

HD CATCHUP, DEC 16 TO DEC 31 2013 INC

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CATCHUP, DEC 16 TO DEC 31 2013 INC

By Jenny Prabhu and Gerald Stanley

Over the 2013 year the S&P/ASX200 rose 15.1% to 5352.2, the best performance since a 30% rally in 2009 and the highest year end close since November 1 2007's record high of 6828.7. (fell 4.6 points on December 31 2013).

Over the 2013 year

AMP fell 42 cents or 8.7% to \$4.39

ANZ rose \$7.18 or 28.7% to \$32.23

BHP rose 89 cents or 2.4% to \$37.99

BXB rose \$1.64 or 21.8% to \$9.15

CBA rose \$15.62 or 25.1% to \$77.80

CSL rose \$15.06 or 27.9% to \$68.96

FMG rose \$1.17 or 25.2% to \$5.82

MQG rose \$19.48 or 54.9% to \$54.97

NAB rose \$9.83 or 39.3% to \$34.83

ORG rose \$2.45 or 21.1% to \$14.07

QBE rose 61 cents or 5.6% to \$11.51

RIO rose \$2.17 or 3.3% to \$68.18

STO rose \$3.53 or 31.8% to \$14.63

SUN rose \$2.93 or 28.8% to \$13.10

TLS rose 88 cents or 20.1% to \$5.25

WBC rose \$6.34 or 24.3% to \$32.38

WDC fell 47 cents or 4.5% to \$10.09

WES was up \$7.19 or 19.5% to \$44.04

WOW rose \$4.52 or 15.4% to \$33.85

WPL rose \$5.02 or 14.8% to \$38.90.

*SGH: Slater & Gordon that listed at \$1.40 on May 21 2007 after a float price of \$1, closed at \$4.84, up 17c on December 31 2013, topping the S&P/ASX200.

ECO NEWS

The MYEFO

The Australian Institute reported the MYEFO now forecasts a deficit \$123 **billion** over the four year forward estimates. The outlook for this financial year has gone from a projected deficit of A\$30.1 **billion** to \$47.0 **billion**. Of that \$16.9 **billion** change, \$10.3 **billion** was the result of new policy changes announced by the Abbott government.

The rest (\$6.6 **billion**) was a result of changes in economic growth, unemployment and other factors that influence taxation revenue and government spending on items such as unemployment benefits. Such variables are summarised by Treasury as "parameter changes".

Most of the policy change section is due to the injection of \$8.8 **billion** into the Reserve Bank of Australia (RBA) in 2013-14. While this has been treated as an "expense" by treasurer Joe Hockey, as the RBA is 100% owned by the Commonwealth, in reality, this "expense" is simply a transfer from one Commonwealth account to another.

Leaving aside the accounting treatment of the RBA transfer, MYEFO suggests that "parameter changes" will account for 92% of the deterioration in the budget over the forward estimates. Neither the ALP nor Coalition are responsible for world economic growth. And, ironically, if the Coalition wants to boost the domestic economy, the worst thing it could do is engage in the big spending cuts it has foreshadowed.

The MYEFO now projects deficits for the next 10 years. It is interesting to note that before the global financial crisis, Treasury was projecting indefinite budget surpluses. But leaving aside the poor forecasting ability of the economics profession, the MYEFO rightly suggests that, with slower growth, unemployment is likely to rise from 5.8% now to 6.25% in 2014-15.

*The Mid Year Economic and Financial Outlook statement (MYEFO) excluded its election promise to cut public service staffing costs by \$5.2 **billion** through the elimination of 12,000 positions, listing estimates of the job cull as "not for publication".

Movement Over The Period Dec 13 2013 to January 1 2014:

Market: As of: Latest Change As of:

Dec 13, 2013 Jan 1, 2014 Dec 28, 2012

\$A1 = \$US: Cents 89.28 89.14 -0.14 103.73

DJIA 15,739.43 16,576.66 +837.23 12,938.11

S&P 500 1,775.5 1,848.36 +72.86 1,402.43

Nasdaq 3,998.4 4,176.59 +178.19 2,960.31

FTSE 100 6,445.25 6,749.09 +303.84 5,925.37

US 30 Y **Bonds** % 3.9 3.98 +0.08 2.87

US\$1 = Yen 103.34 105.28 +1.94 85.96

Euro1 = US\$ 1.3748 1.3743 -0.0005 1.3215

Copper US \$'s 7,226 7,360 +134 7,770

Aluminum US \$'s 1,790 1,800 +10 2,060

Nickel US \$- 's 14,010 13,900 -110 17,570

Zinc US \$'s 1,966 2,055 +89 2,070

Lead US \$'s 2,126 2,219 +93 2,325

Tin US \$'s 22,500 22,350 -150 23,325

Iron Ore \$us 137.9 134.2 -3.7 139.4

Spot month Crude US\$'s 97.5 99.29 +1.79 90.8

Spot **Gold** US\$'s 1,227 1205 -22 1,657

Silver US\$'s 19.51 19.44 -0.07 30.08

Platinum US\$'s 1,362 1,373 +11 1,523

Palladium US\$'s 717 714 -3 697

Uranium US\$s (per lb) 34.75 34.5 -0.25 43.75

London Exchange Warehouse Stock

Movements over week

in metric tonnes As of: Latest Change As of:

(UK Dates) Dec 12, 2013 Dec 31, 2013 Dec 27, 2012

Copper 396,075 366,425 - 29,650 318,050

Aluminium 5,412,100 5,458,075 45,975 5,216,675

Nickel 255,024 261,636 6,612 139,074

Zinc 923,125 933,475 10,350 1,223,500

Lead 223,250 214,450 - 8,800 323,400

Tin 10,345 9,995 - 350 12,750

ASSORTED SIGNIFICANT ANNOUNCEMENTS DEC 16-31 INC.

