

PEARSON Investment Letter

Published Monthly Since 1982

www.pearsoncapitalinc.com**FEATURED STOCKS**

Accredited Home	Saxon Capital
Corinthian Colleges	Take -Two 2
Community Health	Teva Pharma
Guaranty Federal	Universal Health

GROWTH & INCOME STOCKS

Harmony Gold	Telekom. Indonesia
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2003 YEAR IN REVIEW**BY DONALD PEARSON**

At the close of every year we all have an opportunity to review our

growth is a wise strategy that will reward handsomely over time.

Scandals and fraud continue:

You are probably as fed up with all of this as I am. Thank goodness for the New York State Attorney General, or this may never come to an end. That is, of course, if he's flushed all the problems out into the open. I find it unforgiving that someone in a position of trust, (Brokers, Analysts, Mutual Funds) who is caught cheating me, will only be fined and then allowed to cheat me again. If an employee of yours or mine did this, it would be immediate termination. We decided to cancel all subscriptions and services from all of the companies involved, simply because we don't know who or what to believe anymore. Our performance has shown a significant improvement, and this is displayed in the portfolios of our clients.

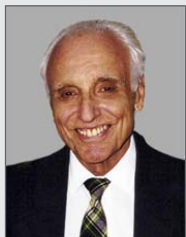
Research and stock selection for buying and selling:

In 2003 we continued to monitor our stock selecting process, and small changes were made that continue to produce exceptionally favorable results. Our selections, and our clients' portfolios, outpaced the indexes all year. We were reluctant one year ago to dismiss all brokerage research, yet now we're all in agreement that we are better off without it. 2004 will continue to be a stock selecting challenge as segments fall in and out of favor and different countries begin to take a more positive roll. Look for us to add a China Fund or individual stocks to your portfolios. Our 2003 CD Buster finished the year over 50%. You can see this on Page 6. In the last quarter of this year we had more than sixty new unsolicited account openings. It's simply the response of you folks sharing your account performance with your loved ones, and we thank you for it.

investment decisions and the impact of these decisions. 2003 predictions can now be accurately evaluated and graded also. This is a time for me personally, as well as our entire team, to do the same. We will then use what is learned to help us with our 2004 decision-making. There are always interesting surprises. Some are pleasant, but there are others you'd rather forget. I would like to share with you my personal sentiments as I review 2003 and prepare for what I believe will be another year of opportunity.

Stock market predicting:

Predictions for 2003 were cautiously optimistic and everyone gave the indexes a single digit growth gain at best. The Doom and Gloom prognosticators spied their regular line of jargon hoping to get everyone into something ultra safe. If you listened to these people, you would have missed the growth opportunities altogether. At the beginning of every year I am often asked about my thoughts for the coming year, and I always say that my opinions, and that of others, are mere projections predicated on many variables. If all of the indicators continue true to course for 2004, (which in itself is very unlikely in today's market environment) an 8-16% increase would appear realistic. In 2003 we saw the S&P Index climb 26.4%, and some of the other indexes climbed even higher. More important, no one saw this amount of performance growth coming. There is a lesson to be learned here. One need not have all of his money invested in stock, but one must have some stock investments at all times to pursue a blended average of growth with one's capital. Risking a portion in stocks to pursue double-digit

Continued on page 2

Walter D. Pearson
Chairman



Donald E. Pearson
President



Sandra Alberti
Publishing President

Investment Letters are complimentary to our clients with managed accounts!

WHEN SHOULD YOU START INVESTING?

At what age should one start thinking of investing? Some people give no thought along these lines until the time comes when they realize that in a few more years earned income will be a thing of the past. Today, most people will not receive Social Security checks large enough to keep them living in the style to which they have become accustomed. The prudent parent will start a nest egg for each of his children if he is financially able. In this manner the child becomes not only an investor, but with proper guidance he will learn what he should know regarding finance and the art of compounding.

When I was a youngster, an aunt of mine passed away and left me \$100. My father explained to me that by the time I was 21 years of age my inheritance would have grown to \$200. If my father had understood the stock market, he could have done much better for me. It is almost unbelievable what compounding will do for an account even though it may start small. A small \$2,000 account may grow to more than \$1 million while the child is growing up. The mathematics are not that difficult. If the account can grow at a rate of only 12% a year, the account would double in a six-year period. What this would mean to a man of 63 years of age is that on that basis his account would be worth much more than \$1 million if such an account had been started for him at birth.

