

# Market Analysis

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## Inside Market Analysis

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## Summary and Recommended Investment Strategy.

As previously indicated, we believe the Australian stockmarket is in a new Bull Market uptrend. This recovery has led to a small boom in some sectors. In the short term we are cautious of this widespread optimism, but this is not the time to take profits or sell shares simply as they have moved up sharply in value. Remain fully invested.

## Investment Outlook.

Our Forecast for the NZ stockmarket remains Neutral to moderately Bullish, while our Forecast for the Australian stockmarket remains firmly Bullish (i.e. very favourable). Investors should be fully invested in the recommended shares.

The only *negative* factor is that some Australian investors appear *too optimistic*. A recent media report states that most investors expect the Australian stockmarket to rise strongly over the next six months. *Widely held expectations* are often wrong, as investors act upon their expectations. By the time the media reports the *expectation* that prices will rise, investors have already bought. There may be no-one left to buy, so shares could fall.

Some sectors of the Australian stockmarket are showing signs of a boom - so investors clearly have been buying aggressively. We are therefore a little cautious over the short term - although we would certainly warn investors against selling so early in a new boom. It is not uncommon for some shares to rise 50-100% over a few weeks or a few months - and at this stage in the stockmarket cycle could rise another 50-100% over the next year. Despite the risk of a short term dip at some stage, this is not the time for profit-taking or selling shares in the hope of buying them back a bit cheaper.

Other media reports suggest that institutional investors are cautious and a bit pessimistic. If true, that would be favourable as it would mean they haven't yet bought into this recovery. Of course, fund managers may simply be trying to reduce expectations so as not to disappoint (and lose) their investors!

Our investment strategy is to hold a well diversified portfolio of under-valued shares in cyclical or growth companies that have the potential to outperform the market over the next 2-4 years. We won't invest in lesser quality shares simply as they appear to be rising rapidly in price. Equally, we won't sell out of long term investments just because the market has re-rated them 50% in value over a short period of time.

### Stockmarket Forecasts

	One-Month	One-Year
Australia:	74% (Bullish)	74% (Bullish)
New Zealand:	71% (Bullish)	58% (Neutral)





# Recommended Investments

**CDL Investments** continues to experience buoyant conditions in the residential property market. The half year to 30 June 2003 saw 163 sections sold, up 56.7% on the previous year. The 2002 result, however, included several very high value properties, so total revenues were up only 20.5% to \$14.6 million. Margins improved - as expected in a buoyant market - so profits jumped 42.5% to \$3,686,000 (1.8 cents per share). The company does not pay interim dividends.

It is significant that strong operating cash flows over the last couple of years have now allowed CDL Investments to repay all of its interest bearing debt. So the company is now in a much stronger financial position and better placed to create shareholder wealth. In the past, for example, CDL Investments has offered a

dividend re-investment scheme and while this retained cash to repay debt the new shares issued each year *diluted* future years earnings per share. Discontinuing this scheme (i.e. paying cash dividends only) will allow growth in net profits to feed through to growth in earnings per share, growth in dividends and capital appreciation in the share price!

Equally significant, the residential property market remains buoyant, helped by low interest rates and confidence. During the last six months CDL Investments purchased a 3.68 hectare site in Henderson and a 2.63 hectare site in Albany, so maintains a large land holding of 232 hectares for future development. The company still has "a good range of sections available in most price brackets" and a further *(Continued on Page 4)*

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation			Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
		Code	- Date -	Price									
<b>NZ Shares</b>													
BUY	CDL Investments Ltd	CDI	12/01/99	25	C	187.1	2.0	1.96	8	9.6	25	7.7	+31%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	A	63.0	0.7	1.83	23	5.6	480	111.0	+279%
HOLD+	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.6	0.22	10	10.4	300	240.8	+261%
BUY	Lyttelton Port Company	LPC	12/12/00	150	A	101.8	1.0	2.89	11	9.3	176	25.0	+34%
HOLD	Michael Hill Int'l Ltd	MHI	11/06/91	46*	B	38.5	0.6	0.75	13	6.0	421	127.0	+1091%
BUY	Nuplex Industries Ltd	NPX	11/02/97	350	A	59.7	0.8	0.53	12	6.8	375	77.5	+29%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	37.1	1.5	0.15	NE	10.0	45	10.4	-35%
BUY	Richina Pacific	RCH	03/11/95	94*	D	144.4	1.9	0.06	4	Nil	34	9.4	-54%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	1.0	2.70	14	6.6	146	65.0	+76%
BUY	Steel & Tube Holdings	STU	08/08/00	146	A	87.9	0.9	1.00	18	7.5	378	63.0	+202%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	0.7	0.84	14	6.9	185	26.0	+107%
BUY	Wrightson Limited	WRI	13/01/98	83	B	134.2	1.3	0.25	8	14.0	123	33.3	+88%
<b>Australian Shares (in Aust cents)</b>													
BUY	Abigroup Limited	ABG	09/03/99	265	A	47.7	0.6	0.26	21	2.5	318	53.0	+40%
HOLD+	AJ Lucas Group	AJL	13/05/03	120	A	45.2	0.7	0.89	14	4.6	163	Nil	+36%
HOLD	Atlas Pacific Ltd	ATP	14/05/96	73	B	87.8	1.5	2.24	7	10.3	29	7.0	-51%
HOLD	Auspine Limited	ANE	08/02/00	210	A	57.0	0.6	0.82	17	4.7	300	56.0	+70%
BUY	Austral Coal Ltd	AUO	16/01/01	19	C	154.5	1.4	0.72	5	Nil	47	Nil	+145%
HOLD	Biron Capital Ltd	BIC	12/04/94	171*	A	38.2	1.5	2.45	20	3.1	33	13.0	-73%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	418*	A	39.2	0.5	0.58	18	5.6	535	102.5	+53%
BUY	Candle Australia	CND	08/04/03	86	B	37.3	0.8	0.24	14	4.3	117	Nil	+36%
HOLD	Cellnet Group Ltd	CLT	12/02/02	152	B	49.5	0.9	0.14	6	9.3	97	9.0	-30%
BUY	Commander Comm.	CDR	11/09/01	92	A	145.1	0.8	0.91	18	2.2	126	6.8	+44%
BUY	Computershare Ltd	CPU	12/08/03	189	B	546.7	1.0	1.34	20	1.6	189	Nil	
HOLD+	IASbet Ltd	IAS	11/02/03	180	A	41.0	0.9	2.29	12	4.1	172	Nil	-4%
HOLD	Julia Ross Recruitment	JRR	14/08/01	92	C	57.4	1.5	0.18	5	12.2	49	12.0	-34%
HOLD	McPherson's Ltd	MCP	10/10/00	125	A	41.0	0.5	0.56	15	3.2	371	31.0	+222%
HOLD	Nufarm Limited	NUF	11/02/97	418*	A	155.7	0.6	0.46	12	4.2	432	106.3	+29%
HOLD	OAMPS Limited	OMP	15/05/01	132*	A	71.7	0.6	0.52	17	6.3	319	24.3	+160%
BUY	Skilled Engineering	SKE	12/03/02	126	B	88.7	0.9	0.41	23	3.6	276	16.0	+132%
BUY	Solution 6 Holdings	SOH	15/07/03	59	C	251.6	1.3	0.42	NE	Nil	63	Nil	+7%
HOLD	Toll Holdings	TOL	08/09/98	60*	B	302.8	0.6	1.46	27	1.4	716	35.5	+1153%
HOLD	UXC Limited	UXC	11/01/00	55*	A	124.1	1.3	0.27	12	6.7	75	16.0	+65%
HOLD	Villa World Ltd	VWD	11/06/02	68	B	102.9	0.7	0.59	10	7.3	123	10.0	+96%
BUY	Vision Systems Ltd	VSL	10/11/98	69*	C	164.1	1.1	1.25	12	4.2	93	22.1	+67%
HOLD	Volante Group Ltd	VGL	13/03/01	132	B	68.1	1.0	0.18	15	8.5	94	13.0	-19%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +124.8%. This is equal to an average annual rate of +29.0%, based upon the length of time each position has been held.

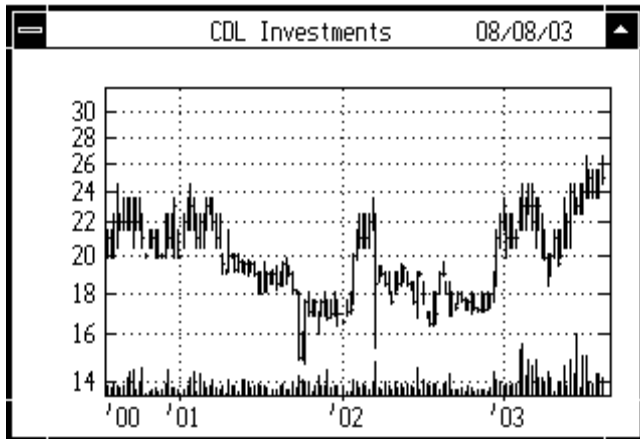
The average annual rate of gain of ALL recommendations (both the 35 current and 119 closed out) is +28.8%, compared with a market gain of +8.3% (by the SRC Total Return Index).

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)

100 new sections will soon be released in Hamilton and Auckland. The company is therefore well placed to profit from the current favourable market conditions. We continue to rate the shares a "Buy".



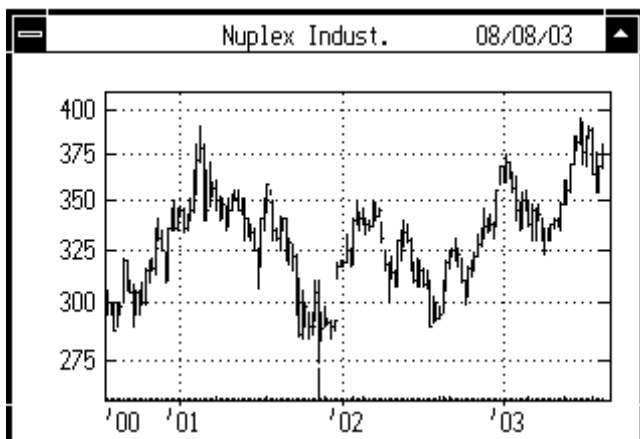
**Nuplex Industries** has sold its Australian *Medismart* and *Sharpsmart* businesses to **Stericorp** for A\$4 million - payable over the next 18 months.

Companies involved in waste processing often have problems with environmental regulations. Usually this is from the occasional spill or release of gases. The environmental damage would be significantly greater, however, if waste companies did not collect and process these waste products. Most small waste producers have inferior waste handling skills and, without waste companies, many would dispose of the waste illegally or inappropriately!

Nuplex Industries is currently experiencing problems from the *Environment Court* that is seeking to close its East Tamaki site, owing to fire risk. This site has operated successfully - with the occasional, to be expected, accidental discharge of fumes - for over 40 years. Nuplex has invested in additional safety equipment, including a new deluge system which would cover the site with foam and water in the case of a fire, and is airfreighting in a new air monitoring system.

The local council supports the East Tamaki site remaining open to collect and process toxic wastes, and an industry group, the **NZ Chemical Industry Council**, has awarded the site the *PRINCE* accreditation for "superior safety, health and environmental performance".

