AB CITY SERVICE

CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2014,
prepared in accordance with International Financial Reporting Standards,
as adopted by the European Union,
presented together with Independent Auditor's Report

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PVM mokėtojo kodas LT108784411
Juridinių asmenų registras

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Code of legal entity 110878442
VAT payer code LT108784411
Register of Legal Entities

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Independent auditor's report to the shareholders of AB City Service

Report on the Financial Statements

We have audited the accompanying financial statements of AB City Service, a public limited liability company registered in the Republic of Lithuania (hereinafter "the Company"), and the consolidated financial statements of AB City Service and its subsidiaries (hereinafter "the Group"), which comprise the statements of financial position as at 31 December 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes (comprising a summary of significant accounting policies and other explanatory information).

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as set forth by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AB City Service and the Group as at 31 December 2014, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Furthermore, we have read the accompanying consolidated Management Annual Report for the year ended 31 December 2014 and have not noted any material inconsistencies between the financial information included in it and the financial statements for the year ended 31 December 2014.

UAB ERNST & YOUNG BALTIC
Audit company's licence No. 001335

Inga Gudinaitė
Auditor's licence
No. 000366

The audit was completed on 9 April 2015.

Statements of financial position

		Group		Company	
	Notes	**As of 31 December 2014**	**As of 31 December 2013 (Restated)**	**As of 31 December 2014**	**As of 31 December 2013 (Restated)**
ASSETS					
Non-current assets					
Goodwill	4	32,125	33,306	-	-
Other intangible assets	5	57,328	54,456	553	490
Property, plant and equipment	6	66,931	63,163	1,228	812
Investment property	7	1,818	280	-	-
Investments into subsidiaries	9	-	-	112,576	120,066
Investment into associate	1	7,715	652	5,110	-
Non-current receivables	14, 34	66,722	7,267	68,510	50,731
Deferred income tax asset	29	18,646	16,865	409	421
Total non-current assets		**251,285**	**175,989**	**188,386**	**172,520**
Current assets					
Inventories	11	3,952	5,692	-	-
Prepayments	12	3,122	10,034	123	183
Trade receivables	13	143,239	176,526	10,427	47,278
Receivables from related parties (including loans granted)	34	283	152	28,759	6,037
Other receivables	14	9,694	7,564	2,079	2,123
Prepaid income tax		2,137	3,283	403	1,183
Accrued income and other current assets		6,895	4,249	-	-
Cash and cash equivalents	14	46,137	38,528	20,153	936
Total current assets		**215,459**	**246,028**	**61,944**	**57,740**
Assets held for sale (Note 8)		8,088	63,256	-	55,091
Total assets		**474,832**	**485,273**	**250,330**	**285,351**

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The accompanying notes are an integral part of these financial statements.

Statements of financial position (cont'd)

	Notes	Group As of 31 December 2014	Group As of 31 December 2013 (Restated)	Company As of 31 December 2014	Company As of 31 December 2013
EQUITY AND LIABILITIES					
Equity					
Share capital	1	31,610	31,610	31,610	31,610
Share premium	15	73,830	73,830	73,830	73,830
Reserves	15, 2.2	6,015	6,984	9,161	9,161
Retained earnings		112,808	95,313	62,110	53,285
Reserves of a disposal group classified as held for sale (Note 8)		(1,185)	-	-	-
Equity attributable to equity holders of the parent		**223,078**	**207,737**	**176,711**	**167,886**
Non-controlling interests		2,073	2,488	-	-
Total equity		**225,151**	**210,225**	**176,711**	**167,886**
Liabilities					
Non-current liabilities					
Non-current borrowings	16	56,641	51,179	47,577	50,705
Financial lease obligations	18	5,744	4,127	528	337
Deferred income tax liability	29	9,930	8,129	-	-
Provisions for employee benefits	20	568	697	20	15
Non-current payables	17	2,387	2,463	390	390
Total non-current liabilities		**75,270**	**66,595**	**48,515**	**51,447**
Current liabilities					
Current loans	16	7,662	10,147	-	19,747
Current portion of non-current borrowings	16	10,195	6,258	7,827	6,041
Current portion of financial lease obligations	18	2,841	1,623	180	93
Trade payables and payables to related parties	21, 34	73,921	108,182	14,022	37,072
Advances received	22	19,391	15,713	2,365	1,917
Income tax payable		2,229	3,270	-	-
Provisions for employee benefits	20	867	443	32	-
Other current liabilities	23	47,507	45,889	678	1,148
Total current liabilities		**164,613**	**191,525**	**25,104**	**66,018**
Liabilities associated with assets held for sale (Note 8)		9,798	16,928	-	-
Total equity and liabilities		**474,832**	**485,273**	**250,330**	**285,351**

The accompanying notes are an integral part of these financial statements.

General Manager	Jonas Janukėnas		9 April 2015
Financial Controller	Matas Likauskas		9 April 2015

Statements of comprehensive income

		Group		Company	
	Notes	**2014**	**2013 (Restated)**	**2014**	**2013**
Continuing operations					
Sales	3, 24	625,876	516,757	40,799	45,013
Cost of sales	25	(507,957)	(419,102)	(33,173)	(35,834)
Gross profit		**117,919**	**97,655**	**7,626**	**9,179**
General and administrative expenses	26	(90,183)	(66,908)	(12,370)	(8,193)
Other operating income	27	6,555	7,968	899	900
Other operating expenses	27	(3,507)	(2,910)	(615)	(603)
Profit from operations		**30,784**	**35,805**	**(4,460)**	**1,283**
Finance income	28	2,767	749	22,283	22,461
Finance expenses	28	(11,564)	(6,668)	(4,972)	(3,391)
Share of profit of associates	1	1,953	63	-	-
Profit before tax		**23,940**	**29,949**	**12,851**	**20,353**
Income tax	29	(6,260)	(5,733)	(12)	(17)
Net profit from continued operations		**17,680**	**24,216**	**12,839**	**20,336**
Discontinued operations					
Net profit (loss) from discontinued operations (Note 8)		3,414	974	**-**	**-**
Net profit		**21,094**	**25,190**	**12,839**	**20,336**

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The accompanying notes are an integral part of these financial statements.

Statements of comprehensive income (cont'd)

		Group		Company	
		2014	**2013 (Restated)**	**2014**	**2013**
Other comprehensive income that will be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(2,657)	(9)	-	-
Total comprehensive income for the year, net of tax		**18,437**	**25,181**	**12,839**	**20,336**
Net profit attributable to:					
The shareholders of the Company		21,509	25,009	12,839	20,336
Non-controlling interests		(415)	181	-	-
		21,094	**25,190**	**12,839**	**20,336**
Total comprehensive income attributable to:					
The shareholders of the Company		18,852	25,000	12,839	20,336
Non-controlling interests		(415)	181	-	-
		18,437	**25,181**	**12,839**	**20,336**
Basic and diluted earnings per share (LTL)	30	0.68	0.79		
From continued operations		0.57	0.76		
From discontinued operations		0.11	0.03		

The accompanying notes are an integral part of these financial statements.

General Manager	Jonas Janukėnas		9 April 2015
Financial Controller	Matas Likauskas		9 April 2015

Statements of changes in equity

Group	Notes	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings (Restated)	Discon-tinued operations	Subtotal	Non-controlling interest	Total
Balance as of 1 January 2013		**31,610**	**73,830**	**(2,179)**	**9,172**	**70,304**	**-**	**182,737**	**2,307**	**185,044**
Net profit for the year		-	-	-	-	25,009	-	25,009	181	25,190
Other comprehensive income		-	-	(9)	-	-	-	(9)	-	(9)
Total comprehensive income		-	-	(9)	-	25,009	-	25,000	181	25,181
Balance as of 31 December 2013		**31,610**	**73,830**	**(2,188)**	**9,172**	**95,313**	**-**	**207,737**	**2,488**	**210,225**
Net profit for the year		-	-	-	-	21,509	-	21,509	(415)	21,094
Other comprehensive income		-	-	(2,657)	-	-	-	(2,657)	-	(2,657)
Total comprehensive income		-	-	(2,657)	-	21,509	-	18,852	(415)	18,437
Disposal of subsidiaries		-	-	503	-	-	-	503	-	503
Reserves of a disposal group classified as held for sale	8	-	-	1,185	-	-	(1,185)	-	-	-
Dividends declared	31	-	-	-	-	(4,014)	-	(4,014)	-	(4,014)
Balance as of 31 December 2014		**31,610**	**73,830**	**(3,157)**	**9,172**	**112,808**	**(1,185)**	**223,078**	**2,073**	**225,151**

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The accompanying notes are an integral part of these financial statements.

Statements of changes in equity (cont'd)

Company	Notes	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings	Total
Balance as of 1 January 2013		**31,610**	**73,830**	**3,161**	**6,000**	**32,949**	**147,550**
Net profit for the year		-	-	-	-	20,336	20,336
Total comprehensive income		-	-	-	-	20,336	20,336
Balance as of 31 December 2013		**31,610**	**73,830**	**3,161**	**6,000**	**53,285**	**167,886**
Net profit for the year		-	-	-	-	12,839	12,839
Total comprehensive income		-	-	-	-	12,839	12,839
Dividends declared	31	-	-	-	-	(4,014)	(4,014)
Balance as of 31 December 2014		**31,610**	**73,830**	**3,161**	**6,000**	**62,110**	**176,711**

The accompanying notes are an integral part of these financial statements.

General Manager	Jonas Janukėnas		9 April 2015
Financial Controller	Matas Likauskas		9 April 2015

Statements of cash flows

	Notes	Group*		Company	
		2014	**2013 (Restated)**	**2014**	**2013**
Cash flows from (to) operating activities					
Net profit from continued operations		17,680	24,216	12,839	20,336
Net profit from discontinued operations		3,414	974	-	-
Adjusting items:					
Income tax expenses	8, 29	6,443	6,302	12	17
Depreciation and amortisation	5, 6, 8	13,733	17,529	420	156
Impairment and write-off of accounts receivable	8, 26	7,271	3,738	4,089	(92)
Gain from bargain purchase	27	(1,717)	(3,506)	-	-
Loss (gain) on disposal of property, plant and equipment	8, 27	324	96	21	-
Dividend (income)	28	(34)	-	(17,679)	(9,400)
(Gain) loss from sale of investments	1	(1,947)	214	322	-
Impairment of goodwill	4	(218)	2,538	-	-
Impairment of intangible assets	5	(254)	2,262	-	-
Impairment of investments into subsidiaries	9	-	-	-	(10,948)
Interest (income)	8, 28	(808)	(585)	(2,178)	(2,089)
Interest expenses	8, 28	3,475	2,774	2,231	2,660
Other financial activity result, net		3,876	2,438	(7)	-
Share of net profit of associate		(1,953)	(63)	-	-
		49,285	58,927	70	640
Changes in working capital:					
Decrease (increase) in inventories		212	(1,105)	-	1
(Increase) decrease in trade receivables, receivables from related parties, other receivables and other current assets		(38,996)	(26,832)	2,429	877
Decrease in prepayments		1,152	3,635	61	50
(Decrease) increase in trade payables and payables to related parties		(16,141)	1,906	(23,545)	13,355
Income tax (paid)		(8,730)	(6,251)	(45)	(206)
Increase in advances received and other current liabilities		6,241	4,647	16	1,353
Net cash flows (to) from operating activities		**(6,977)**	**34,927**	**(21,014)**	**16,070**

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The accompanying notes are an integral part of these financial statements.

* Group cash flows for 2014 and 2013 comprise total consolidated Group, including discontinued operations.

Statements of cash flows (cont'd)

	Notes	Group*		Company	
		2014	2013	2014	2013
Cash flows from (to) investing activities					
(Acquisition) of non-current assets	5, 6, 8	(11,689)	(8,070)	(553)	(1,035)
Proceeds from sale of non-current assets		1,501	4,829	88	-
(Acquisition) of investments in subsidiaries and associates (net of cash acquired in the Group)	1, 4, 9	(2,481)	(16,940)	(79)	(3,852)
Disposal of investments in subsidiaries	1	43,732	2	46,341	-
Interest received		342	-	456	45
Dividends received		34	-	17,679	8,000
Loans (granted)	34	(3,900)	-	(4,805)	(21,514)
Loans repaid	34	600	-	8,943	1,930
Net cash flows from (to) investing activities		**28,139**	**(20,179)**	**68,070**	**(16,426)**
Cash flows from (to) financing activities					
Dividends (paid)		(4,014)	-	(4,014)	-
Proceeds from loans		9,171	65,909	4,774	63,162
Financial lease (payments)		(3,248)	(3,503)	(177)	115
Loans (repaid)		(13,878)	(64,770)	(25,864)	(60,752)
Interest (paid)		(4,031)	(1,694)	(2,558)	(1,362)
Net cash flows from (to) financing activities		**(16,000)**	**(4,058)**	**(27,839)**	**1,163**
Net increase (decrease) in cash and cash equivalents		**5,162**	**10,690**	**19,217**	**807**
Foreign exchange difference		**(2,433)**	**-**	**-**	**-**
Cash and cash equivalents at the beginning of the year		**43,604**	**32,914**	**936**	**129**
Cash and cash equivalents at the end of the year		**46,333**	**43,604**	**20,153**	**936**
Supplemental information of cash flows:					
Non-cash investing activity:					
Property, plant and equipment acquisitions financed by finance leases		6,321	3,110	455	207
Non-cash acquisition of investments	1	5,110	-	-	-
Non-cash acquisition of fixed assets		3,112	-	-	-
Non-cash sales of investments in subsidiaries		-	-	9,984	-

The accompanying notes are an integral part of these financial statements.

* Group cash flows for 2014 and 2013 comprise total consolidated Group, including discontinued operations.

General Manager	Jonas Janukėnas	9 April 2015
Financial Controller	Matas Likauskas	9 April 2015

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's registered office:
Konstitucijos Ave, 7,
Vilnius, Lithuania.

The Company's address of residence:
Lvovo Str, 25,
Vilnius, Lithuania.

The Group companies engage in facility management process administration, engineering systems maintenance and repairs, energy resources management and renovation, buildings' technical and energetic auditing, territory cleaning and provision of security services. The Board of the Company in its meeting of 29 December 2011 adopted the decision that the Company activity shall be a holding enterprise – public company, which controls facility management, maintenance, waste management (discontinued operations) companies in Lithuania and in other countries.

As of 31 December 2014 the number of employees of the Group was 5,137 (as of 31 December 2013 – 5,094).
As of 31 December 2014 the number of employees of the Company was 67 (as of 31 December 2013 – 73).

The shares of AB City Service are traded in the main list of NASDAQ OMX stock exchange since 8 June 2007.

As of 31 December 2014 and 2013 the shareholders of the Company were:

	2014		2013	
	Number of shares held	**Owned percentage of the share capital and votes, %**	**Number of shares held**	**Owned percentage of the share capital and votes, %**
UAB ICOR	20,935,618	66,23%	20,205,595	63,92 %
AB East Capital Asset Management	3,334,788	10,55%	3,167,722	10,02 %
Genesis Asset Managers LLP	1,605,183	5,08%	1,644,183	5,20 %
Other private and institutional shareholders	5,734,411	18,14%	6,592,500	20,86 %
Total	**31,610,000**	**100 %**	**31,610,000**	**100 %**

The ultimate parent of the Company is Global energy consulting OÜ, a holding company registered in Estonia.

The parent of AB City Service, UAB ICOR, has pledged part of the Company's shares, i.e. 11,396,275 units, which constitutes 36.05% of the authorised capital of the Company, to a bank. The right to transfer, pledge or dispose of the abovementioned shares otherwise has been restricted. All other property and non-property rights of UAB ICOR, as the shareholder, are free from any encumbrances or restrictions.

<u>Share capital of the Company</u>

The share capital of the Company was LTL 31,610 thousand as of 31 December 2014 and 2013. It is divided into 31,610,000 ordinary registered book-entry shares with the nominal value of LTL 1 each.

All shares of the Company are fully paid. The Company does not have any other classes of shares than ordinary shares mentioned above, there are no restrictions of share rights or special control rights for the shareholders set 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 as of 31 December 2014 and 2013.

