

HD MARKET JUST IN THE POSITIVE AT MIDDAY

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AUSTRALIAN **COMPANY** NEWS BITES

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The S&P/ASX200 is up 3.1 points to 5451.9 at midday on light volume worth \$1.4 **billion**. there are 420 issues higher and 421 down. The SPI Futurs is up 4 points to 5438 on lightish volume of 8664 contracts. Aussie 10 year bond yields

*The banks have contributed 8.6 positive points to the index, insurers have contributed 0.2 negative points, resources have contributed 3.3 negative points, **property** trusts have contributed 1 negative point, retailers have contributed 0.9 positive points and Telstra has contributed 1 negative point.

*The Nikkei Dow futures is down 20 points to 14,470 points. Shanghai CSI physical is closed on holiday, S&P futures is up 1 point to 1878.7, Nasdaq futures is up 2.75 points to 3589 points, Dow futures is up 6 points to 16,494 points. Spotgold is down \$1 to \$1284, crude futures is down 6c to \$99.36.

Further reflection of the Audit Commission's report yesterday may have picked out that changes were to occur gradually, and some not until the government's second term, bringing bargain hunters into the market for a little buying.

However, with Ukraine still something of a tinder box, and a lack of inspiration from the markets (UK is closed on Monday, Japan on Monday and Tuesday, **China** was closed today - US payrolls for April reported tonight) buying is likely to remain off the back foot.

"We will probably close down about 15 to 20 points"

"Maree" said, "We will probably close down about 15 or 20 points. We have got our sights on the short term and ahead of the Budget our market is not very confident. Once we know what we are dealing with buying may pick up again, but right now it's not **China**, it's not the Ukraine that is dominating our thinking, it's what's going on here. There's just no interest in buying. There are a lot of unknowns, investor confidence has gone. Meanwhile, the RBA has a problem. The high \$A is holding inflation down (which would rise if the interest rate is lowered)".

*The S&P/ASX200 closed down 40.3 points to 5448.8 last evening.

THE WEEK AHEAD

May 5: ANZ job ads, PSI Serv, bldg appr. TDI-MI inflat gauge. WBC int. Japan holiday. US ISM services. UK bank holiday

May 6: RBA meets. Aussie trade bal. AIG constr PMI. Japan holiday. US trade bal. Euro sentix ind, German, Euro PMI. Euro retail trade.

May 7: Aussie constr costs, ret sales. DXS qtr sales. Ex div: API ex 1.5c; HGG ex div; WAT ex 3c. US MBA Mort Ind, Prod, Unit Labor Costs, Crude inv., consum cr. German fact orders.

May 8: Aussie Apr jobs. NAB int, NWS 3rd qtr, ZNZ fin. **China** trade bal, imp. US jobless. UK BOE Mon policy, ECB rates.

May 9: Aussie RBA SOMP. Ex div: ANZ ex 83c; TWD ex 8c. **China** CPI, PPI, trade bal. Japan leading ind. US wholesale inv, JOLTS job open. German trade bal. UK trade bal, IP, Mfr prod.

(May 10 **China** new yuan loans, M2 money supply, aggregate financing).

ECO NEWS

*Sales of new homes rose again in March, capping a solid quarter that showed a broadening recovery in the housing sector.

The Housing Industry Association (HIA) said its survey of large builders showed sales of new homes rose 0.2 per cent in March from February, taking the quarterly increase to 5.8 per cent.

In the March quarter, sales of new detached houses rose 7.0 per cent, while the volatile multi-unit sector eased 0.2 per cent. Detached house sales increased in all of the surveyed states led by a 20.2 per cent rise in Queensland.

"It's encouraging to see that during the March 2014 quarter all of the surveyed states recorded increases in detached house sales," says HIA economist Diwa Hopkins

TOP STOCKS

*Macquarie Bank is up 63c to 458.83 on 1.2m shares after an excellent profit result and outlook, below.

*Treasury Wines is up 25c to \$4.09 on 7.6m shares, but likely to weaken after scotching "the Australian" report (below).

*Myer is down 5c to \$2.12 on 5.8m shares after its quarterly sales report below.

*Ramsay Healthcare is up 35c to \$44.47 on 247,253 shares.

Among the financials, AMP is up 1.5c to \$5.12.5 on 938,626 shares, ANZ is up 22.5c to \$34.29.5 on 2.7m shares, CBA is up 44c to \$79.08 on 648,663 shares, NAB is up 10c to \$34.81 on 2.1m shares, Westpac is up 9c to \$34.79 on 2.3m shares.

Among the TMT's Telstra is down 2c to \$5.18 on 5.7m shares, Telecom NZ is down 2c to \$2.50 on 388,862 shares, SingTel is up .5c to \$3.26.5 on 537,793 shares.

