

**HD CLOSSES HIGHER IN LINE WITH RELIEF RALLY ACROSS ASIA****BY** Jenny Prabhu**WC** 7,855 words**PD** 11 August 2014**SN** OzEquities News Bites**SC** NBOZEN**LA** English**CY** Copyright 2014 News Bites Pty Ltd. All rights reserved.**LP**AUSTRALIAN **COMPANY** NEWS BITES

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**TD**

The S&P/ASX200 closed up 21.7 points to 5457 on light volume worth \$3.1 **billion**. There were 539 issues higher and 461 down. The SPI Futures closed up 18 points to 5394 on good volume of 21,529 contracts.

Aussie 10 year bond yields fell 4 points to 3.28%. The \$A is at 92.76US c, more or less in line with Saturday levels.

\*The banks contributed 5.3 positive points to the index, insurers contributed 0.4 positive points, resources contributed 3.7 positive points, **property** trusts contributed 0.2 positive points, retailers contributed 0.7 positive points and Telstra contributed 0.9 positive points.

At 4pm AEST the NikkeiDow futures was up 370 points to 15,130 points, Shanghai CSI physical was up 25.24 points to 2219.67, Hang Seng futures was 301 points higher to 24,601 points, S&P futures rose 4 points to 1927.70 points, Nasdaq futures rose 10.5 points to 3884 points, Dow futures rose 32 points to 16,511 points.

Spot **gold** was down \$5 to \$1307. Crude futures rose 19c to \$97.84.

Our market closed off its high of the day of 5475, shedding 7 points on matchout, with the focus on profit reports and **company** announcements.

"Intra day support is at 5430, resistance is at 5470. I will call it up 35"

Ben Faulkner, a senior adviser at Morgans said, "There were a lot of interesting moves across equities, industries and commodities last week.

"The DAX had broken its uptrend around June 23, with the 10,000 level the key level it had to break and hold. Over the last week the 9600 key level and the 9200 level were broken. Long term support at 9000 held - it was tested but closed above it. The DAX is in a very aggressive downtrend. I expect a bounce this week, expect it to head back up to 9400, probably its new resistance.

"The Shanghai Market is going against everyone else. 2070 was a critical level of resistance. On July 22 it broke that and is aggressively higher, bridging numerous levels of resistance. It topped out at 2200 where there has been a bit of profit taking and consolidating. It has dropped 30 points off its highs. It is a short term bearish chart for **China**. The medium term is probably neutral. We need to see 2200/2300 broken. 2190 remains good support.

"**Gold** has been bid up over the last week, it was in downtrend prior to last week's headlines. It is now looking more short term neutral. It has broken back above the 20 day moving average at \$1310. Key support is at \$1300. If it fails to hold **gold** may head back down to \$2900 again. If the trend holds it could head up to \$1320 and \$1330. It is short term neutral.

\*The S&P chart broke down around July 30, but not as aggressively as the German chart. It has seen the 20 day and 30 day moving average broken probably for the first time since April this year.

"It has held above the 100 day moving average. 1920 looks to be good support. I would probably expect a bit of a bounce here given the RSI has found support at this level. The next level of resistance is 1950 followed by 1958. The bulls for the week will want to see the S&P close above 1958.

"The XJO has had a big sell off that began on August 1. It is interesting to note we have broken the 20 day, 50 day and 100 day levels of support as of Friday. The long term uptrend looks as if it is still holding - if we draw a line from the August 2012 low that uptrend just remains in tact at the moment.

"The market is sitting not far off the base of that trendline. We wouldn't want to see 5400 broken for the week. If we do see it broken we could see the market could pull back to 5250.

"Personally, I expect it to bounce with the other indexes. The RSI and Stochastics are showing heavily oversold levels.

"For our market, resistance begins at 5470, the key level is 5500.

"For us for the week we would want to see a close above 5500/5500 and for support at 5400 to hold.

"Global indexes are in short term downtrend but all are showing signs of potentially being oversold. We are likely to get a bounce, whether short term or a more solid rally.

"For today, intra day support is at 5430, resistance is at 5470. I will call it up 35 on the day".

The S&P/ASX200 closed down 73.7 points to 5435.3 on Friday.

#### ECO NEWS

The ABS reported in June vs May lending finance results, the total value of owner occupied housing commitments excluding alterations and additions rose 0.4% in trend terms and the seasonally adjusted series rose 1.8%.

The trend series for the value of total personal finance commitments rose 0.9%. Revolving credit commitments rose 2.2%, while fixed lending commitments fell 0.2%.

The seasonally adjusted series for the value of total personal finance commitments fell 1.8%. Revolving credit commitments fell 3.3% and fixed lending commitments fell 0.6%.

The trend series for the value of total **commercial** finance commitments rose 1.8%. Revolving credit commitments rose 8.5%, while fixed lending commitments fell 1.1%.

The seasonally adjusted series for the value of total **commercial** finance commitments rose 12.1% in June 2014, after a fall of 5.9% in May 2014. Revolving credit commitments rose 38.4%, following a rise of 9.2% in the previous month. Fixed lending commitments rose 0.9%, after a fall of 11.1% in the previous month.

The trend series for the value of total lease finance commitments rose 0.9% in June 2014 and the seasonally adjusted series rose 1.2%, following a rise of 22.5% in May 2014.

#### TOP STOCKS

\*JB Hi Fi fell \$1.53 to \$17.84 on 3m shares after its profit result.