1 General information (cont'd)

Structure of the Group

On 31 December 2014 the AB City Service group consists of AB City Service and the following directly and indirectly controlled subsidiaries (hereinafter – the Group):

Company	Country	Share of the stock held by the Group as of 31 December 2014	Share of the stock held by the Group as of 31 December 2013	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%	Elevator installing & tech. support
UAB Baltijos NT valdymas	Lithuania	100%	100%	Real estate management
UAB Baltijos turto valdymas	Lithuania	100%	-	Dormant
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 Economus	Lithuania	100%	100%	Administration of 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%	100%	Marketplace administration services
UAB Konarskio turgelis	Lithuania	100%	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 aplinka plius	Lithuania	100%	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%	99,27%	Security services
UAB Mano sauga LT	Lithuania	100%	-	Dormant
UAB Mūsų butas	Lithuania	100%	-	Administration of dwelling-houses
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 Pastatų priežiūra	Lithuania	100%	-	Administration of dwelling-houses
UAB Radviliškio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Skolos LT	Lithuania	100%	100%	Debt collection services
UAB ŠIAULIŲ BUTŲ ŪKIS	Lithuania	100%	-	Administration of dwelling-houses
UAB Šiaulių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Šiaulių liftas	Lithuania	-	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%	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
Administraciones SantaPola S.L.U	Spain , Alicante	100%	-	Administration of dwelling-houses
Concentra Servicios y Mantenimiento, S.A.	Spain, Madrid	100%	100%	Commercial real estate management and building
SIA City Service Latvia	Latvia	100%	-	Dormant
SIA Namu serviss APSE	Latvia	100%	-	Administration of dwelling-houses
SIA Riga City Service	Latvia	100%	100%	Commercial real estate management and building
City Service Grupa Techniczna Sp.z.o.o.	Poland, Warsaw	100%	-	Technical maintenance services
City Service Poland Sp.z.o.o.	Poland, Warsaw	100%	100%	Dormant
City Service Polska Sp.z.o.o.	Poland, Warsaw	100%	100%	Dormant
EnergiaOK Sp.z.o.o.	Poland, Warsaw	100%	-	Sales of electricity
INTERBUD MAX Sp.z.o.o.	Poland, Warsaw	100%	100%	Dormant
PROGRESLINE Sp.z.o.o.	Poland	100%	-	Administration of dwelling-houses
Zespół Zarządców Nieruchomości Sp. z o.o.	Poland, Warsaw	100%	100%	Administration of dwelling-houses
ТОВ Київ Сіті Сервіс	Ukraine	-	100%	Administration of dwelling-houses
ОАО Сити сервис / OAO City Service	Russia, St Petersburg	100%	100%	Administration of dwelling-houses
ЗАО Сити сервис / ZAO City Service	Russia, St Petersburg	100%	100%	Administration of dwelling-houses
ОАО Специализированное 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»	Russia, St Petersburg	99%	99%	Elevator installing & tech, support

Discontinued operations	Country	Share of the stock held by the Group as of 31 December 2014	Share of the stock held by the Group as of 31 December 2013.	Main activities
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
ООО «Управляющая компания – 10»	Russia, Stavropol	-	100%	Administration of dwelling-houses
UAB Ecoservice	Lithuania	-	100%	Collection and removal of waste
UAB Komunalinių įmonių kombinatas	Lithuania	-	99.71%	Collection and removal of waste
UAB Pagėgių savivaldybės komunalinis ūkis	Lithuania	-	66%	Dormant
UAB Specialus autotransportas	Lithuania	-	100%	Collection and removal of waste

1 General information (cont'd)

Changes in the Group in 2014

In 2014 the Group acquired and sold several subsidiaries (acquisitions in more details are disclosed in Note 4):

- On 3 January 2014, the Company acquired 100% shares of Cleaning Partner Sp. z.o.o. The value of the contract is PLN 5 million (LTL 4,151 thousand). On 10 April 2014, considering the structural changes in subsidiaries operating in Poland, as well as the fact that the subsidiary Cleaning Partner Sp. z.o.o, had significant undisclosed financial obligations to employees, 100 percent of Cleaning Partner Sp. z.o.o shares have been sold at a symbolic price. Due to the fact that these transactions were connected and result of the entity for the period was not material, subsidiary was not consolidated.
- On 16 January 2014, the Company through a subsidiary acquired 100% shares of City Service Grupa Techniczna Sp. z.o.o. The value of the contract is PLN 5 thousand (LTL 4.1 thousand). At the moment City Service Grupa Techniczna Sp. z.o.o renders technical maintenance services in Poland.
- On 21 February 2014, the Company signed an agreement on sale of UAB Ecoservice shares, On 31 March 2014, share transfer transaction was closed, after the Competition Council authorized the transaction and other conditions of the transaction were fulfilled. Value of the transaction is LTL 53.2 million (EUR 15.4 million). Shares of UAB Ecoservice were transferred to UAB AWT Holding. The Company at the same moment as a part of the transaction, acquired 25% shares of UAB AWT Holding which are accounted as investment in associate. Control and controlling interest of UAB AWT Holding - 75% belonged to share owner BaltCap Private Equity Fund II. As of 31 December 2014, the Company accounted EUR 500 thousand (LTL 1,726 thousand) contingent receivable from the buyer. Receivable is related with additional compensation to the Company for the financial results of UAB Ecoservice and its subsidiaries for the year 2014. Information about the disposed subsidiary is summarized below:

Date of disposal	**UAB Ecoservice Group** **31 March, 2014**
Goodwill	8,005
Non-current assets other than goodwill	35,384
Current assets other than cash and cash equivalents	14,925
Cash and cash equivalents	3,176
Non-current and current liabilities	(14,321)
Total net assets disposed of	
attributable to equity holders of the parent	47,169
Total consideration received includes LTL 46,337 thousand cash payment, LTL 5,110 thousand value of shares of UAB AWT holding and LTL 1,726 thousand contingent receivable	53,173

The Group recorded the net profit of LTL 5,181 thousand from the sale of shares of the subsidiary which includes cost to dispose of LTL 823 thousand. Result from the sale is accounted for discontinued operations.

- On 14 May 2014, the Company through a subsidiary has acquired Administraciones Santa Pola S.L.U, that manages 211 thousand sq. m. of residential facilities in Alicante province, in Spain. Revenues of the acquired company were EUR 115 thousand (LTL 397 thousand) in 2013, and subcontracted turnover reached EUR 1.4 million (LTL 4.83 million). The company was acquired for EUR 90 thousand (LTL 311 thousand).
- On 26 June 2014, Company's subsidiaries in Poland - City Service Polska Sp. z.o.o, and City Service Poland Sp. z.o.o - established new subsidiary EnergiaOK Sp. z.o.o. Both companies own 50% of the EnergiaOK Sp. z.o.o shares. The establishment of new subsidiary is related with the possible business development in Poland.
- On 30 June 2014, the transaction of 100% shares sale of UAB Baltijos liftai, registration no, 302496587, was completed. The value of the transaction was LTL 172 thousand (EUR 50 thousand). In addition LTL 3.5 million (EUR 1 million) dividends were paid to the Company. The shares were purchased by private person from the Republic of Latvia, The Group has accounted profit of LTL 1.4 million (EUR 405 thousand) from the transaction, Information about the disposed subsidiary is summarized in the next page:

1 General information (cont'd)

Date of disposal	**UAB Baltijos liftai Group 30 June, 2014**
Goodwill	163
Non-current assets other than goodwill	1,381
Current assets other than cash and cash equivalents	2,689
Cash and cash equivalents	155
Non-current and current liabilities	(5,582)
Total net assets disposed of	
attributable to equity holders of the parent	(1,194)
Total consideration received, all consisting of cash and cash equivalents	173

The Group recorded the net profit of LTL 1,367 thousand from the sale of shares of the subsidiary.

- On 22 July, the Company through its subsidiary acquired 100% shares of UAB Mūsų butas, which renders residential facility management services for 91 thousand sq. m. of multi-household in Šiauliai city. Value of the transaction is LTL 907 thousand. The main UAB Mūsų butas activity is administration of dwelling-houses.
- On 5 August, the Company established new subsidiary – UAB Pastatų priežiūra, legal entity code 303363198. Establishment of the company is related with the possible business development in Lithuanian market.
- On 14 August 2014 the Company sold ТОВ Київ Сіті Сервіс. Information about the disposed subsidiary is summarized below:

Date of disposal	**ТОВ Київ Сіті Сервіс 14 August, 2014**
Goodwill	-
Non-current assets other than goodwill	-
Current assets other than cash and cash equivalents	3
Cash and cash equivalents	12
Non-current and current liabilities	-
Total net assets disposed of	
attributable to equity holders of the parent	15
Currency translation reserve realized on sales	147
Total consideration received, all consisting of cash and cash equivalents	4

The Group recorded the net profit of LTL 136 thousand from the sale of shares of the subsidiary.

1 General information (cont'd)

Changes in the Group in 2014 (cont'd)

- On 8 September 2014 the Company's subsidiary ZAO Сити Сервис sold the shares of the company operating in the city of Stavropol OOO «Управляющая компания – 10». Information about the disposed subsidiary is summarized in the table below:

Date of disposal	OOO «Управляющая компания – 10» 8 September, 2014
Goodwill	-
Non-current assets other than goodwill	247
Current assets other than cash and cash equivalents	90
Cash and cash equivalents	-
Non-current and current liabilities	(796)
Total net assets disposed of	
attributable to equity holders of the parent	(459)
Currency translation reserve realized on sales	(650)
Total consideration received, all consisting of cash and cash equivalents	1

The Group recorded the net loss of LTL 672 thousand from the sale of shares of the subsidiary which includes allowance expenses for amount of LTL 482 thousand for the Group's receivables from OOO «Управляющая компания – 10» were accounted. Result from the sale is accounted for discontinued operations.

- On 2 October 2014, the Company established UAB Baltijos turto valdymas, legal entity code 303411390, Establishment of the company is related with the further real estate management development in Lithuania.
- On 23 October 2014, the Company through its subsidiary established new subsidiary – UAB Mano sauga LT, legal entity code 303430960, Establishment of the company is related with the possible security service business development in Lithuanian market.
- On 10 November 2014, the Company through its subsidiary has acquired 100% shares of UAB Šiaulių butų ūkis. Value of the transaction was LTL 100 thousand. The main UAB Šiaulių butų ūkis activity is administration of dwelling-houses.
- On 21 November 2014, the Company established new subsidiary – SIA City Service Latvia, legal entity code 40103846938. Establishment of the company is related with the planned business development in Latvian market.
- On 9 December 2014, the Company through its subsidiary has acquired SIA Namu serviss APSE, a residential facility management company in Liepaja, Latvia. Value of contract is EUR 591 thousand (LTL 2.041 thousand). Area of buildings under management of acquired company is 259 thousand sq. meters.
- On 23 December 2014, the Company has signed an agreement on sale of AWT Holding UAB 25% shares. The transaction was closed on 12 February, 2015 as disclosed in Note 36.
- On 23 December, the Company through its subsidiary City Service Polska Sp. z.o.o acquired 100% shares of PROGRESLINE Sp. z.o.o which renders residential facility management services for 600 thousand sq. meters in Lodz. Value of the transaction is PLN 2.9 million (LTL 2.3 million). The main PROGRESLINE Sp. z.o.o activity is administration of dwelling-houses.

1 General information (cont'd)

Changes in the Group in 2014 (cont'd)

In addition, in 2014 there were several reorganizations (changes in the legal structure of the Group) performed as outlined below:

- On 25 April 2014, continuing the process of unbundling the activities, the cleaning activities from UAB "Naujamiesčio būstas" have been transferred to separate newly established legal entity. Cleaning activities from UAB "Naujamiesčio būstas" were transferred to UAB "Miesto valymas" (the Group owns 100% of shares), legal entity code is 303297727.
- On 28 July 2014, the Company's subsidiary in Poland - City Service Polska Sp. z.o.o - became the sole shareholder of EnergiaOK Sp. z.o.o and also increased its authorized capital until PLN 1.1 million (LTL 885 thousand).
- On 27 October 2014, the name of Company's subsidiary UAB Mano aplinka was changed to UAB Mano aplinka plius, and also UAB Miesto valymas was changed to UAB Mano aplinka. These changes are aimed to expand the range of services and the extent of the Company's activities.
- On 29 December 2014, UAB Mūsų butas, legal code 144619133, after the process of reorganization has been incorporated to sole shareholder company UAB Šiaulių būstas.
- On 31 December 2014, UAB Saulėtos dienos, legal code 302473916, after the process of reorganization has been incorporated to sole shareholder company UAB Namų priežiūros centras.

More information on the subsidiaries acquired and disposed in 2014 is presented in Note 4 and Note 9.

Changes in the Group in 2013

In 2013 the Group acquired several new subsidiaries and sold two:

- On 14 March 2013 the Company through a subsidiary acquired 100% shares of UAB Vilniaus turgus, code 303005920. The value of the acquisition – LTL 68 thousand.
- On 31 July 2013 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 25 September 2013 the Company acquired 100% shares of Aldesa Servicios y Mantenimiento, S.A., (subsequently, the name was changed to „Concentra Servicios y Mantenimiento, S.A.") legal entity code A-84659614. The value of the contract is EUR 7.345 thousand (LTL 25.361 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 1,600 employees,
- On 31 October 2013 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 (LTL 4 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 19 December 2013 the Company sold OOO «Объединенная управляющая компания – 7» (selling price – RUB 10.5 thousand or LTL 1 thousand equivalent) and OOO «Обслуживающая управляющая компания-7» (selling price – RUB 10 thousand or LTL 1 thousand equivalent), operating in Stavropol (Russia), Information about the disposed subsidiaries is summarized in the tables below:

1 General information (cont'd)

Date of disposal	**ООО «Объединенная управляющая компания – 7» 19 December, 2013**
Goodwill	716
Non-current assets other than goodwill	393
Current assets other than cash and cash equivalents	302
Cash and cash equivalents	20
Non-current and current liabilities	(1,215)
Total net assets disposed of	
attributable to equity holders of the parent	216
Total consideration received, all consisting of cash and cash equivalents	2

The Group recorded the net loss of LTL 214 thousand from the sale of shares of the subsidiary.

In addition, in 2013 there were several reorganizations (changes in the legal structure of the Group) performed as outlined below:

- On 22 February 2013 UAB SKT Environmental Services Klaipėda, code 110734883, after the reorganization was incorporated into UAB Specialusis Autotransportas,
- On 17 May 2013 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 13 June 2013 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.
- On 28 June 2013 UAB Tvar.com, code 300730461, after the process of reorganization has been incorporated to its sole shareholder company.
- On 16 August 2013 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.

Investment into associates

The Group's investments in an associates as of 31 December 2014 and 2013 included an investment in Marijampolės butų ūkis UAB (34% of the share capital), which was acquired on 16 May 2011 and which activity is administration of dwelling-houses and, as a result of UAB Ecoservice shares sale transaction, on 21 February 2014 the Company received 25% shares of UAB AWT Holding, which is a holding company owning UAB Ecoservice, the value of the transaction was LTL 5,110 thousand. Both associates operate in Lithuania.

The Group accounted for the associates' results attributable to the Group amounting to respectively LTL 1,953 thousand and LTL 63 thousand in the statement of comprehensive income for the year ended 31 December 2014 and 2013.

Summarized financial information of associates as of 31 December (unaudited):

	UAB Marijampolės butų ūkis	**UAB Marijampolės butų ūkis**	**UAB AWT Holding**
	2013	**2014**	**2014**
Non-current assets	309	348	17,063
Current assets	1,529	1,534	23,682
Non-current liabilities	-	-	(21,589)
Current liabilities	(953)	(732)	(17,993)
Net assets	885	1,150	1,163
Revenue	2,588	3,515	69,036

Net profit	186	372	8,795

2 Accounting policies

2.1. Basis of preparation

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

The Company's management authorised these financial statements on 9 April 2015. The shareholders of the Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

Financial statements of the Group and the Company have been prepared on a historical cost basis.

Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

During the year the Group has adopted the following IFRS amendments:

- Amendment to IAS 28 *Investments in Associates and Joint Ventures* - As a result of the new standards IFRS 10, IFRS 11 and IFRS 12 this standard was renamed and addresses the application of the equity method to investments in joint ventures in addition to associates. The implemantation of this standard did not have a material impact on the amounts recognised in these financial statements and did not result in additional disclosures.
- Amendment to IAS 32 *Financial Instruments: Presentation* - Offsetting Financial Assets and Financial Liabilities - This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. This amendment did not impact the financial statements of the Group, because the Group does not have netting arrangements.
- Amendment to IAS 36 *Impairment of Assets* - This amendment adds a few additional disclosure requirements about the fair value measurement when the recoverable amount is based on fair value less costs of disposal and removes an unintended consequence of IFRS 13 to IAS 36 disclosures. The amendment did not have any impact on the financial position or performance of the Group.
- IFRS 10 *Consolidated Financial Statements* - IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent. IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements related to consolidated financial statements and replaces SIC 12 Consolidation — Special Purpose Entities. The implemantation of this standard did not have a material impact on the amounts recognised in these financial statements and did not result in additional disclosures.
- IFRS 12 *Disclosures of Interests in Other Entities* - IFRS 12 combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, investments in associates and structured entities into one comprehensive disclosure standard. A number of new disclosures are also required such as disclosing the judgments made to determine control over another entity. The amendment did not have any impact on the financial position or performance of the Group.

2 Accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

Standards issued but not yet effective

The Group has not applied the following IFRS and IFRIC interpretations that have been issued as of the date of authorisation of these financial statements for issue, but which are not yet effective:

Amendments to IAS 1 ***Presentation of financial statements: Disclosure Initiative*** *(*effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IAS 16 ***Property, Plant & Equipment*** **and IAS 38** ***Intangible assets: Clarification of Acceptable Methods of Depreciation and Amortization*** *(*effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendment provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. It is clarified that a revenue-based method is not considered to be an appropriate manifestation of consumption. The implementation of this amendment will have no impact on the financial statements of the Group, as the Group does not use revenue-based depreciation and amortisation methods.

Amendments to IAS 16 ***Property, Plant & Equipment*** **and IAS 41** ***Agriculture: Bearer Plants*** *(*effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

Bearer plants will now be within the scope of IAS 16 Property, Plant and Equipment and will be subject to all of the requirements therein. The implementation of this amendment will have no impact on the financial statements of the Group, as the Group does not have bearer plants.

