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The flagship Wish List report is released on December 26th of each year. Quarterly reports are structured in three distinct segments:

- 1) Review and outlook for the economy and stock markets.
- 2) Review and outlook for Wish List related companies.
- 3) Specific findings (i.e. new industries covered, new companies being monitored, and/or general market commentary).

Part I – Second Quarter Review

The Economy

Following the toppling of Saddam's regime, expectations ripened that the U.S. economy was finally ready for a sustained recovery. And although this blossoming optimism – displayed by both investors and economists - does not necessarily mean that the geopolitical climate will be any less volatile in the future, it does suggest, as evidenced by inflows into equity funds since March, that many investors were holding off purchasing stocks because of the uncertainty surrounding Iraq. As for economists, the sun has temporarily pierced through their latest cloud of economic uncertainty: the major concern with regards to Iraq – a sharp increase in the price of oil – did not come to pass. Thus, the proverbial worst is over.

Notwithstanding increased optimism, the actual structural recovery following Iraq has not yet occurred. Rather, weekly jobless claims remained above 400,000 every week in 2Q03: the U.S. economy lost 124,000 jobs in March, 48,000 jobs in April, and 17,000 more jobs in May (the June jobs report is due out later this week). Quite frankly, if you had told us on February 13, 2003 that weekly jobless claims would come in above 400,000 every week until June 30 and that during this time the Dow would rally by more than 1,000 points we would have called you a fool. For that matter, if you had told us that negative or weak readings in durable orders, industrial production, and retail sales would combine with the threat of deflation and a Fed cut to propel the major U.S. markets higher by double digits...well, we would have just called you insane.

In short, Wall Street is back in vogue, while anemic investors are aching for the type of medicine that only the spin-doctors can deliver (CNBC ratings are up). The challenges that the U.S. economy faces going forward – rising unemployment, overcapacity, and an unstable pricing environment - are omnipresent. Yet in 2Q03 these challenges were toppled by unwavering faith in 'the turnaround'.

The Markets – Waves of Optimism

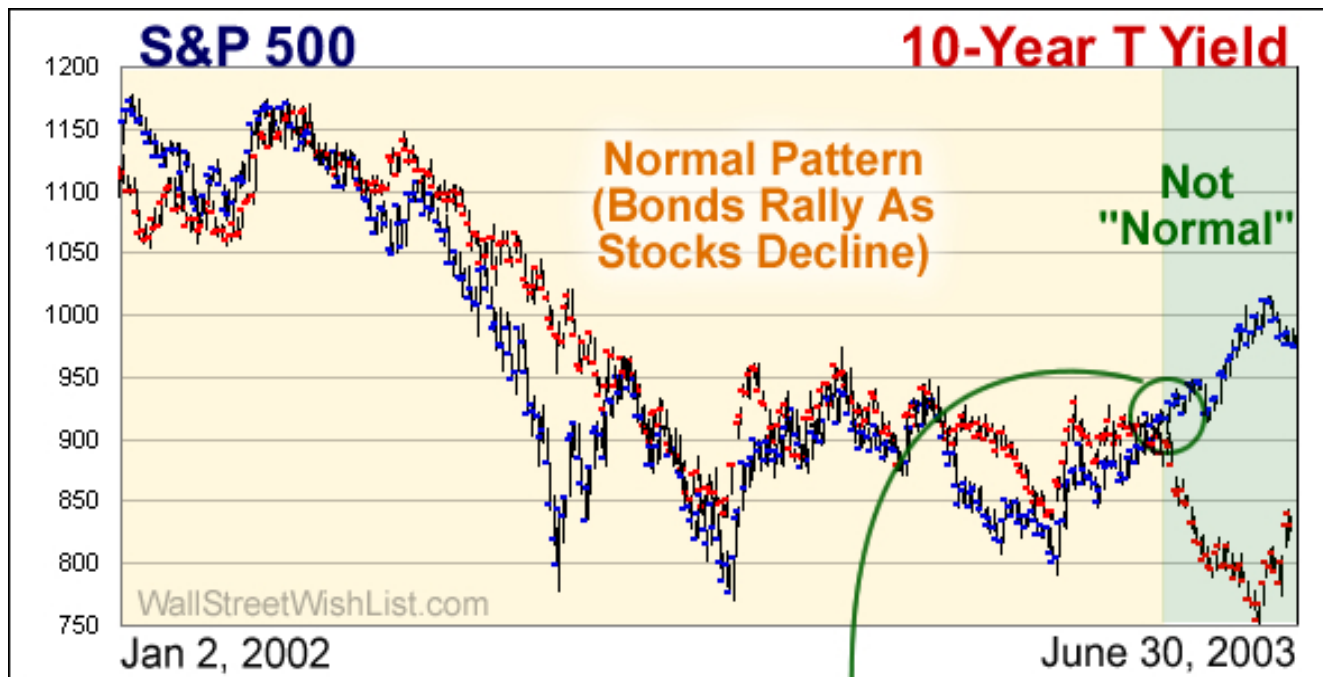
In 2Q03 the S&P 500 posted its eighth best quarterly performance since World War II. Since stocks are trading with near record high trailing multiples, and since 3Q03 and 4Q03 manipulated earnings estimates may be ridiculously high, we believe that investors are parlaying a jump in consumer confidence and isolated strength in the economy (housing market) into a reason to buy. Massive rallies are to be expected following sell-offs. Nevertheless, the strength and breadth of the advance has been surprising.

