



MARKET WRAP

Takeover talk boosts stocks



TALK of takeovers drove the Australian share market higher yesterday centred around Qantas and speculation that brewer and winemaker Foster's was a target.

The benchmark S&P/ASX200 index gained 21.2 points to 5466.9, while the all ordinaries rose 18.8 points to 5441.6.

At the close of day trading on the Sydney Futures Exchange, the December share price index contract added 54 points to 5480, on a volume of 15,180 contracts.

ABN Amro Morgans client adviser Margaret Morrissey said Qantas lost some value yesterday due to politicians casting doubt over a proposed private equity deal for the national airline.

"The politicians are raising a few doubts about the takeover," Ms Morrissey said.

"They are worried about the assets being stripped and sent offshore."

Qantas shares deflated 7c to \$4.93 but Allco Finance Group, which revealed it had been approached to join the private equity syndicate, improved 70c to \$11.02.

Ms Morrissey said the 27c or 4 per cent lift in Foster's to \$6.80 was due to speculation that the world's biggest brewer, Belgium-based InBev was circling for a takeover.

"Rumour has it that they will pay \$7.50," Ms Morrissey said.

National Australia Bank gained 48c to \$38.89, the Commonwealth Bank picked up 47c to \$48.12 while ANZ rose 20c to \$28.25.

MFS Investment Management chief investment officer Guy Hutchings said the focus on banks related more to the risk of other sectors including mining and energy stocks.

"... metal prices are vulnerable and volatility may well spike in coming months."

Resources were mixed with BHP Billiton losing 8c to \$26.35 and Rio Tinto creeping up just 1c to \$74.45.

Oil and gas producer Woodside jettisoned 49c to \$36.50.

In retail, David Jones, also a target of takeover speculation, benefited with a 14c jump to a record closing high of \$3.90.

Coles Myer bounced 10c to \$13.74 while supermarket rival Woolworths was 14c weaker at \$21.87.

The banking sector was strong with Westpac the best, up 2 per cent or 47c to \$24.49.

In media, Fairfax was steady at \$5.15 while Publishing and Broadcasting put on 18c to \$20.84.

News Corp lifted 10c to \$28.49 while its non-voting scrip gained 5c to \$27.35.

Telstra 3 securities, the most traded stock with 213.7 million shares changing hands for \$489.67 million, retreated 6c to \$2.24 while the telco's ordinary shares weakened 3c to \$3.69.

The price of gold in Sydney was up \$US2.20 at \$US629.50 per fine ounce.

However, gold miners were mixed with Newcrest 51c stronger at \$23.75 but Newmont lost 5c to \$5.80 and Lihir was off 4c at \$2.82.

Market turnover reached 1.73 billion shares worth a total value of \$6 billion, with 662 stocks moving up, 499 falling and 344 unchanged.

On the eve of the Thanksgiving Day holiday in the United States, technology stocks gained slightly but the Dow changed little.

The Dow Jones industrial average added 5.36 points to 12,326.95, and the Standard & Poor's 500 Index firmed 3.28 points higher to 1406.09.

The Nasdaq Composite Index was up 11.14 points at 2465.98.

Odds of Qantas buyout fly low

By TREVOR CHAPPELL

A TAKEOVER of national carrier Qantas Airways by a consortium involving a US foreign private equity firm and Macquarie Bank Ltd may have little chance of succeeding, analysts said yesterday.

Shares in the airline fell yesterday as investors considered whether the predators including private equity firm Texas Pacific Group could overcome government and union concerns over a buyout, which could be worth \$11 billion or \$5.50 a share.

"Hurdles to any agreed bid eventuating are considerable," Goldman Sachs JBWere transport analyst Paul Ryan said in a research note.

Qantas shares fell 7c or 1.4 per cent to \$4.93, after gaining 15 per cent on Wednesday.

"We think that chances of a successful bid are low," Morgan Stanley analysts said in a client note.

But yesterday Sydney-based Allco Finance Group Ltd, which operates an aircraft leasing business and has Qantas as a client, said it was considering taking part in the consortium.

