

Macquarie Technology Investment Banking's quarterly newsletter covering private equity capital markets for technology companies

Time to adjust and plan for growth

Don't confuse a slowdown in capital markets with a slowdown in the appetite for cutting-edge technology

Discussion by four senior executives of Macquarie Bank and its Macquarie Technology Investment Banking Division

Australia's private technology companies face a time when conventional wisdom - reflected in the media and the markets - suggests they should pack up and go home. But no successful entrepreneur ever followed conventional wisdom.

The next few quarters are certain to be trying for many of Australia's technology companies, publicly-listed or privately-held. At a time when economic growth has stopped and many Internet companies are closing their doors, clear visibility is bound to be in short supply.

Our focus in this newsletter is on private companies across the technology sector and the community of professional advisors and services that support them. At Macquarie Technology Investment Banking, we see some important lessons for private technology companies after the



*Tony Castagna
Chairman, Macquarie
Technology Investment
Banking*

tumult of the past year. While we expect many technology companies - especially dot com ventures - to continue to fall by the wayside in the months ahead, we believe very strongly in the potential for strong and level-headed management teams to grow good businesses.

Entrepreneurs can't afford to confuse a slowdown in capital markets with a slowdown in the appetite for cutting-edge technology. Demand for new technology will remain strong, even while the capital markets struggle to recapture their glory days. To thrive, companies need to carefully analyse where shrinking IT spending - that is the demand for innovation and technology driven consumer demand - is being directed.



*Dan Phillips
Head of Macquarie
Technology Investment
Banking*

Cost of capital

Companies found themselves being offered buckets of capital over the past few years, making it seem easy to fund their expansion. Many found, however, that a cheque was not enough to sustain real growth.

The cost of capital has been so out of kilter with the reality of business risk that we now face a jarring

change. Companies have to re-evaluate their business models and in some cases go so far as to question whether they can justify an independent existence. All companies should consider the likelihood of a consolidation across various sectors in the coming months as investors demand a greater return for the risk of funding new technology ventures, pushing equity prices of stand alone companies downward.

The new reality has big implications for entrepreneurs and the broader private equity community. We see some significant shifts ahead:

Insolvency avoidance

We believe companies will continue to shift into 'survival mode' as they attempt to trade their way through a very difficult period. The ultimate challenge will be to avoid insolvency and concurrently maintain the value of their intellectual property.

Mergers

The increased demand for greater return-to-risk has made it difficult for many companies to fund their growth as stand-alone entities, forcing them to turn to mergers in order to achieve growth. One example: software companies that are faced with investors asking, "Why should we continue to fund the build out of your own distribution channel, when an established player can take control and use their own channels to commercialise your intellectual property?" In some cases, the mergers will prove to be mistakes, weighing companies down with integration issues. There is a big dilemma for acquirers here: why acquire now when the price of your target asset may fall by 50 per cent in three to six months? This kind of conjecture is especially risky because you may lose the key assets that were to be acquired, such as the intellectual property and competitive advantage.

Macquarie Technology Investment Banking (MTIB)

MTIB is experienced in meeting the needs of technology companies through the provision of advisory services and venture capital. MTIB works closely with companies to assist them in achieving their growth objectives.

MTIB provides advisory services to assist with a range of matters including fundraising, divestments, mergers and acquisitions, strategic alliances and joint ventures and other traditional investment banking services. In addition, MTIB provides operational and strategic assistance for high growth, early stage companies.

Through its venture fund (Macquarie Technology Fund I), MTIB is able to provide funding for exceptional opportunities.

If you would like more information, please contact us:

Telephone (02) 8232 3587
technology@macquarie.com.au

Facsimile (02) 8232 3656
www.macquarie.com.au/technology

Continued on page 2

Continued from Page 1

Buy rather than build

Strong companies will find new avenues for growth through the acquisition of new technology. In previous years, companies would invest in staff and equipment in order to roll out new services. Now, some will find it more effective to buy existing technology or, in some cases, entire companies. Cisco Systems has amply demonstrated this model with its acquisitions, including that of Radiata last year. Another example is the closer links between Woolworths and GreenGrocer. In areas like bandwidth, connectivity and biotechnology, we see many companies remaining relatively strong as stand alone prospects. In enterprise software some companies may survive independently, but many will have to consolidate into suites.

