

HD MARKET STRONGLY HIGHER AT MIDDAY LED BY BANKS, MINERS

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The S&P/ASX200 is up 42.7 points at midday to 5409.6 on good volume worth \$1.3 **billion**. There are 497 issues higher and 362 down. The SPI Futures is up 55 points to 5411 on lightish volume of 8774 contracts. Aussie 10 year bond yields are down 2 points to 4.06%. The \$A is at 92.58 US c, up a few from Saturday levels.

*The banks have contributed 15.1 positive points to the index, insurers have contributed 2.2 positive points, resources have contributed 7.4 positive points, **property** trusts have contributed 0.3 positive points, retailers have contributed 2.5 positive points and Telstra has contributed 1.5 positive points.

*The Nikkei Dow futures is up 110 points to 14,810 points, Shanghai CSI physical is up 5.99 points to 2047.71. Hang Seng futures is up 69 points to 22,130 points, S&P futures is up 6.9 points to 1857.3 points, Nasdaq futures is up 16.25 points to 3579.25. Dow futures is up 57 points to 16,297 points.

Gold futures are up \$3.20 to \$1297.50. Crude futures is down 14c to \$101.53.

***China's** premier Li Keqiang speech reported by Xinhua on Friday, that **China** will speed up construction of basic infrastructure and that the government has the capability and confidence to maintain economic growth was the spur to the strong market.

*Also there are signs that the tension over the Crimea is de-escalating - Reuters reports U.S. Secretary of State John Kerry and Russian Foreign Minister Sergei Lavrov held talks on Sunday about ways to defuse the crisis over Ukraine, with Kerry telling Moscow that progress depended on a Russian troop pullback from Ukraine's borders.

"Ceiling will be 5390. Floor 5345. Close at 5364, down 2.9 points"

Daniel Goulding, the author of "The Sextant Market Report" says, "Our market looks set to open higher with the local futures contract up 12 points.

"The blueprint that I have been working since late February is that of a multi-week pullback back to 5180 to 5220 points before a final advance to a marginal new rally high.

"At present, I have pencilled in circa 5500 points by mid-April or mid-May for the top.

"While it is possible the final act could be postponed again, this does not change the fact that the internal top for our market was April-2013.

"With each new rally high, both price and internal momentum continue to wane.

"Unless the bulls can initiate a new wave of buying, the rally should run out of fuel shortly with a multi-year bear market back to circa 4300 to follow.

"But none of this matters for today. The ceiling will be 5390. The floor will be 5345. When the dust has settled, the market will have closed at 5364, down 2.9 points'.

The S&P/ASX200 closed up 16.8 points to 5366.9 last evening.

ECO NEWS

*The Housing Industry Association reported sales of new homes in Australia jumped 4.6% in February from January on strong demand for detached houses, an industry survey showed on Monday, the latest sign that low interest rates are fuelling a revival in the market. It is the highest in almost 3 years.

Sales of new detached houses surged 6.9 percent in February, while the volatile multi-unit sector dropped 6.8 percent.

"Both sales and building approvals for detached housing are signalling faster momentum ahead for this component of new dwelling construction, compared to what was evident in the first phase of the recovery," said HIA chief economist Harley Dale.

"This signal suggests more balanced growth ahead in the composition of new home building and adds a further positive dimension to the recovery for many of Australia's manufacturers and suppliers."

*The Reserve Bank reported Australia private sector credit rose 0.4% in February.

TOP STOCKS

*Orica is up 38.5c to \$21.94.5 on 512,132 shares, REA has gained 79c to \$48.75 on 113,270 shares and Seek is up 29c to \$17.55 on 416,666 shares.

*ROC is up 1c to 46.5c on 508,737 shares and COE is steady at 55c on 43,586 shares on the report below.

Among the financials, AMP is up 3c to \$4.99 on 921,982 shares, ANZ has gained 29c to \$33.11 on 1.8m shares, CBA is up 52c to \$77.66 on 904,109 shares, NAB is up 33c to \$35.65 on 1.35m shares, Westpac has gained 31c to \$34.74 on 1.69m shares.

