-5.7	48	-	1.0	-	1.0	NE	Nil	2.23	32
Genesis Res.	132	-21.1	-2.1	88	2	0.9	-	0.9	NE	Nil	2.22	34

Cert Organics	10	-33.4	-2.5	96	-	0.6	-	2.1	NE	Nil	3.36	5
Advantage Group	18	-26.6	-3.6	93	1	1.0	14	1.6	7	Nil	0.25	16
Vending Tech.	60	-26.6	-11.1	92	1	1.1	34	0.9	3	Nil	0.87	18
Software of Exc	80	-24.7	-1.9	91	-	2.6	-	0.9	NE	Nil	1.24	17
Genesis Res.	132	-21.1	-2.1	88	2	0.9	-	0.9	NE	Nil	2.22	34
Summit Gold Ltd	6	-17.2	+3.9	83	-	1.3	-	1.9	NE	Nil	N/A	5
Tranz Rail Hold	105	-16.9	+5.3	83	4	0.4	-	0.9	NE	Nil	0.27	236
Blis Technology	38	-12.1	+2.4	81	-	4.6	-	0.9	NE	Nil	N/A	24
AXA Asia Pac.	219	-10.5	-1.1	78	-	1.1	10	0.5	10	5.4	0.78	3,860
Eldercare NZ	16	-9.4	-0.7	76	-	0.7	-	1.3	NE	Nil	0.75	30
Ozzy (Tortis)	170	-8.8	-1.7	75	-	-	-	0.6	NE	Nil	N/A	56
Brierley Invest	46	-8.3	-3.2	74	1	0.4	1	1.2	29	Nil	4.27	650
NZ Invest Trust	410	-7.1	-2.1	73	-	-	-	0.4	NE	2.0	N/A	42
Pacific Retail	235	-6.9	-3.5	72	2	1.6	22	1.0	7	Nil	0.27	119
Cadmus Tech Ltd	6	-6.5	-0.3	71	-	2.1	-	2.1	NE	Nil	1.30	8
Warehouse Group	549	-6.3	-5.1	71	5	5.3	26	0.4	20	3.7	0.89	1,674