In the private equity sphere, capital remains plentiful by comparison with conditions just a few years ago. Now, however, capital is being held in reserve by venture capitalists, leading to an incredibly tight capital market for startups.

In a sense, the greater shortage is in the area of skills - the key differentiator that good venture capitalists have often brought to their portfolio companies. These include skills like finding the best people, networking with prospective partners and customers or helping with business strategy. Effective venture capitalists are concentrating on their traditional roles: helping entrepreneurs rather than simply signing cheques.

We see some angel investors retreating from private equity opportunities, while others (especially those with proven experience in the technology industry) continue to explore opportunities. We also see some large technology companies like Intel, Oracle and Sun Microsystems maintaining their activities in private equity, often in partnership with independent venture capital funds.



David Standen
Director, Macquarie
Technology Investment
Banking

As a result, the quantity of capital available is not at issue. However, private companies now have to work harder to attract that capital.

The entrepreneur's challenges

Now that the euphoria of recent years is well and truly over, companies cannot expect to attract investment support if they neglect key management challenges.

In the past, some businesses raised their profile by concentrating their energy on business development, marketing and promotion. While business development is as important as ever, it is time for management to focus their recruitment on building effective sales teams, as capital markets become increasingly impatient for companies to execute on commercial opportunities. This also means spending more time on account development with key customers.

Another challenge is to maintain research and development at a time when it may be tempting to cut long-term investment. Technology companies have to continue developing their key products and prepare for future shifts in their industry, knowing that it is not good enough to stay in their comfort zone.

One course of action is to focus R&D on areas where the company is especially strong, avoiding any R&D that leads to the development of multiple product lines that do not have a complementary purpose. Focus is key. In particular, entrepreneurs have to think a few waves ahead despite the sluggish capital markets.

Perhaps the greatest challenge, especially at a time of so much unpredictability, is to maintain enough flexibility to identify new opportunities.

Time and again, our team at Macquarie Technology Investment Banking encounters entrepreneurs who have difficulty pinpointing the



Mara Bun
Associate Director,
Macquarie Equities
Research

way their company fits into the value proposition desired by all stakeholders - perhaps because this involves questioning so many assumptions about the company's original beliefs. In a networked economy, myopia is deadly.

Good networking remains key to the success of local technology companies, helping individual managers understand how their own technologies or services can work with those of others, often in ways that the managers never expected. One aspect of this is the importance of an effective venture capitalist, who can hook an entrepreneur into a network of others with overlapping interests.

More "destruction" ahead

We expect several difficult months ahead for technology companies, as capital markets stop investing in the broad technology revolution and refine their focus on the few individual companies that are likely to succeed. This is, after all, consistent with the kind of "creative destruction" envisaged by Joseph Schumpeter. Entrepreneurial innovation, he said, "incessantly revolutionises the economic structure from within, incessantly destroying the old one, incessantly creating a new one."

Sure, there is plenty of destruction. But we continue to see ambitious technology companies planning beyond the current market woes - and creating significant new opportunities.

Photos of Macquarie Bank Executives by Justin Malinowski

Comments and Mailing Details

If you have any comments, would like to receive this publication via email, or would like to refer industry colleagues who would enjoy reading this quarterly newsletter, please contact us at technology@macquarie.com.au or Michael Lion on (02) 8232 3257

All names on our database are kept in the strictest confidence and not released to a third party.

Deal Track

Private Equity Deals

Wishlist

www.wishlist.com.au

Headquarters

Melbourne

Description

Online gift buying and e-tail

Funding

\$10 million

Previous funding

\$16.6 million

Investors

J.P. Morgan, Allen & Buckeridge

Details

This investment, contributed equally by J.P. Morgan and Allen & Buckeridge, is the second venture capital round for Wishlist. Completed in January, the investment is being used to buy out a 20 per cent stake in the company held by Harris Scarfe. The funds will also help Wishlist expand its e-fulfilment and infrastructure services.

Macquarie's view

Even in a very difficult environment, especially for e-tailing, companies with solid management and good track records can still raise funds. This deal shows the importance of having institutional backing that can support the company in follow-on rounds.

