

12 Apr 2012

## CASH CONVERTERS INTERNAT. LIMITED

### Have you heard the Carboodle radio adverts?

Two years ago, Cash Converters International Ltd ("Cash Converters", "CCV", "The Company") invested in Green Light Auto Group (holding company for the "Carboodle" start-up venture) via a convertible note (\$4m) which converts to an 80% equity interest in January 2013. Carboodle now has two centres (Melbourne and Perth) and expects to open Sydney shortly and Brisbane in May. The Company has recently begun radio advertising and may begin a television campaign. Given the early success of the rollout, we have explored the potential value of Carboodle.

### The whole kit and ca[r]boodle

Carboodle's niche is to provide long-term car leases to sub-prime customers (similar customer base to core CCV business). The sales/distribution centres service a large catchment area so the first point of customer contact is either via the web ([link](#)), a call centre or at a Cash Converters store. The car is typically ~3 years old (sourced by Carboodle) but is newer than the customer's current vehicle and better suits their needs. The customer receives full car maintenance for the term of the operating lease (4 years), insurance & registration, 4 year warranty and 24/7 roadside assistance. The packaging is attractive for the customer (access to a newer car and 'worry free motoring') and for the lender (better asset recovery).

### Modelling Carboodle

We assume the Carboodle fleet grows to ~18k vehicles over six years (~\$280m fleet market value) and is funded with equity and debt. We estimate steady state EBIT of ~\$30-35m pa at maturity, although we don't include Carboodle in our CCV estimates because it's still too early stage.

### Longer term opportunities

Longer term expansion opportunities include a rollout into the UK and Europe. Additionally, if the Carboodle sub-prime business is successful at distributing second hand cars, it potentially opens avenues for CCV to pursue prime customers by offering a product in Australia similar to the product carmax.com (NYSE:KMX) offers in the USA.

### Earnings estimate changes...upgrading FY13 to \$36.6m

We have upgraded our FY13 estimate by 13.4% because we have delayed our assumed Australian micro-lending regulation impact by six months to July 2013. We have also moderated the assumed margin impact in FY14 given recent press articles ([link](#)) suggest the original legislation (10% upfront, 2% per month) will be improved to 20% upfront, 4% per month. Our new assumptions assume a ~23% decline in both Mon-e and Safrock Australian margins from current levels. The actual outcome could be slightly better or worse, and so our FY14 earnings estimates could be considered a "mid case" scenario. We do not include Carboodle in our estimates.

### Maintain Buy recommendation

Carboodle has the potential to be as large as the current CCV business. However, it is still at an early stage and so we attribute minimal value to our valuation (effectively book value of the note and company debt). We maintain our Buy recommendation and have a \$0.82 twelve month target.

<b>Share Price:</b>	\$0.600
<b>Valuation:</b>	\$0.86
<b>12mth price target:</b>	\$0.82

#### Brief Business Description:

Payday lending, consumer finance & second hand retailer in UK & Aust.

#### Hartleys Brief Investment Conclusion:

Adverse Australian regulatory changes already priced into the stock.

#### Chairman & CEO:

Mr Reginald Webb (Chairman)

Mr Peter Cumins (Managing Director)

#### Top Shareholders:

EZ Corp 32.8%

Rand Holdings Pty Ltd 5.1%

Fidelity Mgt & Res. (FMR) 5.1%

#### Company Address:

Level 18, 37 St. Georges Tce  
Perth, WA, 6000

<b>Issued Capital:</b>	379.8m		
- fully diluted	399.8m		
<b>Market Cap:</b>	\$227.9m		
- fully diluted	\$239.9m		
<b>Net Debt (31 Dec '11a):</b>	\$18.7m		
	<b>FY11a</b>	<b>FY12e</b>	<b>FY13e</b>
Op Cash Flw	31.7	27.1	42.1
Free Cash Flw	-5.6	7.1	31.7
<b>NPAT (A\$m)</b>	<b>28.6</b>	<b>30.0</b>	<b>36.6</b>
EPS (\$, dil)	7.1	7.5	9.2
P/E (basic)	8.2x	7.8x	6.3x
P/E (diluted)	8.4x	8.0x	6.6x
EV / EBITDA	5.6x	5.0x	3.9x
DPS (\$)	0.035	0.035	0.035
Franking	100%	100%	100%
Dividend Yield	5.8%	5.8%	5.8%
N.D. / equity	-0.5%	14.0%	18.7%

Source: Hartleys Research



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Hartleys has provided corporate advice