Amendments to IAS 19 ***Employee Benefits*** *(*effective for financial years beginning on or after 1 February 2015)

The amendments address accounting for the employee contributions to a defined benefit plan, Since the Group's employees do not make such contributions, the implementation of this amendment will not have any impact on the financial statements of the Group.

Amendments to IAS 27 ***Equity method in separate financial statements*** *(*effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 9 ***Financial Instruments*** (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU)

IFRS 9 will eventually replace IAS 39. The IASB has issued the first three parts of the standard, establishing a new classification and measurement framework for financial assets, requirements on the accounting for financial liabilities and hedge accounting. The Group has not yet evaluated the impact of the implementation of this standard.

Amendments to IFRS 10, IFRS 12 and IAS 28 ***- Investment Entities: Applying the consolidation exception*** *(*effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. The implementation of this amendment will have no impact on the financial statements of the Group, as the Parent of the Group is not investment entity.

2 Accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(*effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business and partial gain or loss is recognised when a transaction involves assets that do not constitute a business. The Group has not yet evaluated the impact of the implementation of this standard,

Amendment to IFRS 11 *Joint arrangements: Accounting for Acquisitions of Interests in Joint Operations* *(*effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Group has not yet evaluated the impact of the implementation of this standard.

IFRS 14 *Regulatory Deferral Accounts* (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU)

It is an interim standard that provides first-time adopters of IFRS with relief from derecognizing rate-regulated assets and liabilities until a comprehensive project on accounting for such assets and liabilities is completed by the IASB. The implementation of this standard will not have any impact on the Group.

IFRS 15 *Revenue from Contracts with Customers* *(*effective for financial years beginning on or after 1 January 2017, once endorsed by the EU)

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Group has not yet evaluated the impact of the implementation of this standard.

2 Accounting policies (cont'd)

2.1. Basis of preparation (cont'd)

Improvements to IFRSs

In December 2013 IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle, which is a collection of amendments to the following IFRSs (effective for financial years beginning on or after 1 January 2015):

- IFRS 1 *First-time adoption of IFRS*;
- IFRS 3 *Business Combinations*;
- IFRS 13 *Fair value Measurement;*
- IAS 40 *Investment property*.

In December 2013 IASB issued the Annual Improvements to IFRSs 2010 – 2012 Cycle (effective for financial years beginning on or after 1 February 2015):

- IFRS 2 *Share-based Payment*;
- IFRS 3 *Business Combinations*;
- IFRS 8 *Operating Segments;*
- IFRS 13 *Fair value Measurement;*
- IAS 16 *Property, Plant and Equipment*;
- IAS 24 *Related Party Disclosures;*
- IAS 38 *Intangible Assets.*

In September 2014 IASB issued the Annual Improvements to IFRSs 2012 – 2014 Cycle (effective for financial years beginning on or after 1 January 2016, once endorsed by the EU):

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operation*;
- IFRS 7 *Financial Instruments: Disclosures*;
- IAS 19 *Employee Benefits*;
- IAS 34 *Interim Financial Reporting*.

The adoption of these amendments may result in changes to accounting policies or disclosures but will not have any impact on the financial position or performance of the Group.

IFRIC Interpretation 21 *Levies* (effective for financial years beginning on or after 1 January 2014, once endorsed by the EU)

This interpretation addresses the accounting for levies imposed by governments. Liability to pay a levy is recognized in the financial statements when the activity that triggers the payment of the levy occurs. The Group has not yet evaluated the impact of the implementation of this interpretation.

The Group plans to adopt the above mentioned standards and interpretations on their effectiveness date provided they are endorsed by the EU.

2 Accounting policies (cont'd)

2.2. Measurement and presentation currency

The amounts shown in these financial statements are presented in the local currency of the Republic of Lithuania, Litas (LTL), rounded to LTL thousand, unless otherwise stated. Due to rounding the amounts presented in the financial statement notes may not reconcile by insignificant amounts.

The functional currency of the Company and its subsidiaries operating in Lithuania is Litas. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

Transactions in foreign currencies are initially recorded in the functional currency as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of the statement of financial position.

The assets and liabilities of foreign subsidiaries are translated into Litas at the reporting date using the rate of exchange as of the date of the statement of financial position, and their statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on this translation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other comprehensive income relating to that foreign operation is recognised in profit or loss.

Non-current receivables from or loans granted to foreign subsidiaries that are neither planned nor likely to be settled in the future are considered to be a part of the Company's net investment in the foreign operation. In the Group's consolidated financial statements the exchange differences recognized in the separate financial statements of the subsidiary in relation to these monetary items are reclassified to other comprehensive income. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in other comprehensive income relating to that foreign operation is recognised in profit or loss.

Starting from 2 February 2002, Lithuanian Litas is pegged to Euro at the rate of 3.4528 Litas for 1 Euro, and the exchange rates in relation to other currencies are set daily by the Bank of Lithuania.

2.3. Principles of consolidation

The consolidated financial statements of the Group include AB City Service and its subsidiaries as well as associated companies. The financial statements of the subsidiaries are prepared for the same reporting year, using consistent accounting policies.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealised gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling interests are shown separately in the statement of financial position and the statement of comprehensive income.

From 1 January 2010 losses of a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. Prior to 1 January 2010 losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these losses. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the parent shareholders.

Acquisitions and disposals of non-controlling interest by the Group are accounted as equity transaction: the difference between the carrying value of the net assets acquired from/disposed to the non-controlling interests in the Group's financial statements and the acquisition price/proceeds from disposal is accounted directly in equity.

Investments in associated companies where significant influence is exercised by AB City Service are accounted for using the equity method in the Group's consolidated financial statements. Impairment assessment of investments in associates is performed when there is an indication that the asset may be impaired or the impairment losses recognised in prior years no longer exist.

Upon loss of control over subsidiary, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of subsidiary upon loss of control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2 Accounting policies (cont'd)

2.3. Principles of consolidation (cont'd)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses (tested annually). For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4. Investments in subsidiaries and associates (the Company)

Investments in subsidiaries and associates in the Company's stand-alone financial statements are carried at cost, less impairment.

Financial guarantees provided for the liabilities of the subsidiaries during the initial recognition are accounted at estimated fair value as the investment into subsidiaries and financial liability in the statement of financial position. Subsequent to initial recognition this financial liability is amortised and recognised as income depending on the related amortisation / repayment of the subsidiary's financial liability to the bank. If there is a possibility that the subsidiary may fail to fulfil its obligations to the bank, a financial liability of the Company is accounted for at the higher of amortised value and the value estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

2 Accounting policies (cont'd)

2.5. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income. Additional disclosures are provided in Note 8. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

2.6. Intangible assets other than goodwill

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Intangible assets are recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably.

The useful lives of intangible assets are assessed to be either finite or indefinite.

After initial recognition, intangible assets with finite lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over their useful lives:

Contractual investments	6 years
Customer relationships	10-40 years
Other intangible assets	3-10 years

Intangible assets, other than goodwill, are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful lives, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in intangible assets other than goodwill.

The Group and the Company do not have any intangible assets with infinite useful life other than goodwill.

2 Accounting policies (cont'd)

2.7. Property, plant and equipment and investment property

Property, plant and equipment, including investment property, are stated at cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment and investment property comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment is ready for its intended use, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings (including investment property)	20 – 62.5 years
Vehicles	4 – 10 years
Other property, plant and equipment	3 – 6 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment and investment property.

An item of property, plant and equipment and investment property is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Construction in progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until the relevant assets are ready for intended use.

Investment property at initial recognition is accounted for at acquisition cost including transaction costs. Subsequent to initial recognition all investment property is accounted for at cost less accumulated depreciation and accumulated impairment losses.

Maintenance expenses of investment property are charged to profit and loss during the financial period in which they are incurred.

A transfer to/from investment property is performed when there is clear indication of changes in property use.

2.8. Financial assets

According to IAS 39 "Financial Instruments: Recognition and Measurement" the Group's and the Company's financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognised on the trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

<u>Financial assets at fair value through profit or loss</u>

The category financial assets at fair value through profit or loss includes financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss.

The Group and the Company does not have any financial instruments at fair value through profit or loss as of 31 December 2014 and 2013.

<u>Held-to-maturity investments</u>

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group / the Company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

The Group and the Company does not have any held-to-maturity investments as of 31 December 2014 and 2013.

2 Accounting policies (cont'd)

2.8. Financial assets (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recorded at the fair value of the consideration given. Loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Allowance for doubtful receivables is evaluated when the indications leading to the impairment of accounts receivable are noticed and the carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised (written off) when they are assessed as uncollectible.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with unrealized gains or losses (except impairment and gain or losses from foreign currencies exchange) being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit or loss.

2.9. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuations are performed by the management at each reporting date. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above.

2 Accounting policies (cont'd)

2.10. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group / the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group / the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group / the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group / the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.11. Inventories

Inventories are valued at the lower of cost or net realisable value, after impairment evaluation for obsolete and slow moving items. Net realisable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost of raw materials that are not ordinarily interchangeable and are segregated for specific projects is determined using specific identification method; cost of other inventory is determined by the first-in, first-out (FIFO) method. Unrealisable inventory is fully written-off.

2.12. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and in current bank accounts as well as deposits in bank with original term equal to or less than 3 months.

2.13. Borrowings

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

The Group and the Company capitalise borrowing costs for all qualifying assets where construction was commenced on or after 1 January 2009. However, there were no borrowing costs matching the capitalisation criteria in 2014 and 2013.

Borrowings are initially recognised at fair value of proceeds received, less the costs of transaction. They are subsequently carried at amortised cost, the difference between net proceeds and redemption value being recognised in the net profit or loss over the period of the borrowings (except for the capitalised part). The borrowings are classified as non-current if the completion of a refinancing agreement before the date of the statement of financial position provides evidence that the substance of the liability at the date of the statement of financial position was long-term.

2 Accounting policies (cont'd)

2.14. Financial and operating leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Financial lease

The Group and the Company recognise financial leases as assets and liabilities in the statement of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of financial lease is the interest rate of financial lease payment, when it is possible to determine it, in other cases. Company's incremental interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for financial lease assets and due to financial lease each reporting period financial expenses are incurred in the Group's and the Company's other comprehensive income. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets cannot be depreciated over the period longer than lease term, unless the Group or the Company, according to the lease contract, gets transferred their ownership after the lease term is over.

Operating lease

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

2.15. Provision for employee benefits

According to the requirements of Lithuanian Labour Code, each employee leaving the Company at the age of retirement is entitled to a one-off payment in the amount of 2 month salary. According to the requirements of Polish law, each employee leaving the Group at the age of retirement is entitled to a one-off payment in the amount of 1 month salary.

Current year cost of employee benefits is recognised as incurred in the statement of comprehensive income. The past service costs are recognised as an expense as incurred in profit or loss. Any gains or losses appearing as a result of curtailment and/or settlement are recognised in the statement of comprehensive income as incurred.

The above mentioned employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognized in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognized in statement of other comprehensive income as incurred.

2.16. Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group / the Company re-evaluates provisions at each date of the statement of financial position and adjusts them in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses, which are expected to be incurred to settle the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

2 Accounting policies (cont'd)

2.17. Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Lithuania, the Republic of Latvia, the Republic of Ukraine, Russian Federation, Republic of Poland and Kingdom of Spain.

The standard income tax rate in Lithuania was 15% in 2014 and 2013, Income tax rate in 2014 and 2013 in Ukraine, Russia, Latvia, Poland and Spain was 18% (in 2013 – 19%), 20%, 15%, 19% and 30%, respectively.

Tax losses in Lithuania can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the company changes its activities due to which these losses incurred except when the company does not continue its activities due to reasons which do not depend on company itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature. Starting from 1 January 2014 tax losses carried forward can be used to reduce the taxable income earned during the reporting year by maximum 70%.

Comparatively, tax losses in Russia can be carried forward for ten years and in Poland for five years, but value of the deduction may not exceed 50% of the taxable income earned during the reporting year. In Spain tax losses can be carried forward for indefinite period, but value of the deduction may not exceed 70% of the taxable income earned during the reporting year.

Deferred taxes are calculated using the liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the date of the statement of financial position.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes it will be realised in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax is not going to be realised, this part of the deferred tax asset is not recognised in the financial statements.

2.18. Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognised net of VAT and discounts.

The Group and the Company recognise revenue from projects on renovation of thermal systems and installation of thermal components (i.e. customer specific contracts) based on the method of percentage of completion: completion percentage is estimated by the proportion of actual costs incurred to the total estimated costs of the project. Changes in profit rates are reflected in current earnings as identified. Contracts are reviewed regularly and in case of probable losses, provisions are recorded.

Revenue from sales of goods is recognised when delivery has taken place and transfer of risks and rewards has been completed.

Revenue from services is recognised when services are rendered.

Dividend income from subsidiaries is recognised in the Company's stand-alone financial statements when the dividends are declared by the subsidiary.

Interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. It is included in finance income or expenses in the statement of comprehensive income.

2 Accounting policies (cont'd)

2.19. Impairment of assets

Financial assets

Financial assets are reviewed for impairment at each date of the statement of financial position.

For financial assets carried at amortised cost, whenever it is probable that the Group will not collect all amounts due according to the contractual terms of loans or receivables, an impairment or bad debt loss is recognised in profit or loss. The reversal of impairment losses previously recognised is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in profit or loss. However, the increased carrying amount is only recognised to the extent it does not exceed the amortised cost that would have been had the impairment not been recognised.

Other assets (excluding goodwill)

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of profit or loss as the impairment loss.

2.20. Use of judgements and estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation (Note 2.7 and Note 6), amortization (Note 2.6 and Note 5), percentage of completion evaluation for customer specific contracts (Note 2.18 and Note 24), provision for employee benefits (Note 2.15 and Note 20), impairment evaluation of goodwill, including allocation of Group assets to cash generating units (Note 2.3 and Note 4), other assets (Note 2.19, Note 5, Note 9, Note 11, Note 12 (for the Group) and Note 13), assets held for sale and discontinued operations (Note 2.5, Note 8) and contingencies related to foreign and local subsidiaries (Note 33). Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

As of 31 December 2014 Group's management classified companies operating in the city of Stavropol as discontinued operations based on the criteria that sale of the companies is highly probable within one year after the reporting. As of 31 December 2014 and 2013 Group's management classified UAB Ecoservice Group as discontinued operations as this activity of the disposed Group comprised major line of business of the Group.

At the date of preparing these financial statements, the underlying assumptions and estimates were not subject to a significant risk that from today's point of view it is likely that the carrying amounts of assets and liabilities will have to be adjusted significantly in the subsequent fiscal year, except for the estimated useful life of customer relationships intangible assets, which are accounted for under other intangible assets and their acquisition value amounts to LTL 58,634 thousand as of 31 December 2014 and LTL 61,312 thousand as of 31 December 2013 (Note 5). The management amortises these customer relationship intangible assets over the estimated validity period of existing contracts, which is 10-40 years. The management estimated the expected validity term of customer relationships based on the current development of the operations, i.e. already concluded contracts as well as current rate of terminated contracts, which is insignificant. Should the circumstances change in the future, the estimate may need to be revised and the size of such revision cannot be reasonably estimated at the date of these financial statements. The net book value of these intangible assets of the Group amount to LTL 54,788 thousand as of 31 December 2014 and LTL 52,219 thousand as of 31 December 2013.

2 Accounting policies (cont'd)

2.21. Contingencies

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities associated with business acquisitions. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow or economic benefits are probable.

2.22. Subsequent events

Subsequent events that provide additional information about the Group's / the Company's position at the date of statement of financial position (adjusting events) are reflected in the financial statements. Subsequent events that are not adjusting events are disclosed in the notes when material.

2.23. Comparable financial information

Comparative figures have been adjusted to reflect the subsidiary acquisition price compensation, which was received during the measurement period, reclassification of accrued income amount from accounts receivable to accrued income and other current assets due to consistency of presentation and finalisation of provisional purchase price allocation as disclosed in Note 4.

3 Segment information

For management purposes, the Group is organized into business units based on services provided and have two reportable segments as follows:

- Buildings' administration
- Waste management (discontinued operations)

Segment of Buildings' administration includes services of administration and maintenance of commercial and residential buildings. The segment also includes services of maintenance of engineering systems to educational institutions. The segment information is presented as analysed by chief operating decision maker of the Group (the Board), i.e. allocated to Baltic states, St, Petersburg, Stavropol, Poland and Spain.

Segment of Waste management (discontinued operations) included services of collecting and processing of waste.

No operating segments have been aggregated to form the above reportable operating segments.

3 Segment information (cont'd)

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, financing (including finance costs and finance income) and income taxes of the Group are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are based on the prices set by the management, which management considers to be similar to transactions with third parties.

Operating Segments

The following tables present revenue, profit and certain asset and liability information regarding the Group's reportable operating segments:

Year ended 31 December 2014	**Buildings' administration**					**Discontinued operations (Ecoservice Group)**	**Total**
	Baltic states	**St. Petersburg**	**Poland**	**Spain**	**Stavropol (discontinued operations)**		
Revenue	238,261	139,180	81,075	164,567	35,632	10,560	669,275
Unallocated income							2,793[1]
Total revenue							**672,068**
Segment results	28,932	4,639	588	(1,696)	(2,277)	1,335	31,521
Gain from bargain purchase							1,717[4]
Unallocated expenses							(3,396)[2]
Profit from operations							**29,842**
Net financial income							(2,305)[3]
Profit / (loss) before income tax							27,537
Income tax expenses							(6,443)[3]
Net profit for the year							**21,094**
Other segment information							
Capital expenditure	11,376	589	5,307	3,455	84		**20,811**

[1] Unallocated income includes other income not attributable to either of the listed segments, namely IT services and other.
[2] Unallocated expenses include general and administrative expenses (LTL 3,396 thousand) identifiable as costs managed on a group basis.
[3] Financing of the Group and income taxes are managed on a group basis and are not allocated to operating segments.
[4] The amount comprises a gain from a bargain purchase in Spain and Poland of LTL 567 and LTL 1,150 thousand respectively (Note 4).

