# Market Analysis

Issue No. 372 P.O. Box 34-162, Auckland June 10, 2003

Inside Market Analysis										
Brazin's major shareholder seeks to buyout	Neglect Ratings of NZ Shares 8									
minorities <i>cheaply</i> 4	Neglect Ratings of Australian Shares 10									
JM Ross buys Julia Ross Recruitment shares 5	Readers Ask 11,12									
Attractive major acquisition helps McPhersons lift this year's predicted dividend 40%	NEW ISSUE: NZ Exchange									
Editor and Research Director: James R Cornell (B.Com.)										

### Summary and Recommended Investment Strategy.

The Australian and NZ stockmarkets have rallied over the last couple of months, steadily lifting the value of our *Recommended Portfolio*. Many of these shares still offer excellent value and potential for future gains, so remain close to fully invested.

### Investment Outlook.

# Favourable Monetary indicators (i.e. falling interest rates) and Technical indicators (i.e. the market is rallying) provide a very Bullish (i.e. favourable) short term outlook for the NZ stockmarket - although the longer term Forecast is Neutral at 58%.

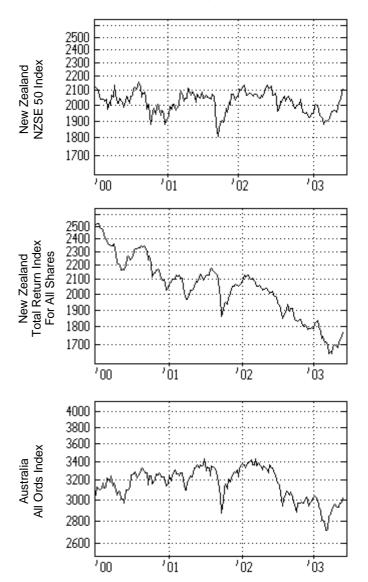
The short term outlook in Australia is favourable for the same reasons, but this market offers better Fundamental value which helps produce the Bullish One-Year Forecast of 76% (i.e. a 76% probability that the market will rise over the next year).

World stockmarkets are all in the early stages of a recovery, but many *individual* shares are still consolidating after long term declines, while most companies are still suffering from depressed trading conditions. This is an environment to be picking depressed shares, in *quality* companies, that will have recovery and growth potential. In many of the best situations, however, share prices may remain weak or volatile in the short term, and corporate profitability remains generally depressed.

We recommend that investors remain close to fully invested in the recommended shares - but with a small cash reserve to fund new recommendations. Many other shares have become depressed over the last 2-3 years and we shall probably realise a few existing share investments to help fund new investments in those depressed shares that offer good value and excellent recovery/growth potential.

#### **Stockmarket Forecasts**

Australia: One-Month 77% (Bullish) 76% (Bullish)
New Zealand: 82% (Bullish) 58% (Neutral)



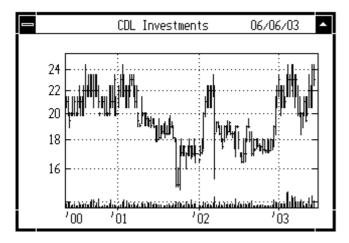
## Performance Forecasts

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

recommendation	ıs, but Performaı		useful to Price/Sales	•	time pl Gross	lanned purchases	or sales, Performano		dentify s Price/Sales		worth Gross	y of further study	and ana Performano		Price/Sales	P/E	Gross
J		t Price	Ratio	Ratio			Forecast		Ratio	Ratio	Yield		Forecast		Ratio	Ratio	Yield
AMP Limited	C	580	0.90	8	10.7	Guiness Peat	С	149	0.59	7	2.0	Pyne Gould G.	С	109	0.43		11.6
AMP NZ Office AXA Asia Pac.	C B	82 250	8.37 0.89	13 12	8.7 4.8	Hallenstein G. Hellaby Hold.	B A	290 383	0.97 0.56	15 13	9.5 7.0	Renaissance Restaurant Brds	D C	23 143	0.08 0.45		19.5 10.4
Affco Holdings	С	22	0.05	10	Nil	Heritage Mining*	N/R	5.0	N/A	NE	Nil	RetailX Limited	D	10	2.28	NE	Nil
Air New Zealand	E B	52 545	0.34 9.39	NE 26	Nil 3.7	Horizon Energy	В	395 1.4	4.01	18 NE	7.9 Nil	Richina Pacific Richmond Hold.	D C	29 312	0.05 N/A	3 NE	Nil Nil
Akd Int Airport Allied Farmers	В	210	0.23	26 6	3.7 11.4	IT Capital Ltd Ind Newspapers	E B	427	3.11 2.06	36	3.0	Rocom Wireless	D	17	0.38	NE	Nil
Apple Fields	C	4.5	3.85	20	Nil	Infratil NZ	С	202	2.99	13	3.0	Rubicon Limited	D	69	N/A	14	Nil
Beauty Direct Blis Technology	E E	8.0 34	2.13 N/A	NE NE	Nil Nil	KidiCorp Kingsgate Int'l	C D	21 21	N/A 1.62	NE 8	Nil Nil	Ryman Health. Sanford Limited	C B	180 520	1.91 1.26	12 13	4.2 5.7
Botry-Zen Ltd	D	14	N/A	NE	Nil	Kirkcaldie & St	С	330	0.62	15	5.4	Savoy Equities	С	2.0	5.88	NE	Nil
Brierley Invest Briscoe Group	C C	77 206	7.14 1.45	49 18	Nil 4.9	Kiwi Property Lion Nathan Ltd	C A	110 664	8.54 1.90	14 19	7.8 2.9	Scott Tech. Ltd Selector Group	B E	271 1.0	2.04 1.96	25 NE	6.1 Nil
Broadway Ind	Ċ	55	0.30	10	2.7	Lyttelton Port	A	175	2.87	11	9.4	Shotover Jet	Č	76	1.34	10	2.5
CACI Group Ltd	С	41	0.45	14	Nil	Mainfreight Grp	Α	130	0.25	12	7.5	Skellmax Indust	В	115	1.14	9	9.1
CDL Hotel NZ CDL Investments	D D	26 23	0.48 1.80	5 7	8.0 10.4	Metro. LifeCare Michael Hill	B B	140 449	1.20 0.80	12 14	Nil 5.7	Sky City Leisur Sky City Ltd	D B	113 870	0.13 3.52	10 19	Nil 6.5
Cabletalk Group	D	23	0.18	NE	Nil	Mid-Cap Index*	N/R	196	N/A	NE	Nil	Sky Network TV	С	448	5.98	NE	Nil
Cadmus Tech Ltd Calan Hlthcare	D C	8.0 84	1.73 6.92	NE 13	Nil 8.1	Mooring Systems Mowbray Collect	C C	130 76	N/A 1.66	NE NE	Nil 3.9	Software of Exc South Port NZ	D C	143 149	1.82 2.75	NE 15	Nil 6.5
Cap Properties	В	90	2.79	10	10.1	Mr Chips Hold	D	115	1.08	28	3.9	Southern Cap	č	65	3.38	10	Nil
Carter Holt Cavalier Corp	D A	168 475	0.71 1.82	16 23	4.5 5.7	NGC Holdings NZ Experience	C D	162 19	1.77 N/A	22 10	4.0 Nil	Spectrum Res. Steel & Tube	D A	1.8 348	1.29 0.93	NE 17	Nil 8.1
Cedenco Foods	Ĉ	169	0.97	6	Nil	NZ Exchange Ltd	Ē	420	N/A	NE	Nil	Strathmore Grp	Ĉ	0.6	N/A	NE	Nil
Cert Organics	D	6.6	2.31	NE 17	Nil 10.4	NZ Invest Trust*	N/R	450	N/A	NE	1.8	Submarines Aust	C	0.5	0.26	NE	Nil
Col FS Property Col Motor Co	C B	101 295	5.83 0.21	17 10	10.4 10.6	NZ Oil and Gas * NZ Refining Co	N/R B	28 1630	2.23 2.42	NE 11	Nil 13.7	Summit Gold Ltd <sup>3</sup> Tag Pacific Ltd	'N/R E	5.2 10	N/A 0.21	NE NE	Nil Nil
Commsoft Group	С	0.3	0.04	NE	Nil	NZIJ.co.nz	D	30	2.33	NE	Nil	Taylors Grp Ltd	С	160	0.73	12	7.9
Contact Energy Cube Capital	B D	483 5.2	2.66 0.17	23 NE	5.9 Nil	Nat Property Tr Newcall Group	B E	96 3.6	5.89 0.21	15 NE	9.4 Nil	TeNZ * Telecom Corp	N/R B	94 509	N/A 1.72	NE 14	Nil 5.9
Cue Energy Ltd *	N/R	5.2	1.39	12	Nil	Newmarket Prop.	С	52	3.96	9	12.6	Tourism Hold.	Ε	101	0.50	40	4.4
DB Breweries Dairy Brands	B C	680 63	1.19 7.29	17 NE	5.9 Nil	Northland Port Nuhaka Forestry	B D	285 560	6.33 1.06	23 NE	5.8 16.3	Tower Limited Trans-Tasman	D D	163 29	0.49 2.10	NE 16	9.2 Nil
Design Textiles	В	93	N/A	10	4.8	Nuplex Indust	A	384	0.54	12	6.6	Tranz Rail Hold	D	80	0.21	NE	Nil
Dorchester Pac	В	158	0.55	8	7.1	Opio Forestry	E	52	9.32	NE	Nil	Trust Power Ltd	В	445	1.35	NE	4.3
E-cademy Hold. Ebos Group Ltd	E B	0.4 308	5.71 0.40	NE 14	Nil 7.0	Otter Gold Mine* Owens Group Ltd	N/R D	29 92	0.68 0.12	NE 19	Nil 3.2	Turners Auction Utilico Int'l	C D	305 55	N/A 5.58	NE 7	Nil Nil
Eldercare NZ	Ε	16	0.76	NE	Nil	Ozzy (Tortis)*	N/R	200	N/A	NE	Nil	Vending Tech.	С	115	1.78	13	Nil
Evergreen F & P Health.	E A	55 1150	3.67 5.65	12 16	Nil 6.5	Pac Edge Bio. Pacific Retail	E D	8.0 228	9.09 0.23	NE 8	Nil Nil	Vertex Group WN Drive Tech.	B D	146 43	0.54 N/A	13 NE	14.5 Nil
F & P Appliance	Α	1300	1.01	12	7.6	Paramount Prop.	С	99	5.58	9	9.9	Wakefield Hosp.	С	147	0.77	18	3.0
FC - Forests Finzsoft Sol'ns	D C	101 100	0.85 2.08	7 NE	Nil Nil	Port Tauranga Ports Auckland	B A	435 719	5.31 4.81	23 18	5.7 6.2	Warehouse Group Waste Mgmt NZ	o B A	437 347	0.71 2.20	16 26	4.6 3.2
Fletcher Build.	Α	366	0.43	14	5.7	Powerco Limited	В	175	2.41	15	8.0	Williams Kettle	В	398	0.32	8	8.6
GDC Communicat. Genesis Res.	B C	85 125	0.47 2.10	9 NE	6.1 Nil	Property F Ind. Provenco Group	C C	94 28	N/A 0.38	16 11	7.4 Nil	World Index Fd * Wrightsons Ltd	N/R C	111 117	N/A 0.23	NE 7	Nil 14.7
Goodman Fielder	Č	176	0.62	11	2.7	Pure NZ Limited	D	3.5	3.40	NE	Nil	Ave of140 Cos	Č	196	0.50	19	3.8
AMP Diver. Prop	В	308	N/A	16	6.6	Corp Express	В	450	1.13	20	1.8	Nufarm Limited	A	410	0.44	11	4.4
AMP Ltd AMP Office Trt	C B	503 121	1.20 N/A	NE 14	9.1 7.6	Crane Group DCA Group Ltd	A B	1003 205	0.30 2.79	15 23	5.0 2.7	OPSM Group Ltd Oil Search Ltd	В	386 70	1.05 1.70	20 9	3.8 2.1
AMP Shop Centre ANZ Bank	Α	178 1887	8.95 1.77	18 13	6.2 4.5	Deutsche Office Deutsche Div Tr	B B	114 122	6.69 8.29	12 14	8.8 7.4	Onesteel Ltd Orica Ltd		176 1042	0.32 0.68	20 14	3.7 4.2
APN News Media AWB Limited	В	356 399	1.46 0.47	17 10	4.5 6.3	Deutsche Ind Tr Djerriwarrh	A B	182 350	7.30 N/A	16 18	8.2 6.1	Origin Energy Pacifica Group	B B	437 358	1.17 0.46	22 11	1.1 5.6
AXA Asia Pac Adelaide Bank	C A	218 809	1.27 1.42	11 17	4.5 4.0	Downer EDI Ltd Envestra	B C	75 111	0.30 2.91	13 NE	3.2 8.6	Paperlin X Ltd Patrick Corp	B B	459 1270	0.46 2.63	12 23	5.9 1.6
Adelaide Bright Alinta Limited	A A	110 537	1.21 2.20	12 15	4.8 4.7	Fairfax (John) Flight Centre		296 1907	1.82 0.47	41 27	3.7 2.0	Perp Trust Aust Principal Off.	С	3005 163	3.85 N/A	15 NE	5.3 Nil
Alumina Ltd Amcor Ltd	B A	426 820	1.89 0.79	27 8	3.1 3.4	Foodland Assoc Foster's Group	B B	1922 429	0.45 1.76	22 16	3.9 4.0	Publishing & Br Q.B.E. Insur.	B B	974 919	2.52 0.67	24 20	2.2 3.8
Aneka Tambang Anglogold Ltd	C	25 908	7.72 0.64	64 4	35.1 26.8	Futuris Corp. GWA Internat'l	A A	158 261	0.14 1.18	16 16	7.6 6.5	Qantas Airways Reece Australia	C A	340 670	0.47 1.04	12 16	5.0 2.5
Ansell Ltd Aquarius Plat.	A C C D C B	596 716	0.50 3.27	NE 14	Nil Nil	Gandel Retail General Prop Tr	B B	142 306	9.38 7.76	16 15	6.3 6.7	Rinker Group Rio Tinto Ltd	Α	502 3168	0.94 0.86	9	1.4
Argo Investment Aust Pharm. Ind		465 236	N/A 0.24	29 13	3.2 5.5	Goodman Fielder Guinness Peat		165 129	0.68 0.59	12	4.5 2.0	Rural Press Ltd Santos Ltd	B B	585 530	1.52 2.00	12 10	2.6 5.7
Aust Gas Light Aust Stock Exch	B B B	1129 1276	1.52 6.18	25 22	4.6 3.2	Gunns Ltd Harvey Norman	A B	1105 253	1.69 2.30	17 21	2.4 1.8	Seven Network Sigma Company	В	490 538	1.13 0.42	21 24	4.2 2.5
Aust Pipeline Aust Foundation	B B	296 340	2.95 N/A	19 30	7.3 4.2	Hills Motorway ING Indust Trt	B B	599 178	N/A N/A	46 14	3.3 7.6	Sims Group Ltd Smorgon Steel	A B	845 109	0.54	16 19	4.3 6.0
Austereo Group	В	147	2.35	11	5.4	ING Office Fund	В	116	6.46 0.95	12	9.1	Sonic Health	Α	665	1.99	51	3.0
Australand Hold BHP Billiton	A B	165 887	0.75	10 9	7.3 2.7	Iluka Resources Insurance Aust.	B C	407 331	1.04	NE NE	5.4 3.2	Soul Pattinson Southcorp Ltd	B B	527 272	3.19 0.71	17 6	2.7 8.1
BHP Steel Ltd Bank of W.Aust	C A	347 432	0.60 3.77	NE 16	Nil 4.5	Investa Prop. Ivanhoe Mines	B C	212 1200	6.81 N/A	14 NE	7.0 Nil	Spotless Group St George Bank		340 2153	0.32 2.74	22 25	6.5 3.7
Bank of Q'land Bendigo Bank	A A	887 807	3.31 3.44	20 20	3.3 3.6	James Hardie Jupiters	A B	690 626	2.66 1.58	55 16	1.4 3.4	Sthn Cross Brd. Sthn C. Fliers		878 0500	1.56 N/A	16 NE	6.5 Nil
Bidvest Billabong Int'l	B B	365 610	0.20 2.44	12 20	2.8 3.1	Leighton Hold Lend Lease Corp		898 828	0.48 0.29	14 16	4.7 2.2	Stockland Suncorp-Metway		527 1128	5.24 1.32	18 19	5.6 4.8
Boral Limited Brambles Ind.	A C	491 464	0.80 0.45	15 8	3.9 4.3	Lend Lease US <sup>'</sup> Lihir Gold	A B	98 143	6.53 4.64	19	18.7 Nil	TAB Ltd Tabcorp Holding		319 1034	1.60 1.95	19 15	4.1 6.1
Brickworks Ltd Bristile Ltd	A A	706 350	5.58 1.83	18 13	2.2 4.6	M.I.M. Holdings Macquarie Infra	A A	165 355	0.82 6.25	37 13	2.0 2.5	Telstra Ten Network	B D	444 219	1.36 1.25	8 NE	5.0 Nil
Burns Philp C'wth Prop Off.	B B	69 122	0.40 8.73	4	Nil 7.3	Macquarie Good Macquarie Off.		158 116	6.18 8.64	14 13	7.5 9.4	Toll Holdings Transurban Grp	B C	695 474	1.42 N/A	26 NE	1.4 0.5
C.S.R. Ltd CSL Limited	Α	184 1218	0.23 1.43	14 3 16	9.2 2.8	Macquarie C'Wde Macquarie Bank		179 2886	N/A 2.17	15 18	7.5 3.2	UNITAB Ltd United Energy	A B	593 313	2.13	31 19	2.5 5.8
Caltex Austrlia Centro Prop.	B B B	259 403	0.12 N/A	16 3 17	2.6 Nil 6.5	Macquaries Air. Mayne Group Ltd	В	135 280	N/A 0.44	26 13	4.1 5.0	WMC Resources Wesfarmers Ltd	C	413 2525	2.20 1.27	62 23	Nil 4.4
Challenger Int.	B B	225	1.09	17 3 12	4.0	Metcash Trading		226	0.20	18	3.8	West Aust News		582	4.06	24	4.3
Coal & Allied CocaCola Amatil	В	2200 555	1.53	18	3.6 3.3	Milton Corp. Mirvac Group	В	1220 452	N/A 2.75	27 16	3.7 5.8	Westfield Trust Westfield Amer.	В	352 210	7.94 3.49	15 16	6.7 7.3
Cochlear Ltd Coles Myer	B B	3090 690	6.33 0.32	40 23	1.7 3.7	Nat'l Foods Nat'l Aust Bank	B A	377 3303	0.98 1.92	21 15	4.4 4.5	Westfield Hold. Westpac Bankin	р А	1508 1623	8.79 1.86	36 13	1.4 4.3
Com'wealth Bank Computer Share	A B	2935 174	2.30 1.24	14 18	5.1 1.7	Newcrest Mining News Corporation	B B	756 1207	4.45 0.87	NE 21	0.7 0.2	Woodside Petrol Woolworths Ltd	В	1158 1254	3.45 0.52	NE 23	3.4 2.6
					C	opyright © Sec	urities	Rese	arch C	omp	anv I.	Ave of 1343 Co	os C	143	0.33	24	1.8

