

HD **BANKS UP, BONDS DUMPED - MARKET CLOSES UP 0.3% FOR WEEK**

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The S&P/ASX200 closed up 12.9 points to 5492.8 on reasonable volume worth \$3.65 **billion**. there were 520 issues higher and 437 down. The SPI Futures was up 23 points to 5511 on lightish volume of 16,925 contracts. Aussie 10 year bond yields were up 15 points to 3.85. The \$A is at 92.41 US c, down about 20 points from last evening.

*The banks contributed 10.5 positive points to the index, insurers were Neutral, resources contributed 2.1 negative points, **property** trusts contributed 0.4 positive points, retailers contributed 0.8 positive points, Telstra contributed 0.9 positive points.

*Over the week our market rose 13.8 points or 0.3% to 5492.8.

*At 4pm AEST the Nikkei Dow futures was up 180 points to 14,490 points, Shanghai CSI physical had gained 5.51 points to 2026.80, Hang Seng futures was up 26 points to 22,941 points, S&P futures was up 1.10 points to 1891.30, Nasdaq futures was up 3.5 points to 3651.50, Dow futures was up 12 points to 16,540 points.

Spot **gold** was up \$1 to \$1295. Crude futures were up 7c to \$103.81.

The Ukraine election and EU zone elections on the weekend are probably helping to establish "risk off" trading, but why our **bonds** have been dumped after rising 6 points last evening is more puzzling.

Meanwhile although our market is trading 74.6% above its March 6 2009 low and only 19.6% below the all time high of 6828.7 hit on November 1 2007, it is not a healthy bull market. "Real" bull markets are a tide that lifts all ships. But who is to say things will not continue as they are, so long as interest rates remain too low to attract the super fund owners, and punters run scared - while our high yield stocks remain highly attractive to countries with decimal point returns (if that)?

"I think we will finish the week higher... up 15 on the day"

"Maree" said, "Overnight markets were not exactly buoyant, but with positive **China** manufacturing data yesterday I think we will finish the week higher. I will call the market up 15 on the day".

The S&P/ASX200 closed up 55.3 points to 5479.9 last evening.

THE WEEK AHEAD

May 26: Ex div: WHF 8.5c. US Memorial Day holiday, BOE holiday. German imp. Data.

May 27: ALQ fin, TNE int. Ex div: IFZ. US dur gds, Case-Shiller 20city index, FHFA Hous price ind, consum confid. German retail sales, unemployment, consum sent.

Eco consum sent, Biz climate, consum spend. Euro Parliament meets to discuss election outcome. UK BBA mort app.

May 28: Aussie constr. WBC/MI **lead** ind. ALL int, PRG fin. Wes strat day. Ex div: DLX ex 10c. Japan retail sales. US MBA mort ind.

May 29: Aussie capex, HIA new hom sales. SUN inv. day. Ex div: EAL ex 2.8c. Japan CPI, IP, unemployment. US jobless, GDP, Pend home sales. Crude inv. Ascension Day holiday in several European countries. UK GFK Consum confid.

May 30: Aussie private sec cr. Japan CPI, constr, hous starts. US pers inc, spend Chi PMI, Mich sent.

MSCI Aust changes become effective after close

TOP STOCKS

*Lycopodium closed down 43c to \$2.48 on 73,756 shares on its report below.

*Fisher & Paykel Health closed up 4c to \$3.94 on 27,409 shares on an excellent profit result below.

*Regis closed down 57cto \$1.71 on 13.9m shares.

Following the report a leading broker retained an "equal weight" on Regis with a price target of \$2.80. The broker said while production volumes were in line at **group** leve, the cost guidance is above the broker's current forecast.

***Alumina** rose 6c to \$1.48.5 on 18.6m shares on an expected lift in **China**'s demand, given that Indonesian export of bauxite has now been stopped.

(However **China** has a stockpile enough for one year's consumption, Reuters reported - and (our thought only) who's to say Indonesia won't reverse its ruling at some stage).

*Treasury **Wine** rose 23c to \$5.17 on 9.2m shares on newspaper reports that Bright Foods may be looking at a **purchase**.

*Spotless returned to the boards in a gala debut, closing at \$1.71.5 on 87.13m shares following an IPO price of \$1.60.