## SUMMARY MODEL

Cash Converters International Ltd (CCV)					Recommendation: <b>Buy</b>				
<b>Company Information</b>					<b>Profit &amp; Loss (\$m)</b>				
Today's Date	12 Apr 2012	Level 18, 37 St. Georges Tce			AUD/GBP	6/11A	6/12F	6/13F	6/14F
Share Price	\$0.600	Perth, WA, 6000			Safrock Loan Book	62.2	83.6	115.3	134.9
52 Week High-Low	\$0.865 - \$0.39	Ph: (08) 9221 9111			Safrock Revenue	56.6	78.4	97.7	113.4
Market Cap (\$m)	\$227.9	Fax: (08) 9221 9011			Safrock PBT	24.4	30.5	38.5	39.2
Enterprise Value (\$m)	\$246.6	www.cashconverters.com.au			<i>margin</i>	43.1%	38.9%	39.4%	34.5%
Ordinary Shares	379.8				Mon-e Revenue	13.9	16.9	18.3	19.3
Fully Diluted Shares	399.8				Mon-e PBT	12.3	14.4	15.6	13.4
					<i>margin</i>	88.8%	85.2%	85.1%	69.5%
<b>Valuation</b>					<b>EBITDA - Group</b>				
Spot DCF - 9 years explicit + terminal value (Base Case)	\$0.86				Owned # (UK + Aust) - end	88	105	125	125
12mth fwd DCF - 9 years explicit + terminal value (Base Case)	\$0.88				Owned Stores Revenue	100.9	121.4	143.2	162.6
12mth forward P/E of 10.4x (back calc. based on 10x FY14)	\$0.95				Owned Stores PBT	8.6	8.5	10.0	11.4
Price / Book (Dec '11a) 1x \$0.46	\$0.46				<i>margin</i>	8.5%	7.0%	7.0%	7.0%
12mth fwd Div Yield of 4.4% (Gross yield=6.2%)	\$0.80				Franchised # (UK + Aust) - end	249	262	270	270
<b>12 Months Price Target (wgted avg above 4 avg)</b>	<b>\$0.82</b>				Franchise Revenue	27.4	24.0	24.8	25.7
P / E (6/12F) at price target	10.9x				Franchise PBT	6.5	5.7	5.9	6.1
P / E (6/13F) at price target	9.0x				<i>margin</i>	23.7%	23.7%	23.7%	23.7%
P / E (6/14F) at price target	9.0x				Divisional PBT	51.8	59.1	70.1	70.1
EV/EBITDA (6/14F) at price target	5.8x				Overheads	-12.6	-17.6	-18.1	-18.4
EV/EBIT (6/14F) at price target	6.8x				<b>EBITDA / Sales</b>	<b>23.7%</b>	<b>20.7%</b>	<b>22.1%</b>	<b>19.9%</b>
<b>Multiples (\$/price at \$0.60)</b>					<b>EBIT</b>				
P / E (basic, weighted)	6/11A	6/12F	6/13F	6/14F	Depreciation/Amortisation	-3.4	-5.5	-7.9	-9.3
P / E (fully diluted, weighted)	8.4x	8.0x	6.6x	6.6x	<b>EBIT</b>	<b>40.6</b>	<b>44.3</b>	<b>54.8</b>	<b>54.5</b>
P / E (ord mkt cap / NPAT)	8.0x	7.6x	6.2x	6.3x	EBIT / Sales	21.9%	18.4%	19.3%	17.0%
Dividend Yield	5.8%	5.8%	5.8%	5.8%	Net Corporate Interest	0.0	-1.7	-2.8	-2.9
Group Free Cash Flow (f.c.f.) / EV	-9.3%	-5.8%	0.0%	7.3%	<b>Pretax Profit</b>	<b>39.2</b>	<b>41.5</b>	<b>51.9</b>	<b>51.6</b>