Among the resources BHP is down 32c to 437.18 on 1.7m shares, RIO is up 11c to \$60.90 on 535,636 shares. Fortescue rose 8c to \$4.93 on 7.38m shares, Atlas fell .3c to 86.2c on 3.8m shares, Paladin fell 2c to 43c on 1.7m shares.

Among the oils, Woodside is down 17c to \$40.67 on 333,532 shares, Santos is up 4.5c to \$13.75.5 on 1.4m shares, **Oil** Search gained 2c to \$8.87 on 1.2m shares.

Among the golds, Newcrest fell 17c to \$10.12 on 1.2m shares, Teranga is down 8c to 64.5c on 625,618 shares, Perseus is down 2.3c to 30.,2c on 5m shares. Evolution has shed 4.5c to 80.5c on 983,760 shares, St Barbara fell 1c to 19.5c on 2.49m shares.

AT THE SMALLER END

*Boom Logistics is down a half cent to 16c on 600,000 shares on the report below.

*Padbury has returned to the boards down 2.8c to .5c on 139.19m shares on disappointment the proposed funding of the Oakajee port was merely a red herring.

*Hub24 is up 5.5c to 83.5c on 244,480 shares on the report below.

*Galaxy rose another .4c to 7c on 13.7m shares.

NEWS OF THE DAY

Our Week's Special, " CYP: Still Pre Clinical But Believes Its Platform Cymerus Technology Overcomes The Major Hurdle To Stem Cell Approval By The FDA And Other Regulators - The Ability To Mass Produce MSC's Without Variation.

Prestigious Management, Adequately Funded For Planned Phase 1 Clinical Trial" posted separately.

LARGE CAP INDUSTRIALS

*MQG: NPAT up 49%, div \$1.60, 40% fr, DRP at no disc, outlook positive

Macquarie **Group** Ltd for the year ended March 31 2014 announced net profit was up 49% to \$1.265 **billion** with second half net profit up 52% to \$764 **million**.

On operating income up 22% to \$8.1 **billion**. International income was 68% of total income.

A final dividend of \$1.60 per share, 40% franked was announced for \$2.60 per share for the full year, up from \$2 in 2013. Shareholders during the year also received a special dividend of \$1.16, 40% franked and a return of capital of \$2.57 per share from the Sydney Airport Ltd distribution.

Full year 2014 operating expenses were \$6 **billion**, up 15% on the previous year.

Assets under management rose 23% to \$427 **billion**.

EPS was up 53% to \$3.84 on the previous year.

APRA Basel III **group** regulatory capital of \$A12.9 **billion** was \$2.7 **billion** in excess of minimum regulatory capital requirement.

Macquarie **group** managing director and CEO Nicholas Moore said in the report "Global market conditions continued to improve in 2014, contributing to a significant increase in Macquarie **Group's** operating income and profit, with all of Macquarie's operating groups delivering increased net profit contributions'.

Macquarie's annuity style businesses full year 2014 combined net profit contribution increased by \$445 **million** or 26% on the previous year. Capital markets facing businesses combined net profit contribution increased by \$A450 **million** or 68% on full year 2013.

*Macquarie intends to **purchase** approximately \$A270 **million** of shares on market to satisfy the requirements of the Macquarie **Group** Employee Retained **Equity** Plan, to commence on May 14 and be completed by late June 2014. The shares for the DRP will also be acquired on market.

Outlook

The managing director said in the report while the impact of future market conditions makes forecasting difficult, it is currently expected that the full year 2015 combined net profit contribution from operating groups will be up on 2014, broadly offsetting the 2014 realised gain relating to the SYD distribution.

The FY 15 tax rate is currently expected to be broadly in line with 2014.

Analysts expectations: \$1.235 bln, div 160c/\$1.218 bln div 170c/**company** implied guidance \$1.191/1.234 bln.

*Most recently, on April 24 a leading broker retained an "equal weight" on Macquarie **Group** while lifting its price target to \$60.30 from \$55.90 (and up from \$55.20 before MQG's March 24 guidance). The broker said over the past six years the immediate reaction of MQG's share price to the full year result has been driven by the outlook commentary. We expect this trend to continue and that management will guide for profit in 2015 to be up on 2014.

The broker added, in its view consensus forecast for full year 2015 profit to be up 15% on this year vs the broker's forecast of 2015 profit to be up 20% on this year - does not look too bullish.

*Following MQG's updated guidance on March 24 leading brokers retained "neutral" price target \$50.46, "neutral", price target \$52; "outperform", price target \$63; "hold" price target lifted to \$57 from \$56.

Company guidance: On March 24 tabled its presentation to be delivered at the Credit Suisse 17th Asian Investment Conference in **Hong Kong** on March 26/27.

In its presentation to investors and analysts MQG advised since its first half result announcement market conditions continued to show signs of improvement, however client activity remains subdued for some capital markets facing businesses.

