

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case no.: 26/LM/Apr04

In the large merger between:

VenFin Limited

And

Intervid Limited

Reasons for Decision

Approval

1. On 27 May 2004 the Competition Tribunal issued a Merger Clearance Certificate approving the transaction between VenFin Limited and Intervid Limited. The reasons for this decision follow.

The Parties

2. The primary acquiring firm is VenFin Limited ("VenFin"). The Rembrandt Trust (Pty) Ltd holds all the issued unlisted B ordinary shares in VenFin and is entitled to 42,2% of the total votes.
3. The following companies are subsidiaries of VenFin:
 - Industrial Electronic Investments Limited
 - RPII Holdings Limited
 - Tracking and Signal Distribution Technologies (Pty) Ltd
 - Twine Media (Pty) Ltd
 - VenFin Finance Corporation (Pty) Ltd
 - VenFin Financial Investments Limited
 - VenFin Group Finance (Pty) Ltd
 - VenFin Media Investments (Pty) Ltd
 - VenFin Shareholding (Pty) Ltd
 - VenFin Securities (Pty) Ltd
 - VenFin Technology (Pty) Ltd
 - VenFin Telecommunications Investments Limited
 - RGH Holdings Societe Anonyme – Luxembourg
 - VenFin Holdings Limited – Jersey
 - RFS Holdings Limited
4. Venfin has interests in the following firms:
 - Vodacom Group (Pty) Ltd;
 - Psitek (Pty) Ltd;

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4. Venfin has interests in the following firms:
 - Vodacom Group (Pty) Ltd;
 - Psitek (Pty) Ltd;

- Inala Technology Investments (Pty) Ltd;
 - Tracker Investment Holdings (Pty) Ltd;
 - CommsCo Holdings (Pty) Ltd;
 - FRS Financial Reporting Solutions (Pty) Ltd;
 - Fundamo (Pty) Ltd;
 - Idion Technology Holdings (Pty) Ltd;
 - e Company Holdings Ltd;
 - SAIL Group Limited;
 - GenuOne Incorporated;
 - iTouch Plc;
 - Alexander Forbes;
 - Dimension Data Holdings Plc; and
 - Intervid International.
5. The primary target firm is Intervid Limited (“Intervid”). Intervid controls the following companies:
- Intervid Technologies (Pty) Ltd
 - Intervid SA (Pty) Ltd
 - Secprop 120 investments (Pty) Ltd t/a Quip Rent

The Transaction

6. According to an “Undertaking to Sell Agreement” (the “Agreement”), the Howard Family Trust, James Howard Family Trust and Kate Howard Family Trust (collectively the “Trusts”) have agreed to sell to VenFin their interest in Intervid which amounts to 32,5% of shares. At the time of notification of this transaction, VenFin’s shareholding in Intervid was 17,26%. However, VenFin has since acquired additional shares in the open market and currently its shareholding is 32,4%. Therefore, post merger, VenFin’s shareholding will be 64,9%.

The Parties’ Activities

7. VenFin is an investment holding company focusing on telecommunication, technology and media businesses. It’s telecommunication interests are represented by its shareholding in Psitek (32%), Inala(33,5%) and Vodacom (15%), while its technology interests are represented by its shareholding in Tracker (32,1%), FRS (42,9%), Fundamo (37,5%), CommsCo (33,3%), and Idion (6%). Venfin’s 33% shareholding in e-tv and 19,5% shareholding in SAIL represents its media interest.
8. Intervid Africa, which is a division of Intervid, provides integrated solutions in the electronic security and business process monitoring industry. Cynaps, also a division of Intervid, designs, manufactures, tests and supplies access control products and systems. Intervid Technologies (IT) develops integrated electronic security and business process monitoring solutions and develops, manufactures and distributes proprietary hardware and software products. IT also supplies digital surveillance systems to the general systems integrator market including Intervid’s own regional

- Inala Technology Investments (Pty) Ltd;
 - Tracker Investment Holdings (Pty) Ltd;
 - CommsCo Holdings (Pty) Ltd;
 - FRS Financial Reporting Solutions (Pty) Ltd;
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systems integrator. Advanced Digital Devices (ADD) is a division of IT and designs, develops and manufactures fibre optic interfaces for use in video, data and telecommunication applications.

9. Quip Rent facilitates the financing of systems and equipment supplied by Intervid in South Africa. Intervid SA provides management services to the Intervid group.
10. In addition to Intervid's own software and hardware, it partners with companies in the following areas: Access Control, Intrusion Detection, Video Surveillance, Article Surveillance, Alarm Monitoring, Manned Guarding, Hazard Detection.
11. From the above it appears that there is no overlap in the activities of the merging entities.

Conclusion

12. We conclude that the merger will not lead to a substantial lessening of competition and there are no significant public interest concerns. Accordingly, we agree with the Commission's recommendation that the transaction be unconditionally approved.

David Lewis

31 May 2004
Date

Concurring: Norman Manoim and Frederick Fourie

For the merging parties:	Andries Le Grange (Hofmeyr Herbstein and Gihwala Inc)
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