Equity f.c.f. / Mkt Cap	-11.2%	-7.7%	-1.8%	5.7%	Tax	-11.6	-12.3	-15.3	-15.2
Norm f.c.f. / Mkt cap	-11.2%	-7.7%	-1.8%	5.7%	Effective Tax Rate	29.5%	29.5%	29.5%	29.5%
Mkt cap / operating cash flow	5.5x	5.6x	3.8x	3.6x	Minorities	0.0	0.0	0.0	0.0
EV/EBITDA multiple	5.6x	5.0x	3.9x	3.9x	<b>Normalised NPAT to equity</b>	<b>28.6</b>	<b>30.0</b>	<b>36.6</b>	<b>36.4</b>
EV/EBIT multiple	6.1x	5.6x	4.5x	4.5x	<b>Norm. Net Profit / Sales</b>	<b>15.4%</b>	<b>12.5%</b>	<b>12.9%</b>	<b>11.3%</b>
Price / Book Value	1.3x	1.2x	1.1x	1.0x	Abnormals / discontinued	-0.9	-0.8	0.0	0.0
Price / NTA	2.9x	2.5x	2.0x	1.7x	<b>Reported Profit to equity</b>	<b>27.6</b>	<b>29.3</b>	<b>36.6</b>	<b>36.4</b>
<b>Ratios</b>					<b>Reported EPS (basic, weighted)</b>				
Return on Average Equity	6/11A	6/12F	6/13F	6/14F	7.28	7.71	9.59	9.4	
Return on Assets	16.9%	16.4%	18.0%	16.1%	7.15	7.51	9.16	9.1	
ND / ND + Equity	13.3%	11.9%	12.7%	11.5%	<b>DPS (\$)</b>	<b>0.0350</b>	<b>0.0350</b>	<b>0.0350</b>	<b>0.0350</b>
Net Interest Cover (EBIT)	-0.5%	12.3%	15.8%	13.1%	Franking	100%	100%	100%	100%
Reported eps growth	2,051.4	26.5	19.4	19.1	Payout Ratio	46.5%	44.2%	36.7%	37.9%
	10.3%	5.9%	24.4%	-2.4%	<b>Cashflow Statement (\$m)</b>				
<b>Free Cash Flow Analysis</b>					<b>EBITDA (inc Safrock interest)</b>				
Net Operating Cash Flow	6/11A	6/12F	6/13F	6/14F	43.9	49.8	62.7	63.8	
Capex (Reported) inc loan book	31.7	27.1	42.1	44.9	Working Capital Change	-2.2	-8.7	-2.4	-0.8
Group Free Cash Flow (rep'ted)	-54.6	-41.4	-42.1	-26.8	<b>Cash from Operations</b>	<b>41.8</b>	<b>41.0</b>	<b>60.2</b>	<b>63.0</b>
Fixed Debt Repayments	-2.6	-3.3	-4.1	-5.1	Corporate Interest	0.1	-1.7	-2.8	-2.9
<b>Equity Free Cash Flow (rep'ted)</b>	<b>-25.4</b>	<b>-17.6</b>	<b>-4.1</b>	<b>13.0</b>	Tax Paid	-10.1	-12.3	-15.3	-15.2
HP Lease Capex (non-cash)	0.0	0.0	0.0	0.0	<b>Net Operating Cash Flow</b>	<b>31.7</b>	<b>27.1</b>	<b>42.1</b>	<b>44.9</b>
Free Cash Flow (normalised)	-25.4	-17.6	-4.1	13.0	Capital Expenditure	-9.5	-13.1	-10.4	-7.2
Capex (inc HP) / depreciation	282%	240%	132%	77%	Other (including loan book)	-16.7	-21.4	-31.7	-19.6
<b>Share Data</b>					<b>Investments &amp; acquisitions</b>				
Ord Issued shares (m)	6/11A	6/12F	6/13F	6/14F	-28.4	-6.9	0.0	0.0	
growth	379.8	379.8	383.8	393.8	<b>Net Investing Cash Flow</b>	<b>-54.6</b>	<b>-41.4</b>	<b>-42.1</b>	<b>-26.8</b>
Weighted ave shares (m)	379.8	379.8	381.8	388.8	Proceeds from Equity Issues	0.0	0.0	0.0	0.0