Macquarie's annuity style businesses (Macquarie Funds, Banking and Financial services and Corporate and Asset Finance continue to perform well with combined December quarter net profit contribution up on the previous corresponding quarter and the September quarter.

"Accordingly we currently expect Macquarie's result for full year 2014 to be up approximately 40/45% on 2013, subject to the completion rate of **transactions** and the conduct of period end reviews'

Macquarie remains well positioned to deliver superior performance in the medium term. It has built a uniquely diversified **business** since its inception in 1969. It employs 13,578 people and operates in over 28 countries. Assets under management are \$A433 **billion**. MQG is well funded with a strong balance sheet".

*MYR: 3rd qtr sales marginally down vs pcp on refurbishments, closures/positive

Myer Holdings Ltd announced a 0.24% increase in comparable store sales in the third quarter (13 weeks to April 26) compared with last year. Total sales were \$646.5 **million**, down 0.93% compared with last year.

Highlights included cosmetics, fashion accessories, youth, small appliances and toys, the strongest performing categories during the quarter.

The mid season **sale** which occurred between the 2nd and 27th April delivered strong sales growth.

Best performing states were NSW and Victoria.

There was further growth in concessions during the quarter, and continued strong growth in online sales and key online customer metrics.

CEO Bernie Brookes said in the report the marginal decline in total sales reflected the continued significant sales impact of the refurbishment of 3 of the top 20 stores and the commencement of a refurbishment at the Macquarie NSW store in February.

In addition, sales continued to be impacted by the closure of Dandenong (Vic) last October and more recently the closure of the store at Elizabeth (SA) in February.

Several brands performed strongly, including Piper, Trent Nathan and sass & bide intimates, with new brands to be launched in the Spring/summer 2014 including a ready to wear range exclusive to Myer, L by Lisa Ho.

Two new stores will be opened before Christmas, the first will be a new store at Mount Gravatt (QLD), the second at Joondalup (WA), the first new store in WA in 20 years.

*NHF: Welcomes National Commission Audit recommendations on health care

NIB Holdings Ltd announced it welcomes the National Commission of Audit Report recommendations aimed at reforming Australia's health care system and the role of private health insurance.

*REC: Acquires synergistic biz CitiStorage LLC in NY for \$US47.2 mln

Recall Holdings Ltd announced it has acquired CitiStorage LLC, a leading records management **company**. The **acquisition** price of \$US47.2 **million** will be funded from cash and existing facilities. The **acquisition** expands Recall's footprint in the New York City region and strengthens the **company's** secure information management services in the largest US market. It will add 4.6 **million** carton equivalents and approximately \$US25 **million** of revenue for full year 2015. It will be accretive to earnings from full year 2015 and on a post synergy basis, the **acquisition** price represents an EBITDA multiple of less than 7x.

*RHC: Pays tribute to Paul Ramsay, AO, who passed away last night

Ramsay Health Care Ltd advised Paul Ramsay AO, 78, Chairman, founder and major shareholder of Ramsay Health Care, passed away overnight in his home town of Bowral after recently suffering a heart attack.

This year was the 50th anniversary of the opening of Paul's first private hospital in Sydney, Australia. He then went on to establish Ramsay Health Care which is today a global hospital **group** with 151 hospitals around the world, employing over 30,000 staff and treating over 1.4 **million** patients each year.

He is survived by his twin sister Anne and his brother Peter.

*TWE: Re media report - Not approached by/in discussions with Pernod Ricard

Treasury **Wine** Estates report in The Australian newspaper today referring to Pernod Ricard's interest in acquiring the **company's** US assets, said while it does not comment on market speculation it confirms it has not been approached by nor is in discussions with Pernod Ricard.

LARGE CAP RESOURCES

*BTR: Intends to commence DFS for Kitumba project

Blackthorn Resources Ltd confirmed it intends to commence a Definitive Feasibility Study on the Kitumba Project in Zambia immediately following finalisation of the planning process. Available funds will be used to initiate the DFS as well as focus on priority Mumbwa exploration opportunities. It will explore a range of asset level funding options to finance the development of the project.

MID TO SMALL INDUSTRIALS

*AFJ: Debt facility increased from \$20mln to \$100 mln with cba

Affinity Education **Group** Ltd announced it has increased its overall debt facilities to \$115 **million** with the Commonwealth Bank of Australia. Included within this overall limit, the **acquisition** debt facility has been increased from \$20 **million** to \$100 **million**.

CEO Justin Laboo said in the report the increase of the debt facility is a significant milestone for AFJ and demonstrates the strong ongoing support of the lender. It will enhance the **company's** ability to undertake future growth and improve returns for shareholders.