*Dec 23: AustralianSuper acquires 50% of London's The Centre:MK Mall

Media services report AustralianSuper has acquired 50% of London's The Centre: MK Mall for \$494 **million** in the first direct **property** investment for the \$65 **billion** fund. AustralianSuper head of **property** Jack McGougan said the asset has huge growth potential.

*Dec 23: U&D **Coal** raises 40% of \$125 mln IPO through bookbuild process

"The Australian" reports U&D **Coal**, a **Chinese** owned Queensland **coal** explorer has raised 40% of its \$125 **million** IPO through the ASX bookbuild process conducted by AFS Capital Securities.

The remaining \$75 **million** raised in the IPO was privately placed. About 250 **million** shares were **sold** in the IPO at 50c each.

U&D is owned 51% by Kun Qian, whose ultimate controlling shareholder is **China's** Henan **Energy** Chemical **Group**. Other major shareholders are Golden Globe and **China** Kunlun, both domiciled in the British Virgin **Island**.

LARGE CAP INDUSTRIALS

*AIO/TOL: New Qld Toll deal positive/but PN Rail 2014 EBIT to be down 5%

Asciano Ltd announced changes to its contractual relationship with Toll **Group** Ltd expanding its relationship with Toll to encompass a new Queensland rail services agreement and a new interstate line haul agreement until 2022. Under the new agreements Toll has committed to provide Asciano at least 90% of its intermodal rail freight requirements.

Asciano subsidiary Pacific National Rail has entered a new Queensland rail services agreement for a period of 13 years to 2026 effective February 1 2014. As part of the agreement, PN Rail will **purchase** the intermodal rail terminals owned by Toll at Cairns, Townsville, Mackay, Rockhampton and Brisbane plus ancillary equipment and will offer employment to approximately 60 Toll staff. The properties to be acquired are valued at around \$71 **million**.

The agreement includes a commitment from Toll to provide a minimum of 90% of its Queensland intrastate rail volumes on PN Rail services. The contract also releases both PN Rail and Toll from existing take or pay arrangements.

Asciano MD and CEO John Mullen said the contract with Toll underpins PN Rail's interstate intermodal **business** and delivers the opportunity to expand current activities in the Queensland market over the medium term. However, he reiterated the guidance given with the release of the 2014 first quarter results and the 2013 AGM that Asciano expects PN Rail to report a full year 2014 EBIT result in the order of 5% lower than the previous corresponding period due to tough market conditions. (Dec 23)

Market Cap \$5.6b / \$4.07b

AIO last at \$5.76 / TOL last at \$5.68

*ANZ/CBA/NAB/WBC: ANZ, CBA, WBC already at/exceed APRA's 2016 rule APRA announced its revised capital requirements for Domestic Systemically Important Banks (D-SIBs) effective January 2016. The DSIB's will be subject to a minimum capital ratio of 8%, one percentage point higher than other local banks. The Capital Conservation Buffer is held in addition to the APRA minimum capital requirement and is designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down in more difficult economic environments.

ANZ announced its current capital position is already in excess of APRA's requirements including the D-SIB overlay.

Market Cap \$88.4b.

ANZ last at \$32.23

CBA advised its current capital position is already in excess of APRA's requirements (CET1 of 8.2% as at June 30 2013). On an internationally harmonised basis, the **Group**'s CET1 ratio was 11% as at June 30 2013, placing it at the upper end of its global peers.

Market Cap \$125.4b.

CBA last at \$77.80

NAB announced it has a strong capital position and expects to be able to meet the revised capital requirements through organic capital generation and if required, through the settings under NAB's dividend reinvestment plan.

Market Cap \$81.9B.

NAB last at \$34.83

WBC advised its common **equity** tier 1 ratio, measured using APRA methodology at September 30 2013 was sector leading at 9.1% and accordingly the **Group** is well placed to meet these updated requirements by the implementation date. (Dec 23)

Market Cap \$100.7b

WBC last at \$32.38

*AZJ: To take \$130/150 mln charge in 1st half 2014 on asset disposals to 2018

Aurizon Holdings Ltd advised in its Investor Briefing that a legacy of the **company**'s former long history as a Government owned corporation is a complex and diverse fleet with more than 59 classes of locomotives and 297 classes of wagons nationwide. The **company** plans to reduce the locomotive fleet by 28% to 598 from 829 and the wagon fleet by 12% from 18,546 down to 16,292 by full year 2018. The planned reductions will be achieved through asset disposals and will simplify the fleet, standardise maintenance practices, reduce materials and inventory as well as a smaller more efficient fleet.