growth	15.9%	0.0%	0.5%	1.8%	Net Change in Debt & Leases	9.4	17.6	3.4	-4.5
Diluted shares wgted (m)	399.8	399.8	399.8	399.8	Dividends Paid	-12.3	-13.3	-13.4	-13.6
growth	21.6%	0.0%	0.0%	0.0%	<b>Net Financing Cash Flow</b>	<b>-3.5</b>	<b>4.3</b>	<b>-10.0</b>	<b>-18.1</b>
<b>Unpaid Capital</b>					<b>Movement in Cash</b>				
Year Expires	Number	% ord	Avg Price	\$m unpaid	-26.3	-10.0	-10.0	0.0	
30-Jun-12	-	0.0%	\$ -	\$ -	<b>HP Lease Capex (non-cash)</b>				
30-Jun-13	4,000,000	1.1%	\$ -	\$ -					
30-Jun-14	10,000,000	2.6%	\$ -	\$ -	<b>Balance Sheet (\$m)</b>				
30-Jun-15	-	0.0%	\$ -	\$ -	Cash	6/11A	6/12F	6/13F	6/14F
30-Jun-16	-	0.0%	\$ -	\$ -	Receivables	23.5	13.5	3.5	3.5
30-Jun-17	6,000,000	1.6%	\$ -	\$ -	Inventories	9.0	11.7	13.9	15.7
TOTAL	20,000,000	5.3%	\$ -	\$ -	Other (including loan book)	14.1	26.2	30.9	35.1
<b>Directors &amp; Senior Management</b>					<b>Total Current Assets</b>				
Mr Reginald Webb (Chairman)	EZ Corp				32.8%	112.9	139.1	167.6	193.2
Mr Peter Cumins (Managing Director)	Rand Holdings Pty Ltd				5.1%	13.2	23.9	27.1	25.6
Mr John Yeudall (Non-executive Director)	Fidelity Mgt & Res. (FMR)				5.1%	96.9	100.7	100.0	99.3
Mr William Love (Non-executive Director)					Other	9.7	9.7	9.7	9.7
Mr Joseph Beal (Non-executive Director)					<b>Total Non Current Assets</b>	<b>119.7</b>	<b>134.3</b>	<b>136.8</b>	<b>134.6</b>
CFO, Co. Secretary - Mr Ralph Groom					<b>Total Assets</b>	<b>232.7</b>	<b>273.4</b>	<b>304.4</b>	<b>327.9</b>
					Accounts Payable	20.3	27.5	31.8	37.0
					Interest Bearing Liabilities	4.6	4.6	4.6	4.6
					Other	11.2	11.2	11.2	11.2
					<b>Total Current Liabilities</b>	<b>36.1</b>	<b>43.3</b>	<b>47.7</b>	<b>52.8</b>
					Accounts Payable	0.0	0.0	0.0	0.0
					Interest Bearing Liabilities	18.0	35.6	39.0	34.5
					Other	3.3	3.3	3.3	3.3
					<b>Total Non Current Liabilities</b>	<b>21.3</b>	<b>38.9</b>	<b>42.3</b>	<b>37.8</b>
					<b>Total Liabilities</b>	<b>57.4</b>	<b>82.2</b>	<b>89.9</b>	<b>90.6</b>
					<b>Net Assets</b>	<b>175.3</b>	<b>191.2</b>	<b>214.5</b>	<b>237.2</b>
					Net Asset Value / Share (\$)	0.46	0.50	0.56	0.60
					NTA / Share (\$)	0.21	0.24	0.30	0.35
					Net Debt (net cash)	-0.8	26.8	40.2	35.7
Analyst: Trent Barnett					Last Earnings Estimate Changes:				
Phone: +61 8 9268 3052					12 April 2012				
Sources: IRESS, Company Information, Hartleys Research									