*BOL: Loses BMA contract in Qld/job losses, restructure/cautiously positive

Boom Logistics Ltd advised the BHPB Mitsubishi Alliance (BMA) contract expires on June 30 and has been undergoing a tender process with a focus on further reducing costs for BMA against a backdrop of lower **coal** prices and squeezed margins across the sector. Boom did not reach agreement on extending its services. It will support BMA through an orderly transition to a new supplier. This will mean a restructuring of Boom's Queensland **business** including redundancies, relocation of assets and closure of certain depots.

In a trading update Boom said the EBIT loss in the third quarter of \$350,000, seasonally the weakest quarter was exacerbated by the **group's** exposure to the collapse of Forge **Group** Ltd.

Boom has significant work on order in Western Australia, and also expects improved trading in WA, NSW and Victoria, where it is supported by the Bald Hills **wind** farm project.

*FRI: Au j/v project reaches practical completion, FRI 45% interest

Finbar **Group** Ltd announced the **company's** Au j/v project has reached practical completion. The Au project which fronts both 208 Adelaide Terrace and 311 Hay Street in East Perth consists of 192 one, two and three bedroom apartments plus two **commercial** lots as well as a spacious entertainment deck with a **solar** heated swimming pool, sauna, gymnasium and lounge facilities.

Finbar holds a 45% interest in the project's profitability and will also earn a project management fee. Finbar secured sales of approximately \$108 **million** which was **sold** out early in the construction phase.

*HUB: Strong March qtr inflows, record for month of March/\$14.9m cash eqv

HUB24 announced it has had record net inflows in the March quarter of \$108.7 **million** including a record net inflow of \$49 **million** in March/ this has boosted funds under advice at end of quarter to \$730.2 **million**, a growth rate of 120% over the past 12 months. This strong growth continued into April with funds under advice reaching \$781 **million** and net inflows of \$47.6 **million** for the month.

HUB 24 has been ranked No.3 for product offering in the latest Investment Trends Platform Benchmarking Report.

It received an R&D tax incentive refund of \$414,000 from the TO.

It has cash and cash equivalents of \$14.9 **million** and has no plans to raise further funds.

*REH: ACCC proceedings against Actrol on matters prior to REH's **purchase**

Reece Australia Ltd announced proceedings have been commenced by the Australian Competition and Consumer Commission against Actrol Pats Pty Ltd alleging that in 2012 it made false and misleading representations and engaged in misleading or deceptive conduct.

The alleged conduct relates to the period prior to the **acquisition** by the **company** of the Actrol **Group**. The **company** was aware of the investigation during its due diligence. It is considering its position in respect of the proceedings.

*YBR: Confirms exclusive discussions with Vow Financial Holdings

Yellow Brick Road Ltd advised with regard to media speculation concerning potential acquisitions by the **company**, it confirmed it is in discussions with the **board** of Vow Financial Holdings Pty Ltd. At this stage no binding agreement has been entered into, other than that the parties have entered into exclusive negotiations.

MID TO SMALL RESOURCES

*NVG: Acquires **company** with rights to **coal** projects in Argentina

Navaho **Gold** Ltd announced it has executed a non binding term sheet for the **acquisition** of 100% of Excab Pty Ltd, a **company** controlled by Mr Neil Stuart, via the issue of 27.8 **million** shares. Excab Pty Ltd has rights to **acquire** several prospective **coal** projects in Argentina, both thermal and coking **coal** in Tertiary and Triassic aged **coal** measures on the eastern side of the Andes.

The **coal** occurs in six main banded seams that can be up to or over 2m thick with the **coal** content making up approximately 90% of the whole seam. Selected sampling of old dumps has shown that a high volatile bituminous **coal** may be available with calorific or heat values up to 8088 kcal/kg or 33.78MJ/kg.

*PDY: Reinstated after proposed Oakajee deep water port financing dropped

Padbury **Mining** Ltd has been reinstated to the **board** following the termination of an agreement with MWI, Alliance Super Holding Pty Ltd and Superkite Pty Ltd for the design, procurement, construction, commissioning and operational management of a deep water port at Oakajee, WA was terminated on April 29.

The initial announcement of the proposed funding was made on April 11.

*SEA: Borrowing capacity lifted to \$US135 mln, drawn to \$US35 mln

Sundance **Energy** Australia Ltd announced its borrowing capacity has increased to \$US135 **million**. As at the date of this release the **company** will have \$US100 **million** undrawn and \$US35million outstanding.

The increase in the borrowing capacity was driven by the significant uplift in the **company's** proved **oil** and gas reserves announced last month.

In conjunction with the increase in borrowing capacity the **company** has successfully syndicated its Senior Credit facility with Bank of America Merrill Lynch and the Bank of Nova scotia joining Sundance's banking **group** which is led by Wells Fargo. All significant terms of the Senior and Junior credit facilities including covenants remain unchanged.

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