### Recommended Investments

After a "good start" over the first four months, **CDL Investments** is "relatively confident" about the current



financial year. To meet demand the company is developing 137 new residential sections in Auckland and 115 lots in Hamilton. Nevertheless, the company also points out "early signs that the top end of the market may be overheated" and that lower immigration and a slowing economy will eventually impact upon demand for residential sections.

**Colonial Motor Company**'s major shareholder, Malaysian based **Sun Motors**, has sold all of its 6,930,000 shares (24.9% of the company) through a placement at 295 cents per share. Four directors took advantage of this placement to add to their own shareholdings in the company.

**Richina Pacific**'s cashissue was 73.96% subscribed - with the underwriter, **Richina Enterprises Holdings**, taking up the (Continued on Page 4)

	Portfolio	of	Rec	omi	me.	nde	ed	In	ves	stm	en	ts	
CURRENT					Perform-	Issued	Vola-	Price/	Price/	Gross	Recent	Cash	Total
ADVICE	Company	<u>lı</u> Code	nitial Recomn - Date -	nendation Price	mance Forecast	Shares	tility Ratio	Sales Ratio	Earnings Ratio	Dividend Yield	Share Price	Dividends Rec'd	Return
	NZ Shares	Code	-Date-	Price	rorecast	(mil.)	Ratio	Rauo	Rauo	rieia	Price	Reca	%
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	187.1	2.0	1.80	7	10.4	23	7.7	+23%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	Α	63.0	0.7	1.82	23	5.7	475	111.0	+276%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	В	27.9	0.6	0.21	10	10.6	295		+257%
BUY	Lyttelton Port Company	LPC	12/12/00	150	Α	101.8	1.0	2.87	11	9.4	175	25.0	+33%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	В	38.5	0.5	0.80	14	5.7	449	127.0+	-1152%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	Α	59.7	8.0	0.54	12	6.6	384	77.5	+32%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	37.1	1.9	0.08	NE	19.5	23	10.4	-61%
BUY	Richina Pacific	RCH	03/11/95	94*	D	144.4	2.0	0.05	3	Nil	29	9.4	-59%
HOLD	South Port New Zealand	SPN	13/02/96	120	С	26.2	1.0	2.75	15	6.5	149	65.0	+78%
BUY	Steel & Tube Holdings	STU	08/08/00	146	Α	87.9	0.9	0.93	17	8.1	348	63.0	+182%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	С	24.3	0.7	0.73	12	7.9	160	26.0	+82%
BUY	Wrightson Limited	WRI	13/01/98	83	С	134.2	1.3	0.23	7	14.7	117	33.3	+81%
	Australian Shares (in Aust	cents)											
BUY	Abigroup Limited	ABG	09/03/99	265	Α	47.7	0.6	0.20	17	3.2	251	53.0	+15%
BUY	AJ Lucas Group	AJL	13/05/03	120	Α	45.2	0.7	0.77	13	5.3	141	Nil	+17%
HOLD	Atlas Pacific Ltd	ATP	14/05/96	73	С	87.8	1.5	2.32	8	10.0	30	7.0	-49%
HOLD+	Auspine Limited	ANE	08/02/00	210	Α	57.0	0.6	0.72	15	5.3	266	56.0	+53%
BUY	Austral Coal Ltd	AUO	16/01/01	19	С	154.5	1.4	0.74	5	Nil	48	Nil	+150%
HOLD	Biron Capital Ltd	BIC	12/04/94	171 *	Α	38.2	1.4	2.64	22	2.9	35	13.0	-72%
HOLD	Brazin Limited	BRZ	11/12/01	160	В	116.4	1.0	0.19	4	16.5	82	22.0	-35%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	418*	Α	39.2	0.5	0.52	16	6.3	480	102.5	+39%
BUY	Candle Australia	CND	08/04/03	86	В	37.3	0.9	0.20	12	5.3	95	Nil	+10%
HOLD	Cellnet Group Ltd	CLT	12/02/02	152	С	49.5	1.1	0.09	4	13.8	65	9.0	-51%
BUY	Commander Comm.	CDR	11/09/01	92	Α	145.1	1.0	0.64	13	3.1	88	6.8	+3%
BUY	IASbet Ltd	IAS	11/02/03	180	В	41.0	0.9	2.29	12	4.1	172	Nil	-4%
HOLD	Julia Ross Recruitment	JRR	14/08/01	92	С	57.4	1.4	0.21	5	10.7	56	12.0	-26%
HOLD+	McPherson's Ltd	MCP	10/10/00	125	В	41.0	0.5	0.48	13	3.8	318	31.0	+179%
HOLD	Nufarm Limited	NUF	11/02/97	418*	Α	155.7	0.6	0.44	11	4.4	410	106.3	+24%
HOLD	OAMPS Limited	OMP	15/05/01	132*	Α	71.7	0.6	0.44	15	7.3	275	24.3	+127%
BUY	Skilled Engineering	SKE	12/03/02	126	В	88.7	0.9	0.35	20	4.2	239	16.0	+102%
HOLD	Toll Holdings	TOL	08/09/98	60*	В	302.8	0.6	1.42	26	1.4	695	35.5+	-1118%
HOLD	UXC Limited	UXC	11/01/00	55*	В	124.1	1.4	0.20	9	9.3	54	16.0	+27%
BUY	Villa World Ltd	VWD	11/06/02	68	В	102.9	8.0	0.51	8	8.5	106	10.0	+71%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	С	164.1	1.1	1.31	13	4.0	97	22.1	+73%
HOLD	Volante Group Ltd	VGL	13/03/01	132	В	68.1	1.0	0.18	15	8.2	97	13.0	-17%
The aver	age Total Return (i.e. both Ca	ıpital Gai	ns/Losses p	lus Divide	ends re	ceived) o	of all cu	irrent in	vestmer	its from	initial re	commen	dation is