The First Wave of Optimism

In early May Fed Chairman Greenspan warned of the possibility of an unwelcome deflationary environment. This was the barometric pressure which set the first wave in motion:

Following Greenspan's deflationary concerns, Treasuries began another terrific rally and expectations of a Fed rate cut at the June meeting began to percolate. Many were speculating that the Fed was looking at unorthodox ways of keeping long-term rates low (e.g. buying U.S. Treasuries). Investors responded by stampeding into bonds and trampling the yield downwards, implicitly doing the Fed's bidding.

As Treasury yields declined Wall Street made the argument that this action was good news for stocks. Sidelined investor capital agreed, and – oddly enough – stocks and bonds rallied together.



May 6, 2003: "The probability of an unwelcome substantial fall in inflation, though minor, exceeds that of a pickup in inflation from its already low level." FOMC Statement

The Second Wave

Greenspan's unique ability to coax long-term rates to historically low levels was not the only thing that stoked investor optimism during 2Q03. Rather, Treasury Snow's suggestion that the U.S. was in favor of a weaker dollar helped to focus investor optimism like a laser – *a weaker dollar helps combat deflation!*

Before 2Q03 a weaker dollar may have been received by investors as a signal that foreign appetite for U.S. investments was waning, presaging a painful/sharp outflow from U.S. assets. However, during 2Q03 a weaker dollar became yet another positive.

The Third Wave

For good measure, President Bush passed what he once referred to as an 'itty bitty' tax package. The centerpiece of this package was the reduction in dividend and capital gains taxes.

For all the talk about Bush's plan being unable to help the U.S. economy in the context of increased state taxation and the threat of ever increasing government deficits, U.S. stocks responded well to the news. Dividend stocks did not lead the 2Q03 rally (tech did), but historical dividend performers like utilities did exceptionally well.

These three waves of optimism combined to direct the investor's focus away from company fundamentals and towards the potential benefits of anti-deflation policies. However, by focusing on the remedy they were ironically cheering the cause as a good thing. The general feeling from market participants being that attacking deflation – through Fed cuts, a weaker dollar, and Bush's tax package – is good news. The irony here, of course, is that it was terrifically bad economic news that initially prompted this concerted attack, never mind the possible consequences should the government's arsenal prove ineffective.

Suffice it to say, as far as stocks were concerned during 2Q03, the sluggish U.S. economy became as irrelevant as the U.N.

The Outlook

The Economy

We are extremely skeptical that the U.S. rebound can obtain sustainable momentum in 3Q03. That said, continued lethargy, or a 'barely growing' economy, would not surprise us. Moreover, it would not surprise us if the U.S. economy embarks upon a period of seemingly solid growth in the coming months, only to slip back into a state of malaise when housing market activity cools down.

Incidentally, when it comes to predicting when the housing market will 'slow down' (many say 'bust'), we have very few conclusions to offer on the timing. Quite frankly, we keep coming back to an article we saved from August 14, 2001.

Highlights From '**Gains in home values unprecedented**' (By Thomas A. Fogarty)

* A 5-year bull market in housing is making economic history both for the record 30 million homes sold and for a tremendous surge in home values.

* Home values increased 34.8% on average over the 5 years ended June 30, vs. inflation of 13.6%, the government says.

* The remarkable run-up has permitted homeowners to fatten net worth even as stock portfolios have faltered.

* Unlike buyers of technology stocks during the late 1990s, home buyers understand houses and the benefits they expect to derive, they (economists) say.

Remember, these highlights are from an article written on August 14, 2001, or when long-term mortgage rates were near 7% and unemployment was still under 5%. Our only conclusion with regards to the housing market is that one cannot predict its eventual peak with precision, but as interest rates decline we are getting closer.

In short, the success/failure of the U.S. economy may be hinged upon near term movements in interest/mortgage rates. If the Fed keeps long-term rates low and economic activity does not pick up, there are few alternatives left for the Fed, save buying financial assets. If interest rates rise the housing market may hit a wall.

Incidentally, while each Fed rate cut is applauded by investors, we are nearing a moment in time where further rate cuts could do more damage than good. Greenspan has already forced many money market savers to invest in something else, and some banks are already feeling the squeeze on margins. For example, 1 day before the Fed cut interest rates, North Fork – a regional bank in N.Y. – had this to say:

“The weak economic environment and [Fed] actions over the past three years have resulted in historically low interest rates. Although this trend was initially positive, the sustained nature of low interest rates has and will continue to compress net interest margins for the banking industry.”

The Markets

“...corporate earnings are the biggest threat the markets face and a threat that is unlikely to go away for some time.” WLIQ02

Estimated Earnings Growth - S&P 500						First Call
Est. On --	1-Oct-02	1-Jan-03	1-Feb-03	1-Mar-03	1-Apr-03	27-Jun-03
1Q03	17.40%	11.70%	8.8%	7.2%	8.5%	11.6%
2Q03	16.40%	10.9%	7.0%	6.2%	5.8%	5.3%
3Q03		1-Jan-03	1-Apr-03	1-May-03	1-Jun-03	27-Jun-03
		16.60%	13.20%	12.60%	12.50%	12.70%
4Q03		1-Jan-03	1-Apr-03	1-May-03	1-Jun-03	27-Jun-03
		21.30%	21.50%	21.10%	21.10%	21.30%
	1-Apr-02	1-Jul-02	1-Oct-02	1-Jan-03	1-Apr-03	27-Jun-03
Full Y-03	20.70%	20.00%	17.80%	14.20%	11.80%	12.40%
Full Y-04				17.10%	14.00%	13.50%

Our standpoint continues to hold firm: the stock markets are overpriced with regards to earnings. We do not anticipate – using largely anecdotal evidence and Wall Street’s history of overestimating earnings results – that profits will reach their 3Q03 and 4Q03 targets.