In *One Up on Wall Street*, Peter Lynch discusses fourteen favourable investment characteristics. These

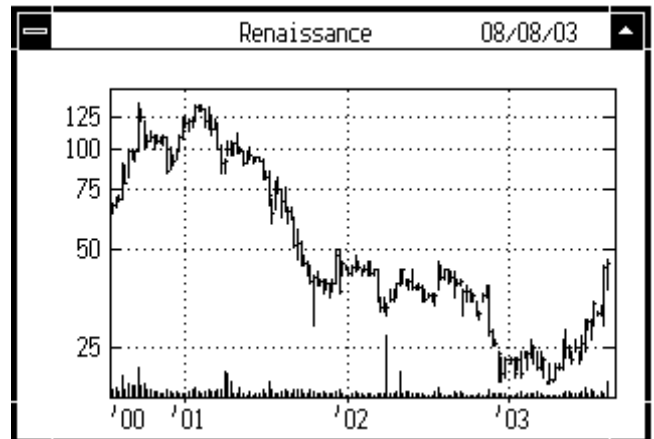


include: "It does something disagreeable" and "Its involved with toxic waste" to which Lynch comments "Its hard to think of a more perfect industry than waste management." Look at all the environmental problems and costs that Nuplex Industries is saving all of its waste producing customers. With all this publicity over the costs and problems of toxic waste, those customers will soon be happy to pay *twice* as much for Nuplex's waste collection and disposal service!

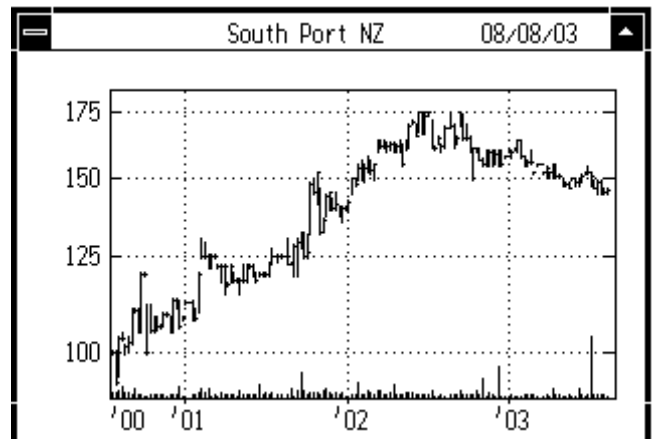
**Renaissance Corporation** reported a 15.9% drop in revenues to \$50.6 million for the six months to 30 June 2003. This lower revenue reflects the decision to reduce stock lines and focus on higher margin products. Trading profits rose 66.5% to \$701,000 (1.9 cents per share), while operating cashflows increased 143.0% to \$3.6 million. The interim dividend will be raised 33.3% to 4.0 cents (plus full imputation tax credits) and the directors "anticipate paying a further dividend" when the full year result is announced.

The dividend announcement appears to have caught the market by surprise - with the share price jumping about 40% in response to this latest announcement. In May the directors were "taking a conservative view on dividends" owing to "unsettled economic times".

This just reinforces our view that to be a successful investor it is necessary to maintain a long term perspective and remain sceptical of the media's over-hyped crisis of the day!



**South Port NZ** is investing \$4 million to purchase another *Liebherr LHM320* mobile container crane and a further heavy lift container forklift. These are scheduled for delivery to the port in October. Container volumes have increased over the last few years, with some containers needing to be handled by ships with on-board cranes.



Over the last two years South Port has expanded its container handling capacity by paving sizeable working and storage areas near berths, installing additional power points for refrigerated containers and new container tracking software. With continued high volumes - plus **Mediterranean Shipping Company** and **P&O Nedlloyd** committing to weekly Trans-Tasman services - the port company is now justified in completing this upgrade with the more expensive capital investment in the additional crane and lifting equipment.

Clearly this is a sensible and prudent expansion plan that will make a worthwhile addition to the port's growth in revenues and profits.

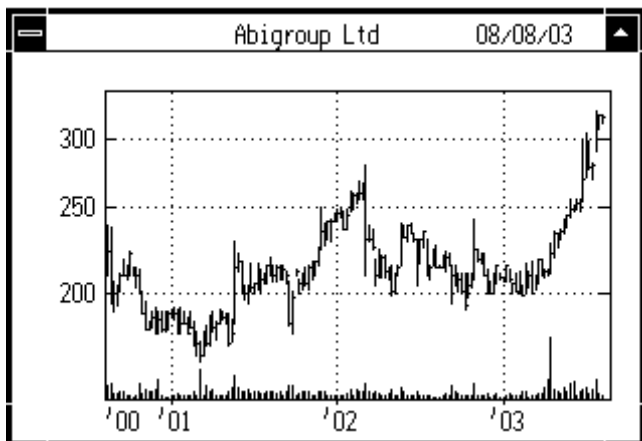
**Australian Shares**

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

**Abigroup** has won several large contracts: A \$25 million contract to construct the *Alto Apartments* in Charlestown, NSW, which will consist of three basement levels of parking, one level of retail and nine levels of apartments. The company will also build a \$13 million *Airborne Early Warning and Control Support Centre* at RAAF Base Williamtown, NSW.

Abigroup's road construction business has been awarded a \$101 million contract for Stage IV of the *Craigburn Bypass* (see *Market Analysis* issue 370, April 2003, for details of this project and the first three stages). Construction will begin in September this year and be completed by July 2005.

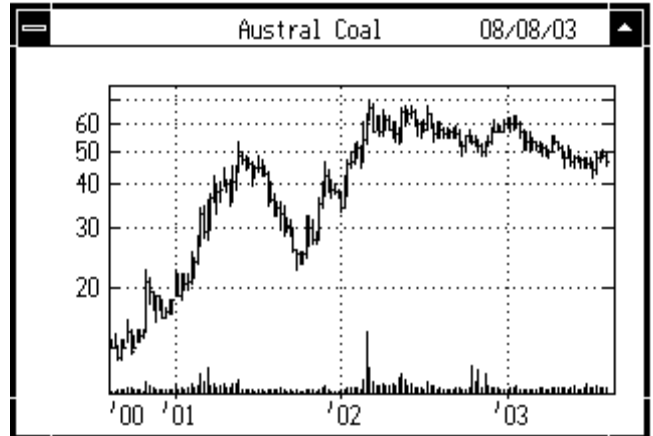
**Hills Motorway** - in which Abigroup owns 15 million units - recorded a 5.2% increase in average daily traffic volumes during July (compared with July 2002). Monthly revenues, however, rose 18.7% to \$6,762,000 - helped by an increased toll charge for light vehicles. This has helped boost Hills Motorway's unit price back toward \$6.00. At the current price of 586 cents, Abigroup's investment in this toll road is worth \$87.9 million (184 cents per share). Traffic volumes and revenues should increase considerably over the next few years as new motorways link to each end of the company's toll road.



**Auspine** is calling for expressions of interest from companies interested in designing and building its 25MW biomass power station.

**Austral Coal** has completed new sales contracts to cover its expected increased production for the year to June 2003. The current mine expansion is now expected to increase annual production to 4 million tonnes annually from early 2004. The *Department of Mineral Resources* has approved a higher gas content in coal,

which will reduce Austral Coal's "grunching" (i.e. drilling and blasting) by about two-thirds and allow the use of faster and cheaper conventional mining. The company considers this a "significant issue for Tahmoor" with the "potential for considerable savings in production costs" (i.e. higher profits).

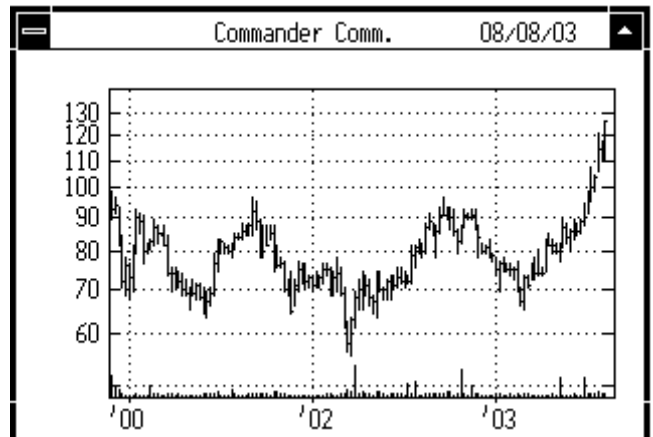


**Biron Corporation's** quarterly cashflow report shows that business slowed in the June quarter. The operating cashflow was a *negative* \$43,552. Biron advanced \$2.0 million in mortgages but received repayments of \$4.4 million - boosting its cash on hand to \$4.8 million. This shows either a lower demand for mezzanine mortgage financing, or a more cautious approach to lending by Biron. Lower new loans, however, means lower establishment fees and lower profitability.

**Campbell Brothers** reports a strong start to the new financial year (i.e. for the last four months) and expects the first half profit to be "at least 30% greater" than the previous year. The Laboratory Services and Industrial divisions both show "pleasing improvement", but some parts of the Consumer Products division are still unsatisfactory.

As we have discussed over recent months, **Commander Communications'** purchase of **RSL.COM** in March has allowed the company to finally break away from its restrictive re-seller agreement imposed upon it from the time when it was a division of **Telstra**. As a result, Telstra has now sold off its remaining shares 23,850,000 shares (16.6% of the company) to two institutional investors at \$1 per share.

That sale appears to be *another* bad move by Telstra as Commander Communications share price appreciates rapidly in value!



*(Continued on Page 6)*

## Recommended Investments (Continued from Page 5)

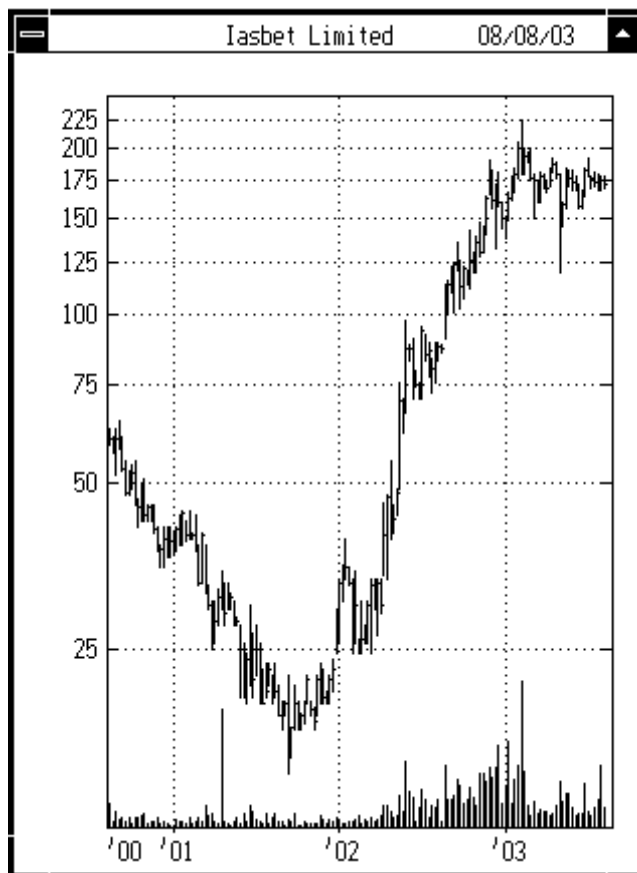
**Iasbet** has completed the acquisition of **Ferncourt Pty** for \$18 million. This was satisfied by issuing five million shares to Ferncourt shareholders at 180 cents per share and paying \$9.0 million in cash. That cash, in turn was funded from the placement of six million shares to institutions at 170 cents which raised \$10.2 million. So Iasbet's issued capital has increased 26.8% to 51 million shares.

Ferncourt is a "waging investment company" - which means it places bets with other wagering companies and TABs. This will significantly increase Iasbet's existing *Wagering Investment Division*. The negative aspect of this acquisition is that this is the most risky part of Iasbet's business - although Ferncourt does appear to have consistently traded profitably. On the positive side, Iasbet gains access to Ferncourt's technology and databases - which should help it run its core business. Ferncourt earned profits of \$2.9 million in the year to June 2001 and \$3.1 million in the year to June 2002, so is being acquired at a relatively low Price/Earnings ratio of 5.8.