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

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

Company	STRENGTH RATING				Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	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
	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99											Share Price	Cur. rent	4-Wk Chg.	Rank 0-99									
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0														<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0													
Ruralco Hold.	305	+1.8	+6.4	29	6.0	-	1.7	17	0.5	10	4.6	0.05	29	Kresta Holdings	35	+62.2	+4.9	1	3.5	-	3.5	38	1.1	9	Nil	0.74	43
OM Holdings	25	+13.1	-8.5	9	0.0	-	1.3	4	1.6	29	2.0	0.10	12	General Publish	20	+61.6	-14.6	1	0.1	-	-	1.4	5	Nil	0.26	3	
A.P. Eagers	482	+1.3	-0.1	31	1.1	1.1	1.1	11	0.5	10	6.4	0.11	82	Maxi TRANS	30	+37.0	-6.7	2	5.0	-	3.0	20	1.2	15	5.0	0.44	40
Catalyst Rec'mt	29	+5.3	-2.5	21	0.0	-	1.4	13	1.4	11	6.1	0.11	8	Canberra Invest	112	+31.4	+1.2	3	0.0	-	1.2	30	0.7	4	3.6	0.57	34
Futuris Corp.	140	+2.3	+3.3	28	0.2	6	1.8	13	1.0	14	8.6	0.12	865	Cash Converters	8	+30.4	+11.3	3	0.4	-	-	1.9	10	Nil	0.72	10	
Watpac Ltd	39	+0.8	+0.9	33	0.0	-	1.3	19	1.2	7	9.1	0.14	28	Tamawood Ltd	160	+29.8	+4.6	3	7.3	-	5.3	43	0.6	13	6.3	0.65	43
Adtrans Group	295	+8.4	+0.5	15	3.1	1	2.5	26	0.4	9	6.6	0.14	67	Joyce Corp.	69	+20.5	-0.8	5	4.0	-	1.2	14	1.0	8	Nil	0.17	13
Bridgestone	210	+10.4	+1.3	12	0.0	-	0.6	9	0.6	6	4.8	0.15	77	Coffey Int'l	335	+19.9	-2.2	5	3.0	-	3.7	31	0.4	12	4.5	0.34	38
Danks Holdings	1000	+5.0	+1.0	21	0.0	-	1.4	11	0.3	12	5.5	0.16	65	Austin Group	58	+18.0	-0.1	6	0.4	-	2.9	25	0.7	12	3.4	0.69	34
ABB Grain Ltd	335	+11.8	+2.8	11	9.0	-	1.3	13	0.6	11	5.1	0.17	153	Funtastic Ltd	108	+17.6	-1.1	6	0.0	-	3.6	30	0.7	12	4.6	0.81	108
Supply Network	24	+6.7	-1.6	18	1.0	-	0.8	10	1.4	8	4.2	0.17	5	Investor Info	14	+16.9	-3.8	6	1.1	-	-	1.6	10	7.1	0.63	8	
Raptis Group	25	+15.5	-2.2	7	0.0	-	1.3	16	1.4	8	3.0	0.17	17	Skilled Eng.	203	+15.9	+1.9	7	2.3	3	10.1	60	0.7	17	4.9	0.30	180
Ausdrill Ltd	54	+15.1	+3.4	8	2.0	-	1.1	28	1.3	4	2.8	0.23	48	Raptis Group	25	+15.5	-2.2	7	0.0	-	1.3	16	1.0	8	3.0	0.17	17
Lemarne Corp	190	+16.7	-7.0	7	2.0	-	1.0	-	0.5	NE	5.3	0.23	31	Schaffer Corp	1252	+15.5	-2.5	8	1.3	-	3.7	32	0.6	11	4.8	0.79	170
Embelton Ltd	220	+5.7	-0.4	20	0.0	-	0.8	7	0.6	12	4.1	0.24	5	Ausdrill Ltd	54	+15.1	+3.4	8	2.0	-	1.1	28	1.0	4	2.8	0.23	48
HJ & B Group	30	+7.1	-1.5	17	2.1	-	3.0	-	1.2	NE	3.3	0.24	18	Skansen Holding	43	+14.6	+4.3	8	1.0	-	4.3	48	0.8	9	5.8	0.63	43
David Jones	109	+0.7	+0.7	33	1.0	6	1.1	2	0.7	67	6.4	0.25	444	Oriental Tech.	5	+13.3	+5.1	9	0.0	-	0.5	12	2.4	4	Nil	0.19	5
Crane Group	842	+3.2	+0.6	25	1.0	4	1.5	12	0.4	13	5.9	0.26	430	Monadelphous Gr	335	+13.2	+2.8	9	0.2	-	2.2	17	0.4	13	4.2	0.39	62
Ridley Corp.	142	+6.0	-0.2	19	1.1	3	1.4	12	0.8	12	3.2	0.26	377	Bolnisi Gold NL	19	+12.9	-3.6	10	0.0	-	0.9	13	1.4	7	4.1	0.58	28
Integrated Grp	117	+9.1	+3.6	14	1.0	1	5.9	50	1.0	12	5.6	0.29	80	CMI Limited	160	+12.8	-1.7	10	0.0	1	2.0	24	0.5	8	6.3	0.33	43
Anglogold Ltd	1030	+12.7	-1.4	10	0.0	-	-	0.4	3	17.6	0.30	753	Sims Group Ltd	824	+12.8	+1.3	10	0.3	4	2.9	19	0.4	15	4.4	0.52	750	
Skilled Eng.	203	+15.9	+1.9	7	2.3	3	10.1	60	0.8	17	4.9	0.30	180	Anglogold Ltd	1030	+12.7	-1.4	10	0.0	-	-	0.4	3	17.6	0.30	753	
Alesco Corp Ltd	372	+2.0	-0.8	29	0.5	2	2.7	20	0.5	13	4.0	0.30	143	Astron Ltd	80	+12.7	-15.4	10	0.0	-	0.4	20	0.7	2	Nil	0.15	10
Onesteel Ltd	170	+9.6	-1.1	13	0.0	6	1.0	5	0.7	19	3.8	0.31	922	Wadepack Ltd	195	+12.6	-3.8	10	10.0	-	2.4	30	0.4	8	2.6	0.72	61
