

Value View 2005

A STRAIGHTFORWARD INVESTMENT REPORT FEATURING VALUE AND GROWTH-ORIENTED STOCK-PICKS, FINANCIAL NEWS, MONEY TIPS AND INSIGHTS FOR INVESTORS.



STAND FIRM



THERE'S SOMETHING TO BE SAID FOR standing firm in the face of opposition.

Our predictions over the past few years have proven to be relatively sound. Interestingly, most of the best ones have come at times when the mainstream is saying precisely the opposite. Predictions like these can be valuable if one is to build an investment strategy around their view of the world.

Our appraisal over the past few years that inflation would return (while most of Wall Street was bemoaning DEflation) has proven to be true. As we've pointed out in the past, it can be readily

observed in oil prices, real estate, and dozens of other commodities where no source of cheap imports is available. As Steve Forbes remarks in Forbes Magazine's May 23rd commentary, "oil became expensive because the Fed has been printing too much money." In an earlier issue, we pointed out that what we're really seeing is just the effect of a falling dollar, rather than rising oil prices.

Some might wonder how we think of the dollar as a falling currency, because it certainly seems to have been rising against the Euro in recent months. Still, it may be more accurate to think of the Euro as simply falling faster than the dollar. Indeed, now that both France and the Netherlands have voted to reject the EU

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I'M SORRY; YOU SAID YOUR NAME WAS...?

"I'm doing really well! Like the tan? I got tons of sun on that Caribbean cruise. And first class tickets to Florida and back. Nope, not an airline upgrade. Hotels, restaurants, entertainment: 5-star service all the way, baby! And tickets to the theme parks...yep, all of them; even that new one with all the great rides. I'll show you pictures, my new digital camera is in my car. Okay, I'll call you. I have a new cell phone. Or, I can get my email wherever I go since I just got a laptop. Just let me know when you're free to take a spin in the car – it's a 2005 sports model, fully loaded! Yesiree, yours truly, Chad E. Charlatan, is going to the top! Nope, I'm not working, but that's okay. I didn't pay for anything myself. I don't care who Ms. Donna Knowe-Bedter is, but it's not my fault if she doesn't keep tabs on her credit card statements. One day I'll thank her for being so rich!"

A little far fetched perhaps? Think again. In a perfect world, our lives would be peopled by honest folks with good intentions.

We don't live in a perfect world.

Identity Theft (IDT) is no small matter. In 2004, 39% of complaints received by the FTC's Consumer Sentinel were from IDT victims. That's up from less than 162,000 cases in 2002. In 1994, identity theft was almost unheard of. Since 1997, the Consumer Sentinel has received 2 million complaints of IDT and consumer fraud. No wonder that it's becoming common for us to hear stories of friends, relatives or business acquaintances who are IDT victims.

Read the news lately? Hackers can break into a system and steal information on corporations

and individuals. "Skimmers" can be attached to credit card readers, and used to store credit- and bank-card numbers. Identity thieves may pose as people who have a legitimate reason to obtain your financial and personal information, e.g.: employers, landlords or even utility company representatives. Your information may be stolen by someone who uses their employers' authorized access to obtain credit reports or other information. Thieves can get information by stealing databases and other records from employers, or bribing fellow employees who may have access to important data. They may steal your mail, taking credit card offers, tax information and other documents. "Dumpster diving" involves digging through garbage to find information such as bank statements, or credit card information. And there's always the age-old method of simply stealing your wallet or purse. ID thieves are supreme opportunists. Leave your credit card number lying around, and you could buy a day of beauty at an upscale spa – for someone else.

New ways of stealing your identity pop up fairly frequently. "Phishing" became prominent in 2003 and 2004. It utilizes well-designed emails and websites, convincing victims to provide personal, financial and other information. Emails may resemble those from legitimate businesses and financial institutions, but once you have provided the information requested, the nightmare begins. A survey by First Data Corp. showed that 43% of adults have been "phished" for information. 5% of the people who were phished gave up the information as requested. The cost? Damages now top \$1 billion per year. How's that for a nightmare?

And it's not a nightmare you wake up from quickly. New phone services, auto loans and credit cards can all be obtained using stolen information. IDT victims may find mailing addresses changed, and their credit ruined. ID thieves can file for bankruptcy in the victims' name to escape incurred debt. They drain bank accounts by counterfeiting checks and debit cards, and can open bank and credit card accounts using their hapless victims' names. Your name may be given to the police during an arrest. If the thief is released, and fails to show up for a court date, you may be arrested. And aside from all of this, additional out-of-pocket costs to clean up the mess can be staggering.

It pays to be savvy. A little thoughtful planning can go a long way to preventing the pain of having your identity stolen.

A good and simple first step is to buy a shredder for your home and office. Shred all documents that contain your name; personal information such as social security numbers, phone numbers, addresses, birthdates, credit applications and financial documents, and medical and insurance information. When in doubt, shred. Whole documents can be used against you. Confetti can't.

Get your credit report and verify it. Credit companies only collect and report information without verification of accuracy. You can also see who has been collecting information on you. Manage this tool carefully, and use it for protection. It's worth it.

Are you online much? Secure your computer against online theft. Your PC may be a gateway to private information. NEVER leave an

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*The function of wisdom is to discriminate between good and evil.
~Cicero~*

Standing Firm, from page 1

Constitution, the entire structure of the EU may be called into question, and while we don't foresee the collapse of that institution, we do believe it will weigh on the currency for a time. As we have said in the past, the attempt at unification is itself no more than a grand experiment, and the currency that accompanies it can be viewed as no more stable than the underlying structure.