Iasbet's fourth quarter cashflow statement continues to suggest some short term downturn in the business. Receipts for the June quarter were down 25.4% to \$92.3 million, with the operating cash surplus down 26.2% to \$2.5 million. For the full year, receipts were up 33.1% to \$400.2 million and the operating cash surplus up 101.6% to \$12.2 million. Cash on hand at 30 June was \$20.6 million (50 cents per share), up from \$15.5 million at the start of the year. The company expects to report profits (before depreciation and tax) "marginally up" on the previous year's result.

While recent trading results have clearly not been as good as previously, Iasbet has the potential to grow rapidly and build a very profitable business. Over the

next year the company will focus on reducing costs and growing its business internationally.



**UXC** has a large number of very small shareholders with *unmarketable* quantities of shares (i.e. less than about 800 shares). Mailing reports and cheques to all these small shareholders is expensive, so UXC is seeking to sell off these small holdings and reduce its share registry costs. Most of these shareholders were acquired in the reverse takeover of **DVT Holdings** last year, so this action should not apply to readers of this newsletter.

# Share Recommendation: Buy Australian listed Computershare

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

## BUY Australian listed Computershare (code CPU).

We first wrote about Computershare in June 2001. At that stage the shares were very over-valued at \$6.40 and in a downtrend, debt was growing rapidly and *insiders* were selling (i.e. there had been three buys, but seven sells over the previous year). We suggested that investors with these shares should "consider following the example of the directors" and sell.

The share price subsequently collapsed as profits suffered, but we are now at the opposite end of the cycle: The shares offer better fundamental value (although

current earnings are depressed), external debt has been refinanced with fixed interest preference shares, *insiders* are buying and the shares appear to be in the early stages of a new uptrend.

Computershare is a high quality company, with a dominant position in its niche market so should offer excellent potential for both cyclical recovery and long term growth.

Computershare currently rates as a "Buy" in the *Most Insider Buying* section of our *Comprehensive Share Selection Criteria*.

### Company History

In 1975 Chris Morris (the current Managing Director) and Michele O'Halloran formed a small business to develop a computer bureau registry system. The business incorporated in 1978 as **Halifax Computer-share** and changed to **Computershare** in 1981.

Computershare's growth is an excellent example of how *technology* can be used to run a business more efficiently and how that business will generate very significant shareholder wealth by expanding and winning market share from less efficient competitors.

From initially providing a computer bureau service, the company developed registry software to better serve its registry customers. It then entered the share registry business, providing the share registry services for a range of large Australian companies: **Western Mining** and **North Broken Hill** (from 1979), **ANZ Bank** (1980), **Pacific Dunlop** and **MIM Holdings** (1981), **Westpac Banking** (1983), **Coles Myer** and **National Australia Bank** (1984) and **Ancor** (1985).

Next the company offered its superior registry processing services to competitors. Computershare began providing outsourced registry computer processing to **Coopers & Lybrand** in 1987 and to **Registry Managers Australia** (which changed its name to **Ernest & Young Registry Services**) in 1992. Eventually - in 1997 - Computershare took over two competitors **Ernest & Young Registry Services** and **KPMG Registrars**.

A NZ subsidiary was formed in 1988 and United Kingdom operations were established in 1994 - initially to service Australian companies listed in the UK.

Computershare also expanded to develop and provide software related to its share registry business. This included software to interface with scripless trading (i.e. CHESS in Australia, CREST in the UK), client accounting software for brokers and automated trading systems for stock exchanges.

In 1997 - following the purchase of the two registries in Australia - the company acquired the registry business of **Royal Bank of Scotland** for £23 million - paid for by the issue of 14,149,729 new shares. It then acquired the registry business of **Allied Irish Bank** and **CMG National Registries**, giving it a 52% share of the Irish market.

In 1998 it expanded into South Africa with the acquisition of both **Consolidated Share Registrars** and **Optimum Registrars**. Computershare became the biggest share registry in South Africa in November 2001 when it acquired the registry, custodial and share trading business of **Mercantile Lisbon Bank Holdings** for Rand 110.0 million (A\$22.0 million).

Further international expansion came in 1999 with the acquisition of a 50% share in Hong Kong based **Central Registration HK** for HK\$190 million (A\$38 million), with ownership increasing to 100% in March 2001 on payment of a further HK\$164 million (A\$40 million). In April 2002 this company merged with the **Hong Kong Registrars**, with the merged company being 76% owned by Computershare. Mainland China offers Computershare significant long term growth

potential as the stockmarket develops and expands.

The company entered the North American market in early 2000 with the purchase of the stock transfer businesses of **Harris Bank** and **Montreal Trust** for C\$85 million in cash. These North American businesses were converted to its proprietary *SCRIP* system by mid-2002. Further North American expansion came in November 2002 with the purchase (for an undisclosed consideration) of the US employee stock purchase plan business of **Charles Schwab Corporate Services**. In June 2003, the stock transfer business of **Fifth Third Bancorp** was acquired. Computershare has only a 5% market share in North America and this is seen as an area for future growth. With its competitive advantage, Computershare will be able to steadily acquire existing competitors.

In January 2003 the software, trading systems, settlement and clearing systems of **EFA Software Services** and **EFA Cyprus** were purchased for C\$6.25 million (A\$7.1 million). This trading system, used by 25 stock exchanges worldwide, is "particularly suited to small to mid-sized" stock exchanges and complements Computershare's *X-stream* which is suited to middle to larger exchanges.

### Recent Results

Computershare has grown extremely rapidly since the mid 1990's:

Year	Revenue (million)	Net Profit	Earnings per Share	Dividends per Share
1995	\$13.3	\$5,014,000	1.56	1.0
1996	\$14.6	\$4,514,000	1.28	1.0
1997	\$21.2	\$4,922,000	1.37	1.0
1998	\$146.4	\$7,515,000	2.30	1.0
1999	\$293.9	\$16,801,000	3.59	1.0
2000	\$394.9	\$38,193,000	7.2	1.0
2001	\$754.3	\$59,998,000	11.0	1.0
2002	\$781.0	\$54,900,000	9.9	2.5

For the six months to December 2002, revenues fell 12.1% to \$349.7 million but profits plunged 81.6% to \$4,342,000 (0.8 cents per share). Despite the significant profit decline the interim dividend was raised 400.0% to 2.5 cents with the intention of lifting the annual dividend rate 100.0% to 5.0 cents.

Profit growth did not keep pace with revenue growth in the late 1990's owing to expansion into lower profit margin share registry services. The recent decline in profitability reflects the cyclical downturn in world stockmarkets. Lower transaction volumes (i.e. lower volumes of share trading, fewer Initial Public Offerings, fewer takeovers and mergers, and fewer cash issues) resulting in lower fees earned by Computershare.

Early acquisitions were financed by the issue of new shares (or indirectly, with cash raised in new share placements), but later acquisitions where funded by debt. When we rated Computershare a "Sell" in June 2001 we estimated interest bearing debts at "around \$200-220 million". The balance sheet showed the actual figure to be \$232.6 million. This is not unacceptably high - compared with Shareholders Equity of \$469.4 million at the time - but external debt is risky.

In November 2001, *(Continued on Page 8)*

**Buy Computershare** (Continued from Page 7)

Computershare improved its financial position by raising \$150 million from the issue of non-cumulative reset preference shares. These shares receive a dividend (subject to the company making a profit) of 5.5% (plus franking credits) for the first five years. In November 2006 each \$100 preference share will either be re-invested in new preference shares (with the new interest rate and conversion terms determined at that time) or converted to ordinary shares. This conversion will be at a 5% discount to *market* price of the ordinary shares (i.e. the preference shares do not participate in any appreciation of the ordinary share price). The conversion price, however, will be limited to within the price range of \$1.50 to \$11.70.

Interest bearing bank debt had risen again to \$160.8 million by December 2002 and Preference share "debt" was \$147.2 million, while the ordinary shareholders equity was \$472.6 million.

**Higher Dividends, On-Market Buy Back**

When announcing its June 2002 annual result in August 2002, Computershare indicated its intention to raise the annual dividend rate from 1.0 cent to 5.0 cents and to buy-back up to 9.9% of its 554,446,613 shares on-market over the following six months. Computershare actually re-purchased 18,710,000 shares (3.4% of its capital) for \$38,287,533 - or an average of 205 cents per share.

**Investment Criteria**

At \$1.89, Computershare shares trade on a Price/Sales ratio of 1.34 times revenues for the year to June 2002. That P/S ratio is significantly less than the 8-10 at which it traded 2-3 years ago. Computershare should be able to earn profit margins around 10%, so a P/S ratio of 1.34 is equivalent to a P/E ratio of about 13. The current Price/Earnings (again, based upon the 2002 result) is 20. Profits will clearly be lower for the year to June 2003, temporarily boosting the P/E ratio, but Computershare's business is cyclical and revenues and profits should recover in the future as global stockmarket activity picks up. The historical Dividend Yield is 1.3%, but this will rise to 2.6% if the company pays the 5.0 cents annual dividend it has been promising investors.

So Computershare shares appear to offer good value and strong potential for recovery, despite the depressed profits that it will report this month for the year that ended on 30 June 2003.

With a market capitalisation of \$1,072 million this is still a very big, global company.

Computershare used to be *widely followed* by brokers, but now only seven firms publish profit forecasts. That makes the shares only *moderately followed* - and, therefore, more likely to be relatively under-valued.

As with most large companies, institutional investors have reasonable shareholdings in Computershare.

Two very positive indicators are that Management have very large investments in Computershare and they have been actively buying additional shares on-market.

There have been eight *insider* buys over the last year and no sells. Chief Executive CJ Morris has purchased a total of 792,000 shares (at prices from 142-220 cents) in six on-market trades over the last year, raising his

holding to 55,447,042 shares (10.3% of the company, worth \$104.8 million). Head of IT, PJ Maclagan bought 200,000 shares (at around 152 cents) on-market in March, lifting her investment to 16,570,525 shares (3.1% of the company). Non-executive director PD DeFeo bought his 20,000 shares on-market (at 149 cents) in March.

Other directors to own shares include non-executive director AN Wales with 32,592,384 shares (6.1% of the company), Deputy Chairman PJ Griffin with 2,000,000 shares (0.4% of the company) and the Chairman AS Murdoch with 609,800 shares.

From a peak of \$9.90 in late 2000, Computershare's share price fell to a low of 139 cents in August 2003 and a low of 135 cents in April this year. Since then the shares have climbed slowly higher and look to be in the early stages of a new uptrend. The Relative Strength rating has just turned *positive* at +0.3%, ranked 48.

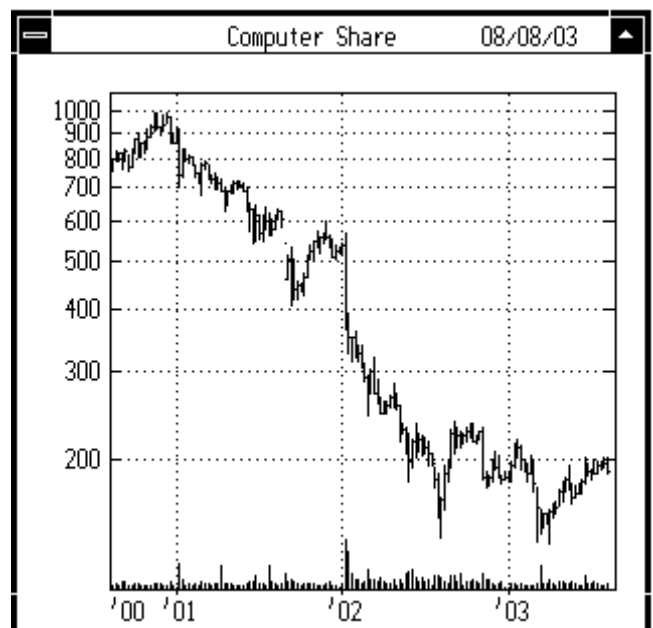
**Summary and Recommendation**

Despite a significant profit glitch over the last year, we still consider Computershare to be a high quality growth company with a competitive advantage in its field.