WineryExchange

www.wineryexchange.com

Headquarters

Novato, California

Description

B2B marketplace for the global wine industry

Funding

\$US1 million (estimate)

Previous funding

\$US24 million

Investors

Rothschild Australia, Venrock Associates, Charter Ventures, Cahill, Warnock & Company, 3i Technology Partners, vTraction

Details

WineryExchange, formed near California's Napa Valley in 1999, raised its latest funding from Rothschild Australia in order to expand in Australia. WineryExchange has 45 staff, including Australia and New Zealand.

Macquarie's view

Eighteen months ago, venture capitalists considered B2B marketplaces to be the next big thing - then the enthusiasm died. Now, the issue is not whether B2B marketplaces are increasing efficiencies in the value chain, but who is going to capture the benefits of the increased efficiencies. The jury is still out.

ActiveSky

www.activesky.com

Headquarters

Redwood City, California

Description

Software to display visual media content on mobile devices

Funding

\$US21.8 million

Previous funding

\$US1.5 million

Investors

JK&B Capital, Innovation Capital, Star Ventures, Comverse, Sumitomo, PacRim Venture Partners, Waypoint Ventures

Details

ActiveSky was founded in Queensland and formed a US headquarters in Silicon Valley early last year, after raising \$US1.5 million from Innovation Capital. The company's downloadable application runs streaming video on handheld devices such as the PocketPC. R&D continues in Brisbane.

Macquarie's view

For mobile devices, one of the biggest issues is how to create a rewarding customer experience on a small screen. Providing a satisfactory solution will probably require increased bandwidth, new software platforms and imagination. To be successful, the mobile Internet experience must be totally different to the Internet experience on desktops. Nobody has found a solution yet, though plenty are working on it.

Mergers & Acquisitions

News Corp, WebMD dissolve JV

www.webmd.com

www.newscorp.com

News Corporation ended its partnership with WebMD, one of the Internet's largest healthcare sites. Formed in December 1999, the alliance had been reportedly worth \$US1 billion over ten years, although News initially invested only \$US100 million in WebMD stock. WebMD retains the rights to \$US205 million in media services over ten years and will provide content to News Corp for \$US48 million over four years. The end of the alliance, which was Rupert Murdoch's biggest investment on the Internet, shows the difficulty of delivering on the e-health opportunity.

Macquarie's view

Few e-health ventures have succeeded, largely due to four reasons: concerns over privacy; concerns over security; the high degree of government involvement in health; and the fact that the medical profession is generally slow in its adoption of information

technology. The health sector remains a substantial market that is both complex and fragmented; new opportunities can still be found by those with the right solution.

Mincom acquires 60 per cent of yesresources

www.mincom.com

www.yesresources.com

Mincom, a large Australian supplier of software and services to the mining, oil and gas and project engineering sectors, has acquired 60 per cent of yesresources, a privately-owned mining portal that operates a vertical market for the mining industry. The investment comes as the public markets continue to punish B2B vertical markets - examples being VerticalNet and Ventro Corp - due to questions over the volume of transactions and users these sites require to cover massive fixed costs.

Macquarie's view

Mincom's investment confirms Macquarie's view that, in fragmented industries where buyer-led markets are not viable, vertical market makers are best owned and operated by players with a strong industry network and independent positioning within a market segment. The deal also makes sense because it allows the yesresources portal to be integrated into software already being used by Mincom customers. There are also suggestions that, rather than continuing to operate yesresources as an independent profit centre, Mincom could use the site as a value-added service to its existing customers.

Fairfax sells Sold.com.au to Yahoo!

www.f2.com.au

www.yahoo.com.au

John Fairfax Holdings said it would create a "broader relationship" with Yahoo! after selling its Sold.com.au auction site to the global Internet portal. Fairfax said the transaction would lead to a gain of approximately \$19 million in the current financial year and an "economic value" of \$30 million, of which 80 per cent would be paid in cash.

Macquarie's view

Fairfax's Internet division, F2, recognises that it is difficult to build a significant auction business on its own and needs the support of a global network. Yahoo! appears ready to fast-track its expansion in Australasia with an aggressive acquisition strategy and a move away from relying on advertising revenue. The latest events increase competition between ecorp's eBay Australia and Yahoo! in the auction business. This could be a challenge for Yahoo! in Australia, just as it was in the US market.

