

HD **BANKS, RESOURCES** **LEAD** MARKET DOWN

BY Jenny Prabhu

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The S&P/ASX200 closed down 25.2 points to 5428.8 on lightish volume worth \$3.553 **billion**. There were 394 issues higher and 612 down. the SPI Futures closed down 28 points to 5431 on strong volume of 24,155 contracts. Aussie 10 year bond yields were down 1 point to 3.84%. The \$A is at 93.95 US c, currently up about 20 points on last evening.

*The banks contributed 7.8 negative points to the index, insurers contributed 0.2 positive points, resources contributed 7.8 negative points, **property** trusts contributed 1.3 positive points, retailers contributed 1.3 negative points and Telstra contributed 1.9 negative points.

*At 4pm AEST the NikkeiDow futures is down 110 points to 14,950 points, Shanghai CSI physical is down 1.96 points to 2052.99, Hang Seng futures is up 1 point to 23,107 points, S&P futures is up 1 point to 1944.90 points, Nasdaq futures is up 1.5 points to 37699.75 points, Dow futures is up 6 points to 16,861 points.

Spot **gold** is steady at \$1261. Crude futures is up 22c to \$104.62.

Our market sagged all day, losing a final 5 points on matchout. There is a lack of optimism in the market - demand for **coal** and now **iron ore**, the two bulwarks of the resources export trade are respectively out of favor and now in surplus with falling prices, jobs from the great old employment sources are disappearing - eg **m/v** manufacture, Williamstown ship building jobs threatened with the government confirming the two largest ships it has ordered will be built abroad, housing prices are inflated and out of reach for the young, - and a grim budget, particularly in the midst of falling economic growth.

"Ceiling will be 5472. Floor will be 5410.. close at 5453, down 1 point"

Daniel Goulding, the author of "The Sextant Market Report" said, "Our market looks set to open lower with the local futures contract down 17 points.

"In terms of the bigger picture, the jury is still out on the matter of deflation versus inflation. The price action in commodity markets, and their internal backdrops suggest the spectre of deflation could make a return but by no means is it a fait accompli.

"At present, the Aussie Materials are positioned on the edge of a cliff, given the presence of a head and shoulders pattern which if triggered, projects a 10% decline. "Obviously the inflation-deflation thematic has huge implications for how portfolio managers should be positioned. Ultimately the go-to asset when deflation raises its head are **bonds**, and this usually works out well.

"Arguably however, we live in exceptional times, and the last exceptional time when deflation raised its head, bond yields went higher against expectations. What we saw back in the middle of 2013 was arguably a deflationary tremor where bond yields went higher. Of course one might counter that it was simply the result of pending tapering but that's what makes a market.

"But none of this matters for today. The ceiling will be 5472. The floor will be 5410. When the dust has settled, the market will have closed at 5453, down 1 point" ..

The S&P/ASX200 closed down 15.7 points to 5454 last evening.

ECO NEWS

The ABS reported employment increased to 11.573 **million** with unemployment down to 719,700. The unemployment rate remained steady at 5.9% and the participation remained steady at 64.7%.

Seasonally adjusted, employment decreased 4,800 to 11,564,600. Full-time employment increased 22,200 to 8,068,300 and part-time employment decreased 27,000 to 3,496,200.

Unemployment increased 3,200 to 717,100. The number of unemployed persons looking for full-time work increased 9,000 to 529,700 and the number of unemployed persons only looking for part-time work decreased 5,900 to 187,400.

The unemployment rate was unchanged at 5.8%.

Participation rate decreased 0.1 pts to 64.6%.

Aggregate monthly hours worked increased 26.5 **million** hours (1.7%) to 1,604.5 **million** hours.

LABOUR UNDERUTILISATION (QUARTERLY CHANGE)

Trend estimates: The labour force underutilisation rate remained steady at 13.5%.