With world stockmarkets now recovering, Computershare's revenues and profits should rise strongly over the next few years - so the shares could easily double in value over the next 18-24 months.

There is also excellent long term future growth potential. This can come from (1) expanding market share (e.g. in North America), (2) growth in existing stockmarkets (i.e. with the long term trend towards wider share ownership, and transferring state owned, mutually owned or co-operative businesses into listed companies), and (3) the expansion of stockmarkets in developing countries (e.g. China). So longer term Computershare should be capable of producing above average dividend growth and above average capital appreciation.

The shares will mainly appeal to investors seeking long term capital appreciation. Computershare would also be suitable for retired investors requiring income growth and capital appreciation from an established growth company.





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

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

Company	STRENGTH/RATING				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									
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Owens Group Ltd	102	+6.9	+3.3	25	0 0	3	1.7	8	1.2	21	2.9	0.13	58
Renaissance	45	+13.8	+13.6	8	0 0	-	1.8	-	1.5	NE	10.0	0.15	17
Wrightsons Ltd	123	+2.2	+1.5	49	0 0	3	1.4	18	1.3	8	14.0	0.25	165
Mainfreight Grp	137	+8.3	-1.3	18	0 1	5	2.1	17	1.0	12	7.1	0.26	110
Broadway Ind	56	+16.5	+4.6	4	0 0	-	1.4	14	1.1	10	2.7	0.30	11
Williams Kettle	390	+1.0	+0.0	52	0 0	-	1.2	15	0.5	8	8.8	0.31	57
Ebos Group Ltd	302	+0.7	+0.3	54	0 1	-	2.0	15	0.7	14	7.2	0.40	82
Pyne Gould G.	123	+4.4	+2.6	38	1 0	-	1.2	12	0.9	10	10.3	0.48	123
Fletcher Build.	415	+8.1	+3.9	19	0 0	4	2.6	16	0.6	16	5.0	0.48	1,438
Nuplex Indust	375	+6.1	+0.4	30	1 0	3	1.8	15	0.8	12	6.8	0.53	224
CDL Hotel NZ	29	+1.5	+1.1	52	0 0	1	0.5	8	1.8	6	7.2	0.53	101
Dorchester Pac	168	+4.8	+1.7	37	0 0	-	1.4	18	1.1	8	6.7	0.59	32
Hellaby Hold.	450	+18.5	+2.6	3	0 0	1	2.7	17	0.6	16	6.0	0.65	223
Vertex Group	177	+7.7	+3.5	22	0 0	2	2.6	17	1.1	15	12.0	0.66	57
Tourism Hold.	134	+7.3	+7.6	24	2 0	3	0.7	1	1.1	53	3.3	0.67	123
Taylor's Grp Ltd	185	+5.8	+2.3	31	0 0	-	1.9	14	0.7	14	6.9	0.84	45
Wakefield Hosp.	176	+8.7	+4.7	16	1 0	-	1.1	5	0.7	21	2.5	0.92	23
Hallenstein G.	288	+3.1	-0.0	43	1 0	4	4.0	27	0.7	15	9.6	0.96	169
AXA Asia Pac.	272	+2.3	+3.0	48	0 0	-	1.4	10	0.8	13	4.4	0.97	4,794
Steel & Tube	378	+8.0	+0.8	20	0 0	5	2.7	15	0.9	18	7.5	1.00	332

<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0													
Hellaby Hold.	450	+18.5	+2.6	3	0 0	1	2.7	17	0.5	16	6.0	0.65	223
Broadway Ind	56	+16.5	+4.6	4	0 0	-	1.4	14	0.8	10	2.7	0.30	11
Affco Holdings	21	+13.0	+2.4	9	0 0	-	0.4	4	1.3	10	Nil	0.05	103
Mainfreight Grp	137	+8.3	-1.3	18	0 1	5	2.1	17	0.8	12	7.1	0.26	110
Fletcher Build.	415	+8.1	+3.9	19	0 0	4	2.6	16	0.6	16	5.0	0.48	1,438
Vertex Group	177	+7.7	+3.5	22	0 0	2	2.6	17	1.0	15	12.0	0.66	57
Nuplex Indust	375	+6.1	+0.4	30	1 0	3	1.8	15	0.7	12	6.8	0.53	224
Taylor's Grp Ltd	185	+5.8	+2.3	31	0 0	-	1.9	14	0.6	14	6.9	0.84	45
CACI Group Ltd	41	+5.1	+1.8	35	0 0	-	2.3	16	1.0	14	Nil	0.45	3
Dorchester Pac	168	+4.8	+1.7	37	0 0	-	1.4	18	0.9	8	6.7	0.59	32
Pyne Gould G.	123	+4.4	+2.6	38	1 0	-	1.2	12	0.7	10	10.3	0.48	123
Hallenstein G.	288	+3.1	-0.0	43	1 0	4	4.0	27	0.6	15	9.6	0.96	169
FC - Forests	116	+2.9	+3.4	44	2 0	6	2.8	33	1.1	9	Nil	0.97	645
AXA Asia Pac.	272	+2.3	+3.0	48	0 0	-	1.4	10	0.6	13	4.4	0.97	4,794
Wrightsons Ltd	123	+2.2	+1.5	49	0 0	3	1.4	18	1.1	8	14.0	0.25	165
CDL Hotel NZ	29	+1.5	+1.1	52	0 0	1	0.5	8	1.4	6	7.2	0.53	101
Williams Kettle	390	+1.0	+0.0	52	0 0	-	1.2	15	0.4	8	8.8	0.31	57
Ebos Group Ltd	302	+0.7	+0.3	54	0 1	-	2.0	15	0.6	14	7.2	0.40	82

<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million													
Wrightsons Ltd	123	+2.2	+1.5	49	0 0	3	1.4	18	1.0	8	14.0	0.25	165
NZ Refining Co	1670	-1.5	+1.2	68	0 0	-	1.3	12	0.2	11	13.4	2.48	401
AMP Limited	500	-27.8	-1.5	94	1 0	-	0.5	7	0.6	7	12.4	0.78	5,643
Tower Limited	123	-19.3	-1.1	90	2 0	3	0.3	0	1.1	128	12.2	0.49	504
Restaurant Brds	132	-6.3	-1.5	78	0 0	5	2.4	23	0.8	10	11.3	0.42	125
Pyne Gould G.	123	+4.4	+2.6	38	1 0	-	1.2	12	0.6	10	10.3	0.48	123
Hallenstein G.	288	+3.1	-0.0	43	1 0	4	4.0	27	0.5	15	9.6	0.96	169
Lyttelton Port	176	+6.2	+1.1	29	4 1	4	6.4	58	0.7	11	9.3	2.89	179
Skellmax Indust	117	+6.3	+0.6	28	0 0	-	6.5	69	0.8	9	8.9	1.16	117
Powerco Limited	166	+5.1	+0.2	36	0 0	4	0.9	7	0.5	14	8.4	2.29	525

<b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength > 0													
NZ Invest Trust	513	+6.5	+5.0	26	8 0	-	-	0.4	NE	1.6	N/A	52	
Cedenco Foods	210	+2.2	+6.8	50	7 0	-	1.2	15	0.5	8	Nil	1.21	33
Air New Zealand	49	+0.1	+4.0	59	5 0	6	1.6	-	1.5	NE	Nil	0.32	1,431
Infratil NZ	223	+9.7	+2.7	14	3 0	3	1.2	9	0.6	15	2.7	3.31	409
Lyttelton Port	176	+6.2	+1.1	29	4 1	4	6.4	58	0.7	11	9.3	2.89	179
Telecom Corp	530	+6.5	+1.4	27	2 0	8	7.5	51	0.7	15	5.6	1.79	9,929
FC - Forests	116	+2.9	+3.4	44	2 0	6	2.8	33	0.9	9	Nil	0.97	645
Tourism Hold.	134	+7.3	+7.6	24	2 0	3	0.7	1	0.8	53	3.3	0.67	123
Hallenstein G.	288	+3.1	-0.0	43	1 0	4	4.0	27	0.5	15	9.6	0.96	169
Pyne Gould G.	123	+4.4	+2.6	38	1 0	-	1.2	12	0.6	10	10.3	0.48	123

<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0													
Opio Forestry	51	-0.5	+0.6	66	0 0	-	0.5	-	0.6	NE	Nil	9.14	8
Evergreen	43	-6.1	-3.5	77	0 2	2	0.5	5	0.9	9	Nil	2.87	62
South Port NZ	146	-2.7	+0.2	74	0 0	1	2.9	20	0.7	14	6.6	2.70	38
NZ Oil and Gas	32	-1.8	+4.1	72	0 0	-	1.1	-	0.9	NE	Nil	2.55	37
NZ Refining Co	1670	-1.5	+1.2	68	0 0	-	1.3	12	0.1	11	13.4	2.48	401

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									
<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Warehouse Group	487	-12.8	+2.3	88	0 0	5	4.7	26	0.4	18	4.1	0.79	1,485
Genesis Res.	107	-10.6	-0.5	86	0 0	-	0.7	-	0.9	NE	Nil	1.80	28
Botry-Zen Ltd	12	-8.8	+0.3	84	0 1	-	6.3	-	1.2	NE	Nil	N/A	19
Blis Technology	31	-8.7	-0.4	83	0 0	-	7.0	-	0.9	NE	Nil	N/A	20
Briscoe Group	172	-8.4	+1.0	83	0 0	6	4.5	29	0.6	15	5.9	1.21	361
Tranz Rail Hold	98	-8.1	+14.3	82	0 0	6	0.4	-	0.9	NE	Nil	0.26	220
Michael Hill	421	-7.0	+1.2	80	2 0	3	3.6	28	0.4	13	6.0	0.75	162
Kirkcaldie & St	326	-6.4	+0.0	78	0 0	-	1.5	10	0.4	15	5.5	0.61	24
Evergreen	43	-6.1	-3.5	77	0 2	2	0.5	5	0.8	9	Nil	2.87	62
Mr Chips Hold	98	-4.4	-1.9	76	0 0	-	2.1	9	0.8	24	4.6	0.92	24
South Port NZ	146	-2.7	+0.2	74	0 0	1	2.9	20	0.6	14	6.6	2.70	38
NZ Oil and Gas	32	-1.8	+4.1	72	0 0	-	1.1	-	0.9	NE	Nil	2.55	37
Santer Holt	165	-1.7	+0.9	71	1 0	5	0.6	4	0.8	16	4.5	0.69	2,874
Sanford Limited	490	-1.6	-3.9	70	2 2	2	1.1	9	0.5	13	6.1	1.19	469
<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0													
Evergreen	43	-6.1	-3.5	77	0 2	2	0.5	5	0.8	9	Nil	2.87	62
Vending Tech.	110	-0.9	+6.4	67	0 1	1	1.8	14	0.7	13	Nil	1.71	33
Botry-Zen Ltd	12	-8.8	+0.3	84	0 1	-	6.3	-	1.1	NE	Nil	N/A	19
GDC Communicat.	67	-14.2	-1.2	90	1 2	2	1.6	22	1.0	7	7.8	0.37	25

Our *Comprehensive Share Selection Criteria* includes data on the number of *insiders* that have bought or sold shares on-market over the previous 52-weeks. *Insider* data on NZ companies has only been available since the start of this calendar year, but now that we have accumulated over seven months of data, this section has been expanded to include a "buy" selection based upon *Most Insider Buying* and a "sell" criteria for shares with the *Most Insider Selling*.