A leading broker retained an "overweight" on JBH with a \$24 target price, saying it believes the guidance is conservative and reflects the weak start to 2015 trading through July. JBH has announced a permanent lift to its dividend payout ratio from 60% to 65% and will continue to **buy** back shares to offset dilution from the share option plan.

\*Bendigo Bank closed up 28c to \$12.46 on 1.36m shares after its profit result.

A leading broker said the 2nd half result is strong, but higher house prices led to elevated Homesafe revenue and the net interest margin looks to have peaked. The broker has an "equal weight" on Bendigo with a \$11.30 target price.

\*BCI's takeover offer for **Iron Ore** Holdings in which Kerry Stokes is a major shareholder was a highlight, IOH rose 37.5c to \$1.32.5 on 1.6m shares. BC **iron** fell 32c to \$2.99 on 2.24m shares.

A leading broker retained an "equal weight" on BCI after the announcement, saying it would address its primary concern about BCI's short mine life, but replace it with project development risk. "We ..initially are inclined to view the proposal positively pending a deep evaluation of the Buckland Project" the broker said in the report.

\*Treasury **Wine** received a second indicative takeover offer marginally higher than the first..

\*HFA Holdings rose 12c to \$1.64 on 26.5m shares after being notified that WLR-SC HFA LLC entered into a block trade agreement with UBS AG Australia Branch with UBS underwriting the **sale** by WLR of the 25.599 **million** shares in HFA that will be issued to WLR by HFA on August 11, at \$1.35 per share. Following the conversion of all remaining CN's the **company's** borrowings will consist solely of its bank debt facility, currently \$US16.3 mln.

\*REA **Group** rose \$2.22 to \$45 on 864,344 shares.

Among the financials, AMP closed up 7c to \$5.30 on 5m shares, ANZ rose 18c to \$32.44 on 3.3m shares, CBA gained 28c to \$80.41 on 2.1m shares, NAB rose 10c to \$33.92 on 2.28m shares. Westpac fell 6c to \$32.97 on 4.1m shares.

Among the TMT's Telstra rose 2c to \$5.41 on 13.86m shares, Spark rose 2c to \$2.58 on 1m shares, SingTel rose 4c to \$3.39 on 465,650 shares.

Among the resources BHP rose 28c to \$38.02 on 3.88m shares, RIO gained 32c to \$66.75 on 1.9m shares. Fortescue fell 2c to \$4.54 on 14.29m shares. OZL fell 1c to \$4.46 on 928,834 shares, Iluka was steady at \$8.18 on 2.36m shares.

Among the oils, Woodside was up 9c to \$41.69 on 1.45m shares. Santos rose 6c to \$14.06 on 1.35m shares. **Oil** Search rose 8c to \$9.33 on 3m shares, Karoon rose 8c to \$3.52 on 1m shares.

Among the golds, Newcrest fell 19c to \$10.99 on 2.3m shares, Kingsgate fell 4c to 93.5c on 511,476 shares, Alacer fell 11c to 42.50 on 869,427 shares, Oceana fell 16c to \$3.01 on 930,186 shares.

#### AT THE SMALLER END

\*Triton rose 8c to 40.5c on 35.29m shares after announcing its flake graphite footprint at the Balama project, Mozambique was much larger than it had expected.

\*McAleese rose 12.5c to 59.5c on 2.2m shares on a positive trading update.

\*G8 rose 13c to \$4.91 on 4.1m shares on its profit result below.

#### NEW LISTING

Vista **Group** International Ltd (VGI) closed at \$2.30 on 5,204 shares following an issue of up to 41.4 **million** shares for \$NZ2.10/2.70 for 79.8 **million** shares on issue, comprising up to 19 **million** new shares and a sell-down of 22.4 **million** shares from existing shareholders.

The Vista **Group** comprises six businesses focussed on film industry software solutions. Building on the position of Vista Cinema, the core **business** within the **group** that operates in the cinema exhibition industry, Vista is now expanding to offer solutions across the wider film industry. The **Group** has over 250 staff across six offices in New Zealand, its headquarters, the US, the UK, the Netherlands, Australia and **China**. In addition to these offices, Vista Entertainment Solutions provides a global distribution network with **business** partners operating around the world, which the other **group** businesses can utilise to support their growth.

It recently launched Veezi, with an initial 50 cinemas in 9 countries, offering cinema software similar to Vista Cinema through a cloud based SaaS product created for the Small Circuit Market.

BookMyShow is a cinema ticketing website operated in New Zealand, MACCS provides film distribution software to the film distribution market, Movio provides a SaaS marketing data analysis and campaign management platform for cinema exhibitors and Numero is scheduled to launch in the second half of 2014, providing an aggregated box office reporting platform.

Pro forma EBITDA was \$NZ8.96 **million** in 2013 to rise to \$NZ9.28m this year.

Directors:

Kirk Senior, Bbus (Swinburne), chairman

Kirk brings a strong international film industry background acquired from 18 years with the Village Roadshow Limited **Group**. Kirk was formerly CEO (and prior to that, CFO) of Village Cinemas, one of the world's leading cinema companies.

Kirk was also a director of Village Cinemas and many of its subsidiaries and joint ventures throughout the world.

Prior to Village Cinemas, Kirk was a chartered accountant with Ernst & Young in Australia and the UK. Kirk also advises and provides consulting services to other companies in the film and entertainment industries.

