



STRATHMORE LOOKS OFFSHORE FOR INVESTMENTS

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High-tech company Strathmore Group expects any "liquidity events" in its investments will happen in the Australian, US or UK markets, saying the local market cannot provide enough scale.

But it says listing may not be the goal of all of its investments: other options include acquisitions.

"We are looking for the best value for our shareholders," executive director Don Cowie said. "It is hard to envisage listings here. There is a big distinction between technology that works in New Zealand and those with an international orientation. We are looking at international companies."

He said the company was modelled on the US Internet Capital Group, which had gained 50 investments over four years but had only listed three.

Mr Cowie said Strathmore had no statement to make on the future of telephony software Commsoft, in which it owns 32% and which analysts believe is being readied for an initial public offering on the Australian exchange. "We are looking at a number of options."

He denied Commsoft had any association with or would receive funds from Aquaria 21, a move brokers speculated last week.

In a presentation to Ord Minnett analysts, Mr Cowie said Commsoft had a pre-IPO valuation of between \$85-100 million, well above previous estimates circulating in the market. Strathmore has high expectations for Commsoft, which has been compared to Telemedia Networks and MYOB.

Mr Cowie believes the company's raft of investments all have first-mover advantage: retail loyalty software Global Online Promotions product is protected by patent and still under development for release in three months.

Web and enterprise systems developer Haht Software & Haht Asia, credit services company CreditNet International, application software provider Genie Systems had that advantage too, he said.

Last week Strathmore announced a 30% interest in San Francisco-based web software developer Inspar for \$1.286 million. Inspar's major product, MediaPoster, puts compressed video and audio on websites. Mr Cowie said it would capitalise on bandwidth growth coming in mergers such as AOL with TimeWarner.

NZ Funds placed \$6 million with 13.3 million shares in Strathmore last week, making it a 5% shareholder. Strathmore now has more than \$11 million funds available for investments.

Strathmore expected to break-even this year and next year, Mr Cowie said.

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