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Wilson tackles steep slopes of Everest

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The flyblown financial concern RHG faces stiff competition for the cheapest buyback and delisting proposal for the year.

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Everest Financial Group, a fund manager formerly aligned with Babcock & Brown, is expected to lodge a notice of meeting this week where it will outline a planned buyback of its shares at 12.5¢ each, or about one-third of their net tangible asset backing.

Everest, which is chaired by **Greg Martin**, first outlined the proposal early this month, where it said it would buy back up to 40 per cent of its shares for \$1.25 million.

The company, which is still sitting on about \$9 million of cash and at the end of 2010 had a net tangible asset backing of 42¢ a share (minus the recent capital return), indicated its three main shareholders would not partake in the buyback.

These include its founder, **Jeremy Reid**, the former bookmaker **Robert Blann** and ragtrader **Geoffrey Susskind**, who own about 60 per cent.

Everest is expected to justify the buyback price by factoring in a \$5 million claim lodged against the fund manager in the courts by two former investors, **Bernard** and **Maurice Stang**, along with the hefty costs of defending the claim. The company, which has racked up more than \$300 million of losses, is also expected to highlight that it will save several hundred thousand dollars a year through not being listed.

But the proposed buyback is already looking a little shaky, given Everest shares are now trading well above the buyback price.

And the company finds itself pitted against the same fund manager that hobbled **John Kinghorn's** el-cheapo plans to delist RHG.

Wilson Asset Management, which has a 12.9 per cent stake in Everest, has already expressed opposition to the buyback proposal.

"I don't agree with what they are doing. I bought [Everest] shares because I want them listed on the stockmarket," the fund manager's chairman, **Geoff Wilson**, said.

"Why would we sell something that we think is worth 40¢ for 12.5¢?" he asked.

Aside from the cash on its balance sheet after its recent \$10 million capital return, Everest has more than \$20 million of tax losses and deferred tax assets. The company divested the bulk of its funds management business last year.

WINGATE EXIT

The Everest buyback was announced just two weeks after the Melbourne fund manager Wingate, which attempted to topple the Everest board last year, sold its 19.7 per cent stake for about \$619,000. The purchaser was Geoffrey Susskind's Centennial Equities, which only recently registered as a business.

It is believed that Everest, once delisted, could change its name to the business registered by Reid last month: Indigo Capital Partners.

CELLAR REVISITED

The plotters of a planned overthrow of the managing director and chairman of the market laggard ComOps have been offered more ammunition following the release of the software firm's annual report late on Thursday (just in time for the long weekend).

The accounts show the company only reported a \$13,361 profit for last year after booking a \$2.3 million impairment. This compares with the \$1.5 million profit in the preliminary accounts. With revenues also lower compared with the audited accounts, ComOps only managed to make a profit thanks to the write-back of a \$1.1 million provision. The "restated" numbers for 2009 also differ between the preliminary and final accounts.

After drawing fire over the disclosure in the 2009 annual report that it purchased \$41,026 of plonk from its managing director **Richard Bradley's** winery, the latest report also shows that related party plonk expenses surged to \$45,893 in 2010. This was on top of the \$459,430 paid in remuneration to Bradley.

"The purchases related to client gifts, Christmas hampers for clients and staff, and entertainment for clients and staff, including the annual Christmas party and other client functions," the report says. In a bid to quell shareholder anger, the company noted it got a 20 per cent discount on its purchases from the Calais Estate Wines.

The \$45,893 of wine purchased from Bradley's winery would have been enough to buy 2048 bottles of the Calais Crackling Rose'. Or about 1900 bottles of the winery's Swagman's Port. "This port has been especially blended for the 'New Generation' of Swagmen," the Calais website notes.

ComOps will hold its annual meeting on May 17, where its shareholders will decide on whether to dump Bradley and his chairman and the well-known adman **Geoffrey Wild** (who will stand down at the meeting anyway).

The planned board spill, led by the Bell Potter operative **Cyril Jinks** (he owns 5.8 per cent), is backed by **Andrew Roberts**, founder of Human Capital Solutions, which ComOp bought for \$6.5 million in 2007.

DECEMBER FINALE

The 334-year-old British property manager Grosvenor foreshadowed the orderly closure of its Australian funds management business last week via a letter from its local chief executive, **Rob Kerr**.

"The group has recently reviewed its strategy for Australia, considering both its stance on capital allocation and its focus on the growth of Grosvenor Fund Management," the 49-year-old Kerr explained.

"The conclusion is to cease the Australian propriety business and maintain our exposure to Australia through [the Tokyo-based] Grosvenor Fund Management." Grosvenor, which has about \$400 million of property investments in Australia, will close the shutters of its local funds management business on December 31. Kerr will step down after 11 years as Grosvenor Australia chief executive.

The company traces its origins to the marriage of Mary Davies and Sir Thomas Grosvenor in 1677. The family bought 500 acres of swamp and pasture in the West End of London, of which two-thirds is still owned by the family.

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