Among the TMT's Telstra is up 4c to \$5.07 on 12.8m shares, Telecom NZ is up 1c to \$2.28 on 608,168 shares, SingTel has gained 1c to \$3.13 on 105,040 shares.

Among the resources BHP is up 53c to \$36.67 on 1.8m shares, RIO is up 54c to \$63.78 on 470,126 shares. Fortescue is down 4c to \$5.30 on 5.33m shares, Atlas is up .2c to 97.7c on 2.28m shares, BCI is down 3.5c to \$4.73.5 on 8.4m shares. OZL has gained 8.5c to \$3.50.5 on 2.2m shares. Iluka is up 21c to \$9.92 on 773,774 shares.

Among the oils, Woodside is up 43c to \$39.08 on 851,464 shares, Santos is up 16c to \$13.48 on 1.28m shares. **Oil** Search is up 19c to \$8.55 on 1m shares.

Among the golds, there is green paint across the **board**. Newcrest is up 15c to \$9.95 on 2.3m shares, Alacer is up 9c to \$2.80 on 476,429 share, Oceana is up 2c to \$2.43 on 185,481 shares.

AT THE SMALLER END

*Qube is up 6.5c to \$2.25.5 on 499,679 shares on its recent announcements.

*Nexus is untraded after directors urged acceptance of Seven **Group**'s 2c cash offer, below.

*Biotron is up 1.6c to 11.5c on 473,116 shares on a letter from the CEO to shareholders, outlining landmark results this year.

NEWS OF THE DAY

Our Darvas Systems related Special Report is on Flexigroup Ltd today, posted separately.

Changes in substantials reported March 26, 27 and 28 inc posted separately.

Ex div: MNY ex 2c; VRT ex 12c; WBA ex 1.5c.

LARGE CAP INDUSTRIALS

*SPN: Trading halt ahead of Singapore Power mgt services outcome

SP AusNet asked for a trading halt as SP AusNet is in discussions with Singapore Power in relation to the Management Services Agreement under which management services are provided to SPN by SPI

Management Services Pty Ltd, a subsidiary of Singapore Power and expects to be in a position to make an announcement during the course of today in relation to such agreement.

*XRO: KPMG chooses Xero to be strategic Cloud partner for SME's

Accounting software **company** Xero Ltd announced a strategic alliance with KPMG in the UK. The alliance sees Xero's online accounting platform play a central role in the formation of a new KPMG division which will provide select online accounting and tax services to small and medium sized enterprises using the cloud. Interested businesses will be able to sign up to the service from May 2014.

Managing director Gary Turner said in the report it was very gratifying that an organisation of KPMG's standing selected Xero to be its technology platform partner for their online services, confirming Xero's belief that cloud accounting is fast becoming the default platform for both accounting firms and small businesses.

LARGE CAP RESOURCES

*ROC/COE: ROC sells 50% **stake** in BMG to COE for net profit of \$US32 mln

ROC **Oil Company** Ltd announced it has signed a **sale** and **purchase** agreement to sell its entire 50% participating interest in the Basker Manta Gummy field to Cooper **Energy** Ltd for cash proceeds of \$1 **million** upfront plus \$5 **million** contingent consideration, subject to first hydrocarbon from a **commercial** development.

The **sale** of the interest includes the transfer of all remaining ROC BMG liabilities and operatorship to COE, resulting in a reversal of ROC's full abandonment obligation with a resulting profit of \$US32 **million** subject to working capital adjustment, before and after tax.

The **sale** is effective January 1 2014 and is subject to regulatory approval.

ROC CEO Alan Linn said the **sale** completes ROC's exit from the BMG fields and surrounding licences. ROC and the joint venture suspended BMG **operations** in 2010 because at that time a full field development was considered to be non **commercial**. With ROC's strategy progressively increasing its **business** focus in South East Asia and **China** it has concluded a BMG gas development is no longer a core project.