Roberts Ltd	470	+11.1	+5.3	12	0.0	-	1.8	19	0.4	10	6.4	0.32	52	ABB Grain Ltd	335	+11.8	+2.8	11	9.0	-	1.3	13	0.5	11	5.1	0.17	153
Milnes Holdings	95	+0.1	+2.0	36	0.0	-	1.6	10	0.8	16	5.8	0.33	38	Teconic Res.	7	+11.4	-1.8	12	0.0	-	-	2.0	5	Nil	0.43	10	
K&S Corporation	295	+7.6	+0.9	16	0.0	2	2.0	-	0.6	NE	3.9	0.33	88	Roberts Ltd	470	+11.1	+5.3	12	0.0	-	1.8	19	0.3	10	6.4	0.32	52
Gregory Indust.	25	+2.1	-1.9	29	2.0	-	1.3	11	1.4	12	4.0	0.33	3	Noni B Limited	127	+11.0	+0.1	12	1.0	-	4.2	30	1.0	14	5.5	0.38	39
CMI Limited	160	+12.8	-1.7	10	0.0	1	2.0	24	0.6	8	6.3	0.33	43	Bridgestone	210	+10.4	+1.3	12	0.0	-	0.6	9	0.5	6	4.8	0.15	77
Sigma Company	410	+1.2	-1.2	32	0.0	7	4.1	16	0.6	26	2.4	0.33	568	Villa World	91	+10.0	+4.3	13	2.0	1	1.5	22	0.5	7	9.9	0.43	94
Coffey Int'l	335	+19.9	-2.2	5	3.0	-	3.7	31	0.5	12	4.5	0.34	38	Onesteel Ltd	170	+9.6	-1.1	13	0.0	6	1.0	5	0.5	19	3.8	0.31	922
McPherson's Ltd	240	+8.6	-1.2	15	0.1	-	6.0	62	0.5	10	5.0	0.36	98	Fleetwood Corp	310	+9.5	-0.5	13	1.3	-	4.4	29	0.5	15	4.2	0.68	118
Coventry Group	443	+6.2	-0.4	18	2.0	-	1.1	3	0.4	33	4.5	0.37	152	Caltex Australia	202	+9.5	-5.4	14	3.0	1	0.6	23	0.8	3	Nil	0.09	545
Ludowici Ltd	270	+7.4	+1.8	16	3.0	-	1.4	14	0.5	10	5.2	0.38	38	Heggies Bulk.	37	+9.4	-7.0	14	3.0	-	1.9	12	0.8	16	Nil	0.17	21
Noni B Limited	127	+11.0	+0.1	12	1.0	-	4.2	30	1.1	14	5.5	0.38	39	Berklee Ltd	58	+9.4	-1.0	14	0.0	-	0.8	7	0.8	12	6.9	0.74	8
Nufarm Limited	357	+2.1	+2.9	29	2.0	3	2.2	23	0.6	10	5.0	0.38	556	FKP Limited	148	+9.3	-2.8	14	5.1	2	1.1	11	0.5	10	6.8	0.85	168
Nat'l Can	107	+3.9	+1.3	23	0.0	-	0.7	7	0.7	11	5.1	0.39	71	Integrated Grp	117	+9.1	+3.6	14	1.0	1	5.9	50	0.8	12	5.6	0.29	80
OAMPS	239	+5.3	+0.1	21	6.0	-	4.8	37	0.5	13	8.4	0.39	171	Straits Res.	57	+9.0	+8.1	14	3.0	-	-	0.7	7	Nil	0.22	48	
Korvest Ltd	165	+8.6	+4.5	15	0.0	-	1.4	16	0.6	9	6.1	0.39	13	McPherson's Ltd	240	+8.6	-1.2	15	0.1	-	6.0	62	0.4	10	5.0	0.36	98
Shearer (John)	166	+2.0	+0.3	29	0.0	-	0.7	5	0.7	15	4.8	0.39	20	Korvest Ltd	165	+8.6	+4.5	15	0.0	-	1.4	16	0.4	9	6.1	0.39	13
Monadelphous Gr	335	+13.2	+2.8	9	0.2	-	2.2	17	0.5	13	4.2	0.39	62	Adtrans Group	295	+8.4	+0.5	15	3.1	1	2.5	26	0.3	9	6.6	0.14	67
Capral Alum.	275	+6.0	-2.5	19	2.0	1	1.1	4	0.6	27	2.9	0.41	193	Goodman Fielder	161	+8.3	+2.8	15	1.0	8	3.2	27	0.4	12	4.7	0.66	1,914
Buderim Ginger	60	+5.8	+1.6	20	3.0	-	1.8	8	0.9	10	5.0	0.41	13	Ludowici Ltd	270	+7.4	+1.8	16	3.0	-	1.4	14	0.4	10	5.2	0.38	38
AWB Limited	349	+1.2	-0.4	32	8.0	5	1.2	14	0.6	9	7.2	0.41	954	Webster Ltd	46	+7.4	+1.4	16	0.0	-	0.6	13	1.0	5	Nil	0.11	18
Villa World	91	+10.0	+4.3	13	2.0	1	1.5	22	0.7	7	9.9	0.43	94	Tandou Ltd	132	+7.1	+0.8	17	1.0	-	0.7	7	0.5	10	4.5	0.63	29
Maxi TRANS	30	+37.0	-6.7	2	5.0	-	3.0	2.0	1.5	15	5.0	0.44	40	AJ Lucas	109	+6.8	-3.6	18	1.0	-	3.6	37	0.6	10	6.9	0.59	45
Wattyl Ltd	316	+7.2	-0.3	17	3.0	3	1.3	6	0.4	20	2.5	0.44	250	Supply Network	24	+6.7	-1.6	18	1.0	-	0.8	10	1.0	8	4.2	0.17	5
Pacifica Group	362	+0.6	+0.8	34	0.0	6	1.7	15	0.7	11	5.5	0.46	509	Mincor Resource	30	+6.0	+0.1	19	0.0	-	-	1.3	5	Nil	0.79	51	
Marybor'gh Suga	652	+1.3	+1.1	31	1.2	-	0.6	7	0.3	8	7.7	0.47	20	Ridley Corp.	142	+6.0	-0.2	19	1.1	3	1.4	12	0.7	12	3.2	0.26	377
AV Jennings	101	+3.0	-0.0	26	3.0	-	1.1	15	0.9	7	9.4	0.47	217	Buderim Ginger	60	+5.8	+1.6	20	3.0	-	0.8	8	0.7	10	5.0	0.41	13
Waterco Ltd	162	+0.4	+1.1	35	2.0	-	1.5	6	0.6	26	6.8	0.50	31	Embelton Ltd	220	+5.7	-0.4	20	0.0	-	0.8	7	0.5	12	4.1	0.24	5
Paperlin X Ltd	497	+1.8	+1.5	29	1.0	8	1.6	12	0.5	13	5.4	0.50	1,785	Data 3 Ltd	114	+5.6	+1.2	20	1.1	-	5.7	-	0.7	5	Nil	0.10	17
Freedom Group	179	+0.1	-1.6	36	0.0	7	4.5	38	0.8	12	5.6	0.51	187	OAMPS	239	+5.3	+0.1	21	6.0	-	4.8	37	0.4	13	8.4		

