

IN THE COMPETITION TRIBUNAL

CASE NO. 115/LM/NOV07

In the matter between:

MICROS South Africa (PTY) LTD

Acquiring firm

And

MICROS-FIDELIO SOUTH AFRICA (PTY) LTD

COMPUTER LODGING SYSTEMS (PTY) LIMITED

MICROS SPECIALIZED SOLUTIONS (PTY) LTD

Target firms

Panel : DH Lewis (Presiding Member), Y Carrim (Tribunal Member), M Mokuena
(Tribunal Member)

Heard on : 19 December 2007

Order issued on : 19 December 2007

Reasons issued on : 15 January 2008

REASONS FOR DECISION

APPROVAL

[1] On 19 December 2007 the Tribunal unconditionally approved the merger between Micros South Africa (Pty) Limited and Micros-Fidelio South Africa (Pty) Limited, Computer Lodging Systems (Pty) Limited, and Micros Specialized Solutions (Pty) Ltd. The reasons for approval follow:

PARTIES TO THE TRANSACTION

[2] The primary acquiring firm is Micros South Africa (Pty) Limited ("Micros SA"), a newly formed company which has not traded. Micros SA's shareholders and their respective shareholding is as follows: 1) Management has 51%¹; 2) Safika Investment (Pty) Ltd, a Black

¹ Management members hold their shares individually and do not vote together

Economic Empowerment (BEE) company has 26%; and 3) Corvest 6 (Pty) Ltd² (“Corvest 6”) has 23%. In terms of the control structure, Micros SA will be negatively controlled by Safika Investments and Corvest 6, as a result of minority provisions conferred on these firms the draft shareholders agreement for Micros SA.³

[3] There are three primary target firms namely, Micros-Fidelio South Africa (Pty) Limited (“Micros”)⁴, Computer Lodging Systems (Pty) Limited (“CLS”)⁵ and Micros Specialized Solutions (Pty) Ltd (“MSS”)⁶.

THE TRANSACTION

[4] Micros SA intends to purchase the businesses of Micros, CLS and MSS as going concerns. As a result of the transaction Micros SA will own the businesses of Micros, CLS and MSS. The rationale for this transaction is to empower the businesses of the target firms by introducing Safika Investments, a BEE company.

ACTIVITIES OF THE MERGING PARTIES

[5] FirstRand Limited, the ultimate controller of Micros SA, has interests in the provision of a variety of banking services, including, retail banking, installment credit finance and merchant banking.

[6] Micros and CLS have interests in information management solutions, including software, hardware enterprise system integration to the restaurants, hotels, and leisure and entertainment industries. Safika Holdings holds a 40% stake in African Resonance Business Solutions (Proprietary) Limited which is active in the supply of point-of-sale terminals, related software and payment solutions, focusing on the retail and banking sectors. MSS has interests in the provision of handheld, portable transactional technology and software used by Fast Moving Consumer Goods multinationals, supply chain, logistics and related industries for rapid data capturing and decision making at point of transaction.

[7] From the information provided by the merging parties it was unclear whether or not there was an overlap in the point of sale software and hardware products supplied by Micros and African Resonance. At the hearing the merging parties clarified Micros’ products are specifically

² Corvest 6 is ultimately controlled by First Rand Holdings which is controlled by FirstRand Limited

³ See shareholders’ agreement on pg. 65 of the merger record

⁴ Micros is controlled by Quantum Leap Investments

⁵ The individual shareholders of CLS are; P Booth, M McEnery; M Kenny and J Maidment

⁶ The individual shareholders of MSS are P Booth; M McEnery and S Gilliatt

tailored to the restaurants, hotels and leisure, and entertainment industries, whilst African Resonance products are specifically tailored for the retail and banking sectors. Moreover, Micros and African Resonance products are not substitutable as they use different technology and perform different key functions.

COMPETITION EVALUATION

[8] This transaction has no negative competition effects as there is no overlap in the activities of the merging parties. There is no vertical integration and no horizontal concerns arise. Furthermore, there are no negative effects on employment and no significant public interest issues to be concerned about.

CONCLUSION

[9] We find that this transaction is unlikely to substantially lessen or prevent competition, and accordingly approve the merger unconditionally.

Y Carrim

Tribunal Member

15 January 2008

Date

D Lewis and M Mokuena **concur** in the judgment of Y Carrim

Tribunal Researcher: L Xaba

For the merging parties : Cliffe Dekker

For the Commission : M Mohlala

(Mergers & Acquisitions)