

DECISION

Adopted upon Notification of intended concentration of economic entity Telekom Slovenije JSC, Republic of Slovenia and economic entity Blic.Net Ltd, Bosnia and Herzegovina

January, 2008

Pursuant to Article 25, paragraph (1), item e), article 42, paragraph(1) item d), Article 43, paragraph(2), in connection with Articles 12,14,16 and 18 of the Act on Competition («Official Gazette of BH», No. 48/05 and 76/07) and upon a Notification of intended concentration between economic entities Telekom Slovenije JSC, Cigaletova 15, Ljubljana, Republic of Slovenia and Blic.Net Ltd, Jevrejska 3/II, Banja Luka, entered under the registration number 01-02-26-039-II/07 on 08 November2007, the Council of Competition at its 59th (fifty-ninth) session, held on 30 January2008 has adopted

DECISION

1. Concentration, which is created in the market of providing Internet service in the Republic of Spike, through acquisition of control , purchasing the majority of shares in the shares capital, by which the economic entity Telekom Slovenije JSC, Cigaletova 15, Ljubljana, Republic of Slovenia became 100% owner of the economic entity Blic.Net Ltd, Jewish 3/II, Banja Luka, is declared compatible.
2. As the Notification of intended concentration was not submitted in the legally determined time, Telekom Slovenije JSC, is fined at the amount of 200.000,00 (two hundred thousands KM), and is obliged to pay it within 8 days from the receipt of this Decision.
3. This Decision on concentration shall be recorded at the Registry on concentrations.
4. This Decision is final and it will be published in Official Gazette of BH and in official gazettes of Entities and Brcko District of Bosnia and Herzegovina.

Exposition

Economic entity Telekom Slovenije, Cigaletova 15, Ljubljana, Republic of Slovenia (hereinafter: Telekom Slovenije, or the Applicant), through the competent lawyer Sead Miljkovic, Fra Andjela Zvizdovića 1, Sarajevo, has submitted to the Council of Competition a Notification of intended concentration (hereinafter: the Notification), by which the Applicant wants purchasing the majority shares in the capital to acquire 100% ownership in the economic entity Blic.Net Ltd., Jevrejska 3/II, Banja Luka (hereinafter: Blic.Net).

Notification of intended concentration was submitted to the Council of Competition on 08November2007, and accordingly, it was not submitted within the legal deadline, eight days from the date of conclusion of the Agreement on purchase of business shares in Blic.Net Ltd, (hereinafter: the Agreement), in the sense of Article 16 (1) of the Act on competition. Namely, the Agreement on purchase of business shares was concluded on 20 December2006.

The Council of Competition established that Notification was complete, and accordingly, it issued an Acknowledgment of receipt of the complete and adequate Notification number 01-02-26-039-1-II/07, on 17 December 2007, pursuant to Article 30, paragraph (3) of the Act.

The Applicant is not obliged to submit a Notification to any other body responsible for assessment of the concentration outside of the territory of Bosnia and Herzegovina.

During the analysis of the data stated in the Notification, the Council of Competition found that the parties to this concentration, by the final account in 2005, financial year that preceded the concentration, made the following total incomes (Table 1):

Table 1.

Total income (KM)	Telekom Slovenije	<i>Blic.Net</i>
World market	*(..)	*(..)
BiH	-	*(..)

Since the criterion of total income was fulfilled, (total income earned by the parties to this concentration in the world market of goods and / or services , in the year preceding the concentration), parties to the concentration were obliged to notify the intent concentration , pursuant to Article 14 of the Act on competition .

The following facts were established in the assessment of the Notification:

1. Legal basis and form of the concentration

Legal basis for this concentration is an Agreement on purchase of business shares in Blic.Net Ltd (hereinafter: Agreement), signed on 20 December 2006, in Ljubljana, between the economic entity Telekom Slovenije (as buyer) and economic entity Sinfonika društvo za elektronske komunikacije JSC (as a seller), Motnica 7, 1236 Trzin, the Republic of Slovenia.

By the Agreement, Telekom Slovenije acquires 100% of shares in the shares capital of the economic entity Blic.Net Ltd., which is owned by the economic entity Sinfonika JSC, Motnica 7, 1236 Trzin, Republic of Slovenia.

Legal form of this concentration is acquiring of control or dominant influence of one economic entity over other economic entity through acquiring by buying majority stocks or shares in the shares capital, in accordance with Article 12, paragraph (1) item b) 1) of the Act.

2. Parties to the concentration

The parties to the concentration are Telekom Slovenije, Cigaletova 15, Ljubljana, Republic of Slovenia and Blic.Net Ltd, Jevrejska, 3/II, Banja Luka.

2.1. Telekom Slovenije JSC.

Telekom Slovenije, Cigaletova 15, Ljubljana, Republic of Slovenia is stock company organized in accordance with the laws of the Republic of Slovenia and registered in the District Court in Ljubljana, under registration number 5014018, on 01October1993.

The main business activity of Telekom Slovenije is providing services in the field of telecommunications, which include the following services: services of fixed and mobile telephony, Internet services, data processing and distribution of cable TV signals. In the Republic of Slovenia, Telekom Slovenije has 100% ownership in the following economic entities: "Mobitel" JSC, "SiOL" JSC, "GVO" Ltd, "Avtenta" Ltd, "Soline" Ltd, and "Planet 9" Ltd, in 2006, the economic entity Telekom Slovenije founded the economic entity "Tele-dat" Ltd.