Entrepreneur Profile

Gour Lentell, Director, 24/7 Media Technology Solutions

Gour Lentell turned an Internet advertising idea into a \$12 million business while surviving five years of mergers, acquisitions and buyouts. We asked him how he did it.

Gour Lentell and business partner Dave Turner have had an extraordinary five years in the global high technology industry. Today, they have a lot to teach other entrepreneurs.

The fun started back in 1996 when their then boss, OzEmail founder Sean Howard, asked them to develop technology for presenting advertisements on Internet sites.

OzEmail took the technology to market in 1998 through a new company called Web Wide Media. This rapidly became a joint venture with Japanese Internet investment giant Softbank, which was just as quickly renamed Softbank Interactive Marketing, then sold to the obscure American company Zulu-Tek. Zulu-Tek became Zulumedia then ceased to exist altogether.

All of this left Lentell and Turner, who formerly worked within the more staid environs of database giant Oracle, somewhat dumbfounded but facing an opportunity. Through all the above deals the pair had maintained control over the rights to their ad serving technology and now began using it to build their own company, Sabela Media.

By early 1999, Sabela employed more than 50 people in London, New York and Sydney but needed money to fund further expansion. In April, they raised \$US2 million from Japanese investment group Tokad

and their new American chief executive officer James Green for 20 per cent of Sabela, valuing the enterprise at \$US10 million.

Lentell now says that three of Sabela's best early decisions were to self-fund for as long as possible, to go global, and to cut James Green in on what would ultimately equate to an equal third of the company, along with himself and Turner.



Gour Lentell
Director, 24/7 Media
Technology Solutions

"It was important for [Green] to come in as an equal partner. A lot of people try to go to the US and hire someone with a big salary and less options but it doesn't always work as well," says Lentell, adding that Green's operational capabilities and local knowledge of the US market complemented Turner's technical abilities and his strategic strengths.

"Going global was also smart. It enhanced our value 100 times. We would never have achieved that if we'd just stayed in Australia."

By December 2000, Sabela was achieving rapid growth worldwide and close to raising another US\$14 million in venture capital from a range of backers. Then lightning struck. The company's major competitor, American ad serving giant DoubleClick, sued it for patent infringement in the US. Then it offered to buy Sabela with the intention of closing it down, says Lentell.

Boxed in and with only a few months worth of operating cash in the bank, the Sabela founders raced to New York where they began separate negotiations with DoubleClick and another NASDAQ-listed company, 24/7 Media. For a range of reasons they settled on 24/7 Media under a mostly stock deal that valued Sabela at \$US70 million.

Sabela, which became a major part of 24/7 Media Technology Solutions, has continued to operate within the larger structure and today turns over more than \$12 million and employs around 80 staff in Australia, Europe and North America. However, its new parent company has developed its own problems, its market value tumbling from around \$US1 billion when it bought Sabela to around \$US30 million in March.

"We rushed into the deal," says Lentell with the benefit of hindsight. "We should have spent more time looking at [24/7's] strategy and business."

But Lentell and Turner still firmly believe in the value of their Australian-made technology and the idea of selling it according to a fee-for-service model. As a result, they are considering a management buyout that would see them take full control of the company again and enable them to unlock its true potential.

Despite the sharemarket volatility of the technology sector, Lentell also believes that the fundamentals still matter to quality investors. "If you have a solid idea, business and team of people you'll get serious consideration," he says.

Technology Capital has been edited by Michael Lion, an Analyst in Macquarie Technology Investment Banking (contact (02) 8232 3257). Production with the assistance of Editor.com www.editor.com



Michael Lion, Analyst,
Macquarie Technology
Investment Banking

DISCLAIMER AND DISCLOSURE

This newsletter has been prepared by Macquarie Technology Investment Banking (MTIB), a division of Macquarie Bank Limited, and is directed and available to residents of Australia only.

No part of this newsletter is to be construed as a solicitation to buy or sell any security. This newsletter is for general information purposes only and does not have regard to the investment objectives, financial situation and particular circumstances or needs of any specific person who may read it. These matters should be considered before making an investment decision and you should seek your own financial and/or legal advice.