(by the SRC Total Return Index).

The average annual rate of gain of ALL recommendations (both the 34 current and 118 closed out) is +28.4%, compared with a market gain of +8.3%

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

+112.5%. This is equal to an average annual rate of +26.8%, based upon the length of time each position has been held.

Recommended Investments (Continued from Page 3) shortfall and increasing its holding from 25.5% to 38.5%. NZ investors took up "almost 100%" of their entitlement, so the major shareholder has increased its holding at the expense of other related foreign investors.

#### **Australian Shares**

(This section is in Australian currency, unless stated). **Abigroup** has won, by competitive tender, a 3-5 year extension to its current 2½ year maintenance contract for the **Energex** gas network. This contract will generate around \$6-7 million in annual revenues.

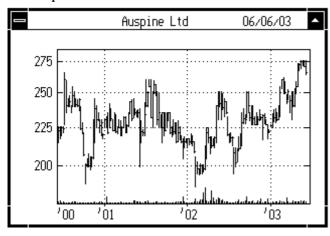
Atlas Pacific is restructuring its Indonesian business to reduce production costs. Alyui Bay was originally planned as a vertically integrated operation involving hatchery breeding through to pearl harvesting. As this is a very remote location, however, the company is required to provide employee accommodation and amenities. In future Atlas Pacific will use this site for seeding, pearl growth and harvesting, but will transfer breeding, the manufacture of boats and long lines, and accounting and administration to Northern Bali. Bali has easier access to Australia and sites throughout Indonesia, as well as a large source of local labour that does not require accommodation from the company.

Atlas Pacific is also looking to establish a second pearl production site "some distance from Alyui Bay" to reduce environmental and other risks.

SARS has shut down much of the Hong Kong pearl trade, so Atlas Pacific's marketing agent, **Pearlautore International**, is seeking to make sales in Europe and America. The strength of the Australian dollar will depress pearl revenues, although the company has currency hedges for this year's expected revenues - and half of the expected revenues for 2004.

Auspine and its joint venture partners have decided to scale down the proposed \$90 million, 60 MW biomass power plant at its Tarpeena mill, near Mt Gambier. The initial plant capacity is likely to be 20-24 MW, costing \$40-45 million and taking 12-18 months to construct, with the capacity to upgrade this to 45 MW in the future. The lower capacity will significantly reduce fuel costs as only the lowest quality wood waste will be required and the higher value woodchips will not now be burnt as fuel.

Auspine is still investigating logistical aspects of producing and collecting biomass from its forests and the marketing of electricity in excess of the company's own requirement of 7 MW.



**Brazin**'s major shareholder **Yoda Holdings**, a company owned by the founder Brett Blundy, is seeking to privatise the company by buying out the 40% owned by other shareholders. Rather than make a takeover bid that would require 90% acceptances to become compulsory, Mr Blundy is proposing a "selective share buy-back" which will require approval by only 75% of *all* shareholders. Full details have yet to be announced, but it is proposed that the company will pay 78 cents to buy back the minority shareholders.

That payment *could* take the form of a franked dividend (which would be unattractive to NZ resident shareholders) and/or a capital repayment. Ideally we would like to see this privatisation offer <u>rejected</u> by the independent directors, and for Brazin to remain a listed company, so that we can profit from the recovery of the business over the next couple of years. <u>As currently proposed, we recommend that shareholders vote against the capital reduction/minority shareholder buyout.</u>

The most *likely* situation, however, is that the buyout price will be increased slightly and win sufficient support. That would still be a very good deal for the major shareholder - but we can always find some other shares in which to invest our money. "Hold", vote against the buyout.



**Campbell Brothers** lifted revenues 6.7% to \$360.3 million for the year to 31 March 2003. Profits rose 5.9% to \$11,896,000 (30.4 cents per share) and the annual dividend will remain steady at 30.0 cents.

The **Laboratory Services Division** lifted revenues 18.2% to \$114.4 million with earnings (before interest and tax) up 41.7% to \$16,350,000. Despite "initial disruption and commissioning delays" this division has now finalised the integration of Canada based **Bondar Clegg Laboratories**, acquired in December 2001, which has produced "substantial improvements in operating efficiencies". This division is one of the largest analytical laboratories in the world, with 41 laboratories and 1500 employees in 17 countries, providing services mainly for the mineral and environmental sectors.

Campbell Brothers expect to do even better with its Laboratory Services division this year, with further growth planned from the "expansion of analytical services" and the "expansion of the worldwide network".

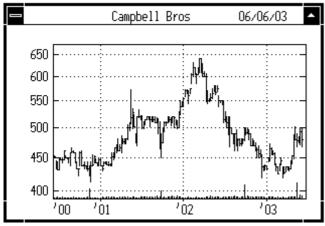
This division has the potential to provide high profit margins, a high return on Shareholders Equity and strong *free* cash flows (i.e. cash that is not required to be

re-invested to maintain the business, so is available to finance growth, acquisitions or to pay dividends).

The **Industrial Products Division** lifted revenues 12.6% to \$115.5 million with earnings up 27.9% to \$7,930,000.

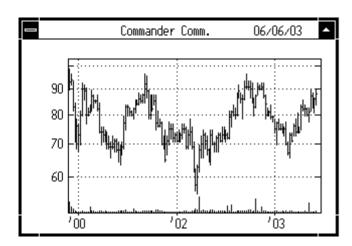
**Consumer Products Division** performed poorly with revenues down 4.9% to \$132.1 million and earnings falling 41.9% to \$5,900,000.

Campbell Brothers' profit levels are still too low. Nevertheless, the shares trade on a low valuation (i.e. a Price/Sales ratio of just 0.52, a Price/Earnings ratio of 16 and offer a Dividend Yield of 6.3%) and the attractive Laboratory Services division is growing rapidly with potential for significant gains over the medium to long term. The Relative Strength Rating is -0.1%, ranked 38, so the shares look to be in the early stages of a recovery. There has been one *insider* buy over the last year, although seven sells. These sells are from RC Campbell who appears to be very slowly, but steadily, selling down a large holding. Overall we are upgrading Campbell Brothers shares to a "Hold+".



<u>Commander Communications</u> and <u>Telstra</u> have put out a joint announcement describing their new relationship as "mutually beneficial" and an "exciting and important deal for Telstra Wholesale". In reality, however, the new arrangement is a big improvement for Commander Communications, reasonable for Telstra Wholesale and a big loss for Telstra Retail.

Previously Commander Communications was a captive re-seller of services bought from its former parent company Telstra, at retail prices - with attempts by Commander Communications to negotiate a better deal totally rejected by Telstra. This changed with



Commander Communications' acquisition of **RSL.COM**. Commander Communications will now buy all telecommunication services at wholesale prices through RSL.COM - which buys at the lowest prices from Telstra Wholesale or other telecommunication providers.

Commander Communications can now provide and earn a profit margin on a full range of equipment, on-site maintenance and telecommunication services to its customers.

Julia M Ross took advantage of the falling price of <u>Julia Ross Recruitment</u> shares in April with the purchase of 50,000 shares on-market at 65 cents each. During May she has been an even more aggressive buyer, picking up a total of 512,824 shares at prices of 48-50 cents. While the shares may remain depressed in the short term - so we rate them "Hold" as others are more attractive for new purchases at this time - this quarter of a million dollar additional investment by the major shareholder should help re-assure investors that the business is viable and that the shares are depressed and under-valued.

McPhersons has made a major acquisition with the purchase of Cork Asia Pacific for \$101 million in cash. To fund this McPhersons has raised \$26 million in an institutional share placement of 10,400,000 shares at \$2.50, will raise \$5 million from a *share purchase plan* which will offer all existing shareholders 2000 new shares at \$2.50 each and will borrow \$70 million.

Cork Asia Pacific generates annual revenues of \$106 million and earnings (before interest and tax) of around \$15 million from the importation and distribution of beauty and hair care products to pharmacies, department stores, supermarkets and discount stores. Its main brands include *Manicare*, *Lady Jane* and *Cameo* which all have a market share in excess of 50%. Sales are made in Australia, New Zealand and Singapore.

This business will be merged with McPhersons existing Housewares Division, approximately doubling the size of this division. Like McPhersons existing Housewares businesses, Cork Asia Pacific does <u>not</u> manufacture product - so requires no investment in depreciating manufacturing facilities. Both businesses source product from third parties or contract manufacturers, mainly in China, with product sourcing managed out of Hong Kong.

McPhersons is buying this business on a Price/Sales ratio of 0.95 and a Price/Earnings ratio of about 10. That valuation looks reasonable, but the acquisition is also attractive owing to (1) synergies with McPhersons existing Housewares business, (2) strong free cash flows and (3) increased earnings per share and dividends from the use of debt to fund this acquisition.

Cross selling opportunities, plus productivity gains in warehousing, logistics and administration are expected to generate annual cost savings of around \$6 million. This will effectively increase the profitability of the acquisition by 40% (i.e. lower the P/E to about 7), although it will be 12-18 months before these synergy benefits impact on profitability.