The planned fleet reduction will result in an asset impairment of \$130/150 **million** pre tax which will be recognised as an expense in the first half 2014 financial statements.

Aurizon also announced an additional 248 voluntary redundancies since July 2013, resulting in more than 2,000 people leaving the **company** since the IPO, or a reduction of more than 20%.

Managing director and CEO Lance Hockridge said he remained confident about achieving 75% Operating Ratio in respect of 2015. (Dec 16)

Market Cap \$10.4b

AZJ last at \$4.88

*BGA/WCB: Bega has 18.8% of Warrnambool **Cheese & Butter**

Bega **Cheese** Ltd announced it now holds a relevant interest in 10.519 **million** shares in Warrnambool **Cheese & Butter**, giving it 18.8% voting power in WCB. (Dec 31)

*BGA/WCB: Bega t/o offer for WCB to close on Dec 20

Bega **Cheese** Ltd announced its takeover offer for Warrnambool **Cheese & Butter** Factory **Company** Holdings Ltd will close at 7 pm on December 20. Once its offer is closed, Bega **Cheese** will consider its options regarding its strategic shareholding in WCB. (Dec 18)

Market Cap \$688m. \$519m.

BGA last at \$4.52 / WCB last at \$9.27

*BSL: To expand Taharoa NZ **iron** sands export operation

BlueScope Stel Ltd announced it plans to expand its Taharoa, New Zealand **iron** sands export **operations** through the introduction of a third shipping vessel in 2016. BSL will charter a purpose built 175,000 tonne slurry loading vessel and spend \$50 **million** across 2016 to 2018 on **mining**, processing and ship loading equipment.

The expansion and introduction of a third vessel will add 1.3 **million** tonnes per annum of export capacity to the Taharoa mine. This will increase total annual **iron** sands export capacity at Taharoa from 1.3 **million** tonnes in 2013 to approximately 4 **million** tpa on commencement of the third vessel in 2016.

The mine has operated for more than 40 years and BSL considers there is reasonable basis for believing there are sufficient **iron** sands available to produce at 4 **million** tpa for at least 15 years. (Dec 27)

Market Cap \$3.25b.

BSL last at \$5.82

*CFX: To be internally managed, buys CMIL from CBA for \$460 mln/placing

CFS Retail **Property** Trust **Group** announced the Independent Directors of Commonwealth Managed Investments Ltd (CMIL) as Responsible Entity of CFX have reached agreement with Commonwealth Bank of Australia to progress its internalisation proposal which also involves CFX acquiring the bank's integrated retail asset management **business** and CFX commencing to manage a number of wholesale **property** funds.

The proposal will create one of Australia's largest fully integrated and independently managed retail **property** groups with \$13.9 **billion** in assets under management, direct ownership of a high quality portfolio of 28 retail assets valued at \$8.6 **billion**, 2.2% accretion to forecast distributable income and 4.2% value accretion on a per security pro forma basis for the year ending June 30 2014.

CFX is to make a cash payment to the Bank of \$460 **million** to **acquire** CMIL, which is the Responsible Entity for CFX and number of funds.

A fully u/written insto placement for \$280 **million** was launched on the day to part fund the **transaction** and was successfully completed, as announced on December 19.

Key **board** and management team continuity is expected.

Gandel **Group** that owns 16.8% in CFX and has a further 10% interest in CFX pursuant to a right of first refusal arrangement with CBA has indicated its intention to vote in favor of the Proposal in the absence of a superior proposal and subject to other conditions including the Independent Expert's Report concluding the proposal is fair and reasonable and the CFX securityholder vote occurring no later than 30 April 2014. (Dec 18)

Market Cap \$5.85b.

CFX last at \$1.945

*CMW/CHC: Cromwell sells 4 industrial assets to CHC for \$81.65 mln

Cromwell **Property Group** announced it has exchanged unconditional contracts for the **sale** of four industrial assets for a total price of \$100.85 **million** as part of its ongoing portfolio management strategy.

The four assets include the NQX Distribution Centre, Pinkenba, Qld, the Brooklyn Woolstore, Brooklyn, Vic, the Giullman Woolstore, Gilman SA and 28-54 Percival Road, Smithfield NSW.

The total **sale** price represents a 4% premium to book. Proceeds will be held in cash and may be redeployed into other investments over time.

The total value of the **Group**'s portfolio is now \$2.3 **billion**, 99% of which are office assets.

Separately, CMW confirmed the December quarter distribution of 1.875c per stapled security.

Separately, Charter Hall announced its wholesale funds had acquired the \$81.65 **million** portfolio.

Market Cap \$1.68b. / \$1.13b

CMW last at 97.5 cents / CHC last at \$3.65

*GDI: GDI **Property** Trust listed on December 17, falling 12% on the day from the float price of \$1 per security.

Market Cap \$505m

GDI last at 89 cents

*GFF: Sells biscuits biz to Green's Food /non cash impairment of \$50/55m

Goodman Fielder Ltd announced it has entered into an agreement to sell its Biscuits **business** in Australia to Green's Food Holdings. Major brands include Paradise, cottage, Vive and Veri Deli. GFF will also licence Green's to use the White Wings **brand** for biscuits only for a fixed term.