3 Segment information (cont'd)

Year ended 31 December 2013	**Buildings' administration**					**Discontinued operations (Ecoservice Group)**	**Total**
	Baltic states	**St. Petersburg**	**Poland**	**Spain**	**Stavropol (discontinued operations)**		
Revenue	236,975	160,420	75,844	42,514	31,425	45,392	592,570
Unallocated income							1,004[1]
Total revenue							**593,574**
Segment results	25,110	6,049	2,060	1,569	76	6,349	41,213
Gain from bargain purchase and goodwill and intangibles impairment charges, net							(1,294)[4]
Unallocated expenses							(3,305)[2]
Profit from operations							**36,614**
Net financial income							(5,122)[3]
Profit / (loss) before income tax							31,492
Income tax expenses							(6,302)[3]
Net profit for the year							**25,190**
Other segment information							
Capital expenditure	6,292	1,078	1,484	27	23	2,324	**11,228**

[1] Unallocated income includes other income not attributable to either of the listed segments, namely IT services and other.
[2] Unallocated expenses include general and administrative expenses (LTL 3,305 thousand) identifiable as costs managed on a group basis.
[3] Financing of the Group and income taxes are managed on a group basis and are not allocated to operating segments.
[4] The amount comprises LTL 2,538 thousand of goodwill and LTL 2,262 thousand intangible assets impairment (allocated to Stavropol segment) and a gain of LTL 3,506 thousand from a bargain purchase in Spain (Note 4, 5).

3 Segment information (cont'd)

Geographical information

The following tables present Group's geographical information on revenue based on the location of the customers and non-current assets information based on the location of the Group's assets:

2014	**Spain**	**Poland**	**Baltic states**	**St. Petersburg**	**Total**
Revenue					
Sales to external customers	164,567	81,075	241,054	139,180	625,876
Segment revenue	**164,567**	**81,075**	**241,054**	**139,180**	**625,876**

2013	**Spain**	**Poland**	**Baltic states**	**St. Petersburg**	**Total**
Revenue					
Sales to external customers	42,514	75,844	237,979	160,420	516,757
Segment revenue	**42,514**	**75,844**	**237,979**	**160,420**	**516,757**

The major part of sales in the Baltic States comprises sales in Lithuania.

As of 31 December 2014	**Spain**	**Poland**	**Baltic states**	**St. Petersburg**	**Total**
Non-current assets					
Segment assets	15,153	46,842	176,213	13,077	251,285
Total assets	**15,153**	**46,842**	**176,213**	**13,077**	**251,285**

As of 31 December 2013	**Spain**	**Poland**	**Baltic states**	**St. Petersburg**	**Stavropol (discontinued operations)**	**Total**
Non-current assets						
Segment assets	10,676	40,402	106,190	11,978	6,743	175,989
Total assets	**10,676**	**40,402**	**106,190**	**11,978**	**6,743**	**175,989**

Non-current assets for this purpose consist of property, plant and equipment, investment property, intangible assets, non-current financial assets and deferred income tax asset.

All the Company's revenues are derived in Lithuania as well as its assets are located in Lithuania.

Revenue from the largest customer amounted to LTL 31,223 thousand in 2014 (LTL 36,929 thousand in 2013), arising from sales to Vilnius Municipality and is accounted in the buildings' administration segment. Sales to this customer exceed 10% of sales of the Company, but compose only approximately 5% in the Group. There are no other individual customers exceeding 10% of segment sales.

4 Goodwill

	Group
Cost:	
Balance as of 1 January 2013	64,711
Additions	154
Exchange differences	(871)
Disposals	(716)
Discontinued operations	(27,144)
Balance as of 31 December 2013	36,134
Additions	360
Exchange differences	(2,426)
Disposals	(381)
Discontinued operations	(1,272)
Balance as of 31 December 2014	32,415
Impairment:	
Balance as of 1 January 2013	19,429
Impairment for the year	2,538
Discontinued operations	(19,139)
Balance as of 31 December 2013	2,828
Disposals	(218)
Exchange differences	(1,048)
Discontinued operations	(1,272)
Balance as of 31 December 2014	290
Net book value as of 31 December 2014	**32,125**
Net book value as of 31 December 2013	**33,306**

Acquisitions during 2014

As described in Note 1, during 2014 the Group acquired the following entities:

Name of entity acquired	Acquisition cost	Notes
UAB Mūsų butas	LTL 907 thousand	All paid in cash and included in the cost of investment
UAB Šiaulių butų ūkis	LTL 100 thousand	LTL 80 thousand paid in cash, LTL 20 thousand accounted as contingent payment
Administraciones Santa Pola S.L.	EUR 90 thousand	EUR 45 thousand paid in cash, EUR 45 thousand accounted as contingent payment (LTL 155 thousand and LTL 155 thousand respectively)
SIA Namu serviss APSE	EUR 591 thousand	EUR 563 thousand paid in cash, EUR 28 thousand accounted as contingent payment (LTL 1.9 million and LTL 97 thousand respectively)
Progresline Sp. z.o.o	PLN 2.9 milion	PLN 2.4 million paid in cash, PLN 500 thousand accounted as contingent payment (LTL 1.9 million and LTL 402 thousand respectively)

At the acquisition of these subsidiaries a provisional goodwill of LTL 360 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 provisional gain of LTL 1,717 thousand from the bargain purchases was recognised in the Group's statement of comprehensive income in 2014. The gain from bargain purchase resulted from favourable sale conditions.

4 Goodwill (cont'd)

The provisional (due to not finalised valuations of certain items – the management in 2015 plans to revaluate not recognised intangible assets, recoverability of deferred tax assets and other items) fair values of the assets acquired, liabilities and contingent liabilities assumed at the date of acquisitions made during 2014 were as follows:

Fair value of assets, liabilities and contingent liabilities	**UAB Mūsų butas**	**UAB Šiaulių butų ūkis**	**Administracio nes Santa Pola S.L.**	**SIA Namu serviss APSE**	**Progresline Sp. z.o.o**
Date of acquisition	**22 July**	**10 November**	**14 May**	**9 December**	**23 December**
Intangible assets	1,040	-	1,187	3,042	4,579
Property, plant and equipment	6	-	5	234	-
Other non-current receivables	-	-	-	7,404	-
Deferred tax asset	-	-	-	-	-
Trade receivables	87	20	-	646	20
Other current assets	48	176	102	6,268	94
Total assets	**1,181**	**196**	**1,294**	**17,594**	**4,693**
Long-term liabilities	-	-	-	8,464	-
Current portion of long-term liabilities	-	-	-	1,106	-
Deferred tax liability	156	-	331	463	870
Trade payables	4	-	(3)	1,480	24
Other current liabilities	286	126	88	4,198	316
Total liabilities	**446**	**126**	**416**	**15,711**	**1,210**
Total identifiable net assets at fair value	**735**	**70**	**878**	**1,883**	**3,483**
attributable to equity holders of the parent	735	70	878	1,883	3,483

The carrying values of the acquired assets and liabilities assumed were as follows:

Book value	**UAB Mūsų butas**	**UAB Šiaulių butų ūkis**	**Administraciones Santa Pola S.L.**	**SIA Namu serviss APSE**	**Progresline Sp. z.o.o**
Date of acquisition	**22 July**	**10 November**	**14 May**	**9 December**	**23 December**
Intangible assets	-	-	-	-	-
Property, plant and equipment	6	-	5	234	-
Other non-current assets	-	-	-	7,404	-
Deferred tax asset	-	-	-	-	-
Trade receivables	87	20	-	646	20
Other current assets	48	176	102	6,268	94
Total assets	**141**	**196**	**107**	**14,552**	**114**
Long-term liabilities	-	-	-	8,464	-
Current portion of long-term liabilities	-	-	-	1,106	-
Deferred tax liability	-	-	-	-	-
Trade payables	4	-	-	1,480	24
Other current liabilities	286	126	85	4,198	316
Total liabilities	**290**	**126**	**85**	**15,248**	**340**

4 Goodwill (cont'd)

The differences between the amounts paid and the provisional fair values of assets acquired, liabilities and contingent liabilities assumed on the acquisitions of 2014 were as follows:

	UAB Mūsų butas	UAB Šiaulių butų ūkis	Administraciones Santa Pola S.L.	SIA Namu serviss APSE	Progresline Sp. z.o.o
Date of acquisition	**22 July**	**10 November**	**14 May**	**9 December**	**23 December**
Fair value of acquired assets, liabilities and contingent liabilities attributable to the Group	735	70	878	1,883	3,483
Non-controlling interests	-	-	-	-	-
Goodwill (Note 27)	172	30	(567)	158	(1,150)
Total purchase consideration	**907**	**100**	**311**	**2,041**	**2,333**
Cash acquired	44	173	102	2,270	94
Total purchase consideration, net of cash acquired	**863**	**(73)**	**209**	**(229)**	**2,239**

	UAB Mūsų butas	UAB Šiaulių butų ūkis	Administraciones Santa Pola S.L.	SIA Namu serviss APSE	Progresline Sp. z.o.o
Date of acquisition	**22 July**	**10 November**	**14 May**	**9 December**	**23 December**
Profit (loss) incurred since acquisition date to 31 December 2014	(4)	22	(17)	-	-
Total revenue since acquisition date to 31 December 2014	282	13	345	-	-
Total revenue for the year 2014 (unaudited)	565	105	549	5,872	2,428
Total net result for the year 2014 (unaudited)	(80)	(10)	-	206	807

As it is disclosed further in the financial statements, in 2014 the Group's management finalized the purchase price allocation of Concentra Servicios y Mantenimiento, S.A. acquired on 25 September 2013. As a result of finalization of purchase price allocation the following corrections in fair value of assets and liabilities assumed were recorded:

	Provisional fair value recognized on acquisition	Effect of finalization of purchase price allocation	Final fair value recognized on acquisition
Deferred tax asset	9,000	1,345	10,345
Accounts receivable	57,463	-	57,463
Other assets	13,223	-	13,223
Total assets	**79,686**	**1.345**	**81,031**
Non-current and current liabilities	**(70,883)**	**(4,482)**	**(75,365)**
Total identifiable net assets at fair value:	**8,803**	**(3,137)**	**5,666**
attributable to equity holders of the parent	8,803	(3,137)	5,666
attributable to non-controlling interests	-	-	-

4 Goodwill (cont'd)

The differences between the amounts paid and the fair values of assets acquired and liabilities and contingent liabilities assumed for according to finalized purchase price allocation are as follows:

	Provisional fair value recognized on acquisition	Effect of finalization of purchase price allocation	Final fair value recognized on acquisition
Fair value of acquired assets, liabilities and contingent liabilities attributable to the Group	8,803	(3,137)	5,666
Non-controlling interests	-	-	-
Goodwill	(4,955)	1,449	(3,506)
Total purchase consideration	**3,848**	**(1,688)**	**2,160**
Cash acquired	8,575	-	8,575
Total purchase consideration, net of cash acquired	**(4,727)**	**(1,688)**	**(6,415)**

In these financial statements comparative figures for 2013 have been amended as outlined above due to finalization of the purchase price allocation of Concentra Servicios y Mantenimiento, S.A. Amendments resulted from adjusted amounts of provisions and compensation based on warranties received from former shareholder.

Disposals in 2014

During 2014 the Group disposed the following subsidiaries: UAB Ecoservice Group, UAB Baltijos liftai Group, OOO «Управляющая компания – 10» and ТОВ Київ Сіті Сервіс. More detailed information is presented in Note 1.

Acquisitions during 2013

As described in Note 1, during 2013 the Group acquired the following entities:

Name of entity acquired	Acquisition cost	Notes
Vilniaus turgus UAB	LTL 68 thousand	All paid in cash and included in the cost of investment
Saulėtos dienos UAB	LTL 120 thousand	All paid in cash and included in the cost of investment
Concentra Servicios y Mantenimiento, S.A.	EUR 1.1 million*	All paid in cash and included in the cost of investment
City Service Polska Sp, z,o,o	PLN 5 thousand	All paid in cash and included in the cost of investment

* The value of the contract is EUR 7,345 thousand (LTL 25,361 thousand) which was paid in cash: EUR 1,114 thousand (LTL 3,846 thousand) for shares of the subsidiary and additionally EUR 6,231 thousand (LTL 21,514 thousand) for loans of former shareholders.

At the acquisition of these subsidiaries a provisional 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 gain of LTL 3,506 thousand from a bargain purchase as well as goodwill impairment of LTL 2,538 thousand was recognised in the Group's statement of comprehensive income in 2013.

4 Goodwill (cont'd)

The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. The fair values of the assets acquired, liabilities and contingent liabilities assumed at the date of acquisitions made during 2013 were as follows:

Fair value of assets, liabilities and contingent liabilities	**Vilniaus turgus UAB**	**Saulėtos dienos UAB**	**Concentra Servicios y Mantenimiento, S.A.**	**City Service Polska Sp. z.o.o**
Date of acquisition	**14 March**	**31 July**	**25 September**	**31 October**
Intangible assets	-	-	46	-
Property, plant and equipment	-	-	479	-
Other non-current assets	-	-	185	-
Deferred tax asset	-	-	10,345	-
Trade receivables	-	3	57,463	-
Other current assets	10	26	12,513	4
Total assets	**10**	**29**	**81,031**	**4**
Long-term liabilities to the shareholder	-	-	21,514	-
Trade payables	-	5	22,896	-
Other current liabilities	-	-	30,955	-
Total liabilities	**-**	**5**	**75,365**	**-**
Total identifiable net assets at fair value	**10**	**24**	**5,666**	**4**
attributable to equity holders of the parent	10	24	5,666	4

The carrying values of the acquired assets and liabilities assumed were as follows:

Book value	**Vilniaus turgus UAB**	**Saulėtos dienos UAB**	**Concentra Servicios y Mantenimiento, S.A.**	**City Service Polska Sp. z.o.o**
Date of acquisition	**14 March**	**31 July**	**25 September**	**31 October**
Intangible assets	-	-	21,968	-
Property, plant and equipment	-	-	525	-
Other non-current assets	-	-	185	-
Trade receivables	-	3	57,463	-
Other current assets	10	26	12,513	4
Total assets	**10**	**29**	**92,654**	**4**
Long-term liabilities to the shareholder	-	-	21,514	-
Trade payables	-	5	22,896	-
Other current liabilities	-	-	26,473	-
Total liabilities	**-**	**5**	**70,883**	**-**

4 Goodwill (cont'd)

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

	Vilniaus turgus UAB	Saulėtos dienos UAB	Concentra Servicios y Mantenimiento, S.A.	City Service Polska Sp. z.o.o
Date of acquisition	**14 March**	**31 July**	**25 September**	**31 October**
Fair value of acquired assets, liabilities and contingent liabilities attributable to the Group	10	24	5,666	4
Non-controlling interests	-	-	-	-
Goodwill (Note 27)	58	96	(3,506)	-
Total purchase consideration	**68**	**120**	**2,160**	**4**
Cash acquired	10	26	8,575	4
Total purchase consideration, net of cash acquired	**58**	**94**	**(6,415)**	**-**

All the purchase consideration has been settled in cash, with no contingent payments.

	Vilniaus turgus UAB	Saulėtos dienos UAB	Concentra Servicios y Mantenimiento, S.A.	City Service Polska Sp. z.o.o
Date of acquisition	**14 March**	**31 July**	**25 September**	**31 October**
Profit (loss) incurred since acquisition date to 31 December 2013	(1)	5	597	-
Total revenue since acquisition date to 31 December 2013	-	24	42,514	-
Total revenue for the year 2013 (unaudited)	-	32	158,052	-
Total net result for the year 2013 (unaudited)	-	7	(73)	-

Disposals in 2013

As described in Note 1, during 2013 the Group disposed the company operating in Stavropol ООО Объединенная управляющая компания – 7 and the company operating in the city of Stavropol ООО Объединенная управляющая компания – 7. The sales value of the contracts is RUB 10.5 thousand (LTL 1 thousand equivalent) and RUB 10 thousand (LTL 1 thousand equivalent) respectively, all paid in cash.

4 Goodwill (cont'd)

Goodwill allocation

Due to increase in political and economic risks associated with Stavropol, Group's management decided to split Russia's CGU into St, Petersburg and Stavropol CGUs in 2013.