Cork Asia Pacific - like McPhersons existing businesses - generates high (Continued on Page 6)

Recommended Investments (Continued from Page 5) free cash flows that are not needed to maintain the business. So McPhersons "comfortably expects" to be able to repay at least \$10 million of interest bearing debt in each of the next three years. Interest bearing debt will peak at \$122 million after this acquisition, compared with Shareholders Equity of \$91 million, but debt levels (and the interest expense) should then reduce quickly over the next few years.

This expansion will have a favourable impact on earnings per share (before goodwill amortisation) and dividends per share - as the acquisition is mainly debt financed. As a result of the share placement and share purchase plan the issued capital will increase 30%, but revenues will increase 42%, earnings (before interest, tax and goodwill) will rise 71% and net profits (before goodwill) will increase 52% while operating cash flows will rise 67%.

Goodwill amortisation will rise 5-fold, so the bottom line net profit will rise only 19% with earnings per share down 8%. Goodwill amortisation, however, has no impact on cashflows and is simply an accounting entry.

McPhersons had anticipated an annual dividend this year 14.6% higher at 13.75 cents, but is now forecasting a dividend rate 39.6% higher at 16.75 cents.

McPhersons share price has risen strongly in response to this acquisition, but at 318 cents the shares will still offer an attractive Dividend Yield of 5.3% and remain an attractive "Hold+".

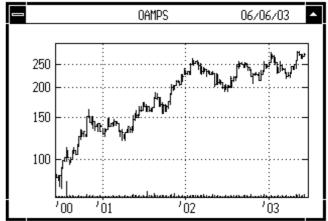
The shares have increased 2½ fold over the last 2½ years, so investors who are now a little over-weighted in McPhersons *may* wish to sell 2000 shares on market (at around 318 cents) and then take up their entitlement to the 2000 new shares at 250 cents each. That way you can realise a \$1360 gain while maintaining the same number of shares in McPhersons to benefit from further dividends and capital appreciation over future years.

Shareholders will have the option of buying 500 shares, 1000 shares or 2000 shares at 250 cents under the share purchase plan. We recommend taking up the maximum entitlement of 2000 shares. The Application Form is in the mail (and should be received in NZ this week). The completed application form and payment need to be returned to McPhersons by 24 June.

The only negative is the sale of 182,000 shares (at around 313 cents) on-market by the Managing Director, DJ Allman, reducing his holding to 356,500 shares.



**OAMPS**' monthly business acquisition for May was Sydney based **York Insurance Brokers**, which has 1300 clients and generates \$5 million in annual premium revenues.



Toll Holdings has acquired 21,234,153 shares in Tranz Rail Holdings on-market at an average cost of NZ\$0.76. This blocked a takeover offer from Rail America, which has since been withdraw. Toll Holdings then made its own full takeover bid at NZ\$0.75, conditional on 50.1% acceptances.

The situation, however, changed late last week when the NZ Government became involved. The government will immediately lend NZ\$44 million to Tranz Rail to enable this virtually insolvent company to meet lease payments due this month. Then, subject to shareholder approval, the government will buy 113 million new shares in Tranz Rail (i.e. 35% of the company) for NZ\$76 million (67 cents per share) and buy back the rail track for one dollar and surrounding assets for NZ\$50 million. The government will spend an estimated NZ\$75-90 million annually maintaining and upgrading track, with Tranz Rail receiving exclusive access at a cost of about NZ\$55-70 million per year.

By removing the immediate threat of insolvency, and with the government providing an on-going subsidy to track maintenance, Tranz Rail's share price may rise to 100-125 cents over the next several weeks - so Toll Holdings may decide to sell out and realise a small capital gain. The government's injection of new capital does nothing, however, to improve the operations and efficiency of Tranz Rail's business. Nor does it change Tranz Rail's long term funding needs and the on-going problem of negative free cash flows. Tranz Rail badly needs Toll Holdings' experience at turning around poorly performing businesses - although we feel there must be better places for Toll Holdings to invest its money! The government does not intend to be a long term investor in Tranz Rail - which means they hope to get their short term loan repaid and to sell off their discount priced shares before Tranz Rail's next financial crisis.

Toll Holdings' 50% owned **Pacific National** rail investment generated total revenues of \$809 million, earnings (before interest and tax) of \$84.9 million and a net profit of \$40.8 million for the nine months to 31 March 2003. That is about *double* the net profit earned by the business prior to it being acquired by Toll Holdings

June 10, 2003. Page 7

#### and Patrick Corporation.

We continue to rate Toll Holdings a "Hold" (and Tranz Rail a "Sell/Avoid").

<u>Villa World</u> reports "sales significantly in advance of construction" at its *Brooklyn Park* and *Church Point* projects in Brisbane. Construction has begun at the 231 site *North Point* project, earthworks have begun at the 98 site *Bellbowrie* project and the company will begin building homes in September. Another Brisbane site has been acquired at Carseldine which will be developed into 192 residential lots.

Construction has started at the *Millbrook* 118 home project 8km from the Brisbane CBD, and earthworks have begun at the *Cosmopolitan* 31 house and land project at Robertson, near Griffith University Campus.

On the Gold Coast, Villa World has begun earthworks for its 214 lot subdivision, *The Reserve*, at Oxenford. Another development site has been acquired at Coomera, where the company paid \$8.4 million for 33 hectares which will be developed into a \$60 million, 197 lot, subdivision.

Pre-sales of Villa World's 6½ hectare *Friday Island* residential subdivision in New South Wales have exceeded \$10 million with 37 of the 38 sites pre-sold. The company has also started construction on 50 townhouses, which it will begin pre-selling in July.

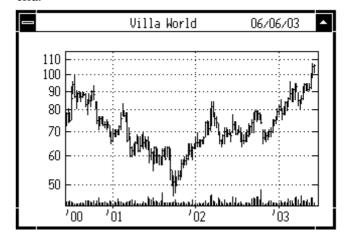
There have been delays with the *WildAsh Grove*, 128 home development at Westleigh, Sydney, owing to a shortage of quality subcontractors. The first stage of 21 homes, however, is now close to completion and go on sale this month with "healthy sales" expected.

The 59 lot subdivision at Mona Vale, Sydney, has also been delayed and is now expected to begin in early 2004.

The Shanghai, China, project to built 14 high value homes is still at the planning stage - but should be completed in the June 2004 financial year.

Villa World is also preparing its development application for the *Dolphin Arcade* shopping centre in Surfers Paradise where it plans to build two apartment towers, starting in 2005. Meanwhile the company is receiving a good rental return on its investment from the existing shopping centre. The Dolphin project and the 2,100 residential lot development at *Eynesbury Station* will "provide medium to long term benefits and underpin profits from 2005 onwards".

Villa World now expects to "achieve or slightly exceed" its recently upgraded profit forecast of \$18 million ( $17\frac{1}{2}$  cents per share) for the current year to 30 June - subject to "several projects being completed and sold" by year end.



## "Strongest" Shares

This table shows the 50 NZ shares that are appreciating most rapidly in value. <u>As a group, these strong shares can be expected to outperform the market - so investors should generally HOLD for further gains.</u>

Company	Share Cur- 4-Wk Rank Price rent Chg. 0-99	of lowler of	eturn Vola- P on til- Ea quity ity Ra		Price Sales Ratio	Market Cap'n	Company	Share Price		H RATING Wk Rank Ig. 0-99	Insider Buy-Sell Brokers	Price to NTA	Return Vola on til- Equity ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
Finzsoft Sol'ns	100 +39.2 -4.9 -0	0-0 - 2.5	- 0.8 N	E Nil	2.08	8	Waste Mgmt NZ	347	+4.4 +2	.7 17	0-3	5 2.0	8 0.8	26	3.2	2.20	340
Richmond Hold.	312 +16.8 -4.0 0	0-0	- 0.6 N	E Nil	N/A	N/A	Trans-Tasman	29	+4.2 +1	.8 18	0-0	2 0.5	3 1.9	16	Nil	2.10	172
Ind Newspapers	427 +13.1 +7.0 1	0-1 5 1.6	4 1.1 3	6 3.0	2.06	1,804	Ports Auckland	719	+4.1 +1	.9 19	0-0	5 2.2	13 0.6	18	6.2	4.81	762
Hellaby Hold.	383 +12.1 +1.4 2	0.0 1 2.3	17 0.7 1	3 7.0	0.56	190	CDL Investments	23	+4.0 -1	.4 20	0-0	- 1.0	13 2.1	7 1	0.4	1.80	43
Scott Tech. Ltd	271 +11.8 -0.3 3			5 6.1	2.04	60	Kiwi Property	110	+4.0 +0			5 1.0	7 0.9		7.8	8.54	608
KidiCorp	21 +11.6 -2.5 3	0.0	- 2.2 N	E Nil	N/A	1	Nat Property Tr	96	+3.9 +2	.7 21		- 0.9	6 0.8		9.4	5.89	56
Cavalier Corp	475 +10.6 +2.1 4			3 5.7	1.82	299	Sky City Ltd	870	+3.7 -1			5 7.2	38 0.5		6.5	3.52	1,806
Trust Power Ltd	445 +9.4 +0.1 5	0.0 2 1.4	- 0.6 N	E 4.3	1.35	816	Cap Properties	90	+3.7 +0			5 1.0	10 0.9	10 1	10.1	2.79	158
Broadway Ind	55 +8.6 +1.6 5			0 2.7	0.30	11	NZ Experience	19	+3.4 -5		0 0	- 1.4	14 2.1		Nil	N/A	11
Turners Auction	305 +8.1 +1.2 6		- 0.7 N		N/A	N/A	F & P Health.	1150	+3.3 +2	.5 24	0-0	7 6.1	38 0.7			5.65	1,178
Sky Network TV	448 +7.9 +5.2 7	0-0 4 31.8	- 1.0 N		5.98	1,744	Fletcher Build.	366	+3.1 -1	.,		4 2.2	16 0.8			0.43	1,268
Shotover Jet	76 +7.8 -4.1 8			0 2.5	1.34	33	Lion Nathan Ltd	664	+2.8 +2		0-0	1 1.5	8 0.4			1.90	3,547
Contact Energy	483 +7.2 -0.3 8			3 5.9		2,917	Col Motor Co	295	+2.6 -2		4-1	- 1.0	10 0.6				82
Savoy Equities	2 +7.2 +16.1 9	0-0 - 8.7	- 7.8 N		5.88	2	Hallenstein G.	290	+2.4 +2	.1 27		4 4.0	27 0.7	15	9.5	0.97	171
Affco Holdings	22 +7.1 -0.8 10		4 1.8 1		0.05	108	Skellmax Indust	115	+2.4 +1	.5 27	0-0	- 6.4	69 1.1	9	9.1	1.14	115
Brierley Invest	77 +6.9 +14.5 10	0.0 1 0.7	1 1.5 4	9 Nil	7.14	1,088	Infratil NZ	202	+2.1 +4	.2 28	3-0	3 1.1	9 0.8	13	3.0	2.99	370
Metro. LifeCare	140 +6.2 +5.3 11	0-0 1 1.1	9 1.1 1	2 Nil	1.20	121	Nuplex Indust	384	+2.0 +1	.5 29	1-0	3 1.8	15 0.8	12	6.6	0.54	229
Mainfreight Grp	130 +5.5 +5.4 12	0-1 5 2.0	17 1.0 1	2 7.5	0.25	104	Lyttelton Port	175	+1.9 +2	.4 29	4-0	4 6.3	58 1.0	11	9.4	2.87	178
DB Breweries	680 +5.4 +3.0 12	0.0 3 2.5		7 5.9	1.19	343	Mowbray Collect	76	+1.5 -1		0-1	- 1.6	1 1.0		3.9	1.66	7
NGC Holdings	162 +5.4 +2.0 13	0-0 - 1.9	9 1.1 2	2 4.0	1.77	1,255	CDL Hotel NZ	26	+1.4 -4	.8 31	0-0	1 0.4	8 1.9	5	8.0	0.48	91
F & P Appliance	1300 +5.2 +4.3 14	0-0 7 1.5	13 0.7 1	2 7.6	1.01	845	Telecom Corp	509	+1.4 +4	.3 32	1-0	3 7.2	51 0.8	14	5.9	1.72	9,536
Sanford Limited	520 +5.2 +1.4 15	2-0 2 1.2	9 0.7 1	3 5.7	1.26	497	TeNZ	94	+1.1 +2	.0 32	0-0		- 1.2	NE.	Nil	N/A	164
Southern Cap	65 +4.9 +1.9 15	0-0 - 1.4	14 1.1 1	0 Nil	3.38	51	Property F Ind.	94	+1.1 +0	.3 33	0-0	4 1.2	7 0.9	16	7.4	N/A	188
Kingsgate Int'l	21 +4.7 +0.2 16	0.0 - 0.6	7 2.0	8 Nil	1.62	83	Vertex Group	146	+1.1 +1	.2 34	0-0	2 2.1	17 1.2	13 1	14.5	0.54	47
Steel & Tube	348 +4.5 +0.9 17	0.0 5 2.5	15 0.9 1	7 8.1	0.93	306	NZIJ.co.nz	30	+1.0 -0	.3 34	0-0	- 3.2	- 1.5	NE	Nil	2.33	1

