

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case no.: 09/LM/Feb04

In the large merger between:

Clidet no.485 (Pty) Ltd

and

Pamodzi Foods (Pty) Ltd

Reasons

Introduction

On 17 March 2004, the Tribunal approved the merger between Clidet no. 485 (Pty) Ltd and Pamodzi Foods (Pty) Ltd. The reasons for our decision are set out below.

The transaction

The primary acquiring firm is Clidet No. 485, a newly incorporated shelf company that has never traded before. Its shareholders are Pamodzi Investment Holdings Limited, a black economic empowerment group, with 65%, Foodcorp Management with 15% and Foodcorp General Staff with 20%.

The primary target firm is Pamodzi Foods (Pty) Ltd. Its shareholders are ABN Amro Bank N.V. with 80% and Pamodzi Investment Holdings with 20%. Pamodzi Foods jointly owns Foodcorp Holdings (Pty) Ltd and Fedfood Omega (Pty) Ltd. Foodcorp Holdings is the sole shareholder of Foodcorp (Pty) Ltd.

The ultimate goal of the transaction is for Pamodzi Investment Holdings to acquire control over the business of Foodcorp. In order to achieve this goal Clidet No. 485 is acquiring all the shares in Pamodzi Foods and will thereby indirectly acquire the majority control over Foodcorp Holdings and Fedfood Omega. As an indivisible part of this transaction, Clidet No.485 will then acquire the remaining minority shares in Foodcorp

Holdings and Fedfood Omega, thereby acquiring direct control over the business of Foodcorp, the wholly owned subsidiary of Foodcorp Holdings. Once these shares have been acquired Foodcorp Holdings and Fedfood will buy-back all their shares held by the Foodcorp Holding Share Trust. Subsequent to this Clidet No.485 will directly hold 49.9% of the issued share capital of Foodcorp Holdings and Pamodzi Foods, the wholly owned subsidiary of Clidet No.485, will hold the remaining 50.1%.

Finally, upon completion of the above stages in the transaction Clidet No. 485 will, under an internal group rationalisation, acquire the business of Foodcorp. The result will be that Foodcorp will be held directly by Clidet No. 485.

Rationale for the transaction

The Foodcorp business was originally part of the Malbak Group but was acquired and de-listed from the Johannesburg Stock Exchange in 1998 by a consortium comprising, inter alia, Pamodzi Investment Holdings, Ethos Private Equity and AMN Amro Mank NV. Given the prevailing strength of the Rand and the time that elapsed since the original buy-out, Ethos and ABN Amro have indicated their preference to exit this investment.

The proposed buyout of Foodcorp by Pamodzi Holdings will increase the black empowerment shareholding in Foodcorp and provide greater equity ownership to a broader base of Foodcorp employees. This transaction will, according to the parties, create a significant black owned company in the food industry.

Relevant product market

There is no overlap in the activities of the merging parties.

Clidet No. 485, as mentioned above, has never traded before.

Pamodzi Investment Holdings is an investment holding company, which is indirectly involved in the food sector through its interest in Foodcorp, a food-processing firm. Fedfood, Pamodzi Investment's other jointly-owned subsidiary, is an investment holding company, which holds forward purchase rights to shares in Clinco (Pty) Ltd and some endowment policies.

Impact on competition

The merger will not substantially prevent or lessen competition since there is no overlap in the relevant markets of the merging parties.

Public interest issues

No significant public interest issues arise from the transaction.

D Lewis

31 March 2004
Date

Concurring: N Manoin, U Bhoola