Whether a person starts early or late, the important thing is to get started. It is very nice to have an income that belongs to you and is not a product of Social Security. Many people like to have auxiliary income in their later years, and it is easy enough to set up a plan where the shareholder receives a monthly check which fits his needs. The younger person usually requires no income except in special cases. In those circumstances, the investments should be scaled toward growth, forgetting income entirely. As a person ages and gets closer to quitting time, consideration then can be taken to tailor the account toward income and growth.

Investors who are retired and who need income should not be looking at income only. Things have changed in this country and investing for income alone is a losing game. With inflation going at a rate of approximately 7% a year, it is important to have issues that will tend to show a growth potential of at least that much while spinning off a bit in the way of dividends. In one respect companies are very much like people. When a company is new, it is almost a sure thing that there will be no dividends paid for some time. And too, this new company will very likely lose money for a few years. Then comes the time when it starts to make money. Just like the youngster who has started working and has money, both the lad and the company have places to put their earnings. He doesn't save any, and the company doesn't pay dividends to the stockholders.

A new or young company can often find ways of increasing earnings or profit, but it takes money to do some of these things. Consequently, the young company may be increasing earnings each year, but it does not have enough to pay the stockholders. In the long run this should be a boon for the stockholders inasmuch as the value or the price of the stock will usually rise as the company's earnings increase. Then, sooner or later, comes the time where more growth is limited. The company has either gotten so big that it can't grow much bigger, or it has corralled most of the business in its field, and there's not much more that can be done in the growth area. In this case, the company is still making money, and, as there is no better place to put it, the company starts paying dividends to its shareholders.

Think about Henry Ford. I don't know how long it took him, but I know his company paid no dividends when he first started eliminating the horses. Today every family has not just one car, but very likely two or more. How much more growth can Ford look to? That's why Ford pays its stockholders. McDonald's has been paying dividends for a few years now, and the reason is the same. Anywhere you go you will find a McDonald's, even overseas, which means future growth is limited.

The younger person should be looking for the stars of tomorrow. He should be looking for tomorrow's Ford or McDonald's. It is my opinion that there is a terrific growth potential in the high tech field. About 12 years ago a \$1,000 investment in Microsoft would have grown to about \$34,000, and Cisco to about \$73,000. I still think this field is attractive for growth investing, but Microsoft is now paying dividends, which, to me, means that Cisco would be the better choice for growth.

Donald Pearson - Continued from page 1

Stock of the year:

Every year we select a stock that we submit to other publications. This is a company we believe should be added to everyone's portfolio, but in some individual cases this might not be so because of the risks involved with small start-up companies. If our clients' risk tolerance allowed this, we purchased Biolase for them. We selected Biolase (BLTI) at \$6.00 and touted this to be a \$12.00 stock by year-end (2003). I am happy to report I was wrong at predicting year-end to be \$12.00, as it finished the year at \$16.60. Only a few days into January the stock has cleared \$20.00. I'm pleased to report that those clients with us from the beginning of the year, who allowed us some risk latitude, have this in their portfolios already at a purchase price somewhere between \$5.69 and \$7.11. At this time we see no reason to sell. This may be a "special situation" stock that many of us have gotten in on, at the ground floor. Only time will tell.

Recap:

It has been several years since the stock market showed this type of positive momentum. This market momentum and our systems of stock selection helped us to deliver a wonderful year-end performance for all of our clients. I believe every managed account of \$25,000 or more, without withdrawals, had a performance that exceeded 30% for 2003.

Appreciation:

Thank you all for your trust and confidence in me and the entire Pearson Capital Team. We are honored that you chose us to be your financial representative. For the many new clients who have joined our family in the last three months, I want to end where we really begin - a few simple lines referenced as our "Mission Statement." Every decision within your portfolio is predicated on it.

Our Mission Statement:

Pearson Capital's objective is to enhance investment performance while reducing portfolio volatility by simplifying the vast complicated web of financial investments with one overall objective in mind - to structure and implement strategies designed to assist clients in retaining maximum control over their wealth in a manner appropriate with their given level of risk.