The ***Most Insider Buying*** combines two criteria: Shares that have the *greatest number of insider buyers* (less any insider sellers) and with a *positive Relative Price Strength* (i.e. are in long term uptrends). This combination of criteria works well for two reasons. Firstly, directors often buy in *too early* when the share price starts to decline and become under-valued. Often the shares will continue to decline or remain depressed for some time before recovering in value. The *positive Relative Strength* requirement works well to improve the *timing* of when to buy. Secondly, *insider trades* and *Relative Strength* are two unrelated techniques which, when combined, work better than the two techniques used in isolation. *Insider trades* measure the directors' sentiment and their assessment of the long term value of the shares, while *Relative Strength* is a technical measure of the current performance of the shares on the stockmarket.

*Insider buying* or *selling* - although still widely ignored - is a particularly useful predictor of *future share price performance*.

*Most Insider Selling* is simply a reversal of these selection criteria: unattractive shares where *insiders* have been selling and in long term declines.

The *Standard "Market Analysis" Reports* section of our ***Online Share Selection*** (www.stockmarket.co.nz) has also been expanded to include these *Most Insider Buying* and *Most Insider Selling* selections - updated every weekend.

# 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 to Earn.	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>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0														Silex Systems	58	-28.0	+1.8	96	0.0	2	1.5	-	0.8	NE	Nil	N/A	74
Sunvest Corp	40	-11.9	+1.3	79	0.0	-	1.5	5	0.5	31	Nil	9.95	5	Hideon Timber	26	-28.0	-5.0	96	0.2	-	2.1	-	0.7	NE	Nil	0.25	70
Renew. Energy	11	-0.4	+5.4	53	1.0	-	0.9	-	1.2	NE	Nil	9.65	16	Child Care C.A.	77	-27.5	-8.0	95	1.0	-	-	-	0.6	NE	Nil	N/A	22
Virax Holdings	19	-23.4	+4.2	93	0.2	-	4.8	-	1.3	NE	Nil	9.60	6	Snowball Group	18	-27.3	-1.4	95	0.0	-17.5	-	1.2	NE	Nil	0.99	6	
VRI Biomedical	26	-22.3	+0.5	92	3.0	-	6.4	-	1.0	NE	Nil	9.01	15	Intermoco Ltd	8	-27.3	-11.9	95	1.1	-	7.7	-	1.2	NE	Nil	N/A	19
CBD Energy Ltd	1	-35.2	+4.0	98	3.1	-	-	-	4.4	NE	Nil	8.75	7	DenX Ltd	28	-27.1	+1.0	95	0.0	-	5.6	-	0.6	NE	Nil	N/A	28
Pro Medicus Ltd	91	-3.1	-0.1	62	0.0	1	9.1	48	0.4	19	2.7	8.74	91	Lake Technology	9	-25.9	-3.3	94	3.1	-	-	-	1.6	NE	Nil	1.03	11
Marlborough Res	5	-10.6	+3.7	77	0.0	-	-	-	1.9	NE	Nil	8.73	11	Altium Limited	63	-25.5	+6.8	94	0.0	4	5.3	21	0.6	25	3.2	1.08	57
Xcell Diagnost.	8	-2.2	+8.2	59	4.0	-	7.5	-	1.4	NE	Nil	8.65	8	Cosmos Limited	3	-24.7	-3.7	94	0.0	-	-	-	2.1	NE	Nil	0.42	6
Auiron Energy	5	-18.5	+3.3	88	0.0	-	-	-	1.7	NE	Nil	8.42	16	Prana Biotech.	83	-24.5	+6.2	94	0.0	-83.0	-	0.7	NE	Nil	N/A	49	
Catuity	495	-13.5	+4.2	82	4.1	-12.1	-	0.6	NE	Nil	8.29	42	Virax Holdings	19	-23.4	+4.2	93	0.2	-	4.8	-	1.3	NE	Nil	9.60	6	
Cent. Kalgoorlie	3	-12.1	-2.6	79	2.0	-	-	-	2.8	NE	Nil	7.94	5	Gradiopore Ltd	76	-22.9	-0.4	93	6.1	-	1.1	-	0.6	NE	Nil	6.70	36
Repcol Ltd	38	-9.4	+1.9	75	1.0	-	1.8	4	0.9	50	Nil	7.74	41	Orchard Petrol.	7	-22.8	+4.0	92	3.0	-	-	-	1.3	NE	Nil	N/A	7
Bionomics Ltd	39	-17.0	+4.2	86	1.0	-	2.0	-	1.0	NE	Nil	7.35	15	Taipan Res.	4	-22.5	+4.5	92	0.0	-	-	-	1.7	NE	Nil	N/A	9
Lakes Oil NL	2	-9.1	+2.1	75	1.0	-	-	-	2.5	NE	Nil	7.31	15	VRI Biomedical	26	-22.3	+0.5	92	3.0	-	6.4	-	0.9	NE	Nil	9.01	15
Yoyager Energy	21	-3.1	+9.2	62	1.0	-	-	-	0.9	NE	Nil	7.29	15	E.R.G.	88	-21.7	+3.1	92	1.2	1	-	-	0.8	NE	Nil	0.27	82
Go Connect Ltd	8	-15.7	+1.1	85	0.0	-	-	-	1.7	NE	Nil	7.01	23	Red 5 Ltd	7	-21.6	-4.7	91	0.0	-	-	-	1.5	NE	Nil	N/A	9
Infomedia Ltd	96	-0.1	+3.9	51	0.0	5.32.0	-	0.5	23	2.9	7.00	311	CMC Power Syst.	6	-21.3	+3.5	91	0.0	-	-	-	1.4	NE	Nil	N/A	14	
Cochlear Ltd	3400	-4.1	+1.3	65	2.0	9.18.8	42	0.2	45	1.5	6.97	1,804	Neighbourhood C	6	-21.3	+6.4	91	0.0	-	0.3	-	1.8	NE	Nil	3.81	9	
Cockatoo Wines	57	-5.5	-0.7	68	2.0	-	2.9	14	0.7	21	Nil	6.82	26	SSH Medical Ltd	10	-21.0	+7.1	91	3.0	-	1.1	-	1.2	NE	Nil	5.24	8
Solbec Pharm.	9	-13.6	+1.6	82	2.3	-	2.9	-	1.4	NE	Nil	6.72	14	Norwest Energy	5	-21.0	+5.9	91	1.0	-	-	-	1.5	NE	Nil	N/A	8
Gradiopore Ltd	76	-22.9	-0.4	93	6.1	-	1.1	-	0.6	NE	Nil	6.70	36	Xanadu Wines	16	-21.0	-2.6	91	4.0	-	0.6	6	0.9	9	Nil	1.24	22
Perilya Mines	60	-5.5	+1.8	68	1.1	-	-	-	0.7	NE	Nil	6.54	96	Byte Power Grp	7	-20.8	+3.1	90	0.0	-	-	-	1.9	NE	Nil	0.54	9
Dominion Mining	54	-6.1	+3.4	69	1.0	-	-	-	0.6	NE	Nil	6.41	41	Horizon Energy	8	-20.4	+1.8	90	4.0	1	0.3	-	1.2	NE	Nil	N/A	26
Loftus Capital	56	-1.1	+0.9	55	11.0	-	0.8	-	0.5	NE	2.7	6.29	21	Int'l Concert	8	-20.2	+1.0	90	3.0	-	4.0	-	1.4	NE	Nil	0.35	9
Mosaic Oil NL	17	-1.5	+5.3	57	0.0	1	-	-	0.9	NE	Nil	6.25	57	Asset Backed	14	-20.1	+5.2	90	0.0	-	0.8	-	1.3	NE	Nil	2.36	7
Gold Mines Sard	35	-0.1	+0.0	51	0.0	-	-	-	0.8	NE	Nil	6.12	92	Future Corp	1	-20.0	+1.7	90	5.1	-	1.1	-	2.9	NE	Nil	0.28	8
Wilson Invest.	102	-2.6	+2.6	61	2.0	-	1.0	-	0.4	NE	3.6	5.79	14	Audax Resources	32	-20.0	+2.3	89	3.0	-	-	-	0.7	NE	Nil	N/A	19
Mustang Group	0	-41.6	+4.5	99	0.0	-	-	-	5.7	NE	Nil	5.71	6	Prophesy Int'l	14	-19.9	+1.0	89	5.0	-	1.2	-	1.0	NE	Nil	0.66	6
SSH Medical Ltd	10	-21.0	+7.1	91	3.0	-	1.1	-	1.3	NE	Nil	5.24	8	ICE Corporation	4	-19.2	-0.4	89	0.0	-	-	-	1.8	3	Nil	0.25	6
MRI Holdings	17	-4.0	-4.1	65	0.0	-	0.4	-	1.2	NE	Nil	4.82	8	AGD Mining	1	-19.2	-0.8	89	0.0	-	-	-	4.4	NE	Nil	N/A	7
Institute Drug	230	-6.3	+3.6	70	1.1	1	4.3	18	0.6	23	2.2	4.62	98	Ainsworth Game	41	-18.8	+1.9	89	1.1	2	1.3	-	0.7	NE	Nil	1.19	27
Kingsgate Cons.	359	-3.6	+1.3	64	0.0	-	-	-	0.3	8	4.2	4.60	260	City View	10	-18.8	+1.3	89	0.0	-	-	-	1.1	NE	Nil	N/A	7
Compass Res	15	-9.3	+7.1	75	0.0	-	-	-	1.3	NE	Nil	4.46	6	Striker Res.	6	-18.5	+2.7	88	1.0	-	-	-	1.4	NE	Nil	N/A	25
Cent. Asia Gold	25	-1.6	+3.7	57	0.0	-	-	-	0.8	NE	Nil	4.46	13	Auiron Energy	5	-18.5	+3.3	88	0.0	-	-	-	1.6	NE	Nil	8.42	16
Atlantic Ltd	16	-1.5	-8.3	57	0.0	-	2.0	-	0.8	NE	Nil	4.03	8	Tolhurst Noall	14	-17.8	+3.3	88	0.0	-	3.5	-	1.1	NE	Nil	0.38	9
McGuigan Simeon	435	-5.9	+1.5	69	3.0	5	2.2	6	0.5	35	3.4	3.98	421	China Converg.	0	-17.8	+3.3	87	0.0	-	-	-	5.9	NE	Nil	2.73	11
Hunter Hall Int	380	-6.0	+1.0	69	0.8	-10.3	49	0.5	21	5.1	3.96	87	Minotaur Res.	72	-17.6	+2.8	87	1.0	-	-	-	1.4	NE	Nil	N/A	18	
Dwyka Diamonds	39	-2.5	+12.7	60	0.0	-	-	-	1.1	NE	Nil	3.84	21	<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0													
Neighbourhood C	6	-21.3	+6.4	91	0.0	-	0.3	-	1.9	NE	Nil	3.81	9	Cabcharge Ltd	279	-0.8	+0.1	54	2.11	6	2.8	11	0.3	25	3.6	0.69	410
Cont. Venture	82	-2.2	+0.3	59	0.0	-	1.2	13	0.6	9	1.5	3.65	90	Hunter Hall Int	380	-6.0	+1.0	69	0.8	-10.3	49	0.5	21	5.1	3.96	87	
Sun Resources	8	-1.6	-2.6	57	3.0	-	-	-	1.5	9	Nil	3.48	8	Atlas Pacific	29	-10.0	+1.4	76	0.7	-	1.2	16	0.6	7	10.3	2.24	25
Aneka Tambang	11	-12.5	-9.0	80	0.0	-	-	-	1.2	28	79.8	3.40	1,088	Tempo Services	168	-3.0	-0.3	62	0.4	6	-	-	0.4	15	4.5	0.27	172
Sino Securities	55	-15.3	+4.5	84	0.0	-	2.6	-	0.8	NE	Nil	3.39	8	Intellect Hold	48	-2.5	+15.6	60	0.4	147.5	-	0.9	15	Nil	1.16	103	
IWL Limited	20	-2.7	+1.6	61	1.0	-	3.9	-	0.9	NE	Nil	3.34	55	Port Douglas	10	-4.7	+1.0	66	0.4	-	0.5	-	1.2	NE	Nil	0.72	18
Horizon Oil NL	8	-11.9	+5.2	78	0.0	-	-	-	1.3	NE	Nil	3.33	30	Millers Retail	179	-3.0	+1.0	62	0.4	5	4.6	35	0.6	13	4.7	0.43	421
Aquarius Plat.	680	-1.5	+5.4	57	1.0	-	-	-	0.4	14	Nil	3.11	531	Macmin Silver	11	-3.8	+8.4	64	0.4	-	-	-	1.1	NE	Nil	N/A	31
Ind Practition.	8	-8.6	-5.6	74	3.0	-	-	-	1.2	NE	Nil	3.07	54	Emperor Mines	55	-4.9	+0.8	66	0.3	2	-	-	0.7	24	Nil	0.81	62
Templeton Globa	119	-3.9	+4.5	64	0.0	-	1.2	-	0.5	NE	5.0	3.02	104	Selwyn Mines	23	-12.5	+2.8	80	0.3	-	-	-	0.7	19	Nil	0.35	22
Baycorp Advant.	160	-13.2	+3.0	81	10.0	5	17.8	17	0.6	102	6.9	2.98	365	Croesus Mining	57	-15.3	+1.7	84	1.4	-	-	-	0.7	12	Nil	1.65	174
Peter Lehman W.	350	-2.3	+3.4	59	0.1	3	2.7	15	0.4	19	3.1	2.88	131	Gallery Gold	18	-17.2	-1.5	87									