Still, none of this makes us view the dollar as necessarily strong. In a world where the Indian Rupee, Romanian Leu, South African Rand and other historically undependable currencies are rising steadily against the dollar, its silly to think of our currency as anything but weak.

In real estate, we've suggested in the past that a real estate bubble may be developing, but also that much of the rise in prices may be coming from inflation as well. Indeed, if any price collapse does occur, it may be some time from now, and some regions may hardly feel it. The gap in price between the large California cities and mainstream America is reportedly wider than ever before. I'd recommend caution in the red-hot markets in Cali, NY, and Mass., but the rest of the country seems fairly priced. I'm not too worried about prices that have risen no faster than the price of oil. While others have predicted (endlessly, it seems) that homebuilders ought to fall apart any day now, we've

continued to recommend some of the best ones and seen sizeable profits result for our readers.

This month, we've decided to take a position on Harley-Davidson stock that differs from most of the investment community. While Harley's quarterly earnings were indeed below expectations, we reject the investment community's hysterical suggestion that this is the end for the motorcycle maker. In fact, we firmly believe this will turn out to be a small blip in the long-term upward trend.

It is decisions like these that set us apart from much of the investment world. It seems that many of the writers in "investment-land" are content to parrot the projections of corporate lackeys and government bureaucrats, without so much as a scintilla of independent analysis. Alas, as the demand for investment advice has grown, it may have outstripped the supply of quality analysts, both in news reporting and in the investment industry itself. This would explain the quantity of drivel coming from multiple sources these days.

We can occasionally find kindred spirits in the media: while we invariably disagree with Business Week, Fortune, and most of the TV business news-trivia reporters, a few – like Forbes, Barron's, or TV's Louis Rukeyser or Paul Kangas – still provide thoughtful commentary from time to time. Overall, though, we seem to have reached a distressing time in investment report-

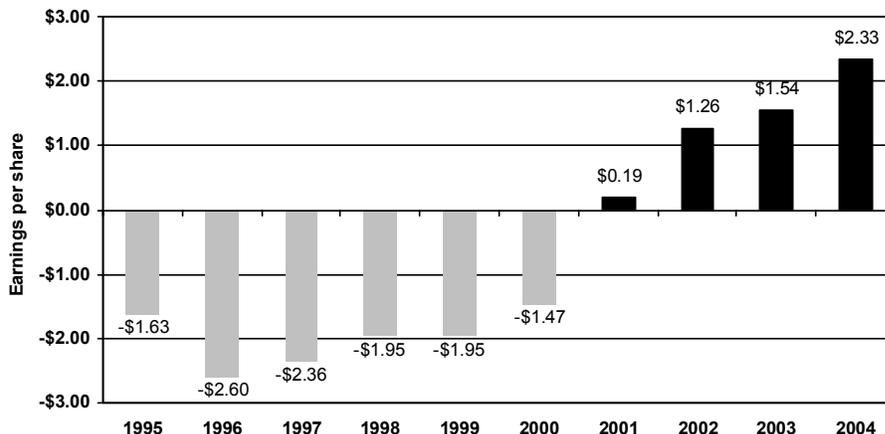
ing. Most reporters and publications are content to simply repeat what they've heard, play on emotions, and call it complete coverage. I suppose it makes sense that eventually coverage of business news would descend to the same level as broader news coverage.

In times like these, it is important to select a few good sources of quality information. It is just as important to wean ourselves from poor information sources. If your newspaper, magazine, or broadcast station has ceased offering thoughtful analysis, stop wasting your valuable time. Utilize your time more productively on the few meaningful sources of information.

In light of so much fluff in the media, it is increasingly important to stand apart from the mainstream. You need information resources that are willing to do so, as well. Contrarians (investors who have bucked the trends) have fared well in the investing quandary. Today, contrarians' biggest advantage is that they are willing to stand out and avoid falling for the latest hype. Mindless followers, in an age of meaningless information, will eventually get slaughtered by following mediocre advice once too often. Don't tolerate lackluster information resources. Seek out quality.

Investor's Value View aims to be a primary resource for your specialized information. Let us help you navigate the information minefield.

In the sights of our stock focus this issue is drug maker Cephalon. Cephalon made its introduction into US markets only 6 years ago and is proud to report that total revenues exceeded \$1 billion for the first time in 2004. In addition, over 3.3 million prescriptions written in the US for 3 of Cephalon's main products meant a 37% rise in orders for those medications. Cephalon's offices are located in 3 US cities and in Europe, and the company employs over 2000 people worldwide. Cephalon produces over 20 internationally marketed products, and is constantly researching and developing new drugs for a variety of uses, including cancer pain treatments and ADHD. The company posted higher first-quarter revenues and earnings compared to last year. This was attributed to the improved sales of the company's leading drugs such as Provigil, which is used to treat narcolepsy.



In May of this year, Cephalon acquired Salmedix, a private cancer drug maker, for \$160 million. Salmedix's leading drug, Treanda, is undergoing clinical trials and is used for the treatment of non-Hodgkin's lymphoma. Pending FDA approval, Treanda will be a welcome addition to Cephalon's impressive line of cancer treatments. Earnings have been growing steadily for half a decade, and we feel that this company is an attractive investment, especially at the low price of its shares.