Seasonally adjusted estimates: The labour force underutilisation rate was 13.5%. The male labour force underutilisation rate remained steady at 11.5%. The female labour force underutilisation rate increased by less than 0.1 pts to 15.9%

TOP STOCKS

*Wesfarmers closed down 21c to \$41.61 on 1.79m shares, also announcement below.

*Mineral Resources fell 44c to \$9.70 on 2.5m shares, Aquila fell 7c to \$3.54 on 957,000 shares on MIN's announcement.

*Ramsay Healthcare closed up \$1.66 to \$46.80 on 650,000 shares on its hospital j/v **purchase** in France.

*LNG shot up 40c to \$1.73 on 14.4m shares, no immediate news.

*Fairfax fell 2.5c to 90c on 20.8m shares.

*Flight Centre fell \$1.67 to \$44.76 on 1m shares after initially holding up after its mild downgrade yesterday.

*Echo Entertainment rose 9c to \$2.78 on 3.4m shares.

Among the financials, AMP fell 2c to \$5.33 on 3.9m shares, ANZ shed 7c to \$33.83 on 3.18m shares, CBA was down 32c to \$81.88 on 1.9m shares, NAB fell 30c to \$33.33 on 3.36m shares, Westpac fell 17c to \$34.58 on 4.48m shares.

Among the TMT's Telstra fell 4c to \$5.21 on 20.38m shares, Telecom NZ rose 7c to \$2.50 on 1.15m shares, SingTel gained 2c to \$3.29 on 2m shares.

Among the resources BHP fell 23c to \$35.71 on 4.7m shares, RIO was down 68c to \$58.72 on 1.6m shares. Fortescue fell 21c to \$4.33 on 30.64m shares, Atlas fell 2.5c to 61.5c on 8.56m shares, OZL fell 13c to \$4.14 on 5.6m shares, Sandfire fell 16c to \$5.73 on 341,142 shares.

Among the oils, Woodside fell 1c to \$41.99 on 1.35m shares, Santos fell 1c to \$14.51 on 1.1m shares, **Oil** Search rose 4c to \$9.75 on 4.8m shares. AWE rose 4c to \$1.89 on 1.8m shares.

Among the golds, Newcrest fell 9c to \$9.71 on 2.5m shares, Oceana rose 6c to \$2.87 on 1.74m shares, Alacer gained 4c to \$2.33 on 249,270 shares. Troy recovered 1.5c to 94.5c on 346,689 shares.

AT THE SMALLER END

*Service Stream closed up 2.5c to 18.5c on 422,486 shares on the report below.

NEWS OF THE DAY

*ACCC will block Healthscope proposed **purchase** of Brunswick Private Hospital

The ACCC announced today it will oppose the **acquisition** of Healthscope's proposed **purchase** of a 123-bed rehabilitation hospital, Brunswick Private Hospital, from Health Care.

The Australian Competition and Consumer Commission said on Thursday it will oppose the deal, on the basis it would lessen competition for private patients requiring rehabilitation services in Melbourne's inner north.

"The ACCC is concerned that there are no other private rehabilitation hospitals in northern Melbourne and Healthscope would face only limited competition from the Epworth hospital in Richmond and St Vincent's Private in East Melbourne, located in Melbourne's inner east," ACCC chairman Rod Sims said in a statement.

China white paper sends shock waves through **Hong Kong**/barristers protest

China State Council released an unprecedented White Paper that said **Hong Kong** is just "one of the local administrative regions" and warns against "outside forces" using the city to interfere in **China's** domestic affairs.

"The high degree of autonomy enjoyed by **Hong Kong** is subject to the central government's authorisation," says the paper.

*Macquarie **Group** has cautioned against investing in **Hong Kong** companies which are exposed to the political winds of mainland **China**, following an official warning that the city's administrative "autonomy" is a privilege that can be removed at any time.

Hong Kong has retained its status as the financial hub of Asia since its handover from Great Britain in 1997, when **Chinese** leaders committed to retain a system of "one country two systems" for 50 years.