Walter Pearson is the former President of First New England Securities, Co., Inc. and at that time, also managed the Statistical Department. He is the author of the book, "Investing for the Millions" and Publisher Emeritus for the Pearson Investment Letter. At this time, Mr. Pearson is Chairman of the Board of Pearson Capital, Inc. He is a contributing columnist for various publications and is listed in Who's Who in America.

"Remember the Lord your God, for it is He who gives you the ability to produce wealth. Deut. 8:18"

PEARSON CAPITAL'S RECOMMENDED STOCKS FOR JANUARY

ACCREDITED HOME LENDERS HOLDINGS CO (LEND) NASDAQ PRICE: \$30.60

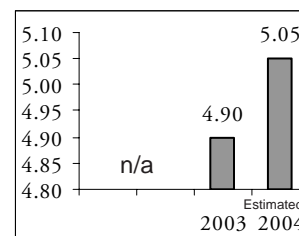
LEND's business includes originating, selling and servicing first and junior-lien mortgage loans primarily secured by single-family (one- to four-family) residences. Accredited Home focuses on borrowers who do not meet conforming underwriting guidelines because of higher loan-to-value ratios, the nature or absence of income documentation, limited credit histories, high levels of consumer debt or past credit difficulties. The Company originates loans primarily based upon the borrower's willingness and ability to repay the loan and the adequacy of the collateral. It has primarily disposed of its loans in whole loan sales, and, to a lesser extent, in securitizations and loan sales with retained interests. For the nine months ended 9/03, total revenues totaled \$303.6 million, up from \$139.8 million. Net income totaled \$70 million, up from \$23.1 million.

Type: Emerging Growth
Sector: Financial

Institutional Holdings: 9
Industry: Financial Services

Ratings & Recommendations Earnings per share

Current P/E Ratio: **7.9**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **A+**
Pearson Growth Rating: **A**
Pearson Value Rating: **A+**
Stand.&Poor Rating: **N/R**
Value Line Rating: **N/R**



CORINTHIAN COLLEGES, INC. (COCO) NASDAQ PRICE: \$55.51

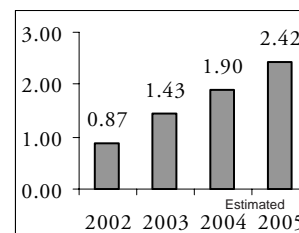
Corinthian Colleges, Inc. is a for-profit, post-secondary education company operating in the United States. The Company had more than 43,200 students enrolled as of June 30, 2003. At year-end 2003, the Company operated 69 colleges and two training centers in 21 states, including 18 in California and 12 in Florida, and serves the segment of the population that seeks to acquire career-oriented education. All of the Company's schools are accredited and grant either associate's, bachelor's and master's degrees or diplomas and offer educational opportunities from a diverse curricula library with an emphasis on four primary concentrations: allied health, business, technology and criminal justice. For the three months ended 9/30/03, net revenues rose 46% to \$169.2 million. Net income also rose 41% to \$19.4 million.

Type: Growth
Sector: Services

Institutional Holdings: 237
Industry: Schools

Ratings & Recommendations Earnings per share

Current P/E Ratio: **36**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **B-**
Pearson Growth Rating: **A-**
Pearson Value Rating: **C+**
Stand.&Poor Rating: **C**
Value Line Rating: **1-3-3**



COMMUNITY HEALTH SYSTEMS, INC. (CYH) NYSE PRICE: \$26.58

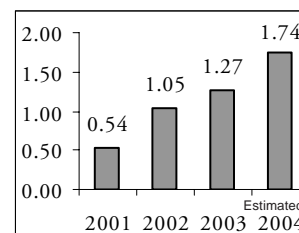
Community Health Systems, Inc. is a non-urban provider of general hospital healthcare services in the United States. As of December 31, 2002, the Company owned, leased or operated 63 hospitals, geographically diversified across 22 states, with an aggregate of 6,310 licensed beds. Its hospitals offer a variety of services involving a broad range of inpatient and outpatient medical and surgical services. These include orthopedics, cardiology, obstetrics/gynecology (OB/GYN), occupational medicine, diagnostic services, emergency services, rehabilitation treatment, home health and skilled nursing. For the nine months ended 9/30/03, revenues rose 26% to \$2.04 billion. Net income rose 34% to \$95.8 million. Revenues reflect higher rates and an increase in inpatient admissions.