Whilst every effort has been made to ensure the accuracy, completeness and timeliness of information as at the date of publication, MTIB does not accept any liability arising from the use of or reliance on information contained in this newsletter.

Opinions expressed in this newsletter may change without notice.

Macquarie Bank Limited or any of its associates, officers or staff may have interests in securities referred to in this newsletter.

©2001 Macquarie Bank Limited ACN 008 583 542

PUBLIC CAPITAL MARKET - TECHNOLOGY SECTOR

Industry Averages	P/E 2001	P/E 2002	EV/EBITDA 2001	EV/EBITDA 2002	EV/REV 2001	EV/REV 2002
Internet						
e-tailing	21.3	11.7	2.6	2.1	1.3	1.0
advertising/media	-	-	2.9	8.4	-	-
b-b	13.4	11.0	5.6	4.9	0.6	0.5
Software and Services						
Software	26.5	18.2	13.7	11.5	3.6	2.7
Services	27.0	17.0	13.4	10.6	1.8	1.2
Smartcards						
Smartcards	24.0	27.1	12.9	10.0	3.1	2.5
Security	30.1	17.2	29.6	16.5	4.7	3.4
Infrastructure & Networks						
Infrastructure & Networks	19.8	17.5	10.8	6.5	2.2	1.2
Hardware & Services						
Hardware	-	-	-	-	-	-
Health Technologies						
Biotech	68.6	39.6	-	-	-	-
e-Health	-	41.2	4.7	0.8	0.2	0.2

DEFINITIONS

P/E

Current share price divided by forecast Earnings Per Share (EPS).

EV/EBITDA

Enterprise Value (EV) divided by forecast Earnings Before Interest Tax Depreciation & Amortisation (EBITDA).

Enterprise Value

Market Value of Equity + Market Value of Debt - Cash [This is an estimation of the total intrinsic value of the company].

EV/REV

Enterprise Value divided by Revenue.

INTERPRETATION

P/E Ratios

P/E ratios present a picture of future expectations of earnings growth and risk. A higher P/E suggests greater growth prospects and/or lower risk, since investors are willing to pay more for the equity relative to current earnings.

EV/EBITDA Ratios

EV/EBITDA ratios present a picture of cash flows relative to the total value of the company (Net Debt plus Equity). A higher EV/EBITDA suggests greater growth prospects and/or lower risk.

EV/REV Ratios

EV/REV ratios present a picture similar to EV/EBITDA ratios and tend to be used for companies which have negative cash flows.

	Ticker	Cap (millions AUD) 16/3/01	Price (AUD) 16/3/01	Qrtly % Change	P/E 2001	P/E 2002	EV/EBITDA 2001	EV/EBITDA 2002	EV/REV 2001	EV/REV 2002	
INTERNET											
e-tailing											
	ecorp	ECP	\$543.39	\$0.81	-18.18%	-	-	-	-	2.6	2.3
	Adultshop.com	ASC	\$44.67	\$0.22	-8.33%	-	-	-	-	-	-
	Etrade Australia	ETR	\$58.37	\$0.85	-18.27%	-	-	-	-	2.6	1.8
	TVSN	TVN	\$52.18	\$0.40	-9.09%	-	-	-	-	2.6	1.6
	Sanford	SFD	\$21.09	\$0.54	-14.29%	-	-	-	-	0.0	0.0
	Wine Planet Holdings	WIN	\$18.41	\$0.20	0.00%	-	-	0.0	0.0	0.0	0.0
	Travel.com.au	TVL	\$11.03	\$0.33	-17.50%	-	11.2	-	2.4	0.1	0.0
	eBet	EBT	\$14.21	\$0.17	13.33%	21.3	12.1	5.3	3.9	1.3	1.1
	My Casino	MYC	\$7.88	\$0.06	-10.45%	-	-	-	-	-	-
Advertising/Media											
	LookSmart	LOK	\$50.72*	\$0.15	-6.25%	-	-	-	0.2	-	-
	BMCMedia.com	BMC	\$34.37	\$0.25	-12.28%	-	-	-	-	-	-
	emitch	EMI	\$6.16	\$0.11	0.00%	-	-	2.9	16.7	-	-
	Terraplanet.com	TPL	\$14.40	\$0.17	-12.82%	-	-	-	-	-	-
	Pineapplehead	PNH	-	-	-	-	-	-	-	-	-
B2B											
	Melbourne IT	MLB	\$44.50	\$0.89	14.10%	13.4	11.0	5.6	4.9	0.6	0.5
	PEG Technology	PEG	\$32.50	\$0.29	-18.57%	-	-	-	-	-	-
	RP Data	RPD	\$29.48	\$0.22	-20.37%	-	-	-	-	-	-
	Online Advantage	OLA	\$4.80	\$0.05	-28.57%	-	-	-	-	-	-
SOFTWARE & SERVICES											
Software											
	Computershare	CPU	\$4,020.72	\$7.43	-4.94%	64.8	46.8	27.2	22.1	5.9	5.3
	Infomedia	IFM	\$529.93	\$1.66	-4.05%	40.7	24.6	33.8	21.6	18.4	12.3
	MYOB	MYO	\$356.97	\$1.45	-14.71%	32.1	22.8	12.9	9.7	3.8	3.3