Company	STRENGTH RATING					Price to Earnings	Return on Equity	Volatility	Price Dividend Ratio	Price Sales Ratio	Market Cap'n	Company	STRENGTH RATING					Price to Earnings	Return on Equity	Volatility	Price Dividend Ratio	Price Sales Ratio	Market Cap'n				
	Share Price	Current Rent	4-Wk Chg	Rank	Brokers Following								Insider Buy/Sell	Current Rent	4-Wk Chg	Rank	Brokers Following							Insider Buy/Sell	Current Rent	4-Wk Chg	Rank
<b>INCOME SHARES:</b> Highest Yields, Capitalisation > A\$250 million																											
Anglogold Ltd	1030	+12.7	-1.4	10	0-0	-	-	0.4	3	17.6	0.30	753	Cullen Resource	4	+11.3	-1.8	12	5-0	-	-	1.9	NE	Nil	N/A	10		
Adsteam Marine	110	-10.4	-2.4	72	3-0	5	11.0	-	0.5	8	13.6	0.71	252	Benitec Ltd	47	+37.9	-5.8	2	5-0	-	-	0.9	NE	Nil	N/A	25	
Lend Lease US	98	+0.0	-0.0	37	1-0	-	-	-	0.4	9	11.8	N/A	502	City Pacific	190	+18.5	-3.8	6	5-0	-19.0	69	0.6	28	2.7	N/A	26	
Envestra	100	+5.3	+1.4	21	0-0	3	-	-	0.5	NE	9.5	2.62	705	Maxi TRANS	30	+37.0	-6.7	2	5-0	-	3.0	2.0	1.0	15	5.0	0.44	40
Australand Hold	139	-0.6	+0.8	41	0-0	2	1.1	13	0.5	8	8.6	0.63	729	Macquarie G Mgt	134	+1.4	+2.2	30	5-0	213.4	42	0.7	32	1.5	N/A	335	
Futuris Corp.	140	+2.3	+3.3	28	0-2	6	1.8	13	0.8	14	8.6	0.12	865	Keycorp Ltd	106	+1.6	-0.7	30	5-0	1	-	0.9	NE	Nil	0.72	87	
Aust Pipeline	253	+2.2	-1.0	28	0-0	5	1.4	8	0.4	17	8.5	2.53	617	Dragon Mining	7	+3.5	+3.1	24	5-0	-	-	1.6	NE	Nil	N/A	13	
Graincorp	1005	-0.3	+2.8	39	5-0	3	1.4	17	0.3	8	7.8	0.58	404	Hallmark Cons.	16	+9.8	+1.8	13	9-4	-	-	1.5	NE	Nil	4.62	9	
Centennial Coal	214	+7.6	-4.4	16	1-0	2	1.6	24	0.6	7	7.5	1.37	336	Hills Motorway	529	+3.4	+0.8	24	4-0	9	2.6	7	0.3	41	3.7	N/A	979
Aristocrat	165	-21.8	-13.1	90	2-1	9	5.5	59	0.6	9	7.3	0.77	753	Payce Consol.	110	+15.7	+3.8	7	4-0	-	1.2	-	0.5	NE	Nil	N/A	38
AWB Limited	349	+1.2	-0.4	32	8-0	5	1.2	14	0.5	9	7.2	0.41	954	Joyce Corp.	69	+20.5	-0.8	5	4-0	-	1.2	14	0.8	8	Nil	0.17	13
Sthn Cross Brd.	800	-2.7	+0.4	49	3-0	6	1.0	7	0.4	14	7.1	1.42	465	Methanol Aust.	11	+2.5	+3.7	27	4-0	-	-	-	1.1	NE	Nil	N/A	15
AMP Ltd	651	-19.8	-6.0	87	4-0	8	0.9	-	0.6	NE	7.1	1.55	7,548	Working Systems	8	+4.4	+2.1	22	4-0	-	-	-	1.3	NE	Nil	1.01	7
Djerriwarrh	308	-2.0	+0.0	46	1-0	-	1.0	6	0.5	15	7.0	N/A	457	FTR Holdings	50	+18.9	+2.0	6	4-0	-	1.3	-	1.6	NE	Nil	1.60	18
Oil Coy of Aust	345	-0.1	+3.6	38	0-0	-	-	-	0.3	14	7.0	3.66	406	Mirvac Group	413	+0.2	-0.6	36	4-0	4	1.5	10	0.2	15	6.3	2.51	2,574
Southcorp Ltd	318	-12.3	-2.1	76	0-0	9	2.4	33	0.4	8	6.9	0.83	2,367	Aust Agricult.	88	+12.1	+0.9	11	4-0	2	0.9	11	0.6	8	6.9	1.73	169
Alumina Ltd	421	+0.4	-1.7	35	1-0	-	-	-	0.6	20	6.9	2.21	4,683	Horizon Energy	9	+12.9	+11.0	10	4-0	1	0.2	0	1.3	75	Nil	N/A	30
GWA Internat'l	262	+3.4	+1.3	24	1-1	4	1.9	12	0.5	16	6.5	1.18	728	SDI Limited	405	+8.3	-3.1	15	5-1	-	8.1	34	0.3	24	1.2	2.67	94
David Jones	109	+0.7	+0.7	33	1-0	6	1.1	2	0.5	67	6.4	0.25	444	FKP Limited	148	+9.3	-2.8	14	5-1	2	1.1	11	0.4	10	6.8	0.85	168
Tabcorp Holding	982	-7.2	-0.7	62	1-1	8	-	-	0.3	14	6.4	1.85	3,590	Tamawood Ltd	160	+29.8	+4.6	3	7-3	-	5.3	43	0.5	13	6.3	0.65	43
Austereo Group	126	-5.7	-1.3	57	0-0	8	0.7	7	0.5	10	6.3	2.02	531	Lemvest Ltd	240	+21.2	+0.6	5	3-0	-	1.3	-	0.3	NE	Nil	0.24	24
Mia Group Ltd	51	-14.4	+0.3	80	4-2	7	-	-	0.7	14	6.3	1.00	351	Heggies Bulk.	37	+9.4	-7.0	14	3-0	-	1.9	12	0.6	16	Nil	0.17	21
