



Ph: 9612 1401

MARTIN BROS MONITOR

(For Clients and Friends of the Martin Bros)

June 2003



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New Float – Westpac Office Trust

ABN AMRO Morgans is one of the Brokers to the offer. This will be a listed property trust with some unique characteristics to that of the general listed property trust sector. With many property trusts trading well above their Net Asset Backing, this is a good opportunity to enter the listed property sector on attractive fundamentals. Remember however, that it must still fit within your overall risk profile and be appropriate to you individual portfolio. If you would like to discuss this with us please do so by Friday 13th June.

Key features of the issue are:

- Instalment offer – full unit price \$1.00 with 50 cent 1st instalment on application and 2nd due 17/11/2011
- Net cash yield 7.5%
- Cash yield is 100% tax deferred until FY 2009
- Westpac guarantee yield and 1st instalment until building completed
- Westpac will lease for 12 years with 3 options for a further 6 years each.

Warren Buffet & Charlie Munger

Some quotes from their recent AGM:

...On risk management

"We regard using a stock's volatility as a measure of risk is nuts. Risk to us is 1) the risk of permanent loss of capital, or 2) the risk of inadequate return. Some great businesses have very volatile returns.....and some terrible businesses have steady returns."

..On aggressive accounting techniques

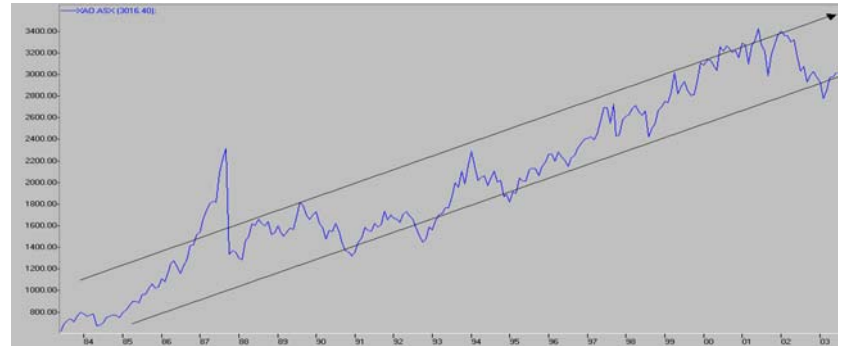
"I felt much more comfort working with financial statements in the 1960's than today. There was more information then, even through there was less disclosure. It is a quick fix, but it's like heroin...People are encouraged by their CFO or auditors to play with their numbers. It never works.....It's so much better to address problems."

..On EBITDA*

"I think every time you see the word EBITDA earnings, you should substitute the word 'bulls@#t earnings.'"

* EBIT - Earnings Before Interest Tax Depreciation and Ammortisation.

A Bounce Or Worse Than 1929 ? – That was the title of this section in our last Martin Bros Monitor – March 2003



As you can see, our old favourite has made a return above. That is, the graph of the Australian All Ordinaries Index. In our Christmas 2002 edition this graph showed the All Ordinaries still trading within it's long term range, indicated by the upper and lower linear lines.

In our last edition, March 2003, we included comment from one of ABN AMRO's strategists, Douglas Orr, on the state of the markets. If you could decipher his comments (we attempted to help with this by including a summary, in our words, of what we believed he meant) the thrust of his argument was that at current levels, sharemarkets were factoring in that companies will not be able to generate any growth in the future.

Since this time, when markets reached their pre war lows, the All Ordinaries has rebounded, noticeably, above the long term trading range lower level. This can be seen on the graph above. As in previous occasions when the All Ordinaries has dropped below this lower level, it has rebounded reasonably quickly to back within its longer term trading range.

Some more positive economic data has been released in the US which has influenced the rebound in global sharemarkets over the past few months. It is too early to say wether this positive data will continue and point towards a sustainable increase in economic growth. One thing is sure though – positive sentiment has certainly increased surrounding the sharemarket.

Another reason sentiment seems to have increased around world equity markets may be the growing global concern over property prices. Any softening, whether actual or forecast, in property prices is likely to see a switch towards equity markets from fund managers.

