is a sure sign someone isn't in control of their finances and that

Creating a budget forces you to prioritise your spending. The

investments. There may be additional funds to invest or chang-

live on if you died or couldn't work.

capital you've left behind.

HOT STOCKS

These share tips are considered opinions and readers should seek personal financial advice before investing

IAN PARKER
Hartleys

Blue-chip buy
Mayne Group (MAY)

While some would question whether MAY is still a blue-chip stock, we believe that it has good potential for recovery in 2004.

Recent weakness is viewed as an ideal buying opportunity and now that MAY has sold off its underperforming hospital assets there could be a bounce in the share price.

Management will be able to focus on the core business based around the old Fauldings assets and the company could even be subject to a takeover. We believe the health industry is a good place to be in 2004.

Mid-cap buy
Metcash (MTT)

MTT is the independent grocery wholesaler that has been on a strong growth path for the past two years. We believe 2004 could be a strong year for the company because it is on a significant price-to-earnings discount to Coles Myer and Woolworths.

Earnings a share and growth rates are forecast to be about 15 per cent for 2004 and this could comfortably be increased via a sensible acquisition.

The company has an excellent management team that seems focused on increasing shareholder wealth and this is a sector of the economy that we see as fairly low risk.

Speculative buy
Niquest (NIQ)

This recent listing (on December 31) is the latest entrant in the red-hot nickel exploration sector.

The company has raised money to explore some interesting tenements around the Silver Swan nickel mine.

The key to this company is the management. A key member is Bruce Kay, who recently retired as vice-president for worldwide exploration at Newmont Mining Corporation.

He is joined by Rob Greenslade, who was a senior executive at Normandy before its takeover.

The company should begin exploration in February and with the nickel price going strong it represents a good speculative play.

I own this stock.

ALAN HILL
State One Stockbroking

Blue-chip buy
Westpac Banking Corporation (WBC)

It is hard to go past Australia's oldest bank as an investment. It is trading on a forecast fully franked dividend yield of 5.4 per cent and a forward-price-to-earnings ratio of less than 12 times. Once again WBC led the sector in revenue growth and is forecast to continue producing strong results. WBC is in a strong position, with profitable divisions in banking, funds management and life insurance.

Mid-cap buy
Adelaide Bank (ADB)

ADB's focus on new product development and on wholesaling to new home loan marketing firms has resulted in earnings-a-share grow of more than 17 per cent a year during the past three years, with 15 per cent growth forecast for the next two years. The ending of the drought will benefit the rural lending division, while improving equity markets have led to leveraged equities growing by 27 per cent to reach a market share of about 10 per cent. This month ADB's 10 per cent ownership restrictions will be removed and this may lead to corporate interest.

Speculative buy
Altium (ALU)

A pick-up in IT spending is expected to return this developer and supplier of electronic design software to strong growth and healthy margins. After falling from a high of $6.85 in 2000 to about 50c (a 93 per cent drop), we believe ALU stock will climb back as a result of continued dividend payments and share repurchases.

Reduce
Sons of Gwalia (SGW)

The approaching retirement of executive chairman Peter Lalor may prove to be the event that allows new management to write down capitalised exploration and development. We believe there is a risk of a $100 million write-down of its Yilgarn Star and Gwalia Deeps mines, which have been placed on care-and-maintenance status, and its Tarmoola mine, which has been under review for more than a year.

■ *State One and its directors and staff may have investments in the stocks mentioned.*

ADAM CONIGLIARO
Hogan and Partners

Blue-chip buy
Wespac Banking Corporation (WBC)

WBC is achieving solid organic growth supplemented by the benefits of its cost reduction program. Continued outflow of funds from BT presents some risks to its wealth management strategy, but the integration appears to be progressing well and WBC continues to find additional synergies. A prospective fully franked 2004 financial year dividend yield of 5.4 per cent gives the stock additional investment appeal.

Mid-cap buy
Coates Hire (COA)

COA stands to benefit from the continued positive outlook for the broad construction sector through superior sales growth, which was recently revised upwards to 12-15 per cent for the first half of the 2004 financial year. COA expects this trend ro continue and even accelerate, and forecasts a 20-25 per cent improvement in earnings for the 2004 financial year compared with last year.

Speculative buy
Pancontinental Oil & Gas (PCL)

When most investors hear "offshore Africa, Woodside Petroleum and large potential" they automatically think of Hardman Resources and Mauritania. However, little-known explorer PCL holds an interest in some potentially high value, offshore Kenyan exploration acreage that has also attracted the attention of Australia's premier petroleum company. In September Woodside completed the acquisition of 2272km of 2D seismic and a decision on the forward program is expected in the second quarter of 2004. I own PCL shares.

Reduce
Southcorp (SRP)

SRP has completed its transition to a pure, premium wine play. However, the combination of SRP and Rosemount has failed to deliver the synergies and returns. SRP is having to rebuild its operations, restore financial performance (particularly margin destruction), regain market confidence, reinstate management credibility, deliver earnings transparency, enhance its competitive position, and improve dwindling returns, making it a relatively high-risk bet.