Type: Emerging Growth
Sector: Healthcare

Institutional Holdings: 181
Industry: Healthcare Facilities

Ratings & Recommendations Earnings per share

Current P/E Ratio: **21.8**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **B**
Pearson Value Rating: **C**
Stand.&Poor Rating: **A**
Value Line Rating: **3-3-3**



GUARANTY FEDERAL BANCSHARES, INC. (GFED) NASDAQ PRICE: \$19.25

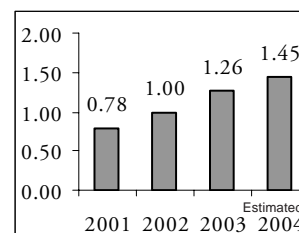
Guaranty Federal Bancshares, Inc. is a unitary savings and loan holding company for Guaranty Federal Savings Bank. On June 27, 03, the Bank converted to a state-chartered trust company with banking powers, and the Company became a bank holding company. On this date, the name of the Bank was changed from Guaranty Federal Savings Bank to Guaranty Bank. The primary activity of the Company is to oversee its investment in the Bank. The Bank is primarily engaged in providing a full range of banking and mortgage services to customers in southwest Missouri. For the 3 months ended 9/30/03, interest income fell 13% to \$5 million. Net interest income after LLP fell 3% to \$2.5 million. Net income rose 20% to \$1.1 million. Net interest income reflects decreased average balance of interest earning assets, and a lower net interest margins.

Type: Growth
Sector: Financial

Institutional Holdings: 9
Industry: Savings Banks

Ratings & Recommendations Earnings per share

Current P/E Ratio: **14.6**
Annual Yield: **2.9%**
Annual Dividend: **\$0.58**
Investor's Bus. Daily: **C**
Pearson Growth Rating: **B+**
Pearson Value Rating: **B+**
Stand.&Poor Rating: **N/R**
Value Line Rating: **N/R**



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR JANUARY

SAXON CAPITAL, INC. (SAXN) NASDAQ PRICE: \$20.95

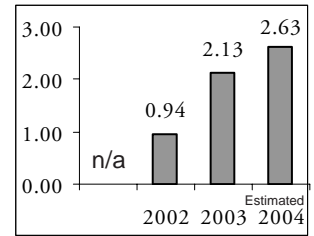
Saxon Capital, Inc. is licensed to originate loans or is exempt from licensing requirements, in 49 states, through its wholly owned subsidiaries Saxon Mortgage, Inc. and America's MoneyLine, Inc. The Company's activities consist primarily of originating and purchasing single-family residential mortgage loans and home equity loans through three production channels: brokers, correspondent lenders and direct consumers. The Company may also, as servicer of record, purchase loans from prior securitizations pursuant to the clean-up call provisions of the trusts. In addition, through its wholly owned subsidiary, Saxon Mortgage Services, Inc., the Company services and sub-services single-family mortgage loans throughout the United States that primarily have been purchased or originated by Saxon Capital.

Type: Emerging Growth
Sector: Financial

Institutional Holdings: 76
Industry: Financial Services

Ratings & Recommendations Earnings per share

Current P/E Ratio: **11**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **A+**
Pearson Value Rating: **A+**
Stand.&Poor Rating: **N/R**
Value Line Rating: **3-3-3**



TAKE-TWO 2 INTERACTIVE SOFTWARE, INC. (TTWO) NASDAQ PRICE: \$28.82

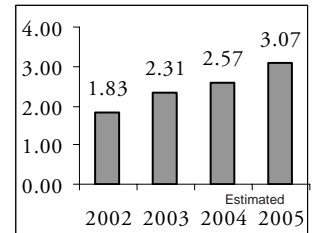
TTWO is an integrated global developer, marketer, distributor and publisher of interactive entertainment software games and accessories for the PC, PlayStation, PlayStation2, Nintendo Game Boy Color, Nintendo GameCube, Nintendo Game Boy Advance and the Xbox. The Company publishes and develops products through various wholly owned subsidiaries including Rockstar Games, Rockstar Studios, Gathering, Joytech, PopTop, Global Star and under the Take-Two brand name. The Company maintains sales and marketing offices in Cincinnati, New York, Toronto, London, Paris, Munich, Vienna, Copenhagen, Milan, Sydney and Auckland. For the fiscal year ended 10/31/03, revenues rose 30% to \$1.04 billion. Net income increased 40% to \$100 million. Revenues reflect increased sales of titles for the Playstation two and Xbox.