A recent article in the worldwide 'Economist' magazine, highlighted the importance of determining the worthiness of a property investment as you would with any other. It quoted:

'Home prices are not listed daily in the FINANCIAL TIMES, but the same sort of valuation analysis can be applied to houses as to shares. The price you pay for a property should reflect the future rent at which you could let it. The fact that in many countries prices of homes and commercial buildings have been rising much faster than rents should be ringing alarm bells.'

With yields on property at near all time lows, many forecast a levelling of demand for property, and with interest rates at long term lows, where is money likely to flow into over the next couple of years ?



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Tax Time – Now or Never!

Time is running out. The end of financial year is almost upon us. Monday week is the 30th June, so pre end of tax year issues need to be addressed NOW.

If you are self employed then remember that superannuation contributions need to be paid and received by your (or your employees) superannuation fund by 30th June in order for you to claim a tax deduction this financial year.

If you are an employee then their still may be things you can do in order to help. You may be able to bring forward the purchase of that new brief case or office chair or buy that work related computer software you were planning to buy. Another thing you can do if you use your car for work related purposes may be to have it serviced before the end of the tax year if it is nearly due anyway.

Another issue to consider may be capital gains tax planning. If you have sold an investment eg. property over the past year at a profit then there may be ways to reduce your tax payable by realising paper losses on other investments.

Please call us if you have any end of tax year queries.

Motivational Quotes

"Always forgive your enemies – Nothing annoys them so much." Oscar Wilde

"Great works are performed not by strength but by perseverance." -- Samuel Johnson

"Shoot for the moon. Even if you miss, you will land among the stars." -- Les Brown

Happy Winter



Health Tips For The Quarter

6 Important Questions to Ask Yourself When Looking For a Quality Gym

1. Does the gym staff have some academic and life-experience education regarding weight training? If they don't have a sports medicine or exercise science degree, they should at least have some sort of certification from a recognized organization such as the National Strength and Conditioning Association.
2. Is the gym clean and is the equipment well maintained? Check the seats on benches and machines and make sure they are stable. Make sure the cables do not appear worn and are likely to break.
3. Is the air in a gym fresh and well circulated? It should never smell stale or musty.
4. Is the temperature of the gym maintained at a level that won't increase the possibility of injuries? Temperatures that are too cold make joint and muscle injuries more likely.
5. Does the gym you're considering have any regularly scheduled follow-up evaluations of your progress? It's essential to find out if they offer an initial orientation to equipment you don't know how to use, but it's also vital that they schedule times to re-evaluate your program and vary the routine.
6. Does the gym have an emergency medical plan in place and are the staff members trained in CPR and first aid in case someone becomes ill or injured?

Time to Paint that Room? – Find Out What Colour To Paint It

Red: A room that is painted red will energize, inspire activity and movement, help passion, be powerful and stimulating. A red room can also be exhausting and overpowering, and stressful for those who are anxious. Pink is less demanding. Choosing a red bedroom would not be restful, although some red can be used to enhance sensuality. A red exercise room would be energizing! In Feng Shui red means luck.

Orange: Orange rooms encourage happy, joyful, social gatherings. While an orange dining room or family room can stimulate the appetite, it is a great choice for such gathering places. Orange enhances parties, communication, positive feelings, and general good cheer.

Yellow: Yellow rooms inspire intellectual clarity, organization, clear headed articulate thinking, and happy energy. Yellow is considered a colour for the logical left side of the brain. Yellow is also very bright and somewhat energizing, so one needs to choose its placement with care. A yellow office might be intellectually beneficial, but not allow restful downtime, for example, so one might want to choose to include yellow accents instead of painting each wall yellow.

Green: Green rooms are very restful but combine with an energizing quality. Green is the colour of outdoors, calm and active at the same time. Green brings balance and harmony, healing, and rejuvenation to a room, and can be used as a calming place for people who are troubled or in need of refreshment.

Blue: Blue rooms are often chosen for bedrooms and meditation rooms because its cool energy is very calming, restful, peaceful, and spiritual. Blue helps inspire a quiet meditative quality, and colour therapy with blue has been found to reduce blood pressure. Blue is also useful to soothe one to sleep.

Purple/Indigo: Purple is very comforting, protective, spiritual, and calming. It is a rich colour which inspires faith, intuition and trust. Entire rooms painted purple could be overpowering, but a light violet