# Australian Warrant / Option Analysis

With world stockmarkets in a recovery phase, this could be a good time to buy options and leverage your investment portfolio for the upturn. Unfortunately, however, there is still only a limited number of options that can be considered attractive. There is also the problem of limited *marketability* with many options.

Many of the Australian listed options were, of course, issued during the 1999/2000 stockmarket boom - so have exercise prices well above current share prices. Many of these options will continue to expire worthless over the next few years.

Of those options we consider of *investment quality* include old favourites **Euroz** and **Magna Pacific**, to which we are now adding **DCA Group**.

*Speculative* options worth considering (for a small investment) include **Fox Resources** and **Sunshine Gas** (both reviewed previously), to which we are adding **Beach Petroleum** and **Orchid Capital**.

## **Aeris Technology** (codes AEI and AEIO).

We briefly reviewed this speculative business in February and May this year. The company is developing technologies to improve the air quality in buildings, but does not yet generate any significant revenues.

In May we reported the company had made "significant technical and commercial developments" but this came to an abrupt halt during the last quarter. Many buildings in Asia turned off air conditioning owing to SARS, so Aeris Technology's revenues have slowed from not very much to nil. As a result the shares and options have weakened recently.

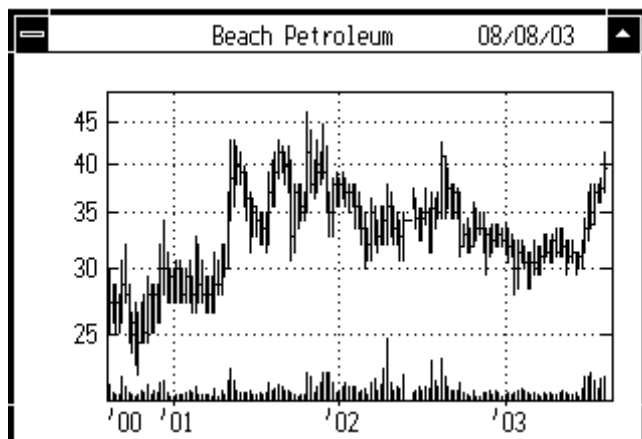
The company is still in a healthy financial position with just over \$1.0 million in cash. The options are a little under-valued (i.e. trade at a 21% discount to fair value), offer high leverage and have 22 months until expiry - but this type of start-up is simply too risky to be an attractive investment.

## **Beach Petroleum** (codes BPT and BPTOA).

Beach Petroleum is a profitable oil and gas producer and pays a small dividend. The company produced 910,000 barrels of oil over the last year, while its reserves increased 17% to 4.5 million barrels owing to successful exploration.

The BPTOA options allow investors to buy one share on 31 May 2005 at 33½ cents. These trade at around their fair value, but offer a very high 3.1 times leverage.

The share price has recently begun to trend upwards, lifting the Relative Strength rating to +6.6%, ranked 27. The high leverage of the options offers an attractive way to profit from the continuation of this trend.



## **DCA Group** (code DVC and DVCO).

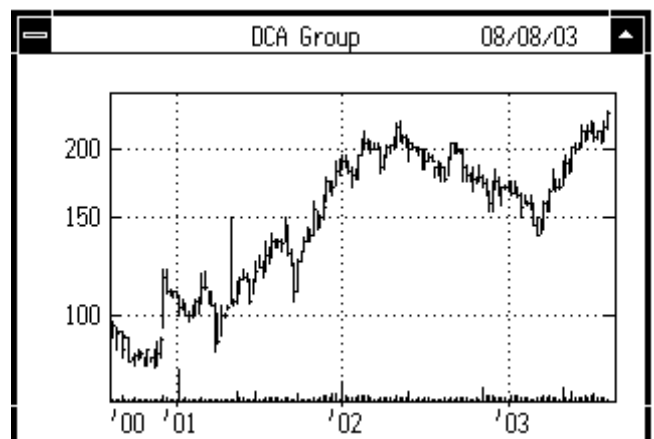
DCA Group is a large company involved in providing retirement homes, "aged healthcare centres" (i.e. hospital care for older people) and radiology services.

Fundamentally the shares look a bit expensive and *insiders* have been net sellers over the last year, with five on-market buys and eight sells. On the positive side, the shares appear to be in an uptrend, with a Relative Strength rating of +14.4%, ranked 15, and the 30 September 2005 options (to buy shares at 235 cents) offer very high leverage on a small initial investment.

The options are only slightly "out of the money" (i.e. the shares currently trade at 232 cents, just below the exercise price of 235 cents). At 24½ cents the options are under-valued (i.e. trading at a 49% discount to their fair value). Furthermore, the cost of buying the options at 24½ cents is just 10½% of buying the shares - so the options offer extremely high leverage which will multiply gains to optionholders if the share price continues to appreciate. Finally, there is just over two years until the final expiry date - offering plenty of time for the shares to grow in value.

If, for example, the shares appreciate only 10% per annum (i.e. to around 280-285 cents), then the options will be worth 45-50 cents (i.e. a 35-43% per annum gain). Should the shares rise at 20% per annum (i.e. to about 335 cents) then the options will *quadruple* in value to 100 cents (i.e. a 102% per annum gain).

DCA Group options offer the potential for significant leveraged gains over the next two years, so are an attractive speculation. As is often the case with options, however, they are sometimes inactively traded and can be difficult to buy.



(Continued on Page 12)

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

We have been following these options for a while as they offer good leverage and are an attractive speculation. Euroz is a small stockbroking business and - reflecting the depressed state of that business over the last year - the company has announced that results to June 2003 will be significantly *below* the previous year. Profits are expected to fall 40-45% to \$690-720,000 (2.6-2.7 cents per share) and that the annual dividend rate will be 58% lower at 2.5 cents.

Despite this "bad" news, Euroz's share price has improved. Stockbroking is, of course, a very cyclical business so the current financial year should be better!

The options are still under-valued (i.e. at a 57% discount to fair value and 10% below *intrinsic* value) and continue to offer very high leverage. So Euroz options remain an attractive speculation with the potential to appreciate significantly over the next 1¼ years.

**Fox Resources** (code FXR and FXRO).

Fox Resources was reviewed in our last quarterly *Warrant/Option Analysis* and is a very small, speculative company seeking to re-open a nickel mine.

Over the three months the shares have risen 4.5% to 23 cents with the options up 27.5% to 6.5 cents - and still trading at only 60% of their fair value. These options are worth considering - but this is a very speculative situation.

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

We have been following these options in many of our previous *Warrant/Option Analysis* features as this is an attractive emerging growth company and the options are an attractive, under-valued and leveraged entry into the company.

Magna Pacific will report a 100% increase in revenues to \$28 million for the year to June 2003 - up slightly on its previous estimate of \$25 million. Profits will rise 147% to \$1.75 million (3 cents per share), which is lower than its previous forecast of \$2.15 million.

Revenues are now expected to rise 25% to \$35 million in the year to June 2004 with profits up 50% to \$2.63 million. Magna Pacific shows that as earnings per share of 4.6 cents, conveniently forgetting that the options will be exercised on 28 February 2004 and increase the issued capital 86%. So diluted earnings per share for 2004 will be around 2.5 cents. The option exercise will raise \$15.6 million, lifting the company's cash hoard to about \$22 million (21 cents per share). That is plenty of cash to finance internal growth, a major acquisition or to repurchase shares.

The options remain attractive - either as a short term leveraged investment (i.e. that will appreciate strongly in value with any increase in the share price ahead of the 28 February 2004 exercise date) or as an entry into a growth company. We suspect that to extract full value from this investment we will need to exercise our options next February and continue to hold the shares

for long term growth. Investors buying options on-market at 10½ cents should therefore consider the need to pay a further 32 cents in six months to exercise these options.

**Orchid Capital** (code ORC and ORCO).

Orchid Capital is an investment company, although it is difficult to work out exactly where it has most of its money invested! It has about \$7.3 million in cash (or in some marketable securities) and \$2.7 million in investments (i.e. mainly minority stakes in two Indonesian holiday resorts). Net asset backing is 6.96 cents per share, but trade on the market at just 3.2 cents.

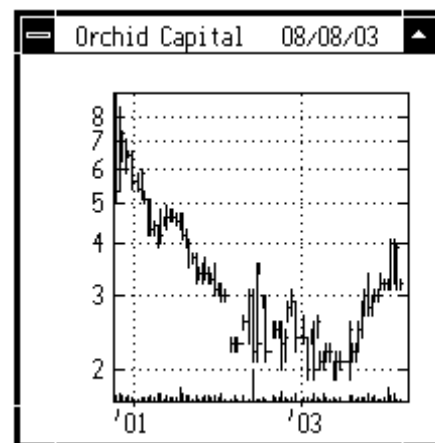
Issued capital is 135.7 million shares and 103.8 million options (to buy shares at 5 cents on 30 November 2006).

The shares are currently in a strong uptrend, with a Relative Strength rating of +9.6%, ranked 10.

While it is difficult to assess what this company will do over the next 3½ years, risk levels should be acceptable to investors. The shares trade at a significant discount to their net asset value and the exercise price of the options is also below this net asset value of the shares. The options also trade at a significant discount to their fair value.

If the current share price uptrend continues and/or if the company can increase the value of its portfolio over the next 3½ years then the options would increase significantly in value.

So while we don't know exactly what kind of business we are buying into, the discounted price of the shares and the further discounted value of the options create a situation with the *potential* to generate significant capital appreciation over the next few years. Orchid Capital options are therefore suitable for a *small long term speculative investment*.

**Sunshine Gas** (codes SHG and SHGO).

Sunshine Gas is a small gas exploration company we started monitoring in our February *Warrant/Option Analysis*. While highly speculative, the options are under-valued and offer a leveraged interest in this company through to 30 June 2004.