Furthermore, accounting regulations are in the pipeline which could have an adverse effect on corporate earnings: namely Interpretation #46 (consolidation of some off balance sheet assets), the expensing of stock options, and stricter pension accounting standards. New FASB boss, Robert Herz, has done more on the issue of off balance sheet activities in 10 months than FASB has done since it was created in the early 1970s, and we suspect – given his tough rhetoric – that if anyone can pass needed options/pensions standards he can.

Expensed stock options should not impact the markets since they are already recorded in the footnotes. Nevertheless, when options become openly expensed, the valuations analysts use and the EPS numbers CNBC flashes across its screen each quarter could shock investors and negatively impact trade. New pension accounting standards will hopefully stop companies from booking gains using their pension estimates in place of actual pension performance.

Macro Investment Outlook

We will reiterate our 1Q02 statement: *“There is no one collection of stocks that appears attractive at this moment.”*

Moreover, this would be the case even if we knew exactly what the U.S. economy would do tomorrow. Quite honestly, the U.S. equity markets remain a momentum based marketplace. If you focus on predicting momentum trends your final analysis of investments ultimately shifts from corporate fundamentals to momentum fundamentals*. We are certainly not averse to prognosticating on the future state of the stock markets, nor on speculating on which companies may be attractive in such a hypothetical future. However, we try to stay away from investing in stocks solely on the basis of such conjecture.

* Momentum fundamentals: In general, trying to buy/sell financial instruments based upon the projected movements of various other financial instruments. Two current examples in the marketplace are 1) since bond yields are so low stocks must be attractive, and 2) contracting credit spreads make buying risky junk bonds less risky.

Part II - Wish List Review And Outlook

Wish List Performance	
1Q01	25.70%
2Q01	18.07%
3Q01	5.54%
4Q01	3.19%
2001*	52.50%
1Q02	10.01%
2Q02	-4.44%
3Q02	-4.81%
4Q02	9.20%
2002*	9.96%
1Q03	-3.19%
2Q03	14.84%
*Includes dividends	

Since December 26, 2002, the eight Wish List companies selected have appreciated by a combined 11.65% when including dividend and distribution payments. During the same time (Dec 26, 02 – June 30, 03) the Dow Jones Industrial Average gained 6.36%, the S&P 500 gained 9.19% and the Nasdaq gained 18.24%. Using the first half of 2003 as the reference (taking into account that the average annual dividend yield on the S&P 500 is approximately 1.8%), the Wish List has performed marginally better than the S&P 500 benchmark.

When considering that 7 of the 8 Wish List companies were either flat or lower on the year heading into the quarter (LDR being the exception), we believe that 2Q03 was a truly remarkable – and perhaps also a lucky – quarter. We do not believe that the Wish List can return similar gains in the second half of 2003. For example, although two solid gainers thus far this year we seriously doubt that either TCLP or DMN will rally as strongly in the second half of 2003 as in the first.

In sum, we believe that the Wish List is likely to see little or no gain for the remainder of 2003. Furthermore, we would not be surprised by losses should no new companies be added. We are hopeful of adding more companies in the future, but suitable investments are as difficult to locate as Saddam's weapons of mass destruction.

Below is a brief recap of the 8 companies selected in the 2003 Wish List and our current outlook on each.

Aptar Group Inc.

Bought	26-Dec-02	\$30.35
Sold	30-Apr-03	\$34.43
Total Gain		13.7%

Aided by continued strength in the food/beverage and personal care markets along with positive currency translations, ATR was able to meet expectations for 1Q03. Following the release of the company's results – a 21% increase in sales (9% increase excluding currency gains) and a 47% increase in diluted EPS – ATR shares rallied strongly.

We elected to remove ATR from the Wish List on April 30, 2003 primarily because the company's stock price had appreciated faster than we believed was warranted (See. April 30 – Wish List Ruminations). Our decision to sell has, in hindsight, proved premature.

We believe that while the company is attractive, its share price is not. As such, we would consider purchasing shares at a lower price. We have no firm target at this time.

Landauer Inc.

Bought	26-Dec-02	\$35.00
Sold	15-Apr-03	\$38.68
Total Gain		12.7%

Like ATR, LDR rallied in the second quarter to levels warranting profit taking. However, unlike ATR LDR did not seem to rally from solid corporate performance, but because of its dividend attributes.

In the context of long-term interest rates approaching the same level as LDR's dividend yield, the case could be made that LDR is attractive. However, with the company noting labor/medical pricing worries in 1Q03 and

taking a \$2.75 non cash charge for its failed Aurion project in 2Q03, there are operational concerns. Quite frankly, although LDR's dividend is attractive, we do not believe owning the stock is prudent at this time. Aurion failed because of "discretionary spending constraints due to state and local budget deficits and continued health care cost pressures". If this the beginning of a trend?