On Tuesday, **China's**

The city is home to more than 80,000 Australians while 550 Australian businesses have a "major presence" there, according to the Department of Foreign Affairs and Trade, but many are growing uneasy at the growing reach of Beijing.

Our thought only: Also huge impact on the LME, if **Hong Kong** becomes "just a local admin region" for **China**.

*The South **China** Morning Post reports the day after **China's** unprecedented white paper outlining Beijing's "comprehensive jurisdiction" over **Hong Kong** the HK Bar Association said it was "erroneous" for Beijing to place local judges in the same category as "**Hong Kong's** administrators", including the chief executive and top officials.

"Any erroneous public categorisation of judges and judicial officers as 'administrators' or official exhortation for them to carry out any political mission or task" would send out the wrong message to Hongkongers and the international community, it said.

That sent out a message that **Hong Kong** courts were not independent, it said.

*UK govt, NZ jettison Tony Abbott's plan to oppose carbon emission scheme

"The Age" reports the UK's conservative climate and **energy** minister has rejected suggestions his government could form an alliance of "like-minded" nations with Australia to oppose carbon pricing, putting an end to Prime Minister Tony Abbott's dream that a **group** of five countries could be formed to undermine global moves to install carbon pricing and challenge a push by US President Barack Obama for stronger international regulation of climate change.

Prime Minister Tony Abbott and Canadian Prime Minister Stephen are increasingly isolated in their push to limit action to mitigate climate change.

In moves that show Australia is increasingly isolated on the subject, New Zealand's Prime Minister John Key has also said he was caught off-guard by the idea of an alliance and signalled his government has no intention of walking away from its emissions trading scheme. "This government takes climate change seriously," a spokeswoman said.

*Former Vice President Al Gore said he was aware that Tony Abbott had once used a 'scatological word' to describe the science, and said Australia had some of the best scientists, if not the best, in the world who are fully aware of the serious consequences for Australia - also measures to counter climate change, including retrofitting with green **energy** sources could create thousands of jobs. H

He added, "Mother Nature has a louder voice than Tony Abbott".

*The New Zealand Reserve Bank lifted interest rates again, now at 3.75%.

*(No Darvas System special report today. Devine Ltd was top of the list of 83 stocks thrown up by the system (a low number compared to the 120 or more average in better times) this morning. We did not do the report because it was at the top of the chart. Should have had more faith in the System).

LARGE CAP INDUSTRIALS

*CWN: Settlement on Fontainebleau Las Vegas case, not material to Crown

Crown Resorts Ltd announced it has reached a settlement with the plaintiffs in the law suit brought in the Nevada District Court in the USA by a **group** of lenders to the Fontainebleau Las Vegas project. As a result of the settlement the law suit has been dismissed as against the Crown defendants including James Packer. The terms of the settlement are confidential but will not have a material impact on Crown. (Jun 11)

Market Cap \$11b.

CWN down 9 cents to \$15.26

*GFF: To expand and upgrade its UHT **milk** plant in Christchurch

Goodman Fielder Ltd announced it will expand and upgrade its ultra heat treated (UHT) **milk** plant in Christchurch, New Zealand, increasing its capacity to meet growth opportunities across the Asia Pacific region. The \$NZ27 **million** project will see the extension of the existing UHT building, installation of a new pasteurising, sterilising and palletising line as well as the installation of a new 250 ml high speed filter. The work is expected to be completed by October 2015 and will boost production at the **site** by around 32 **million** litres per year, up 50% on the plant's existing UHT volume.

GFF CEO Chris Delaney said the **Group** is seeing increasing demand for its Meadow Fresh products in Asia Pacific, particularly **China**, as it continues to build on New Zealand's natural high quality **dairy** credentials.

Market Cap \$1.33b.