For the purpose of impairment evaluation, the goodwill as of 31 December 2014 and 2013 was allocated to the following cash generating units (CGU):

Cash generating unit	Carrying value of allocated goodwill as of 31 December 2014	Carrying value of allocated goodwill as of 31 December 2013
Subsidiaries operating in Klaipėda (administration of dwelling-houses in Klaipėda)	4,894	4,894
Subsidiaries operating in Kaunas (administration of dwelling-houses in Kaunas)	3,169	3,169
Subsidiaries operating in Vilnius (administration of dwelling-houses in Vilnius)	21,019	21,019
Subsidiaries operating in Šiauliai (administration of dwelling-houses in Šiauliai)	1,061	1,022
Subsidiary operating in Latvia (administration of dwelling-houses in city of Liepaja)	158	-
Subsidiaries operating in St. Petersburg (administration of dwelling-houses in city of St. Petersburg)	1,824	3,202
Discontinued operations in Stavropol (administration of dwelling-houses in city of Stavropol)	-	-
Discontinued operations related with waste management activities (Ecoservice subgroup)	-	8,005
	32,125	**41,311**

The recoverable amount of each cash generating unit as of 31 December 2014 and 2013 was determined based on the value in use calculation using cash flow projections based on the five-year financial forecasts prepared by the management. Both goodwill and customer relationships intangible assets for each CGU unit were included in the carrying value tested. Significant assumptions used for the assessment of the value in use in 2014 and 2013 are described further.

The forecasted revenues for CGU involved in administration of dwelling houses were estimated based on the area of the dwelling-houses administered as of 31 December 2014 and 2013 assuming that the area administered will remain the same in the future years and the growth in revenue will be derived from a service fee increase, which was forecasted to be in line with the estimated inflation rate. Waste management CGU was not considered in 2014 as it is classified as discontinued operations as of 31 December 2014. The costs were projected based on the actual cost level taking into account estimated inflation. Cash flows beyond the five-year period were extrapolated using 1% growth rate (2% in 2013) that reflects the best estimate of the management based on the current situation in the respective industry. The pre-tax discount rate used by the management was estimated for each individual cash generating unit as a weighted average cost of capital for that particular cash generating unit and is equal to 13% for cash generating units located in Lithuania (14% in 2013), and 22% for cash generating unit in St. Petersburg (19% was used in 2013).

Due to increase in political and economic uncertainty in Stavropol, the Group's management decided to monitor operations, including goodwill, separately for related activities, therefore it was decided by the management to perform separate goodwill impairment test for the group of companies, located in Stavropol. Financial results for the year 2013 were extrapolated over the five years period with 2% decline rate applying pre-tax weighted average cost of capital equal to 20%. Cash flows beyond the five-year period were extrapolated using 1% growth rate that reflects the best estimate of the management based on the current situation in the respective industry. After the goodwill impairment test, due to the negative financial results of Stavropol located business, the total goodwill and intangible assets impairment of LTL 4,800 thousand was accounted in 2013 (Note 26).

4 Goodwill (cont'd)

In the opinion of the Group's management, the most important and most change-like assumptions are the level of reinvestments and discount rate. Based on management's estimations, a reasonable change in these assumptions would not result in any impairment as of 31 December 2014 (0.2 % as of 31 December 2013). At the moment of preparing these financial statements the management of the Group did not expect any significant changes in the assumptions used.

5 Other intangible assets

Movement of other intangible assets in 2014 and 2013 is presented below:

	Group	Company
Cost:		
Balance as of 1 January 2013	87,014	15
Additions arising from acquisitions of subsidiaries	17	-
Additions	919	493
Disposals	(419)	(1)
Discontinued operations (Note 8)	(22.280)	-
Exchange differences	(192)	-
Retirements	(237)	-
Reclassifications	55	-
Balance as of 31 December 2013	64,877	507
Additions arising from acquisitions of subsidiaries	9,848	-
Additions	1,751	197
Disposals of subsidiaries	(844)	-
Disposals	(217)	-
Discontinued operations (Note 1, 8)	(2,363)	-
Exchange differences	(5,725)	-
Retirements	(6)	-
Reclassifications	18	-
Balance as of 31 December 2014	67,339	704
Accumulated amortisation:		
Balance as of 1 January 2013	10,434	12
Charge for the year	4,464	6
Disposals	(31)	(1)
Impairment	2,262	-
Discontinued operations (Note 8)	(6,484)	-
Exchange differences	(4)	-
Retirements	(220)	-
Balance as of 31 December 2013	10,421	17
Charge for the year	3,118	134
Disposals of subsidiaries	(141)	-
Disposals	(217)	-
Impairment	(254)	-
Discontinued operations (Note 1, 8)	(1,333)	-
Exchange differences	(1,588)	-
Retirements	5	-
Balance as of 31 December 2014	10,011	151
Net book value as of 31 December 2014	**57,328**	**553**
Net book value as of 31 December 2013	**54,456**	**490**

5 Other intangible assets (cont'd)

The main part of other intangible assets consists of customer relationship intangible assets, which are amortised during the period of 10-40 years. As of 31 December 2014 net book value of such intangible assets constituted LTL 54,788 thousand (LTL 52,219 thousand as of 31 December 2013).

The Group and the Company have not capitalised any internally generated intangible assets. Amortisation expenses of intangible assets are included within general and administrative expenses in the statement of comprehensive income.

The Group performed impairment test for customer relationships intangibles assets as of 31 December 2014 and 2013. Significant assumptions used for the assessment of the value are presented in Note 4.

Part of the other intangible assets of the Group and the Company with the acquisition value of LTL 969 thousand and LTL 11 thousand, respectively, as of 31 December 2014 was fully amortised but still in use (LTL 1,182 thousand and LTL 11 thousand, respectively, of the Group and the Company as of 31 December 2013).

6 Property, plant and equipment

Movement of property, plant and equipment in 2014 and 2013 is presented below:

Group	**Buildings**	**Vehicles**	**Other property, plant and equipment**	**Construction in progress**	**Total**
Cost:					
Balance as of 1 January 2013	39,935	29,851	36,434	145	106,365
Additions arising from acquisitions of subsidiaries	-	712	1,146	-	1,858
Additions	917	5,032	3,503	834	10,286
Disposals	(4,124)	(519)	(233)	(24)	(4,900)
Discontinued operations (Note 8)	(2,338)	(17,082)	(8,103)	-	(27,523)
Exchange differences	(267)	(391)	(720)	(1)	(1,379)
Retirements	(129)	(998)	(3,961)	(54)	(5,142)
Reclassifications	368	-	57	(480)	(55)
Balance as of 31 December 2013	34,362	16,605	28,123	420	79,510
Additions arising from acquisitions of subsidiaries	206	24	25	-	255
Additions	3,749	5,986	6,227	3,098	19,060
Disposals of subsidiaries	-	(811)	(1,511)	-	(2,322)
Disposals	(761)	(853)	(122)	(385)	(2,121)
Discontinued operations (Note 8)	-	(149)	(269)	-	(418)
Exchange differences	(298)	(1,269)	(1,857)	(8)	(3,432)
Retirements	(172)	(129)	(719)	(220)	(1,240)
Reclassifications	(326)	-	1,158	(2,742)	(1,910)
Balance as of 31 December 2014	36,760	19,404	31,055	163	87,382
Accumulated depreciation:					
Balance as of 1 January 2013	4,634	9,819	4,843	-	19,296
Charge for the year	1,442	5,491	6,132	-	13,065
Disposals	(361)	(448)	(169)	-	(978)
Discontinued operations (Note 8)	(375)	(7,073)	(2,575)	-	(10,023)
Exchange differences	(9)	(173)	(116)	-	(298)
Retirements	(56)	(799)	(3,860)	-	(4,715)
Balance as of 31 December 2013	5,275	6,817	4,255	-	16,347
Charge for the year	1,559	3,370	3,919	-	8,848
Disposals of subsidiaries	-	(358)	(876)	-	(1,234)
Disposals	(314)	(426)	(40)	-	(780)
Discontinued operations (Note 8)	-	(79)	(167)	-	(246)
Exchange differences	(8)	(673)	(622)	-	(1,303)
Retirements	(54)	(107)	(666)	-	(827)
Reclassifications	(354)	-	-	-	(354)
Balance as of 31 December 2014	6,104	8,544	5,803	-	20,451
Net book value as of 31 December 2014	**30,656**	**10,860**	**25,252**	**163**	**66,931**
Net book value as of 31 December 2013	**29,087**	**9,788**	**23,868**	**420**	**63,163**

6 Property, plant and equipment (cont'd)

Company

	Vehicles	Other property, plant and equipment	Total
Cost:			
Balance as of 1 January 2013	614	305	919
Additions	418	124	542
Disposals	(53)	(2)	(55)
Balance as of 31 December 2013	979	427	1,406
Additions	460	351	811
Disposals	(218)	-	(218)
Balance as of 31 December 2014	1,221	778	1,999
Accumulated depreciation:			
Balance as of 1 January 2013	284	216	500
Charge for the year	104	45	149
Disposals	(53)	(2)	(55)
Balance as of 31 December 2013	335	259	594
Charge for the year	187	99	286
Disposals	(109)	-	(109)
Balance as of 31 December 2014	413	358	771
Net book value as of 31 December 2014	**808**	**420**	**1,228**
Net book value as of 31 December 2013	**644**	**168**	**812**

The depreciation charge of the Group's and the Company's property, plant and equipment for the year 2014 amounts to LTL 8,848 thousand and LTL 286 thousand, respectively (LTL 13,065 thousand and LTL 149 thousand in the year 2013, respectively). Amounts of LTL 5,315 thousand and LTL 286 thousand for the year 2014 (LTL 5,272 thousand and LTL 149 thousand for the year 2013) have been included into general and administrative expenses in the Group's and the Company's statement of comprehensive income, respectively. The remaining depreciation expenses of property, plant and equipment have been included into the cost of sales.

Property, plant and equipment of the Group and the Company with an acquisition cost of LTL 7,657 thousand and LTL 295 thousand, respectively, were fully depreciated as of 31 December 2014 (LTL 18,263 thousand and LTL 239 thousand as of 31 December 2013, respectively), but were still in active use.

As of 31 December 2014 buildings of the Group with a net book value of LTL 11,865 thousand (LTL 14,111 thousand as of 31 December 2013) were pledged to banks as collateral for the loans (Note 16).

7 Investment property

Movement of the Group's investment property during 2014 and 2013 is presented below:

	Buildings	Land
Cost:		
Balance as of 1 January 2013	-	370
Reclassifications to property, plant and equipment	-	(90)
Balance as of 31 December 2013	-	280
Reclassifications to property, plant and equipment	-	(280)
Reclassifications from property, plant and equipment	2,172	-
Balance as of 31 December 2014	2,172	-
Accumulated depreciation:		
Balance as of 1 January 2013	-	-
Reclassifications to property, plant and equipment	-	-
Balance as of 31 December 2013	-	-
Reclassifications to property, plant and equipment	-	-
Reclassifications from property, plant and equipment	354	-
Charge for the year	-	-
Balance as of 31 December 2014	354	-
Net book value as of 31 December 2014	**1,818**	**-**
Net book value as of 31 December 2013	**-**	**280**

Investment property consist of office and warehouse buildings in Vilnius and premises in Alytus are by UAB Baltijos NT valdymas and UAB Karoliniskiu bustas leased to other entities. The expenses related to investment property comprising of depreciation charge are included under the other operating expenses caption in the statement of comprehensive income.

The fair value of investment property as of 31 December 2014 is estimated by the management to be approximately LTL 1,910 thousand (LTL 1,100 thousand as of 31 December 2013). The fair value of investment property as of 31 December 2014 and as of 31 December 2013 was estimated by management using market price per square meter of similar premises in similar locations identified by independent property valuators.

As of 31 December 2014 investment property of the Group with a net book value of LTL 1,818 thousand was pledged to banks as collateral for the loans (LTL 271 thousand as of 31 December 2013) (Note 16).

8 Discontinued operations

On 21 February 2014 agreement for Ecoservice UAB shares sale was signed. On 31 March 2014 Ecoservice UAB share transfer transaction was closed. Therefore gain in sale of subsidiary for the amount of LTL 5,181 thousand was accounted for in finance income of discontinued operations.

On 8 September 2014 the Company's subsidiary ZAO Сити Сервис sold the shares of the company operating in the city of Stavropol ООО «Управляющая компания – 10». Therefore loss in sale of subsidiary for the amount of LTL 672 thousand was accounted in finance expenses of discontinued operations.

As of 31 December 2014 companies operating in the city of Stavropol, in Russia, are classified as assets held for sale. The Group's management decided to perform active measures to dispose the subsidiaries, operating in Stavropol due to economic risks associated with the resale of utilities.

The major classes of assets and equity attributable to discontinued operations are the following:

	As of 2014 December 31	As of 2013 December 31
ASSETS		
Non-current assets		
Goodwill	-	8,005
Other intangible assets	1,030	15,800
Property, plant and equipment	172	17,515
Non-current receivables	-	9
Deferred income tax asset	-	2,979
Total non-current assets	**1,202**	**44,308**
Current assets		
Accrued revenue	-	242
Inventories	170	749
Prepayments	472	406
Trade receivables	5,508	11,642
Other receivables	540	833
Cash and cash equivalents	196	5,076
Total current assets	**6,886**	**18,948**
Total assets	**8,088**	**63,256**
EQUITY AND LIABILITIES		
Equity		
Equity	(525)	46,328
Reserves of a disposal group classified as held for sale	(1,185)	-
Total Reserves of a disposal group classified as held for sale	**(1,710)**	**46,328**

8 Discontinued operations (cont'd)

The major classes of liabilities attributable to discontinued operations are the following:

	As of 2014 December 31	As of 2013 December 31
Liabilities		
Non-current liabilities		
Non-current borrowings	-	1,600
Financial lease obligations	-	1,789
Other non-current liabilities	364	-
Deferred income tax liability	210	2,845
Total non-current liabilities	**574**	**6,234**
Current liabilities		
Current portion of non-current borrowings	-	457
Current portion of financial lease obligations	-	1,449
Trade payables	6,980	4,545
Advances received	41	325
Income tax payable	-	296
Provisions for employee benefits	-	1,855
Other current liabilities	2,203	1,767
Total current liabilities	**9,224**	**10,694**
Total liabilities	**9,798**	**16,928**

The result of discontinued operations is as following:

	2014	2013
Sales	46,193	76,817
Cost of sales	(38,566)	(52,169)
Gross profit	**7,627**	**24,648**
General and administrative expenses	(8,358)	(22,941)
Other operating income	119	498
Other operating expenses	(331)	(892)
Profit from operations	**(943)**	**1,313**
Finance income	4,573	433
Finance expenses	(34)	(203)
Profit before taxes	**3,596**	**1,543**
Income tax	(182)	(569)
Net profit (loss)	**3,414**	**974**

All income tax expenses presented in the disclosure are attributable to discontinued operations. Gain on sale of discontinued operation is non-taxable item.

The net cash flows incurred are as follows:

	2014	2013
Net cash flows from operating activities	6,399	10,685
Net cash flows from investing activities	42,612	(3,757)
Net cash flows from financing activities	(7,631)	(5,081)
Net increase (decrease) in cash flows	**41,380**	**1,847**

9 Investments into subsidiaries

The Company's investments into subsidiaries as of 31 December 2014 and 31 December 2013 are as follows:

	2014	2013 (Restated)
Cost of investments at the beginning of the year	120,066	162,045
Acquisition of Concentra Servicios y Mantenimiento, S.A.	-	2,160
Acquisition of City Service Polska Sp. z.o.o	-	4
Investment impairment of UAB Ecoservice (Note 28)	-	10,948
Discontinued operations (Note 1)	-	(55,091)
Establishment of SIA City Service Latvia	69	-
Establishment of UAB Baltijos turto valdymas	10	-
Disposal of UAB Lazdynų butų ūkis	(7,551)	-
Disposal of UAB Baltijos pastatų valdymas	(10)	-
Disposal of Interbud Max Sp. z.o.o	(8)	-
Disposal of fully impaired ТОВ Київ Сіті Сервіс	-	-
Disposal of fully impaired ОАО Специализированное ремонтно-наладочное управление	-	-
Cost of investments at the period end	**112,576**	**120,066**

Impairment testing of investments with possible impairment indications has been performed by the management of the Group using valuation methods and based on assumptions described in Note 4.

10 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Name	Country of incorporation and operation	2014	2013
ООО Жилкомсервис № 3 Фрунзенского района	Russia	80%	80%

	As of 2014 December 31	As of 2013 December 31
Summarised statement of financial position		
Inventories, trade receivables and cash	9,125	14,492
Property, plant and equipment and other non-current assets	8,322	9,069
Deferred income tax, net	(1,419)	(1,443)
Current liabilities	(8,094)	(10,774)
Total equity	**7,934**	**11,344**
Attributable to:		
Equity holders of parent	6,347	9,075
Non-controlling interest	1,587	2,269

10 Material partly-owned subsidiaries (cont'd)

	2014	2013
Summarised statement of profit or loss		
Sales	62,109	72,742
Cost of sales	(49,550)	(58,769)
General and administrative expenses	(4,270)	(5,548)
Other activity (net)	(10,442)	(7,295)
Financial activity (net)	138	38
Profit before tax	**(2,015)**	**1,168**
Income tax	(65)	(272)
Profit for the year	(2,080)	896
Attributable to non-controlling interests	(416)	179

Summarised cash flow information

	2014	2013
Net cash flows from operating activities	(800)	(224)
Net cash flows from investing activities	(60)	(337)
Net cash flows from financing activities	-	-
Net increase (decrease) in cash flows	**(860)**	**(561)**

11 Inventories

	Group		Company	
	As of 31 December 2014	As of 31 December 2013	As of 31 December 2014	As of 31 December 2013
Raw and auxiliary materials	2,784	5,533	-	-
Goods for resale	414	229	-	-
Other	827	16	-	-
	4,025	5,778	-	-
Less: net realisable value allowance	(73)	(86)	-	-
	3,952	5,692	-	-

Change in allowance for inventories for the year 2014 and 2013 has been included into general and administrative expenses.