Fig. 1: Earnings Changes

Profit & Loss (\$m)	6/11A				6/12F				6/13F				6/14F			
	Actual	Old	New	% diff	Old	New	% diff	Old	New	% diff	Old	New	% diff			
Safrock Loan Book (end)	62.2	83.6	83.6	0.0%	115.3	115.3	0.0%	134.9	134.9	0.0%						
Company owned stores (end)	88	105	105	0.0%	125	125	0.0%	125	125	0.0%						
- additional	35	17	17		20	20		0	0							
Company owned stores (avg)	73	93	93	0.0%	112	112	0.0%	125	125	0.0%						
Revenue	185.1	240.5	240.7	0.1%	284.0	284.0	0.0%	321.1	321.1	0.0%						
<b>EBITDA</b>	<b>43.9</b>	<b>49.7</b>	<b>49.8</b>	<b>0.0%</b>	<b>56.6</b>	<b>62.7</b>	<b>10.6%</b>	<b>56.2</b>	<b>63.8</b>	<b>13.6%</b>						
- margin	<b>23.7%</b>	<b>20.7%</b>	<b>20.7%</b>	<b>-0.1%</b>	<b>19.9%</b>	<b>22.1%</b>	<b>10.6%</b>	<b>17.5%</b>	<b>19.9%</b>	<b>13.6%</b>						
Depreciation/Amortisation	-3.4	-5.5	-5.5	0.0%	-7.9	-7.9	0.0%	-9.3	-9.3	0.0%						
PBT before o/head interest	40.6	44.3	44.3	0.0%	48.7	54.8	12.3%	46.9	54.5	16.3%						
Net Interest	0.0	-1.7	-1.7		-2.9	-2.8		-3.3	-2.9							
Pretax Profit	39.2	41.5	41.5	0.0%	45.8	51.9	13.4%	43.5	51.6	18.6%						
Tax	-11.6	-12.3	-12.3	0.0%	-13.5	-15.3	13.4%	-12.9	-15.2	18.6%						
<b>Norm. Net Profit After Tax</b>	<b>28.6</b>	<b>30.0</b>	<b>30.0</b>	<b>0.0%</b>	<b>32.3</b>	<b>36.6</b>	<b>13.4%</b>	<b>30.7</b>	<b>36.4</b>	<b>18.6%</b>						
- margin	15.4%	12.5%	12.5%		11.4%	12.9%		9.6%	11.3%							
<b>Reported Profit</b>	<b>27.6</b>	<b>29.3</b>	<b>29.3</b>	<b>0.0%</b>	<b>32.3</b>	<b>36.6</b>	<b>13.4%</b>	<b>30.7</b>	<b>36.4</b>	<b>18.6%</b>						
DPS	3.50	3.50	3.50	0.0%	3.50	3.50	0.0%	3.50	3.50	0.0%						
EPS	7.1	7.5	7.5	0.0%	8.1	9.2	13.4%	7.7	9.1	18.6%						
P/E	8.4x	8.0x	8.0x		7.4x	6.6x		7.8x	6.6x							
Net Debt	-0.8	26.7	26.8	0.1%	43.6	40.2	-7.9%	44.6	35.7	-20.0%						

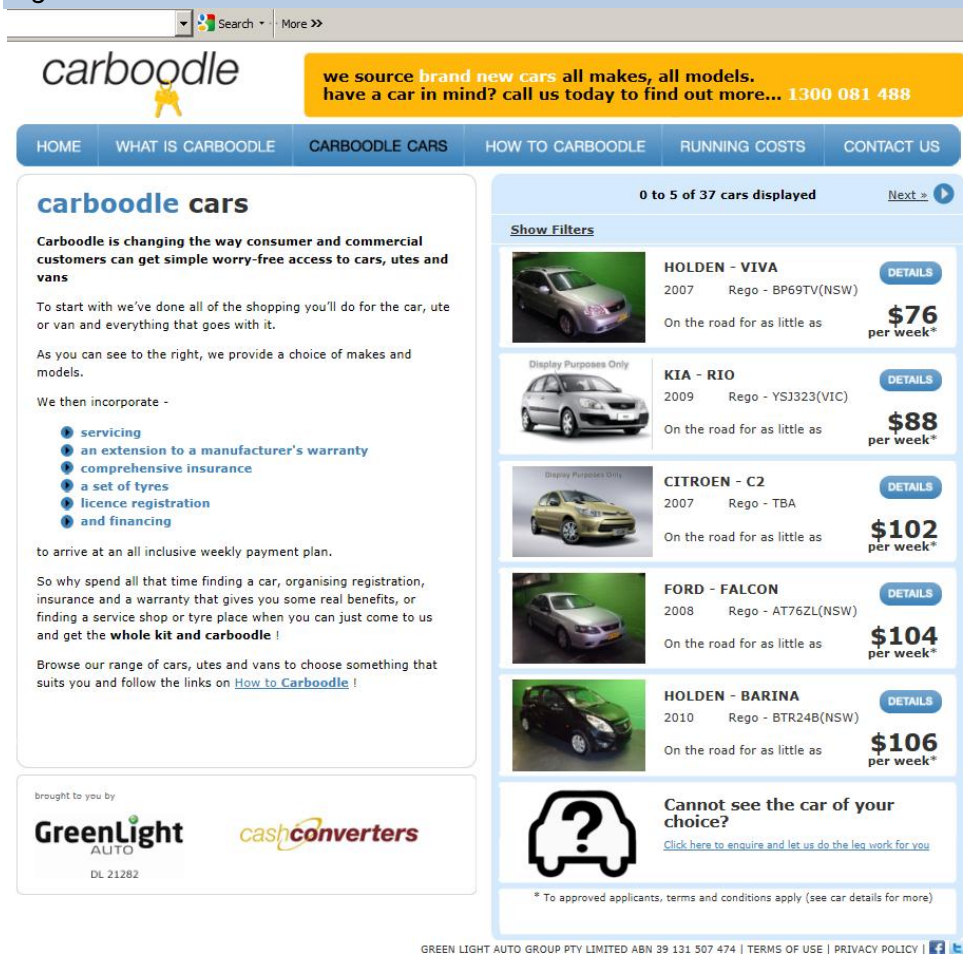
Source: Hartleys Estimates

Fig. 2: Carboodle

Screen shot of Carboodle homepage

Source: [www.carboodle.com.au](http://www.carboodle.com.au)