Murray Holdaway, BSc (Mathematics and Computer Science) and BCom (Accounting) (University of Auckland), Exec director

Murray is the co-founder and Chief Executive of the Vista **Group**. Murray has been the product visionary for Vista Entertainment Solutions over the past 15 years.

Prior to running the Vista **Group**, Murray was a founding shareholder and Chief Executive of Madison Systems Ltd (which was a joint venture partner in Vista Entertainment Solutions when it formed in 1996). From its beginnings in 1988 Madison became one of the largest IBM re-sellers in New Zealand. Madison was involved in two separate cinema system developments before the Vista Cinema product was created. Madison was **sold** to Infinity in 2001 and it was at this time that Murray transferred full time to work on Vista Cinema. Murray is also a director of Postie Plus **Group** Limited, which is currently in voluntary administration at the election of the **board**.

Brian Cadzow, BCom (Accounting and Information Systems) (Otago), CA, Executive Director

Brian is the Finance Director and one of the co-founders of the Vista **Group**. Brian has had a long career in Finance positions in the Industrial, Media, Transport and Technology sectors for both listed (up to 2000) and private companies. Brian operated his own consulting **business** for 10 years (with the Vista **Group** as a major client) until joining the Vista **Group** as a full time employee in his current role in 2008.

Susan Peterson, Independent Director

Susan has a strong financial and governance background gained from a long history with the ANZ where she was General Counsel and **Company** Secretary before moving on to other **business** leadership roles, including General Manager of Wealth **Business** and Performance encompassing private banking, insurance and funds management. Susan was also a director on many of ANZ's New Zealand subsidiary **company** boards.

Susan is currently an Independent Director of Wynyard **Group** Limited and The New Zealand Merino **Company** Limited. Susan also chairs the Audit and Risk Committees for these companies.

Susan is a Tribunal Member of the NZ Markets Disciplinary Tribunal and a Ministerial Appointee to The National Advisory Council for the Employment of Women. Susan is also on the **Board** of IHC and on the Strategic Advisory **Board** of the New Zealand Heart Foundation.

James Ogden, CA (Hons) (Accounting)(Wellington), FCA, Flnt D, Independent Director

James brings strong financial expertise to the **Board** and director experience across a broad range of industries. He has had a distinguished career as an investment banker for eleven years, six years as Country Manager for Macquarie Bank and five years as a director of Credit Suisse First Boston. James has also worked in the New Zealand **dairy** industry in chief executive and finance roles for eight years. James is also a director of The Warehouse **Group**, Summerset **Group** Limited, Vehicle Testing **Group** Limited and Seaworks Limited. Former directorships include NZ Post Limited, Kiwibank Limited, NZX-listed Powerco Limited and Capital Properties New Zealand Limited.

## NEWS OF THE DAY

Ex div: COO ex.6c.

Changes in substantials reported August 6, 7 and 8 inc posted separately.

## LARGE CAP INDUSTRIALS

\*BEN: Cash earnings up 9.9%, 33c ff div, DRP at no disc, outlook positive

Bendigo & Adelaide Bank for the year ended June 30 announced a net profit after tax up 5.7% to \$372.3 **million** on revenue up 6.3% to \$1.434 **billion**.

Cash earnings were up 9.9% to \$482.3m vs last year.

A 33c fully franked final dividend was announced, ex date August 19, record date August 21. The DRP is available at no discount.

Cash earnings per share were up 7.1% to 91.5c vs 85.4c last year.

Total provisions and reserves for doubtful debts were \$295.5 million vs \$276.67 million end December 2013 and \$276.9 million end June 2013. General and collective provisions were 0.56% of Group Risk Weighted Assets.

In events subsequent to balance date BEN announced on July 1 2014 it complete the acquisition of the Rural Finance business and net assets for \$1.78 billion. The acquisition strengthened the Group's commitment to rural and regional customers. The loan portfolio at the date of acquisition was \$1.7 billion.

On July 23 the group announced it has entered into an agreement to conclude the class actions brought by investors in managed investment schemes operated by Great Southern.

Group managing director Mike Hirst said in the report grants and project funding by local Community Bank companies increased by 5.5% during the year to \$23.2 million with dividend payments to their shareholders exceeding \$6.2 million.

He said the bank has taken further steps to strengthen its capital base and funding capacity.

Analysts expectations: \$378.7 mln, div 32c/\$384.5 mln/\$382.1 mln/\$349 mln/\$440 mln.

\*On August 1 a leading broker retained a "buy" on BEN with a price target of \$13.27.

The broker said it believes BEN is well positioned to benefit from continuing improvement in funding (particularly deposit) spreads.

To this end it expects BEN's 2nd half 2014 NIM to be 3bp up half on half vs 2 bp up half on half for BOQ and 2 bp down hoh on average for major banks. Current pricing suggests there could be some further carry through of the strong margin performance into first half 2015.

The broker said there is also potential upside in asset quality.

\*On July 24 a leading broker had an "equal weight" on BEN with a price target of \$11.30.

The broker said it doubted investors expected material Great Southern losses, but the settlement removes a source of downside risk.

The broker added, "We see some residual risk on Rural Bank loan losses in 2nd half 2014 but there is upside to our margin forecasts and a potential capital and ROE benefit from lower mortgage risk weightings over the next 2/3 years.