Green's is an Australian food **company** that manufactures, markets and distributes a range of products including cake mixes, breakfast cereals, snacks and savoury biscuits under brands including Green's, Lowan, Poppin, Waterthins and Roccas Deli.

Net proceeds are expected to be \$A17 **million** plus receivables and payables of approximately \$10 **million**. Net proceeds will be used to reduce net debt and further strengthen Goodman's financial position.

As a result of the divestment, GFF expects to record a non cash impairment charge after tax against the Biscuits **business** in the range of \$50/55 **million** as a significant item in the 2014 interim accounts. (Dec 23)

Market Cap \$1.34b.

GFF last at 68.5 cents

*IPL: Incitec Pivot Ltd chairman Paul Brasher and MD and CEO James Fazzino addressed the AGM.

The MD said the **company** is focused on maximising returns from assets already in full production, deliver on major growth projects including the ramp up of Moranbah to full production and the construction and start up of the Louisiana ammonia plant and to de leverage the balance sheet and increase cash returns to shareholders, either through higher dividends or through capital returns. (Dec 19)

*IPL: Phosphate Hill **m**'fr plant costs to rise by \$50 mln per year for 2015,2016

Incitec Pivot Ltd announced the execution of a 23 month gas supply agreement for the Phosphate Hill manufacturing plant in North West Queensland, effective February 1 2015. The new gas agreement will increase manufacturing costs by \$50 **million** per year for the 2015 and 2016 calendar years. The terms of the agreement are confidential. (Dec 19)

Market Cap \$4.36b.

IPL last at \$2.68

*LEI/Others: Leighton Holdings Ltd announced:

*On Dec 30:

*LEI: Leighton Holdings Ltd announced the **purchase** of the Welspun **Group's** 39.9% **stake** in its Indian j/v Leighton Welspun for \$US99 **million** to achieve 100% ownership of the **business**. The opportunity arose from the decision by Welspun to reposition its infrastructure **business** and to focus on its core businesses including textiles, pipes, **energy** and steel.

*On Dec 23:

LEI: Leighton Holdings announced Glencore has awarded Thiess a \$2390 **million** one year contract extension at the Mt Owen **Coal** Mine near Ravensworth in the Hunter Valley, NSW. The extension will see Thiess continuing full service delivery at Mount Owen for at least another 3 years until December 2016, with an option for an additional one year contract extension.

Thiess has operated the Mount Owen Mine for 17 years.

*On Dec 20:

LEI/AZJ: Leighton Contractors Pty Ltd announced it has been awarded a \$100 **million** contract to deliver a train support facility at Hexham in the NSW Hunter Valley for Aurizon. The new facility will support operational management of Aurizon's **coal** haulage fleet in the Hunter Valley.

Also on Dec 20:

LEI/DVN: Leighton Holdings Ltd and Devine Ltd announced the **sale** of their 50/50 owned KSD1 and Central Retail Buildings at their Hamilton Harbour mixed use development to 360 Capital office Fund for \$62 **million**.

On Dec 17:

LEI/WES: Leighton Holdings Ltd announced Wesfarmers Resources has awarded Thiess a four year contract worth \$570 **million** to extend Thiess' involvement in the Curragh North **Coal** Mine near Blackwater in Central Queensland's Bowen Basin.

On Dec 16:

LEI/MGR: Leighton Properties and Mirvac **Group** in a 50/50 j/v have been named the preferred developer for the Perth City Link Project, part of the wider \$5.2 **billion** Perth City Link project to link the Northbridge entertainment area with the CBD.

Market Cap \$5.4b

LEI last at \$16.11

*MRM: Woodside contract for 18 months plus options for "Mermaid Leeuwin"

Mermaid Marine Australia Ltd announced it has been awarded a contract by Woodside to support the extensive drilling campaign to be undertaken by the drillship Deepwater Millennium off the coast of Australia. The charger is for MRM's newest Platform Supply vessel the "Mermaid Leeuwin" and is for a **firm** period of 18 months plus options. (Dec 24)

Market Cap \$791m

MRM last at \$3.40

*NUF: Update on Brazilian outstanding tax cases

Nufarm Ltd announced it has elected to participate in a Brazilian government program that will resolve a number of outstanding tax cases in Brazil. The **company** previously disclosed a contingent liability of \$74.6 **million** in respect to potential pre-**acquisition** tax liabilities of its Brazilian **business**, acquired in 2007. Nufarm's share of the contingent liability after applying the former owner's indemnities is estimated to be \$31.1 **million**. The liabilities relate to numerous individual tax cases that may take some years to be finally determined.

Settlement of the cases will amount to a cash outflow of approximately \$300,000 per month for five years commencing January 2014 in addition to the utilisation of tax losses.

