



## COMPETITION TRIBUNAL OF SOUTH AFRICA

**Case No:61/LM/JUL11**

In the matter between:

**BLUE FALCON 134 TRADING (PTY) LTD**

Acquiring Firm

And

**DENNY MUSHROOMS (PTY) LTD**

Target Firm

Panel : Norman Manoim (Presiding Member)  
Andreas Wessels (Tribunal Member)  
Andiswa Ndoni (Tribunal Member)  
Heard on : 31 August 2011  
Order issued on : 31 August 2011  
Reasons issued on : 07 September 2011

### **Reasons for Decision**

#### **Approval**

- 1] On 31 August 2011, the Competition Tribunal ("Tribunal") approved the large merger between Blue Falcon 134 Trading (Pty) Ltd and Denny Mushrooms (Pty) Ltd. We explain below our reasons for this conclusion.

#### **The Parties to the transaction**

- 2] The primary acquiring firm is a shelf company known as Blue Falcon 134 Trading (Pty) Ltd ("Blue Falcon"). Upon completion of the proposed transaction, Blue Falcon's majority shares will be owned 49.9% by RMB

Ventures 6 (Pty) Ltd (“RMBV 6”), the investment banking arm of FirstRand Limited (“FirstRand”). As the remaining shareholders only have minority stakes which do not confer any form of control, RMBV6 will have material influence over Blue Falcon.

- 3] The primary target firm is Denny Mushrooms (Pty) Ltd (“Denny”), a subsidiary of AVI Limited (“AVI”).
- 4] In terms of the transaction, Blue Falcon will acquire Denny’s entire issued ordinary share capital from AVI and all AVI claims against Denny.

### **The Rationale**

- 5] According to the merging parties, the transaction is as a result of a decline in the importance of branding in the “fresh to produce” and in the fresh mushroom segments, which has resulted in this category no longer being strategically aligned to AVI’s growth ambition.

### **The parties’ activities**

- 6] As a shelf company, Blue Falcon has no activities. However, its controlling company, RMBV6, is involved in the provision of equity funding to a variety of firms. Its parent company, FirstRand, specialises in providing banking and insurance products and services to retail, commercials, corporate and public sectors customers in South Africa and several other African countries.
- 7] Denny is involved in the business of selling a range of mushrooms and value-added mushroom products and cook-in sauces.

### **The relevant market and the impact on competition**

- 8] There is no overlap in the activities of the merging parties as Blue Falcon’s controlling firms are not active in the market for producing and processing of fresh and canned mushrooms, the market in which Denny is active. It was also submitted that neither of Blue Falcon’s controlling shareholders owns nor controls any interest in Denny’s competitors.
- 9] Therefore, the Commission found that the transaction will not substantially prevent or lessen competition in the relevant market.

## **CONCLUSION**

10] The parties submitted that the proposed transaction will not result in employment losses. The proposed transaction does not raise any other public interest issues.

11] We agree with the Commission's conclusion above and find that the merger is unlikely to lead to any substantial prevention or lessening of competition in the relevant market. Accordingly, we approve the above merger unconditionally.

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**NORMAN MANOIM**

07 September 2011  
**DATE**

**Andreas Wessels and Andiswa Ndoni concurring**

Tribunal Researcher:      Tebogo Hlafane

For the merging parties:      Bowman Gilfillan Inc.

For the Commission:      Zanele Hadebe