Hills Indust.	322	+3.3	+1.0	25	1-1	3	2	19	0.4	17	6.2	0.69	427	General Prop Tr	288	+1.3	-1.0	31	3-0	6	1.1	8	0.3	15	7.1	7.30	5,615
Macquaries C&I	244	+15.9	+3.0	7	1-0	-	-	-	0.5	NE	6.1	N/A	378	Buderim Ginger	60	+5.8	+1.6	20	3-0	-	0.8	8	0.5	10	5.0	0.41	13
Comwealth Bank	2440	-7.5	-0.7	63	1-1	11	2.2	19	0.4	12	6.1	1.92	30,587	Centro Prop.	374	+2.2	-1.3	28	3-0	3	1.4	9	0.3	16	7.0	N/A	1,756
<b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength > 0																											
Afinex Limited	3	+1.4	+4.9	31	14-0	-	-	-	2.2	NE	Nil	2.07	10	Triako Res.	155	+11.1	+0.5	12	3-0	-	1.7	14	0.7	12	3.9	2.08	54
Loftus Capital	59	+3.5	+1.2	24	13-0	-	0.8	-	0.5	NE	2.5	6.63	22	Straits Res.	57	+9.0	+8.1	14	3-0	-	-	-	0.6	7	Nil	0.22	48
Wadepack Ltd	195	+12.6	-3.8	10	10-0	-	2.4	30	0.3	8	2.6	0.72	61	Greater Pacific	2	+7.6	+5.2	16	3-0	-	-	-	2.5	NE	Nil	N/A	4
BHP Steel Ltd	317	+8.4	-0.6	15	9-0	-	-	-	0.6	NE	Nil	0.55	2,514	CBD Energy Ltd	1	+9.5	-15.4	13	3-0	-	-	-	4.9	NE	Nil	7.50	6
ABB Grain Ltd	335	+11.8	+2.8	11	9-0	-	1.3	13	0.5	11	5.1	0.17	153	Tasman Resource	17	+21.7	-0.6	5	3-0	-	-	-	0.9	NE	Nil	N/A	5
Intermin Res	6	+6.1	+1.9	19	10-1	-	-	-	1.4	10	Nil	1.83	5	Essential Pet.	14	+2.3	-9.8	28	3-0	-	-	-	1.0	NE	Nil	N/A	9
AWB Limited	349	+1.2	-0.4	32	8-0	5	1.2	14	0.5	9	7.2	0.41	954	Caltex Australia	202	+9.5	-5.4	14	3-0	1	0.6	23	0.7	3	Nil	0.09	545
Amcor Ltd	795	+0.7	-0.7	33	8-0	9	1.9	25	0.3	8	3.5	0.77	6,635	Con Broken Hill	7	+8.3	-1.3	15	3-0	-	-	-	1.7	NE	Nil	N/A	13
Prime TV	204	+6.8	+4.6	18	8-0	5	-	-	0.5	24	4.7	1.57	248	Oroton Group	395	+1.4	-2.2	30	3-0	1	4.0	35	0.4	11	5.1	0.83	73
Amity Oil NL	61	+11.9	+4.5	11	10-2	-	-	-	0.8	NE	Nil	N/A	97	P.Sivida Ltd	17	+2.9	-6.7	26	3-0	-	1.7	-	0.9	NE	Nil	N/A	17
Brickworks Ltd	670	+2.6	+1.4	27	7-0	2	1.6	10	0.3	17	2.3	5.30	883	AV Jennings	101	+3.0	-0.0	26	3-0	-	1.1	15	0.6	7	9.4	0.47	217
Soul Pattinson	520	+0.5	+0.5	34	7-0	1	2.1	12	0.5	17	2.7	3.14	1,241	Coffey Int'l	335	+19.9	-2.2	5	3-0	-	3.7	31	0.3	12	4.5	0.34	38
Austminex NL	7	+5.8	+0.5	20	7-0	-	-	-	1.7	NE	Nil	N/A	5	Transurban Grp	418	+1.5	+1.1	30	3-0	8	-	-	0.3	NE	0.5	N/A	2,138
Mirrabeeka Inv.	100	+0.1	+0.1	37	7-0	-	0.9	3	0.5	31	5.0	N/A	85	Wattyl Ltd	316	+7.2	-0.3	17	3-0	3	1.3	6	0.3	20	2.5	0.44	250
Alkane Explor.	38	+33.0	+8.8	3	12-5	-	-	-	1.2	97	Nil	3.43	45	Pearl Healthcare	11	+84.7	-61.8	0	3-0	-	-	-	2.0	NE	Nil	1.62	8
OAMPS	239	+5.3	+0.1	21	6-0	-	4.8	37	0.3	13	8.4	0.39	171	Adacel Tech.	69	+0.9	+1.6	33	3-0	1	2.3	-	0.6	NE	Nil	0.51	37
Sam's Seafood	350	+0.9	-13.3	33	6-0	-	35.0	73	0.8	48	1.7	2.42	83	Namoi Cotton	24	+1.9	-2.1	29	3-0	-	0.3	1	1.0	30	Nil	0.04	26
Allegiance Min.	6	+21.5	+6.9	5	6-0	-	-	-	1.6	NE	Nil	N/A	13	Destra Corp Ltd	4	+18.5	+10.1	6	3-0	-	-	-	1.8	NE	Nil	1.79	6
Ruralco Hold.	305	+1.8	+6.4	29	6-0	-	1.7	17	0.3	10	4.6	0.05	29	Ludowici Ltd	270	+7.4	+1.8	16	3-0	-	1.4	14	0.4	10	5.2	0.38	38
Garratt's Ltd	20	+3.3	-14.1	24	6-0	-	0.5	-	0.8	NE	Nil	0.24	2	Stratetel Ltd	8	+7.1	-9.9	17	3-0	-	-	-	1.2	NE	Nil	4.04	4
Perseverance	18	+16.7	+4.2	7	6-0	-	-	-	0.9	NE	Nil	6.67	45	Dalrymple Res.	181	+15.3	-1.6	8	4-1	-	-	-	0.8	NE	Nil	N/A	128
														Bendigo Bank	725	+0.7	-2.6	33	5-2	8	2.1	12	0.3	18	4.0	3.09	882
														Port Douglas	11	+3.5	+0.4	24	6-3	-	0.6	-	1.3	NE	Nil	0.83	21
														Ventracor Ltd	92	+24.7	-0.3	4	2-0	-	9.2	-	0.6	NE	Nil	N/A	147