Type: Growth
Sector: Technology

Institutional Holdings: 221
Industry: Software/Program.

Ratings & Recommendations Earnings per share

Current P/E Ratio: **12.6**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **C**
Pearson Growth Rating: **A**
Pearson Value Rating: **A**
Stand.&Poor Rating: **A**
Value Line Rating: **2-3-2**



TEVA PHARMACEUTICAL IND. LTD (TEVA) NASDAQ PRICE: \$56.71

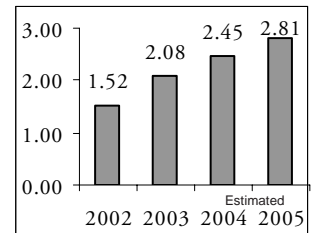
Teva Pharmaceutical Industries Ltd. is a global pharmaceutical company producing drugs in all major treatment categories. Teva has utilized its production and research capabilities to establish a global pharmaceutical business focused on the growing demand for generic drugs and on the opportunities for proprietary branded products for specific niche categories. Teva's active pharmaceutical ingredients business provides both significant revenues and profits from sales to third-party generic manufacturers and strategic benefits to the Company's own pharmaceutical production through its delivery of significant raw materials. For the nine months ended 9/30/03, sales increased 34% to \$2.33 billion. Net income rose 84% to \$504.7 million. Revenues reflect increased North American pharmaceutical sales due to sales of new products.

Type: Growth
Sector: Healthcare

Institutional Holdings: 468
Industry: Biotechnology

Ratings & Recommendations Earnings per share

Current P/E Ratio: **24.9**
Annual Yield: **0.03%**
Annual Dividend: **\$0.18**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **B-**
Pearson Value Rating: **C+**
Stand.&Poor Rating: **A**
Value Line Rating: **N/R**



UNIVERSAL HEALTH SERVICES, INC. (UHS) NYSE PRICE: \$53.72

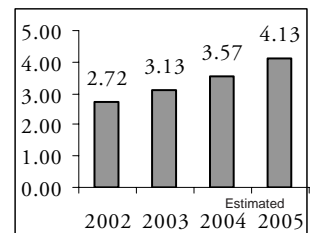
Universal Health Services, Inc., through its subsidiaries, owns and operates acute care hospitals, behavioral health centers, ambulatory surgery centers and radiation oncology centers. Services provided by the Company's hospitals include general surgery, internal medicine, obstetrics, emergency room care, radiology, oncology, diagnostic care, coronary care, pediatric services and behavioral health services. As of December 31, 2002, the Company operated 34 acute care hospitals and 38 behavioral health centers. The Company, as part of its ambulatory treatment centers division, owns outright, or in partnership with physicians, and operates or manages 24 surgery and radiation oncology centers located in 12 states and Puerto Rico. For the nine months ended 9/30/03, revenues increased 11% to \$2.69 billion.

Type: Growth
Sector: Healthcare

Institutional Holdings: 204
Industry: Healthc. Facilities

Ratings & Recommendations Earnings per share

Current P/E Ratio: **17.1**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **A-**
Pearson Growth Rating: **A-**
Pearson Value Rating: **A-**
Stand.&Poor Rating: **C+**
Value Line Rating: **3-3-2**



WALL STREET INDEXES

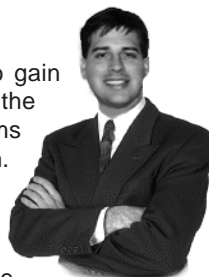
Indexes	1997	1998	1999	2000	2001	2002	2003
S&P 500	31.0%	28.5%	21.1%	(10.1%)	(13.3%)	(23.4%)	26.4%
Dow Jones	19.7%	18.1%	25.2%	(6.2%)	(7.1%)	(16.8%)	25.3%
Nasdaq	21.6%	39.6%	85.6%	(39.3%)	(21.1%)	(31.5%)	50.0%
Russell 2000	20.5%	(2.4%)	21.3%	(4.2%)	1.0%	(21.6%)	45.4%
Our CD Buster	Data for 2003 is available on our website					8.1%	56.7%
CD Annual Average	5.2%	4.7%	4.9%	5.4%	3.0%	2.3%	1.5%

MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

ECONOMIC FLOWS:

The Dollar and the Euro will compete with each other in 2004 to gain "leadership position." The Dollar will probably strengthen toward the end of the year because of the general election. However, problems like Iraq or mad cow disease may impact currency in the short term.



