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Small-cap technology companies attract interest

Substantial notices James Eyers

Fund managers Paradise Cooper and Wilson Asset Management appeared on the share registers of two small-cap technology companies last week.

Paradice upped its stake in post-production house and compact disc manufacturer AAV to 6.48 per cent.

And Wilson became a substantial shareholder in financial software company Reckon, buying 1.8 million shares for about \$1.5 million to bring its stake to 6.04 per cent.

The local seller of Quicken accounting software, Reckon expects revenue growth of up to 60 per cent this year and recently announced plans for a 3¢ per share return of capital to shareholders.

"It's a very strong cash-flow business," said Wilson's Geoff Wilson.

Reckon shares were trading at 24¢ a year ago; they closed on Friday at 89¢.

UBS said in a recent research report on AAV that DVD sales would continue to benefit from a buoyant retail environment and would account for at least half of AAV's 2003 profits.

The Melbourne-based AAV also runs an outside broadcast rentals business and recently acquired the event staging company Staging Connections.

Paradice analyst John Harbot said AAV was the largest player in the DVD duplication market and was supplying retailers keen to keep inventories of particular titles low.

"The reality is this business is a just-in-time supply business," Harbot said of AAV. "The likes of

Sanity don't want to hold inventory because of the risk associated with different titles. All AAV are doing is producing the CDs on demand, on behalf of the owner of the content."

The shares of AAV, which listed in December 2002 from the wreckage of failed dotcom Isis Communications, have quadrupled in price since February last year. They closed 5¢ higher at \$2.03 on Friday.

And following its high-profile sell-downs of large stakes in Publishing & Broadcasting and Hills Motorway, Colonial First State has bumped up its holdings in Sydney Gas, Australian Worldwide Exploration and Coates Hire.

Colonial appeared on the Coates register a week before the equipment hire company announced the acquisition of Millens Megarent in Queensland,

SUBSTANTIAL NOTICES

Company	Shareholder	Previous	New holding	Date
INCREASES				
Brambles	Schroder Investment Mgt	6.44%	7.64%	Mar18
AAV	Paradice Cooper	<5%	6.48%	Mar16
Reckon	Wilson Asset Mgt	<5%	6.04%	Mar10
Adsteam Marine	Investors Mutual	<5%	5.09%	Mar12
Rebel	Perpetual Trustees	11.22%	12.32%	Mar17
Sydney Gas	C'wealth Bank/CFS	<5%	10.51%	Mar12
Aust Worldwide Exploration	C'wealth Bank/CFS	14.67%	15.96%	Mar15
Coates Hire	C'wealth Bank/CFS	<5%	5.01%	Mar10
Hills Motorway	Capital Group	<5%	6.00%	Mar12
DECREASES				
Macquarie Prologis Trust	Perpetual Trustees	9.38%	8.19%	Mar16
Ideas International	Hunter Hall	8.07%	<5%	Mar12
Aust Worldwide Exploration	Portfolio Partners	8.72%	7.60%	Mar18

which sent its shares up 2¢ to \$3.29 on Friday.

On the sale side, Hunter Hall offloaded shares in Ideas International the week after Len

Rust stepped down as chairman and director. The research company's shares closed last week at 25¢ — well below the \$1 offer price when it listed in March 2001.