Among the financials, AMP closed up 5c to \$5.26 on 5.78m shares, ANZ gained 19c to \$33.60 on 5.58m shares, CBA rose 66c to \$81.31 on 2m shares, NAB rose 3c to \$33.57 on 3.44m shares, Westpac gained 33c to \$34.19 on 6.2m shares.

Among the TMT's Telstra rose 2c to \$5.38 on 17.6m shares, Telecom NZ fell 2c to \$2.48 on 937,867 shares, SingTel was steady at \$3.32 on 334,615 shares.

Among the resources BHP closed steady at \$37.65 on 3.7m shares, RIO fell 42c to \$60.54 on 1.7m shares. Fortescue fell 8c to \$4.51 on 18.8m shares, Atlas fell 3.5c to 72c on 11m shares, BCI rose 1c to \$3.67 on 904,347 shares. OZL fell 13c to \$3.95 on 3m shares.

Among the oils, Woodside fell 11c to \$41.61 on 3.12m shares. Santos was up 4c to \$14.21 on 1.3m shares, **Oil** Search rose 5c to \$9.30 on 3.79m shares.

Among the golds, Newcrest closed up 9c to \$19.29 on 2.4m shares, Medusa fell 4.5c to \$1.71 on 1m shares, Oceana fell 3c to \$2.61 on 376,957 shares, Alacer rose 1c to 42.41 on 209,467 shares. Northern Star rose .5c to \$1.21.5 on 1.19m shares.

AMONG THE TOP 20 OVER THE WEEK

ANZ was the winner, rising 66c or 2% to \$33.60 followed by Suncorp, up 25c or 1.9% to \$13.63 and Telstra, up 9c or 1.7% to \$5.38.

On the downside, RIO fell furthest, down 141c or 2.3% to \$60.54 followed by Fortescue, down 7c or 1.5% to \$4.51 and with Brambles and BHP each down 1.1%, or 11c to \$9.67 and 43c to \$37.65 respectively.

AT THE SMALLER END

*WDS closed up 7.5c to \$1.06 on 79,233 shares, also report below.

*Webster closed down 4c to \$1.05 on 65,000 shares, also report below.

*World Reach rose 10.5c to 25.5c on 1.15m shares after saying yesterday a new type of satellite will lift earnings.

*Applabs announced it has partnered with Archimedes to jointly collaborate and co invest in quality vetted technology start ups. The shares rose 4.5c to 23.5c on 3.9m traded.

Our Week's Special is on " ELX: Major Global Share In Ophthalmic Lasers And Glaucoma Surgical Devices, Ellex's 2RT For Treatment, Possible Reversal Of Early Stage AMD Is A World First, Has CE2 Approval In Europe (2RT Has CE + FDA Approval For DME) - Profitable Most Years Since Listing In 2001), posted separately.

NEW LISTING

*Intueri Education **Group** Ltd (IQE) a spin off by Arowana in New Zealand, lists with 100 **million** fully paid shares, following a raising of \$NZ61.987 **million** under its prospectus dated April 15 via an issue at \$NZ2.35 per share. A further 48.7 **million** shares were **sold** in the IPO at \$NZ2.35 per share. IQE closed at \$2.36 on 3.2m shares.

Following listing Intueri will comprise three providers of vocational education, two in New Zealand - Intueri Education and Quantum Education - and one in Australia - Online Courses Australia **Group** or OCA in which the **company** has a 50% shareholding.

Both Intueri Education and Quantum Education are established Private Training Establishment groups in New Zealand generating strong financial performance and excellent student outcomes.

OCA is an online institution and the **company**'s 50% ownership provides exposure to the fast growing Australian vocational education sector as well as access to online expertise.

IQE's implied enterprise value is \$NZ243/\$NZ293 **million**, forecast net debt at May 31 2014 is \$NZ18 **million**.

Forecast NPAT in 2014 is \$NZ16.8 **million**, with a 7.7% dividend forecast.

Directors:

Chris Kelly, Independent Chairman

Chris has strong ties to the education sector and is the current Chancellor of Massey University in New Zealand.

Chris has significant governance and executive experience and currently serves as the Chair of Kahne Animal Health and Beef + Lamb New Zealand Genetics as well as director for the Crown Irrigation Investment **Company** and Primary ITO.

