

CCQ shareholder queries risk warning

PUBLISHED: 01 Dec 2011 PRINT EDITION: 01 Dec 2011

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Activist shareholder Geoff Wilson has questioned the valuation made for a listed investment company that is the subject to a takeover offer.

At the annual general meeting of Contango Capital Partners in Melbourne yesterday, Mr Wilson, the owner of a 19 per cent stake in the company, asked why a valuation report on the takeover target said there was a "significant risk" that an asset management firm CCQ partly owned might lose a key contract.

While the loss of the business would lower the valuation of CCQ, it was unlikely, Mr Wilson said, as the contract was for work with the predator company itself.

Ian Ferres, an independent director of Contango MicroCap, which has made the 90¢ a share offer, did not comment.

Contango MicroCap yesterday extended the deadline for acceptances of its offer – already extended from November 21 to November 30 – until December 14.

Two figures are at the centre of the complicated deal that involves three entities with similar names. CCQ managing director David Stevens and chief financial officer Glenn Fowles carry the same titles at Cantango MicroCap. They also have the same titles at Cantango Asset Management Limited, the asset management firm mentioned in the valuation report on CCQ.

Mr Stevens, Mr Fowles and other staff at the asset manager, own a majority stake in it, while CCQ holds the remaining 49 per cent. CCQ's stake in the asset manager accounts for about one-third of its value.

Kerry Packer's Consolidated Press Holdings was one of the early backers of Cantango Asset Management Limited, but sold its stake in early 2007.

Mr Wilson said it seemed "incredibly illogical" for Contango MicroCap to base its valuation on the likelihood that the contract would not be renewed.

Separately, Mr Wilson questioned a remuneration structure that saw CAML staff paid \$3 million which he said should have been paid to shareholders.

Mr Stevens said it would be discussed with the owners of the asset manager's remaining 49 per cent.

"You guys own 51 per cent," Mr Wilson said. "If you don't want it to change, it won't change."

The Australian Financial Review

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