We look to purchase LDR should its business outlook remain understandable at \$36-\$38 a share.

HPSC Inc.

Bought	26-Dec-02	\$7.75
Hold	30-Jun-03	\$9.73
Total Gain		25.5%

After languishing below \$7 a share to begin the quarter, HDR ended the quarter near \$10 a share. Whether or not HDR's illiquid shares are partially responsible for this dramatic move or not, the company's results for the quarter were positive.

For the first quarter ended March 31, 2003, HDR reported \$1.3 million in net earnings (versus \$824,000 in 1Q02), revenues rose by 19%, new contract originations rose by 24%, and net investment in leases and notes increased by 4% to \$478.5 million. One negative to note was a higher level of charge-offs and delinquencies: HDR's provision for losses for the first quarter was \$2,614,000 (compared to \$1,780,000 in 1Q02).

Our initial investment opinion has not changed: we believe that HDR is undervalued. However, we would note that HDR – a specialty lending company – is prone to the same type of margin squeeze that many financial stocks could be faced with, dependent upon interest rates.

Caldwell Industries

Bought	26-Dec-01	\$1.14
Hold	30-Jun-03	\$1.55
2003 Gain		3.3%

We have no opinion on Caldwell's stock price for the remainder of 2003. Rather, we still carry corporate expectations over the longest of terms. Specifically, we expect Caldwell to remain an industry leader in Canadian executive placement.

Nordic American Tanker Shipping Limited

Bought	26-Dec-01	\$14.27
Sold	10-Apr-03	\$1.55
Total Gain		23.0%
2003 Gain		8.7%

When we selected NAT for the Wish List on December 26, 2001 we noted that the company could potentially serve as a fixed investment. Furthermore, we continued to note each quarter following that we would look to sell NAT on strength given uncertainty surrounding both volatile tanker rates and next year's contract renewals with BP. We decided to remove NAT on April 10, which proved to be too early. Regardless, we are satisfied with NAT's returns, and continue to research the possibility of repurchasing shares before or after next year's renewal.

DIMON Inc.

Bought	26-Dec-01	\$7.39
Hold	30-Jun-03	\$7.16
2003 Gain		12.1%

DIMON's stock price responded well to both Bush's dividend package and the company's refinancing efforts during 2Q03. As well, a litigation settlement during the quarter seemed to take some of the uncertainty out of the company's slumping stock.

These positives aside, during the quarter DIMON announced that it would change its year-end to March 31 from June 30, and the company offered weak guidance for a shortened (3 quarter) 2004. The guidance for 2004 – which is not GAAP because it does not include mark-to-market changes in derivatives – was for 14-16 cents per share. Due to the change in year-end, these estimates do not include any earnings from DMN's South

American operations. Nevertheless, our basic conclusion is that DMNs earnings in 2004 will not be enough to finance the company's dividend payouts without negatively impacting the balance sheet.

We do not believe that DMN is currently a screaming buy given its ongoing legal concerns, Zimbabwe uncertainty, and low forward earnings estimates. However, we are not removing DMN from the Wish List, nor do we plan on doing so in the foreseeable future on share price weakness. Quite honestly, we do mind seeing DMN shares trading back down to the \$6.00 area given that this would be an opportunity to buy more. We would be inclined to take profits if DMN rallied from current levels.

TC Pipelines, LP

Bought	26-Dec-01	\$25.00
Hold	30-Jun-03	\$29.48
2003 Gain		17.4%

TCLP's second quarter conference call has been scheduled for July 25, 2003. There is not likely to be explicit mention of how the Northern Border renewals are progressing. However, the company should add some color on the supply/demand/storage environment for Natural Gas.

From available evidence, we believe that it is a favorable time for NBP to renegotiate uncontracted capacity.

During the quarter, TCLP shares seemed to benefit from media coverage of a possible Natural Gas crisis. We believe that TCLP is a solid long-term holding, but would not be averse to taking profits around \$30 a share.

WMS Industries Inc.

Bought	26-Dec-01	\$19.98
Hold	30-Jun-03	\$15.59
2003 Loss		0.003%

With respect to the company managing its expenditures, our outlook remains "the calendar year 2003". We are focusing on the balance sheet because WMS is currently funding its 're-emergence' strategy at the expense of shareholder wealth (equity). Common sense tells us that

the quicker the company stops this ominous trend and starts earning enough cash to, at minimum, maintain its balance sheet strength, the better this will be for shareholders. Given its need to bring its new CPU-Next operating system online (late this year) some cost overruns are not surprising.

WMS issued a \$100 million convert offering during the quarter under the guise that proceeds would be used towards "working capital, capital expenditures and other general corporate purposes, which may include acquisitions and repurchases of shares." There are two points to be made following this offering:

- 1) As of March 31, 2003 WMS had over \$100 Million in working capital. Unless the company is planning to stop producing slot machines and start building airplanes, it is not likely that WMS is going to use proceeds from the convert to improve its working capital and/or fund capital expenditures.
- 2) It has been rumored – denied by Aristocrat - that WMS has made an offer to acquire Aristocrat Leisure, an Australian gaming company that ranks second to IGT in slot sales.

