



City Service AB

Consolidated and parent company's interim financial
statements for the twelve months of 2013
(unaudited)

Statements of financial position

	Group		Company	
	As of 31 December 2013	As of 31 December 2012	As of 31 December 2013	As of 31 December 2012
Assets				
Non-current assets				
Goodwill	32.806	45.598	-	-
Other intangible assets	64.702	76.580	490	3
Property, plant and equipment	63.368	88.205	812	419
Investment property	280	370	-	-
Investments into subsidiaries	-	-	110.806	162.045
Investments into associates	588	588	-	-
Non-current financial assets receivables and prepayments	4.426	2.018	19.919	395
Deferred income tax asset	7.412	10.149	421	452
Total non-current assets	173.582	223.508	132.448	163.314
Current assets				
Inventories	5.692	5.119	-	1
Prepayments	9.919	12.269	183	174
Trade receivables	182.388	118.015	47.278	29.158
Receivables from related parties (including loans granted)	373	950	36.849	55.084
Other receivables and current assets	9.248	10.124	1.618	2.253
Cash and cash equivalents	39.328	32.914	936	129
Total current assets	246.948	179.391	86.864	86.799
Assets held for sale (Ecoservice UAB waste management and eco-business, Note 1)	63.709	-	55.091	-
Total assets	483.609	402.899	274.403	250.113



Statements of financial position (cont'd)

	Group		Company	
	As of 31 December 2013	As of 31 December 2012	As of 31 December 2013	As of 31 December 2012
Equity and liabilities				
Equity attributable to equity holders of the Company				
Share capital	31.610	31.610	31.610	31.610
Reserves and share premium	83.002	83.002	82.991	82.991
Foreign currency translation	(2.582)	(2.179)	-	-
Retained earnings (deficit)	103.925	71.259	42.337	32.949
Equity related with discontinued operations (Ecoservice UAB waste management and eco- business, Note 1)	(8.640)	-	-	-
	207.315	183.692	156.938	147.550
Non-controlling interests	3.085	2.307	-	-
Total equity	210.400	185.999	156.938	147.550
Liabilities				
Non-current liabilities				
Non-current borrowings	51.179	29.716	50.705	29.716
Financial lease obligations	4.127	6.255	337	253
Deferred income tax liabilities	9.671	13.398	-	-
Non-current payables	3.669	4.597	405	390
Total non-current liabilities	68.646	53.966	51.447	30.359
Current liabilities				
Current portion of non-current borrowings	6.258	9.498	6.041	9.418
Current portion of financial lease obligations	1.623	2.749	93	62
Short term loans	10.153	18.913	19.747	34.950
Trade payables	96.467	73.687	16.782	13.189
Payables to related parties (including loans received)	13.348	12.473	20.290	11.928
Advances received	16.029	18.413	1.917	1.691
Other current liabilities	44.057	27.201	1.148	966
Total current liabilities	187.935	162.934	66.018	72.204
Liabilities associated with assets held for sale (Ecoservice UAB waste management and eco- business, Note 1)	16.628	-	-	-
Total equity and liabilities	483.609	402.899	274.403	250.113



Statements of comprehensive income (for the period 1 January – 31 December)

	Group		Company	
	2013	2012	2013	2012
Continued operations				
Sales	530.443	495.099	45.013	53.068
Cost of sales	(428.371)	(399.709)	(35.834)	(42.352)
Gross profit (loss)	102.072	95.390	9.179	10.716
General and administrative expenses	(78.476)	(93.083)	(8.193)	(10.865)
Other operating income (expenses)	5.447	24.449	297	1.829
Profit (loss) from operations	29.043	26.756	1.283	1.680
Income from financial and investment activities, net	(5.844)	(7.449)	8.122	5.889
Profit (loss) before tax	23.199	19.307	9.405	7.569
Income tax	(4.195)	(5.509)	(17)	(437)
Net profit (loss) from continued operations	19.004	13.798	9.388	7.132
Discontinued operations				
Net profit (loss) from discontinued operations (Ecoservice UAB waste management and eco-business, Note 1)	5.800	2.450	-	-
Net profit (loss)	24.804	16.248	9.388	7.132
Other comprehensive income				
Exchange differences on translation of foreign operations	(403)	(355)	-	-
Total comprehensive income for the year, net of tax	24.401	15.893	9.388	7.132
Attributable to:				
The shareholders of the Company	24.026	15.078	9.388	7.132
Non-controlling interests	778	1.170	-	-
	24.804	16.248	9.388	7.132
Total comprehensive income attributable to:				
The shareholders of the Company	23.623	14.723	9.388	7.132
Non-controlling interests	778	1,170	-	-
	24.401	15.893	9.388	7.132
Basic and diluted earnings per share (LTL)	0,58	0,48		



Statements of comprehensive income (for the period 1 October – 31 December)

	Group		Company	
	2013	2012	2013	2012
Continued operations				
Sales	186.414	136.454	13.161	15.767
Cost of sales	(157.802)	(116.091)	(10.280)	(12.830)
Gross profit (loss)	28.612	20.363	2.881	2.937
General and administrative expenses	(24.608)	(38.429)	(1.895)	(2.917)
Other operating income (expenses)	4.758	25.749	79	69
Profit (loss) from operations	8.762	7.683	1.065	89
Income from financial and investment activities, net	(800)	98	(482)	1.046
Profit (loss) before tax	7.962	7.781	583	1.135
Income tax	(1.101)	(3.536)	(26)	(24)
Net profit (loss) from continued operations	6.861	4.245	557	1.111
Discontinued operations				
Net profit (loss) from discontinued operations (Ecoservice UAB waste management and eco-business, Note 1)	(316)	86	-	-
Net profit (loss)	6.545	4.331	-	-