12 Prepayments

Prepayments of the Group amount to LTL 3,122 thousand as of 31 December 2014 (LTL 10,034 thousand as of 31 December 2013) and mainly include prepayments to suppliers and subcontractors. In 2013 there were two major items – prepayments for subcontractors for residential renovation projects in Russia amounting to LTL 2,286 thousand and prepayment of LTL 4,161 thousand attributable to acquisition of Cleaning Partner Sp. z.o.o.

13 Trade receivables

	Group		Company	
	As of 31 December 2014	**As of 31 December 2013 (Restated)**	**As of 31 December 2014**	**As of 31 December 2013**
Trade receivables, gross	165,850	204,752	11,189	47,916
Less: allowance for doubtful trade receivables	(22,611)	(28,226)	(762)	(638)
	143,239	176,526	10,427	47,278

Change in allowance for doubtful trade receivables for the year 2014 and 2013 has been included into general and administrative expenses.

The Group's and the Company's accounts receivable from Vilnius City Municipality amounts to LTL 27,696 thousand as of 31 December 2014 (LTL 45,696 thousand as of 31 December 2013).

Both trade receivables and other receivables are non-interest bearing and are generally collectible on 30 - 90 days terms.

Movements in the allowance for impairment of the Group's receivables were as follows:

	Individually impaired	**Collectively impaired**	**Total**
Balance as of 1 January 2013	4,292	23,990	28,282
Charge for the year	1,426	4,773	6,199
Exchange differences	(370)	(2,380)	(2,750)
Reversed during the year	(11)	(1,074)	(1,085)
Written off during the year*	(4)	(1,042)	(1,046)
Discontinued operations	(309)	(1,065)	(1,374)
Balance as of 31 December 2013	**5,024**	**23,202**	**28,226**
Charge for the year	1,452	5,104	6,556
Exchange differences	(939)	(8,300)	(9,239)
Reversed during the year	-	(282)	(282)
Written off during the year*	(589)	(217)	(806)
Discontinued operations	(812)	(1,032)	(1,844)
Balance as of 31 December 2014	**4,136**	**18,475**	**22,611**

* The major part of written off receivables during 2014 and 2013 is related to disposal of subsidiaries (Note 1).

13 Trade receivables (cont'd)

Movements in the allowance for impairment of the Company's receivables were as follows:

	Individually impaired	Collectively impaired	Total
Balance as of 1 January 2013	**-**	**778**	**778**
Reversed during the year	-	(140)	(140)
Balance as of 31 December 2013	**-**	**638**	**638**
Charged during the year	-	124	124
Balance as of 31 December 2014	**-**	**762**	**762**

The ageing analysis of the Group's trade receivables (presented net of allowance for impaired receivables) as of 31 December is as follows:

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	Less than 30 days	30 – 60 days	60 – 90 days	90 – 360 days	More than 360 days	Total
2013	85,645	19,902	10,196	9,145	27,988	23,650	**176,526**
2014	103,848	12,712	7,063	3,807	9,595	6,214	**143,239**

The ageing analysis of the Company's trade receivables (presented net of allowance for impaired receivables) as of 31 December is as follows:

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	Less than 30 days	30 – 60 days	60 – 90 days	90 – 360 days	More than 360 days	Total
2013	14,480	3,463	3,577	3,560	17,830	4,368	**47,278**
2014	9,304	440	120	57	278	228	**10,427**

Trade receivables of the Company overdue for more than 90 days consist mainly of receivables from municipal entities, which, in the view of the management, do not bear the risk of non-repayment. In 2014 Company's receivables from Vilnius City Municipality were transferred to subsidiary of the Company and are accounted in non-current receivables.

14 Cash and cash equivalents

	Group		Company	
	As of 31 December 2014	As of 31 December 2013	As of 31 December 2014	As of 31 December 2013
Cash at bank	32,238	27,900	20,153	910
Cash on hand	94	155	-	26
Short-term deposits	13,805	10,473	-	-
	46,137	38,528	20,153	936

The original term of all deposits is less than three months, the weighted average annual interest rate of the Group as of 31 December 2014 was 0.50% (2.64% as of 31 December 2013).

The fair value of cash and short-term deposits as of 31 December 2014 of the Group and the Company was LTL 46,137 thousand and LTL 20,153 thousand, respectively (LTL 38,528 thousand and LTL 936 thousand as of 31 December 2013, respectively).

As of 31 December 2014 the Group had restricted cash of LTL 4,977 thousand (LTL 4,698 thousand as of 31 December 2013) held in the bank as guarantee provided to customers, LTL 3,975 amount is accounted in non-current receivables caption (LTL 3,125 thousand as of 31 December 2013) while LTL 1,002 – in current receivables caption in the statement of financial position as of 31 December 2014 (LTL 1,573 thousand as of 31 December 2013).

As of 31 December 2014 and 2013 part of bank accounts of the Company and its subsidiaries are pledged to banks for loans (Note 16). As of 31 December 2014 cash balance in these accounts was equal to zero.

15 Reserves and share premium

<u>Legal reserve</u>

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit, calculated for statutory reporting purposes are required until the reserve reaches 10 % of the share capital. As of 31 December 2014 and 2013 the reserve was fully composed.

<u>Other reserves</u>

Based on the shareholders' decision other reserves of LTL 6,000 thousand were formed from the retained earnings during the year 2009 for acquisition of its own shares. The Group also accounts currency revaluation reserve (Note 2.2).

<u>Share premium</u>

Share premium represents the excess of the share issue price over nominal value of the shares issued.

According to the laws of the Republic of Lithuania share surplus cannot be distributed, it can only be converted to the share capital or used to cover accumulated losses.

16 Borrowings

The list of borrowings of the Group and the Company as of 31 December 2014 and 2013 are as follows:

	Currency of the loan	Group 2014	Group 2013	Company 2014	Company 2013
Current loans					
Bank loans	EUR	7,662	6,475	-	1,649
Bank loans	LTL	-	3,672	-	3,672
Group account (eliminated in the consolidated group accounts)*	Unspecified	-	-	-	14,426
Current loan balance		**7,662**	**10,147**	**-**	**19,747**
Non-current loans					
Bank loans	EUR	66,836	57,437	55,404	56,746
Less: long term loans of the current year		(10,195)	(6,258)	(7,827)	(6,041)
Non-current loan balance		**56,641**	**51,179**	**47,577**	**50,705**

* Based on overdraft agreement signed on 9 September 2013 among the Company, its subsidiaries operating in Lithuania and Nordea Bank AB Lithuanian branch, the Company and its subsidiaries operating in Lithuania can utilise net cash balances by borrowing to each other.

For the loans of the Group both fixed and variable interest rates apply. For the loans of the Company only variable interest rates apply. Actual interest rates are close to effective interest rates. As of 31 December 2014 the weighted average annual interest rate of borrowings outstanding was 3.10% (2.56% as of 31 December 2013). In 2014 and 2013 the period of re-pricing of floating interest rates on borrowings was 6 months. Interest is paid quarterly.

The total unutilized borrowing facilities of the Group and the Company as of 31 December 2014 amounted to LTL 27,197 thousand and LTL 20,717 thousand respectively (LTL 17,110 thousand and LTL 15,395 thousand as of 31 December 2013).

As of 31 December 2014 and 2013 the subsidiary's UAB Mano būstas shares, part of property, plant and equipment (Note 6) and part of bank accounts (Note 14) of the Group and the Company were pledged to banks as collateral for the loans received.

Terms of repayment of non-current debt are as follows:

	Group		Company	
Term	**As of 31 December 2014**	**As of 31 December 2013**	**As of 31 December 2014**	**As of 31 December 2013**
Within one year	10,195	6,258	7,827	6,041
From one to five years	66,836	57,437	55,404	56,746
	77,031	63,695	63,231	62,787

17 Non-current payables

In 2010 OAO City Service, ZAO City Service and OOO Жилкомсервис № 3 Фрунзенского района started court litigation against TGK-1 (the provider of heating). The companies challenged the amounts invoiced by TGK-1, because the companies believe the invoices should be calculated not based on volumes of heating dispatched by TGK-1, but based on the estimated volumes of heating consumed by the inhabitants (based on the norms set for consumption).

In October 2011 the companies decided not to continue litigations with TGK-1 and an amicable settlement agreement was signed regarding the outstanding debt due from the companies. According to this agreement:

- The debt was decreased by RUR 22,541 thousand (equivalent of LTL 1,878 thousand)
- The remaining amount RUR 120,190 thousand (equivalent of LTL 10,016 thousand) has been repaid up to August 2014.
- No interest is charged to the companies.

Non-current payables to TGK-1 were discounted using the effective interest rate method on the date of recognition. A gain on initial recognition (LTL 1,396 thousand) was recognised in the cost of sales caption of the statement of comprehensive income for 2011. The expenses amounted to LTL 401 thousand for 2012 (LTL 686 thousand for 2013), which were included in financial expenses.

As of 31 December 2013 the amortised cost of non-current payables was respectively LTL 556 thousand. Current payable was accounted under trade payables.

As of 31 December 2014 Concentra Servicios y Mantenimiento, S.A. had non-current accruals associated with legal claims for amount of EUR 527 thousand (LTL 1,819 thousand).

18 Financial lease

The assets leased by the Group and the Company under financial lease contracts mainly consist of vehicles. Apart from the lease payments, other obligations under lease contracts are maintenance and insurance. The net book value of the vehicles acquired under financial lease amounted to LTL 8,269 thousand as of 31 December 2014 in the Group and LTL 759 thousand in the Company (LTL 5,805 thousand in the Group and LTL 458 thousand in the Company as of 31 December 2013). The terms of the financial lease agreements are from 2 to 5 years. The currencies of the financial lease agreements are EUR, LTL and PLN.

As of 31 December 2014 the interest rate on the financial lease obligations is 6 month EURIBOR + 1-3%, 3 Month EURIBOR + 1-3%, 6 month EUR LIBOR + 1-3%, 3 month EUR LIBOR + 1-3%, 1 month WIBOR + 1-3% (as of 31 December 2013 – is 6 month EUR LIBOR + 1.4% - 1.84%, 6 month EURIBOR + 1.4% - 2.25%, 3 month EURIBOR + 0.19% - 2% or 6 month VILIBOR + 1.4% - 3.34%). Interest is paid monthly.

Future minimal lease payments under the above mentioned financial lease contracts as of 31 December 2014 are as follows:

	Group	Company
Within one year	3,021	194
From one to five years	5,937	546
Total financial lease obligations	8,958	740
Interest	(373)	(32)
Present value of financial lease obligations	8,585	708
Financial lease obligations are accounted as:		
- current	2,841	180
- non-current	5,744	528

18 Financial lease (cont'd)

Future minimal lease payments under the above mentioned financial lease contracts as of 31 December 2013 are as follows:

	Group	Company
Within one year	1,728	99
From one to five years	4,281	355
Total financial lease obligations	6,009	454
Interest	(259)	(24)
Present value of financial lease obligations	5,750	430
Financial lease obligations are accounted as:		
- current	1,623	93
- non-current	4,127	337

19 Operating lease

As of 31 December 2014 and 2013 the Group had several contracts of operating lease for vehicles outstanding. The remaining part of the operating lease comprises of rent of offices in Vilnius. The terms of lease do not include restrictions of the activities of the Group and the Company in connection with the dividends, additional borrowings or additional lease agreements.

Minimal future lease payments according to the signed non-cancellable operating lease contracts are as follows:

	Group		Company	
	As of 31 December 2014	As of 31 December 2013	As of 31 December 2014	As of 31 December 2013
Within one year	44	111	-	-
From one to five years	52	126	-	-
	96	237	-	-

Operating lease contracts are denominated in Lithuanian Litas and Euros.

The Company has also entered into several vehicle operating lease agreements with employees. However, the agreements are cancellable; therefore, minimum lease payments are not disclosed.

20 Provision for employee benefits

As of 31 December 2014 and 2013 the Group and Company accounted for employee benefits for employees leaving the Group or the Company at the age of retirement (Note 2.15). Related expenses are included into general and administrative expenses in the Group's and the Company's statements of comprehensive income.

	Group		Company	
	2014	**2013**	**2014**	**2013**
As of 31 December of the previous year	1,140	1,408	15	28
Additions arising from acquisitions of new subsidiaries	18	-	-	-
Change during the year	277	(268)	37	(13)
As of 31 December of the financial year	1,435	1,140	52	15

Main assumptions applied while evaluating the Group's and the Company's provision for employee benefits as of 31 December 2014 are as follows:

	Group	Company
Discount rate	3.1%	3.4%
Anticipated annual salary increase	3.2%	3.0%

Main assumptions applied while evaluating the Group's and the Company's provision for employee benefits as of 31 December 2013 are as follows:

	Group	Company
Discount rate	5.4%	7.2%
Anticipated annual salary increase	3.0%	3.0%

21 Trade payables and payables to related parties

	Group		Company	
	As of 31 December 2014	**As of 31 December 2013**	**As of 31 December 2014**	**As of 31 December 2013**
Trade payables	69,321	95,299	12,998	16,782
Payables to related parties (Note 34)	4,600	12,883	1,024	20,290
	73,921	108,182	14,022	37,072

Trade payables are non-interest bearing and are normally settled on 60-day terms.

22 Advances received

As of 31 December 2014 and 2013 amount represents advances received from the owners of commercial and residential buildings administrated by the Group and the Company for repair and other works.

23 Other current liabilities

	Group		Company	
	As of 31 December 2014	As of 31 December 2013 (Restated)	As of 31 December 2014	As of 31 December 2013
Salaries and social security	18,353	17,945	115	104
Vacation pay accrual	5,752	5,771	377	322
Accrued expenses and deferred income	12,227	4,188	40	407
Other current liabilities	11,175	17,985	146	315
	47,507	45,889	678	1,148

Other payables are non-interest bearing and have an average term of six months.

24 Sales

	Group		Company	
	2014	2013	2014	2013
Buildings' administration and related services	623,083	515,753	38,137	44,009
Other services and goods	2,793	1,004	2,662	1,004
	625,876	**516,757**	**40,799**	**45,013**

The Group has a relatively significant concentration of trading counterparties. The main customer of the Group – Vilnius City Municipality – in 2014 and 2013 accounted for 5% and 7%, of total Group's sales, respectively.

25 Cost of sales

	Group		Company	
	2014	**2013**	**2014**	**2013**
Services of subcontractors and materials used	275,285	284,777	32,694	35,381
Wages and salaries and social security	213,110	115,536	479	452
Depreciation	3,185	3,311	-	-
Cost of goods sold	1,206	3,427	-	1
Other	15,171	12,051	-	-
Total cost of sales	**507,957**	**419,102**	**33,173**	**35,834**

26 General and administrative expenses

	Group		Company	
	2014	**2013**	**2014**	**2013**
Wages and salaries and social security	45,704	36,140	4,167	3,344
Depreciation and amortisation	8,433	6,801	420	156
Consulting and similar expenses	3,239	2,112	785	1,227
Allowance for and write-off of receivables	2,687	3,762	4,090	(92)
Rent of premises and other assets	2,504	2,048	242	262
Taxes other than income tax	2,496	733	17	23
Advertising	2,259	1,137	255	247
Commissions for collection of payments	2,180	2,231	48	46
Fuel expenses	1,914	1,577	140	128
Computer software maintenance	1,486	1,029	17	24
Business trips and training	1,427	1,245	432	406
Transportation	1,378	552	87	61
Insurance	1,288	1,079	81	43
Representational costs	1,230	827	73	203
Consulting and tax expenses related with acquisitions and disposals	1,230	1,235	1,043	1,235
Communication expenses	1,143	909	108	96
Utilities	851	930	76	476
Bank payments	463	418	10	8
Charity and support	88	101	-	58
Other	8,183	2,042	279	242
Total general and administrative expenses	**90,183**	**66,908**	**12,370**	**8,193**

27 Other operating income and expenses

	Group		Company	
	2014	**2013 (Restated)**	**2014**	**2013**
Income from rent	922	796	403	894
Gain on disposal of property, plant and equipment	-	-	-	6
Result of technical services resale	-	340	-	-
Gain from bargain purchase (Note 4)	1,717	3,506	-	-
Fines and penalties	1,678	1,769	-	-
Other income	2,238	1,557	496	-
Total other operating income	**6,555**	**7,968**	**899**	**900**
Depreciation of rented assets	126	111	-	-
Loss on disposal of property, plant and equipment	280	96	21	-
Fines and penalties	519	647	-	-
Legal claims	251	1,862	-	-
State duties	88	157	-	-
Rent expenses	594	-	594	-
Other expenses	1,649*	37	-	603
Total other operating expenses	**3,507**	**2,910**	**615**	**603**

* Other expenses include membership fees in business organisations attributable to Russian companies (LTL 249 thousand for the year 2014) and other non-significant amounts in Group companies.