"In relation to the participation in the consortium, Allco advises that it is currently considering its participation in the indicative proposal," it said.

Allco shares rose 70c or 6.8 per cent to \$11.02.

Goldman Sachs JBWere's Mr Ryan said the consortium bid would

carry high execution risk, due to numerous stakeholder issues involving the federal government, Qantas management, unions, the competition regulator and airline partners.

The carrier said on Wednesday it had been approached by the consortium and was investigating the proposal.

Macquarie Bank said the discussions were preliminary but any bid would adhere to rules governing the ownership of Qantas under the Qantas Sale Act.

The act limits foreign investors to holding 49 per cent of the airline in total and individual shareholders, whether foreign or local, to 25 per cent each.

An individual airline can only hold 35 per cent of Qantas and any foreign holdings over 15 per cent have to be approved by the Foreign Investment Review Board.

Two-thirds of the airline's board and the chairman are required to be Australian citizens and Qantas has to be headquartered in Australia.

But Mr Ryan said on a preliminary "bull case", a bid of \$5.50 or more per Qantas share was possible.

Under a breakup scenario, Qantas' infrastructure and non-core assets could be sold to raise more than \$3 billion while Qantas' low gearing - its ratio of debt to equity - could be raised.

What

By the Mercury's



Innovative: Kerry O'Riley has launched a fitness program to help people prevent recurring back pain. Picture: DAVE TEASE

Program to get backs on track to good health

IT is good to see how innovation can come in many shapes and forms.

Shellharbour Health Inc's Kerry O'Riley has recently launched a new program to help people prevent recurring back pain.

Kerry, a manipulative/musculoskeletal physiotherapist, says the innovative back fitness program developed in the Illawarra involves a comprehensive approach to the prevention of lower back pain and includes the latest theories on exercise prescription.

She says people with

back pain often come to the clinic for symptomatic relief, but often forget about their back condition when normal function is returned.

But then months or years later it is not uncommon for the same people to return in similar or worse condition.

To combat this, Kerry has introduced an exercise-based education program.

It is an individualised program overseen by an exercise physiologist each week.

Shellharbour Health Clinic is in Addison St, Shellharbour Village.

It's time to get down to business

THE vibe is expected to be up when the Illawarra Business Chamber holds its final Business After Hours event for the year at Wollongong's Novotel Northbeach on November 28.

The networking event, hosted by Integral Energy, will start at 5.30pm in the Beach Bar. It is expected to attract a large gathering after another highly successful business awards sponsored by Integral.

Registrations must be in by Monday November 27.

For further information go to www.illawarrabusiness.com.au

Lendl stars at Illawarra Connection's final dinner

THE Illawarra Connection has another entertaining evening set down for its final dinner meeting of the year with Ivan Lendl from the Czech Republic set down as the guest speaker.

The invitation to the December 5 event says Ivan has travelled the world thrilling people with his talent for the last 20 years.

But given this is the December meeting of TIC you might not get quite what you expect. The final TIC meeting of the year is traditionally one that should not be missed.

Takeover speculation lifts Foster's

SHARES in Foster's Group Ltd leapt to a record high yesterday amid renewed speculation that the brewer and winemaker could be a takeover target.

Foster's shares ended the day up 27c or 4.1 per cent at \$6.80, after reaching a record intraday high of \$6.97.

This followed reports that one of the world's biggest brewers, Belgium-based InBev, would pay \$7.50 a share for Foster's.

The firm was unavailable to comment. But Foster's issued rebuttals when similar speculation arose in August and September, denying that any approaches had been made.

Cabcharge flags another profit leap in keen market

TAXI charge group Cabcharge Australia Ltd says its fiscal 2007 results so far are exceeding those of last year, when the company recorded a 37 per cent jump in profit.

Speaking at the company's annual general meeting in Sydney, Cabcharge chairman Reg Kermodie said the company was getting stronger, despite, or perhaps because of, increased competition in the marketplace.

This year new entrant Macquarie Bank Ltd has set up a wheelchair accessible cab company Lime Taxis in Sydney.