Statements of changes in equity

<u>Group</u>	Share capital	Share premium	Legal reserve	Foreign currency translation	Other reserves	Retained earnings (deficit)	Total	Non-controlling interest	Total
Balance as of 1 January 2012	31.610	73.830	3.172	(1.824)	6.000	63.451	176.239	2.231	178.470
Net profit for the year	-	-	-	-	-	15.078	15.078	1.170	16.248
Other comprehensive income (expense)	-	-	-	(355)	-	-	(355)	-	(355)
Total income (expense) for the year	-	-	-	(355)	-	15.078	14.723	1.170	15.893
Acquisition of subsidiary	-	-	-	-	-	-	-	(22)	(22)
Disposal of subsidiary	-	-	-	-	-	-	-	(1,072)	(1,072)
Dividends declared	-	-	-	-	-	(7.270)	(7.270)	-	(7.270)
Balance as of 31 December 2012	31.610	73.830	3.172	(2.179)	6.000	71.259	183.692	2.307	185.999
Balance as of 1 January 2013	31,610	73,830	3,172	(2,179)	6,000	71,259	183,692	2,307	185,999
Net profit for the year	-	-	-	-	-	24.026	24.026	778	24.804
Income (expenses) for the year recognised directly in equity	-	-	-	(403)	-	-	(403)	-	(403)
Total income (expense) for the year	-	-	-	(403)	-	24.026	23.623	778	24.401
Balance as of 31 December 2013	31.610	73.830	3.172	(2.582)	6.000	95.285	207.315	3.085	210.400

<u>Company</u>	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings (deficit)	Total
Balance as of 1 January 2012	31,610	73,830	3,161	6,000	33,087	147,688
Net profit for the year	-	-	-	-	7.132	7.132
Dividends declared	-	-	-	-	(7,270)	(7,270)
Balance as of 31 December 2012	31.610	73.830	3.161	6.000	32.949	147.550
Balance as of 1 January 2013	31,610	73,830	3,161	6,000	32,949	147,550
Net profit for the year	-	-	-	-	9.388	9.388
Balance as of 31 December 2013	31.610	73.830	3.161	6.000	42.337	156.938



Statements of cash flows*

	Group		Company	
	2013	2012	2013	2012
Cash flows from (to) operating activities				
Net profit	24.804	16.248	9.388	7.132
Adjustments for non-cash items:				
Income tax expenses	4.967	5.991	17	437
Depreciation and amortization	17.454	13.121	155	265
Impairment and discounting of accounts receivable	5.003	11.472	(92)	(841)
Gain from bargain purchase	(4.017)	(22.965)	-	-
Loss (gain) on disposal of property, plant and equipment	(330)	(358)	(6)	(13)
Dividend (income)	-	-	(6.400)	(18.578)
Loss from sale of investments	433	6.906	-	-
Impairment of goodwill	4.100	19.139	-	-
Impairment of investments into subsidiaries	-	-	-	11.940
Interest (income)	(588)	(337)	(2.089)	(936)
Interest expenses	2.774	1.415	2.660	1.646
Reversal of discounting effect on long-term trade payables	560	686	-	-
Other financial activity result, net	(456)	(821)	-	-
Share of net profit of associate	-	(10)	-	-
	54.704	50.487	633	1.052
Changes in working capital:				
(Increase) decrease in inventories	(1.091)	221	1	700
(Increase) decrease in receivables and other current assets	(32,820)	(46.681)	(15.520)	(17.131)
(Increase) decrease in prepayments	3,771	(4.834)	(9)	78
Increase (decrease) in trade payables and payables to related parties	(17,489)	18.727	11.579	7.111
Income tax (paid)	(3.191)	(6.061)	39	(599)
Increase (decrease) in advances received and other current liabilities	2.882	6.383	407	(4.206)
Net cash flows from (to) operating activities	6.766	18.242	(2.870)	(12.995)
Cash flows (to) investing activities				
(Acquisition) of non-current assets (except investments)	(3.051)	(4.540)	(1.035)	(197)
Proceeds from sale of non-current assets	3.987	1.398	6	2
(Acquisition) of investments in subsidiaries and associates (net of cash acquired in the Group)	5.117	(23.890)	5.117	(21)
Disposal of investments in subsidiaries	-	4.187	-	-
Interest received	55	55	39	78
Prepayment for investments	(1.979)	(4.237)	-	-
Dividends received	-	-	9.400	18.578
Loans granted	-	-	(5.505)	(42.144)
Net cash flows from (to) investing activities	1.871	(27.027)	8.022	(23.704)
Cash flows (to) from financing activities				
Dividends (paid)	-	(7.270)	-	(7.270)
Proceeds from loans	10,926	38.489	1.746	54.125
(Repayment) of financial lease liabilities	(1.196)	(5.148)	115	(1.850)
Loans (repaid)	(4.103)	(8.103)	(3.460)	(7.116)
Interest (paid)	(2.774)	(1.319)	(2.743)	(1.277)
Net cash flows from (to) financial activities	2.853	16.649	(4.345)	(36.612)
Net increase (decrease) increase in cash and cash equivalents	11.490	7.864	807	(87)
Cash and cash equivalents at the beginning of the period	32.914	25.050	129	216
Cash and cash equivalents at the end of the period	44.404	32.914	936	129

*For comparison purpose, information about total consolidated Group is presented, including discontinued operations.