Following the convert WMS shares fell. It may be the case that investors were disappointed with the issue (the uncertainty surrounding its purpose), or it may simply be the case that convert purchasers were shorting the stock (a common practice for convert investors). Whatever the case may be, gambling stocks rallied strongly during the quarter and WMS shares had gone along for the ride. If we are not sure why WMS shares rallied, our certainty as to why shares have dropped is doubled.

Our basic speculation is that WMS is looking to acquire a competitor. There is also the remote possibility that the company is acquiring capital simply for the sake of acquiring capital (which can sometimes make sense if interest rates rise in the future). Nevertheless, for a company trying to turn its operations around and clear many

hurdles, we are not enthused by the lack of clarity following the company's offering.

You will be notified via e-mail of any future changes to the remaining companies on the Wish List.

Reevaluation Stocks

Company Name	Symbol	% Change YTD
Vans, Inc.	VANS	56.9
Deswell Industries, Inc.	DSWL	39.9
Owens & Minor, Inc.	OMI	36.1
Monterey Pasta Company	PSTA	30.7
Lifeline Systems, Inc.	LIFE	26.6
Landauer, Inc.	LDR	20.4
Brown-Forman Corporation	BF.B	20.3
Storage Technology Corp.	STK	20.2
American Italian Pasta	PLB	15.8
SPDR Utilities Select	XLU	15.5
AptarGroup, Inc.	ATR	15.2
Altria Group, Inc.	MO	12.1
Honeywell International	HON	11.9
Teekay Shipping Corp.	TK	5.4
Nordic American Tanker	NAT	4.9
The Gillette Company	G	4.9
UST Inc.	UST	4.8
Cytc Corporation	CYTC	3.4
Hormel Foods Corporation	HRL	1.6
General Mills, Inc.	GIS	1
Calavo Growers, Inc.	CVGW	0.9
Churchill Downs, Inc.	CHDN	0.7
Northwest Natural Gas	NWN	0.7
H.J. Heinz Company	HNZ	0.3
Heartland Express, Inc.	HTLD	-1.2
General Motors Corporation	GM	-2.3
The Topps Company, Inc.	TOPP	-2.6
Tidewater Inc.	TDW	-5.6
Wellco Enterprises, Inc.	WLC	-15.7

Given that we endeavor to reevaluate/purchase Watch List companies on share price weakness, it is not surprising that no new selections were added to the Wish List in 2Q03. In fact, only 1 company, Wellco Enterprises Inc., declined to a level that may be attractive. We believe illiquid Wellco shares are worth owning on weakness, but are trying to determine what the dividend outlook past the end of this year might be.

Other Watch List Companies

In the hunt for solid dividend rewards, Altria and UST remain two notables. During the quarter UST affirmed its 2003 earnings outlook (the company expects to earn \$2.99/share), and noted, "Wall Street continues to apply a cigarette discount to our stock, which we believe is inappropriate because many fail to recognize that smokeless tobacco is distinctly different from cigarettes." Although UST continues to try and separate its product from that of cigarettes, what the company neglects to mention is that it carries a risk that other 'cigarette' companies do not: namely the potential for copycat class action suits following the Conwood case. We still anticipate, as should anyone monitoring MO and UST, that litigation risks warrant purchasing shares on weakness. We missed an opportunity to

purchase MO during the quarter largely because we believed that the legal situation was threatening to become the hump that broke the camels back. Our pessimism did not materialize.

Other dividend notables include former Wish List stock, LDR, and NWN. We believe that both companies warrant investment on weakness, although such weakness is unlikely to come to pass if investors continue to hunt for yield.

Finally, Calavo Growers (which pays dividends annually) remains on our watch list. We are increasingly attracted to the company and would take advantage should its share price decline. The company is well positioned to benefit from future avocado trends. The company's new refrigerated guacamole product has done well, and the company notes that its new production facility in Uruapan, Mexico is on schedule to be completed later this year. In sum, CVGW is not a company anybody on Wall Street is ever going to mention, but it is a company, like Wellco, that could be a worthwhile lifetime investment.

Part III – Specific Findings

Wish List Addition

Bowl America Incorporated – BWL.A

The Company owns 18 Bowl America facilities, with 11 clustered in the Washington area. For 31 years in a row BWL has increased its dividend (Mergent's dividend achievers), and the company has a history of declaring special stock dividends.

In our opinion, the President and CEO of Bowl America, Leslie Goldberg, is a Buffett type individual. Mr. Goldberg, who is 72, helps author 10-K statements in house (no outside accountants), he is frank and realistic about business opportunities, and he usually supplies an educational letter in annual reports. Quite frankly, Bowl America's financial statements are the most readable statements we have ever come across. This alone, given the company's recent performance and dividends policy, makes the company attractive.