Identity Theft, from page 2

online connection open if you are away from your computer, and change your passwords often. Use passwords that are easy for you to remember, but hard for someone to figure out. Incorporate numbers and symbols. Some programs allow the PC to fill out forms automatically for you. Convenient, yes, but your PC may happily hand over the information to anyone who knows how to ask for it. Consider buying protective software, such as a firewall, if your system does not have one built in. A good computer store will be able to advise you accordingly.

Call your credit card companies' customer service departments and make sure there are no surprises on any of your credit cards. Then request that special restrictions be placed on each card. For instance, you can request that no phone charges be made on your cards, or single purchases should not exceed a certain dollar figure. Violating these restrictions stops the transaction. Nightmare avoided.

How safe is your mailbox? Stealing mail is one of the easiest ways to steal your ID. Get a lockable USPS-approved mailbox. Be secure.

Be very, very picky about giving out your Social Security number. Resist giving out that very personal piece of information. Very often, a request for your SSN may not be mandatory. Check the privacy act of 1974 to know your rights. For more information on the privacy act and your SSN, go to <http://www.faqs.org/faqs/privacy/ssn-faq/> on the web.

Other bits of information, such as your mother's maiden name, or your birthdate may seem harmless, but those items are almost always requested as verification of ID. Avoid giving out that information if at all possible. A couple of good rules of thumb: keep yourself to yourself, and stay educated.

Following the afore-mentioned guidelines will give you an edge over would-be thieves. It only takes a little effort to protect your identity, brokerage and investment accounts, and other financial information. Having your ID stolen is a terrible experience, and consumes much time, finance and energy. Though the challenges are new, the old cliché applies: "an ounce of prevention is worth a pound of cure." For your own sake, the sake of your sanity and your safety, set aside a few minutes to follow the advice above. And please exercise caution; protect yourself the next time someone says, "...and your name is....?"

*The beginning of wisdom
is found in doubting;
by doubting
we come to the question,
and by seeking
we may come upon
the truth.
~Pierre Abelard~*

*Good people are good
because they've come to wisdom
through failure.
We get very little wisdom
from success, you know.
~William Saroyan~*

GLOSSARY OF TERMS

Buy Aggressively	This rating designates the best buys at the best prices. It does not indicate momentum.
Buy	Also a good buy, but not as exciting or certain as the above.
Speculative Buy	Stocks with great potential, that may not be great values. These certainly involve higher risk.
Nibble	This rating suggests buying a little at a time as prices become more favorable.
Hold Tightly	An attractive stock which is probably too high to buy but does not warrant selling.
Hold Loosely	Stock approaching excessive valuation that may be traded out selectively for better buys.
Harvest	This is a sell rating for quality stocks which seem to be inflated in price. This does not suggest any impending problems. These stocks may be held by those who cannot afford to take profits, but the risk of holding is greater. Selling a portion of such shares is often a good strategy.
Inconclusive	This term is used when news creates uncertainty, or action appears to be negative, even if news has not yet appeared. Most people prefer not to hold stocks in periods of uncertainty and this rating is similar to a clear sell rating. We make this distinction because such uncertainty can create outstanding valuations. We do not want to create the impression that we know something we do not.
Sell	The clear sell rating is reserved for stocks that have struck bad times and should be unloaded by all investors.



... are companies on the cutting edge of the world's new architecture. Each enjoys a strong position in their changing field. They could be the blue chips of the future but are relatively unproven, and operate in fast-paced industries. The risk is greater, but returns can be outstanding. While they tend to be most appropriate for risk-oriented investors, conservative investors may want to hold a small position of some of these potential world-beaters as well.

Cephalon is our featured stock for this issue. For more information on this remarkable company, please refer to "Stock Focus", on page 3.

Mexico's mobile phone giant **America Movil**, looks to continue its rapid expansion through acquisitions. The company recently announced plans to purchase Hutchison Telecommunications' mobile operations in Paraguay. This will give America Movil control of a GSM network that covers the majority of Paraguay. The company posted a solid increase in first-quarter revenues and profits compared to last year.

Ask Jeeves, one of the world's leading Internet search engines, reported record first-quarter revenues and earnings, largely driven by solid performance in the company's Fun Web Products business. Ask Jeeves recently acquired Bloglines, the market leading RSS aggregator. This will expand service offerings, allowing for some differentiation from other leading search engine providers.

Despite being one of many victims in a new wave of identity theft, data warehouse **ChoicePoint** managed to post an increase in first-quarter income compared to last year. This is positive news for ChoicePoint, currently under a regulatory investigation to assess damage caused when thieves hacked in to the company's system and stole personal information for about 145,000 consumers.

Collegiate Pacific, a leading manufacturer and supplier of sports equipment for institutions, reported a respectable increase in third-quarter sales and income compared to this period in 2004. This is primarily attributed to the company's acquisitions earlier in the fiscal year. Collegiate Pacific also recently acquired Salkeld Team Sports, a leading distributor of team sporting goods products in Illinois. This will significantly increase Collegiate Pacific's road sales force.

Engineered Support Systems, a leading maker and provider of integrated military supplies and services, has acquired Mobilized Systems, which manufactures highly specialized trailers and environmental control systems for the defense industry. This \$17 million deal will provide new avenues of growth for the company. Other good news includes several new military contracts: a five-year, \$203.7 million contract, and a separate \$3 million agreement for development of rapid fluid transfer equipment for the U.S. Army, and a \$14.8 million deal for environmental control units from the U.S. Air Force.