Notes to the financial statements

1. General Information

AB City Service (hereinafter – “the Company”) is a public limited liability company registered in the Republic of Lithuania on 28 January 1997.

The Company controls the largest group of integrated utility service companies in Central and Eastern Europe. The City Service group is the market leader in facility management and integrated utility services in the Baltic States. It provides services in the following cities and regions: in the municipalities of Vilnius, Kaunas, Klaipėda, Šiauliai, Alytus, Utena, Marijampolė, Palanga, Trakai, Širvintos, Radviliškis, Neringa, Varėna, Kazlų Rūda, Vilkaviškis, Šilutė and Pagėgiai in Lithuania; in Poland; in Spain; in Riga and separate regions in Latvia; in St. Petersburg and Stavropol in the Russian Federation.

1.1. Activities

City Service group provides facility management; maintenance and repair of engineering systems; management and renovation of energy resources; technical and energy audit of buildings; waste management and eco-business (discontinued operations); maintenance of elevators; maintenance and cleaning of territories.

The most important buildings segment administered by the City Service group: are residential apartment buildings; commercial buildings; public buildings; industrial buildings. The total area of buildings under the management of the Group is 31,6 million sq. m. at present.

1.2. Share Capital of the Company

The share capital of the Company is LTL 31,610 thousand as of 31 December 2013. It is divided into 31,610 thousand ordinary shares with the nominal value of LTL 1 each. All shares of the Company are paid up.

The Company does not have any other classes of shares than ordinary shares mentioned above, there are no any restrictions of share rights or special control rights for the shareholders settled in the Articles of Association of the Company. No shares of the Company are held by itself or its subsidiaries. No convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital.

On 31 December 2013 all 31,610 thousand ordinary shares of the Company are included into the Official List of NASDAQ OMX Vilnius Stock Exchange (ISIN Code of the shares is [LT0000127375](#)). Trading Code of the shares on NASDAQ OMX Vilnius Stock Exchange is CTS1L.

1.3. Shareholders of the Company

On 31 December 2013 the total number of shareholders of the Company was 1879.

Company's shares distribution among shareholders who have more than 5 % shares of Company as of 31 December 2013 was the following:

	Number of shares held	Owned percentage of the share capital and votes, %
ICOR UAB, legal entity code 300021944, address: Konstitucijos av. 7, Vilnius, Lithuania	20,205,595	63.92 %
East Capital Asset Management“ AB, registration no. 556546-8435, address: Kungsgatan 33, Stockholm, Sweden	3,167,722	10.02 %
Genesis Asset Managers, LLP, registration no. OC 306866, address: 21 Grosvenor Place, London, United Kingdom	1,644,183	5.20%
Other private and institutional shareholders	6,592,500	20.86 %
Total	31,610,000	100 %



1.4. City Service Group

On 31 December 2013 the City Service AB group consists of City Service AB and the following subsidiaries (hereinafter referred to as „the Group“):

Company	Country	Share of the stock held by the Group as of 31 December 2013	Share of the stock held by the Group as of 31 December 2012	Main activities
UAB Antakalnio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Aukštaitijos būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Baltijos būsto priežiūra	Lithuania	100%	100%	Dormant
UAB Baltijos liftai	Lithuania	100%	100%	Elevator installing & tech. support
UAB Baltijos NT valdymas	Lithuania	100%	100%	Real estate management
UAB Baltijos pastatų valdymas	Lithuania	100%	100%	Dormant
UAB Dainavos būstas	Lithuania	100%	100%	Dormant
UAB Danės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Ekonomus	Lithuania	100%	100%	Administration of construction-buildings
UAB Justiniškių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Jūros būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Kauno centro būstas	Lithuania	100%	100%	Dormant
UAB Karoliniškių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Karoliniškių turgus	Lithuania	100%	-	Marketplace administration services
UAB Konarskio turgelis	Lithuania	100%	-	Marketplace administration services
UAB Lazdynų butų ūkis	Lithuania	100%	100%	Administration of dwelling-houses
UAB Lazdynų būstas	Lithuania	100%	100%	Dormant
UAB Mano aplinka	Lithuania	100%	-	Maintenance and cleaning of territories and premises
UAB Mano būstas LT	Lithuania	100%	100%	Commercial real estate management and building maintenance
UAB Mano sauga	Lithuania	99,27%	51%	Security services
UAB Namų priežiūros centras	Lithuania	100%	100%	Administration of dwelling-houses
UAB Naujamiesčio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Nemuno būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Nemuno būsto priežiūra	Lithuania	100%	100%	Dormant
UAB Pašilaičių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Pempininkų būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Radviliškio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Saulėtos dienos	Lithuania	100%	-	Administration of dwelling-houses
UAB Scandinavian Industrial Waste Management	Lithuania	100%	-	Dormant
UAB SKOLOS LT	Lithuania	100%	100%	Debt collection services
UAB Šiaulių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Šiaulių liftas	Lithuania	100%	100%	Elevator installing & tech. support
UAB Šilutės būstas	Lithuania	99.84%	99.84%	Administration of dwelling-houses
UAB Vėtrungės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Vilkpėdės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Vilniaus turgus	Lithuania	100%	-	Dormant
UAB Vingio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Viršuliškių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Žaidas	Lithuania	99.33%	99.33%	Administration of dwelling-houses
UAB Žardės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Žirmūnų būstas	Lithuania	100%	100%	Administration of dwelling-houses
Concentra Servicios y Mantenimiento, S.A.	Spain Madrid	100%	-	Commercial real estate management and building