28 Finance income and (expenses), net

	Group		Company	
	2014	**2013**	**2014**	**2013**
Interest income	656	567	2,178	2,089
Dividend income	34	-	17,679	9,400
Gain on sale of investments (Note 1)	1,504	-	2,419	-
Reversal of impairment of investments into subsidiaries	-	-	-	10,948
Foreign currency exchange gain	-	39	7	24
Other financial income	573	143	-	-
Total finance income	**2,767**	**749**	**22,283**	**22,461**
Interest (expenses)	(3,352)	(2,575)	(2,231)	(2,660)
Foreign currency exchange loss	(3,874)	(2,522)	-	(321)
Loss on sale of investments (Note 1)	(4,127)	(214)	(2,741)	-
Other financial (expenses)	(211)	(1,357)	-	(410)
Total finance (expenses)	**(11,564)**	**(6,668)**	**(4,972)**	**(3,391)**
Financial activity, net	**(8,797)**	**(5,919)**	**17,311**	**19,070**

29 Income tax

	Group		Company	
	2014	**2013**	**2014**	**2013**
Components of the income tax expenses				
Current income tax	6,755	7,740	-	(14)
Deferred income tax (income) expenses	(495)	(2,007)	12	31
Income tax (income) expenses recorded in the statement of comprehensive income	**6,260**	**5,733**	**12**	**17**

	Group		Company	
	As of 31 December 2014	**As of 31 December 2013 (Restated)**	**As of 31 December 2014**	**As of 31 December 2013**
Deferred income tax asset				
Allowance for accounts receivable	3,686	3,579	114	96
Allowance for inventories	1	17	-	-
Accruals and similar temporary differences	3,384	3,325	129	115
Deferred income	74	112	-	-
Impairment of investments	-	-	-	210
Tax loss carry forward	3,086	1,158	166	-
Tax goodwill	10,194	13,303	-	-
Deferred income tax asset before valuation allowance	20,425	21,494	409	421
Less: valuation allowance	(1,779)	(1,650)	-	-
Deferred income tax asset, net of valuation allowance	18,646	19,844	409	421
Deferred income tax liability				
Property, plant and equipment and intangible assets	(9,914)	(10,905)	-	-
Accrued income	(226)	(69)	-	-
Deferred income tax liability	(10,140)	(10,974)	-	-
Deferred income tax, net	8,506	8,870	409	421
Presented in the statement of financial position as follows:				
Deferred income tax asset				
Continued operations	18,646	16,865	409	421
Discontinued operations (Note 8)	-	2,979	-	-
Deferred income tax liability				
Continued operations	(9,930)	(8,129)	-	-
Discontinued operations (Note 8)	(210)	(2,845)	-	-

29 Income tax (cont'd)

Tax loss carry forward can be utilised as follows: in Lithuania (LTL 1,103 thousand as of 31 December 2014) – indefinitely, in Russia (LTL 30 thousand as of 31 December 2014) – mainly until the year 2023, in Poland (LTL 2,991 thousand as of 31 December 2014) – mainly until the year 2018 and in Spain (LTL 8,380 as of 31 December 2014) – indefinitely.

Deferred income tax asset and liability, related to entities operating in Lithuania, were accounted at 15% rate in 2014 and 2013. The deferred tax of companies operating in Russia, Ukraine, Latvia, Poland and Spain was calculated using 20%, 18%, 15%, 19% and 28% tax rates, respectively in 2014 (same as in 2013 except Spain where 30% rate was used and Ukraine where 19% rate was used).

Due to group reorganisations (mergers) in 2014 and 2013 and prior periods as discussed in Notes 1 and 4, tax goodwill was created as of the merger date. Consequently, a deferred tax asset was recorded on these transactions to the extent tax goodwill exceeds a respective financial statements goodwill amounts.

The changes of temporary differences before and after tax effect in the Group were as follows (discontinued operations included):

	Balance as of 31 December 2013 (Restated)	Recognised in profit or loss	Exchange differences	Disposed subsidiaries	Acquired subsidiaries	Balance as of 31 December 2014
Allowance for accounts receivable	22,084	5,453	(3,017)	(3,671)	-	20,849
Allowance for inventories	113	(106)	-	-	-	7
Accruals and similar temporary differences	16,214	(1,354)	(1,897)	(1,120)	-	11,843
Deferred income	562	-	(194)	-	-	368
Tax loss carry forward	6,924	7,371	(117)	(1,693)	-	12,485
Tax goodwill	58,774	(2,194)	-	(14,853)	-	41.727
Property, plant and equipment and intangible assets	(70,905)	1,689	2,509	20,649	(9,871)	(55.929)
Accrued income	(364)	(857)	34	-	-	(1.187)
Total temporary differences before valuation allowance	33,402	10,102	(2,682)	(688)	(9,871)	30.163
Valuation allowance	(8,250)	(5,561)	5,134	-	-	(8.677)
Total temporary differences	25,152	4,441	2,452	(688)	(9,871)	21.486
Deferred income tax, net	8,870	537	905	(91)	(1,715)	8.506

29 Income tax (cont'd)

The changes of temporary differences before and after tax effect in the Group were as follows (discontinued operations included):

	Balance as of 31 December 2012	Recognised in profit or loss	Exchange differences	Disposed subsidiaries	Acquired subsidiaries	Balance as of 31 December 2013 (Restated)
Allowance for accounts receivable	19,791	2,945	(652)	-	-	22,084
Allowance for inventories	113	-	-	-	-	113
Accruals and similar temporary differences	13,865	(889)	(637)	-	3,875	16,214
Deferred income	-	599	(37)	-	-	562
Tax loss carry forward	6,755	224	(55)	-	-	6,924
Tax goodwill	30,484	(1,623)	-	-	29,913	58,774
Property, plant and equipment and intangible assets	(76,549)	5,266	(42)	420	-	(70,905)
Accrued income	(1,792)	1,207	221	-	-	(364)
Total temporary differences before valuation allowance	(7,333)	7,729	(1,202)	420	33,788	33,402
Valuation allowance	(10,555)	1,239	1,066	-	-	(8,250)
Total temporary differences	(17,888)	8,968	(136)	420	33,788	25,152
Deferred income tax, net	(3,249)	1,915	(17)	84	10,137	8,870

29 Income tax (cont'd)

The changes of temporary differences before and after tax effect in the Company were as follows:

	Balance as of 31 December 2013	Recognised in profit or loss	Balance as of 31 December 2014
Allowance for accounts receivable	638	124	762
Accruals and similar temporary differences	767	92	859
Tax loss carry forward	-	1,104	1,104
Impairment of investments	1,400	(1,400)	-
Total temporary differences	2,805	(80)	2,725
Valuation allowance	-	-	-
Total temporary differences	2,805	(80)	2,725
Deferred income tax, net	421	(12)	409

	Balance as of 31 December 2012	Recognised in profit or loss	Balance as of 31 December 2013
Allowance for accounts receivable	778	(140)	638
Accruals and similar temporary differences	832	(65)	767
Deferred income (percentage of completion method)	-	-	-
Impairment of investments	1,400	-	1,400
Total temporary differences	3,010	(205)	2,805
Valuation allowance			
Total temporary differences	3,010	(205)	2,805
Deferred income tax, net	452	(31)	421

The reported amount of income tax expenses attributable to the year can be reconciled to the amount of income tax expenses that would result from applying statutory income tax rate to pre-tax income as follows:

	Group		Company	
	2014	2013	2014	2013
Income tax expenses computed at 15% in 2014 and 2013	(3,591)	(5,624)	(1,928)	(1,411)
Effect of different tax rates applicable to foreign subsidiaries	(220)	(476)	-	-
Change in deferred tax asset valuation allowance	(129)	2,661	-	-
Permanent differences	(2,320)	(2,294)	1,916	1,394
Income tax expenses reported in the statement of comprehensive income	(6,260)	(5,733)	(12)	(17)

30 Basic and diluted earnings per share (LTL)

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares issued and paid during the year. The Company has no diluting instruments, therefore basic and diluted earnings per share are equal. Calculation of basic and diluted earnings per share is presented below:

	Group	
	2014	**2013**
Net profit from continuing operations attributable to the shareholders	18,095	24,035
Net profit from discontinued operations attributable to the shareholders	3,414	974
Net profit attributable to the shareholders	**21,509**	**25,009**
Number of shares (thousand), opening balance	31,610	31,610
Number of shares (thousand), closing balance	31,610	31,610
Weighted average number of shares (thousand)	31,610	31,610
Basic and diluted earnings per share (LTL)	**0.68**	**0.79**
From continued operations	0.57	0.76
From discontinued operations	0.11	0.03

31 Dividends per share

	2014	**2013**
Approved dividends*	4,014	-
Number of shares (in thousand)**	31,610	-
Approved dividends per share (LTL)	0.13	-

* The year when the dividends are approved.
** At the date when dividends are approved.

32 Financial assets and liabilities and risk management

Credit risk

The Group's and the Company's procedures are in force to ensure on a permanent basis that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. Credit risk of the main customer of the Company Vilnius City Municipality, regarding which there is a trading and credit risk concentration noted (Note 24), is considered as relatively low. Receivables from Vilnius City Municipality as of 31 December 2014 amounted to 20% and 82% of the Group's and the Company's trade accounts receivable, respectively (25% and 97% as of 31 December 2013, respectively).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Therefore, the management considers that its maximum exposure is reflected by the amount of trade and other receivables, net of allowance for doubtful accounts recognised at the date of the statement of financial position.

Interest rate risk

The major part of the Group's and the Company's borrowings (loans and financial lease obligations) are subject to variable rates, related to EUR LIBOR, EURIBOR, EONIA and VILIBOR, which create an interest rate risk (Notes 16 and 18). There are no financial instruments designated to manage the exposure to the interest rate risk outstanding as of 31 December 2014 and 2013.

32 Financial assets and liabilities and risk management (cont'd)

Interest rate risk (cont'd)

The following table demonstrates the sensitivity of the Group's profit before tax (through the impact on floating rate borrowings) to a reasonably possible change in interest rates, with all other variables held constant. There is no impact on the Group's equity, other than that to current year profit.

2014	**Increase/decrease in basis points**	**Effect on the profit before the income tax**
EUR	+100	(743)
LTL	+100	-
PLN	+100	(19)
2013		
EUR	+100	(675)
LTL	+100	(40)
PLN	+100	(1)

The following table demonstrates the sensitivity of the Company's profit before tax (through the impact on floating rate borrowings) to a reasonably possible change in interest rates, with all other variables held constant. There is no impact on the Company's equity, other than that to current year profit.

2014	**Increase/decrease in basis points**	**Effect on the profit before the income tax**
EUR	+100	-
LTL	+100	(561)
2013		
EUR	+100	(390)
LTL	+100	(37)

32 Financial assets and liabilities and risk management (cont'd)

Liquidity risk

The Group's and the Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed overdraft and loans to meet its commitments at a given date in accordance with its strategic plans. The Group's liquidity (current assets / current liabilities) and quick ((current assets – inventory) / current liabilities) ratios as of 31 December 2014 were 1.28 and 1.26 respectively (1.50 and 1.48 as of 31 December 2013 respectively). The Company's liquidity and quick ratios as of 31 December 2014 were 2.47 and 2.47 respectively (1.68 and 1.68 as of 31 December 2013, respectively).

The table below summarises the maturity profile of the Group's financial liabilities as of 31 December 2014 and 2013 based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Non-current interest bearing borrowings	-	-	-	54,994	4,511	59,505
Current portion of non-current interest bearing borrowings	-	2,922	8,592	-	-	11,514
Current loans			8,420			8,420
Financial lease obligations	-	655	2,361	5,927	-	8,943
Trade payables and payables to related parties	-	52,232	16,645	5,042	2	73,921
Other current liabilities	-	19,164	2,961	1,244	33	23,402
Balance as of 31 December 2014	**-**	**74,973**	**38,979**	**67,207**	**4,546**	**185,705**
Non-current interest bearing borrowings	-	-	-	54,608	-	54,608
Current portion of non-current interest bearing borrowings	-	1,434	6,186	-	-	7,620
Current loans	-	-	10,389	-	-	10,389
Financial lease obligations	-	432	1,296	4,281	-	6,009
Trade payables and payables to related parties	-	101,932	6,562	-	-	108,494
Other current liabilities		1,493	-	-	-	1,493
Balance as of 31 December 2013	**-**	**105,291**	**24,433**	**58,889**	**-**	**188,613**

32 Financial assets and liabilities and risk management (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Company's financial liabilities as of 31 December 2014 and 2013 based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Non-current interest bearing borrowings	-	-	-	49,898	-	49,898
Current portion of non-current interest bearing borrowings	-	2,255	6,766	-	-	9,021
Current loans	-	-	-	-	-	-
Financial lease obligations	-	48	145	546	-	739
Trade payables and payables to related parties	-	14,022	-	-	-	14,022
Other current liabilities		218	-	-	-	218
Balance as of 31 December 2014	**-**	**16,543**	**6,911**	**50,444**	**-**	**73,899**
Non-current interest bearing borrowings	-	-	-	54,103	-	54,103
Current portion of non-current interest bearing borrowings	-	1,434	5,934	-	-	7,368
Current loans	14,426	-	5,430	-	-	19,856
Financial lease obligations	-	25	74	355	-	454
Trade payables and payables to related parties	-	30,822	6,563	-	-	37,385
Other current liabilities	-	407	-	-	-	407
Balance as of 31 December 2013	**14,426**	**32,688**	**18,001**	**54,458**	**-**	**119,573**

Foreign exchange risk

Majority of The Company's monetary assets and liabilities as of 31 December 2014 and 2013 are denominated in LTL or EUR, to which LTL is pegged except for loan issued in PLN which amounts for LTL 4,035 thousand as of 31 December 2014 (LTL 4,174 thousand as of 31 December 2013). Therefore, the management of the Company believes that foreign exchange risk is insignificant.

Monetary assets and liabilities of the Group denominated in various currencies as of 31 December 2014 and 2013 were as follows:

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
LTL	168,712	52,055	82,097	75,401
RUB	18,550	19,032	36,011	36,838
LVL	-	-	1,733	989
PLN	14,002	12,948	12,680	10,771
EUR	92,489	134,369	80,213	114,664
	293,753	218,404	212,734	238,663

32 Financial assets and liabilities and risk management (cont'd)

Foreign exchange risk (cont'd)

The following tables demonstrates the sensitivity of the Group's profit before tax (due to change in the fair value of monetary assets and liabilities) to a reasonably possible change in respect of currency exchange rate with all other variables held constant.

EUR held by Russian subsidiaries:

	Increase/ decrease in exchange rate	Effect on the profit before the income tax
2014		
EUR	+ 15,00 %	-
EUR	- 15,00 %	-
2013		
EUR	+ 15,00 %	(954)
EUR	- 15,00 %	954

EUR held by Polish subsidiaries:

	Increase/ decrease in exchange rate	Effect on the profit before the income tax
2014		
EUR	+ 15,00 %	(3,139)
EUR	- 15,00 %	3,139
2013		
EUR	+ 15,00 %	(2,799)
EUR	- 15,00 %	2,799

Fair value of financial instruments

The Group's and the Company's principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, non-current and current borrowings.

Fair value is defined as the amount at which the instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) The carrying amount of current trade and other accounts receivable, current accounts payable and current borrowings approximates fair value;
(b) The fair value of non-current borrowings is based on the quoted market price for the same or similar issues or on the current rates available for borrowings with the same maturity profile. The fair value of non-current borrowings with variable interest rates approximates their carrying amounts.

The fair values of the Group's and the Company's financial assets and financial liabilities approximate their carrying values. Based on fair value measurement categorization principles described in Note 2.9, the Group categorizes inputs used for borrowings from financial institutions valuation as level 2. Inputs for other financial assets and liabilities valuation are categorized as Level 3.

33 Commitments and contingencies

Embezzlement of assets in UAB Mano būstas LT

Currently the Company is in the first instance trial process, which started in 2009 after a Company's subsidiary UAB Fervėja (at the moment the name is changed into UAB Mano Būstas LT) applied to the Lithuanian Financial Crime Investigation Service for initiating the investigation and a compensation of LTL 2.3 million of damages described below.

The application was made because a former director of UAB Būsto Investicijų Valdymas (the company acquired by UAB Mano Būstas LT and currently merged with UAB Naujamiesčio Būstas) on 1st August, 2008, have signed an agreement with OOO BAS, a company registered in Kaliningrad district, according to which, the latter company was paid LTL 2.3 million for market research services that actually had not been carried out. Currently, the Group cannot assess the outcome of the case. The outcome of the litigation process cannot be reliably determined, thus no assets were recorded in the financial statements in respect of this matter.

UAB Mano sauga case

On 7 January, 2014 a Group's company - UAB Mano sauga - as a defendant got an action from UAB Trikampis žiedas bankruptcy administrator UAB Karaliaučiaus group. In this action administrator seeks that an agreement signed on 27 September, 2012 between UAB Trikampis žiedas and UAB Mano sauga would be declared as null and void. Bankruptcy administrator also requires to apply restitution in this case and to get from UAB Mano sauga in favor of UAB Trikampis žiedas the sum of 3.5 mln, Litas (1.04 million euros).

In Company's opinion, the bankruptcy administrator brought groundless action that is not based on any objective calculations in order to determine the value of the assets transferred from UAB Trikampis žiedas to UAB Mano sauga.

At this moment, Group's company UAB Mano sauga presented to the Court its legal opinion expressing disagreement with the stated action, the court has appointed an independent expert to determine the value of the assets transferred, and the trial proceedings are suspended until the expert gives their opinion.