# "Neglect" Ratings of NZ Shares

"Neglected" Shares = 1-2 Brokers, "Moderately Followed" Shares = 3-4 Brokers, "Widely Followed" Shares = 5 or more Brokers.

Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	
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# "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	82	Centro Prop.	3	1,756	Investor Group	3	89	Publishing & Br	10	5,165
AMP Diver. Prop	4	1,361	Challenger Int.	3	628	Iress Mkt Tech	4	18	Q.B.E. Insur.	8	4,924
AMP Ind Prop Tr	3	392	Citect Corp Ltd	3	117	James Hardie	8	2,790	Qantas Airways	12	5,534
AMP Ltd	8	7,548	Coal & Allied	2	1,991	Jubilee Mines	1	209	Queens'd Cotton	1	85
AMP Office Trt	3	996	Coates Hire	5	442	Julia Ross Rec.	2	38	RG Capt'l Radio	3	119
AMP Shop Centre	2	1,000	CocaCola Amatil	11	3,933	Jupiters	8	1,255	Ramsay Health	9	419
ANZ Bank	10	24,643	Cochlear Ltd	10	1,725	K&S Corporation	2	88	Rebel Sport	1	144
APN News Media	11	1,350	Coles Myer	12	6,565	Kaz Group Ltd	3	99	Reece Australia	1	618
ARB Corporation	3	132	Collection Hse	7	183	Keycorp Ltd	1	87	Renew. Energy	1	11
AWB Limited	5	954	Colorado Group	2	184	Leighton Hold	7	2,316	Ridley Corp.	3	377
AXA Asia Pac	11	3,533	Com'wealth Bank	11	30,587	Lend Lease Corp	7	3,718	Rio Tinto Ltd	9	15,309
Adacel Tech.	1	37	Commander Comm.	2	103	Lihir Gold	7	1,622	Roc Oil Company	2	137
Adcorp Aust.	2	52	Computer Share	10	875	M.I.M. Holdings	8	2,857	Rock Build Soc.	1	46
Adelaide Bank	7	622	Cons Rutile	1	166	M.Y.O.B. Ltd	2	171	Rural Press Ltd	6	610
Adelaide Bright	3	579	Corp Express	6	799	MTM Entert'ment	1	22	SMS Mgmt & Tech	3	66
Adsteam Marine	5	252	Count Financial	2	88	Macarthur Coal	3	152	STW Comm Group	2	386
Adtrans Group	1	67	Crane Group	4	430	Macquarie Off.	2	1,057	Santos Ltd	9	3,135
Ainsworth Game	2	28	DCA Group Ltd	2	349	Macquarie Leis.	1	102	SecureNet Ltd	2	67
Alesco Corp Ltd	2	143	David Jones	6	444	Macquarie Good.	3	1,424	Servcorp Ltd	2	97
Alintagas Ltd	5	672	Deutsche Div Tr	3	1,040	Macquarie Infra	6	5,855	Seven Network	9	941
Altium Limited	4	54	Deutsche Ind Tr	2	570	Macquarie Bank	9	4,898	Sigma Company	7	568
Amalgamated Hld	1	273	Deutsche Office	4	1,263	Macquarie C'Wde	3	781	Silex Systems	1	113
Ambri Limited	1	20	Downer EDI Ltd	4	443	Macquarie G Mgt	2	335	Sims Group Ltd	4	750
Amcor Ltd	9	6,635	E.R.G.	1	108	Mayne Group Ltd	10	2,429	Skilled Eng.	3	180
Amrad Corp.	1	54	ETRADE Aust.	1	34	McGuigan Simeon	6	413	Smorgon Steel	6	959
Anaconda Nickel	1	480	Ellex Medical	1	20	Mermaid Marine	1	19	Solution 6	3	98
Aristocrat	9	753	Emperor Mines	1	73	Metabolic Phar.	1	109	Sonic Health	7	1,529
Auspine Ltd	1	142	Energy Resource	1	321	Metcash Trading	3	1,273	Sons of Gwalla	5	243
Aust Pipeline	5	617	Energy Develop.	5	202	Mia Group Ltd	7	351	Soul Pattinson	1	1,241
Aust Pharm. Ind	6	537	Envestra	3	705	Millers Retail	7	404	Southcorp Ltd	9	2,367
Aust Gas Light	8	4,828	EservGlobal Ltd	1	12	Mirvac Group	4	2,574	Spotless Group	4	868
Aust Agricult.	2	169	Evans & Tate	1	48	Mosaic Oil NL	1	45	St George Bank	8	8,990
Aust Stock Exch	5	1,112	FKP Limited	2	168	Murchison Un.	1	6	Stargames Ltd	2	89
Aust W'wide Exp	1	166	Fairfax (John)	10	2,227	Nat'l Telecoms	2	6	Starpharma Pool	2	20
Aust Magnesium	1	78	Fantastic Hold.	1	148	Nat'l Foods	6	978	Sthn Star	1	54