	3-Jul-94	2-Jun-95	30-Jun-96	27-Jun-97	28-Jun-98
Selected Financials					
Net Sales	28,171,010	29,493,578	27,326,958	26,995,056	27,086,822
Gross Profit	22,568,589	24,967,878	23,829,561	23,585,519	22,984,246
Net Profit	3,817,359	3,269,907	2,593,947	2,490,464	3,061,878
Current Assets	9,430,221	9,258,609	10,508,126	9,365,529	11,193,927
Total Assets	33,549,994	36,584,745	37,901,254	38,002,571	40,435,450
Current Debt	2,567,307	2,254,244	2,855,421	2,285,739	1,967,877
Total Debt	3,602,307	4,141,244	4,997,421	4,620,739	5,143,877
Equity	29,947,687	32,443,501	32,903,833	33,381,832	35,291,573
Cash From Operations	6,621,007	4,271,585	5,174,075	4,513,157	5,261,518
Capital Spending	5,447,576	2,913,732	1,336,946	2,872,160	1,105,043
Dividends Paid	2,017,736	2,069,302	2,177,956	2,187,567	2,264,293
Basic Free Cash Flow	1,173,431	1,357,853	3,837,129	1,640,997	4,156,475

	27-Jun-99	2-Jul-00	1-Jul-01	30-Jun-02
Selected Financials				
Net Sales	27,547,490	28,902,200	29,400,903	29,809,586
Gross Profit	22,995,118	23,151,241	24,508,226	24,416,010
Net Profit	3,335,153	4,213,429	3,868,389	3,818,558
Current Assets	10,453,149	11,494,870	9,612,621	11,537,833
Total Assets	41,747,936	40,711,299	37,509,243	36,562,578
Current Debt	2,064,491	2,164,904	2,254,230	1,819,943
Total Debt	6,270,491	5,842,904	4,894,726	3,880,439
Equity	35,477,445	34,868,395	32,614,517	32,682,139
Cash From Operations	5,334,800	6,636,768	4,795,680	5,954,909
Capital Spending	971,135	528,166	3,615,517	1,254,521
Dividends	2,249,628	2,197,659	2,256,182	2,371,121
Basic Free Cash Flow	4,363,665	6,108,602	1,180,163	4,700,388

We have selected BWL primarily as a dividend generating investment with the possibility of an acceptable dividend 'bonus' from the closing of an asset sale. This asset sale, BWL's money losing Silver Spring location is being sold for \$2.3 million, is expected to equate to a \$2 million gain before August 30, 2003.

We do not anticipate any stock price appreciation. Rather, if the company performs well we anticipate an increase in the quarterly dividend and a potential special stock dividend. The company previously declared 5% stock dividends in 1995, 2000 and 2001. We would not purchase above \$12 a share, and would sell if shares managed to rally by more than 10% in the near term.

Watch List Additions

Husky Injection Molding Systems Ltd. - HKY.TSE (Toronto)

In Thousands of US \$	01-Jan-01	30-Apr-01	31-Jul-01	31-Oct-01	31-Jan-02
Selected Financials					
Sales	167,378	163,134	193,402	107,370	133,730
Gross Profit	30,300	33,074	37,306	14,259	21,442
Net Profit/Loss	-2,043	1,016	2,914	-17,760	-6,489
Current Assets	292,466	326,244	266,187	244,026	270,378
Total Assets	705,049	733,759	694,231	662,093	686,320
Current Debt	244,202	245,943	166,558	167,963	188,614
Total Debt	388,711	416,278	373,729	358,756	389,915
Shareholders Equity	316,338	317,481	320,502	303,337	296,405
Working Capital	48,264	80,301	99,629	76,063	81,764
Cash From Operations	6,370	22,756	18,875	-10,342	4,879
Capital Asset Additions	8,169	9,567	4,996	2,912	5,383
Basic Free Cash	-1,799	13,189	13,879	-13,254	-504

Selected Financials	30-Apr-02	31-Jul-02	31-Oct-02	31-Jan-03	30-Apr-03
Sales	164,428	175,418	149,161	185,174	231,763
Gross Profit	39,452	42,956	33,201	53,928	69,037
Net Profit/Loss	4,656	6,562	1,103	11,372	20,772
Current Assets	287,812	302,338	327,130	392,488	426,800
Total Assets	694,533	703,167	728,030	791,756	827,099
Current Debt	200,784	203,132	218,441	267,091	273,169
Total Debt	392,733	394,637	418,145	470,042	484,357
Shareholders Equity	301,800	308,530	309,885	321,714	342,742
Working Capital	87,028	99,206	108,689	125,397	153,631
Cash From Operations	20,232	44,427	17,016	39,570	29,044
Capital Asset Additions	6,170	8,126	11,204	9,724	11,093
Basic Free Cash	14,062	36,301	5,812	29,846	17,951

Green: Earnings/ROE rebounding strongly

When Japan based Toyo Machinery & Metal wants a Quad mold made with tolerances as low as 5-microns they call up Husky -- no other company will do.

Despite the complex lingo inherent to the industry (neckrings, stack components, cores, lockrings, cavities, etc.), Husky essentially produces machines, molds, and components that are used to punch out products ranging from water bottles to Tupperware to car components. The company has three major production facilities: Bolton (specializing in neckrings, stack components, and skilled parts), Vermont (primarily hot runners), and Luxembourg (large tonnage division). The company has offices in Latin America, and is being pulled into the Asian market (offices in Japan, and Hong Kong). Rumor has it that the company is actively planning to open a plant in Shanghai.

Although Husky's business is not reoccurring in the strictest sense, it does owe the bulk of revenues to repeat business with customers (e.g. new molds offer companies productivity advantages and older machines need refurbishing/new parts). Companies that require high tolerances and the highest speeds typically deal with Husky, which has a reputation for building high quality products.