SIA Riga City Service	Latvia	100%	100%	Commercial real estate management and building
City Service Poland Sp .z.o.o	Poland Warsaw	100%	100%	Dormant
City Service Polska Sp. Z.O.O	Poland Warsaw	100%	-	Dormant
INTERBUD MAX SP. Z.O.O	Poland Warsaw	100%	100%	Dormant
Zespół Zarządców Nieruchomości Sp. z o.o.	Poland Warsaw	100%	100%	Administration of dwelling-houses
ТОВ Київ Сіті Сервіс	Ukraine	100%	100%	Administration of dwelling-houses
ОАО Сити Сервис / ОАО City service	Russia, St. Petersburg	100%	100%	Administration of dwelling-houses
ЗАО Сити Сервис / ЗАО City service	Russia, St. Petersburg	100%	100%	Administration of dwelling-houses
ОАО Специализи-рованное ремонтно-наладочное управление	Russia, St. Petersburg	100%	100%	Construction and engineering
ООО Жилкомсервис № 3 Фрунзенского района	Russia, St. Petersburg	80%	80%	Administration of dwelling-houses
ООО «Чистый дом»	Russia, St. Petersburg	100%	100%	Maintenance and cleaning of territories
ООО "Подъемные механизмы"	Rusija, St. Peterburga	99%	-	Elevator installing & tech. support
ООО «Управляющая компания -1»	Russia, Stavropol	76%	76%	Administration of dwelling-houses
ООО «ПРОМИНТЕР - управление проектами»	Russia, Stavropol	100%	100%	Administration of dwelling-houses
ООО «Управляющая компания -2»	Russia, Stavropol	76%	76%	Administration of dwelling-houses
ООО «Управляющая компания -3»	Russia, Stavropol	76%	76%	Administration of dwelling-houses
ООО «Управляющая компания -4»	Russia, Stavropol	76%	76%	Administration of dwelling-houses
ООО «Управляющая компания -5»	Russia, Stavropol	76%	76%	Administration of dwelling-houses
ООО «УК -5»	Russia, Stavropol	100%	100%	Administration of dwelling-houses
ООО «Управляющая компания -6» (legal entity code 2635085674)	Russia, Stavropol	76%	76%	Administration of dwelling-houses
ООО «Управляющая компания -6» (legal entity code 2635105070)	Russia, Stavropol	100%	100%	Administration of dwelling-houses
ООО «Жилищная Управляющая компания № 6»	Russia, Stavropol	100%	100%	Administration of dwelling-houses
ООО «Управляющая компания – 8»	Russia, Stavropol	100%	100%	Administration of dwelling-houses

The Group's and the Company's investment in an associate as of 31 December 2013 included an investment in Marijampolės butų ūkis UAB (34% of the share capital).

Discontinued operations	Country	Share of the stock	Share of the stock	Main activities
		held by the Group as of 31 December 2013	held by the Group as of 31 December 2012	
UAB Ecoservice	Lithuania	100%	100%	Collection and removal of waste
UAB Komunalinių įmonių kombinatas	Lithuania	99,71%	99,71%	Collection and removal of waste
UAB Specialus autotransportas	Lithuania	100%	100%	Collection and removal of waste
UAB Pagėgių savivaldybės komunalinis ūkis	Lithuania	66%	66%	Dormant

Discontinued operations are classified as assets held for sale due to shares sales transaction of Ecoservice UAB as it is described in Note 12.



1.5. Company's Board

As of 31 December 2013, the Board of the Company comprises of the following persons:

Name and surname	Position	Start of term	End of term
Andrius Janukonis	Board Chairman	April 30, 2013	April 30, 2017
Gintautas Jaugielavičius	Board Member	April 30, 2013	April 30, 2017
Darius Leščinskas	Board Member	April 30, 2013	April 30, 2017

The Board members do not control any shares of the Company.



Andrius Janukonis

Andrius Janukonis (born in 1971) is the Chairman of the Board of AB City Service (since 2009). He holds a Master's degree in Law. He works as a consultant for ICOR UAB and is the chairman of the board of the company (since 2004).

Gintautas Jaugielavičius

Gintautas Jaugielavičius (born in 1971) is a Member of the Board of AB City Service (since 2005). He holds a Bachelor's degree in Economics. At present, he works as a consultant for ICOR UAB and is a member of the board of the company (since 2004).



Darius Leščinskas

Darius Leščinskas (born in 1968) is a Member of the Board of AB City Service (since 2009). He holds a Master's degree in Law. At present, he works as a consultant for ICOR UAB and is a member of the board of the company (since 2004).