Aust Infra.	2	230	Flight Centre	3	1,681	Nat'l Aust Bank	11	44,104	Sthn Cross Brd.	6	465
Austar United	4	111	Foodland Assoc	7	1,971	Neverfall Spr.	4	161	Stockland	3	4,107
Austral Limited	3	96	Foster's Group	11	8,592	Newcrest Mining	7	1,969	Strathfield Grp	1	21
Austereo Group	8	531	Freedom Group	7	187	News Corporatio	6	20,080	Suncorp-Metway	7	4,867
Austrim Nylex	1	45	Futuris Corp.	6	865	Normandy NFM	2	1,498	Sydney Aquarium	2	97
Australand Hold	2	729	G.U.D. Holdings	1	242	Norwood Abbey	1	55	Symex Holdings	2	81
Axon Instrument	2	77	GWA Internat'l	4	728	Novogen Ltd	2	262	TAB Ltd	6	1,331
BHP Billiton	7	32,127	Gandel Retail	2	2,301	Novus Petroleum	4	218	Tabcorp Holding	8	3,590
BRL Hardy Ltd	8	1,847	Gasnet Aust Trt	2	297	Nufarm Limited	3	556	Tap Oil	4	205
Bank of Q'land	8	475	General Prop Tr	6	5,615	OPSM Group Ltd	4	444	Technology One	5	91
Bank of W.Aust	8	1,901	Globe Int'l Ltd	4	73	Objective Corpo	1	30	Telstra	10	26,068
Baycorp Advant.	6	240	Goodman Fielder	8	1,914	Oil Search Ltd	6	740	Tempo Services	7	163
Bendigo Bank	8	882	Graincorp	3	404	Onesteel Ltd	6	922	Ten Network	9	755
Beston Wine Ind	1	48	Grand Hotel	2	96	Optiscan Image	1	24	Thakral Holding	2	375
Billabong Int'l	9	1,013	Gribbles Group	2	196	Orbital Engine	1	57	Ticor Ltd	3	376
Biota Holdings	2	26	Gt Sthn Plant'n	1	128	Orica Ltd	7	2,416	Timbercorp	1	109
Boral Limited	8	2,592	Gunns Ltd	4	786	Origin Energy	7	2,766	Toll Holdings	7	1,771
Brambles Ind.	10	4,138	Hansen Tech.	1	19	Oroton Group	1	73	Transfield Serv	5	373
Brazin Limited	3	136	Harvey Norman	7	2,217	PMP Limited	5	128	Transurban Grp	8	2,138
BresaGen Ltd	1	19	Healthscope	5	183	Pacific Hydro	5	375	Uecomm Limited	2	68
Brickworks Ltd	2	883	Henry Walker E.	3	109	Pacific Group	6	509	United Energy	6	1,297
Bristle Ltd	4	500	Hills Motorway	9	979	Pan Pharmaceut.	1	238	United Group	4	249
Bunnings W/hse	4	360	Hills Indust.	1	427	Panbio Ltd	1	31	Village Road.	5	245
Burns Philp	4	484	Horizon Energy	1	30	Paperlin X Ltd	8	1,785	Villa World	1	94
Burswood Ltd	6	333	Hpal Limited	2	163	Patrick Corp	9	1,975	Vision Systems	2	171
C'wth Prop Off.	5	1,552	Hutchison Tel.	7	190	Peptech Limited	1	151	Volante Group	1	68
C.S.R. Ltd	9	6,094	ING Indust Trt	3	1,075	Perp Trust Aust	7	1,029	Wattyl Ltd	3	250
CMI Limited	1	43	ING Office Fund	3	953	Peter Lehman W.	2	119	Wesfarmers Ltd	9	9,055
CPI Group	5	36	ION Limited	5	427	Polartech	1	52	West Aust News	9	1,059
CSL Limited	9	2,323	Iluka Resources	8	815	Portman Limited	3	156	West'n Metals	1	53
Cabcharge Ltd	6	413	Infomedia Ltd	5	263	PowerTel Ltd	2	51	Westfield Trust	3	6,684
Caltex Australia	1	545	Institute Drug	1	77	Powerlan Ltd	1	15	Westfield Hold.	6	7,278
Campbell Bros	1	173	Insurance Aust.	8	4,819	Primary Health	2	360	Westfield Amer.	2	6,658
Candle Aust.	1	30	Int Research	3	38	Prime Life Corp	1	75	Westpac Banking	12	24,735
Capral Alum.	1	193	Int'l Wine Inv.	1	159	Prime TV	5	248	Woodside Petrol	6	6,780
Carindale Prop	1	168	Integrated Grp	1	80	Prime Retail	1	144	Woolworths Ltd	11	12,122
Cellnet Group	1	39	Intellect Hold	1	66	Pro Medicus Ltd	1	80	Yates Limited	1	30
Centennial Coal	2	336	Investa Prop.	4	1,706	Pro Maintenance	6	108	Zimbabwe Plat.	1	203