EARNINGS FLOWS:

For most, the January earnings season will show the companies successful in 2003. A bullish earnings report can also set the tone for the new year. In 2004, leadership of the stock market may become narrow as year-to-year comparisons will be extremely difficult. No more easy money. No more lower interest rates. Look for sector rotation into areas where earnings will improve. The experts say that the year of the presidential election is the best year for energy stocks, while a bad year for technology stocks. We shall see if this saying is true.

CASH FLOWS:

Our country is benefitting by China's fixed-currency policy and continued economic expansion by the use of exploited labor. China is using these two things to gain technology and improve the lot of its own people. To avoid the rise in Chinese currency, the Central Bank of China has purchased a lot of treasury bonds. By doing this China is extending artificially cheap credit to the American government to finance tax cuts and, indirectly, to the home buyers' refinancing spree. If China's currency is allowed to float naturally, America's bond yields would rise higher, causing a slowdown in America's economy. China is not about to do that any time soon.

CD BUSTER 2003 - YEAR END RESULTS +56.7%

The CD Buster portfolio was created from the selection of stocks published in the January and February 2003 Pearson Investment Letter. The additional issues were selected from our "top ten" list of growth and income stocks. The start up prices were taken from our Investment Letter at the time they were recommended. This portfolio demonstrates how selected stocks could outperform the regular bank CD yielding 2.5% annually. **This example does include trading fees and management fees as well as dividends earned.** Current performance does not indicate or guarantee future performance. All client portfolios are customized differently to meet their individual objectives and goals. There are no guarantees as to the profit of each - some may lose money.

Continued on page 6

Source Rating Key for PCI's featured stocks:

Pearson Investment Growth Rating measures long-term past and future growth.

Pearson Value Rating measures current value in terms of potential for the dollar.

Investors Business Daily measures growth and relative price strength. **S&P** measures financial quality and growth potential. **Value Line** measures timeliness, value and safety.

Information & data obtained from other sources is believed to be reliable, but its accuracy and completeness can not be guaranteed.

Sources: Pearson Capital, Inc. research, various publications and the Internet

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JANUARY'S RECOMMENDED GROWTH & INCOME STOCKS

HARMONY GOLD MINING LTD. (HMY) NYSE PRICE: \$16.23

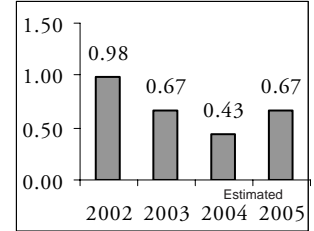
Harmony Gold Mining Co. is a mining company operating in all the main gold producing regions of South Africa. Its main operations are situated in the Free State, Evander and Randfontein regions of the Witwatersrand basin, as well as the Kalgold and Elandskraal mines. As of June 30, 2002, Harmony's mines produced a total of 2,667,572 ounces of gold. The Company has identified a number of major capital projects for further development. Feasibility studies for these projects are underway. Net income before acct. change decreased 18% to \$71.8 million. Revenues reflect both an increase in gold production and in the gold prices. Net income was offset by increased operating costs and increased depreciation expense. Net income also reflects higher financial charges, and increased deferred and current taxes paid.