The balance of potential tax liabilities in Brazil, involving claims not covered by the program is approximately \$9.2 **million**, some of which could also be recovered via the indemnities. These cases will continue to be prosecuted. (Dec 24)

*NUF: Standard & Poor's ratings action

Nufarm Ltd advised Standard & Poor's Ratings Services has confirmed its BBB- long term issue rating to NUF's senior secured \$A530 mln bank facility. S&P has lowered the senior unsecured issue rating on NUF's \$US325 mln notes to **B+** from BBB-. (Dec 20)

Market Cap \$1.16b

NUF last at \$4.39

*ORA/AMC: Amcor Ltd spin off Orora Ltd closed at \$1.22 on its first day of trading. Amcor closed at \$10.25, falling \$1.11. (Dec 18)

Market Cap \$1.4b. / \$12.73b

ORA last at \$1.16 / AMC last at \$10.55

*PGH: Pact **Group** Ltd fell 48c to \$3.32, 13% below the issue price on the first day of trading on December 17, the Fin Review reported.

Chairman and major shareholder is Raphael Geminder, the son in law of the late Richard Pratt. (Dec 17)

Market Cap \$965m

PGH last at \$3.28

*REA: Greg Ellis resigns as CEO and MD

REA **Group** Ltd advised Greg Ellis has given notice of his resignation as CEO and MD to pursue an opportunity outside the **company**. He has advised he will be taking up an overseas appointment at a non competing organisation.

He will remain in the role until a successor is appointed and will assist the **board** in implementing a transition plan. (Dec 17)

Market Cap \$4.97b

REA last at \$37.76

*UGL: Awarded new five year contract by Chevron for WA assets

UGL Ltd announced it has been awarded a new five year contract by Chevron Australia Pty Ltd for the provision of maintenance services for the operational phase of Chevron's Western Australian assets. The multi **million** dollar contract includes extension options beyond the initial five year term. (Dec 18)

Market Cap \$1.2b.

UGL last at \$7.31

*WCB: Saputo lifts offer, declares it final

On December 17, following the Takeovers Panel's announcement that it has concluded proceedings in relation to the application brought by Murray Goulburn Co-operative Co Ltd and in compliance with the undertakings provided to the Takeovers Panel, Saputo has extended the offer period to 7 pm on January 10 2014.

It has also further increased the offer consideration by 20c to \$9.40 on Saputo obtaining a relevant interest in WCB shares of greater than 75% and will further increase the offer consideration to \$9.60 cash per share on obtaining more than 90%. Saputo also declared the offer Final and agreed to offer a withdrawal right to the WCB shareholders who accepted the offer on or before December 17 2013 if they wish.

All shareholders will receive the increased offer price regardless of when they accepted.

WCB directors unanimously recommended the Saputo revised offer. (Dec 17)

*WCB: Expects EBITDA for half yr to Dec 31 to be up 100% on pcp

Warrnambool **Cheese** and **Butter** Factory **Company** Holdings Ltd announced it now estimates an approximate 100% increase in half year EBITDA for the six months to December 31 vs the previous corresponding period of \$29.3 **million**.

CEO David Lord said strong international **dairy** commodity demand and pricing, a depreciating \$A and a continued focus on **business** improvement, product mix and strategic initiatives contributed to the improved result. (Dec 20)

*WES/IAG: Sells ANZ u/writing biz in Insurance Div to IAG for \$1.845bln

Wesfarmers Ltd announced it has agreed to sell the Australian and New Zealand underwriting **operations** of its insurance division to Insurance Australia **Group** for \$1.845 **billion**.

The underwriting **operations** of Wesfarmers' Insurance division include predominantly **commercial** lines of **business** including the Lumley and WFI brands and a growing personal lines **business sold** through the Coles Insurance affinity partnership.

The **sale** is subject to a number of conditions precedent including approvals from APRA, the ACCC, The Reserve Bank of New Zealand, New Zealand Commerce Commission and New Zealand Overseas Investment Office.

On successful completion of the **transaction**, Wesfarmers expects to record a pre-tax profit of approximately \$700/750 **million** expected to be included in the financial results for the second half of the 2014 financial year.

The **sale** agreement includes the underwriting **operations** for Coles Insurance which will continue with Coles Supermarkets under an agreement with a remaining 10 year term.

The **sale** does not include the Insurance division's broking **operations** in Australia, New Zealand and the UK and its Australian and New Zealand premium funding businesses which will remain part of the Wesfarmers portfolio. (Dec 16)

Market Cap \$50.35b / \$13.4b.

WES last at \$44.04/ IAG last at \$ \$5.82

*WTF: Guides to first half profit of \$21.9/22.6m vs \$27.5 mln for pcip

Wotif.com Holdings Ltd announced in an update to the market in relation to first half results for fiscal 2014, NPAT is expected to be in the range of \$21.9/22.6 **million** vs \$27.5 **million** for the prior half year.

Total **group** TTV is expected to be flat with a decline in Australia and New Zealand (ANZ) **hotel** accommodation of around 5%, expected to be substantially offset by strong growth in flights and gains from the launch of dynamic packaging.

Total **Group** revenue is expected to be up around 4.5% with increases in ANZ accommodation arising from previously announced commission increases in addition to gains from growth in flights and packaging revenue.

Total **Group** operating costs are expected to be up by about \$9 **million**, primarily driven by increases in marketing estimated to be around \$4 **million** year on year. Salaries and wages re estimated to be up \$3.8 **million** year on year.

A number of significant **business** and strategic initiatives are under way, including a lift in technology, the second stage of **hotel** commission increases to 12% being on track for rollout in January 2014 and the Asian marketing plan being finalised, marketing commencing in December.