Page 8 Market Analysis

# 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	STRE Cur- rent	NGTH RA 4-Wk Chg.	ATING Rank 0.99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola- til- ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	STRE Cur- rent	NGTH RA 4-Wk Chg.	TING Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola- til- ity	Price Earn. Ratio	dend	Price Sales Ratio	Market Cap'n
UNDER-VALUED S	SHARES:	Lowes	st Price	e/Sale	s, Yld	> 0	, Rel	Streng	gth >	0				Restaurant Brds	143	-7.1	+1.4	72	0-0	5	2.6	23	8.0	11 1	10.4	0.45	136
Col Motor Co	295	+2.6	-2.0	26	4-1	-	1.0	10	0.6	10	10.6	0.21	82	Hallenstein G.	290	+2.4	+2.1	27	1-0	4	4.0	27	0.5	15	9.5	0.97	171
Mainfreight Grp	130	+5.5	+5.4	12	0-1	5	2.0	17	1.0	12	7.5	0.25	104	Lyttelton Port	175	+1.9	+2.4	30	4-0	4	6.3	58	0.7	11	9.4	2.87	178
Broadway Ind	55	+8.6	+1.6	6	0-0	-	1.3	14	1.1	10	2.7	0.30	11	Tower Limited	163	-16.6	-0.4	86	1-0	3	0.4	0	1.0	128	9.2	0.49	286
Fletcher Build.	366	+3.1	-1.7	25	0-0	4	2.2	16	8.0	14	5.7	0.43	1,268	Skellmax Indust	115	+2.4	+1.5	28	0-0	-	6.4	69	8.0	9	9.1	1.14	115
CDL Hotel NZ	26	+1.4	-4.8	31	0-0	1	0.4	8	1.9	5	8.0	0.48	91	Steel & Tube	348	+4.5	+0.9	17	0-0	5	2.5	15	8.0	17	8.1	0.93	306
Nuplex Indust	384	+2.0	+1.5	29	1-0	3	1.8	15	8.0	12	6.6	0.54	229														
Vertex Group	146	+1.1	+1.2	34	0-0	2	2.1	17	1.2	13	14.5	0.54	47	OVER-VALUED SHA	ARES: 1	Highest	Price/	'Sales	Ratio	s, R	elative	Strei	ngth -	< 0			
Hellaby Hold.	383	+12.1	+1.4	2	0-0	1	2.3	17	0.7	13	7.0	0.56	190	Akd Int Airport	545	-0.7	+0.5	49	0-1	6	3.1	12	0.4	26	3.7	9.39	1,656
Guiness Peat	149	+0.9	+1.5	36	0-0	2	8.0	12	1.1	7	2.0	0.59	927	Opio Forestry	52	-2.6	-1.1	61	0.0	-	0.6	-	0.6	NE	Nil	9.32	8
Taylors Grp Ltd	160	+0.2	-0.0	40	0.0		1.7	14	8.0	12	7.9	0.73	39	E-cademy Hold.	0	-10.3	+9.7	78	0.0	- 2	0.0	-	8.8	NE	Nil	5.71	5
Wakefield Hosp.	147	+0.3	+0.4	40	1-0		0.9	5	8.0	18	3.0	0.77	19	Port Tauranga	435	-0.1	+0.3	44	2-2	5	1.4	6	0.3	23	5.7	5.31	582
Steel & Tube	348	+4.5	+0.9	17	0.0	5	2.5	15	0.9	17	8.1	0.93	306	Evergreen	55	-0.9	-1.7	52	0-2	2	0.6	5	8.0	12	Nil	3.67	80
Hallenstein G.	290	+2.4	+2.1	27	1-0	4	4.0	27	0.7	15	9.5	0.97	171	South Port NZ	149	-3.2	-0.2	62	0.0	1	3.0	20	0.7	15	6.5	2.75	39
														NZ Refining Co	1630	-4.8	-1.2	66	0.0		1.3	12	0.2	11 1	13.7	2.42	391
BEST PERFORMIT	NG SHAI	RES: S	tronges	st Sha	ires, P	)/E <	< 20,	P/S <	< 1.0					Powerco Limited	175	-1.2	+6.1	53	0.0	4	1.0	7	0.5	15	8.0	2.41	553
Hellaby Hold.	383	+12.1	+1.4	2	0-0	1	2.3	17	0.6	13	7.0	0.56	190	NZ Oil and Gas	28	-9.1	+0.7	76	0-0	-	1.0		1.0	NE	Nil	2.23	32
Broadway Ind	55	+8.6	+1.6	6	0-0	-	1.3	14	8.0	10	2.7	0.30	11	Genesis Res.	125	-13.2	+5.8	83	0-0	-	8.0		1.0	NE	Nil	2.10	33
Affco Holdings	22	+7.1	-0.8	10	0-0	-	0.4	4	1.3	10	Nil	0.05	108														
Mainfreight Grp	130	+5.5	+5.4	12	0-1	5	2.0	17	8.0	12	7.5	0.25	104	WORST PERFORM	ing sh	ARES:	Weake	st Sh	ares,	P/S	Ratio	> 0.2	25, Yi	eld <	Twice	Avera	ge
Steel & Tube	348	+4.5	+0.9	17	0-0	5	2.5	15	8.0	17	8.1	0.93	306	Spectrum Res.	2	-58.3	+0.0	98	0-0	-	1.3	-	3.3	NE	Nil	1.29	6
Fletcher Build.	366	+3.1	-1.7	25	0.0	4	2.2	16	0.6	14	5.7	0.43	1,268	Vending Tech.	115	-23.7	+9.6	92	0-1	1	1.9	14	8.0	13	Nil	1.78	34
Col Motor Co	295	+2.6	-2.0	26	4-1	-	1.0	10	0.5	10	10.6	0.21	82	GDC Communicat.	85	-17.4	+0.9	88	1-2	2	2.0	22	1.0	9	6.1	0.47	32
Hallenstein G.	290	+2.4	+2.1	27	1-0		4.0	27	0.6	15	9.5	0.97	171	Warehouse Group	437	-16.7	-1.5	87	0-0	5	4.2	26	0.4	16	4.6	0.71	1,333
Nuplex Indust	384	+2.0	+1.5	29	1-0	3	1.8	15	0.7	12	6.6	0.54	229	Botry-Zen Ltd	14	-15.3	+3.6	85	0-0	-	7.7	-	1.2	NE	Nil	N/A	23
CDL Hotel NZ	26	+1.4	-4.8	31	0-0		0.4	8	1.4	5	8.0	0.48	91	Genesis Res.	125	-13.2	+5.8	83	0-0	-	8.0		0.9	NE	Nil	2.10	33
Vertex Group	146	+1.1	+1.2	34	0.0	2	2.1	17	1.0	13	14.5	0.54	47	Briscoe Group	206	-12.5	-1.2	82	0.0	6	5.4	29	0.6	18	4.9	1.45	433
Guiness Peat	149	+0.9	+1.5	36	0-0	2	8.0	12	1.0	7	2.0	0.59	927	Michael Hill	449	-12.1	-0.2	80	2-0	3	3.9	28	0.4	14	5.7	0.80	173
Wakefield Hosp.	147	+0.3	+0.4	40	1-0	-	0.9	5	0.6	18	3.0	0.77	19	E-cademy Hold.	0	-10.3	+9.7	78	0.0	- 2	0.0	-	8.0	NE	Nil	5.71	5
Taylors Grp Ltd	160	+0.2	-0.0	40	0.0	-	1.7	14	0.6	12	7.9	0.73	39	NZ Oil and Gas	28	-9.1	+0.7	76	0-0	-	1.0		1.0	NE	Nil	2.23	32
														Blis Technology	34	-8.9	+1.0	76	0-0	-	7.6		1.0	NE	Nil	N/A	22
INCOME SHARES	: Highes	t Yields	s, Capi	italisat	ion >	NZ\$	100	million						Cedenco Foods	169	-8.3	+1.3	75	7-0	-	0.9	15	0.5	6	Nil	0.97	26
Wrightsons Ltd	117	-2.8	+0.9	61	0-0	3	1.3	18	1.0	7	14.7	0.23	157	Air New Zealand	52	-7.8	-0.8	74	5-0	6	1.7		1.4	NE	Nil	0.34	1,518
NZ Refining Co	1630	-4.8	-1.2	66	0-0	-	1.3	12	0.2	11	13.7	2.42	391	Eldercare NZ	16	-7.3	+1.4	73	0.0	-	0.7	-	1.4	NE	Nil	0.76	31
Pyne Gould G.	109	-2.1	-0.0	58	1-0	-	1.1	12	0.7	9	11.6	0.43	109	Cadmus Tech Ltd	8	-7.3	+3.5	73	0-0	-	2.8	-	1.9	NE	Nil	1.73	11
AMP Limited	580	-26.2	-1.2	92	1-0		0.6	7	0.6	8	10.7	0.90	6,545	Kirkcaldie & St	330	-6.3	-1.2	71	0-0	-	1.5	10	0.4	15	5.4	0.62	25
														AXA Asia Pac.	250	-6.3	+2.6	71	0-0	-	1.2	10	0.5	12	4.8	0.89	4,406
														Cue Energy Ltd	5	-6.0	+1.2	70	1-1	-	0.5	4	2.2	12	Nil	1.39	17