GFF steady at 68 cents

*GMG/GMP: Lifts full yr earnings, distribution guidance, outlook positive

Goodman **Group** ahead of an Investor and Analyst Update to be held today advised the **group** has increased its forecast operating earnings outlook for the 2014 financial year to \$600 **million** or 34.7c per security which equates to a 7% increase vs the same period last year.

The **Group's** medium and long term growth target remains at 6% and operating earnings guidance for the 2015 financial year will be provided with the announcement of the **Group's** audited annual result on August 14.

The **Group's** distribution per security for the full year will be 20.7c per security, equating to a 7% increase in distribution per security compared to the same period last year.

The second half distribution of 10.35c will be paid on August 26 2014. The **group** has maintained its distribution payout ratio of 60% of operating earnings per security.

Group CEO Greg Goodman said in the report, "Goodman is well positioned and has an appropriate capital structure to execute on our **business** strategy and deliver sustainable long term growth". (Jun 11)

Market Cap \$8.9b

GMG down 4 cents to \$5.15

*LEI: Streamlining biz/potential divestment of Services, **Property**, John Holland

Leighton Holdings Ltd executive chairman Marcelino Fernandez Verdes said Leighton is in the process of undertaking an in depth review, maintaining its focus on recovering existing receivables and on improving its approach to working capital management.

"In addition, we are analysing options for our Services, **Property** and John Holland businesses including the potential divestment or introduction of new partners to these businesses'.

The executive chairman said the **group's** operating model will be streamlined to establish dedicated businesses focused on construction, **mining**, public private partnerships and engineering.

Market Cap \$6.82b.

LEI up 34 cents to \$20.15

*QAN: Repaying \$A450 mln of bank debt 8 months ahead of schedule

Qantas Airways Ltd announced it will repay \$A450 **million** of senior unsecured bank debt eight months ahead of schedule. Settlement is expected to occur on August 20 2014. The repayment will be primarily funded using proceeds from the **Group's** recent issue of \$A medium term notes.

Today's announcement combined with the recent \$A medium term notes issues and repurchase of \$US254 **million** of Qantas' 6.05% notes due April 2016 has significantly extended the **group's** debt maturity profile. Qantas retains a strong liquidity position with over \$A3 **billion** in cash and undrawn bank lines.

Market Cap \$3b.

QAN down 4 cents to \$1.35

*WES: All regulatory approvals for **sale** to Arthur J Gallagher now received

Wesfarmers Ltd announced all the regulatory approvals which were conditions precedent for the **sale** of its insurance broking and premium funding **operations** to Arthur J Gallagher & Co (listed on the NYSE) have now been completed.

Managing director Richard Goyder said this clears the way for the **transaction** to be completed on or before June 30.

Wesfarmers had announced in April it would sell the insurance broking and premium funding **operations** of the Insurance division to subsidiaries of Arthur J Gallagher & Co for \$1.010 **billion**. In addition, Wesfarmers will receive a distribution of approximately \$150 **million** to repay funding of the premium funding **operations**.

On completion of the **transaction**, Wesfarmers expects to record a pre tax profit on **sale** of approximately \$310/335 **million**, to be included in financial results for the 2014 financial year.

Market Cap \$47.6b.

WES down 21 cents to \$41.61

*WOR: Vale awards management support contract for S11D project

WorleyParsons Ltd announced a construction management support contract has been awarded by Vale for the S11D project. Vale's multi-billion dollar S11D project will be a world class 90 **million** tpa **iron ore** processing facility located approximately 1,940 km north east of Sao Paulo in Para State, Brazil.

WorleyParsons has been working on the S11D project since 2010.

Commenting on the award, WOR CEO Andrew Wood said the **company** thanks Vale for providing the opportunity to continue involvement in the project, ensuring continuity of services into the construction phase.

Market Cap \$3.84b.