Chris served as the Chief Executive at Landcorp Farming Limited from 2001 to 2013 and before that held various roles at the New Zealand **Dairy Board**.

Rob Facer, CEO

Rob was formerly the **Group** General Manager for Intueri Education **Group**.

He previously held non-executive director positions at both Employment Focus Limited and Craigpine Timber Limited from 2012 to 2013.

Prior to his role at Intueri, Rob was CEO at the Professional Bar and Restaurant School from 2012 to 2013 as well as the CEO at ABC Development Learning Centres (NZ) Limited from 2010 to 2012.

Rob also held the position of General Manager at Elders in both Australia and New Zealand from 2001 to 2009.

Rob received a Master of **Business** Administration from the University of New England in 2005 and received a Certificate in **Company** Direction and **Board** Governance from the Institute of Directors in New Zealand in 2012.

Russell Woodard, Non-executive Director

Russell has operated his own consultancy **firm**, Edintel, since 2009. His consultancy experience includes a period as a sales and marketing advisor to Intueri.

Russell has previously held a number of senior education marketing roles within the PTE sector. From 2005 to 2008, Russell served as **Group** Marketing Director to Think Education **Group**. He was the Strategic Marketing Director at Navitas between 2002 and 2005.

Russell holds a Masters of Education Administration from the University of New England and a Bachelor of Arts from the University of Wollongong.

James Turner, Independent Director

James is an education consultant with significant regulatory experience. He has his own consulting firm, JT Associates.

James was a Principal Advisor / Group Manager for TEC from 2004 to 2011. From 1995 to 2004, James held a number of senior posts at the Department for Education and Skills in the United Kingdom.

James is the current Chair of the Thorndon School Board of Trustees, holding the role since 2009, and was a Board Member for Triathlon New Zealand from 2011 to 2013.

James has an MBA from Cranfield School of Management. He received a BSc (Honours) from the University of Sheffield in 1984.

Craig McIntosh, Non-Executive Director

Craig is the Chief Financial Officer of Arowana.

Prior to joining Arowana in 2013, Craig was the Chief Financial and Operating Officer (CFOO) of African Parks, the continent's largest manager of endangered national park systems. In that role, Craig was a Director or Chair of seven different project and fundraising boards.

Over his 25 year career, Craig has held various CFO and CEO / GM roles in the financial services, tourism, property and internet sectors in Australia as well as Africa.

Craig holds a Bachelor of Commerce with First Class Honours from the University of Queensland and trained as a Chartered Accountant in the Corporate Finance team of Coopers and Lybrand (now PWC) in Sydney.

*SPO: Spotless Group Holdings Ltd (SPO) is trading at \$1.71 in a gala debut on 53.6m shares following an issue of 434.5 million shares and transfer of 187.1 million shares at an issue and sale price of \$1.60 per share. UBS Securities Australia Ltd has been appointed stabilisation manager. Of the 187.1 million shares transferred under the offer, 81.1 million shares have been designated as over allocation shares.

Chairman Margaret Jackson AC in her covering letter to the prospectus said Spotless was founded in 1946, and is a leading provider of outsourced facility services, laundry and linen services in Australia and New Zealand. Within the market it serves Spotless is the leader by revenue, scale and breadth of services. It employs almost 33,000 people and provides its services to customers from prisons to major corporates and hospitals.

LEK Consulting estimated that the potential revenue of the market that Spotless Serves in Australia is approximately \$40.4 billion per annum in 2013 and in New Zealand was approximately \$NZ4 billion.

In Australia LEK calculated approximately 47% or \$18.9 billion of the total revenue in Spotless' market is outsourced to third party service providers like Spotless. In New Zealand approximately 61% or \$NZ2.4 billion is outsourced to service providers.

The purpose of the offer is to raise capital to reduce the company's existing debt levels, provide Spotless to capital markets and added financial flexibility to pursue further growth opportunities, create a liquid market and allow Existing Shareholders to realise part of their investment.

On completion new shareholders are expected to hold 50.6% of the shares in Spotless.

*Brief history: Spotless Group began life as a single drycleaning business in Collingwood, Melbourne in 1946 listing in 1961.

Bryan Blythe became the major shareholder in 1972 and served as Managing Director of Spotless Group Limited and its subsidiary, Spotless Services Limited from 1978 to 2004.