First Advantage, a risk mitigation and business solutions provider, posted an increase in first-quarter earnings compared to one year ago. This is largely due to solid operating performance and the completion of the company's acquisition of Data Recovery Services. First Advantage recently announced the acquisition of the Credit Information Group of The First American Corporation, the nation's leading data provider, in exchange for stock in First Advantage. The agreement is expected to close in the third quarter of this year. It will raise First American's

ownership of First Advantage from its current holding of 67% to a new holding of 80%. This collaboration is expected to provide a synergy that will strengthen the business offerings of both companies.

Harris Interactive, one of the largest market research firms in the world, reported a sizable drop in third-quarter profits compared to 2004. The company has been plagued by a series of operating problems and announced the resignation of its CEO Robert Knapp. President Gregory Novak took over as acting CEO in early May. The company completed the sale of its Japanese operations, but will retain its ability to use its relationship with these operations to provide future research services to the Asian market.

J-2 Global Communications, a leading provider of outsourced communications services, reported record first-quarter earnings compared to one year ago. This performance was largely driven by solid growth in enterprise sales and successful integration of the company's international expansion strategy. J-2 Global also benefited from a significantly lower tax rate during this quarter.

L-3 Communications, a leader in military defense systems, reported a sizable increase in first-quarter earnings compared to the same time last year. During the quarter, the company was awarded several new contracts: a \$33 million transportation security administration pact, a \$42 million order for U.S. special operations helicopters, and a \$300 million deal from Korea Aerospace Industries to provide various services to South Korea's naval aircraft fleet.

Leading wireless communications provider **NexTel** posted solid first-quarter revenues and earnings. Driven by rising demand for its Boost Mobile™ prepaid phone and Blackberry® business communications services, the company showed a significant increase in subscribers. Nextel has also improved mobile phone coverage areas and released a line of compact and durable mobile phone devices.

Paincare Holdings, a leader in the delivery of orthopedic rehabilitation and pain management solutions, reported a substantial boost in first-quarter earnings compared to this time last year. The success of the company's growth-through-acquisition strategy recently includes plans to acquire Colorado Pain Specialists, an interventional pain management practice operating six clinics in Colorado. With future acquisitions sure to come, Paincare Holdings shows no sign of slowing its growth.

Priceline.com, a name-your-price travel service, reported a small drop in first quarter earnings compared to this time last year. Anticipated expenses associated with the acquisitions of Travelweb and Active Hotels in previous months contributed to the drop; Priceline.com would otherwise show noteworthy increases in first-quarter income. The company showed a sizable increase in the number of Airline ticket, hotel room, and rental car bookings over the period.

Using Generally Accepted Accounting Principles (GAAP), **Sonic Solutions**, a leading provider of digital media software, posted sizeable decreases in fourth quarter earnings compared to 2004. Under pro forma standards, Sonic Solutions reported a significant increase in earnings. The disparity is related to expenses associated with the company's recent acquisition of assets and liabilities of the Consumer Software Division of Roxio. It may be some time before Sonic's acquisition of Roxio begins to turn the division toward a positive direction.

1-800-Flowers, a leading multi-channel retailer of thoughtful gifts, reported a significant increase in third-quarter revenues thanks to growth in online sales. However, the company's profit margin and overall profit decreased slightly when compared to the same period in 2004. 1-800-Flowers attributes this profit decline to a number of factors including rising fuel costs, and increased competition during the Valentine's Day season.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Recommendation
1-800-Flowers	FLWS	\$7.32	\$0.22	33.3	25%	Nibble
America Movil	AMX	\$58.29	\$2.92	20.0	20%	Nibble
Ask Jeeves	ASKJ	\$31.36	\$0.83	37.8	26%	Hold
Cephalon	CEPH	\$39.71	\$2.53	15.7	23%	Buy Aggressively
ChoicePoint Inc	CPS	\$40.35	\$1.51	26.7	20%	Hold
Collegiate Pacific	BOO	\$9.30	\$0.49	19.0	24%	Buy
Engin'r'd Sup't Syst	EASI	\$35.80	\$1.95	18.4	18%	Buy
First Advantage	FADV	\$21.94	\$0.59	37.2	28%	Buy
Harris Interactive	HPOL	\$5.07	\$0.48	10.6	21%	Hold
J-2 Global Commun	JCOM	\$37.52	\$1.38	27.2	30%	Buy Aggressively
L-3 Comm.	LLL	\$71.03	\$3.31	21.5	23%	Nibble
NexTel	NXTL	\$30.90	\$2.00	15.4	25%	Hold
Paincare Holdings	PRZ	\$4.18	\$0.16	26.1	20%	Buy
Priceline.com	PCLN	\$24.08	\$0.95	25.3	25%	Nibble
Sonic Solutions	SNIC	\$15.16	\$0.32	47.4	25%	Hold

*Work is either fun or drudgery. It depends on your attitude. I like fun.
~Colleen C. Barrett~*



... features stocks that appear to be below their reasonable valuations, based on their expected future growth. Unlike many stock-pickers who seem to divide stocks into "growth" or "value" picks, we believe the growth outlook is one of the prime factors for determining value. These stocks may not always show immediate results, but should provide outstanding returns in the long-run.