\*On July 24 Nomura had a "buy" on Bendigo & Adelaide with a new price target \$13.50, up from \$13.

Nomura added across the sector it continues to prefer exposure to the regional banks. "We are still seeing supportive trends with the ongoing improvement in wholesale funding markets as well as favorable pricing conditions in the retail deposit market. Moreover, we believe the Financial System inquiry is likely to have less of an impact on the regionals vs the major banks.

Market Cap \$5.58b. BEN up 28 cents to \$12.46

\*ENV: Credit rating upgraded to BBB+ by S&P on CK Group

Envestra Ltd announced Standard & Poor's has upgraded its credit rating one notch from BBB to BBB+ with a Stable Outlook, reflecting the strategic position of Envestra in the Cheung Kong Group and the more conservative capital management policies of the CK Group relative to Envestra as a stand alone entity.

Market Cap \$2.36b. ENV steady at \$1.315

\*GEM: Int profit up 48%, div 18c ff paid qtrly, outlook positive

G8 Education Ltd for the half year ended June 30 announced a net profit after tax up 48% to \$16.3 million on revenue up 59% to \$187.2 million.

The current annual dividend is 18c fully franked paid quarterly.

EBIT was up 76% to \$309.1 million. Underlying earnings before interest and tax were up 77% to 31.1 million.

Basic eps is 5.21c up 26%.

As at June 30 the **group** owned 349 centres in Australia and 18 in Singapore.

Managing director Chris Scott said in the report the strong financial performance has enabled a 29% increase in the **group's** annualised dividend, rising from 14cps per annum fully franked last December to 18c per share.

\*GEM: 5 new subsidiaries as guarantors to \$S500 mln debt issuance program

G8Education Ltd announced it has added five new subsidiaries as guarantors to its \$S500 **million** multi currency debt issuance program established on May 2.

Market Cap \$1.63b.

GEM up 13 cents to \$4.91

\*IPL: S&P affirms BBB rating but lowers outlook to "negative"

Incitec Pivot Ltd advised it notes that Standard & Poor's has today issued a press release affirming IPL's BBB credit rating but lowering the outlook to negative from stable.

The revised outlook reflects the significant investment being made to construct a world scale ammonia plant in Louisiana, USA. IPL notes the scope, timing and cost of the project remain unchanged from sanction and that the project is on track and due for completion in 2016.

IPL has three investment grade credit ratings - S&P BBB, Moody's Baa3 and Fitch BBB and the change today does not affect any of its existing committed financing facilities.

Market Cap \$4.73b

IPL up 3 cents to \$2.86

\*JBH: NPAT up 10.29%, 29c ff div, outlook positive

JB Hi Fi Ltd for the year ended June 30 announced a net profit after tax up 10.29% to \$128.359 **million** on revenue up 5.3% to \$3.483 **billion**.

A final 29c fully franked dividend was announced. Record date August 22.

NTA backing per security is \$1.97 vs \$1.47 last year.

EPS is 128.4c up 9.1% on last year.

The **company** has completed its on market buyback of 1.4 **million** shares or 1.4%. A further buyback will be undertaken to offset the dilutionary impact of shares issued under the share option plan.

As at June 30 the **company** had 182 stores - in Australia 147 JB Hi-Fi stores and 22 JB Hi-Fi Home stores and in NZ 13 JB Hi-Fi stores. The **company** expects to open a total of eight new stores in 2014 and 4 JB Hi-fi Home stores and maintains its stated target of 14 stores across Australia and NZ.

Online sales continue to grow.

The Cost of Doing **Business** (CODP)\_ was 15.2%, up 9 basis points on the PCP.

Outlook

CEO Richard Murray said in the report 2015 provides significant opportunities for the **group** in HB HI-Fi and JB Hi-Fi HOME rollout, the expansion of the **commercial** division and opportunities created in store and out of store by the new website.

"These opportunities combined with the maturation of the 21 stores opened in the last two years and an exciting new product outlook will drive sales and earnings growth" the CEO said.

July sales were impacted by recent market wide declines in tablet sales. Although sales were down on last year, gross margin in July 2014 was ahead of last year. A good pipeline of new products is expected to drive solid sales growth for 2015.

Analysts expectations: \$126.2 mln/\$126 mln.

\*On July 29 a leading broker retained an "accumulate" on JB Hi Fi with a price target of \$21.64. The broker said sales are expected to rise in line with guidance of 5.3% to \$3.48 **billion**. Like for like sales, not guided



are expected to be up 0.9% for second half 2014 and up 2.8% for the year after a 3.2% gain in LFL sales in the first half. Among issues to look for the broker included any comments from recently appointed CEO Richard Murray regarding the transition and strategy going forward.

**Company** guidance: On June 19 JBH reiterated guidance of between \$126/129 mln.

Market Cap \$1.77b.

JBH down \$1.53 to \$17.84

\*TCL: Westlink refinances \$1.26 bln in debt facilities

Transurban announced that Westlink M7 (TCL 50%) has reached financial close on the refinancing of its \$1.260 **billion** in debt facilities. The new \$1.27 bln of debt has been provided by a consortium including ANZ, CBA, NAB, WBC as well as Canadian Imperial Bank of Commerce, Credit Agricole, Export Development Canada, Royal Bank of Canada, ScotiaBank and Sumitomo.

Market Cap \$14.6b.