1.6. Company's Management

As of 31 December 2013 and as of date of submission of this report, the key managers of the Company and of the Group are as follows:

Name and surname	Position within the Company	Start of employment
Jonas Janukėnas	General Manager	May 2007
Vytautas Turonis	Executive Manager for Lithuania	May 2004
Edvinas Paulauskas	Executive Manager	February 2005
Tomas Augutavičius	Chairman of the Board of City Service group in Russia	June 2006

They do not control any shares of the Company.



Jonas Janukėnas

Jonas Janukėnas (born in 1976) is the General Manager of AB City Service (since September, 2013,). Since 2007 Mr Janukėnas was Financial and Administrative Manager of AB City Service. Mr Janukėnas is also the Chairman of the Board at Mano būstas LT UAB (since July, 2012). He holds a Master's degree in Business Administration. Prior to coming to work at the Company, he worked as the Financial Manager of UAB Litesko (2001 – 2007) and Senior Auditor and Risk Management Consultant at the Vilnius division of Andersen (1998 – 2001).

At present, the main task of the General Manager is to head the Group and take charge of planning and coordination of important development projects in Russia, Poland, Spain, as well as other markets in Eastern and Western Europe



Vytautas Turonis

Vytautas Turonis (born 1972 m.) is the General Manager at Mano būstas LT UAB and works as the Executive Manager for Lithuania at City Service AB. He holds a Bachelor's degree in International Business. Previously he worked as the Marketing Manager of UAB Specialus Autotransportas (2003 – 2004). He started to work in the Company as the Market Development Department Manager (2004 – 2008).

Vytautas Turonis is responsible for the Group's activities throughout Lithuania.



Edvinas Paulauskas

Edvinas Paulauskas (born in 1976) is the Executive Manager at City Service AB and Mano būstas LT, UAB. Previously he worked as the Commercial director (since 2008). Edvinas Paulauskas started working in the Company as the Project Manager (2005-2006). He holds a Bachelor's degree in Environment Engineering.

Edvinas Paulauskas is responsible for the Group's activities in the commercial and exploitation departments as well as in the innovation and energy efficiency chapter throughout Lithuania and foreign markets.



1.6. Company's Management (cont'd)



Tomas Augutavičius

Tomas Augutavičius (born 1973 m.) is the Chairman of the Board of City Service group in Russia (since 2009). He holds a Bachelor degree in technology. He started working in the Company as Head of Kaunas Department (2006 - 2009).

The Chairman of the Board of City Service group in Russia Tomas Augutavičius is responsible for activities of companies operating in Russia.

1.7. Activity and Segment Information

Information on main activity segments*:

	2013		2012	
	Buildings' administration		Buildings' administration	
	Resale of utility services	Administration services	Resale of utility services	Administration services
Revenue: Company	-	45.013	-	53.068
Revenue: Group	111.132	479.983	171.063	363.491

Information on main geographical segments for the Group*:

	2013				2012			
	Spain	Poland	Baltic states	CIS States	Spain	Poland	Baltic states	CIS States
Revenue	42.514	75.846	283.550	189.205	-	-	240.909	293.645
Profit from operations	828	1.985	25.767	7.144	-	-	19.733	10.172
Net profit (loss)	417	523**	19.657	4.207***	-	-	9.373	6.875

* For comparison purpose, information about total consolidated Group is presented, including discontinued operations.

**Includes LTL 1.078 thousand foreign currency exchange loss.

***Includes LTL 1.102 thousand foreign currency exchange loss.



Main activity indicators for the Group (continued operations):

	2013	2012	Change (%)
Area of multi-flat apartment buildings under administration (million square meters)	21,6	21.9	-1,4%
Area of public. commercial building and a typical properties under administration (million square meters)	10	3,3	206,7%
Number of employees	5.189	3.524	41.6%
Sales for the period*	530.443	495.099	7,1%
Sales (main activity)*	456.726	324.036	40,9%
Gross margin*	22,3%	33,8%	(33,9%)
EBITDA margin*	8,6%	13,3%	(35,0%)
EBIT margin*	6,4%	9,2%	(31,1%)
Net margin*	4,2%	5,0%	(17,0%)
Number of shares (thousand)	31.610	31.610	0,0%
Return on equity	9,6%	8,9%	7,5%
Return on assets	4,6%	4,4%	6,2%
Financial Net Debt to equity**	13%	3%	

* Calculated by reducing sales for the resale of utility services.

** Interest bearing debt (net of cash balance) to Shareholders' equity.

2. Accounting Policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.



3. Goodwill

	Group
Cost:	
Balance as of 1 January 2012	69.362
Additions	4.913
Disposals	(9.248)
Balance as of 31 December 2012	65.027
Additions	154
Disposals	(716)
Exchange differences	(125)
Balance as of 31 December 2013	64.340
Impairment:	
Balance as of 1 January 2012	290
Impairment for the year	19.139
Balance as of 31 December 2012	19.429
Impairment for the year	4.100
Balance as of 31 December 2013	23.529
Goodwill held for sale	(8.005)
Net book value as of 31 December 2013	32.806
Net book value as of 31 December 2012	45.598

Investments and other changes during the twelve months of the year 2013

On 22 February 2013 UAB SKT Environmental Services Klaipėda, code 110734883, after the reorganization was incorporated into UAB Specialusis Autotransportas.