Spotless under Bryan Blythe diversified into a clothes hanger business, and into New Zealand through laundry business acquisitions and later added fast food to its offerings and ground maintenance services.

On July 27 2012 it was delisted following successful takeover by Pacific Equity Partners at \$2.71 a share. The final full year profit before it left the board was for 2011, a profit of \$42.8 million. In 2008 Spotless had made an unsuccessful takeover offer for Programmed.

Directors:

Ms Margaret Jackson AC, BEc, MBA, Hon LLD (Monash), FCA, FAICD, Independent Non-Executive Chairman

Margaret was appointed independent Non-Executive Chairman in March 2014.

Margaret is chairman of FlexiGroup Limited, Artisan Spirit Merchants and Ansett Aviation Training Limited. She is also a director of the Prince's Charities Australia and President of Australian Volunteers International.

Margaret has also served as chairman of Qantas Airways Limited and the Victorian Transport Accident Commission, and a director of The Broken Hill Proprietary **Company** Limited, The Australia and New Zealand Banking **Group** Limited, Pacific Dunlop Limited, John Fairfax Holdings Limited, Billabong International Ltd and Telecom Australia. Margaret is former chairman of the Advisory **Board** for the Salvation Army Southern Territory, the Playbox Theatre **Company** and Methodist Ladies College. Before beginning her career in 1992 as a full time **company** director, Margaret was a partner of KPMG Peat Marwick's Management Consulting Division.

Bruce Dixon, BA (Econ), Chief Executive Officer and Executive Director

Bruce was appointed as Chief Executive Officer (CEO) and as a Director in August 2012.

Bruce served as Managing Director of Healthscope Limited, Australia's largest provider of integrated healthcare services, from 1997 to 2010, during which time he oversaw compound revenue growth of 32% per annum and profit growth of 33% per annum from 2000 to 2010. Before this, Bruce was a long serving senior executive of Spotless, having held the positions of General Manager of Spotless Healthcare, and General Manager of Servicemaster of Australasia. Bruce has previously served as non-executive director of Greencross Limited (Australia's leading veterinary **business**) and as a non-executive director of Ruralco Holdings Limited (Australian agribusiness).

Ms Diane Grady, AM, MBA (Harvard), MA, BA (Hons), FAICD, Independent Non-Executive Director

Diane was appointed as a Non-Executive Director in March 2014.

She is chairman of the People and Remuneration Committee.

Diane is a director of Macquarie Bank, a senior adviser to McKinsey & **Company**, chair of Ascham School, and chair of The Hunger Project Australia. She is also on the Advisory **Board** of the Centre for Ethical Leadership (Ormond College), and the NSW Innovation and Productivity Council. Diane has 20 years' experience on major public **company** and not-for-profit boards.

Diane has also served as a director of Woolworths, Lend Lease, Goodman **Group**, BlueScope Steel, a trustee of the Sydney Opera House and president of Chief Executive Women. Before beginning her career as a full-time **company** director, Diane was a partner of McKinsey & **Company** where she was a leader of the **firm's** global Organisation and Change Management **group** and headed the Consumer Goods, Retailing and Marketing Practice in Australia.

Garry Hounsell, BBus(Acc), FCA, CPA, FAICD, Independent non exec director

Garry was appointed as a Non-Executive Director in March 2014.

He is chairman of the Audit, **Business** Risk and Compliance Committee.

Garry is chairman of Investec Global Aircraft Fund and PanAust Limited, and is a director of Qantas Airways Limited, director of DuluxGroup Limited, Treasury **Wine** Estates Limited and Ingeus Limited.

Garry has also served as a director of Orica Limited and Nufarm Limited, deputy chairman of Mitchell Communication **Group** Limited and chairman of eMitch Limited. Garry was also a former senior partner of Ernst & Young, chief executive officer and country managing partner of Arthur Andersen and a **board** member of law **firm** Freehills (now Herbert Smith Freehills).

Geoffrey Hutchinson, **B.com**, **B.Sc**, MBA (Dean's List), non exec director

Geoff was appointed a Non-Executive Director in September 2012.

Geoff is a director of Pacific **Equity** Partners, having joined Pacific **Equity** Partners in 2008, and also serves as a director of Veda **Group** Limited.