TCL up 4 cents to \$7.71

\*TGR: No impact from Russia's import ban

Tassal **Group** Ltd advised the Russian Government's announcement late last week of import bans on food products including fish are not expected to have any impact on TGR's future operational performance.

Market Cap \$548m

TGR down 2 cents to \$3.74

\*TWE: New entity offers \$5.20 per share vs KKR's \$5.10 offer

Treasury **Wine** Estates Ltd advised following its announcement of August 4 regarding the indicative, non binding and conditional proposal from Kohlberg Kravis Roberts & Co LP and Rhone Capital LLC (offering \$5.10), the **board** of TWE has received an additional indicative, non binding and conditional proposal from another global private **equity** investor, who has requested that its identify remain confidential for a period of time, to **acquire** all of its shares at \$5.20 per share by way of scheme of arrangement.

The **board** of TWE has concluded it is in the interests of its shareholders to engage further with this private **equity** investor. Subject to negotiation of an appropriate confidentiality agreement, it will also be granted non exclusive due diligence.

Market Cap \$3.46b.

TWE up 20 cents to \$5.33

\*UOS: Interim Op profit to be sharply down on pcpc due to one off **sale** in pcpc

United Overseas Australia Ltd advised the expected **Group** Consolidated operating profit before Tax and Minority interests is expected to be approximately \$A67 **million**, down \$A46 **million** vs the previous corresponding period's \$A113.5 **million**.

In the first half sales of the 2013 year two office blocks were settled with a gross **sale** value of \$A73 **million** and a contribution to profit before tax and minority interests of \$A43 **million**.

While directors are confident of the full year results being positive and beneficial to shareholders, the results are affected by the timing of completion of projects and their subsequent sales, together with prevailing economic conditions. (Aug 8)

Market Cap \$616m

UOS up 1.5 to 53 cents

LARGE CAP RESOURCES

\*BCI/IOH: Recommended Scrip + cash offer for IOH/BCI final div 15c ff

BC **Iron** Ltd announced it will offer 0.44 new BCI shares and 10Ac in cash for each IOH share.

The **transaction** will create a leading mid cap **iron ore company** with an attractive and complementary portfolio of production and development assets in the Pilbara, strong operating cash flows from Nullagine and **Iron** Valley, an unaudited pro forma cash balance of \$190 **million** as at June 30, a technical and financial platform to develop the Buckland project, a proposed private haul road and port at Cape Preston East for Buckland and potential third party tonnages.

It will create a multi decade growth path for all shareholders.

The offer values IOH at \$1.59 per share, based on BCI's 60 day VWAP of \$3.39, a 79% premium to IOH's 60 day VWAP of 89c.

IOH **Board** unanimously recommends that IOH shareholders accept the offer.

IOH's major shareholder Australian Capital **Equity** Pty Ltd (Kerry Stokes) intends to accept the offer within 14 **business** days of its opening in the absence of a superior proposal.

Assuming BCIron acquires 100% of IOH, current IOH security holders will own 36.6% of the combined **group**. Two nominees from IOH will be invited to join the BC **Iron Board**.

BC **Iron** expects to announce a fully franked final dividend of 15c per share, final decision along with full year results on August 27. The record date will be prior to the issue of BCI shares to IOH shareholders..

Market Cap \$372m . / \$214m.

BCI down 32cents to \$2.99 / IOH up 37.5 cents to \$1.325

MID TO SMALL INDUSTRIALS

\*ASZ: 5 year contract with 3 yr option with Aust Maritime Safety Authority

ASG **Group** Ltd announced it has signed a five year contract with a further three year option with the Australian Maritime Safety Authority (AMSA) to provide key ICT related services. AMSA is the national agency responsible for maritime safety, protection of the marine environment and maritime and aviation search and rescue.

ASG **Group** also announced EBITDA margins in 2nd half 2014 are in line with the first half and there has been record operating cash generation as at June 30 2014.

Market Cap \$110m.

ASZ up 2 to 53 cents

\*CNN: Sets up film and bag **m**/fr plant in Brazil, prod from September

Cardia Bioplastics Ltd announced it is setting up its own film and bag manufacturing plant in Sao Paulo Brazil. New purpose built facilities have been leased and production commencement is scheduled for September 2014. The production machinery costing \$A750,000 is funded using vendor finance over a 12 month period.

The new factory is expected to deliver a production capacity of 500 **million** retail carry bags per year, over four times greater than the current manufacturing plant in Nanjing, **China**. It will equate to less than 1% of the Brazilian retail carry bag market.

Cardia has annual supply contracts with Brazilian retailers Ricoy Supermercados and Drogaria Araujo.

Market Cap \$7.4m.

CNN steady at 0.2 cents

\*COF: Turnaround into profits, no div, outlook positive

Coffey International announced a net profit after tax of \$4.4 **million** vs a loss of \$1 **million** last year on total revenue down 9% to \$628.1 **million**.

No final dividend was proposed.

EBTIDA was \$23.7 **million** vs \$18.6 **million** lat year.

Operating cash flow was \$20.9 **million**.



Net debt is \$48.1 **million** down 17% or 9.9% vs the previous year.

Managing director John Douglas said the fundamentals of the **business** have been strengthened. Project Management returned to profitability in 2014, geoservice margins at 5% for 2014 were down on the 2013 margin of 7%.

International Development continued to grow with stable margins reporting a full year EBITDA of \$19.1 **million** vs \$18.3 **million** last year.

