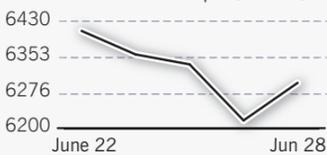


ALL ORDINARIES

Closed: 6297.4 +80.8 pts (+1.3%)



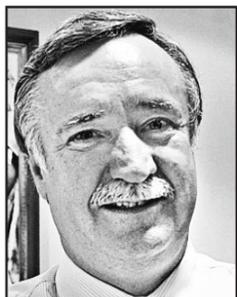
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Business

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People's Portfolio

- AMP \$10.18 +18c
- BHP \$34.89 +69c
- CBA \$55.39 +95c
- CGJ \$16.14 -14c
- IAG \$5.72 +2c
- QAN \$5.53 +1c
- TLS \$4.67 +10c
- WOW \$26.63 +6c

MARKETS // Dow 13,427.73 +90.07 // Nasdaq 2605.35 +31.19 // FTSE 6,527.60 -0.48 // Nikkei 17,932.27 +82.99 // Hang Seng 21,925.37 +219.81 // Gold \$US645.40 +\$4.10 // Oil \$US68.97 +\$1.27 \$A // \$US84.47 +0.41 // Pound 42.18 p +0.02 // Euro 62.73 +0.11 // Yen 103.84 +0.84 // \$NZ 1.10 steady // Swiss Fr 1.03 steady // \$HK 6.59 +0.03 // Indonesian Rupiah 7671 +3



Gone ... Ken Talbot

Coal king hands in his crown

By JAMES McCULLOUGH

COAL king Ken Talbot surprised the market yesterday by declaring he would not return to the company he founded, Macarthur Coal, in the face of ongoing legal action over the Gordon Nuttall loans affair.

Mr Talbot handed over the day to day running of the company to former chief financial officer Nicole Hollows six months ago as he faced charges of paying alleged secret commissions of almost \$300,000 over three years to the former Queensland Minister.

Mr Talbot yesterday confirmed he would not return as managing director of Macarthur.

Ms Hollows will fill the top spot permanently, although Mr Talbot will retain his near 40 per cent stake and remain as a non-executive director.

Mr Talbot was in London yesterday after a recent stint in China and Africa examining prospects and was unavailable for comment.

However Macarthur Coal chairman Keith De Lacy said that after 20 years Mr Talbot had decided it was time for the next generation of management to become fully engaged and put to rest speculation about his future role in the company.

Privately it is thought that the case will drag on for at least another 18 months and Mr Talbot has been investigating other investment opportunities since the legal action began.

The matter goes to court for a brief mention on Monday but Mr Talbot is not required to personally appear for at least another six months.

Macarthur's shares jumped 27c before closing 14c up at \$6.71.

Watchdog loses key insider trading case

By NICOLETTE BURKE

THE ability of Australia's corporate watchdog to police insider trading has been dealt a blow after losing a landmark case against the world's biggest bank Citigroup.

Federal Court Justice Peter Jacobsen yesterday found Citigroup, which was acting as an adviser to Toll in its \$4.4 billion bid for stevedoring company Patrick in 2005, did not engage in insider trading, conflict of interest or a lapse in its fiduciary duty.

The Australian Securities and Investments Commission now faces being ordered to pay Citigroup's legal costs. The trial was the first time that particular conflicts of interest law had been tested in Australia.

ASIC's case surrounded Citigroup trader Andrew Manchee, who bought more than a million Patrick shares the day before Toll was due to announce its takeover of Patrick.

On a cigarette break with head of equities Paul Darwell, he was told to stop buying Patrick shares.

Mr Manchee then proceeded to sell 200,000 Patrick shares late that afternoon.

Justice Jacobsen said the claim failed because the trader, Mr Manchee, was not an "officer" of Citigroup within the meaning of the Corporations Act.

"His knowledge was therefore not attributable to Citigroup for the purposes of the insider trading provision," Justice Jacobsen said.

ASIC Chairman Tony D'Aloisio said, while the legal argument was lost, it

demonstrated the need to pursue investigations of insider trading.

"Strong enforcement action against insider trading reinforces market integrity and confidence," he said.

"ASIC needs to take action where it considers insider trading has occurred, but that needs to be balanced against the potential reputation damage to the defendant.

"It's always a difficult issue to balance. What's important a lot of the time, when there is a significant issue, involves that you do take the action, and you do take the risk."