This issue, we introduce **Apache Corp.**, which explores and produces natural gas, crude oil, and natural gas liquids. With OPEC's decision to increase production, crude oil is expected to drop to a lower price range (roughly \$45-\$55). This, however, will be off-set by healthy increases in exploration and production. With its active winter drilling program in Canada, discoveries in Egypt, greater production in the North Sea, and resumption of its Gulf of Mexico facilities, Apache should expect to grow earnings through the year. This is a financially solid company with good cash producing abilities.

Also new to this issue is **Bank of Nova Scotia**, which provides retail, commercial, international, corporate, investment and private banking services and products through 1,600 branches primarily in Canada. BNS is enjoying robust improvements in mortgage lending while decreasing loan losses. Recently, BNS reported record earnings and increased its dividend. We advocate purchasing shares in this stable stock.

Yet another stock premiering in this issue is **FindWhat.com**, a developer and provider of performance-based marketing and commerce enabling services that help businesses grow. Visitors click on an advertisement, get transferred to the corresponding website, and FindWhat.com gets paid. Other revenue streams include bid-for-position, pay-per-call, and keyword-targeted advertising service. FindWhat.com and Yahoo's Overture pioneered this paid-search concept, and a pending June 24th hearing will decide if FindWhat.com infringed on Yahoo Overture's patent. The coming verdict looks favorable for FindWhat.com, and we cannot deny the attractiveness of strong revenue growth and very low debt levels.

Frontline Ltd. remains proactive in searching for acquisition candidates. With better-than-expected first quarter earnings, Frontline operates in a highly fragmented tanker industry and would enjoy higher efficiency and lower operating costs should they find a successful target. We remain bullish about the prospects of Frontline Ltd, thanks to increased oil production and little competition in the form of large tankers.

Aided by significant asset purchases, **Asta Funding** saw its 2nd quarter earnings increase 34% from last year. To finance its future growth opportunities, Asta Funding also received a credit facility extension to the tune of \$80 million from \$60 million. Shares of have jumped 28% since our last issue's recommendation.

Beazer Homes reported a net loss of \$2.13 in its 2nd quarter as a result of writing down the value of some under-performing operations and settling a class-action lawsuit. The good news is that Beazer would have reported \$1.82 a share, reflecting a 55% increase year-over-year, if we factor out the one-time charges. Also, new orders are up 4% and backlog (unprocessed sales) grew 18.8%. Beazer Homes raised its earnings estimate as result. Despite rising mortgage

rates, which adversely affects homebuilders in the entry level market, we are confident in Beazer's position in its diverse markets.

Forty percent of **Standard Pacific's** business is concentrated in California, which presents concerns of a real estate bubble. We feel that, with upcoming elections in California, a surge in economic window dressing will only prolong California's good fortunes, including its' real estate market. This will give favorable stock appreciation potential for the next couple of years. A 47% increase in backlog and reduction in cancellation rates provide excellent catalysts for the remainder of the year.

Bancolumbia, reported a 17% earnings increase year-over-year. This is a direct result of increased loans and interest on loans. We continue to find Bancolumbia attractive with high profit margins and high return on equity. This, coupled with the fact that Colombians' have increasing savings and investable assets, makes this a good buy.

Fortune Brands' quarterly earning rose 9%. This was a direct reflection of increased home and hardware product sales due to a strong home improvement and remodeling market. Fortune Brands also announced that it is teaming up France's Pernod Ricard SA to acquire the assets of British liquor company, Allied Domecq PLC. Included in this portfolio are valued brands such as Sauza, Courvoisier, and Maker's Mark. The remainder of the year looks solid with double-digit earnings growth expected.

Investment Bancshares recently reported its greatest earnings in the history of the company.

Investment is only trading at 1.24 times its book value, and we like the consistent sales and earnings growth and its cheap valuation. We also like that shares have been very volatile recently, giving us the opportunity to purchase additional shares at reasonable prices.

Based in Seoul, South Korea, **SK Telecom** is the largest mobile phone provider and operator in that country, with 51% market share. However, rising regulation of the cellular industry in Korea is eating into SK's market share. Despite this, we are optimistic about SK's innovative product lines which include offering customers \$5 a month subscriptions to download any of 700,000 songs to their cell phones.

PetroKazakhstan reported earnings of \$2.16, an increase of 100%. Over the past two months, shares have been beaten down over 30% in wake of fears of an unstable Kazakh government. Though shares have been volatile, long-term earnings appear likely to rise as PetroKazakhstan is in position as a low-cost source for China's increasing oil demand.

Smartpros, Ltd., a learning solutions provider, continued on the path of profitability. They experienced revenue growth of 28.4%, lowered operating expenses, and continued lowered debt levels. Smartpros is actively searching for possible acquisitions to expand in other markets.

Tele Centro Oeste Celular recorded 22% higher first quarter earnings. The addition of 36% more customers, increasing earnings and a shrinking debt make this growth stock highly attractive.