The managing director said in the report while external factors still present challenges, the **company** has done the work necessary to ensure the **company** can dedicate itself to building client value and driving sales success.

Analysts expectations: \$7 mln

Market Cap \$74m.

COF up 3 to 29 cents

\*CWE: Receives \$50,000 milestone payment fro Aut Renewable **Energy**

Carnegie Wave **Energy** Ltd announced it has received a milestone payment of \$50,000 from the Australian Renewable **Energy** Agency for completion off he first milestone of the CETO 6 project.

Market Cap \$83m.

CWE steady at 4.8 cents

\*FFI: Food profits down on unsuccessful sportsfood line/overall up on **property**

FFI Holdings Ltd chairman and major share holder Rodney Moonen ahead of the profit result expected to be announced on or around August 29 said during the year the **company** incurred significant costs in the development, marketing and distribution of a new range of sports nutritional retail products. The new line has not been successful and is likely to substantially affect the **company's** profit from food **operations** for the year ended June 30. Earnings from food **operations** are expected to be down approximately 28% compared with the previous corresponding period. This decline in earnings from food **operations** is expected to be fully offset by an improvement in returns from the **company's** properties held for investment purposes.

This increase in value is expected to exceed the pre tax contribution from **property** sales of \$885,274 for the previous year together with the expected decline in profits from food **operations** this year. The decline in profit from food **operations** is not expected to affect future earnings. The **company** has low debt, solid cash flows, quality assets and experienced management.

Market Cap \$38m.

FFI down 25 cents to \$4.00

\*FLN: Loss for half yr but revenue up 41%, new users up 138%

Freelancer Ltd announced for the first half of the 2014 year operating profit after tax was a loss of \$600,000 vs a profit of \$500,000 for the previous corresponding period (pcp) on revenue up 41% to \$11.9 **million**.

New registered users totalled 2.8 **million**, up 138% on last year.

CEO and chairman Matt Barrie said in the report all key metrics in the online marketplace grew strongly and all categories of work within the marketplace performed well.

Market Cap \$314m.

FLN down 2 to 72 cents

\*FRI: Trading halt ahead of acquiring substantial development opportunity

Finbar **Group** Ltd asked for a trading halt ahead of the **company's** announcement regarding securing a substantial development opportunity.

Market Cap \$351m.

FRI up 2.5 cents to \$1.545

\*HDX: Drilling 2 bores, City of Canning WA for geothermal heat exchange

Hughes Drilling's Western Australian Division JSW has been awarded a new contract by The City of Canning for the drilling, construction and testing of two bores in the Yarragadee aquifer to install a geothermal heat exchange system at the Riverton Leisureplex located on the corner of High and Riley Roads, Riverton WA. Estimated contract value is \$2m.

Market Cap \$35.5m.

HDX up 1 to 17 cents

\*MCS: Sells Liquip biz for \$65 mln/ 2014 EBITDA at upper end of f/cast

McAleese Ltd managing director and CEO Mark Rowsthorn announced it has signed a binding share **sale** agreement for the Liquip **business** for \$65 **million** cash.

It also announced 2014 EBITDA before significant items is at the upper end of \$82/85 **million** guidance range on revenue of approximately \$760 **million** including two months of revenue for the recently completed WA Freight **Group acquisition**.

Annualised trading EBITDA run rate for the three months to July doubled that of the previous 3 months and is in line with the first quarter 2015 forecast of \$90/95 **million**.

It now expects to receive proceeds from non core asset sales of over \$95 **million** during 2015.

Results will be announced on August 27.

Market Cap \$171m.

MCS up 12.5 to 59.5 cents

\*NCC: Record net profit up 338%, 3c ff franked final div

NAOS Emerging Opportunities **Company** Ltd for the year ended June 30 announced a record net profit up 338% to \$4.8 **million** on revenue up 333% to \$7.678 **million**.

A 3c fully franked final dividend was announced, ex date November 20, record date November 26. The DRP is in operation at a 1% discount.

Basic and undiluted eps is 13.78c vs 6.4c last year.

Basic and diluted eps is 10.16c vs 6.4c last year.

Director Sebastian Evans said in the report the **company** has delivered a record result in 2104. The investment team now has assets of over \$43 **million** vs the IPO in February 2013 when the assets totalled \$17.3 **million**.

When factoring in the average cash and cash equivalent position of 20% the outperformance generated over the 12 month period is a credit to the team.

Market Cap \$39m.

NCC up 3 cents to \$1.10

\*OZG: NPAT \$10.6m vs loss lat year, 0.75c ff div, outlook positive

OZGrowth Ltd for the year ended June 30 announced a net profit of \$10.66 **million** vs a loss of \$44,910 last year on revenue worth \$18.2 **million** vs \$185,769 last year.

A final fully franked 0.75c dividend was announced, record date August 1,

NTA backing per security is 22.6c vs 21.1c last year.

Chairman Jay Hughes said the year saw a number of changes to the **board**, including his becoming chairman and said while market conditions remained challenging in the **company's** area of focus, the portfolio delivered a satisfactory return.

Market Cap \$77m.

OZG steady at 21.5 cents

\*VMG: Confirms it is considering future capital raisings to grow biz

VDM **Group** referring to speculation in "The West Australian" regarding **acquisition** of rights to mine a **copper** project in Angola and the undertaking a future capital raising, VMG confirmed it is currently reviewing a number of strategic options to grow the **business** and is considering future capital raisings.