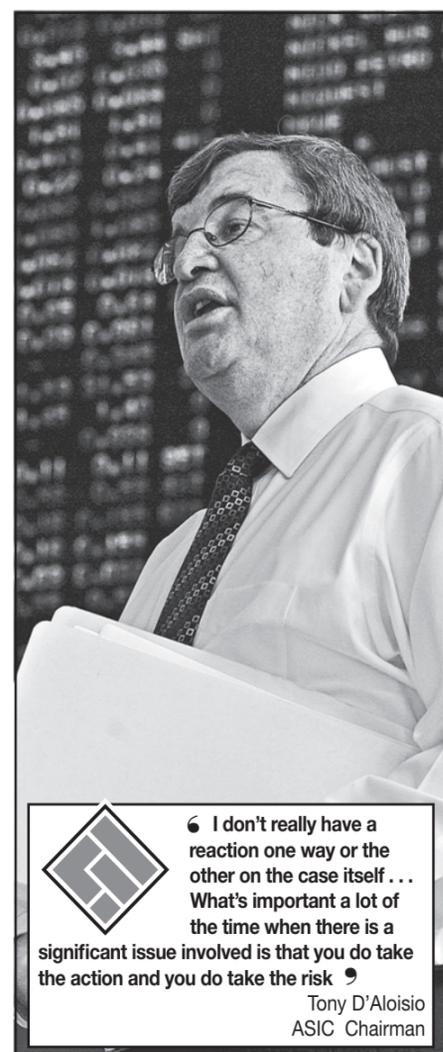
Mr D'Aloisio said he had looked at the facts of the case upon his appointment in March and was confident the legal team had prepared a thorough case.

ASIC's other claims — that Citigroup had breached its fiduciary relationship with Toll by trading in shares of the company it was attempting to take over — and an argument it had engaged in a conflict of interest, were also dismissed. Justice Jacobsen said the letter of engagement under which Toll retained Citigroup as its adviser specifically excluded such a relationship and the court held that the law does not prevent an investment bank from contracting out of a fiduciary relationship.

Citi Markets and Banking CEO Stephen Roberts said he was pleased with the Federal Court's ruling: "Citi Australia looks forward to continuing to work with ASIC and the industry to develop and uphold a well regulated market for financial services in Australia."



citi Citi Australia is pleased with the outcome handed down ... Citi Australia looks forward to continuing to work with ASIC and the industry to develop and uphold a well-regulated market for financial services in Australia
Stephen Roberts, CEO Citi Markets and Banking



I don't really have a reaction one way or the other on the case itself ... What's important a lot of the time when there is a significant issue involved is that you do take the action and you do take the risk
Tony D'Aloisio, ASIC Chairman

Traders put jitters behind them

INVESTORS yesterday put the heavy losses earlier in the week behind them, finding their feet with a solid recovery in resource stocks.

Bell Potter analyst Stuart Smith said the market had suffered from a knee-jerk reaction, based on US jitters, but is getting over it.

"The new financial year will see super fund money being

invested," he said. "We've had a nice rebound on what is option expiry day."

But he his key mover for the day was not a gainer. "The stand-out is the negative one of Coles," he said.

Coles lost 14c to \$16.14, after a private equity group led by TPG said it will not put in an offer for the retailer by the Saturday deadline.

Elsewhere in the retail sector, Woolworths added 6c to \$26.63 and David Jones climbed 7c to \$5.45.

The benchmark S&P/ASX200 index closed up 81.4 points at 6265.6, while the all ordinaries gained 80.8 points to 6297.4.

But Mr Smith pointed to the resources sector, which had a strong day of trade.

Rio's push into Mongolia

RIO Tinto Ltd is a step closer to starting work on the world's largest undeveloped copper-gold resource, Mongolia's Oyu Tolgoi, in which it plans to invest almost \$2 billion.

The Mongolian Government has completed a draft investment agreement, which will be submitted to its national Parliament and is expected to be the last step in the approval process.

The agreement provides for the Mongolian Government to own a 34 per cent stake in the huge project. Agreement will be needed from the Rio board and its Canadian partner, Ivanhoe Mines.

The project, 80km north of the Chinese border, aims for average annual production of more than a billion pounds of copper and 330,000 ounces of gold.

INSIDER

carswella@dailytelegraph.com.au

Spanish bid

Spanish company Sacyr may target APRR after its failed bid for Eiffage. This is upside for Macquarie Infrastructure Group which has 20.4 per cent of APRR. MIG shares surged 3 per cent yesterday.

Close up 15c to \$3.56

Plenty to infer

Sapex has announced some impressive figures from its Arckaringa project — 690 million tonnes of inferred resources of sub-bituminous coal with a target of 2-3 billion tonnes. A 43 per cent rise ensued.

Close up 6.5c to 21.5c

Triple 20

New gold explorer Dart Mining trumpeted "outstanding" results from its first drill program at its Mountain View Prospect, identifying high grade gold from the surface. Investors loved it, lifting DTM higher.

Close up 5.5c to 24c

Regal result

Huge interest in gold and nickel explorer Regis Resources after it commenced drilling at its Collurabie nickel prospect with instant success. A 18 per cent rise lifted RRL out of a slump.

Close up 1.6c to 10.5c

A true steadier

Unsteady Alloy Resources headed north after signing a joint venture to acquire an 80 per cent interest in a Laos mining lease tipped to host large copper-gold deposits. AYR gapped up on outside volumes.

Close up 2.5c to 15c

Handy ties

NGM Resources has linked with BHP Billiton to acquire four nickel exploration projects in Madagascar. The news helped to lift NGM per cent but volume was just above-average. BHP rose 2 per cent.

Close up 4.5c to 80.5c

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