Geoff has also served as a manager with Bain & **Company** where he consulted to clients in Australia, the United Kingdom and South Africa in the consumer goods, retail, industrial services, telecommunications, airline and **mining** industries on strategy, performance improvement and organisational design. Geoff also worked with Bain & **Company**'s UK Private **Equity** practice leading due diligence engagements for private **equity** investors.

Robert Koczkar, Beng (Mech and Manuf), (Hons) Melb, Non-Executive Director

Rob was appointed a Non-Executive Director in November 2011.

Rob is a managing director of Pacific **Equity** Partners and is chief executive officer-elect of Social Ventures Australia Limited (SVA).

Rob will transition to the role with SVA in October 2014.

Rob also serves as chairman of **Energy** Developments Limited and as a director of Goodstart Early Learning Limited and SVA. Rob has previously held positions with investment **firm** Texas Pacific **Group** where he was based in its London office and strategy consulting **firm** Bain & **Company** variously based in Australia, the United Kingdom and the United States.

The Hon. Nick Sherry, BA Tas, Independent non exec director

Nick was appointed as a Non-Executive Director in March 2014.

Nick is chairman of FNZ (Australia) Pty Limited and is also a Senior Advisor Superannuation and Pensions to Citi and advises in a range of countries on all aspects of the reform of Pension Systems including working with the OECD and World Economic Forum. He is a member of the UNSW Risk – Actuarial Studies Advisory **Board** and the **Business** Advisory Panel of Insurance Ireland's Public Policy Council.

Nick also served as a Senator for Tasmania from 1990 to 2012.

He served as Minister for Superannuation and Corporate Law from 2007 to 2009, Assistant Treasurer in 2009 and 2010 and Small **Business** Minister in 2010 and 2011.

NEWS OF THE DAY

Canaccord Genuity (Australia) Ltd chairman Warwick Grigor's "Weekly Charts & Commentary" posted separately.

Deutsche Bank will not fund expansion of **coal** port near the Great Barrier Reef

Reuters reports Germany's largest bank, Deutsche Bank AG, has declared it will not finance a controversial **coal** port expansion in Australia near the Great Barrier Reef, responding to calls from green groups and tourism operators.

Deutsche Bank's stand marks a win for those opposed to \$26 **billion** worth of **coal** projects that plan to use the Abbot Point port, already facing delays due to weak **coal** prices. But Indian **firm** GVK Hancock spokesman Josh Euler said it did not impact its proposed projects in any way.

Green groups and marine operators fighting to protect the World Heritage-listed reef took their campaign to Europe this week, urging Deutsche Bank, Societe Generale and HSBC not to back the Queensland **coal** projects.

They want to stop a government-approved expansion of Abbot Point that would involve dumping 3 **million** cubic metres of dredged soil about 25 kilometres (15 miles) from the Great Barrier Reef, an issue that is also of concern for UNESCO's World Heritage committee.

Campaigners against the Abbot Point expansion failed to win support from Societe Generale on Tuesday, according to their web **site**, but were successful at Deutsche Bank's annual meeting on Thursday. HSBC's annual meeting is on Friday

*Four Afghans attack Indian consulate in western Afghanistan, all personnel safe

Reuters reports four heavily armed insurgents attacked the Indian consulate in western Afghanistan's main city near the border with Iran on Friday, wounding at least two policemen, officials said.

Syed Akbarrudin, a spokesman for the Indian Ministry of External Affairs in New Delhi, said on Twitter all personnel were safe and an operation to repel the attackers was underway.

Herat police chief General Samihullah Qatra told Reuters four attackers, including suicide bombers, had entered houses close to the consulate before Mohammad Nasser Pashtun, a commander for Afghan quick reaction forces in Herat, said one attacker was still fighting.

LARGE CAP INDUSTRIALS

*CNU: S&P maintains BBB rating, negative outlook

Chorus Ltd announced Standard & Poor's has affirmed Chorus' BBB rating with negative outlook. The **company** attached the ratings review to its report.

Market Cap \$628m.