*(..)The data is deemed as a business secret

In the course of 2006, the economic entity Telekom Slovenije gained a majority ownership in "Ipko net" Kosovo (75%) and "On-net" Ltd. Macedonia (76%).

On the day of 31December2006, the Republic of Slovenia owned 4,086,418 of stocks or 62.5268% in Telekom Slovenije.

Telekom Slovenije, before the implementation of this concentration, had no subsidiary companies in the market of the Republic of Srpska.

2.2. Blic.Net

Blic.Net Ltd, Jevrejska 3/II, Banja Luka, organized in accordance with the laws of the Republic of Srpska and Bosnia and Herzegovina, is registered at the Municipal Court in Banja Luka under registration number 1-2982-00, on 31March2003.

The main business activity of Blic.Net is providing of Internet Services.

The owner of 100% of share in shares capital in economic entity Blic.Net, before the implementation of this concentration ,was the economic entity Sinfonika društvo za elektronske komunikacije JSC, Motnica 7, 1236 Tržin, the Republic of Slovenia, registered in the District Court in Ljubljana under the number 5931908, on 15January1996 (hereinafter: Sinfonika).

Besides the economic entity Blic.Net, Sinfonika in Bosnia and Herzegovina has a subsidiary Sinfonika" društvo za elektronske komunikacije Ltd, Sarajevo, (a Society for Electronic Communications), Zmaja od Bosne 4, Holiday Inn-1008, registered at the Cantonal Court in Sarajevo under the registration number 1-25085, on 22 March2005 (hereinafter: Sinfonika Sarajevo).

3. Analysis of relevant market

Article 3 of the Act and art. 4, 5 and 6 of the Regulation on definition of the relevant market ("Official Gazette of BiH, number 18/06)stipulate the relevant market of particular products or services that are the subject of business activity of economic entities in the relevant geographic market.

Council of Competition finds that the relevant market of products of the parties to this concentration is providing of Internet Services.

The relevant geographic market of this concentration is the Republic of Srpska, as the provision of internet services is performed only on the territory of the Republic of Srpska.

Having in mind the above-mentioned, the Council of Competition determines the market of providing Internet services in the territory of the Republic of Srpska as a relevant market of this concentration.

According to official data of Telekom Slovenije, published on the web- page, in the Republic of Srpska, Blic.Net has 21% of market share, while Teol has 52%, Spinter 12%, Zone 7% and other 8% of market share (where the Annex Ltd. belongs, and which is, after this concentration, incorporated in ownership of Telekom Slovenije.

4. Appraisal of the concentration

Council of Competition, on the basis of assessment and analysis of the structure of the relevant market and market shares of the parties to the concentration, has assessed that

implementing of this concentration does not change the market shares of the parties to this concentration, and does not lead to the creation or strengthening of dominant position of the parties to this concentration, due to the fact that Telekom Slovenije has not been active and had no market share in the relevant market of the Republic of Srpska in the field of providing Internet services, and that market share of economic entity Blic.Net remains unchanged. In this case, it is only a change of existing control over the party to this concentration.

Council of Competition, declaring this concentration permitted, had in mind the fact that, before this concentration, Telekom Slovenije created the concentration of economic entity Annex Ltd. Banja Luka, which was approved by the Council of Competition, which made a change of market shares in the relevant market in providing Internet and telephone services but did not lead to the creation and strengthening dominant position in this field.

Taking into account all presented facts and data that preceded promulgation of the decision, the Council of Competition declared this concentration permitted, in the sense člana 18., paragraph (2) item a) of the Act, as decided in the operative part of this Decision.

5. Fine

Council of Competition assessed that this concentration is the concentration in terms of Article 12 ,paragraph(1) item b) 1) of the Act, and the Applicant was required to submit the Notification ,in the time within eight days from the date of concluding the Agreement, , in accordance with Article 16,paragraph (1) of the Act.

Having particularly in mind the provisions of the Act and the insight provided in the documentation, Council of Competition has established the existence of violations of Article 16.,paragraph(1) of the Act by the Applicant, due to the fact that Notification has been submitted with a delay of 10 months and 11 days.

Council of Competition, in the sense of Article 49,paragraph (1) item b) of the Act, may impose a fine of up to 1% of the total income earned by the Applicant in the previous business year, for violation of the provisions of Article 16 ,paragraph(1) of the Act. Council of Competition has imposed a fine to Telekom Slovenije in the amount of 200,000.00 KM, which is 0,015% of the total annual income in 2005.

When pronouncing the amount of fine, the Council of Competition has had in mind the fact that the Applicant has reported the concentrations with delay, that the Applicant comes from the country that is a member of the EU , where the legislation in the field of market competition is developed and well-known, and that should know for obligation of filing the notification of concentration. The fine is primarily intended to warn the parties that concentration must be observed within the regulations governing this area, not just to punish offender.

6. Administrative tax

On this Decision the Applicant, pursuant to the Article 2, tariff number 107, paragraph (1), item d) 1) of the Regulation on administration taxes relating to the practices before the Council of Competition (“Official Gazette of BiH”, No. 30/06), is obliged to pay administration tariff of 2.500,00 KM for the benefit of the Budget of Institutions of Bosnia and Herzegovina.

7. LEGAL REMEDY

This Decision is final and no appeal is allowed against it. Unsatisfied party shall be entitled to bring an administrative dispute before the Court of Bosnia and Herzegovina within thirty days (30 days) from the date of receipt of this Decision, i.e. from the date of its publication.

President

Sanja Božić