Continued overleaf

* Approximately 18.5% of issued equity listed on the ASX

TECHNOLOGY CAPITAL

	Ticker	Cap (millions AUD) 16/3/01	Price (AUD) 16/3/01	Qrtly % Change	P/E 2001	P/E 2002	EV/EBITDA 2001	EV/EBITDA 2002	EV/REV 2001	EV/REV 2002
Software (cont.)										
Technology One	TNE	\$240.84	\$0.76	-10.59%	29.6	20.6	28.7	20.1	9.0	6.8
Protel International	PRI	\$270.40	\$3.61	0.28%	23.1	18.1	13.8	11.5	5.8	4.9
Solution 6 Holdings	SOH	\$159.82	\$0.96	-6.80%	-	-	-	4.4	0.2	0.2
Sausage Software	SAS	\$114.87	\$0.40	-14.89%	-	16.9	9.2	7.2	0.7	0.6
Volante Group	VGL	\$88.34	\$1.30	-1.52%	11.0	8.7	7.8	6.7	0.3	0.2
Adacel Technologies	ADA	\$84.68	\$1.70	-5.82%	29.3	9.4	11.9	4.8	2.1	1.2
CI Technologies Group	CTL	\$73.99	\$1.42	1.43%	10.5	7.8	6.6	5.3	1.8	1.6
Objective Corporation	OCL	\$67.42	\$0.50	6.38%	15.6	6.6	6.3	4.2	-	-
Prophecy International	PRO	\$24.95	\$0.58	-3.33%	8.3	5.5	5.7	3.0	1.3	1.1
Digital Now	DNI	\$14.42	\$0.14	-31.71%	-	-	0.0	0.0	0.0	0.0
IXLA	IXL	\$15.89	\$0.19	-11.63%	-	-	-	40.5	0.6	0.4
HarvestRoad	HRD	\$6.80	\$0.19	-7.32%	-	-	-	-	-	-
CCK Financial Solutions	CCK	\$5.43	\$0.23	-11.54%	-	30.7	-	-	0.7	0.3
Integrated Research	IRI	-	-	-	-	-	-	-	-	-
Services										
KAZ Computer Services	KAZ	\$754.96	\$1.29	-3.01%	56.5	33.9	33.7	20.3	6.2	3.7
Powerlan	PWR	\$290.57	\$0.81	-14.74%	15.6	10.5	12.1	9.1	1.5	1.2
Hansen Technologies	HSN	\$152.08	\$1.90	-9.52%	53.4	29.1	15.5	12.9	3.3	2.9
eServ	ESV	\$75.68	\$0.90	-5.26%	21.1	14.5	0.0	0.0	0.0	0.0
Candle Australia	CND	\$57.73	\$1.65	-2.37%	10.0	8.9	5.8	5.2	0.3	0.2
CommSoft Group	CSG	\$37.22	\$0.60	-16.67%	5.7	4.8	-	-	0.0	0.0
Voicenet (Aust)	VNA	\$30.75	\$0.27	-15.87%	-	-	-	16.0	1.1	0.5
Clarity International	CLA	\$157.20	\$3.00	-3.23%	-	-	-	-	-	-
SMARTCARDS & SECURITY										
Smartcards										
ERG	ERG	\$950.60	\$1.52	-15.84%	24.0	20.2	23.3	18.8	3.9	3.1
Keycorp	KYC	\$407.70	\$5.35	-21.32%	-	-	15.3	11.2	2.4	1.9
Intellect Holdings	IHG	\$228.19	\$1.06	-3.20%	-	-	-	-	-	-
Catuity	CAT	\$58.24	\$7.40	-7.50%	-	33.9	0.0	0.0	-	-