On 14 March 2013 the Company through a subsidiary acquired 100% shares of UAB Vilnius turgus, code 303005920. The value of the acquisition – LTL 68 thousand.

On 10th April the Company concluded the contract with the financial advisor Porta Finance regarding the consultations and search of potential acquirers for 100% of Ecoservice UAB shares. Ecoservice UAB with the subsidiaries supplies waste management and other environmental services in Vilnius, Klaipėda cities and in more than ten other municipalities of Lithuania.

On 30th of April the Ordinary General Meeting of the Shareholders of the Company has been held. The shareholders have distributed the Company's profit of the year 2012 and have elected the Board the Audit Committee of the Company for the new term. Shareholders also approved Ernst & Young Baltic UAB, company code 110878442, for the performance of the audit of the Company's and the Company's set of consolidated financial statements for the year 2013 and for the evaluation of the Company's consolidated annual report. The meeting has also established the payment conditions for the audit services and approved the new redaction of the Articles of Association of the Company.

On 17th of May the share capital of Mano sauga UAB, legal entity code 302628213, was increased by additional contributions from the shareholders. At the date of issue of these financial statements the share capital of Mano sauga UAB amounts to LTL 667,9 thousand and the Group controls 99.27 % shares of the company. Mano sauga UAB provides security services in Lithuania.

On 13th of June UAB Sinsta name has been changed into UAB Mano aplinka. Continuing the process of the unbundling, the activity of maintenance and cleaning of territories from UAB Naujamiesčio būstas has been transferred to UAB Mano aplinka this process is related to the further development of the cleaning services provided by the Group.



3. Goodwill (cont'd)

On 28th of June UAB Tvar.com, code 300730461, after the process of reorganization has been incorporated to its sole shareholder company.

On 31st July the Company acquired 100% shares of UAB Saulėtos dienos, legal entity code 302473916. The value of the contract is LTL 120 thousand. UAB Saulėtos dienos is engaged in the administration of dwelling houses in Vilnius district, Lithuania.

On 16th of August continuing the process of unbundling the activities, the market activity from UAB Karoliniškių būstas and UAB Naujamiesčio būstas have been transferred to separate newly established legal entities. Market activity from UAB Karoliniškių būstas was transferred to UAB Karoliniškių turgus and from UAB Naujamiesčio būstas to UAB Konarskio turgelis.

On 21st of August Group company ZZN, which in June won a tender to manage municipal apartments, territories and other premises of Poznan's Communal Apartment Office, signed the contract with Zarząd Komunalnych Zasobów Lokalowych. ZZN will manage a total apartment, territories and other premises area of 1.35 million sq. meters. The contract shall be signed for the term of 4 years; value of contract is PLN 24.7 million.

On 25th of September the Company acquired 100 % shares of ALDESA SERVICIOS Y MANTENIMIENTO, S.A., legal entity code A-84659614. The value of the contract is EUR 7.345 million. The acquired company provides commercial facility management and related services. The company holds offices throughout Spain, with over 4.8 million sq. meters of facilities under its management, with 1600 employees. At the acquisition of this subsidiary the management estimated provisional goodwill of LTL 1,415 thousand.

On 7th of October Mr Žilvinas Lapinskas resigned from the Board of the Company. At the date of submission of these financial statements the Board of the Company consists of three members: Mr Andrius Janukonis (the chairman of the Board), Mr Gintautas Jaugielavičius and Mr Darius Leščinskas.

On 31st of October the Company acquired 100% shares of City Service Polska Sp. z.o.o, legal entity code KRS 483372. The value of the contract is PLN 5 thousand. At the moment City Service Polska Sp. z.o.o. is dormant. The acquisition is related with possible expansion of the Group in Poland.

On 15th of November the Group company in Spain, has signed agreements on municipal housing management with Malaga and Asturia municipalities. „ALDESA SERVICIOS Y MANTENIMIENTO“, S.A. (the name was changed to „CONCENTRA SERVICIOS Y MANTENIMIENTO, S.A.“) will provide technical maintenance and management services for approximately 7000 apartments (more than 300 thousand sq. m.), value of the signed agreements is EUR 700 thousand.

On 19th of December the Company in Stavropol (Russia) sold ООО «Объединенная управляющая компания – 7» (selling price – 10.5 thousands of rubles) and ООО «Обслуживающая управляющая компания-7» (selling price – 10 thousands of rubles). Recognised loss from the sale – LTL 433 thousand.



3. Goodwill (cont'd)

At the acquisition of these subsidiaries goodwill of LTL 154 thousand has been accounted for. The goodwill appears due to expected synergies, which are expected to be derived from vertical expansion of business.

Also a gain of LTL 4.017 thousand from a bargain purchase was recognised in the Group's statement of comprehensive income in 2013.

The differences between the amounts paid and the fair values of assets acquired and liabilities and contingent liabilities assumed for the acquisitions of 2013 were as follows:

	Vilnius turgus UAB	Saulėtos dienos UAB	ALDESA SERVICIOS Y MANTENIMIENTO, S.A.	City Service Polska Sp. z.o.o
Date of acquisition, 2012	14 March	31 July	25 September	31 October
Fair value of acquired assets, liabilities and contingent liabilities attributable to the Group	10	24	7.865	4
Goodwill	58	96	(4.017)	-
Total purchase consideration	68	120	3.848*	4
Cash acquired	-	26	8.965	-
Total purchase consideration, net of cash acquired	68	94	(5.117)	4

*The value of the contract is LTL 25.360 thousand: LTL 3,848 thousand for shares of the subsidiary and additionally LTL 21.512 thousand for loans of former shareholders.