Company	Yr/Mth			Black- Option Price	Shares Scholles Valuation	Option Over/ Under- Valued	Share Vol- atility	Option Lever- age	Options to Buy 1 Share	Break- Even Rate	Company	Yr/Mth			Black- Option Price	Shares Scholles Valuation	Option Over/ Under- Valued	Share Vol- atility	Option Lever- age	Options to Buy 1 Share	Break- Even Rate
	Share Price	Exercise Price	to Expire									Share Price	Exercise Price	to Expire							
AKD Limited	2	20	1-7	1.0	0.0+999	0.79	3.41	1.00	+328		Echo Technology	2	35	1-10	0.5	0.2+194	1.14	2.14	1.00	+356	
Abelle Ltd	134	30	3-7	101.0	109.2	-8	0.47	1.21	1.00	-1	Ellex Medical Laser	41	50	0-11	6.0	9.2	-35	0.75	2.47	1.00	+41
Aberdeen Leaders	95	118	0-5	0.1	0.9	-89	0.25	13.46	1.00	+69	Ellex Medical Lasers	41	100	0-9	0.3	1.7	-82	0.75	3.84	1.00	+230
Acclaim Explor.	3	20	0-8	0.1	0.0+999	0.87	5.22	1.00	+999		Empire Oil	0	20	2-4	0.1	0.0+184	1.28	1.88	1.00	+436	
Adultshop.com	5	100	0-5	0.1	0.0+999	1.06	7.28	1.00	+999		Eqitx Limited	22	20	3-10	7.0	15.5	-55	1.02	1.20	1.00	+6
Adultshop.com	5	20	0-10	0.6	0.4	+68	1.06	2.77	1.00	+422	Euroz	58	50	1-3	7.2	16.6	-57	0.44	2.61	1.00	-1
Adultshop.com	5	175	0-4	0.1	0.0+999	1.06	9.99	1.00	+999		Evans & Tate	125	115	1-2	10.0	27.3	-63	0.36	3.25	1.00	+0
Aeris Technologies	21	20	1-10	6.5	8.3	-21	0.67	1.85	1.00	+14	Evans & Tate	125	150	4-2	10.0	36.6	-73	0.36	2.23	1.00	+6
Alfinex Ltd	3	10	1-9	1.0	0.1+908	0.60	3.43	1.00	+123		Exco Resources NL	5	20	3-0	2.0	1.5	+32	0.91	1.66	1.00	+64
Alcaston Mining	6	15	4-1	0.6	2.4	-75	0.84	1.47	1.00	+29	Ezyimgroup	2	20	7-3	0.5	1.1	-57	0.98	1.24	1.00	+38
Alkane Explor.	44	35	1-7	24.0	19.9	+21	0.73	1.73	1.00	+20	FSA Group Limited	6	20	2-4	0.6	3.1	-81	1.36	1.34	1.00	+70
Allegiance Mining	6	20	0-4	0.1	0.0+999	0.76	8.06	1.00	+999		Federation Group Ltd	9	30	0-2	0.7	0.0+999	1.08	8.26	1.00	+999	
Amadeus Energy	17	25	1-3	2.3	1.7	+37	0.49	3.51	1.00	+50	First Aust Resources	4	7	1-11	0.8	0.5	+56	0.60	2.59	1.00	+52
Amadeus Energy	17	25	1-3	2.3	1.7	+37	0.49	3.51	1.00	+50	Flinders Diamonds	6	20	1-6	1.5	1.8	-16	1.20	1.72	1.00	+129
Amadeus Energy Ltd	17	20	0-3	1.0	0.6	+65	0.49	7.43	1.00	+162	Fox Resources Ltd	23	20	2-5	6.5	10.9	-40	0.70	1.61	1.00	+7
Ambition Group	36	100	1-1	0.3	0.1+172	0.42	7.16	1.00	+157	Future Corporation	1	6	0-10	0.1	0.0+999	0.83	4.30	1.00	+681		
Amity Oil Limited	108	100	1-0	35.0	26.0	+35	0.47	2.87	1.00	+25	Gateway Mining NL	15	30	3-6	7.0	4.3	+64	0.61	1.90	1.00	+29
Amink Technologies	5	45	0-10	0.1	0.1	+12	1.13	3.20	1.00	+999	Giant Reef Mining	7	10	0-10	1.5	0.6+169	0.47	4.37	1.00	+73	
Amnet	15	25	2-1	4.9	10.7	-54	1.64	1.19	1.00	+39	Gippsland	5	9	4-4	2.0	3.3	-40	1.21	1.16	1.00	+23
Anitsense Therapeutic	13	20	3-5	8.2	5.1	+61	0.67	1.67	1.00	+25	Giralia Resources	11	15	0-7	1.2	1.1	+12	0.70	3.56	1.00	+110
Anvil Mining	15	12	0-8	5.5	3.6	+55	0.42	3.24	1.00	+33	Glengarry Resources Ltd	4	15	1-7	0.5	0.1+256	0.70	3.19	1.00	+156	
Apollo Gold	16	20	2-3	5.0	7.3	-32	0.88	1.56	1.00	+22	Globe Securities	3	20	0-4	0.1	0.0+999	0.93	7.74	1.00	+999	
Aquacarotene	4	5	1-10	1.5	2.1	-27	1.10	1.45	1.00	+30	Golden State Res	3	10	0-7	0.2	0.0+999	0.80	5.17	1.00	+941	
Argonaut Resources	12	30	3-10	3.4	5.8	-42	0.91	1.41	1.00	+31	Golden State Res.	3	10	3-10	0.6	0.8	-25	0.80	1.66	1.00	+44
Arrow Energy NL	10	20	0-10	2.0	1.4	+48	0.94	2.57	1.00	+167	Golden Valley Mines	2	10	2-1	0.3	0.1+116	0.78	2.50	1.00	+131	
Astro Mining NL	19	75	6-4	1.5	19.0	-92	2.54	1.00	1.00	+25	Goldsearch	3	8	2-1	0.8	0.5	+60	0.66	2.40	1.00	+60
Audax Resources	32	30	0-4	6.5	5.6	+15	0.61	3.73	1.00	+48	Gondwana Resources Ltd	1	2	0-4	0.1	0.1	+7	1.00	3.64	1.00	
Auridiam Consolidated	4	50	0-10	0.1	0.0+999	1.01	4.23	1.00	+999		Gowit Ltd	20	25	0-10	2.0	1.3	+50	0.37	5.28	1.00	+43
Aust Food & Fibre	31	32	2-10	0.7	8.2	-91	0.34	2.56	1.00	+2	Gutnick Resources	20	125	7-1	0.1	18.7	-99	1.61	1.03	1.00	+30
Aust Magnesium	10	125	1-11	1.0	2.1	-52	1.36	1.67	1.00	+281	Halcyon Group	2	3	1-7	0.8	0.6	+34	1.09	1.65	1.00	+73
Aust Mines	14	20	0-7	1.5	0.9	+71	0.60	4.37	1.00	+122	Halcyon Group	2	50	0-5	0.1	0.0+999	1.09	9.99	1.00	+999	
Aust Mining Invest.	4	20	0-1	0.1	0.0+999	0.64	9.99	1.00	+999		Helix Resources	20	25	2-3	5.8	7.1	-18	0.68	1.84	1.00	+21
Aust Silicon	5	20	0-5	0.1	0.2	-46	1.40	3.12	1.00	+999	Hill End Gold	20	25	1-10	2.7	0.2+999	0.09	9.99	1.00	+19	
Autogen Ltd	28	125	6-6	8.0	14.0	-43	0.83	1.34	1.00	+27	Hillcrest Resources	2	20	1-5	0.3	0.0+999	0.80	3.65	1.00	+413	
Aviva Corporation	2	10	2-4	0.5	0.2+133	0.70	2.49	1.00	+92	Hugall & Hoile	8	11	1-8	1.0	2.1	-51	0.64	2.22	1.00	+24	
Aztec Resources	6	20	1-5	0.6	0.3+121	0.67	3.32	1.00	+139	latia Ltd	5	25	2-7	1.0	0.9	+12	0.91	1.88	1.00	+96	
Bara Resources	7	25	0-0	0.3	0.3	+11	1.17	3.32	1.00	+999	Imperial One	1	10	0-10	0.1	0.0+999	1.14	3.81	1.00	+999	
Barlow (Tony)	0	10	1-4	0.1	0.0+999	0.00	9.99	1.00	+999	Independence Gold	46	20	1-5	29.5	27.5	+7	0.41	1.64	1.00	+5	
Beach Petroleum	40	34	1-9	12.5	10.5	+19	0.27	3.03	1.00	+9	Indophil Resources NL	22	25	1-4	6.0	6.8	-11	0.73	2.07	1.00	+29
Bioprospect	10	20	2-5	2.8	3.7	-25	0.89	1.64	1.00	+41	Intl Goldfields	27	20	0-4	8.0	7.9	+2	0.54	3.02	1.00	+12
Biotech Capital	45	50	0-1	1.5	0.3+395	0.34	9.99	1.00	+477	Integra Medical	2	20	1-4	1.0	0.0+999	0.79	3.87	1.00	+483		
Biron Capital	33	40	0-9	2.1	1.1	+84	0.27	7.74	1.00	+41	JAM Developments	24	25	2-3	3.0	4.6	-34	0.27	3.39	1.00	+7
Blink Models Ltd	1	10	1-5	0.2	0.1	+42	1.11	2.21	1.00	+306	Jackson Gold Ltd	20	20	1-5	6.2	7.4	-16	0.76	1.90	1.00	+21
Bolnisi Gold	24	40	1-4	3.2	1.4+133	0.43	4.22	1.00	+58	Jervois Mining Ltd	2	5	1-6	0.9	0.2+320	0.74	2.62	1.00	+113		
Boulder Steel	6	20	2-3	0.6	1.8	-67	0.95	1.74	1.00	+68	Jindalee Resources	14	25	1-10	3.3	3.8	-13	0.79	1.97	1.00	+47
Bounty Oil	13	20	0-5	1.4	0.8	+85	0.77	4.21	1.00	+263	KCG Mines	2	20	1-3	0.4	0.1+223	1.24	2.29	1.00	+597	
Brandrill	1	10	2-1	0.2	0.4	-43	1.21	1.67	1.00	+159	KLM Group	36	20	2-4	16.0	20.3	-21	0.54	1.59	1.00	+0
Bullion Minerals	10	20	0-10	1.9	1.1	+73	0.83	2.89	1.00	+156	KLM Group	36	200	1-1	0.1	0.0+463	0.54	6.93	1.00	+387	
CP1 Ltd	315	150	2-7	170.0	188.4	-10	0.42	1.59	1.00	+1	Kalrez Energy Ltd	1	3	1-6	0.1	0.1	+18	1.12	1.98	1.00	+200
Cape Range Wireless	3	5	1-1	1.0	0.8	+31	0.93	2.10	1.00	+84	Kanowna Lights	2	20	1-10	0.4	0.2	+97	1.13	2.02	1.00	+276
Cardia Technologies	9	20	0-10	0.9	0.5	+98	0.74	3.57	1.00	+194	Legend Mining Ltd	3	15	1-8	0.6	1.0	-39	1.35	1.59	1.00	+164
Carpathian Resources	7	20	1-8	2.6	2.2	+21	1.13	1.70	1.00	+102	Lindsay Australia	30	25	1-3	8.0	14.7	-46	1.03	1.56	1.00	+9
Central Asia Gold	25	12	2-3	16.0	16.3	-2	0.73	1.39	1.00	+5	Lodestone Explor.	15	20	1-3	3.0	1.4+114	0.39	4.09	1.00	+40	
Central Equity	179	220	1-8	1.0	5.2	-81	0.14	9.60	1.00	+13	M2M Corporation	1	20	6-6	0.8	0.9	-13	1.77	1.04	1.00	+60
Cervantes Seafood	9	20	2-0	1.3	3.5	-63	1.07	1.58	1.00	+54	MFS Leveraged Invest	135	150	0-10	12.0	10.6	+13	0.29	5.77	1.00	+24
City Pacific	275	30	2-10	195.0	248.8	-22	0.48	1.10	1.00	-7	Macmin	11	12	2-1	4.8	3.5	+38	0.55	2.10	1.00	+23
City Pacific	275	100	3-0	160.0	192.7	-17	0.48	1.38	1.00	-2	Magna Pacific	43	32	0-6	10.5	12.4	-15	0.39	3.14	1.00	-2
Clearwater Group	20	40	2-4	4.0	2.0+101	0.46	3.04	1.00	+41	Magnesium Intl	10	20	0-3	0.6	0.0+999	0.53	9.99	1.00	+999		
Clearwater Group Ltd	20	20	1-5	7.5	4.5	+67	0.46	2.76	1.00	+28	Medical Monitors	9	20	1-10	1.8	3.0	-41	1.07	1.64	1.00	+66
Clover	69	30	0-11	41.0	40.9	+0	0.58	1.63	1.00	+3	Metal Storm Ltd	40	65	1-0	12.5	2.2+469	0.47	4.44	1.00	+94	
Cluff Resources	2	4	0-4	0.2	0.1	+63	1.23	3.31	1.00	+999	Metex Resources	7	20	0-10	0.6	0.1+793	0.60	5.27	1.00	+278	
Cobra Resources	0	10	0-10	0.1	0.0+999	1.35	3.10	1.00	+999	Midas Resources	12	25	3-3	3.0	1.8	+70	0.45	2.60	1.00	+30	
Cockatoo Ridge Wines	57	55	2-4	18.0	15.3	+17	0.34	2.62	1.00	+11	Midware Ltd	9	20	0-1	0.1	0.0+823	1.21	9.30	1.00	+999	
Comet Resources	7	8	1-4	1.5	1.5	+3	0.52	2.74	1.00	+26	Mikoh Corporation Ltd	4	20	0-11	1.0	0.3+196	1.18	2.46	1.00	+510	
Conquest Mining	18	20	1-10	2.0	7.7	-74	0.84	1.67	1.00	+12	Millepede International	20	20	2-4	6.2	5.5	+12	0.39	2.48	1.00	+12
Cool or Cosy	24	20	4-9	6.4	8.9	-28	0.20	2.36	1.00	+2	Mineral Commodities Ltd	25	25	0-9	6.1	5.3	+15	0.58	2.95	1.00	
Cooper Energy	14	20	0-7	2.8	0.4+529	0.46															

