

Case Number 8.13.013.30

**THE CONTROL OF CONCENTRATIONS**

**BETWEEN ENTERPRISES LAWS 1999 TO 2000**

**Notification concerning the acquisition of the share capital of Alliance Oil Company Ltd from Lambros Overseas SA and OSJC Alliance Group, through Alford Financial Ltd**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou,	Chairperson
Mrs. Eleni Karaoli,	Member
Mr. Andreas Karides,	Member
Mr. Charis Pastellis,	Member
Mr. Christos Tsingis	Member

Date of decision: 4 December 2013

SUMMARY OF THE DECISION

The Commission for the Protection of Competition (hereinafter the «Commission») received a notification of a proposed concentration by Lambros Overseas SA (hereinafter "Lambros") and OSJC Alliance Group (hereinafter "Alliance Group"), in accordance with section 13 of the Control of Concentrations between Enterprises Law (Number 22(I)/99) (hereinafter the «Law»). The notification concerns the acquisition by Lambros and Alliance Group of 55% of the share capital of Alliance Oil Company Ltd (hereinafter "Alliance Oil"), through Alford Financial Ltd (hereinafter "Alford").

The enterprises involved in this transaction are the following:

- Lambros Overseas SA is a holding company duly registered under the laws of the British Virgin Islands. The company's subsidiaries operate in various sectors, including oil trading.
- OSJC Alliance Group is a company duly registered under the laws of Russia. The company's activities are based in Russia and include investment, construction, ceramics factory and two printing and publishing companies.
- Alliance Oil Company Ltd is a company duly registered under the laws of the Bermudas. The company is listed in the Stockholm Stock Exchange and

operates in the production and exploitation of oil and gas, in Russia and Kazakhstan.

- Alford Financial Ltd is a company duly registered under the laws of the Bermudas and belongs to Geltome Ltd (hereinafter "Geltome"). This company was created for the purposes of this concentration.
- Geltome Ltd is a company duly registered under the laws of Cyprus and was created for the purposes of this concentration. Geltome belongs indirectly to Alliance Group and Lambros.

This transaction is based on the Implementation Agreement dated 30/10/2013 between the companies Daumier Investments Ltd (share holder of Geltome), Betino Investments Ltd (share holder of Geltome), Geltome (sole share owner of Alford), Alford (vehicle company) and Alliance Oil (target company). Moreover, Alford and Alliance Oil signed an Amalgamation Agreement on the 30/10/2013 for the implementation of the concentration, given that the provisions of the Implementation Agreement will be fulfilled. In relation to the above, on the 31/10/2013, Lambros, Alliance Group and Alliance Oil announced their intention to make a Public Offer, for the 55% of the share capital of Alliance Oil.

Based on the information contained in the notification, Alliance Group currently owns 44% of the share capital of Alliance Oil<sup>1</sup>, Lambros owns 0.71%, companies related to the owners of Lambros and Alliance Group own 0.29% of the share capital of Alliance Oil and the rest 55% of the shares are dispersed. With the present transaction, Lambros through its subsidiary company Alford, which belongs to Geltome, will own indirectly 57% of the share capital of Alliance Oil and Alliance Group will own indirectly the remaining 43%.

The Commission, taking into account the above facts and data submitted by the relevant parties has concluded that this transaction constitutes a concentration within the meaning of section 4(1)(b)(ii) of the Law, since the control over Alliance Oil will change from Alliance Group to Lambros.

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<sup>1</sup> Alliance Group is considered to have control over Alliance Oil due to the fact that the rest of its share capital is dispersed.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3 (2) (a) of the Law were satisfied and therefore the notified concentration was of major importance under the Law. According to the notification, the aggregate turnover achieved by Lambros, Alliance Group and Alliance Oil, in relation to each one of them for 2012, exceeded 3.417.203 euro. In addition, Lambros and Alliance Group engage in commercial activities within the Republic of Cyprus through the company Lia Oil SA. The aggregate turnover of Lia Oil SA for 2012 in Cyprus exceeded 3.417.203 euro.

The Commission for purposes of evaluating this concentration considered the relevant product/service market to be the distribution of oil products. The definition of the geographic market for the relevant product/services market was left open.

Based on the information provided, the parties in the present concentration engage in commercial activities within the Republic of Cyprus through the same company Lia Oil SA since Lambros owns 60% of the share Capital of Lia Oil SA, while Alliance Group owns the remaining 40%. Therefore, the concentration does not create any affected markets as determined in Annex I of the Law as there is no horizontal or vertical overlap in the relevant markets within the Republic of Cyprus.

The Commission, on the basis of the factual and legal circumstances, applying the relevant provisions of the Law and taking into consideration the report of the Service, unanimously decided that this concentration does not create or strengthen a dominant position as there is no affected market and therefore the concentration does not raise serious doubts as to its compatibility with the competitive market.

Therefore, the Commission, acting in accordance with section 18 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the requirements of the competitive market.

Mrs. Loukia Christodoulou  
Chairperson of the Commission for the Protection of Competition