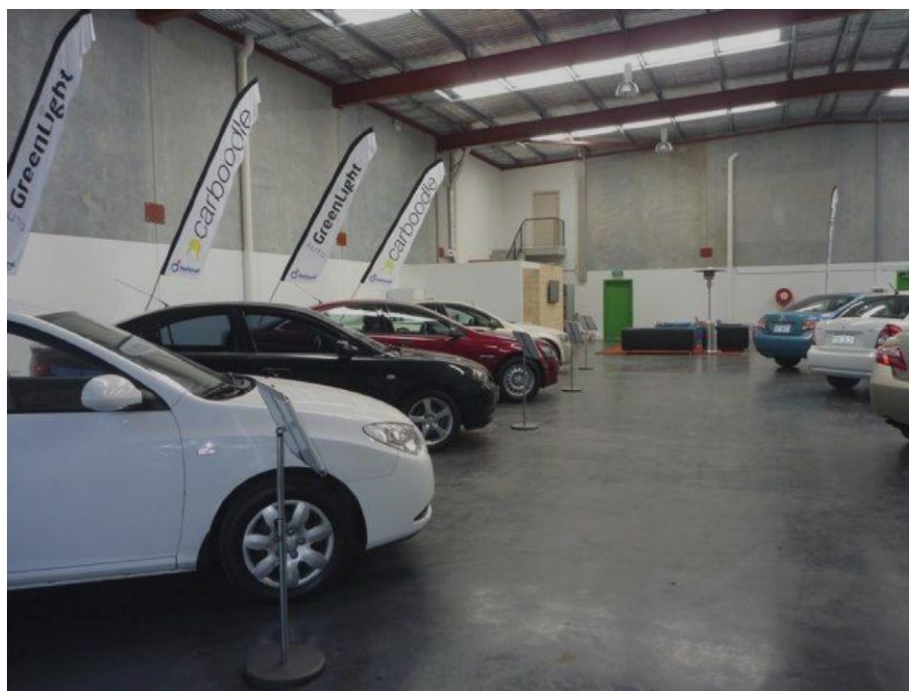
Fig. 3: Carboodle



Another screen shot of Carboodle website

Source: [www.carboodle.com.au](http://www.carboodle.com.au)

Fig. 4: Carboodle showroom



Inside the Perth showroom

Source: google maps

## PRICE TARGET

Our twelve month price target is largely unchanged \$0.82 (from \$0.77).

CCV Price Target Methodology	Weighting	Spot	12 mth out
DCF	49%	\$0.80	\$0.82
- 9 years explicit + terminal value (Base Case)	39%	\$0.86	\$0.88
- 9 years explicit + then wind up of loan book	10%	\$0.59	\$0.58
12mth forward P/E of 10.4x (back calc. based on 10x FY14)	31%	\$0.91	\$0.95
Price / Book (Dec '11a) 1x \$0.46	10%	\$0.46	\$0.46
12mth fwd Div Yield of 4.4% (Gross yield=6.2%)	11%	\$0.80	\$0.80
<b>Risk weighted composite</b>		<b>\$0.80</b>	<b>\$0.82</b>
<b>12 Months Price Target</b>		<b>\$0.82</b>	
Shareprice - Last		\$0.600	
<b>12 mth total return (% to 12mth target + dividend)</b>		<b>43%</b>	

Source: Hartleys Estimate

*Fig. 5: Key assumptions and risks for valuation*

Assumption	Risk of not realising assumption	Downside risk to valuation if assumption is incorrect	Comment
Australian regulatory impact felt from 1 July 2013	High	Upside	The current timetable is for the legislation to be effective on 1 July 2013 but with significant changes to the legislation possible it would seem also possible that the introduction date is changed again. A delay would be positive for near term earnings
We assume Mon-e and Safrock margins are reduced significantly.	High	Upside/downside	We assume no improvement in corporate store sales, ~23% decline in margins for Mon-e and Safrock Australia.
UK Safrock margins improve	Low	Moderate	We assume that Safrock UK margins increase significantly but peak at a level much lower than the peak in the Aust business.
Safrock loan book peaks at \$160m in FY17	High	High	We assume that the Australian loan book peaks at around the current level, but that the UK book increases to ~A\$100m from ~\$12m today.
Book value of other projects	Low	Upside	We attribute book value for Carboodle. Given the history of the Company's innovation, it is likely that CCV will develop new products.

