



ASIC intervenes in Incremental tussle

4-November-08 by Rebecca Lawson

The takeover tussle for Incremental Petroleum Ltd could be extended after the corporate watchdog asked bidder Cooper Energy Ltd to extend its deadline that it thought was final.

Cooper managing director Michael Scott told WA Business News the Australian Securities and Investment Commission had asked the company to consider the extension given the last minute takeover announcement by TransAtlantic Petroleum Corporation.

About two weeks ago, Cooper declared its Incremental offer unconditional and final, and said then it would not extend its November 7 deadline.

A few days later TransAtlantic, which is Incremental's project partner in Turkey, announced it would launch an all-cash takeover bid of \$1.05 for each Incremental share.

Cooper is offering 3.1 of its shares for each Incremental share or 50 cents cash plus 1.9 of its shares for each share in the target.

Mr Scott said ASIC will now consider applying to the Takeovers Panel for the extension, expected to be about two weeks, with a decision to be announced before Cooper's takeover offer expires.

The extension application comes a day before KPMG is due to release their independent evaluation of both bids, which Mr Scott said was requested by ASIC.

"One of the reasons Incremental is releasing the report is that ASIC has asked them to release the KPMG report, not Incremental," Mr Scott said.

"ASIC have asked Incremental to clarify some aspects of the independent experts report and as such they said we should consider extending the bid.

"That [extension] may or may not proceed, and it may or may not be successful."

He added that he thinks KPMG will reject the TransAtlantic bid as it was lower than Cooper's offer.

"I would find it very incredulous that KPMG would turn around and say the TransAtlantic bid at \$1.05 is a better offer," he said.

"KPMG can only really come back and say at the end of that day that they reject both offers."

Mr Scott noted that TransAtlantic had today increased its stake in Incremental from 8.04 per cent to 9.16 per cent through on-market purchases, saying it did not worry the company which holds a 23.61 per cent stake in the target.

TransAtlantic has so far not issued a bidder's statement.

Meanwhile, Mr Scott added that Incremental's announcement last week that there could be a third possible suitor was just "white noise" to confuse retail shareholders.

"What I think's happened in the last few weeks since our offer went unconditional is that the ideal strategy is to provide a lot of white noise to confuse the retail shareholders, because the retail shareholders will always do nothing over uncertainty," he said.

"So if Incremental directors provide white noise, the retail shareholders won't do anything which then achieves their strategy.

"If there is another bidder you would think it's the directors' duties to tell shareholders who that bidder was.

"At the moment, I still view TransAtlantic as white noise because that bid may or may not happen, okay they're buying shares on the market today but they haven't put out a bidder's statement."

Incremental declined to provide comment.

Meanwhile TransAtlantic said in a statement this afternoon that it will oppose the extension application.

Shares in Cooper were up 1c to 31c while shares in Incremental were steady at \$1.05 at 12:45 AEDT.

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