



Friday, 25 May 2007

Becker Group Limited – Panel Receives Application

The Takeovers Panel advises that it received an application last night (**Application**) by Dolphete Pty Limited (**Dolphete**), an Australian proprietary company, in relation to the affairs of Becker Group Limited (**Becker Group**).

Becker Group is the subject of an off-market takeover bid by Prime Media Broadcasting Services Pty Ltd (**Prime Media** and **Prime Offer**), a wholly owned subsidiary of Prime Television Limited (**Prime Television**). Prime Media's bidder's statement (**Bidder's Statement**) and Becker Group's target's statement (**Target's Statement**) in relation to the Prime Offer were dispatched together to Becker Group shareholders on 18 May 2007.

Becker Group and Prime Television entered into an implementation agreement dated 30 March 2007 (**Implementation Agreement**) under which Becker Group agreed to a non-solicitation and no talk obligation and a break fee of \$500,000, that is, 1.9% of the value implied by the Prime Offer.

At the same time as the takeover, Becker Group entered into an asset sale deed with Becker Film Group Pty Limited (**BFG**), a company associated with two major shareholders and directors of Becker Group, Mr Richard Becker and Mr Russell Becker, to sell Becker Group's film, exhibition and distribution businesses to BFG (**Asset Sale Proposal**). The Asset Sale Proposal is conditional on a number of things, including shareholder approval by Becker Group shareholders and the Prime Offer becoming unconditional with Prime Media having voting power in Becker Group of at least 50%. The Asset Sale Proposal is subject to shareholder approval under ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act. The resolution to consider the Asset Sale Proposal is set out in a notice of meeting lodged with the ASX on 22 May 2007 (**Notice**), with the shareholder meeting to be held on 15 June 2007.

Paul Ramsay Holdings Pty Ltd (**Paul Ramsay Holdings**), a company controlled by Mr Paul Ramsay (a director of Becker Group), is a 41% shareholder in Prime Television and a 19.7% shareholder in Becker Group. Prime Television holds a further 3% of shares in Becker Group. Together, Richard and Russell Becker control 42.6% of the shares in Becker Group. Paul Ramsay Holdings and Prime Television have indicated that they intend to vote their combined 22.7% shareholder in favour of the Asset Sale Proposal. Richard and Russell Becker have indicated that they intend to accept the Prime Offer if the Asset Sale Proposal resolution is passed by Becker Group shareholders.

In its Application, Dolphete submits that the Prime Offer and the Asset Sale Proposal are interdependent and that Prime Television, Paul Ramsay Holdings and Richard and Russell Becker are acting in concert. Dolphete submits that the arrangements surrounding the Prime Offer and the Asset Sale Proposal mean that, in effect:

- BFG will be able to acquire the film assets of Becker Group without being required to obtain the approval of a majority of disinterested shareholders; and
- Prime Television, by giving an additional benefit to BFG, will be able to obtain control of Becker Group by BFG accepting, even if no other shareholders accept the Prime Offer.

Dolphete submits that these circumstances amount to unacceptable circumstances as:

- the acquisition of control of Becker Group by Prime Television will not take place in an efficient, competitive and informed market;
- the Becker Group shareholders do not have enough information to assess the merits of the Prime Offer; and
- the Becker Group shareholders do not have a reasonable and equal opportunity to participate in the benefits accruing under the Prime Offer.

Dolphete seeks a declaration of unacceptable circumstances having regard to the purposes of Chapter 6 set out in section 602 and/or the effect on control or potential control of Becker Group. It seeks a number of orders including that:

- the votes cast by Paul Ramsay Holdings and Prime Television in respect of the Asset Sale Proposal resolution not be counted;
- Prime Television include as part of the Prime Offer an acceptance condition of 50.1% of shares held by minority shareholders; and
- the no-solicitation, no-talk and break fee provisions of the Implementation Agreement be set aside.

The Panel has not decided whether to conduct proceedings in relation to the Application and makes no comment on the merits of the Application. It also notes that it has not received submissions from other parties to the Application and it is, therefore, unaware of their views.

The President of the Panel has appointed Geoffrey Brunsdon, Brett Heading (sitting President) and Peter Scott as the sitting Panel to consider the Application.

Nigel Morris
 Director, Takeovers Panel
 Level 47, 80 Collins Street
 Melbourne, VIC 3000

Ph: +61 3 9655 3501

nigel.morris@takeovers.gov.au