CNU up 0.5 to \$1.585

*FPH: Rec NPAT, rec rev/7NZ c div, fully imp/DRP at 3% disc/outlook positive

Fisher & Paykel Healthcare Corporation Ltd for the year ended March 31 2014 announced a record net profit after tax of \$NZ97.1 **million** up 26% on last year on record revenue, up 12% to \$NZ623.4 **million**.

A fully imputed final dividend of 7NZc per share was announced, ex dividend date is June 18, record date is June 20. The DRP is available at a 3% discount.

Gross margin improved 327 basis points for the full year, 393 basis points in constant currency.

Investment in R&D increased by 18% to \$NZ54.1 **million**, representing 8.7% of operating revenue.

Basic eps is 14.3NZc vs 17.7NZc for the previous year.

Diluted eps is 13.8NZc vs 17.4NZc for the previous year.

NTA backing per security is 69NZ c vs 73NZ c for the previous year.

CEO Michael Daniell said in the report both the **company's** major product groups, respiratory and acute care (RAC) and obstructive sleep apnoea (OSA) delivered record operating revenue results.

RAC product **group** revenue grew 12% to \$NZ336.9 **million** or 14% in constant currency.

Revenue growth was about double market growth for both major products. In the RAC product **group**, more and more customers around the world are choosing Optiflow oxygen therapy and respiratory humidification systems for patients receiving non invasive ventilation.

In the OSA product **group**, mask operating revenue growth increased to 26% in the second half in constant currency. Roll out of new masks has been a key contributor to the excellent growth.

Outlook

For the 2015 financial year based on a \$NZ/\$US exchange rate of 86US c for the remainder of the year operating profit is expected to be about \$NZ640 **million** and NPAT to be similar to 2014.

In constant currency net profit growth of approximately 40% is expected.

Market Cap \$2.17b.

FPH up 4 cents to \$3.94

*IAG: To repurchase and cancel 157mln pound loan instrument

Insurance Australia **Group** Ltd advised as part of its ongoing capital management program it will repurchase and cancel its 157 **million** pound subordinated exchangeable loan note instrument. The necessary approval has been received from the Australian Prudential Regulation Authority and the repurchase is expected to occur on June 13 2014.

Following completion of this initiative and allowing for the **acquisition** of the Wesfarmers' insurance underwriting businesses which subject to outstanding regulatory approvals is expected to complete by June 30, the **group** expects its gearing to be around the mid point of its targeted debt to total tangible capitalisation range of 30/40%.

Market Cap \$13.65b.

IAG up 4 cents to \$5.83

*IVC: Conditions still slightly subdued, discussions on small **purchases** continue

Invocare chairman Richard Fisher in his presentation to the AGM said in an update on 2014, total funeral case volume is down 0.3% on the previous year since end 2013 vs down 1.9% for the previous corresponding period while a lower volume trend that has been experienced from May 2013 continuing.

Recent acquisitions in New Zealand are performing to plan, while small **acquisition** discussions continue, no certainty over success or timing.

The chairman advised caution using early 2014 results as indicator for full 2014 year due to variables around each growth pillar and annualisation effects of acquisitions.

Market Cap \$1.18b

IVC down 5 cents to \$19.69

LARGE CAP RESOURCES

*RRL: Prod for yr guided higher, cash costs up to \$835/915 excl royalties

Regis Resources Ltd in an update on the Duketon **operations** and production guidance for the 2015 financial year announced the pump out of the flooded northern part of the Garden Well open pit has progressed as planned and reached practical completion in mid May 2014. The equipment of the pumping contractor has now been demobilised from **site**. The reactivation operation has moved in to the phase of removing the sludge and sediment in the pit which has a thickness of up to 1m. Normal **mining** of **ore** and waste remains on schedule for recommencement at end June.

Mining operations have continued in the southern stage 4 part of the open pit and milling **operations** have continued with a blend of **ore** mined from this area and from the low grade stockpiles.

For the 7 weeks to May 19 534,541 tonnes of **ore** were milled with a head grade of 0.94gpt Au and recovery at 90.2% for 14,620 ozs of **gold** produced.

A 3.5 day shut down to tie in the additional leach tanks for Rosemont stage 2, impact of wet **ore** on the crushing circuit and a higher proportion of harder chert **ore** affected throughput.

Cash in hand as at April 30 were \$27.8 mln vs \$30.5 mln at end March.