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
Orchid Capital	3	5	3-3	0.8	2.0	-61	1.11	1.26	1.00	+20
Oriel Communications	1	25	1-1	0.1	0.0+130	1.38	2.43	1.00	+999	
Oropa Ltd	3	5	4-4	1.0	2.0	-51	1.04	1.22	1.00	+17
Pacific Strategic	24	30	0-7	0.1	0.3	-69	0.23	9.99	1.00	+47
Paladin Resources Ltd	2	10	0-5	0.1	0.0+999	1.00	5.63	1.00	+999	
Patrick Corporation	1324	875	1-4	475.0	519.8	-9	0.32	2.37	1.00	+1
Penfold Buscombe Ltd	45	100	1-7	0.2	5.8	-97	0.68	2.62	1.00	+66
Pilbara Mines	12	20	1-7	3.0	2.1	+46	0.63	2.55	1.00	+51
Platinum Australia	30	20	1-0	12.0	12.2	-2	0.52	2.13	1.00	+7
Precious Metals	7	200	2-3	0.4	0.0+999	0.00	9.99	1.00	+336	
Prima BioMed	44	20	0-10	24.0	25.4	-6	0.69	1.64	1.00	+0
Q-Mastor	14	25	2-4	2.3	3.8	-40	0.73	1.92	1.00	+35
QED Corporation	7	20	1-0	1.0	0.2+393	0.68	3.92	1.00	+209	
Quantum Resources	6	10	7-2	0.3	5.4	-94	1.64	1.02	1.00	+9
Quiktrak Networks Ltd	1	10	1-4	0.1	0.0+999	0.93	3.48	1.00	+731	
Quiktrak Networks Ltd	1	10	1-4	1.5	0.0+999	0.93	3.48	1.00	+816	
RMG Limited	3	3	1-2	1.0	1.0	+2	0.79	2.00	1.00	+32
Ramelius Resources	19	20	4-4	4.5	8.0	-44	0.46	1.76	1.00	+6
Range Resources	2	10	0-10	0.1	0.0+999	0.71	5.18	1.00	+598	
Range River Gold NL	13	25	1-1	3.2	0.8+318	0.59	3.71	1.00	+112	
Red 5 Limited	7	20	0-5	0.5	0.0+999	0.73	6.56	1.00	+999	
Redflex Holdings	72	110	0-4	4.5	2.1+117	0.63	6.01	1.00	+302	
Reefton Mining NL	5	20	0-3	0.1	0.0+999	0.6714	1.6	1.00	+999	
Resolute Mining Ltd	73	80	1-10	17.5	13.9	+26	0.36	3.11	1.00	+18
Revesco Group Ltd	14	12	8-3	7.0	8.6	-19	0.45	1.39	1.00	+4
Rimfire Pacific	3	20	1-1	0.2	0.2	-19	1.19	2.35	1.00	+481
Rusina Mining Ltd	5	30	1-5	0.8	0.6	+36	1.16	2.08	1.00	+283
S8 Ltd	194	300	3-8	22.0	31.9	-31	0.34	2.84	1.00	+15
SP Telecom.	110	25	2-9	85.0	88.0	-3	0.35	1.25	1.00	+0
Safe Effect Technologies	13	20	0-4	1.7	0.8+107	0.84	4.25	1.00	+365	
Select Vaccines	58	20	4-9	39.0	52.3	-25	1.17	1.07	1.00	+0
Senetas Corporation	6	20	0-9	1.7	0.0+999	0.54	7.09	1.00	+443	
Simon Gilbert	10	100	1-4	0.1	0.1	-31	0.89	3.29	1.00	+463
Solar Energy Systems	19	30	1-4	3.5	5.6	-37	0.96	1.89	1.00	+56
Sphere Investments	16	29	0-10	0.5	2.5	-80	0.90	2.57	1.00	+108
Spinifex Gold	44	20	2-10	10.0	28.3	-65	0.52	1.45	1.00	-13
St Barbara Mines	9	30	0-6	1.3	0.1+999	0.86	4.96	1.00	+999	
Stn Pacific Petrol.	28	55	1-3	6.0	2.9+108	0.67	2.96	1.00	+92	
Stratatel Limited	6	25	2-0	0.6	0.9	-31	0.86	2.15	1.00	+107
Striker Resources	6	15	2-3	2.0	1.1	+76	0.69	2.21	1.00	+57
Sub-Sahara Resources	4	20	0-4	0.5	0.0+999	1.11	5.31	1.00	+999	
Subsorb Environmental	4	15	0-0	0.2	0.0+999	0.00	5.31	1.00	+999	
Sun Capital	3	20	0-1	0.1	0.0+999	1.02	9.99	1.00	+999	
Sun Resources NL	8	15	1-10	3.0	1.2+143	0.60	2.58	1.00	+56	
Sunshine Gas Ltd	23	20	0-10	5.5	10.0	-45	1.09	1.72	1.00	+13
Swift Ltd	7	10	1-7	2.0	2.2	-10	0.85	1.89	1.00	+42
Sydney Gas Company	52	60	0-5	2.0	4.7	-57	0.54	4.74	1.00	+53
Sylvannia	24	20	1-10	8.5	9.1	-6	0.52	2.03	1.00	+10
Synergy Equities Group	1	20	0-10	0.1	0.0+999	0.76	7.53	1.00	+999	
Syntech Group	13	10	4-6	6.0	11.2	-47	1.44	1.06	1.00	+6
Tasgold Ltd	13	20	4-3	5.0	6.0	-17	0.73	1.48	1.00	+18
Tasman Resources	12	20	2-6	5.5	4.8	+15	0.90	1.57	1.00	+38
Tawana Resources	81	75	2-3	31.0	36.6	-15	0.69	1.67	1.00	+13
Tectonic Resources	10	20	0-10	2.0	0.8+140	0.75	3.25	1.00	+158	
Telezon	6	20	1-4	1.8	0.0+999	0.00	9.99	1.00	+163	
Terraplanet Ltd	1	10	1-9	0.1	0.0+999	0.58	6.33	1.00	+457	
Terraplanet.com	1	100	1-3	0.2	0.0+999	0.58	9.99	1.00	+999	
Thundelarra Explor.	21	23	1-8	5.2	6.5	-20	0.63	2.10	1.00	+19
Tiger Resources	5	10	1-10	1.0	1.2	-17	0.79	2.03	1.00	+54
Union Capital	2	100	1-7	0.2	0.0+999	0.72	5.78	1.00	+984	
Universal Resources Ltd	10	20	1-11	1.4	1.6	-13	0.67	2.37	1.00	+54
VRI Biomedical	26	75	2-6	6.0	1.3+363	0.46	3.42	1.00	+59	
Virax Holdings Ltd	19	50	2-4	6.0	8.8	-32	1.19	1.43	1.00	+60
Vital Capital	22	20	5-9	13.0	11.3	+15	0.44	1.58	1.00	+7
Vital Capital	22	20	5-9	13.0	11.3	+15	0.44	1.57	1.00	+7
Vulcan Resources	19	25	2-4	5.0	7.4	-32	0.79	1.68	1.00	+23
WRF Securities	24	35	1-4	0.3	5.8	-95	0.76	2.21	1.00	+34
West Aust Metals	8	20	1-7	1.1	0.8	+39	0.66	2.83	1.00	+83
Westonia Mines Ltd	54	20	2-12	42.0	39.4	+7	0.67	1.29	1.00	+5
Wine Investment Fund	12	25	3-4	2.0	3.4	-42	0.64	1.88	1.00	+28
Winepros Ltd	35	40	4-4	10.5	24.4	-57	0.97	1.22	1.00	+9
Xcell Diagnostics	8	20	1-1	1.4	1.6	-10	1.13	2.03	1.00	+163
Yamarna Goldfields	2	20	1-5	0.2	0.0+459	0.98	2.89	1.00	+499	
Yilgarn Gold Ltd	5	10	1-9	1.5	1.4	+5	0.82	1.97	1.00	+54
Zylotech Limited	1	6	1-7	0.2	0.1	+60	0.89	2.41	1.00	+168

# Dividend \$

Company	Cents per Share	Ex-Date	Payable	Tax Credit
Calan Healthcare Properties	1.695	18-08	01-09	0.305
Carter Holt Harvey	3.00	04-08	18-08	Nil
Mainfreight Group	3.50	14-07	18-07	Full
National Property Trust	2.25	25-08	05-09	Nil
Property For Industry	1.35	04-08	08-08	0.30
Renaissance Corporation	4.00	22-09	26-09	Full
Telecom NZ	5.00	01-09	12-09	Full
Vertex Group	8.10	18-08	22-08	Full
Waste Management NZ	7.50	01-09	04-09	Full

## Australian Shares

(None of our recommended shares)

## Current Issues

### 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	2½-3¾%, on-market
Steel & Tube	9.99%, on-market

### CASH ISSUES

	Ratio	Price	Ex-Date	Appln Date
IT Capital	1:1	0.165	-	-
Wellington Drive	1:8	25	25-08	19-09

### NEW ISSUES

	Price	Date	EPS	DPS
Postie Plus	-	-	-	-

### Total Return Index for All Listed Shares

Jul 14	1815.36	Jul 21	1786.41
Jul 15	1806.37	Jul 22	1769.31
Jul 16	1800.45	Jul 23	1771.51
Jul 17	1804.28	Jul 24	1771.91
Jul 18	1790.64	Jul 25	1779.20
Jul 28	1778.16	Aug 4	1775.11
Jul 29	1776.57	Aug 5	1797.54
Jul 30	1778.89	Aug 6	1788.32
Jul 31	1780.12	Aug 7	1792.31
Aug 1	1785.31	Aug 8	1796.04

## Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday September 9, 2003 (and delivered in most areas on Wednesday 10).

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

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