Telefonos de Mexico, Korea Electric Power, and Village Super Market remain attractive.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Apache Corp.	APA	\$59.40	\$5.63	10.6	10%	0.5%	Buy
Asta Funding	ASFI	\$27.64	\$1.79	15.4	16%	0.5%	Buy
Bancolumbia	CIB	\$15.15	\$1.62	9.4	11%	2.6%	Buy Aggressively
Bank of Nova Scotia	BNS	\$31.50	\$2.36	13.3	10%	3.5%	Buy
Beazer Homes	BZH	\$54.82	\$6.78	8.1	12%	0.7%	Buy Aggressively
FindWhat.com	FWHT	\$5.92	\$0.55	10.8	10%	0.0%	Speculative Buy
Fortune Brands	FO	\$87.25	\$5.33	16.4	13%	1.5%	Buy
Frontline Ltd.	FRO	\$43.98	\$9.00	4.9	10%	8.9%	Speculative Buy
Investment Bancshares	IBCA	\$18.25	\$1.96	9.3	11%	0.0%	Buy Aggressively
Korea Electric Power	KEP	\$14.90	\$1.65	9.0	10%	2.2%	Buy
PetroKazakhstan	PKZ	\$28.96	\$7.03	4.1	10%	0.9%	Speculative Buy
SK Telecom	SKM	\$21.44	\$2.17	9.9	15%	0.7%	Buy
SmartPros Ltd.	PED	\$4.09	\$0.43	9.5	20%	0.0%	Speculative Buy
Standard Pacific	SPF	\$83.01	\$10.25	8.1	12%	0.4%	Buy Aggressively
Tel. CentroOeste Cel.	TRO	\$10.79	\$1.59	6.8	14%	0.0%	Buy Aggressively
Telefonos de Mexico	TMX	\$18.77	\$1.72	10.9	12%	3.1%	Buy
Village Super Mkt.	VLGEA	\$44.55	\$4.46	10.0	12%	0.8%	Buy Aggressively

*To put the world right in order, we must first put the nation in order;
to put the nation in order, we must first put the family in order;
to put the family in order, we must first cultivate our personal life;
we must first set our hearts right.*

~Confucius~



... is a list of legitimate "blue chips" that we follow monthly. These stocks can generally be held for the long term without great concern for market changes. We rate them buy/sell for valuation only. While it may sometimes pay to move from an overvalued member of this list to a bargain-priced choice, most of these stocks can be held even when they are overvalued without significant long-term risk.

Leading telecommunications and information services firm **Alltel** recently reported 65% higher first quarter income than a year ago. Although most of this can be attributed to a one-time investment gain, earnings from operations rose a healthy 15%. That growth was driven primarily by a 14% increase in wireless revenue. Alltel continues to expand its product lines and customer base. The company recently made AOL and MSN instant messaging service available on its Axxess plan. This will give Alltel's 8.6 million wireless customers the ability to stay connected even when they leave their computers. An additional 1.2 million customers might soon be sending and receiving instant messages using the Axxess plan as Alltel is proceeding with its acquisition of Western Wireless. Western Wireless currently has 1.2 million customers in 19 western states. The added customer base should have a synergistic affect on the company's wireless operations at a time when wireless service is becoming increasingly important to telecommunications firms.

Fair, Isaac & Co. recently released its latest version of managerial software. 6.0 Blaze Advisor builds on its predecessor's strengths and delivers industry-leading capabilities. IBM has already certified the software as optimal for all of its servers, including its popular x-series.

Despite global economic concerns, **Canon's** picture remains bright as customers in Japan and North America fuel its sales of digital cameras. Increasing sales of LCD televisions in North America and elsewhere have also created a larger market for Canon's projection aligners. The recent launch of new high-end business network machines has increased the revenue and profit of the company's multifunction devices business line. Increase in sales in these product lines, and in color copiers, fueled a 5.7% increase in net sales, which helped the company increase its earnings 10.4% for the first quarter. The company's \$870 million (93.1 billion yen) net first quarter income was a record.

First Data, a leader in the electronic commerce and payment services, recently acquired Vigo Remittance Corp., a leader in international money transfer services. Vigo processed more than 8 million money transfers last year and has an established network of 48,000 payment locations in 47 countries around the globe. Vigo has a particularly strong presence in Mexico, Brazil, the Caribbean and the Philippines. Money transfers between these countries and the United States is heavy and promises to continue to grow well into the future. With this purchase, First Data, parent of Western Union, has acquired an efficient operation with stable cash flows and cemented its dominant position in the growing and profitable money transfer industry.

The decline in the value of the Dollar has helped boost sales for **Harley Davidson** in Europe and Japan. This success has helped the company post record earnings and revenue for the first quarter. The

motorcycle maker did experience a decrease in sales domestically during this period, and there has been extensive media coverage of this decline. Some have suggested that the recent dip in domestic sales may indicate a long-term trend. But the downturn is more than likely just a speed bump. A clear signal of the company's confidence was its recent announcement that it will increase its upcoming dividend by 28%. Strong sales projections should have the company roaring on the fast lane.

Cold, soggy weather has kept many home improvement shoppers from buying lumber and other seasonal goods this year. **Home Depot** has weathered the front, posting 8% higher revenues for the first quarter than it did last year. The increase can be attributed to higher same store sales and to a higher average sales ticket.

Following a difficult year in 2004, **Unilever**, has decided to sell its prestige perfume line to Coty Inc. The agreement allows Unilever to focus its resources and attention on the company's core businesses like soap and bath products. The \$800 million sale price should allow Unilever to make some strategic investments in the near future.

Recent reports linking Viagra to blindness have many concerned about **Pfizer's** future earnings. Pfizer insists that no evidence has ever been presented to support such claims. Instead, the New York-based pharmaceuticals firm points to extensive clinical trials that conclude no such link exists. With a host of new products in the clinical-testing stage, the company's future sales and earnings- potential look strong. Still, lingering worries about product safety must be monitored.