In our opinion the long-term success of Husky is grounded on further acceptance of PET (polyethylene terephthalate) products instead of glass (specifically in beer bottles and baby food), and the ability of the company to find a new, energized successor to 75-year old President and CEO, Robert Schad. Mr. Schad, who owns a majority of Husky shares, sometimes uses Husky as a political vehicle. He has been faulted for his inability to make inroads into the automotive industry, as well as with shuffling around operations (between Bolton and Vermont) at great expense.

Ideally, we would like to see the company map out a modest future that is focused on the company's strengths (highly skilled machines), and a corporate culture that aims to reward shareholders with dividends.

As with most Watch List companies, we would like to purchase Husky on share price weakness. However, should the stock price remain at current levels and the company continues to shore up its financial position we would not be averse to buying for the long-term at current prices. Husky is not an AptarGroup, which primarily deals in higher margin development of specialized products. Furthermore, Husky is not a Deswell, which primarily deals with lesser tolerance machines. Rather, Husky is unique in that it offers some of the fastest machine cycle rates in the industry.

Selected Annual Financial Results	1999	2000	2001	2002
Sales	708,207	711,401	640,228	580,946
Gross Profit	152,143	146,451	114,891	118,679
Net Profit/Loss	15,171	9,097	-7,752	-12,461
Current Assets	242,302	259,766	266,187	302,338
Total Assets	664,834	676,994	694,231	703,167
Current Debt	195,132	227,712	166,558	203,157
Total Debt	348,532	349,838	373,729	394,662
Shareholders Equity	316,302	327,156	320,502	308,505
Cash From Operations	7,425	16,130	50,249	59,196
Cash Used For Capital Asset Additions	146,616	53,763	33,888	24,019
Basic Free Cash Flow	-139,191	-37,633	16,361	35,177

Bolded: Capital from IPO

Schweitzer-Mauduit - SWM

Not listed in the Tobacco industry, it is difficult to discover that SWM corners approximately 27% of the Tobacco specialty paper market. Nevertheless, SWM – a spin-off from Kimberly-Clark in 1995 – has reported consistent financial improvements since its inception.

From a yield perspective SWM is not as attractive as many other companies (2.4%). However, the company is planning for record capital expenditures of \$90 million in 2003 in an attempt to acquire more capacity. The bulk of this money will be used to construct a new reconstituted tobacco paper line (higher margins) in France. Upgrades are also planned in Brazil, and - longer term – inroads into China are becoming increasingly probable. There is speculation that China's State Tobacco Monopoly Administration will be broken up within two years (TobaccoChina Online) and that companies like SWM are currently vying to form partnerships with STMA to get a leg in the door beforehand. As well, SWM is well positioned if States begin to enforce reduced emissions standards on Tobacco paper (cigarettes that butt out by themselves if left alone, which decreases fire hazards). However, New York has delayed its previously announced adoption of reduced emission standards.

In short, if the company executes its expansion plans effectively we believe that shares are currently attractively priced. However, \$90 million is the biggest bet the company has ever made, and one misstep could quickly make the company's stock price more attractive. We look to purchase shares on weakness.

Schweitzer-Mauduit International, Inc -- SWM								
Select Stats & Ratios	1995	1996	1997	1998	1999	2000	2001	2002
Out Shares (Feb 28, 03)	14.92	14.92	14.92	14.92	14.92	14.92	14.92	14.92
Average Stock Price		23.85	30.91	23.34	12.48	13.45	20.71	23.85
Market Cap		355.90	461.25	348.29	186.23	200.71	309.04	355.90
Price/Earnings		9.20	10.18	11.24	5.93	7.22	12.61	10.92
Price/Book		2.28	2.57	1.77	1.01	1.12	1.72	1.80
Dividend Yield		2.02%	2.06%	2.76%	5.10%	4.58%	2.88%	2.50%
Gross Margins	21.86%	24.23%	26.47%	19.41%	21.89%	18.50%	19.76%	20.84%
Net Margins	7.95%	8.21%	9.83%	5.67%	6.23%	5.60%	4.90%	6.50%
Earnings/Current Assets	26.76%	25.70%	28.74%	19.83%	19.72%	15.87%	12.65%	19.60%
Earnings/Total Assets	10.61%	10.17%	11.59%	6.53%	7.19%	6.29%	4.92%	6.64%
Revenues % Change		1.81%	-2.27%	18.69%	-7.74%	-1.51%	0.54%	0.38%
Property % Change		16.64%	3.55%	40.83%	10.98%	-1.03%	15.27%	6.85%
Depreciation % Change		7.27%	1.26%	16.10%	1.89%	6.36%	4.42%	15.19%
Price to BFCF		11.56	26.36	22.47	9.45	7.04	14.93	14.41
ROE		20.09%	15.06%	9.75%	-6.50%	-2.33%	-0.22%	10.03%
In millions \$								
Selected Financials	1995	1996	1997	1998	1999	2000	2001	2002
Net Sales	462.9	471.3	460.6	546.7	504.4	496.8	499.5	501.4
Gross Profit	101.2	114.2	121.9	106.1	110.4	91.9	98.7	104.5
Net Profit	36.8	38.7	45.3	31	31.4	27.8	24.5	32.6
EPS (Current Outstanding)		2.59	3.04	2.08	2.10	1.86	1.64	2.18
Current Assets	137.5	150.6	157.6	156.3	159.2	175.2	193.7	166.3
Gross Property	322	361	370	479.3	451.9	462	509.5	562.9
Accumulated Depreciation	155.5	166.8	168.9	196.1	199.8	212.5	221.9	255.6
Net Property	166.5	194.2	201.1	283.2	252.1	249.5	287.6	307.3
Total Assets	347	380.6	391	474.7	436.6	441.7	497.9	491.2
Current Debt	94.1	101.8	90.5	124.5	107.4	110.4	145.5	118

