



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP20/74

Wednesday, 4 November 2020

CFOAM Limited – Panel Receives Application

The Panel has received an application from shareholders who collectively hold 37.5% of the issued shares in CFOAM Limited in relation to the affairs of that company.

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

On 8 October 2020, CFOAM announced that it:

- had entered into an *“agreement to invest A\$1,550,000 to acquire a strategic 10.24% interest in Innovaero Technologies Pty Ltd (Innovaero), an Australian Aerospace and Defence Technology business”*, conditional (among other things) on CFOAM completing a new equity raising for a minimum of A\$3,000,000 and
- would undertake a 4 for 3 renounceable entitlement issue at an issue price of \$0.015 per share to raise to \$3,843,481 (**Entitlement Issue**).

On 20 October 2020, CFOAM issued a prospectus for the Entitlement Issue, disclosing that the Entitlement Issue is scheduled to close on 9 November 2020.

The Applicants submit, among other things, that:

- CFOAM has present working capital requirements that are unfunded and an investment of A\$1,500,000 in Innovaero disregards those capital requirements, and has no discernible benefit.
- The Entitlement Issue *“will allow for the acquisition of a substantial interest”* in CFOAM, is substantially dilutionary and is made at a large discount.
- They have identified an alternative source of funding for CFOAM that would be *“beneficial for all shareholders and as a result would improve the working capital position of”* CFOAM.

The Applicants seek an interim order restraining the Entitlement Issue from proceeding pending the outcome of the application and a final order “*permanently preventing*” the Entitlement Issue.

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