Guidance

Production and cost guidance for fiscal year 2015 is for 305/355 thousand ozs at a net cash cost of \$835/915 per oz pre royalties (vs production last year of 269,013 per oz for a cash cost of \$562/per oz pre royalties).

Market Cap \$855m.

RRL down 57 cents to \$1.71

MID TO SMALL INDUSTRIALS

*ALA: Partnership with leading Silicon hi tech venture capital **company**

Applabs Technologies Ltd announced it has signed a partnership agreement with one of Silicon Valley's most prominent investors, Archimedes labs to jointly collaborate and finance technology start ups.

Applabs is not committed by the agreement to any capital expenditure but is reviewing a number of promising opportunities. Applabs will be able to invest into companies on the same pricing and terms as Archimedes Labs and the Archimedes Ventures III Capital Fund.

Archimedes was founded by Keith Teare who also co-established many successful companies including cScape, EasyNet (acquired by BskyB for \$374.9 **million** in 2005) and others.

The current CEO of Archimedes Labs is Kambiz Hooshmand who has been the President and CEO of Applied Micro and been a senior executive at Cisco Systems, including **Group** Vice President. He was also a key member of Stratacom, eventually acquired by Cisco for \$4.5 **billion**.

Market Cap \$8.3m.

ALA up 4.5 to 23.5 cents

*CNX: Completes sampling at Bloodwood UCG pilot for Decomm. Report

Carbon **Energy** Ltd announced completion of its comprehensive drilling and sampling program at its Bloodwood Creek underground **coal** gasification pilot **site** near Dalby in South East Queensland.

The samples obtained from the drilling program will provide the key input to the development of a comprehensive risk based rehabilitation plan, if rehabilitation is required.

Carbon **Energy** expects to submit its Decommissioning Report and Rehabilitation Plan to the Queensland Government for approval by the end of the third quarter this year.

The acceptance of the Decommissioning Report and Rehabilitation Plan will be another significant milestone for Carbon **Energy**, facilitating the advance of the **company's** plans to develop a **commercial** UCG facility at BWC.

Market Cap \$16m.

CNX steady at 1.3 cents

*EOL: To return to profitability for year ending June 30

Energy One Ltd advised it expects to return to profitability in the financial year ending June 30. Net profit before tax for the full year 2014 is expected to be in the order of \$300,000 to \$500,000, vs a loss of \$200,000 for the previous year.

The **company** approaches 2015 with a pipeline of contracted and prospective work.

Market Cap \$7m.

EOL up 1 to 39 cents

*LYL: Reduces full yr profit f/cast to 1/5th of pcp/strong balance sheet, low debt

Lycopodium Ltd advised following its previous forecast for a reduction in demand due to the headwinds in its sector, over the past few months reduction in demand has been more rapid and more pronounced than expected.

As a result Lycopodium is now forecasting a material reduction in the annual NPAT to \$4 **million** from the previous forecast of \$9.5 **million**, reflecting a second half loss of \$2.3 **million** (and vs \$22.5 mln last year).

This will include redundancy costs of \$3.6 **million** associated with the required downsizing of the **business** to better align the available workload.

The balance sheet remains in a strong position and the debt position remains very low.

Market Cap \$97m.

LYL down 43 to \$2.48

*MEQ: Lifts u/lying profit guidance to \$NZ43/46mln vs \$NZ34/38 earlier

Metlifecare Ltd advised its underlying profit guidance for the year ending June 30 is increased to a range of \$43/46 **million** from its previous guidance of \$34/38 **million**.

The lift in underlying profit guidance results from stronger settlements activity at The Poynton Stage 3 and higher capital gains and deferred membership fee income from resale activity.

Underlying profit guidance is based on Metlifecare's trading performance to April 30 and assumes a continuation of recent trading trends for the next two months.

Development is underway at three villages on Auckland's North Shore. Stages 1 and 2 at The Orchards in Glenfield, collectively 54 apartments and 36 hospital beds are now under construction, with considerable interest shown in both stages.

With 14 out of a total of 25 villages in the Auckland area, Metlifecare is well positioned for growing retirement village demand in the region.

*WBA: Walnut strong, onions slightly affected by weather/reiterates profit lift

Webster Ltd in an update at the end of harvest 2014 for both walnuts and onions said Tasmanian orchards met targeted walnut yields.