WOR down 31 cents to \$15.79

LARGE CAP RESOURCES

*AQA/MIN: MIN confirms 12.78% **stake**, to engage with other **stake** holders

Mineral Resources Ltd announced it has acquired a 12.78% **stake** in Aquila Resources. Mineral Resources intends to engage with stakeholders in the West Pilbara **Iron Ore** Project to discuss a proposal to deliver the project on attractive terms. MIN is the 5th largest **iron ore** producer in Australia in its own right and has significant experience in designing, constructing and operating large scale **iron ore** processing and logistics **operations** throughout the Yilgarn and Pilbara regions of Western Australia.

MIN sees taking a meaningful shareholding in Aquila is appropriate to ensure it is well positioned to engage with other key Project stakeholders.

MIN managing director Chris Ellison said as one of the largest build own, operate specialist processing infrastructure contractors in the world, Mineral Resources has the skills to build, own and operate key infrastructure associated with the Project and bring significant value to the table.

Market Cap \$1.46b. / \$1.8b.

AQA down 7 cents to \$3.54 / MIN down 44 cents to \$9.70

*EVN/ERM: Evolution to earn up to 75% of Tennant Creek Au/Cu project

Evolution **Mining** Ltd announced it has entered into a farm in and j/v arrangement with Emmerson Resources Ltd over the highly prospective Tennant Creek **gold-copper** project located in central Northern Territory, Australia.

The Tennant Creek Mineral Field is historically one of Australia's highest grade **gold** and **copper** fields, having produced more than 5.5 **million** ozs of **gold** and 470,000 tonnes of **copper** from a variety of deposits, many of which are located within Emmerson Resources' tenement portfolio.

Evolution believes the application of new technology and innovative exploration techniques over the Tennant Creek Au/Cu project area could uncover many more high grade **gold** and **copper** deposits.

Evolution can earn a 65% interest in the project tenements by spending \$15 **million** and not less than \$5 **million** per year within three years in Stage 1. Evolution can then earn an additional 10% by spending a further \$10 **million** within two years for a total j/v interest of 75%.

Evolution must spend a minimum amount of \$7.5 **million** before it can withdraw from the agreement.

Market Cap \$579m / \$13.4m.

EVN up 0.5 to 81.5 cents / ERM up 0.5 to 4.1 cents

*SFR/TLM: Sandfire commences exploration at Springfield project

Talisman **Mining** Ltd advised Sandfire Resources (earning up to 70%) has commenced the first phase of ground based exploration activities at the Springfield Project as part of the \$15 **million** exploration farm in j/v covering Talisman's interests in the Springfield, Halloween and Halloween West j/v projects.

Sandfire has already identified a combined 65 km strike length of prospective Volcanogenic Massive Sulphide horizon across the combined Talisman and Sandfire tenements, providing a significantly expanded search horizon for potential new VMS **copper-gold** deposits.

In addition Sandfire is undertaking a high powered Fixed Loop Electro Magnetic survey at the Homer Prospect, covering approximately 1.6km of the prospective DeGrussa host horizon, to better test for conductors beyond the extent of previous ground electromagnetic surveys.

Market Cap \$892m / \$12.6m

SFR down 16 cents to \$5.73 / TLM up 0.6 to 9.6 cents

MID TO SMALL INDUSTRIALS

*AYB: Subsidiary placed in receivership by ANZ Bank

Australian Natural Proteins Ltd announced one of its subsidiary companies, Agline Pastoral Pty Ltd has been placed in receivership by the ANZ Banking **Group** under the auspices of Korda Mentha.

As the industry is aware lamb prices together with prevailing conditions at point of **sale** have made it extremely difficult for the **company** to raise sufficient funds to progress its expansion to the next stage of the lamb enterprise development. The **company** will actively pursue other related ventures and will keep the market informed of its progress.