WTF fell 31% to \$2.85.

(Dec 18)

Market Cap \$587m

WTF last at \$2.77

LARGE CAP RESOURCES

*FMG: 23 year old contractor employee in fatal accident

Fortescue Metals **Group** Ltd advised a 23 year old contractor employee has died from fatal injuries received in an accident in the heavy vehicle workshop at Christmas Creek Mine overnight. (Dec 30)

Market Cap \$18b.

FMG last at \$5.82

*NST: NST acquires Plutonic from Barrick for \$25 mln, internally funded

Northern Star announced it has agreed to **acquire** the Plutonic **gold** mine in WA from Barrick for \$25 **million**, or just \$14 per resource ounce.

The deal will transform NST into a top tier Australian **gold** only miner, with forecast production of 200,000 ozs in 2014.

The **purchase** will be funded totally from existing cash reserves.

Plutonic has current resources of 1.75 **million** ozs at 10.8gpt Au and reserves of 0.2M ozs at 6.6gpt Au. This will increase NST's total reserve/resource inventory by 80% to 4 **M** ozs.

The Plutonic **acquisition** has numerous parallels with NST's **purchase** of Paulsens **gold** mine, including strong production and cashflow today and outstanding exploration potential.

Several NST executives including MD and COO have held senior positions at Plutonic, including MD Bill Beament who had been **operations** manager at Paulsens before its **acquisition**. COO Stuart Tonkin who succeeded Mr Beament at Plutonic for two years, and NST's **Business** Development and Technical Services MD Bernie Sostak was Chief Geologist at Plutonic for eight years. (Dec 23)

Market Cap \$336m.

NST last at 78.5 cents

*STO/ORG/Others: **Purchase** of 100 PJ of Origin gas commencing Jan 2016

Santos Ltd announced the GLNG project participants have executed an agreement with Origin **Energy** for the **purchase** of 100 petajoules of gas for supply to the GLNG project. The gas will be supplied at Wallumbilla over a period of five years commencing in January 2016 with pricing based on an **oil** linked formula. Under the terms of the agreement, Origin can supply additional volumes of up to 94 PJ of gas during the same five year period. (Dec 19)

Market Cap \$14.2b. / \$15.5b.

STO last at \$14.63 / ORG last at \$14.07

*SXY/AWE: Proposed Senex merger withdrawn after AWE rejection

AWE Ltd advised the **board** has considered and rejected a non binding and conditional scrip based takeover proposal from Senex **Energy** Ltd. Following the meeting of the AWE **Board** AWE verbally advised Senex of its decision on December 15. Subsequently Senex has written to AWE to formally withdraw its offer.

Senex had proposed an issue of 1.9 Senex shares for every 1 AWE share which would have resulted in the **equity** in the merged **group** held 53% by Senex and 47% by AWE shareholders. (Dec 16)

Market Cap \$847m. \$697m

SXY last at 74 cents / AWE last at \$1.335

MID TO SMALL INDUSTRIALS

*AEB: Validation report received

Algae.Tec Ltd announced it has received a Validation Report from Sydney Environmental and Soil Laboratory Pty Ltd, a National Association of Testing Authorities approved **company**, confirming the application and production capability of the Algae.Tec system in an industrial setting. Chairman Roger Stroud said the algae yields achieved are of a sufficiently high level to justify the establishment of a new dedicated algae production facility at Nowra, south of Sydney.

Algae.Tec has also identified the nutraceuticals market estimated to be worth \$205 **billion** by 2017 as a significant opportunity. (Dec 17)

Market Cap \$52m.

AEB last at 18.5 cents

*BLY: Canada Revenue Agency accepts appeal for 2005, 2006 tax years/\$C37m return expect

Boart Longyear Ltd announced the **company** has received written notice today from the Canada Revenue Agency (CRA) regarding its appeal of tax assessments for the 2005 and 2006 Canada Revenue Agency (CRA) tax years, deciding to reverse substantially all of the assessments issued for those tax years and will instruct the CRA's Audit Division to adjust the **company's** Canadian tax returns accordingly.

The Appeal Division's decision will also result in the reversal of Canadian provincial assessments totalling approximately \$C11 **million** for the 2005 and 2006 tax years, but has not yet received notice from the relevant provincial tax authorities.

Additionally the \$C37 **million** of security provided to the CRA and provincial authorities for the appeals for the 2005 and 2006 assessments should be released in the first quarter of 2014.

*BLY: EBITDA guidance for 2013 in line with October update/Canada tax adjustments 2007/09

Boart Longyear Ltd advised it expects its full year 2013 results for revenue and adjusted EBITDA will not vary materially from the outlook provided in early October 2013. The rate of decline in demand experienced in recent months has been more moderate than earlier in the year although market conditions remain challenging. Previously announced cost reductions are on target and delivering their expected financial benefits and operational efficiencies.

Canada Revenue Agency Developments

As previously reported the Canada Revenue Agency has been reviewing the **company's** tax returns for the 2007 through 2009 tax years. The CRA's audit division has completed its review for the period and notified the **company** of income adjustments that will result in tax assessments and interest of approximately \$C59 **million**, of which approximately \$C12 **million** is related to expected provincial assessments.