MID TO SMALL INDUSTRIALS

*CNN: EcNow to use Cardia Compostable to **m**fr disposable cutlery in US

Cardia Bioplastics announced it has won a contract to supply Cardia Compostable resin to USA's EcNow Tech for disposable compostable cutlery applications. Cardia has delivered initial orders, with annual supply projections of \$400,000 for its compostable resin used in EcNow Tech's production of disposable compostable cutlery and ice cream sticks.

Cardia Bioplastics and EcNow Tech established a strong relationship in the development, testing and validation of So Delicious **Dairy** Free's new compostable ice cream sticks. Throughout the validation process, EcNow Tech recognised Cardia's high quality compostable resin, which EcNow Tech will use to manufacture disposable compostable cutlery for the food services industry.

*CWE: Receives \$1.9 **million** government grant milestone payments

Carnegie Wave **Energy** Ltd announced completion of the final foundation milestone and progress milestone for the onshore plant component of the Perth Wave **Energy** Project with the receipt of \$739,862 from the Western Australian State Government and \$1,165,921 in payment claims submitted to the Australian government.

*EGN: Two maint sub contracts for \$5m from Downer EDI/Bombardier

Engenco Ltd announced it has been awarded two maintenance contracts for the A-series electric commuter trains operated by the Public Transport Authority of Western Australia in Perth.

The contracts were signed between Perth based Gemco Rail, Engenco's specialist rail maintenance services **business** and EDI Rail-Bombardier Transportation (Maintenance) Pty Ltd, the j/v between Downer EDI and Bombardier Transportation Australia.

Engenco's four year contracts valued at around \$5 **million** in aggregate are to service and maintain bogies and wheel sets as part of EDI Rail Bombardier's commitment to maintain the A-series fleet.

*FUN: Net loss for int/major writedown of Madman/full yr guidance reaffirmed

Funtastic Ltd for the six months ended January 31 2014 announced a net loss of \$25.9 million vs a profit of \$6.1 million for the prior corresponding period (pcp). On revenue up 2% to \$61.3 million.

EBITDA was \$3.3 million vs \$11.5 million for the pcp, in line with the trading update announced on March 4.

No interim dividend was proposed.

EPS was negative 3.87c vs eps of 1.72c for the pcp.

Net cash in hand is negative \$1.9 million vs \$800,000 for the pcp.

Proposed sale of Madman

The company received two Expressions of interest from the potential purchasers of the Madman Entertainment business. The assessed fair value of Madman Entertainment, based on the offers, was considerably lower than its carrying value, requiring a writedown of \$24.2 million as a non cash item, resulting in the half year loss of \$25.9 million.

CEO and MD Stewart Downs said it was a disappointing first half both for Funtastic and Madman Entertainment. "On a positive note, our own brands performed exceptionally well, now making up 56% of our earnings contribution. Going forward I remain confident that the company's second half performance improvement will result in us reporting a full year EBITDA number in the range of \$19/23 million (continuing operations \$13/16 million)."

*FWD: CEO Steve Price resigns, effective June 30

Fleetwood Corporation Ltd advised Steve Price, CEO has tendered his resignation effective June 30. The board paid tribute to his four years in the position. The process of identifying a new appointee will begin immediately. (Mar 28)

*HLO: Rob Gurney resigns as CEO, Elizabeth Gaines apptd

Helloworld Ltd announced Rob Gurney has advised of his decision to step down as CEO and MD of Helloworld Ltd. Although this will take effect immediately, he will remain available to provide assistance the board over the coming months. He wishes to pursue a new opportunity with an international focus.