Market Cap \$5.47m

AYB untraded last at 3.6 cents

*CGS: Signs first contract for its new web based tool, Precision Recruitment

Cogstate Ltd announced it has signed its first contract for Precision Recruitment, a new web based tool for streamlining patient recruitment for clinical drug trials. The contract will generate \$US1.8 million of revenue for Cogstate over an estimated 24 month period.

Precision Recruitment was launched last month for pharmaceutical companies to reduce the cost and time associated with recruiting patients for clinical trials.

While traditionally most patient pre trial screening has taken place on site, a slow expensive and inefficient process, Precision Recruitment allows patients to initially be screened at home.

Analyst comment: A leading broker said while Cogstate in its presentation (on June 6) had advised a profit downgrade and Merck pulling away from the Canadian program, "It sounds like CGS has a clear plan to move back to break even in a short period of time.

The share price has been knocked back to a low of 24c from a six month high of 39c. The plan involves divesting Axon Sports (reducing loss by \$A1.3 million) increasing the level of clinical trials work coming through and developing a new revenue stream in patient screening for clinical trials with a particular emphasis on Alzheimer's disease.

"With a market cap of \$A23.7 million, \$7.1 million in cash and possible sale of Axon Sports and more clinical trial contract wins, I suspect we have seen the lows' the analyst said in the report.

Market Cap \$25m.

CGS up 0.5 to 25.5 cents

*CLQ: Awarded \$1.69 mln for 3 new odor control plants

Clean TeQ announced it has been awarded three odour control projects, valued in total at \$1.69 million in the last two months. The contracts will see the installation of a total of six odour control plants using the company's proprietary OdourTeQ BioTrickling Filter and CleanCarb Activated Carbon Filter technologies.

In Victoria Gippsland Water and South East Water have selected Clean TeQ for their newly constructed sewerage transportation networks.

In Tasmania, Clean TeQ has leveraged its recent success with Cradle mountain Water to now be awarded its first project with the newly formed TasWater.

Market Cap \$11m.

CLQ steady at 4.5 cents

*DVN: Constructions arm awarded \$150m Westmark Milton development

Devine Ltd announced its in house construction business Devine Constructions has secured the construction contract for Walker Corporation's newest apartment project in Brisbane, the \$150 million Westmark Milton development.

the appointment heralds a trio of successful new external client construction projects for Devine, which has already commenced work on two projects - Pointcorp Development's Vida development and Chrome Properties' Alex Perry branded apartment project, both in Brisbane. The addition of Walker Corporation's project brings Devine Constructions' current construction pipeline to more than \$175 million.

Market Cap \$141m.

DVN up 1 cent to 89 cents

*EVM: Extension to terms agreed for Solar Tower development in Middle East

Enviromission Ltd announced an extension to the terms of the executed December 2013 MOU for the assignment of Solar Tower development rights in the Middle East has been granted to support the Bahrain based entity's capital raising program to meet the development proposals under the agreement.

The Bahrain entity with interests in the Kingdom of Saudi Arabia, Qatar, Bahrain and expansion objectives within the UAE has confirmed the process of obtaining the support of the national authorities in the Kingdom of Saudi Arabia is underway.

Market Cap \$37m.

EVM untraded last at 7.2 cents

*LBT: 3rd of 4 \$A1 mln milestone payments for Automated Plate system rec'd

LBT Innovations Ltd announced it has received the third of four \$A1 **million** milestone payments for the development of its Automated Plate Assessment System (APAS). The payment comes via LBT's 50/50 j/v **company** Clever Culture Systems AG (CCS) and will be used to pay for the completion of the APAS8A software development. LBT is now progressing to prepare new **commercial** software modules for clinical trials, scheduled to commence in Australia and the US later this year.

A fourth milestone payment of \$A1 **million** is expected in the second half of full year 2014, subject to progress with clinical trials.

CCS is currently in discussions with prospective distribution partners, with a launch of APAS8 expected in late 2015.

LBT has now received \$A5 **million** of the \$6 **million** pledged by Hettich AG Switzerland and paid via CCS. (Jun 11)

Market Cap \$16m.