Transfer pricing penalties of up to \$C1 **million** are also possible.

The **company** will appeal the assessments for the 2007 through 2009 tax years. (Dec 23)

Market Cap \$178m

BLY last at 38.5 cents

*DCG: \$147 mln second contract for Manus **Island**

Decmil **Group** Ltd announced it has been awarded a \$147 **million** contract for the construction of expansion of Offshore Processing Centre on Manus **Island**, PNG for the Department of Immigration and Border Protection.

This follows the July 2013 contract to construct the processing centre on Manus **Island**. (Dec 18)

Market Cap \$418m

DCG last at \$2.48

*ELD: Chairman points to Elders history, outlook

Elders Ltd's new chairman Mark Allison, currently executive chairman following the departure of the CEO and MD Malcolm Jackson, said Elders Ltd has been part of the fabric of Australian life for many years. It has some 2,200 employees and 209 branches serving over 50,000 primary producers across the country and international markets, 104 real **estate** and insurance stores, 139 real **estate** franchises, some 32,000 shareholders and a **brand** name well recognised across the world.

However, Elders financial performance is unsustainable with the 2013 results the poorest reported.

The chairman said part of the reason was its return to a pure play agricultural **business**, and the elimination of \$1 **billion** of debt.

He said that while so far results are better this year, trading results for agricultural companies must always be regarded with caution given the volatility that can arise from seasonal weather patterns.

*ELD: Falsified accounts by Universal Live Export management

Elders Ltd advised further preliminary findings from the independent forensic investigator on discrepancies in the recording of **transactions** in the Universal Live Export **business** reported earlier found

discrepancies were supported by falsified documents and journal entries and misleading management representations. (Dec 18)

Market Cap \$52m

ELD last at 11.5 cents

*FGE: Samsung C&T affirms contract for Roy Hill, worth \$830m to FGE

Forge **Group** Ltd confirmed that Samsung C&T has provided formal notification to proceed with Phase 3 works for the \$1.47 **billion** EPC contract of the processing facility at the Roy Hill **iron ore** mine project near Newman in Western Australia. The value of the contract attributable to Forge is around \$830 **million**. (Dec 30)

The shares closed at \$5.82 on December 31 (after falling \$3.49.5 to 68.5c on November 28).

Market Cap \$150m. FGE last at \$1.74

(*FGE: \$127 mln profit writedown associated with Diamantina Power Stn

Forge **Group** Ltd announced a \$127 **million** profit writedown in 2014 associated with the Diamantina Power Station and West Angelas Power Station Projects, with \$45 **million** net cash outlay expected to complete both projects.

Net cash outflows are expected in November and December 2013, resulting in a challenging liquidity position in early December 2013). (Nov 28))

*IBY: iBuy listed Dec 20

iBuy Ltd listed on Dec 20 after raising \$37 mln at 32c a share. CEO Patrick Linden said iBuy expects to capture a large market share in the high growth Asian e-commerce markets.

The four websites to be acquired are in **Hong Kong**, Singapore and two in Malaysia.

Market Cap \$119m. IBY last at 33 cents

*MWR: Profit, revenue for six months ended Dec 31 to be up on pcp

MGM Wireless Ltd CEO Mark Fortunatow advised in earnings guidance, it expects based on management accounts that revenue for the six months ended December 31 will be up approximately 5% on the previous corresponding period. The increase is entirely due to growth in client revenues as the R&D rebate was lower than last year.

Profit is also expected to be up approximately 5% after accounting for pre launch spending on Pinpoint.

The cash balance at end December 2013 will be in the range of \$800,000 to \$1 **million**, considerably higher than a year ago. (Dec 24)

Market Cap \$11m.

MWR last at \$1.32

*NOD/LEI/DCG: Nomad settles Gorgon dispute with \$2.07 mln payment

Nomad Building Solutions Ltd announced the settlement via a final cash payment of \$2.07 **million** to Thiess Decmil Kentz j/v for the Gorgon Construction Village Central facilities. The amount payable to TDK has been fully provided for and will not impact current profit. (Dec 27)

Market Cap \$18m.

NOD last at 6.5 cents

*NSR: National Storage Real **Estate** listed Dec 19

National Storage Real **Estate** Investment Trust closed at 97.5c after a float price of 82c on December 19.

Market Cap \$252m.

NSR last at \$1.03

*PVA: FDA in labelling discussions/possible Iluvein approval in first quarter

pSivida Ltd announced its licensee Alimera Sciences has entered into labeling discussions with the US FDA for ILUVIEN for Diabetic Macular Edema and as a result reported its agreement with the FDA that the January 2014 Dermatologic and Ophthalmic Advisory Committee meeting to discuss ILUVIEN for DME was no longer necessary.

Alimera reported it plans to respond to the FDA's October 2013 Complete Response Letter in the first quarter of 2014 with recent safety data from patients in the UK and Germany. The FDA has indicated that new clinical trials will not be required. PSivida President and CEO Dr Paul Ashton said the **company** looks forward to a first quarter resubmission and hopefully approval of the product. If approved, PVA is entitled to a \$25 **million** milestone payment from Alimera and 20% of net profits on sales of Iluvien for DME by Alimera in the US.