Market Cap \$37.5m.

VMG steady at 1.2 cents

\*WIC: NPAT up 187%, 4.5c ff div, outlook positive

Westoz Investment Co Ltd for the year ended June 30 announced a net profit after tax up 187% to \$21.251 **million** on revenue up 206% to \$34.259 **million**.

A final 4.5c fully franked dividend was announced, record date August 11.

NTA backing per security is 129.5c vs 121.9c last year.

At year end investments were held in 20 separate companies. The split between industrial and resource companies moved towards resources over the 12 months.

Between, Cash levels decreased from 51% at June 30 2013 to 20% at June 30 2014, to \$34.322 **million**.

Outlook

The **company** said following a two year period of relatively strong **equity** market performance, gaps have opened up between the better performing stocks and a number of those in its area of focus, particularly those generating significant cash despite a retracement of commodity prices. It believes its focus on Western Australia will generate the desired levels of return.

Market Cap \$161.5m.

WIC up 1.5 cents to \$1.26

\*YPB: Update on anti-counterfeit products

YPB Ltd announced following its listing last week (backdoor listing in the shell of AUV), the first samples of YPB's anti-counterfeit fapiao are currently being printed in a **China** provincial region of around 50 **million** inhabitants for use by its Tax Bureau on official fapiao (or tax invoice).

YPB has a supply contract in place with the largest exporter of shirts from **China**.

Market Cap \$4.46m.

YPB down 3.5 to 16.5 cents

MID TO SMALL RESOURCES

\*AKK: Gas processing plant commences production at Colorado **property**

Austin Exploration Ltd announced the **company's** gas processing plant has commenced production at its 100% owned 11,560 acre Pathfinder **property** in Colorado. Heavy gas sales is to provide a short term boost to cash flows.

The processing plant allows for pipeline quality gas to be produced from the Niobrara formation.

Management is progressing plans to install north-south pipeline to connect Pathfinder to the main Colorado Interstate Gas Pipeline.

An independent report estimates 11,560 acre Pathfinder **property** contains 21.76 **million** barrels of **oil** and 24.52 billion cu ft of gas.

Flow back **operations** are also underway on 3 Eagle Ford wells in Texas.

Market Cap \$37m

AKK steady at 1.4 cents

\*BGS: Massigui project Mali aircore drilling results up to 13.6gpt Au

Birimian **Gold** Ltd announced final analytical results from samples submitted to the laboratory from its program of aircore drilling at the Massigui **gold** project in southern Mali have significantly upgraded the drill results reported on April 29 and June 17 and confirm shallow high grade **gold** zones at the Viper Prospect.

Best results include 15m at 3.45gpt Au from 4m including 2m at 13.6gpt Au and 16m at 2.23gpt Au from 17m.

Market Cap \$10.4m.

BGS steady at 1.2 cents

\*CBX: 19.85m t DSO inferred resource for Bauxite Hills project

Cape **Alumina** announced a 19.85 **million** tonne Direct Shipping **Ore** JORC compliant inferred resource has been estimated for the Bauxite Hills project BH6 tenement vs a beneficiated bauxite inferred resource at BH6 of 15.1 **million** tonnes and in situ resource of 22.1 **million** tonnes reported earlier. The average reactive silica level is also attractive at 6.7% and only slightly higher than the beneficiated product at 5.4%.

Market Cap \$8.25m.

CBX up 0.7 to 3.4 cents

\*DRA: Intends to withdraw entirely from Harpsund j/v

Dragon **Mining** Ltd announced it has advised listed Swedish exploration **group** Botnia Exploration AB that it has relinquished its right to **acquire** an additional 20% interest in the Harpsund j/v in Northern Sweden and has provided Botnia 30 days notice of its intention to withdraw fully from the Harpsund j/v with no retained interest in the project. Dragon had entered into the agreement with Botnia in October 2010 to earn up to 80% in two contiguous exploration permits.

Market Cap \$9.33m.

DRA steady at 10.5 cents

\*GBG: To recognise impairment charge of around \$640 mln for Karara **Mining**

Gindalbie Metals Ltd advised that the review of the carrying value of its investment in Karara **Mining** Ltd as reported in the June quarter has been completed and presented to the **Board**. The **board** expects to recognise an impairment charge of approximately \$640 **million** on its investment in Karara **Mining** Ltd. This will not change the **company's** ability to continue to operate its **business**.

Market Cap \$70m.

GBG down 1.1 to 4.7 cents

\*GDA: T/O Panel prohibits any share, option or CN issue at today's AGM

Gondwana Resources Ltd announced the President of the Takeovers Panel has varied interim orders to the effect that Gondwana Resources must not issue or allot or agree to issue or allot any new shares, options or convertible notes in reliance on any resolutions passed at the AGM scheduled for August 11. (Aug 8)

Market Cap \$2.2m.

GDA down 3 to 9 cents

\*GSE: Proposed scrip **acquisition** of Horizon Healthcare Solutions

Goldsearch Ltd advised regarding its **acquisition** of Horizon Healthcare Solutions Pty Ltd (HHS), announced on July 9, the proposed **acquisition** of HHS follows a search for businesses or assets which can deliver sustainable and growing cash flows over the long term without the need for major capital investment.