LBT steady at 16 cents

*PHG: Acquires N Mackay Private Hospital for \$3 mln

Pulse Health Ltd announced it has entered into an agreement to **acquire** the **operations** of the North Mackay Private Hospital in Queensland. The planned \$3 **million acquisition** complements Pulse's portfolio of specialist rehabilitation hospitals, including Eden Rehabilitation Hospital on Queensland's Sunshine Coast, Westmead Rehabilitation Hospital in Western Sydney and Forster Private Hospital rehabilitation unit in regional NSW.

The **transaction** follows the **company's** just completed \$30 **million** capital raising via a placement to institutional and sophisticated investors, undertaken as part of its growth strategy to pursue **acquisition** opportunities within Australia's private hospital sector. (Jun 11)

Market Cap \$87m.

PHG up 2 to 53 cents

*POH: Acquirer of US licensee pays arrears in full/to lift promotion, sales

Phosphagenics Ltd announced it will continue its partnership for the use of its TPM dermal delivery technology in Le Metier de Beaute skincare products after the **sale** of LMDB's key assets in the US.

The **sale** of Maison de Beaute LLC was approved in late May after LMDB entered into a voluntary Chapter 11 reorganisation process in February 2014.

Maison de Beaute intends to expand the promotional activities for LMDB's skincare line containing TPM and plans to strengthen existing distribution relationships and establish new distribution channels.

The **purchaser** has also paid in full the \$US325,000 owed to Phosphagenics in unpaid LMDB royalties.

Phosphagenics CEO Harry Rosen said, "LMDB is a significant partner in Phosphagenics' strategy to grow its revenue from the use of TPM in skincare products. Maison de Beaute has already indicated its confidence in the LMDB products that use Phosphagenics TPM technology and should provide a stronger platform for increased revenue going forward.

The use of TPM in the LMDB **brand** has since expanded significantly and the LMDB skincare line now includes seven products incorporating Phosphagenics technology. Its Anti-Aging Complex Tinted Treatment Fluid and Peau Vierge Correcteur Concealer both contain TPM dermal delivery technology and 1% retinol.

The products are **sold** through high end retailers such as Bergdorf Goodman, Nieman Marcus and Saks Fifth Avenue.

Our Week's Special dated February 4 2011. POH was trading at 14.5c. Focused on pain relief/insulin delivery through its controlled degree-of-dermal penetration technology TPM, also in applications for cosmetics, cellulite reduction. Problem with former CEO was a setback, back on track.

Market Cap \$85m.

POH down 0.1 to 8.3 cents

*RKN: To buyback and cancel Intuit's 11.45% **stake** at \$1.85 per share

Reckon Ltd advised it has signed a selective buyback agreement with Intuit Inc. Intuit is the beneficial owner of 14.828 shares in Reckon, approximately 11.45% of the total shares on issue, and it is proposed that Reckon will buyback the shares at a price of \$1.85 per share for a total consideration of \$27.4 **million**. On completion of the buyback the 14.8 **million** shares will be cancelled.

The price per share is at a 13% discount to the 5 day volume weighted average share price of the **company** of \$2.13 on June 6.

Market Cap \$273m.

RKN up 3 cents to \$2.15

*SSM: Wins \$140 mln over two years contract with NBN

Service Stream Ltd announced the renewal of its Field Services Delivery contract with NBN Co for home and **business** premises connections to the National Broadband Network. The renewal is for a two year period with two one year extension options.

Under this contract, Service Stream performs the physical cable connections between the street network and the outside of the buildings, and the installation of the NBN connection box and power supply units within the premises.

Service Stream will continue to perform these tasks across five states and territories - Victoria, NSW, Western Australia, the Northern Territory and South Australia.

Service Stream estimates the work from this contract will generate revenue of approximately \$140 **million** across the initial two year term.

Market Cap \$71.5m.