*Conclusion*

*The Company faces some reasonable risks but we believe we have been realistic or conservative in our base case assumptions.*

Source: Hartleys

## RISKS

For some good reading on regulatory issues, see

[http://www.ofc.gov.uk/shared\\_ofc/reports/consumer\\_credit/High-cost-credit-review/OFT1232.pdf](http://www.ofc.gov.uk/shared_ofc/reports/consumer_credit/High-cost-credit-review/OFT1232.pdf)

<http://www.treasury.gov.au/contentitem.asp?NavId=002&ContentID=2131fwww.nocap.com.au>

[http://www.aph.gov.au/senate/committee/corporations\\_ctte/Consumer\\_Credit\\_Corporations\\_2011/report/report.pdf](http://www.aph.gov.au/senate/committee/corporations_ctte/Consumer_Credit_Corporations_2011/report/report.pdf)

<http://www.perthnow.com.au/business/local-business/rates-limit-to-double-as-payday-lenders-win/story-e6frg2s3-1226281410614>

Hartleys Gold Research Coverage					Hartleys
Name	Ticker	Last Price*	M. CAP (A\$m)	Status	Research Recommendation
<b>Resources</b>					
<b>Gold / Precious Metals</b>					
1.	Evolution Mining Limited	EVN	1.69	1,181	Producer Buy
2.	Silver Lake Resources Limited	SLR	3.28	722	Producer Buy
3.	Gold One International Limited	GDO	0.500	708	Producer Accumulate
4.	Beadell Resources Limited	BDR	0.643	423	Developer Buy
5.	Integra Mining Limited	IGR	0.490	415	Producer Buy
6.	Intrepid Mines Limited	IAU	0.695	364	Developer Speculative Buy
7.	Northern Star Resources Ltd	NST	0.870	348	Producer Buy
8.	Papillon Resources Limited	PIR	0.985	237	Explorer Speculative Buy
9.	PMI Gold Corporation Limited	PVM	1.05	231	Developer Buy
10.	Tanami Gold NL	TAM	0.860	224	Producer Speculative Buy
11.	Focus Minerals Ltd	FML	0.049	212	Producer Buy
12.	ABM Resources NL	ABU	0.046	135	Explorer Speculative Buy
13.	YTC Resources Limited	YTC	0.445	111	Developer Buy
14.	Cerro Resources NL	CJO	0.120	90	Developer / Explorer Accumulate
15.	Emmerson Resources Limited	ERM	0.250	57	Explorer Speculative Buy
16.	Cortona Resources Limited	CRC	0.130	36	Developer Accumulate
17.	Mutiny Gold Limited	MYG	0.079	33	Developer Speculative Buy
18.	Canyon Resources Limited	CAY	0.510	27	Explorer Speculative Buy
19.	Augur Resources Ltd	AUK	0.080	14	Explorer Speculative Buy
20.	Southern Gold Limited	SAU	0.043	12	Explorer Speculative Buy
21.	Corazon Mining Limited	CZN	0.080	11	Base Metal Explorer Speculative Buy
<b>Diversified Base / Precious Metals</b>					
22.	Independence Group NL	IGO	4.17	845	Gold & Base Prod./Dev. Buy
23.	Aviva Corporation Limited	AVA	0.115	19	Gold & Base Explorer Speculative Buy
24.	Ausquest Limited	AQD	0.066	15	Diversified explor Speculative Buy
25.	Corazon Mining Limited	CZN	0.080	11	Base Metal Explorer Speculative Buy
26.	Silver Swan Group Ltd	SWN	0.056	7	Base Metal Explorer Speculative Buy
<b>Iron Ore</b>					
27.	Atlas Iron Limited	AGO	2.83	2,555	Producer / Developer Buy
28.	Centaurus Metals Ltd	CTM	0.550	73	Developer / Explorer Speculative Buy
<b>Uranium</b>					
29.	Peninsula Energy Ltd	PEN	0.057	123	Developer Buy
<b>Other metals</b>					
30.	Kasbah Resources Limited	KAS	0.305	111	Tin Developer Buy
31.	Sheffield Resources Limited	SFX	0.440	41	Developer / Explorer Speculative Buy
32.	Hazelwood Resources Ltd	HAZ	0.090	24	Tungsten Developer Speculative Buy
33.	Shaw River Manganese Limited	SRR	0.043	19	Manganese: Developer Speculative Buy
			Sub-Total	9,436	

