



MARTIN BROS MONITOR

(For Clients and Friends of the Martin Bros)

www.martinbros.com.au



Ph: 9612 1401

June Quarter 2004

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It has come to our attention that some clients are unaware of the existence of our website (also found via www.investadvice.com.au).

On this site existing clients can access articles of interest that we regularly post under the 'Existing Clients' icon on the home page.

In addition, for your family, friends or associates that may be interested in our service, they can read about our approach under 'Prospective Clients', which can be found on the home page icon in red.

Stock Update - TRU

ABN AMRO's Analyst rates Trust Company (TRU) as an Add with a \$9.00 share price target, up from \$8.50, after its strong FY '04 results. TRU is currently trading at \$7.79.

Trust Company's FY '04 result was slightly ahead of its previous guidance. Revenue came in at A\$63.9m versus guidance of A\$63m with a net profit of A\$12.6m versus guidance of A\$12m.

TRU increased its final dividend from 13 cents per share to 18 cents per share. This represents a 38.46% increase on the previous final dividend.

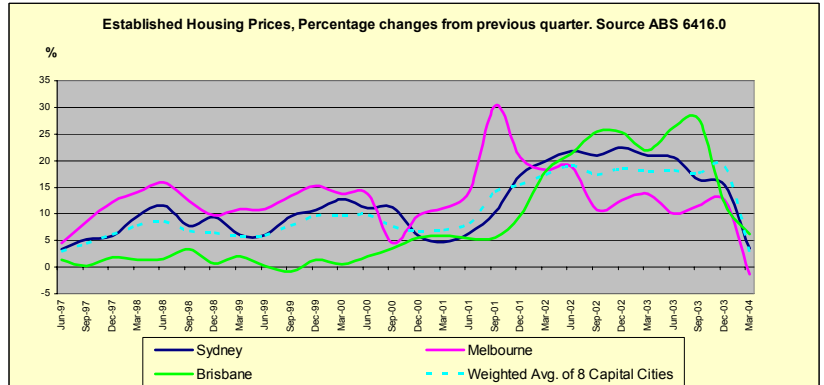
Trust Company provide custodian and securitisation services including A\$8.1B in superannuation, have A\$1.1B in funds under management (managed funds) and have A\$1.1B under management of estates and trust which includes charitable foundations of A\$335m.

TRU are currently undergoing a strategic review with results likely to be presented at their Annual General Meeting.

We met with the CEO of TRU – Jonathon Sweeney – for the second time a few weeks ago. We continue to be impressed with him and the direction of the company.

Housing Prices? Interest Rates? What's Happening?

The Australian Bureau of Statistics (ABS) have just released housing data for the March quarter. The below graph represents quarter on quarter change for property prices in Sydney, Melbourne and Brisbane since June 1997 until the end of March 2004. The dotted line is the weighted average of eight capital cities.



As you can see, Melbourne is the only city represented (and the only one of the eight for that matter) that experienced a decline in overall housing prices over the March quarter when compared to the previous quarter. However, the high rates of growth experienced over recent years in all capital cities has clearly retreated during the March quarter.

The ABS figures just released for the March quarter contrast quite significantly with the various private-sector measures for the same quarter, released over the past few weeks. Some private sector measures have shown a much sharper decline in housing price growth and in fact negative quarter growth for Sydney, Brisbane and Melbourne.

The likely explanation for the difference between the ABS released figures and those of the private sector is the different variables used for housing sales. The ABS use prices for properties actually settled in the quarter where as many private sector property monitors use prices for properties which contracts were exchanged during the quarter.

The difference been that the ABS are using prices of many properties that would have been sold in previous quarters but have settled during the March quarter, where many of the private sector monitors use the prices of properties contracted to be sold (ie. Auction or private sale prices).

Accordingly, the conclusion you can draw from this is that the ABS figures could lag behind that of many of the private sector property monitors, particularly at turning points in the cycle where prices are adjusting sharply upwards or downwards. This is something that the ABS themselves have apparently acknowledged.

So what about interest rates? The RBA have very recently intimated that rates could be on hold for a while as signs start to emerge that the property boom is unwinding and that economic growth is been maintained at long term manageable levels with inflation to remain within its 2-3% target range. Some indicators to watch over the coming months are: will exports improve and help fuel steady growth and are rising imports likely to add to inflation concerns.

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Budget Update

This years budget handed down on Wednesday 12th May included some noticeable changes to the current taxation and superannuation laws. One major change, that if passed, will affect many income earners through a change in the Marginal Tax Rates (MTR's). The threshold levels at which the tax rates change will be increased over the next two years. A welcome relief given that the current thresholds have been in place since the introduction of the GST. Therefore, after taking into account inflation, many taxpayers were experiencing a 'real' decrease in their after tax income. The proposed new rates are summarised below:

Tax Rate	Current Thresholds (\$)	Proposed Thresholds (\$) from 01/07/2004	Proposed Thresholds (\$) from 01/07/2005
0%	0 - 6,000	0 - 6,000	0 - 6,000
17%	6,001 – 21,600	6,001 – 21,600	6,001 – 21,600
30%	21,600 – 52,000	21,600 – 58,000	21,600 – 63,000
42%	52,001 – 62,500	58,001 – 70,000	63,001 – 80,000
47%	62,501 +	70,001 +	80,001 +

*Note – thresholds do not include the medicare levy or medicare surcharge where appropriate

Accordingly, for those earning less than \$52,000 there will be no change in there net pay. As an example, for someone earning \$60,000, currently their net pay per annum is \$44,868. This will increase to \$ 45,588 per annum in 2004/05 and to \$46,188 per annum in 2005/06 and beyond, under the new rates. For someone earning \$100,000, they currently have net pay of \$66,193 per annum. This will increase to \$67,288 per annum for the 2004/05 year and to \$68,388 per annum for the 2005/06 year and beyond. These figures do not include medicare, however this rate is remaining constant at 1.5%.

Superannuation

Several changes have been proposed to the superannuation law. Many of these changes reflect eligibility to contribute to superannuation, with the overall theme directed at making superannuation contributions possible for more people. One major change is to remove the 'work test'. This will mean that anyone under the age of 65, from 1 July 2004, will be able to make personal super contributions, whether they have worked in the past two years or not.

Some Olympic Facts

- The Olympics started over 3,500 years ago
- In 393AD the games were discontinued
- In 1894 the International Olympic Committee was founded
- In 1896 the first Olympics of the modern era was held in Athens
- The 2008 Olympic games will be held in Beijing.

Enjoy Winter!



Health Tips For The Quarter

Tips For The Travellers

Before you travel

There are many things you can do to prepare for a healthy holiday:

- Update your vaccinations and ask about other immunisations.
- Pack a medical kit for yourself and any children travelling with you. Make sure you pack enough of any medications you need, or take a prescription.
- Organise travel insurance (including cover if you need to be evacuated to a suitable hospital).

Tips for older travellers

Planning is even more important for the older (we will leave the definition of older up to you) traveller and you should consider the following before you travel:

- See your doctor for a checkup and discuss your fitness for the trip you are planning.
- See your dentist and optometrist.
- Pack a spare pair of glasses, any medications you need and a small medical kit.
- Organise travel health insurance with pre-existing illness cover if needed. Make sure it covers emergency evacuation.
- Make sure routine immunisations are up-to-date and get vaccinated against influenza and pneumonia.

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