Chairman Tom Dery paid tribute. Also Elizabeth Gaines has been announced CEO with immediate effect. Ms Gaines has been with the company and its predecessors since 2008 as COO, CFO and an executive director. She is a director of Fortescue Metals Group Ltd, Mantra Group Holdings Ltd and also serves as a director of the Australian Federation of Travel Agents Ltd. (Mar 28)

*PBT: Trading halt pending announcement on results of PBT2 Phase II trial

Prana Biotechnology asked for a trading halt pending an announcement regarding results of its PBT2 IMAGINE Alzheimer's disease Phase II trial.

*RFL: Contract to transition major client to Cloud, reiterates guidance

Major contract Rubik Financial Ltd announced it has signed contracts to transition one of its largest Wealth Institutional clients to the cloud. The ASX listed top 50 company is expected to access this mission critical application via the cloud during 2014.

Group CEO Niek Hoogenhout said the migration represents a major milestone for Rubik's growth strategy and a strong piece of evidence for suitability of the cloud to meet corporate needs.

Rubik also announced the Bank in a Box hosted Core banking solution announced on December 12 will not proceed into the next phase. Both parties have agreed not to proceed for various commercial reasons.

Neither of these contract outcomes will affect full year 2014 guidance. However the transitioning of a major Wealth client to a cloud solution strengthens the company's confidence in the corporate ambitions announced in the AGM update in November 2013.

MID TO SMALL RESOURCES

*CYL/NML: Navarre 51% j/v interest in Tandarra gold obtained by CYL

Catalyst Metals Ltd and Navarre Minerals Ltd have agreed terms whereby Catalyst can earn a 51% interest in Navarre's Tandarra **Gold** Project, north of Bendigo. The **transaction** will allow for the entire 60 km strike length of the North Bendigo Goldfield to be under single management for the first time. The agreement allows Navarre to focus on its flagship Miga Arc **copper** porphyry properties in western Victoria.

Navarre will transfer its interests in two **gold** projects owned by Castlemaine Goldfields Ltd, a subsidiary of LionGold Corp, subject to j/v arrangements between Navarre and Castlemaine. Navarre has earned a 51% interest in the Sebastian Project (EL4536 and EL 4974) and is earning a 51% interest in the Raydarra Project (EL5266). Navarre will retain a 1% net smelter royalty on catalyst's entitlement to proceeds from future production.

Catalyst will be required to spend \$3 **million** on exploration during a four year period commencing on the date at which certain conditions precedent are satisfied to earn its 51% **equity** interest in the Tandarra **Gold** Project.

*IOG: Inclusion of writedown of deferred tax leads to material diff in loss Incremental **Oil** & Gas Ltd advised there is a material difference between the net loss after tax and the net assets as reported in the Preliminary Final Report and the final financial statements, mainly due to a write down of the deferred tax asset of \$5.37 **million** from uncertainty regarding the determination of future profits.

The net loss after tax is \$1.469 **million** vs \$6.32 **million** in the preliminary final report.

Net assets are \$13.598 **million** vs \$18.8 **million** in the preliminary final report. (Mar 27)

*MBN: Repayment of \$US395 mln loan now to earlier of recapitalisation/Jun 30

Mirabela Nickel Ltd advised with regard to the \$US45 **million** loan obtained from a consortium of holders of the **company's** \$US395 **million** 8.75% Senior Unsecured Notes due April 15, the **company** and lenders have agreed to extend the date for repayment to the earlier of a successful recapitalisation and June 30 2014.

*NXS/SVW: **Board** recommends Seven **Group's** 2c cash takeover offer

Nexus **Energy** Ltd announced it has entered into a merger implementation agreement with Seven **Group** Holdings Ltd under which SVW will **acquire** all of the **company's** shares at 2c each.

The **board** of Nexus is unanimously recommending the offer, in the absence of a superior proposal and subject to an independent expert concluding that the scheme is in the best interests of the **company's** shareholders.

The **Board** said it has completed a comprehensive process to consider all alternatives available. The immediacy of the **company's** funding needs and capital commitments has been compounded by the recent outage at the **company's** Longtom project, its sole producing asset.

Nexus believes the proposal is its best prospect of delivering value to shareholders in current circumstances.

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