# "Insider" Insights

(A summary of buying and selling by major shareholders)

Company	Shareholder	Buy/ Sell	Shares (Mill)	% of Coy Before	% Held After
<b>07/02/2003</b>					
Vending Technologies	Commerce Capital	Sell	-2.001	6.71%	0.0%
Goodman Fielder	Burns Philp	Buy	+46.283	15.94%	19.84%
<b>14/02/2003</b>					
Fletcher Buildings	CBA	Buy	+4.430	9.83%	10.93%
Property For Industry	AXA Asia Pacific	Sell	-2.195	7.83%	6.73%
Richmond	North Meats Ltd	Buy	+3.073	0.0%	7.49%
Skellmax Industries	Brook Asset Mgmt	Buy	+6.623	0.0%	6.62%
Vertex Group	H & G Ltd	Buy	+2.427	0.0%	7.57%
Vertex Group	Gould Holdings	Buy	+3.312	0.0%	10.33%
<b>21/02/2003</b>					
AMP NZ Office	AXA Asia Pacific	Buy	+0.500	4.93%	5.03%
AMP NZ Office	ING NZ	Buy	+30.802	0.0%	6.16%
Calan Healthcare Prop	ING NZ	Buy	+3.425	5.26%	7.83%
Cedenco Foods	SK Foods	Buy	+0.450	54.78%	57.67%
F & P Appliances	AXA Asia Pacific	Buy	+0.800	7.05%	8.28%
FC - Forests	Rubicon	Buy	+13.100	17.65%	20.00%
Kiwi Income Properties	CBA	Buy	+40.770	0.0%	7.38%
Tranz Rail Holdings	AXA Asia Pacific	Buy	+3.070	15.46%	16.92%
Rubicon Ltd	Tower Corporation	Sell	-2.985	7.17%	6.10%
Vertex Group	H & G Ltd	Sell	-2.427	7.57%	0.0%
Vertex Group	Gould Holdings	Buy	+3.050	10.33%	19.85%
<b>28/02/2003</b>					
Evergreen Forests	Douglas Family Trt	Buy	+6.368	5.34%	9.08%
<b>07/03/2003</b>					
Genesis Research	AXA Asia Pacific	Sell	-1.110	15.41%	11.17%
Genesis Research	Wrightson	Buy	+3.866	0.0%	14.80%
Goodman Fielder	Burns Philp	Buy	+48.500	19.84%	23.92%
Mowbray Collectibles	RECT Funds Mgmt	Buy	+0.550	0.0%	7.16%
Mowbray Collectibles	JR Mowbray	Sell	-0.100	54.99%	53.69%
Mowbray Collectibles	RA Brierley	Sell	-0.400	18.21%	13.01%
Southern Capital	AXA Asia Pacific	Sell	-0.816	13.84%	12.83%
Tower Corporation	AXA Asia Pacific	Sell	-1.967	7.72%	6.60%

## Current Issues

### SHARE REPURCHASES

Details

Sky City Entertainment	2½-3¾%, on-market
Steel & Tube	9.99%, on-market

### CASH ISSUES

	Ratio	Price	Ex-Date	Appln Date
Certified Organics	1:1	6	03-03	28-03
Richina Pacific	1:1	US\$0.14½	TBA	TBA

### Total Return Index for All Listed Shares

Feb 10	1774.22	Feb 17	1743.52
Feb 11	1767.62	Feb 18	
Feb 12	1757.34	Feb 19	1755.39
Feb 13	1742.14	Feb 20	1754.41
Feb 14	1731.50	Feb 21	1740.60
Feb 24	1740.87	Mar 3	1709.77
Feb 25	1720.63	Mar 4	1706.75
Feb 26	1715.59	Mar 5	1712.05
Feb 27	1703.53	Mar 6	1715.36
Feb 28	1711.33	Mar 7	1714.74

# Dividend \$

Company	Cents per Share	Ex- Date	Pay- able	Tax Credit
Allied Farmers	6.00	17-03	28-03	Full
AMP Office Trust	3.25	24-03	28-03	Nil
Auckland Int'l Airport	9.50	24-03	28-03	Full
Capital Properties	1.90	17-03	24-03	0.35
Cavalier Corporation	7.50	10-03	14-03	Full
CFS Property Trust	2.33	10-03	21-03	0.30
Designer Textiles	1.125	07-04	17-04	Full
Ebos Group	7.00	10-03	14-03	Full
Fletcher Building	9.00	24-03	09-04	Full
Hellaby Holdings	11.00	04-04	11-04	Full
Independent Newspapers	4.50	17-03	28-03	Full
Lytelton Port Company	3.75	17-03	21-03	Full
Michael Hill International	7.00	24-03	31-03	Full
National Property Trust	2.25	24-02	07-03	Nil
NGC Holdings	4.00	17-03	24-03	Nil
Nuplex Industries	9.50	24-03	04-04	Full
NZ Refining Company	50.00	24-03	26-03	Full
Paramount Property	0.85	17-03	24-03	0.01
Port of Tauranga	6.00	10-03	21-03	Full
Ports of Auckland	15.00	10-03	21-03	Full
Property For Industry	1.477457	10-03	14-03	0.55
Pyne Gould Guinness	8.50	17-03	18-03	Full
Steel & Tube Holdings	11.00	10-03	14-03	Full
Skellmax Industries	3.00	07-04	11-04	Full
Sky City Entertainment	21.00	24-03	04-04	Full
Taylors Group	4.50	17-03	28-03	Full
Tourism Holdings	4.00	07-04	11-04	Full
Turners Auction	7.00	07-04	14-04	Full
Waste Management NZ	8.30	17-03	21-03	Full
Wrightson	3.50	14-03	31-03	Full
<u>Australian Shares</u>				
Auspine	8.00	24-03	04-04	
Biron Capital	1.50	03-03	21-03	
Brazin	8.50	17-03	28-03	
Commander Comm.	1.50	18-03	04-04	
IASbet	5.00	24-02	21-03	
Julia Ross Recruitment	3.00	03-03	21-03	
McPhersons	7.00	03-04	30-04	
OAMPS	7.00	11-03	28-03	
Skilled Engineering	6.00	01-04	23-04	
Toll Holdings	6.50	07-03	28-03	
UXC Limited	2.00	09-04	30-04	
Vision Systems	2.00	05-03	04-04	
Volante Group	4.00	07-03	28-03	

## Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday April 8, 2003 (and delivered in most areas on Wednesday 9).

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

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Birkenhead, Auckland. (66 Stanaway Street. Telephone 64-9-4199 427 Facsimile 64-9-4199 428 Internet: [www.stockmarket.co.nz](http://www.stockmarket.co.nz) or [www.australia-stockmarket.com](http://www.australia-stockmarket.com) Email: [james@stockmarket.co.nz](mailto:james@stockmarket.co.nz)). Subscription Rate NZ\$265 (including GST) per year.

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