Market Cap \$33m.

PVA last at \$4.54

*RHL: Raises \$25 mln in u/written insto placement at \$3.25 per share

Ruralco Holdings Ltd announced it will raise approximately \$25 **million** via a fully underwritten institutional placement at \$3.25 per share. Proceeds will be used to provide financial flexibility to execute growth initiatives consistent with RHL's strategy.

In particular RHL will utilise the proceeds from the **equity** raising to expand its geographic presence by partnering with high quality businesses, holding critical mass in sectors RHL has already diversified into such as grain and water, investing in back office functions to improve efficiencies and provide flexibility to pursue other **acquisition** opportunities.

RHL managing director John Maher reaffirmed the 2014 outlook provided in the 2013 results announcement and said Ruralco is well placed to return to the underlying profitability levels achieved in 2011 and 2012 assuming normalisation of seasonal conditions.

(NPAT to Sep 30 2013 was \$5.7mln, NPAT for previous year was \$13.849 mln). (Dec 17)

Our Week's Special dated November 27 2008. RHL was trading at \$3.10.

Market Cap \$204m.

RHL last at \$3.25

*VMT: Reiterates maiden profit expected for year to end December 2013

Vmoto Ltd announced November trading reached a profit of approximately \$A201,000, unaudited. The build up in sales has continued month on month.

December trading is in line with management expectations.

As previously announced, the **company** still expects to make a maiden annual profit for the financial year ended December 31 2013 of between \$A300,000/600,000. (Dec 31)

Market Cap \$38m.

VMT last at 3.1 cents

*WTP: Awarded \$72 mln contract by CHC for 17 storey office bldg in Sydney

Watpac announced it has been awarded a \$72 **million** contract by Charter Hall **Group**'s wholesale managed fund, Core Plus Office Fund to build a new 17 storey office building at 333 George Street in the heart of Sydney's CBD. The contract is valued at \$72 **million**. (Dec 19)

Market Cap \$178m

WTP last at 96.5 cents

MID TO SMALL RESOURCES

*APG/BSL: Trial agreed on recovery of **iron** from BSL's fine **iron** oxide dusts

Austpac Resources NL announced BlueScope Steel Ltd has agreed to undertake a bulk trial at the Newcastle **iron** Recovery Plant to recover **iron** from the fine **iron** oxide dusts produced by steel mills. BSL also has the right to negotiate licences to use the **company's** recycling technologies at their steel mills. This agreement follows extensive laboratory and pilot scale testwork previously undertaken at Newcastle on BSL's dusts, which produced samples of high quality **iron**.

BSL will provide a 1,000 tonne sample of dusts collected from the off gases produced from the steel making processes together with sufficient spent pickle liquor which Austpac will process at the NIRP to produce saleable **iron** briquettes, hydrochloric acid and other byproducts. (Dec19)

Market Cap \$37m.

APG last at 3.2 cents

*BMZ/AYN: Alcyone in \$A3 mln debt finance for BlackMountain's US projects

Black Mountain Resources Ltd announced it has secured a \$A3 **million** long term debt finance with Alcyone Resources Ltd, to be utilised for the development of the New Departure and Conjecture Silver Projects in the US. (Dec 24)

Market Cap \$6.6m / \$13.6m.

BMZ last at 8 cents / AYN last at 0.2 cents

*CLR: Unanimously recommends revised 45.5c offer

Carabella Resources Ltd announced the **board** of Carabella unanimously recommends that shareholders accept the revised offer of 45.5c per Carabella share made by Wealth **Mining** in the absence of a superior proposal.

The revised offer represents a 128% premium to the closing price of Carabella shares prior to the announcement of the initial offer. (Dec 24)

Market Cap \$70m.

CLR last at 44 cents

*CMT/KPL/STO/Other: Cott **Oil** and Gas Ltd announced its PNG subsidiary Wondecia Ltd has been awarded a 40-% interest in the newly released Petroleum Retention License 38 comprising nine blocks covering approximately 765 km and includes the Pandora gas fields.

The license holders are CMT 40%, KPL 25%, Talisman **Energy** Niugini Ltd 25% and operator, STO 10%. (Dec 23)

Market Cap \$9m. / \$101m.

CMT last at 18 cents / KPL last at 44 cents

*DML: Principal repayment of \$US17.5 mln deferred to Jan 14

Discovery Metals Ltd announced a revised principal repayment schedule for its Boseto Project Finance facility as agreed with its lenders. The lenders granted a waiver of the principal repayment of \$US17.5 **million** due on December 31 has been deferred until January 14.

Market Cap \$30m

DML last at \$ 5.3 cents

*MUX/KZL: Kagara's Northern Region projects to be **sold** to Mungana

The Liquidators of Kagara Ltd (in liquidation) and Mungana Goldmines Ltd announced under a HOA, Kagara's interests in the Northern Region projects will be **sold** to MUX subject to shareholder approval for \$15 **million**, payable via the issue of two Secured Convertible Note instruments for \$A7.5 **million** each to the companies. (Dec 30)

Market Cap \$4.3m. / \$96m.

MUX last at 2.7 cents / KZL last at 12 cents

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