Omnitech Holdings	OHL	\$10.72	\$0.24	-4.00%	-	-	-	-	-	-
CommSecure	CMS	\$12.04	\$0.15	-14.71%	-	-	-	-	-	-
Cendant Australasia	CED	-	-	-	-	-	-	-	-	-
Security										
Vision Systems	VSL	\$418.29	\$2.86	0.35%	27.3	22.9	14.2	13.2	2.9	2.5
SecureNet	SNX	\$201.92	\$2.59	-24.93%	45.6	21.1	45.0	19.9	6.5	4.2
Citadel Securix	CSX	\$14.00	\$0.35	16.67%	17.5	7.8	-	-	-	-
INFRASTRUCTURE & NETWORKS										
Open Telecommunications	OTT	\$484.02	\$0.84	-20.76%	25.3	16.5	21.4	14.0	4.7	3.3
Uecomm	UEC	\$619.69	\$1.23	-10.87%	19.8	9.5	-	-	-	-
Davnet	DVT	\$162.57	\$0.34	-15.00%	-	-	-	-	1.9	0.9
Pracom	PCO	\$189.76	\$1.25	-8.76%	23.2	14.9	11.3	8.9	1.1	0.9
Telemedia Networks International	TMN	\$33.21	\$0.48	-20.00%	-	23.1	7.3	5.2	1.3	1.0
Amcom Telecommunications	AMM	\$52.15	\$0.65	0.00%	-	57.4	-	8.4	3.6	1.9
Techniche	TEH	\$12.22	\$0.34	-32.00%	-	2.0	-	1.3	0.3	0.2
Access1	ACC	\$13.01	\$0.10	-16.67%	-	9.5	-	5.7	3.7	0.9
Objectif Telecommunications	OBJ	\$10.80	\$0.09	-18.18%	10.8	6.9	3.1	2.0	1.0	0.6
Cape Range Wireless	CAP	\$67.12	\$0.21	-10.64%	-	-	-	-	-	-
HARDWARE AND SERVICES										
Hardware										
Orbital Engine Corporation	OEC	\$446.87	\$1.26	-5.26%	-	35.3	-	28.3	8.6	5.7
Silex Systems	SLX	\$454.07	\$3.85	-5.17%	-	-	-	201.8	24721.5	24721.5
Poltech International	PLL	\$27.71	\$1.39	-0.71%	-	-	-	-	-	-
Redflex Holdings	RDF	-	-	-	-	-	-	-	-	-
Lake Technology	LAK	-	-	-	-	-	-	-	-	-
Autron Corporation	AAT	-	-	-	-	-	-	-	-	-
Services										
GES International	GEE	-	-	-	-	-	-	-	-	-
HEALTH TECHNOLOGIES										
Biotech										
CSL	CSL	\$5,226.26	\$34.93	-5.10%	95.5	61.6	-	-	-	-
Novogen	NRT	\$263.11	\$3.10	-14.84%	-	-	-	-	-	-
Biota Holdings	BTA	\$171.05	\$2.28	-8.80%	41.6	17.6	-	-	-	-
Amrad Corporation	AML	\$108.76	\$0.93	-7.00%	-	-	-	-	-	-
e-Health										
IBA Technologies	IBA	\$31.51	\$0.26	-16.13%	-	74.3	4.7	0.6	0.2	0.2
Health Communication Network	HCN	\$27.12	\$0.48	-2.04%	-	8.2	-	1.1	0.2	0.1
PharmaNet Online	PNO	\$1.59	\$0.05	-23.08%	-	-	-	-	-	-
Working Systems Solutions	WSS	-	-	-	-	-	-	-	-	-

Source: MRE, Bloomberg and IBES