Total Debt	217.1	224.6	211.5	277.7	252.4	261.8	318.4	293.7
Equity	129.9	156	179.5	197	184.2	179.9	179.5	197.5
Cash From Operations	64.9	90.4	67.3	67.1	60.7	71.7	106.8	63.9
Capital Spending	22.5	51.5	35.8	36.7	26.3	29.4	73.8	30.3
Dividends (SMW Shareholders)	0	7.2	9.5	9.6	9.5	9.2	8.9	8.9
Dividends (Minority Interests)	0	0.9	4.5	5.3	5.2	4.6	3.4	0
Dividends (To Affiliates)	18.5	0	0	0	0	0	0	0
Basic Free Cash Flow	23.9	30.8	17.5	15.5	19.7	28.5	20.7	24.7
Average Capital Spending Per Year: \$38 Million								

The Rank Group Plc – RANKY (ADR)

RANKY is based in the UK and has three major business divisions: Deluxe Media Services (48% of revenues), Gaming (32%), and Hard Rock (16%). The company's remaining revenues are made up from the U.S. Holidays segment, which is composed of timeshare operations, campgrounds, and a hotel.

RANKY is an appealing company not only because it has withstood an economic slowdown extremely well, but also because of its prospects for future growth. With continued deregulation in gaming, the company's expanding casino interests should benefit. As well, new tax laws in the UK (gross profits tax to replace taxing bingo customer stakes) could aid the company's dominant role in Bingo halls. Lastly, there is the company's January 2003 takeover of Blue Square, accomplished with unsecured convertible loan stock, which is expected to dilute the current share base by 23 million shares in July 2003. Blue square, which provides online gambling, *could* mesh well with RANKY's other interests.

Pros

Compared to North American gaming stocks, RANKY is extra attractive in both yield and basic valuations. If the global economy recovers (a big if), the company's non-gambling related interests could benefit.

Cons

Less attractive in our opinion is the company's Hard Rock Café restaurants (11% pretax margins versus 22% for the Gaming segment), and its aim to increasingly become a larger media services company (DVD replication). Also, by aiming to run an array of successful businesses that are not related, RANKY is more economically sensitive than pure gaming stocks.

RANKY is UK based, and trades in New York as an ADR. As such, its financial reports (20-Fs) are structured differently than SEC guidelines dictate. We warn investors of this beforehand, because while we are attracted to the business, much work is still required to sort through and fully understand all pertinent financial numbers. Our summary conclusion on the business is that we are unwilling to chase its yield at current prices, but RANKY has been added to our Watch List.

Other

Other companies researched but not included in the Watch List at this time include Stepan Company (SCL), VF Corp (VFC) and Seaboard Corporation (SEB). Each of these companies has encountered near term setbacks which may open up an investment opportunity in the future. However, our investigations are not complete, and/or we are still waiting to hear back from the companies.

Conclusion

Despite claims that a 'bear market' has wreaked havoc on investor portfolios, in recent memory the best time to purchase stocks was in 2000 and 2001. To be sure, in early 2000 – when the mania in stocks was reaching its pinnacle – purchasing depressed Tobacco stocks like MO and UST meant doubling your money by year's end. Furthermore, some utility stocks were yielding double digits heading into 2000, and shares were severely depressed based upon available information (some of which turned out to be manipulated information). Quite frankly, companies like Consolidate Edison were being completely avoided by an investing public in search of super growth in tech.

Similarly, purchasing stocks leading into 2001 was relatively easy. With real estate investment trust yields approaching double digits, gold stocks severely depressed, and many smaller stocks being neglected by investors, gains (as the first Wish List shows) were seemingly easy to come by.

However, in 2002 the investment environment became increasingly more difficult. In our opinion, REITs become a gamble on lower interest rates, gold stocks became overly speculative, and once unnoticed companies caught investor attention.

In sum, and despite gains in the first half of the year, 2003 is shaping up to be the most difficult investment climate we have ever encountered. Is a 4% dividend yield really the best option for an investor's capital? Are ridiculously over-loved tech and large cap stocks worth the gamble? Are any sectors/industries extra attractive should the economy continue muddling along or slip back into recession within the next 12-18 months?

We continue to feel that holding cash and forming a list of equities for possible future investment is the correct pursuit for the investor to undertake.

Sincerely,

Brady Willett & Todd Always

Buying any stock carries with it a great amount of risk.

The Wish List's producers are private investors not investment advisors. None of the following information is a direct recommendation to buy and sell any stock. Furthermore, although we maintain a running stake in all of the companies selected, at times we will write covered calls to hedge our position, sell some shares to lock in profits, and/or dollar cost average to increase our ownership. Keeping this in mind, we only notify members when we remove (sell) companies from the Wish List.

Brady Willett & Todd Alway own shares in each of the 5 'Wish List' companies. Neither Brady Willett or Todd Alway, or anyone associated with FallStreet.com, has any investment interest in any of the other companies mentioned in this report.

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