Riverina orchards whilst ahead of the prior year did not meet internal forecasts with crop yields per hectare below target profiles for trees in the 8th leaf whilst trees in the 5th and 7th leaf yielded above the target profile.

Early analysis suggests this to be a temporary matter.

The commissioning of the new state of the art walnut cracking and value add facility has progressed on time and within budgeted parameters. In-shell packing and distribution commenced in mid March, with first orders despatched to domestic retail customers in April. Trading terms to a major Australian retailer have been finalised, replacing imported products with Australian grown. Supply commences in June, with volumes expected to be approximately 10% of the imported walnut volume into Australia.

Macro industry fundamentals remain strong.

Onions did not meet yield targets along with some stress on crop quality due to Northern Tasmania being wetter and cooler than normal in the spring and beginning of summer.

Webster Ltd expects an improved profit before tax for 2014.

Our Week's Special dated March 11 2011. WBA was trading at \$1.05.

Market Cap \$145m.

WBA down 4 cents to \$1.05

*WDS: Constr for GLNG Project construction renewed for 11th yr /qtr div 2c ff

WDS Ltd announced the roll over of the Construction Services agreement for the GLNG Project into the 11th year, to carry out field installation of gathering systems for the connection of **Coal** Seam Gas wells in GLNG's Surat Basin gas fields. WDS' work scope is multi disciplined and will include civil, mechanical, electrical and instrumentation aspects off he management and construction of field and trunk pipelines and CSG wellhead connections.

Third quarter dividend

WDS announced a third quarter dividend in line with the new dividend policy, of 2c per share, fully franked, record date June 6. The DRP will not operate for this dividend.

Our Week's Special dated March 16 2007. WDS was trading at \$1.83.5.

Market Cap \$153m

WDS up 7.5 cents to \$1.06

MID TO SMALL RESOURCES

*AYR/DRM: Doray farms in to Horse Well **Gold** project for up to 80%

Alloy Resources Ltd announced Doray Minerals Ltd has farmed in to the Horse Well **Gold** project for a \$100,000 cash payment with Doray to spend \$2 **million** within 2 years to earn 60%, Alloy to manage initial field exploration.

Alloy can then elect to either contribute pro rata (at 40%) or dilute to 20% using an industry standard formula, whereby Doray can earn up to 80%.

Market Cap \$2.64m / \$131m.

AYR up 0.1 to 0.7 cents / DRM up 1.5 to 80 cents

*EGO/EPW: Court rules in favor on EP 389 after Wharf Resources withdrawal

Empire **Oil** & Gas and major shareholder ERM Power Ltd announced the Supreme Court of Western Australia has ruled in EGO's favor in regard to its **stake** in the Red Gully **oil** and gas project after Wharf Resources withdrew from EP 389.

This increases EGO's **stake** in Red Gully from 68.75% to 76.39% and EPW'

S **stake** from 21.25% following a pro rata 10% split of Wharf's Resources between EGO and EPW.

Empire CEO Ken Aitken said the Court's decision gives the **company** certainty of ownership at Red Gully, allowing it to progress its growth and development plans.

Market Cap \$57m. / \$456m.

EGO up 0.2 to 0.9 cents / EPW up 2.5 cents to \$1.905

*EQE: Acquiring 100% of Andean **Coal**, interests in Magallanes Basin, Chile

Equus **Mining** Ltd announced it has secured the rights to **acquire** 100% of Andean **Coal** Pty Ltd, a **company** with a strategic package of exploration licenses located in Chile's largest **coal** field, the Magallanes Basin. Chile's high growth in electricity demand and heavy dependency on fuel imports provides an excellent opportunity for new thermal **coal** project development.

Equus is to earn 51% of Andean **Coal** for \$200,000 with an option to **acquire** the remaining 49% of Andean for \$200,000.

Market Cap \$1.8m.

EQE untraded last at 0.7 cents

*SBM: Moody's revises credit rating down from B3 to Caa1

St Barbara Ltd announced Moody's Investors Service has revised its credit rating of SBM from B3 to Caa1. SBM confirms there is no change to its existing debt arrangements as a consequence of Moody's announcement.

Market Cap \$90m.

SBM down 1 to 18.5 cents

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