SSM up 2.5 to 18.5 cents

MID TO SMALL RESOURCES

*GGX: 1 for 4 issue not to proceed/Malolos **Oil** Field results positive

Gas2Grid Ltd advised it will not proceed with the previously announced 1 for 4 non renounceable Rights Issue at 3c per new share since the **company** has traded at or below the offer price and there had been a low number of acceptances received to date. Funds received will be returned, and alternative sources of funding are being considered by the **company** including borrowings from directors and others.

Results and observations from the current production flow test at the Malolos **Oil** Field have been positive.

Market Cap \$10m.

GGX up 0.1 to 1.4 cents

*NYO: To sell remaining 25% of Kulu Tapi for 1.5 mln pounds, part in scrip

Nyota Minerals Ltd announced it has entered into a conditional agreement with KEFI Minerals Plc for the **sale** of its remaining 25% direct interest in the Tulu Kapi **gold** project in Ethiopia for an aggregate consideration of 1.5 **million** pounds comprising 750,000 pounds in cash and 50 **million** new ordinary shares in KEFI. Nyota said financing options available to it are insufficient to fund 25% of KEFI Ethiopia, the evaluation of the Northern Blocks and the **company's** working capital requirements. It believes the **sale** of the remaining 25% interest in Tulu Kapi is in its best interests. (Jun 11)

Market Cap \$2.65m. NYO down 0.1 to 0.3 cents

*NXS: Trading halt ahead of results of Scheme Meeting today

Nexus **Energy** Ltd has asked for a trading halt pending an announcement on the results of the Scheme Meeting to be held today at 11 a.m.

*NXS/SVW: More than 50% have vetoed the Scheme on a count of proxy votes

Nexus **Energy** Ltd advised following the deadline for casting direct votes and lodging of proxy appointments by 11 a.m. on June 10, Nexus has today been advised by Computershare Investor Services that the final audited proxy votes cast in connection with the scheme total 897.7 **million**, representing 67.48% of all the issued shares in Nexus. The final audited proxy votes provide that more than 50% of Nexus shareholders who have cast a direct vote or lodged a proxy appointment have voted against the scheme, and greater than 25% of the total number of Nexus shares on issue have voted against the Scheme.

Unless a sufficient number of Nexus shareholders who have voted or directed their proxy to vote against the Scheme attend the Scheme Meeting and change their vote, the statutory majorities required for the Scheme to be approved will not be attained. Seven West **Group** has advised Nexus that it will not (outside of its participation in a Nexus administration or other insolvency process) grant waivers of any repayment obligations under the Bridge Facility and Senior Facility and will rely on its rights and entitlements as senior secured creditor and majority noteholder.

Nor will it provide an alternate **acquisition** or funding proposal to Nexus.

If the Scheme is not approved, absent an alternative proposal that provides adequate and immediately available funding, the Nexus **Board** would need to place Nexus into voluntary administration.

SGW has also advised Nexus that it will seek to **acquire** all of Nexus' shares or some or all of Nexus' assets through a Nexus administration or other insolvency process.

Nexus confirms no competing or superior offers have been received to date. (Jun 11)

Market Cap \$17m. / \$2.35b

NXS untraded last at 1.3 cents / SVW down 6 cents to \$7.70

*SAO: "The Australian" report re. ASIC/Police criminal investigation incorrect

Sino Australia **Oil** and Gas Ltd advised in response to the article in "The Australian" dated June 11 entitled "Watchdog probes Sino Australia **Oil** and Gas for Market Fraud" incorrectly said SAO is the subject of a criminal investigation and that the Australian Federal Police has executed search warrants against it in relation to market manipulation and false trading in its shares. No search warrant has been issued. The **company** does not know against whom the search warrant was executed. ASIC has made no enquiries of the **company**. The **company** can shed no further light on the matter.

Market Cap \$104m.

SAO untraded last at 47.5 cents

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