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AFK Sistema Shares to Remain Under Arrest

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Maxim Shemetov / Reuters

A Russian court on Thursday ordered assets belonging to three AFK Sistema companies remain frozen, the newspaper Kommersant reported.

Russian state-owned oil giant Rosneft filed a suit in May against AFK Sistema, which owned the oil company Bashneft until 2014, over claims AFK Sistema damaged Bashneft assets being transferred to the state-owned company.

On June 26, the Bashkortostan Arbitration Court arrested shares of three companies belonging to AFK Sistema and its daughter company Sistema Invest.

The assets include 31 percent of the MTS cell phone operator, 100 percent of the Medsi private clinics chain and 90 percent of the Bashkir Electric Grid Company (BESK), Interfax reported.

The total value of the assets under arrest are evaluated at 185 billion rubles ($3 billion).

AFK Sistema unsuccessfully appealed to have the provisional measures removed on June 30.

An AFK Sistema spokesperson told Interfax that “The arrest of the shares does not impede the operational work of the company.”

But the spokesperson added that the company faced “damages in the form of falling share prices."

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