4. Investments to Subsidiaries

The Company's investments to subsidiaries movement from 31 December 2012 to 31 December 2013 is represented below:

Cost of investments at the beginning of the year	162.045
ALDESA SERVICIOS Y MANTENIMIENTO, S.A.	3.848
City Service Polska Sp.Z.O.O.	4
Assets held for sale	(55.091)
Cost of investments at the period end	110.806



5. Other Intangible Assets

Movement of other intangible assets in 2013 and 2012 is presented below:

	<u>Group</u>	<u>Company</u>
Cost:		
Balance as of 1 January 2012	86.810	1.671
Additions arising from acquisitions of subsidiaries	12.562	-
Additions	311	45
Disposals of subsidiaries	(12.472)	-
Disposals	(8)	(2)
Retirements	(189)	-
Reorganisation effect	-	(1.699)
Balance as of 31 December 2012	<u>87.014</u>	<u>15</u>
Additions arising from acquisitions of subsidiaries	8.688	-
Additions	827	493
Disposals of subsidiaries	(417)	-
Disposals	(16)	-
Exchange differences	(205)	-
Retirements	(13)	-
Balance as of 31 December 2013	<u>95.878</u>	<u>508</u>
Accumulated amortisation:		
Balance as of 1 January 2012	8.118	485
Charge for the year	3.402	18
Disposals	-	(1)
Disposals of subsidiaries	(987)	-
Retirements	(99)	-
Reorganisation effect	-	(490)
Balance as of 31 December 2012	<u>10.434</u>	<u>12</u>
Charge for the year	4.863	6
Disposals	(3)	-
Disposals of subsidiaries	(30)	-
Exchange differences	115	-
Retirements	(2)	-
Balance as of 31 December 2013	<u>15.377</u>	<u>18</u>
Other intangible assets held for sale	(15.799)	-
Net book value as of 31 December 2013	<u>64.702</u>	<u>490</u>
Net book value as of 31 December 2012	<u>76.580</u>	<u>3</u>



6. Borrowings

Borrowings of the Group and the Company as of 31 December 2013 and 31 December 2012 were as follows:

Creditor	Currency of the loan	Amount of the loan (in currency of the loan)	Final repayment date	Group		Group	
				Balance as of 31 December 2013 (in LTL)	Balance as of 31 December 2012 (in LTL)	Balance as of 31 December 2013 (in LTL)	Balance as of 31 December 2012 (in LTL)
Current loans							
Swedbank, AB (overdraft)	EUR	3.000	09.09.2014	-	5.000	-	5.000
Swedbank, AB (overdraft)	LTL	2.426	09.09.2014	-	83	-	83
Swedbank, AB	EUR	3.700	10.06.2013	-	12.775	-	12.775
Nordea Bank (overdraft)	EUR	3.000	09.09.2014	1.649	-	1.649	-
Nordea Bank (overdraft)	LTL	2.426	09.09.2014	3.672	-	3.672	-
DNB bank, AB (Ecoservice UAB)	EUR	435	29.11.2013	-	928	-	-
AS UniCredit Bank (Tvar.com UAB)	LTL	350	15.02.2013	-	127	-	-
Banco Bilbao Vizcaya Argentaria, S.A. (factoring)	EUR	462	-	1.595	-	-	-
Bankia S.A. (factoring)	EUR	1.500	-	2.189	-	-	-
Banco Popular Español S.A.	EUR	300	10.11.2014	1.036	-	-	-
Bankia S.A. (credit line)	EUR	500	28.02.2014	12	-	-	-
Group Account (eliminated in the consolidated group accounts)*	Unspecified	Unspecified	Unspecified	-	-	14.426	17.092
Current loan balance				10.153	18.913	19.747	34.950
Non-current loans							
Swedbank, AB	EUR	10.486	09.08.2015	-	18.417	-	18.417
Swedbank, AB	EUR	6.000	10.12.2017	-	20.717	-	20.717
Nordea Bank	EUR	6.611	09.09.2018	22.825	-	22.825	-
Nordea Bank	LTL	10.141	09.09.2018	33.921	-	33.921	-
AS UniCredit Bank (Tvar.com UAB)	EUR	309	15.01.2013	-	80	-	-
Banco Popular Español S.A.	EUR	200	10.12.2016	691	-	-	-
Less: current portion of non-current borrowings				(6.258)	(9.498)	(6.041)	(9.418)
Non-current loans balance				51.179	29.716	50.705	29.716

* Based overdraft facility agreement signed on 9 September 2013 with the Company, its subsidiaries operating in Lithuania and with Nordea Bank, the Group can utilise net cash balances of the Company and its subsidiaries operating in Lithuania as inter-group borrowings.

For the loans and overdraft facility the Company and its subsidiaries have pledged to the bank real estate and bank accounts of the Company and its subsidiaries in Lithuania. Shares of UAB "Mano būstas LT" are pledged to Nordea Bank as well.