Stock	Symbol	Price	Earnings	P/E	Gr. Est.	Yld.	Recommendation
Aflac	AFL	\$42.41	\$2.35	18.0	15%	0.9%	Hold Tightly
Alltel	AT	\$60.65	\$3.51	17.3	11%	2.5%	Hold Tightly
Biomet	BMET	\$38.22	\$1.51	25.3	18%	0.5%	Hold Loosely
Canon	CAJ	\$54.80	\$3.69	14.9	16%	1.1%	Buy
Constellation Brands	STZ	\$27.57	\$1.41	19.6	15%	0.0%	Hold
Fair, Isaac & Co.	FIC	\$34.50	\$1.75	19.7	18%	0.2%	Hold Tightly
First Data Corp.	FDC	\$38.38	\$2.12	18.1	14%	0.2%	Hold Tightly
General Electric	GE	\$36.90	\$1.70	21.7	14%	2.2%	Hold Loosely
Harley Davidson	HDI	\$48.35	\$3.08	15.7	15%	1.3%	Buy
Home Depot	HD	\$40.34	\$2.34	17.2	13%	0.8%	Buy
Pfizer	PFE	\$28.20	\$1.84	15.3	15%	2.4%	Nibble
UniLever PLC	UL	\$39.95	\$2.77	14.4	11%	3.2%	Hold Tightly

Pro-Business = Anti-Market by Scott Pearson
A Special Investor's ValueView Commentary

Typically, a government that describes itself as "pro-business" ends up being an enemy to true free markets. Strategies that "help" business normally end up helping existing businesses protect themselves against competition from newly-formed entities. This will not only stamp out true competition, but will squelch sources of true innovation. Further, "pro-business" governments end up spending taxpayer dollars to subsidize corporate profits or to pay for regulators' salaries. And these regulators come from established firms, and have a rigid picture of how firms should run. These regulations end up causing those remaining businesses to constantly seek the favor of those in power.

This can lead to direct corruption, but just as damaging is the more common end result: a fawning, sickly, and static business community. Governments like this often support business interests over those of consumers (or labor) with no regard to right and wrong, or even efficiency.

A case in point is the recent decision to allow United Air Lines to include employee pensions in their bankruptcy filing. So this is precisely what United needs to thrive, possibly even to survive. But it could also be argued that these pensions were designed as a separate, sacrosanct fund that should not be included with common debts. Further, it could be argued that this company should not survive. It's a drag on the economy, and represents all that is wrong with American business. Japan is only now coming out of a 10-year recession, because of efforts to prop up inefficient industries. If we follow that pattern, we'll be mired in similar quicksand.

The enormous cost of this venture will be felt in the long run. The U.S. government, through its Pension Guarantee fund, will be forced to assume the obligation for these workers' benefits, but more importantly, this dangerous precedent will make it difficult (if not impossible) for other airlines to compete with the new, stripped-down United, unless they too declare bankruptcy to have their pension obligations wiped out. If the U.S. government is to accept responsibility for pensions of all major airlines, the cost to the average American citizen will be astronomical. This is a costly and damaging decision.

It is particularly interesting that we find our courts willing to justify far more flexible standards for corporate bankruptcies at the same time as our government is deciding to crack down and restrict individual bankruptcies more than ever. A double-standard is unacceptable, whichever way it cuts. A true "free-market" economy makes no special allowances for anyone - business or individual. Special favors always lead to corruption and high costs, and it is a path our country would do well to avoid.

How To Be the Ultimate American Consumer

Feel like a lemming lately? Ready to follow the crowd into the great plunge of Ultimate American Consumerism? Just in case you need a little help, here is a tongue-in-cheek look at how to continue the process of becoming the Ultimate American Consumer!

1. Always spend right at the level of your after-tax earnings. Having surplus dollars is troublesome. It's difficult to know exactly what to do with them.
2. Forget having 3, 6 or even 12 months of basic living expenses tucked into a liquid account such as a money market or CD. Why bother?
3. Purchase repeatedly, often, and preferably on credit, items that rapidly depreciate such as cars and consumer goods. Why pay all cash for something when you can use OPM (Other People's Money)?
4. Maintain at least \$7,000 to \$12,000 of revolving credit card debt – preferably on store credit cards – and

- avoid reading the monthly statements.
5. Eventually revolving debt becomes a bit of a burden. Once that happens, take out a Home Equity Line Of Credit (HELOC) to alleviate monthly payments.
6. Seek out, and take advantage of get-rich-quick opportunities. They offer simple, easy wealth accumulation plans – with little effort, of course. Leave honest hard work to others. They don't know any better.
7. Spend at least half of your allowable IRA contribution each year on Christmas and holidays, preferably on credit.
8. If you have an investment or asset plan, don't review it too often. This can be tedious, boring and rather dull. Once every 6-10 years should be fine.
9. Where possible, avoid the toilsome task of creating asset accumulation strategies. Instead, have more dinners out with friends, or fun vacations. After all, you only go around once!
10. Invest in insurance. Wrap yourself in insurance pro-

- tection from disability, death, dismemberment, accident and ill health – you just never know when you'll need it. Insure your pets as well!
 11. Only buy new automobiles for their quality and reliability. Used vehicles can cost as much as \$150/month in long term average maintenance.
 12. Regular financial plan setting? Don't do it!
 13. If you have a home mortgage, refinance every couple of years to capitalize on low rates. Just think, you too can own your house for 20 years – and still have 20 to 25 years remaining on whatever debt is there at the time.
 14. Don't bother with financial coaches and truly objective advisors. They may assist you with your money plans, but those busybodies should find something better to do.
- These 14 steps are a sure way to reach the rank of "Ultimate American Consumer". Along with the title, you will reap all the privileges and benefits that this provides. All the best in your quest!