## "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 Company	Market Capital- isation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capital- isation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capital- isation (NZ\$ Mill.)	Company	No. of Brokers Following Company	
AMP NZ Office	4	410	F & P Appliance	7	845	Metro. LifeCare	1	121	Sky Network TV	4	1,744
Air New Zealand	6	1,518	FC - Forests	6	562	Michael Hill	3	173	South Port NZ	1	39
Akd Int Airport	6	1,656	Fletcher Build.	4	1,268	Northland Port	1	118	Steel & Tube	5	306
Brierley Invest	1	1,088	GDC Communicat.	2	32	Nuplex Indust	3	229	Telecom Corp	8	9,536
Briscoe Group	6	433	Guiness Peat	2	927	Owens Group Ltd	3	52	Tourism Hold.	3	93
CDL Hotel NZ	1	91	Hallenstein G.	4	171	Pacific Retail	2	140	Tower Limited	3	286
Calan Hlthcare	3	117	Hellaby Hold.	1	190	Port Tauranga	5	582	Trans-Tasman	2	172
Cap Properties	5	158	Horizon Energy	2	99	Ports Auckland	5	762	Tranz Rail Hold	6	180
Carter Holt	5	2,926	Ind Newspapers	5	1.804	Powerco Limited	4	553	Trust Power Ltd	2	816
Cavalier Corp	2	299	Infratil NZ	3	370	Property F Ind.	4	188	Turners Auction	2	0
Col FS Property	5	146		_		Provenco Group	1	24	Vending Tech.	1	34
Contact Energy	6	2,917	Kiwi Property	5	608	•	'		Vertex Group	2	47
DB Breweries	3	343	Lion Nathan Ltd	1	3,547	Restaurant Brds	5	136	Warehouse Group	5	1,333
			Lyttelton Port	4	178	Ryman Health.	2	180	Waste Mgmt NZ	5	340
Evergreen	2	80	Mainfreight Grp	5	104	Sanford Limited	2	497	Wrightsons Ltd	3	157
F & P Health.	7	1,178	as.giit oip	3	.51	Sky City Ltd	5	1,806	Wightoons Eta	3	107

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

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

Company	Share Price	STRE Cur- rent		ATING Rank 0-99	Insider Buy-Sell	Price to NTA	Return on Equity	Vola- til- ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	STRE Cur- rent	NGTH RA 4-Wk Chg.	Donle	Insider Buy-Sell	Brokers of Following Out of Pollowing	e Return on A Equity	Vola- til- ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
OVER-VALUED SH	ADEC: 1	Jiahoet	Drica	عماد2/	Pating	c Dolative	Strai	nath	<i>-</i> 0				Taipan Res.	1	-27.1	-4.6		0-0			1.7	NE	Nil	N/A	9
Westgold Res.	9	-	-1.8		2-0			1.1		Nil	N/A	6	Asset Backed	11	-27.1			0.0	- 0.6		1.3	NE		1.86	6
Herald Resource	44		+3.9		0.0			0.8	NE	Nil		23	AGT Bioscience		-26.3			0-1	- 2.8		0.7	NE		1.98	8
Essential Pet.		-18.5			3-0			1.0	NE	Nil	9.49	9	Maxis Corp Ltd		-25.7			4-0	- 2.2		2.0	NE		0.79	8
Cent. Kalgoorie	3	-7.4			2-0			2.6	NE	Nil	9.41	6	E.R.G.	9	-25.4	-1.7		1-1	1 .		1.4	NE		0.27	83
Biotron Limited		-14.0			0.0	- 2.4		0.7	NE		8.88	7	Orchard Petrol.		-25.3			2-0			1.4	NE		N/A	5
Tantalum Aust.		-16.1			2-0			1.5	NE	Nil	8.66	11	Renison Cons	4				6-0			2.1	NE		1.74	8
Pro Medicus Ltd	88		+2.6		0-0	1 8.8	48	0.4	18	2.8	8.45	88	VRI Biomedical	34	-24.9	+0.4	92	0-0	- 8.4		0.8	NE	Nil	N/A	20
Bougainville Co	11	-8.0	+0.5	62	0-0		-	0.9	13	Nil	8.40	44	Polartechnics	92	-24.3	-0.4	92	0-0	1 9.2		0.6	NE	Nil	N/A	39
Renew. Energy	9	-12.5	+5.2	73	2-0	- 0.8	-	1.2	NE	Nil	7.89	13	DenX Ltd	34	-24.2	-2.5	92	0-0	- 6.7		0.5	NE	Nil	N/A	33
Aneka Tambang	25	-4.8	+1.3	53	0-0		-	0.9	64	35.1	7.72	2,472	Quiktrak Netwks	1	-23.5	-4.4	91	15-6			2.5	NE	Nil	1.27	15
Lakes Oil NL	2	-7.7	-7.8	61	2-0		-	2.4	NE	Nil	7.69	16	Bionomics Ltd	28	-23.1	+1.0	91	1-0	- 1.5		1.0	NE	Nil	5.34	11
Silex Systems	38	-20.6	-13.5	88	0-0	2 1.0	-	0.9	NE	Nil	7.69	48	Gympie Gold	42	-23.0	+5.5	91	0-0	1 .		1.0	NE	Nil	0.76	66
Auiron Energy	4	-27.3	+2.9	94	0-0		-	1.7	NE	Nil	7.02	13	Ainsworth Game	40	-22.8	+1.2	91	1-1	2 1.3	-	0.7	NE	Nil	1.16	26
Gradipore Ltd	77	-17.8	-11.0	83	6-1	- 1.1	-	0.6	NE	Nil	6.78	37	Aust Magnesium	19	-22.6	-8.1	91	1-0	1 -	-	1.2	NE	Nil	0.41	36
Marlborough Res	4	-12.0	-2.9	72	0-0		-	2.0	NE	Nil	6.73	8	Ellex Medical	33	-22.5	+2.9	90	0-0	1 2.3	37	1.3	6	Nil	0.71	20
Cockatoo Wines	53	-3.5	+2.9	50	2-0	- 2.7	14	0.7	20	Nil	6.34	25	China Converg.	0	-22.5	+8.9	90	0-0		-	5.6	NE	Nil	2.73	11
Cochlear Ltd	3090	-5.7			2-0	9 17.1	42		40		6.33	1,640	Goldstream Min.		-22.3			0-1			0.6	NE		N/A	39
Solbec Pharm.		-13.9			2-3	- 2.7		1.4	NE	Nil	6.33	13	Willhart Ltd		-22.3			0-1			1.8	NE		0.52	9
Loftus Capital	56	-2.6			12-0	- 0.8		0.5			6.29	21	Bemax Resources		-21.8			4-4			1.2	NE		N/A	18
Aust Stock Exch	1276		+2.5		0.0	7 6.4	29		22		6.18	1,302	Deep Green Min.				89	1-0			1.9	NE		0.69	5
Gold Mines Sard	35		+0.1		0-1			8.0	NE		6.12	92	Energy World		-21.5	-4.7		2-0	- 0.2		2.3	2		0.68	16
Repcol Ltd		-10.8			2-0	- 1.4		0.9	39		6.11	32	Future Corp		-21.4			5-0	- 1.2		2.7	NE		0.31	9
Anadis Limited		-10.7			0.0	- 2.8		1.1	NE	Nil	6.07	13	Dolomatrix Intl				89	5.1	- 3.9		1.5	NE		4.25	6
Dominion Mining		-11.0 -20.9			1-0 3-1			0.6	NE NE	Nil	6.06 5.96	39	Carnarvon Pet.		-20.9 -20.7			3-1 0-0			1.5	NE NE		5.96 2.49	6 22
Carnarvon Pet. AMCIL Limited		-20.9	-5.1		0.0	- 0.5		1.6 0.7	NE		5.79	6 40	Horizon Oil NL Silex Systems	6 38	-20.7			0-0	2 1.0		1.3	NE		7.69	48
Go Connect Ltd		-13.5			0-0			1.8	NE		5.61	18	IT & e Limited	6				0.0	- 1.5		1.6	3		0.31	6
Voyager Energy		-19.0			1-0			1.0	NE	Nil	5.56	11	Striker Res.	4	-20.5	-2.5		1-0			1.7	NE	Nil	N/A	15
Infomedia Ltd	76	-5.0			0.0	5 25.3		0.5	18		5.54	246	Intellect Hold	18		-4.8		0-3	1 17.5		1.1	5	Nil	0.43	38
Trust Co of Aus	550		+3.5		7-0	- 2.8			902		5.53	178	Aust Heritage	19	-20.2			0.0	- 0.7		0.7	10		1.71	8
Hamill Res.	20	-6.4		58	1-1			1.2	9		5.52	6	Hudson Sec.		-20.2			1-0	- 1.2		0.8	NE		1.29	5
Wilson Invest.	95	-6.4	+0.7	58	2-0	- 0.9		0.4	NE	3.9	5.39	13	Senetas Corp	6		+0.0		0-0	- 3.1		1.6	NE	Nil	1.48	18
Bionomics Ltd	28	-23.1	+1.0	91	1-0	- 1.5		1.1	NE	Nil	5.34	11	RMG Limited	3	-20.1	+1.9	87	3-2	- 0.0	) -	1.6	NE	Nil	0.37	20
Tap Oil	138	-1.8	+1.2	44	0-2	3 -	-	0.6	18	Nil	5.28	214	BresaGen Ltd	28	-19.9	+0.0	86	0-0	- 1.2		1.0	NE	Nil	2.52	15
Perilya Mines	48	-1.7	-0.7	44	1-1		-	0.7	NE	Nil	5.23	76	Gindalbie Gold	9	-19.6	-6.3	86	1-4		-	1.2	2	Nil	0.47	10
World.net Serv.	30	-4.6	+8.4	53	0-0	- 3.8	-	0.6	NE	Nil	5.23	17	Lindsay Aust	24	-19.4	+3.4	86	0-0	- 1.5		0.6	NE	Nil	0.66	24
Anglo Pacific	90	-0.9	-1.9	41	0-0		-	0.4	9	4.9	5.19	78	Selwyn Mines	23	-19.4	+3.6	86	0-3		-	0.7	19	Nil	0.35	22
Mosaic Oil NL	13	-9.2	+1.7	64	0-0	1 -		0.9	NE	Nil	4.92	45													
Platinum Cap'l	185	-6.3	+1.5	57	0-6	- 1.3	13	0.4	10	8.1	4.81	209	INSIDER SELLING:	Most I	nsider	Selling	Rela	ative S	trength	< 0					
Genetic Tech.	41		+12.5		7-0	- 13.7		8.0	NE	Nil		107	Cabcharge Ltd	289					6 2.9		0.3	26		0.71	425
Amrad Corp.	45		+3.2			1 1.0		0.5	NE		4.53	59	Atlas Pacific	30	-14.2			0-8	- 1.2		0.6			2.32	26
Iress Mkt Tech	220		+5.0			4 14.7	64				4.50	223	Hunter Hall Int	370		+2.9		1-9	- 10.0					3.86	84
Clinical Cell						- 2.2					4.44	10	Leighton Hold	898		+0.9			7 2.9						2,432
Dolomatrix Intl		-21.2			5-1	- 3.9			NE		4.25	6	Platinum Cap'l	185		+1.5		0-6	- 1.3		0.4	10	8.1		209
Carpenter Pac.	30		+0.4		1-0				NE		4.24	8	Rock Build Soc.	315		+2.0			1 2.9		0.4	10		1.40	51
Beston Wine Ind Catuity	91	12.7	+0.2		0-0 4-1	1 1.1	14		NE.		4.21 4.15	48 21	Corp Express	450 480		+2.2			7 11.5		0.4			1.13 0.52	858 188
Oil Coy of Aust	380		+1.1		0.0	- 0.0					4.13	447	Campbell Bros Bendigo Mining		-10.4			0.5			0.3	16 NE		0.52 N/A	195
Optiscan Image		15.4				1 2.0			NE		3.94	27	Port Douglas	9		-2.6		0-3	- 0.5		1.1			0.70	18
Hunter Hall Int	370		+2.9		1-9	- 10.0					3.86	84	Tempo Services	174		+3.3		0-4	6 -		0.4			0.78	178
Trained Train Inc	0.0	0.0	,	00	. ,		.,	0.0		0.0	0.00	0.	Macmin Silver		-12.6			0-4			1.2			N/A	20
WORST PERFORM	IING SH	ARES:	Weak	est Sh	ares, I	P/S Ratio	> 0.2	25, Yi	ield <	Twice	e Avera	ige	Perp Trust Aust	3005		+3.1		0-3			0.2	15		3.85	1,132
Nova Health Ltd	15	-40.6	-3.2	98	8-0			0.9	9	Nil	0.60	12	Selwyn Mines		-19.4			0-3			0.7			0.35	22
Ambri Limited		-36.1			0-0	1 1.4		1.2	NE	Nil	N/A	16	Ironbark Cap.	51	-1.0	+2.0	41	0-3	- 1.0		0.5		19.6	0.61	45
Reynolds Wines		-34.6			1-1			1.2	1	Nil	0.30	7	Emperor Mines	65	-7.4	+1.0	61	0-3	2 -		0.6	28	Nil	0.95	73
Hire Intell.	8	-34.5	+1.5	97	1-0	- 1.3	8	1.1	18	Nil	1.17	6	Oakton Limited	92	-7.4	+2.2	61	0-3	- 7.7	76	0.9	10	9.8	2.36	73
Virax Holdings	22	-31.7	+0.3	96	0-1	- 5.4	-	1.2	NE	Nil	N/A	6	Intellect Hold	18	-20.4	-4.8	87	0-3	1 17.5		1.1	5	Nil	0.43	38
AMCIL Limited	42	-31.7	-5.1	96	0-0	- 0.5		0.6	NE	Nil	5.79	40	Ramsay Health	370	-1.1	+3.7	42	1-4	8 1.9	13	0.4	15	3.0	0.85	474
Prana Biotech.	63	-31.5	-0.6	96	0-0	- 63.0	-	0.7	NE	Nil	N/A	37	Gindalbie Gold	9	-19.6	-6.3	86	1-4			1.1	2	Nil	0.47	10
Norwest Energy		-30.5			0-0				NE	Nil	N/A	5	Sirius Telecom.	30		+2.3		2-5	- 5.0		0.7			0.46	14
Dwyka Diamonds		-30.1			0-0			1.0		Nil		19	Gallery Gold	20		-2.1		0-2			0.7			N/A	33
Acclaim Explor		-29.9			4-0			2.3		Nil	N/A	6	Aberdeen Leader	86		+1.8		0-2			0.6			0.84	51
Auiron Energy		-27.3			0.0			1.6		Nil		13	Celestis Ltd	134		+1.6		0-2			8.0			N/A	72
CMC Power Syst.	5	-27.3	-0.6	94	0-0		-	1.4	NE	Nil	N/A	12	Tap Oil	138	-1.8	+1.2	44	0-2	3 -	-	0.5	18	NII	5.28	214