The **purchase** price is to be determined by an independent valuer subject to a maximum valuation of \$8 **million**. The **purchase** will be achieved by the issue of GSE shares to Horizon shareholders at an issue price of 0.003c. As HHS has less than 50 shareholders GSE is exempt from the need to make a takeover offer for HHS. Completion of the **acquisition** is subject to a number of conditions precedent including

completion of due diligence, shareholder approval, interim funding to cover the **transaction** costs and all relevant government consents.

Market Cap \$2m.

GSE untraded last at 0.3 cents

\*GXY: Draws down \$US15 mln against Jiangsu divestment

Galaxy Resources Ltd announced it has drawn down the first \$US15 **million** tranche of a \$US30 **million** facility made available to the **company** by Tianqui **Group Hong Kong Company**. Funds from the first tranche were received on August 8. The facility is being made available due to the longer than expected time required to obtain all necessary approvals in **China** relating to the Jiangsu divestment **transaction**.

Market Cap \$60m.

GXY down 0.1 to 5.6 cents

\*HIG/PNA: PanAust confirmed as 80% partner in Frieda River Cu/Au project

Highlands Pacific Ltd advised PanAust will become its j/v partner in the Frieda River Cu-Au project in PNG as a result of formal notification being given by Glencore plc that the condition precedent has been satisfied. The **transaction** is due to close on August 25.

PNA will hold 80% and HIG 0% respectively in the Frieda River j/v on completion of the PanAust/Glencore Agreement. If the Government of PNG elects to take up its rights of 30% of the project, PNA will sell down the first 205 with PNA/HIG selling down in equal amounts subsequent to that.

Market Cap \$50m. / \$1.47b.

HIG up 0.3 to 5.8 cents / PNA up 4 cents to \$2.31

\*IDC: Raising funds to begin diamond drilling at Kt Kare Au/Ag project

Indochine **Mining** Ltd announced it is in the process of appointing European based Pareto Securities as **lead** manager and book runner for a capital raising that will be used to fund the Strategic Focus at the **company's** Mt Kare asset. Pareto Securities has arranged in excess of \$1.5 **billion** in 2014 for global resource projects.

Following completion of the capital raising the **company** will commence around a 20,000 metre diamond drilling and sampling program at the Mt Kare **gold**-silver project in PNG.

Market Cap \$32m.

IDC up 0.2 to 2.9 cents

\*JAL: Crown Mountain PFS coking **coal** project has outstanding economics

Jameson Resources Ltd announced the prefeasibility study confirms the Crown Mountain coking **coal** project in British Columbia will enjoy outstanding economics with IRR of up to 61% pre tax, start up capital costs of \$US123 **million** if the maximum leasing option is selected, and a pay back period of 2.7 years.

Market Cap \$28.45m.

JAL down 0.5 to 15 cents

\*MEH: Option to earn up to 100% of Teck's Coober Pedy project

Merah Resources Ltd announced Oresearch Ltd has entered into an agreement with Teck Australia Pty Ltd providing Oresearch the option to earn a 100% interest in the Coober Pedy Project, subject to a back in right and NSR reserved to Teck.

The Coober Pedy project is currently o100% owned by Teck and comprises three exploration licences at the northwestern end of the Proterozoic Olympic **Iron** Oxide **Copper-Gold** province in the Gawler Craton, South Australia.

Market Cap \$2m.

MEH up 1 to 6 cents

\*MIZ: SilverStream commits to \$US4.5m for San Santiago plant

Minera **Gold** Ltd announced it has signed the binding financing agreement with SilverStream SEZC as **lead** financier on the proposed **acquisition** of the San Santiago processing plant and surrounding **mining** rights. The material terms are the same as announced in mid July 2014.

SilverStream has committed a total package of \$US4.5million towards the strategic **acquisition** of the San Santiago processing plant and its proposed expansion, on approval.

Market Cap \$10.8m.

MIZ steady at 0.5 cents

\*TON: Nicanda Hill mineralisation 5.2sq km/ flake graphite in all drill holes

Triton Minerals Ltd announced the Nicanda Hill mineralised footprint in its Balama project in Mozambique has been defined to 6.2 kms long and 1.1 kms wide (5.2 sq km).

The target footprint substantially exceeds Triton's original exploration targets.

Continuous graphite and vanadium mineralisation has been confirmed over 4.8 kms strike length between drill sections N14 and S10.

Substantial visible flake graphite was identified in all drill holes along the entire strike length. The **company** is moving rapidly towards JORC 2012 compliant inferred resource.

Market Cap \$121m.

TON up 8 to 40.5 cents

\*XAM: Tourmaline breccia system extends at least 3.5km under shallow cover

Xanadu Mines Ltd announced the presence of a significant mineralised tourmaline breccia system east of the high grade Altan Tolgoi prospect confirmed after KHDDH344 intersected 665.7m of **copper-gold** mineralisation from surface.

Best intersections include 665.7m at 0.37% Cu and 0.28 gpt Au (0.55% CuEq) from surface including 312m at 0.49%Cu and 0.49gpt Au from 274m (0.74% Cu Eq).

High grade intervals include 36m at 0.82% Cu and 0.45gpt Au (1.10% CuEq) from 372m.

The geophysical signature of the tourmaline breccia can be traced for at least 3.5km under shallow cover.

Drilling continues along the new discovery zone.

Market Cap \$23.2m.

XAM up 1.1 to 9.6 cents

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