7. Cost of Sales (continued operations)

	Group		Company	
	2013	2012	2013	2012
Services of subcontractors and materials used	317.457	331.296	33.381	39.848
Wages and salaries and social security	91.434	62.293	452	2.503
Cost of goods sold	3.393	4.355	1	1
Depreciation	4.154	1.450	-	-
Other	11.933	315	-	-
Total cost of sales	428.371	399.709	35.834	42.352

8. General and Administrative Expenses (continued operations)

	Group		Company	
	2013	2012	2013	2012
Wages and salaries and social security	38.633	32.075	3.344	2.913
Depreciation and amortisation	6.184	5.108	156	262
Allowance for and write-off of receivables	4.948	11.479	(92)	(841)
Goodwill impairment	4.100	19.139	-	-
Consulting and similar expenses	3.460	4.034	2.367	2.556
Commissions for collection of payments	2.852	3.068	46	279
Bonus	-	2.420	-	2.420
Rent of premises and other assets	2.495	2.360	262	440
Fuel expenses	1.626	870	128	85
Computer software maintenance	1.269	940	24	25
Business trips and training	1.248	800	501	349
Advertising	1.150	962	247	365
Insurance	1.081	720	43	43
Communication expenses	978	938	96	126
Utilities	856	1.004	476	404
Representational costs	828	655	203	224
Taxes other than income tax	739	860	23	17
Transportation	633	911	61	48
Bank payments	500	590	8	142
Charity and support	101	316	58	198
Other	4.795	3.834	242	810
Total general and administrative expenses	78.476	93.083	8.193	10.865

9. Other Operating Income (expenses), net (continued operations)

	Group		Company	
	2013	2012	2013	2012
Income from rent, net	219	179	494	860
Gain (loss) on disposal of property, plant and equipment	426	(6)	6	13
Gain from bargain purchase	4.017	22.965	-	-
Other income (expenses), net	785	1.311	(203)	956
Total other operating activity	5.447	24.449	297	1.829



10. Finance Income and (expenses), net (continued operations)

	Group		Company	
	2013	2012	2013	2012
Interest income	567	325	2.089	936
Dividend income	-	-	9.400	18.578
Foreign currency exchange gain	364	984	24	82
Other financial income	182	231	-	13
Total finance income	1.113	1.540	11.513	19.609
Interest (expenses)	(2.575)	(1.185)	(2.660)	(1.646)
Foreign currency exchange loss	(2.846)	(163)	(321)	(104)
Loss on sale of investments	(433)	(6.906)	-	-
Impairment of investments into subsidiaries	-	-	-	(11.940)
Other financial (expenses)	(1.103)	(735)	(410)	(30)
Total finance (expenses)	(6.957)	(8.989)	(3.391)	(13.720)
Financial activity, net	(5.844)	(7.449)	8.122	5.889

11. Related Party Transactions

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Group and the Company and considered the following:

- Global energy consulting OU (Estonia)– the ultimate shareholder of the Company since 2013;
- UAB ICOR - the shareholder of the Company;
- Subsidiaries of UAB ICOR (same ultimate controlling shareholder);
- Subsidiaries of AB City Service (for the list of the subsidiaries, see also Note 1);
- Mr J. Janukėnas, V. Turonis, E. Paulauskas, T.Augutavičius (Management of the Company);

Transactions with related parties include sales and purchases of goods and services in the ordinary course of business, and acquisitions and disposals of property, plant and equipment. Property, plant and equipment to related parties during the twelve months of 2013 was sold for the net book value.

The sales price for the intercompany subsidiary purchase and sale transactions are established by the management and shareholders of the UAB ICOR and/or Global energy consulting OU and AB City Service considering the results of independent valuations, if any, undertaken for the purposes of the transfer pricing regulations – which may not always be at their fair value.

There are no guarantees or pledges given or received in respect of the related party payables and receivables. Related party receivables and payables are expected to be settled in cash or set-off against payables / receivables to / from a respective related party.

2013

Group			Receivables	Loans	Payables
	Purchases	Sales	and prepayments	granted	(long and short-term)
UAB ICOR	2.769	24	-	-	10.191
Subsidiaries of UAB ICOR:					
AB Axis Industries	2.947	1.822	7	-	2.798
Other subsidiaries of UAB ICOR	1.481	2.066	138	-	327
Total	7.197	3.912	145	-	13.316



12. Subsequent Events

On the 3rd of January 2014 100% shares of Cleaning Partner Sp. z.o.o was acquired. Transaction value amounted to 5 000 000 Zlots. Cleaning Partner Sp. z.o.o is cleaning services provider in Poland, acquisition of the company is related with Group's expansion activity in Poland.

On the 6th of February, 2014, the application for authorisation of selling the shares of UAB Ecoservice to BaltCap Private Equity Fund II was submitted to the Competition Council of the Republic of Lithuania. Signing the share sale agreement is planned in due time. About the intentions to sell UAB Ecoservice shares has been publicly announced in April, 2013.

On the 21st of February agreement for Ecoservice UAB shares sale was signed. Value of the transaction – LTL 56,6 mln. (EUR 16,4 mln.) Shares of Ecoservice UAB are sold to AWT Holding UAB which control and controlling interest in the company – 75 proc. will be held by BaltCap managed fund BaltCap Private Equity Fund II. Remaining 25 proc. of shares will be owned by the Company. Transaction is planned to be completed after authorisation from Competition Council of the Republic of Lithuania will be received and other obligations and actions as per shares sales agreement will be met.