Type: Growth & Income
Sector: Basic Materials

Institutional Holdings: n/a
Industry: Gold & Silver

Ratings & Recommendations Earnings per share

Current P/E Ratio: **33.8**
Annual Yield: **3.4%**
Annual Dividend: **\$0.55**
Investor's Bus. Daily: **B**
Pearson Growth Rating: **A**
Pearson Value Rating: **C+**
Stand.&Poor Rating: **N/R**
Value Line Rating: **N/R**



TELEKOMUNIKASI INDONESIA TBK PT (TELKOM) (TLK) NYSE PRICE: \$16.42

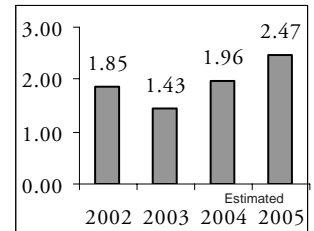
Perusahaan Perseroan (Persero) P.T. Telekomunikasi Indonesia Tbk. (TELKOM) provides fixed-line and cellular services in Indonesia. The Company provides telecommunications networks and telecommunications services, including fixed-line, mobile, interconnection, network and data and Internet services. TELKOM provides its fixed-phone telecommunications services in seven regional divisions covering all of Indonesia. It offers its mobile cellular services mainly through a majority-owned subsidiary. For the nine months ended 9/30/03, revenues rose 28% to Rp19.977T. Net income decreased 42% to Rp4.372T. Revenues reflect growth in the number of lines in service and higher call volumes. Earnings were offset by lower operating margins and the absence of investment sales.

Type: Growth & Income
Sector: Services

Institutional Holdings: 9
Industry: Tel. Services

Ratings & Recommendations Earnings per share

Current P/E Ratio: **8.2**
Annual Yield: **2.8%**
Annual Dividend: **\$0.46**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **A**
Pearson Value Rating: **A+**
Stand.&Poor Rating: **N/R**
Value Line Rating: **N/R**



Continued from page 5

CD BUSTER - YEAR END RESULTS +56.7%

Closing Day - Wednesday, 12/31/03

Stocks Name	Symbol	Yield	Shares	Price/Share	Total Invested	Current/Price	Current Value	Added Div.	Gross Value
Advance Finc Corp	AFBC***	2.1%	226.5	\$13.80	\$3,125.70	\$18.23	\$4,129.10	\$86.07	\$4,215.17
Doral Finc	DRL****	1.6%	159	\$19.67	\$3,127.53	\$32.28	\$5,132.52	\$77.08	\$5,209.60
EFC Bancorp	EFC	2.3%	171	\$18.25	\$3,120.75	\$23.90	\$4,086.90	\$102.60	\$4,189.50
FBR Asset*	FBR*	5.8%	339	\$ 9.29	\$3,149.31	\$23.08	\$7,824.12	\$446.80	\$8,270.92
FFLC Banc**	FFLC**	1.7%	159	\$19.71	\$3,133.89	\$28.75	\$4,571.25	\$77.43	\$4,648.68
Altria Group	MO	5.1%	84	\$36.99	\$3,107.16	\$54.42	\$4,571.28	\$225.96	\$4,797.24
Thornburg Mortg	TMA	8.7%	156	\$20.03	\$3,124.68	\$27.20	\$4,243.20	\$365.04	\$4,608.24
Wash. Mutual	WM	4.1%	90	\$34.53	\$3,107.70	\$40.12	\$3,610.80	\$148.32	\$3,759.12
Avg. Portfolio Yield 3.9%				TOTAL :	\$24,996.72		\$38,169.17	+\$1,529.30	\$39,698.47

A \$25,000 CD returning 2.5% annually would have a year-end value of: **\$25,625.**

The same \$25,000 invested in our CD Buster in January and February 2003 would have a value of **\$39,181.49 (+\$14,184.77 = +56.7%)**

For additional information go to our website at www.pearsoncapitalinc.com Go to: "CD Buster 03"

STOCK SPLITS:

* Formerly FB merged to FBR

** 3 for 2 02/28/03

*** 3 for 2 12/01/03

**** 3 for 2 12/12/03

Gross Value:	Results before fees/yields	\$39,698.47
Expenses:	Stock purchases of \$15.00 each:	\$ 120.00 (payable to TD Waterhouse)
	Management fee of 1%:	\$ 396.98
Yields:	Dividends added in:	\$ 1,529.30
	CD Buster start up:	\$24,996.72
	End results are:	\$39,181.49
	<u>Year end profit of:</u>	<u>\$14,184.77</u>

DISCLAIMER: The CD Buster is a stock simulation portfolio created by Pearson Capital, Inc. for informational/educational purposes only.

Pearson Capital, Inc. makes no guarantee as to the accuracy or completeness of this data.

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