*Three minutes' thought would suffice to find this out; but thought is irksome and three minutes is a long time.
 ~A.E. Houseman~*

*It is not the fact of liberty
 but the way
 in which liberty is exercised
 that ultimately determines
 whether liberty itself
 survives.*

●

*When liberty is taken away
 by force
 it can be restored
 by force.*

*When it is relinquished
 voluntarily
 by default it can never be
 recovered.*

~Dorothy Thompson~

Small World

by Tom Briscoe



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EARNINGS REPORTS					
Stock Name	Earning Period	Current Earning	1 Year Ago	% Change	Current Recommendation
SmartPros Ltd.	Q1	\$0.04	\$0.00	n/a	Speculative Buy
First Advantage	Q1	\$0.14	\$0.03	366.7%	Buy
PetroKazakhstan	Q1	\$2.16	\$1.08	100.0%	Speculative Buy
Standard Pacific	Q1	\$2.36	\$1.21	95.0%	Buy Aggressively
J2 Global Commun.	Q1	\$0.40	\$0.25	60.0%	Buy Aggressively
Apache Corp.	Q1	\$1.67	\$1.05	59.0%	Buy
Beazer Homes	Q2	\$1.82	\$1.17	55.2%	Buy Aggressively
Cephalon	Q1	\$0.59	\$0.41	43.9%	Buy Aggressively
Alltel	Q1	\$0.84	\$0.61	37.7%	Hold Tightly
Asta Funding	Q2	\$0.51	\$0.38	34.2%	Buy
Paincare Holdings	Q1	\$0.04	\$0.03	33.3%	Buy
Tel. CentroOeste Cel	Q1	\$0.36	\$0.27	33.3%	Buy Aggressively
L-3 Communications	Q1	\$0.86	\$0.65	32.3%	Nibble
Frontline Ltd.	Q1	\$3.74	\$2.91	28.5%	Speculative Buy
Constellation Brands	Q4	\$0.31	\$0.26	19.2%	Hold
Collegiate Pacific	Q3	\$0.13	\$0.11	18.2%	Buy
Investment Bancshares	Q1	\$0.48	\$0.41	17.1%	Buy Aggressively
Bancolumbia	Q1	\$0.38	\$0.32	16.8%	Buy Aggressively
Bank of Nova Scotia	Q1	\$0.64	\$0.55	16.4%	Buy
Home Depot	Q1	\$0.57	\$0.49	16.3%	Buy
Harley Davidson	Q1	\$0.77	\$0.68	13.2%	Buy
Ask Jeeves	Q1	\$0.26	\$0.23	13.0%	Hold
America Movil	Q1	\$0.66	\$0.59	11.9%	Nibble
Fortune Brands	Q1	\$1.02	\$0.92	10.9%	Buy
AFLAC	Q1	\$0.64	\$0.59	8.5%	Hold Tightly
ChoicePoint	Q1	\$0.40	\$0.37	8.1%	Hold
Engineered Support	Q2	\$0.46	\$0.44	4.5%	Buy
Nextel	Q1	\$0.52	\$0.51	2.0%	Hold
Priceline.com	Q1	\$0.10	\$0.11	-9.1%	Nibble
First Data Corp.	Q1	\$0.50	\$0.61	-18.0%	Hold Tightly
FindWhat.com	Q1	\$0.10	\$0.16	-37.5%	Speculative Buy
Harris Interactive	Q3	\$0.01	\$0.03	-66.7%	Hold
Sonic Solutions	Q4	\$0.05	\$0.17	-70.6%	Hold
1-800-Flowers	Q3	-\$0.03	\$0.03	-200.0%	Nibble

BREAKTHROUGH STOCKS					
LAST MONTH'S STOCK PICKS THAT HAVE SHOWN OUTSTANDING SHORT TERM RESULTS.					
Stock Name	Stock Symbol	Today's Price	Last Issue	% Increase	Current Recommendation
KOS Pharm.	KOSP	\$58.71	\$41.68	40.9%	Nibble
Asta Funding	ASFI	\$27.64	\$21.17	30.6%	Buy
Standard Pacific	SPF	\$83.01	\$72.19	15.0%	Buy Aggressively
AFLAC	AFL	\$42.41	\$37.26	13.8%	Buy
Bancolumbia	CIB	\$15.15	\$13.36	13.4%	Buy Aggressively
America Movil	AMX	\$58.29	\$51.60	13.0%	Nibble
Credicorp	BAP	\$19.10	\$17.22	10.9%	Hold/Take Profits
Korea Electric Power	KEP	\$14.90	\$13.44	10.9%	Buy

DIVIDEND CHANGES			
Stock	From	To	%Change
HDI	\$0.125	\$0.16	28.00 %
BNS	\$0.320	\$0.34	6.25 %

STOCK SPLITS		
Record Date	Stock	Split
April 29	STZ	2 for 1
May 30	TMX	2 for 1

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*When I was a boy of fourteen,
my father was so ignorant
I could hardly stand
to have the old man around.
But when I got to be twenty-one,
I was astonished
at how much the old man
had learned in seven years.
~Mark Twain~*

*None are so hopelessly enslaved as those who falsely believe they are free.
~Goethe~*