Page 10 Market Analysis

## "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	No. of Brokers Following		Company	No. of Brokers Following	Market Capital- isation		No. of Brokers Following	
Company	Company	(A\$ Mill.)	Company	Company		Company	Company		. ,	Company	/ (A\$ Mill.)
A.P. Eagers AMP Diver. Prop	1 4	95 1,613	Chiquita Brands Citect Corp Ltd	1 3	105 78	Investa Prop. Iress Mkt Tech	4 4	1,772 223	Q.B.E. Insur. Qantas Airways	8 7	5,656 5,973
AMP Ind Prop Tr	3	438	Clough Limited	1	192	James Hardie	8	3,156	Queens'd Cotton	1	96
AMP Ltd	5	5,832	Coal & Allied	2	1,905	Jubilee Mines	1	240	RG Capt'l Radio	4	140
AMP Office Trt	4	1,086	Coates Hire	6	466	Julia Ross Rec.	2	32	Ramsay Health	8	474
AMP Shop Centre ANZ Bank		1,281 28,442	CocaCola Amatil Cochlear Ltd	9 9	3,843 1,640	Jupiters K&S Corporation	8 3	1,261 91	Rebel Sport Reece Australia	1 1	150 667
APN News Media	9	1,561	Coles Myer	10	8,206	Kaz Group Ltd	3	127	Ridley Corp.	3	396
ARB Corporation	4	149	Collection Hse	6	152	Keycorp Itd	1	93	Rio Tinto Ltd		15,803
AWB Limited	3 7	1,091 3,794	Colorado Group	4 9 (	277 36,793	Leighton Hold	7	2,432 3,605	Roc Oil Company	2 1	125 51
AXA Asia Pac Adacel Tech.	1	3,794	Com'wealth Bank Commander Com		128	Lend Lease Corp Lend Lease US	7 2	502	Rock Build Soc. Rural Press Ltd	5	686
Adcorp Aust.	2	50	Computer Share	7	951	Lihir Gold	6	1,634	SMS Mgmt & Tecl		56
Adelaide Bank	6	711	Cons Rutile	1	147	M.I.M. Holdings	3	3,296	SP Telecom.	1	80
Adelaide Bright Adsteam Marine	6 4	596 298	Corp Express Count Financial	7 2	858 100	M.Y.O.B. Ltd MTM Entert'ment	3 1	206 20	STW Comm Group Santos Ltd	o 3 7	424 3,089
Adtrans Group	1	71	Crane Group	3	513	Macarthur Coal	2	131	SecureNet Ltd	2	67
Ainsworth Game	2	26	DCA Group Ltd	3	511	Macquarie Infra	4	6,727	Servcorp Ltd	2	116
Alesco Corp Ltd	2	181	David Jones	4	481	Macquarie Leis.	1	120	Seven Network	11	1,219
Alinta Limited Altium Limited	6 4	859 39	Deutsche Office Deutsche Div Tr	3 3	1,309 1,154	Macquarie Good. Macquarie Off.	3 4	1,500 1,022	Sigma Company Silex Systems	6 2	746 48
Amalgamated Hld		292	Deutsche Ind Tr	3	614	Macquarie C'Wde		842	Sims Group Ltd	4	769
Ambri Limited	1	16	Downer EDI Ltd	4	723	Macquarie Bank	7	5,902	Skilled Eng.	3	212
Amcor Ltd	9	6,843	E.R.G.	1	83	Macquarie G Mgt		408	Smorgon Steel	6	941
Amrad Corp. Anaconda Nickel	1 1	59 480	ETRADE Aust. Ellex Medical	1 1	36 20	Mayne Group Ltd McGuigan Simeor		2,259 375	Solution 6 Sonic Health	3 7	121 1.727
Aristocrat	9	452	Emperor Mines	2	73	McPherson's Ltd	2	130	Sons of Gwalia	6	347
Auspine Ltd	1	152	Energy Resource	1	360	Mermaid Marine	1	19	Soul Pattinson	1	1,258
Aust Pharm. Ind	5	535	Energy Develop.	5	195	Metabolic Phar.	1	93	Southcorp Ltd	8	2,024
Aust Gas Light Aust Agricult.	7 2	4,960 177	Envestra Evans & Tate	4 1	783 42	Metcash Trading Mia Group Ltd	2 7	1,425 488	Spotless Group St George Bank	7 9	700 10,813
Aust Infra.	3	263	FKP Limited	2	224	Millers Retail	5	416	Stargames Ltd	í	86
Aust Stock Exch	7	1,302	Fairfax (John)	9	2,176	Mirvac Group	4	2,817	Starpharma Pool	2	29
Aust W'wide Exp	3	180	Fantastic Hold.	1	187	Mosaic Oil NL	1	45	Sthn Cross Brd.	5	510
Aust Magnesium Aust Pipeline	1 4	36 722	Flight Centre Foodland Assoc	3 6	1,771 2,234	Nat'l Foods Nat'l Aust Bank	7 11	1,100 50,129	Sthn Star Stockland	1 3	49 4,399
Austar United	3	214	Foster's Group	10	8,861	Nat'l Telecoms	2	6	Straits Res.	1	45
Austal Limited	3	149	Freedom Group	5	193	Neverfall Spr.	4	227	Strathfield Grp	1	10
Austereo Group	9	620 56	Futuris Corp.	6	976 259	Newcrest Mining	5 4	2,412 25,299	Suncorp-Metway	7 3	5,955 91
Austrim Nylex Australand Hold	1 3	865	G.U.D. Holdings GWA Internat'l	1 4	725	News Corporatio Norwood Abbey	1	25,299 47	Sydney Aquarium Symex Holdings	3 2	91 90
Axon Instrument	2	84	Gandel Retail	3	2,494	Novogen Ltd	1	422	TAB Ltd	8	1,439
BHP Billiton		32,944	Gasnet Aust Trt	2	316	Novus Petroleum	3	204	Tabcorp Holding	8	3,780
Bank of W.Aust Bank of Q'land	7 7	2,466 601	General Prop Tr Globe Int'l Ltd	3	5,966 122	Nufarm Limited	5 4	638 520	Tap Oil Technology One	3 5	214 105
Baycorp Advant.	5	356	Goodman Fielder	3 4	1,962	OPSM Group Ltd Objective Corpo	1	520 24	Telstra		28,507
Bendigo Bank	7	982	Graincorp	2	430	Oil Search Ltd	5	762	Tempo Services	6	178
Beston Wine Ind	1	48	Grand Hotel	2	103	Onesteel Ltd	6	954	Ten Network	9	835
Billabong Int'l Biota Holdings	8 1	1,222 37	Gribbles Group Gunns Ltd	5 4	211 887	Optiscan Image Orbital Engine	1 1	27 46	Thakral Holding Ticor Ltd	2 1	363 406
Boral Limited	7	2,803	Gympie Gold	1	66	Orica Ltd	8	2,928	Timbercorp	1	172
Brambles Ind.	8	4,487	Harvey Norman	7	2,671	Origin Energy	9	2,851	Toll Holdings	9	2,105
Brazin Limited	2 2	95 930	Healthscope	4 2	220 111	Oroton Group PMP Limited	1 5	84 195	Transfield Serv	5 5	446 2,425
Brickworks Ltd Bristile Ltd	3	526	Henry Walker E. Hills Motorway	8	1,108	Pacifica Group	6	503	Transurban Grp Uecomm Limited	2	2,425 96
Bunnings W/hse	3	397	Hills Indust.	2	454	Pacific Hydro	5	410	United Energy	6	1,318
Burns Philp	4	727	Horizon Energy	1	25	Panbio Ltd	1	41	United Group	4	254
Burswood Ltd	7	367 1,661	Hpal Limited Hutchison Tel.	2 7	148 190	Paperlin X Ltd	8 7	1,649 2,322	Village Road. Villa World	4 1	273 109
C'wth Prop Off. C.S.R. Ltd	4 7	1,738	ING Indust Trt	3	1,126	Patrick Corp Peptech Limited	1	2,322	Vision Systems	3	159
CMI Limited	1	44	ING Office Fund	3	953	Perp Trust Aust	7	1,132	Volante Group	2	66
CPI Group	5	48	ION Limited	5	427	Peter Lehman W.		107	Wattyl Ltd	4	277
CSL Limited	8 6	1,938 425	liNet Iluka Resources	1 7	61 884	Polartechnics Portman Limited	1 3	39 171	Wesfarmers Ltd West Aust News	9 9	9,611 1,218
Cabcharge Ltd Caltex Austrlia	1	425 699	Infomedia Ltd	, 5	884 246	Portman Limited PowerTel Ltd	2	80	West Aust News West'n Metals	1	1,218 37
Campbell Bros	1	188	Institute Drug	1	82	Primary Health	3	401	Westfield Trust	3	7,086
Candle Aust.	1	35	Insurance Aust.	9	5,482	Prime TV	4	298	Westfield Amer.	4	7,098
Capral Alum. Carindale Prop	1 2	195 182	Int Research Int'l Wine Inv.	3 1	31 172	Prime Retail Prime Life Corp	1 1	149 105	Westfield Hold. Westpac Banking	7 12	8,508 28,675
Cellnet Group	1	32	Integrated Grp	1	89	Pro Maintenance	5	151	Woodside Petrol	6	7,720
Centennial Coal	3	363	Intellect Hold	1	38	Pro Medicus Ltd	1	88	Woolworths Ltd	10	13,276
Centro Prop.	3	1,893	Investor Group	3	86	Publishing & Br	8	6,400	Yates Limited	1	24
Challenger Int.	2	654							Zimbabwe Plat.	1	329