Hartleys					
Name	Ticker	Last Price*	M. CAP (A\$m)	Status	Research Recommendation
<b>Oil &amp; Gas</b>					
<b>Conventional Oil &amp; Gas</b>					
1.	Woodside Petroleum Ltd	WPL	34.53	27,820	Major Buy
2.	Nexus Energy Ltd	NXS	0.22	292	Developer / Explorer Speculative Buy
3.	Tap Oil Ltd	TAP	0.90	216	Producer / Explorer Buy
4.	Cooper Energy Ltd	COE	0.63	183	Producer / Explorer Buy
5.	Pancontinental Oil and Gas NL	PCL	0.20	168	Explorer Speculative Buy
6.	Otto Energy Ltd	OEL	0.13	142	Explorer / Producer Buy
7.	FAR Ltd	FAR	0.04	95	Explorer Speculative Buy
8.	Carnarvon Petroleum Ltd	CVN	0.13	90	Producer / Explorer Buy
9.	Amadeus Energy Ltd	AMU	0.22	66	Producer / Explorer Neutral
10.	WHL Energy Ltd	WHN	0.05	61	Explorer Speculative Buy
11.	Hawkeye Oil and Gas Ltd	HOG	0.25	48	Producer / Explorer Buy
12.	Sun Resources NL	SUR	0.02	25	Explorer / Producer Speculative Buy
<b>Non Conventional Oil &amp; Gas</b>					
13.	Aurora Oil and Gas Ltd	AUT	3.66	1,507	Producer / Developer Reduce
14.	Samson Oil & Gas Ltd	SSN	0.11	183	Developer / Producer Buy
15.	Transerv Energy Ltd	TSV	0.02	51	Developer Speculative Buy
16.	Austin Exploration Ltd	AKK	0.03	27	Producer / Appraisal Speculative Buy
17.	Emerald Oil and Gas NL	EMR	0.03	24	Producer / Appraisal Speculative Buy
			Sub-Total	30,998	
<b>Industrials</b>					
<b>Resource Services - Capital Intensive</b>					
1.	Ausdrill Limited	ASL	3.98	1,242	Contract Drilling Buy
2.	NRW Holdings Ltd	NWH	3.98	1,110	Contract mining Buy
3.	Mermaid Marine Ltd	MRM	3.16	725	Oil & Gas Services Accumulate
4.	Fleetwood Corporation	FWD	12.09	722	Accommodation Neutral
5.	Imdex Ltd	IMD	3.03	631	Drilling Supplies Buy
6.	Macmahon Holdings Limited	MAH	0.78	600	Contract mining Accumulate
7.	MACA Ltd	MLD	2.56	396	Contract mining Buy
8.	Matrix Composites & Engineering	MCE	3.22	248	Oil & Gas Services Neutral
9.	Pacific Energy Ltd	PEA	0.46	169	Remote Power Buy
10.	Swick Mining Services Ltd	SWK	0.36	85	Contract Drilling Buy
<b>Resource Services - Labour Intensive</b>					
11.	Monadelphous Group Limited	MND	23.44	2,166	Construction Accumulate
12.	Decmil Group Limited	DCG	2.65	444	Construction Buy
13.	RCR Tomlinson Ltd	RCR	2.08	313	Engineer. & Constr. Buy
14.	Lycopodium Limited	LYL	7.39	294	Engineer. & Constr. Accumulate
15.	LogiCamms Limited	LCM	1.21	83	Engineer. & Constr. Speculative Buy
<b>Other Industrial Companies</b>					
16.	iiNet Limited	IIN	3.03	489	Telecommunications Accumulate
17.	Austal Limited	ASB	1.83	362	Civil and Military Vessels Buy
18.	Amcom Telecommunications	AMM	1.08	265	Telecommunications Accumulate
19.	Cash Converters Internat. Limited	CCV	0.65	258	Unsecured Finance Buy
			Sub-Total	10,602	
			69.	GRAND TOTAL	51,035

Source: IRESS, Hartleys Research. \* 10 Apr 2012

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## Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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