

SE Business - Opinion & Analysis  
HD **Sharks circle, but on paper don't look so good**  
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What a wonderfully rich and diverse eco-system is the sharemarket, teeming with every beast from the apex predator to the dust mites of mineral exploration.

Rupert Murdoch, the great white shark of media takeovers, swam into the fray this week with an \$US80 **billion** (\$85 **billion**) pitch to buy Time Warner. Time Warner directors must have chuckled at the chutzpah of the man, offering oodles of non-voting stock in Fox, besides cash, to buy them out. The offer was rebuffed.

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Imagine the Time Warner board recommending its shareholders be locked - like hapless prawns in a shark's gullet - into a **company** with \$US50 **billion** in debt, zero voting rights, a history of piddling dividends and the prospect of further regulatory fallout from the phone hacking scandal in the UK.

This is merely the first approach though; the great white will circle patiently and menacingly before making its next move.

The good thing about scrip bids - using your own shares to pay for an **acquisition** - is that you can largely eliminate market risk. Your stock goes down, their stock goes down.

There are plenty who say the market is near its top now, if not beyond it. On most measures sharemarkets are over-valued, bobbing about on an ocean of printed money and boosted by the flight of capital from record-low bond yields. Besides the pump priming, central banks are even diving in and buying shares directly. There is little pretence to the global Ponzi scheme now.

In a sign things may be near the peak, the Armani-clad scavengers of private **equity** are furiously priming their public offerings. Few of these floats will perform: overstructured, over-priced and overgeared as they mostly are.

The Midas touch

Were it all to turn to dust, global markets crumple, and the value of paper currencies plunge, there would be one bloke still doing nicely.

His name is Anton Billis. Anton is the managing director of **gold** producer Tribune Resources and he is sitting on a \$180 **million** stack of cash and bullion at the Perth Mint.

It is not easy to work this out as Anton books his **gold** at cost rather than at market value.

And what a tight ship he runs. Tribune and its sister **company** Rand Resources rarely issue shares or options, they never boast about the swelling \$400 **million** value of their half **stake** in the fabulous East Kundana Joint Venture and the fact they will soon be churning out a \$90 **million** profit, after costs.

Anton is even tight with himself. A base salary of \$199,000 is not much for a bloke who doubled the share price last year.

Readers may recall last week's yarn about the kaleidoscopically colourful Indochine, whose stock has been heading surely south, has yet to make a **sale** but whose board and management help themselves to \$2.2 **million** a year - roughly what's left in the **company** tin.

The market has a surfeit of Indochines. Yet here is Anton: at \$792,000, the total annual pay package for board and management is a mere one-third of Indochine.

Why then are some of his shareholders restless? Who better to manage your **company** than the successful and parsimonious Anton Billis? The answer to this lies in the identity of some mystery shareholders. This is a clandestine affair. On the face of it, Anton owns just 13,500 shares in Tribune and 14,000 in Rand.

But Rand holds 26 per cent of Tribune and Tribune holds 44 per cent of Rand. Then there is the enigma of who is behind other shareholders high on the register, such as Transglobal, Sierra **Gold** and Resource Capital.

Given the cross-shareholdings, were Anton to be a shareholder in these mystery shareholders, he would be in a position to control more than 60 per cent of the stock in both Tribune and Rand. And if, for instance, one of these were to propose a highly dilutive deal to vend in some African assets for scrip ... "the Europeans", as these shareholders have been dubbed, might even be in a position to move to 90 per cent and compulsory **acquisition**.

This, of course, is utter speculation. We don't know who is behind these entities, only that there has been a shuffle recently.

Transglobal Trust, based in Hungary, transferred its 17 per cent of Tribune to Transglobal Capital Ltd based in the idyllic Seychelles while Sierra **Gold** Pty Ltd (based in Melbourne) transferred its 16 per cent to Sierra **Gold** Ltd in the Seychelles. Resource Capital Ltd (Seychelles) was incidentally the vendor of an **iron ore** exploration lease in Liberia, a deal previously mooted by the **company**.

Why in the blazes don't these "Europeans" pay Anton a decent wage? It is not as if, like Rupert Murdoch, he is running a **company** with two classes of shareholders. Everyone gets a vote here.

Finally at the bottom of the food chain, even beneath penniless explorers - but just above liquidators and their shells - dwell the **China** stocks. And there was some action in this netherworld during the week when the ASX suspended shares in Fifth Element.

This **company** floated in May at 20¢ and last traded at \$7.96, which proves the regulators do take action if your stock rises 40-fold in three months and only has 13 shareholders left. Why the ridiculous price rise?

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