## Readers Ask . . .

**Question:** Something that you might like to address in your bulletin is the question of when to sell. Since I've been a subscriber (November 2000) I struggle to recall a sell recommendation. Please don't take this as a criticism, I'm generally happy with your picks, particularly when I compare them to my managed funds investments. My portfolio which now includes ten of your picks, six have increased in value and four have decreased. I guess I'm a sceptic - share market advisors are quick to recommend a buy and hold, but few tell you when to sell.

**Answer:** It is good for an investor to be sceptical - but you do need to work on your memory problem! For the record, there have been six "Sell" recommendations in *Market Analysis* since November 2000 - PMP in August 2001, Air NZ and Hamilton Island in October 2001, Thakral Holdings in May 2002, Central Equity in June 2002 and CSR just three months ago. There was also the recommendation to sell 20-25% of Toll Holdings in November 2001.

In fact, before publishing the first issue of *Market Analysis* in March 1981, I designed the *Portfolio of Recommended Investments* so that every share formally recommended as a "Buy" must be followed up each month until it becomes a "Sell". The newsletter, however, aims for *long term investment*, not share trading, so some shares can remain in the portfolio for years - and may be rated a "Buy" in many monthly newsletters.

Although individual investors circumstances are different there are (1) always new subscribers and (2) existing investors with new monthly savings. These investors want to know which shares from the *Recommended Portfolio* are most attractive to purchase, so I rate them "Buy" and "Hold+".

After I have recommended a share for sale it is removed from the *Portfolio*. It simply doesn't make sense to rate a share as "Sell" month after month. Brokers often upgrade a "Sell" to a "Hold" - but that is totally illogical! An investor can buy some shares, and later (when more cash is available) buy some more to add to that holding, but if you sold all of a share last month you can't sell it again to raise more cash!

So while every share rated "Buy" must eventually be rated "Sell", a share may be rated as "Buy" in one to one hundred monthly issues but can only be rated as "Sell" once!

#### **When to Sell**

The question of when to sell is simply an extension of the question of when to buy. The *Comprehensive Share Selection Criteria* seeks to identify shares with attractive characteristics that have the potential to outperform the market (i.e. potential "Buys") - and then reverses those criteria to find shares that will likely underperform (i.e. potential "Sells").

There are really only two reasons to sell:

Firstly, a share may still be attractive and likely to outperform the market *in the future* but it has appreciated so much that it dominates your portfolio which has become poorly diversified. In this case you need to sell 20-50% of the holding and re-invest elsewhere to *improve diversification and reduce risk* (i.e. to ensure you hold onto most of your gains if something goes wrong in the future).

I advocate that investors be very well diversified by holding shares in up to 20-40 different companies. That

suggests an initial investment of just 2½-5% of your portfolio in any one share. One advantage of this is that you can *let your profits run* on successful investments that can increase 5-10 fold in value before they grow so large (i.e. 20-25% of your portfolio) that you feel you need to start selling out of a successful company.

Secondly, any share should be sold if your feel there is a better place to invest your money (subject to the uncertainty of predicting the future performance of shares). Selling and re-investing is never easy-partly as it requires that you make *two* decisions correctly: The decision to sell *and* your choice of what to buy.

Many investors buy shares rather indiscriminately based upon news items or brokers reports - with the result that there is a constant need to sell underperformers to buy into this month's favourite. I prefer to spend more time with the initial "buy" decision. If you buy *good* companies, at a low valuation, then it is often a sound strategy to continue to hold if the company hits a glitch and the share price declines. So the fact that some of your shares have increased in value or that some have fallen in value is not, by itself, a sign that any action is required. Shares - whether they have increased or decreased in value - need to be assessed on an individual basis, based upon their current valuation and the future potential for the company.

**Question:** I enclose a copy of my NZ and Australian share portfolio and other odd investments, plus some planned share purchases. I would very much like your advice as to a reshuffle of my portfolio, which I am sure is long overdue. I tend to buy and hold - thereby often missing out on some good profits. I would like to get rid of some rubbish and reinvest in better stocks. I would probably like to be in a position to cash up in a couple of years, hopefully with some good capital gains to leave to my family.

**Answer:** The main problems with this portfolio are (1) you don't appear to have ever sold anything and (2) there are too many holdings that are *too small* for the portfolio.

There are about 55 shares (plus some funds and fixed interest investments). The 10 biggest holdings make up about 50% of your equities, there are 10 mid-sized investments and about 35 shares that individually account for less than 1% of your equity portfolio. Many of your planned purchases will also fall into this small category and will represent only about 1% of your portfolio.

Much of the problem will be solved, and a tidier portfolio will result, if you set a minimum investment per share at about 2% of your portfolio (i.e. about \$10,000 in your situation).

So go through your portfolio and look at all of the investments worth less than \$10,000. In most cases sell off these small holdings (as they are relatively insignificant to you) or buy more shares to bring them up to \$10,000 in value. Also apply the \$10,000 limit to your new planned purchases.

Applying this minimum investment rule should help you *clean out* most of your existing small holdings and provide the cash to increase your new purchases to a level where they will have some significance to your portfolio. A small number of companies (Continued on Page 12)

#### **SHARE REPURCHASES**

Details

**Hellaby Holdings** 4%, on-market NGC Holdings 1 in 3, off-market at 184 cents Provenco 16%, on-market Sky City Entertainment 21/2-33/4%, on-market Steel & Tube 9.99%, on-market

#### **CASH ISSUES**

Appln

	Ratio	Price	Ex-Date	Date
Capital Properties	1:3	75	16-06	11-07
NZ Exchange	1:2	150	02-06	04-07

#### **NEW ISSUES**

Price Date EPS DPS

NZ Exchange

NZ Exchange - previously the NZ Stock Exchange - has listed its existing shares on the stockmarket and is making a 1 for 2 cash issue at 150 cents to existing shareholders to raise \$5 million in cash. A further \$120 million will be raised from an initial public offering, although as the shares are now listed this is more like a secondary offering (i.e. a share placement).

The indicative price for the new shares is 250-325 cents, but with the shares currently trading on-market at 420 cents the actual price for the new shares will likely be above this range.

The company operated at a loss of \$515,000 in the year to June 2002 from revenues of \$10.3 million. For the six months to December 2002, however, it recorded a profit of \$1,914,000 from revenues of \$5.2 million which included a special, non-recurring fee of \$2,069,000 charged to stockbrokers.

Issued capital after the cash issue and public offering will be about 13 million shares, giving the company a market capitalisation of about \$55 million. The company makes no forecasts of its future profitability, but \$55 million (i.e. a Price/Sales ratio of 5.50) looks expensive for a company where revenues and profit potential are uncertain. Avoid.

#### Next Issue

The next issue of *Market Analysis* will be posted in five weeks time on Tuesday July 15, 2003 (and delivered in most areas on Wednesday 16).

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

#### Virtual Office

Our physical office will close from June 11 to June 29, while your Editor is overseas, but Securities Research will continue to operate from a virtual office (i.e. portable computer with global internet access).

Readers Ask (Continued from Page 11) will make it easier to focus your attention on the bigger investments that are important to your portfolio.

You will also need to review your portfolio periodically (i.e. quarterly, six-monthly or annually) to sell off shares that are fully valued or which are no longer attractive. In the case of the Market Analysis recommendations (i.e. you have some shares that we recommended selling a long time ago) you should seek to sell off shares soon after we rate them as "Sell". This will keep your portfolio tidy and provide cash for new recommendations which will avoid making new small investments. In the case of the many other shares in your portfolio, you need to look at your initial reasons for buying - and decide if these shares are still appropriate for you.

Many of your larger investments are bank shares, property shares and other high yielding shares which would appear appropriate for a retired person seeking income, medium to low risk, and some potential for capital

## DividendS

Compar	าy	Cents per Share	Ex- Date	Pay- able	Tax Credit
AMP Office	Trust	3.719178084	23-06	27-06	Nil
Capital Prop	erties	1.90	01-06	11-06	0.35
Col FS Prop	erty	2.33	09-06	06-06	0.30
DB Brewerie	es	13.00	26-05	04-06	Full
Dorchester	Pacific	3.90	TBA	TBA	Full
F & P Applia	ances	32.00	16-06	20-06	Full
F & P Applia	ances (special)	8.00	16-06	20-06	Full
F & P Healtl	ncare	27.00	16-06	20-06	Full
Horizon Ene	ergy	11.00	26-06	26-06	Full
Infratil NZ		4.00	23-06	27-06	Full
Kiwi Income	Properties	3.513	16-06	27-06	0.89799
Mainfreight		3.50	14-07	18-07	Full
Mowbray Co	ollectibles	2.00	16-06	30-07	Full
Mr Chips Ho	•	1.50	30-06	04-07	Full
Nuhaka Far	•	91.00	23-06	27-06	Nil
Owens Grou	ap.	2.00	28-07	30-07	Full
Paramount	Property	2.88	16-06	20-06	0.40
Powerco		8.00	09-06	20-06	Nil
Richmond F	•	5.00	26-05	30-05	Full
Ryman Hea	Ithcare	4.50	16-06	27-06	Nil
Sanford		9.00	16-06	25-06	Full
Telecom NZ	=	5.00	01-06	13-06	Full
Vertex Grou	•	8.10	18-08	22-08	Full
Wakefield H	•	3.00	16-06	23-06	Full
		<u>ustralian Shares</u>			
Campbell B	rothers	17.00	04-06	01-07	

Total Retu	ırn Index f	for All List	ted Shares
May 12	1691.16	May 19	1711.58
May 13	1693.44	May 20	1710.02
May 14	1690.98	May 21	1707.02
May 15	1701.35	May 22	1716.23
May 16	1705.64	May 23	1723.20
May 26	1726.53	Jun 2	Holiday
May 27	1724.80	Jun 3	1742.61
May 28	1732.18	Jun 4	1747.92
May 29	1735.75	Jun 5	1761.19
May 30	1743.22	Jun 6	1766.98

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