If the Court adopts negative decision in this case, UAB Mano sauga will defend its rights in appeal procedure and separate civil actions against former manager and shareholder of UAB Mano sauga may be brought. The carrying value of the net assets of UAB Mano sauga, consolidated in the Group's financial statements as of 31 December 2014, amounted to LTL (310) thousand. No additional provisions are recorded in respect of this matter.

Contingencies related to foreign subsidiaries

Due to lack of taxation practices and clear legislative requirements, Group subsidiaries, carrying out business operations in the region of St, Petersburg, namely ZAO City Service, OAO City Service, OOO Жилкомсервис № 3 Фрунзенского района were dealing with some uncertainties related with tax treatment of bad debts and its validity. The management accounted bad debts based on the market operating practices methodology, but it is not stipulated by the Tax code. In case local authorities challenge the management's view on treatment of bad debts and its validity, for companies, operating in the region of St, Petersburg, additional profit taxes may be calculated. The maximum exposure of additional tax risk, including penalties, estimated by the management to amount up to approximately 10.4 million ruble (0.5 million litas). However, due to the fact that the management considers such tax risks to be not probable, no accruals in respect of these tax contingencies have been accounted for in these financial statements.

As of 31 December 2014 Concentra Servicios y Mantenimiento, S.A. had non-current accruals associated with legal claims due to disputes with employees for amount of EUR 527 thousand (LTL 1,819 thousand).

34 Related party transactions

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

- Global energy consulting OÜ – the ultimate shareholder of the company from 2013;
- UAB Lag&d – controlled by the same ultimate shareholder;
- UAB ICOR - the shareholder of the Company;
- Subsidiaries and associates of UAB ICOR (same ultimate controlling shareholder);
- Subsidiaries of AB City Service (for the list of the subsidiaries, see also Note 1);
- Associates of AB City Service (for the list of the associates, see also Note 1);
- J. Janukėnas, V. Turonis, E. Paulauskas, V. Junevičius, J. Šimkevičius, V. Jastremskas;
- R. Jakubauskas, A. Górecka – Kolasa, F. López Abril (Management of the Company).

34 Related party transactions (cont'd)

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 in 2014 and 2013 were sold for the net book value.

Prices for the intercompany purchase and sale transactions are established by the management and shareholders of the UAB ICOR and/or UAB Lag&d 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 netted-off with payables / receivables to / from a respective related party.

2014*

Group	**Purchases**	**Sales**	**Receivables and prepayments**	**Loans granted**	**Payables and advances received**
UAB ICOR	1,875	27	3	-	374
Subsidiaries of UAB ICOR:					
AB Axis Industries	1,983	1,018	65	-	312
Other subsidiaries of UAB ICOR	1,938	1,575	161	-	12
Other shareholders of the Company	-	-	26	-	-
Associates	9,071	1,001	28	-	3,898
	14,867	**3,621**	**283**	**-**	**4,596**

2014* **Company**	**Purchases**	**Sales**	**Receivables and prepayments**	**Loans granted**	**Payables and advances received**
UAB ICOR	1,351	20	-	-	254
Subsidiaries of UAB ICOR:					
AB Axis industries	874	756	-	-	2
Other subsidiaries of UAB ICOR Group	-	339	53	-	-
Subsidiaries of the Company	11,148	13,974	59,380	42,247	750
Other shareholders of the Company	-	-	26	-	-
Associates	-	15	-	-	18
	13,373	**15,104**	**59,459**	**42,247**	**1,024**

34 Related party transactions (cont'd)

Loans granted to subsidiaries of the Company as of 31 December 2014 and 2013 carry fixed interest rates of 4-6% and variable 3 month EURIBOR + 3% margin. As of 31 December 2014 LTL 37,850 thousand was accounted as non-current receivables (As of 31 December 2013 LTL 50,599 thousand) and LTL 4,437 thousand as current receivables (none such as of 2013 December 2013). Loans granted to the management of the Company are payable in 1-3 years and carry fixed interest rates of 3-6% (accounted under non-current receivables and current receivables from related parties captions in the statement of financial position).

2013*

Group	Purchases	Sales	Receivables and prepayments	Loans granted	Payables and advances received
UAB ICOR	2,769	25	-	-	10,191
Subsidiaries of UAB ICOR:					
AB Axis Industries	2,947	1,822	5	-	2,798
Other subsidiaries of UAB ICOR	1,482	2,066	138	-	327
Management of the Company	-	5	-	-	-
Other shareholders of the Company	-	-	25	-	-
	7,198	**3,918**	**168**	**-**	**13,316**

2013* Company	Purchases	Sales	Receivables and prepayments	Loans granted	Payables and advances received
UAB ICOR	1,736	19	-	-	9,694
Subsidiaries of UAB ICOR:					
AB Axis industries	1,318	658	-	-	922
Other subsidiaries of UAB ICOR Group	-	310	42	-	-
Subsidiaries of the Company	9,883	3,557	5,970	50,599	9,674
Management of the Company	-	5	-	-	-
Other shareholders of the Company	-	-	25	-	-
	12,937	**4,549**	**6,037**	**50,599**	**20,290**

*Related party balances and transactions for the year 2014 and 2013 include discontinued operations.

The ageing analysis of the Group's receivables from related parties as of 31 December is as follows:

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	Less than 30 days	30 – 60 days	60 – 90 days	90 – 360 days	More than 360 days	Total
2014	211	21	2	3	13	33	283
2013	139	14	2	2	7	4	168

34 Related party transactions (cont'd)

The ageing analysis of the Company's receivables from related parties as of 31 December is as follows:

		Trade receivables past due but not impaired					
	Trade receivables neither past due nor impaired	**Less than 30 days**	**30 – 60 days**	**60 – 90 days**	**90 – 360 days**	**More than 360 days**	**Total**
2014	46,991	2,412	2,725	99	1,340	5,892	59,459
2013	416	156	182	390	1,207	3,686	6,037

Payables to related parties are non-interest bearing and are normally settled on 60-day terms. Trade receivables from related parties are non-interest bearing and are generally collectible on 30 - 90 days terms. Valuation allowance amounting LTL 4,431 thousand is accounted for the receivables from related parties as of 31 December 2014 (LTL 466 thousand as of 31 December 2013).

Remuneration of the management and other payments

The Group's and the Company's management remuneration amounted to LTL 12,683 thousand and LTL 1,190 thousand in 2014, respectively (to LTL 11,314 thousand and LTL 1,190 thousand in 2013, respectively). The outstanding balance of the loans granted by the Company to the management is disclosed in the tables above under Management of the Company heading. Provision for employee benefit for the management of the Group and the Company amounted to LTL 1 thousand both as of 31 December 2014 (LTL 1 thousand both as of 31 December 2013). In 2014 and 2013 the management of the Company did not receive any guarantees; no other payments or property transfers were made or accrued. No impairment of loans granted to the management of the Company has been recorded as of 31 December 2014 and 2013. There was no board remuneration in 2014 and 2013.

35 Capital management

The primary objectives of the Group's and the Company's capital management are to ensure that the Group and the Company comply with externally imposed capital requirements and that the Group and the Company maintain healthy capital ratios in order to support the business and to maximise shareholders' value. For capital management purposes, capital comprises equity attributable to equity holders of the Parent Company.

The Group and the Company manage capital structure and makes adjustments to it in the light of changes in economic conditions and risk characteristics of the activities. To maintain or adjust the capital structure, the Group and the Company may issue new shares, adjust the dividend payment to shareholders and/or return capital to shareholders. No changes were made in the objectives, policies or processes of capital management during the years ended 31 December 2014 and 2013.

The Group companies registered in Lithuania and the Company are obliged to upkeep its equity at not less than 50% of its share capital (comprised of share capital and share surplus), as imposed by the Law on Companies of the Republic of Lithuania. The Group companies registered in Russia are obliged to upkeep their net assets at not less than the minimum amount of share capital, as imposed by the Law on Joint Stock Companies of the Russian Federation. As of 31 December 2014 some Group companies did not meet these requirements (UAB Vilkpėdės būstas, UAB Nemuno būstas and OAO City Service). A company, which does not comply with these legal requirements, may become a subject for liquidation. If the Company does not decide on its liquidation, creditors may claim early termination or the execution of the company's liabilities and compensation of losses, if any. In practice, such actions of the creditors are not usual and the management of the Group considers such risk as remote.

In addition the Company has committed to its lenders to keep to certain minimum capital requirements. There were no other externally imposed capital requirements on the Group and the Company. As of 31 December 2014 and 2013 the Company were not in breach of the above mentioned requirements.

On 28 April 2007 the shareholders of the Company decided while distributing current and subsequent year's results (starting from the distribution of the results for 2007) to pay out 25 % dividends from the total amount of the current year's net profit less prior year losses (if any) and mandatory transfers to reserves. Notably, General Shareholders Meeting have to adopt the decision on dividend distribution each year in order to follow such policy.

35 Capital management (cont'd)

The Group and the Company monitor capital using debt to equity ratio. There is no target debt to equity ratio set out by the Group's and the Company's management, however, current ratios presented below are treated as good performance indicators, taking into account the changes in the Group and the Company (Note 1).

	Group		Company	
	2014	**2013**	**2014**	**2013**
Non-current liabilities (including deferred tax)	75,270	66,595	48,515	51,447
Current liabilities	174,411	208,453	25,104	66,018
Liabilities	**249,681**	**275,048**	**73,619**	**117,465**
Equity	**225,151**	**210,225**	**176,711**	**167,886**
Debt to equity ratio	**111%**	**131%**	**42%**	**70%**

36 Subsequent events

In the 1 January 2015, the Euro was adopted as a national currency in the Republic of Lithuania so the Company's currency changed as well. The official exchange rate applied is LTL 3.45280 for EUR 1, which was irrevocably set by the European Council.

On 5 January, 2015, City Service Grupa Techniczna Sp. z.o.o after the process of reorganization, was incorporated into the Company INTERBUD MAX Sp. z.o.o and after this the name of INTERBUD MAX Sp. z.o.o was changed to City Service Grupa Techniczna Sp. z.o.o.

On 12 February 2015, AWT Holding UAB 25 % share transfer transaction was closed. The value of transaction was EUR 3.496 mln, (LTL 12.08 million). City Service AB investment into 25 % shares of AWT Holding UAB was EUR 1.48 mln. (LTL 5.11 mln.). The share purchase agreement between the Company and BaltCap investment funds (BaltCap Private Equity Fund II L.P. and BaltCap Private Equity Fund II SCSp) was concluded on 23 December 2014. After closing, the sole shareholder of AWT Holding UAB, which controls Ecoservice group companies, is BaltCap and the Company has no shares or management rights in waste management companies in Lithuania.

On 2 March 2015, Company through a subsidiary has acquired three companies (ADMINISTRACION URBANA Y RURAL CHORRO S.L.U., AFIMEN ADMINISTRACIÓN DE FINQUES, S.L.U., ELCHE ADMINISTRACION DE FINCAS, S.L.U.), that manages 580 thousand sq. m. of residential facilities in Alicante province, in Spain, Revenues of acquired companies were EUR 361 thousand (LTL 1,246 thousand) in 2014, assets amounted to EUR 83 thousand (LTL 283 thousand) as of 31 December 2014 (unaudited). The companies were acquired for EUR 640 thousand (LTL 2,210 thousand).

CITYSERVICE

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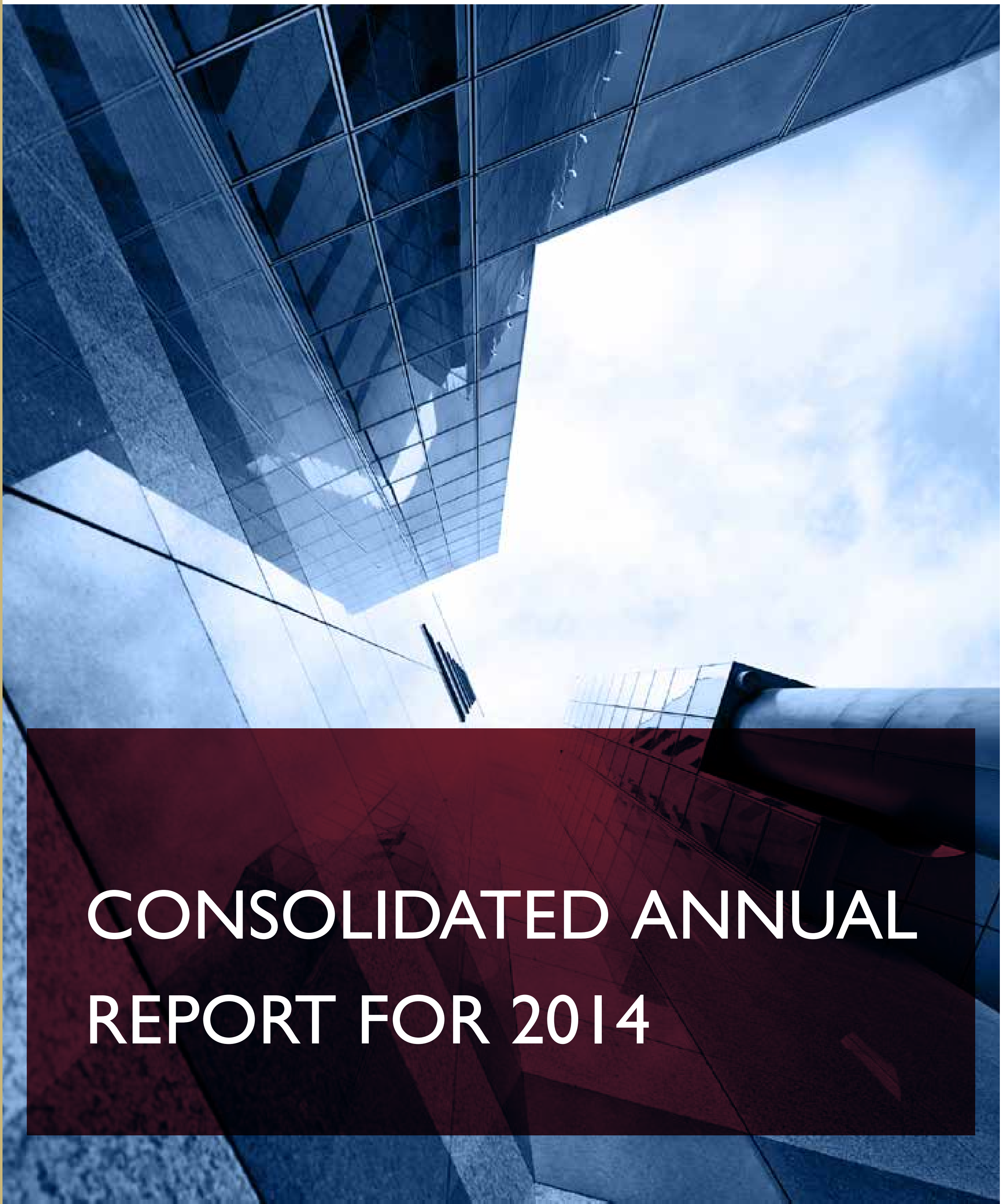


CONSOLIDATED ANNUAL REPORT FOR 2014

TURINYS

1. ABOUT THE COMPANY

1.1. CITY SERVICE GROUP

City Service AB is a holding company. City Service controls a group, engaged in provision of facility management and integrated utility services in Europe.

The Group companies engage

in facility management process administration, engineering systems maintenance and repairs, energy resources management and renovation, buildings' technical and energetic auditing, territory cleaning as well as provision of security and debt administration services.

The Group companies' principal areas of activities:

Apartment building maintenance

Commercial, industrial and public facility management

Maintenance and cleaning of territories

Other activities

The activities are performed in strict observance of the applicable environment protection requirements. At present the Group companies perform their activities in Lithuania, Poland, Russia, Spain and Latvia. The total area of facilities, administered in the said regions, is larger than 32.2 million sq. m.

1.2. STRATEGY AND OBJECTIVES

The long-term objective of the City Service Group is development on the European markets, focusing on integrated facility maintenance services

The Corporate Group implements its development by acquiring promising private and state-owned companies. The acquired companies are reorganized and adjusted to the Group activity model and standards, thus gradually improving the service quality and enhancing profitability.

1.3. MISSION AND VISION

Our vision is securing the position of the European market leader and becoming the most innovative and efficient partner and friend to our consumers and attractive employer.

Our mission – to create well-balanced living and working environment by providing comprehensive and innovative services.

1.4. STRUCTURE OF THE GROUP

AB CITY SERVICE								
LATVIA	LITHUANIA				RUSSIA	POLAND	SPAIN	
100 % SIA Riga City Service	99.33 % UAB Žaidas	100 % UAB Vilkpėdės būstas	100 % UAB Vėtrungės būstas	100 % UAB Mano aplinka	100 % OAO City Service	100 % ZZN Sp.z.o.o.	100 % Concentra Servicios Y Mantenimiento, S.A	
100 % SIA Namu serviss APSE	100 % UAB Nemuno būstas	100 % UAB Namų priežiūros centras	100 % UAB Jūros būstas	100 % UAB Šiaulių būstas	90 % Stavropol Companies Group (11 companies)	100 % City Service Grupa Techniczna Sp.z.o.o.	100 % Administraciones Santa Pola S.L.	
	100 % UAB Naujamiesčio būstas	100 % UAB Lazdynų būtų ūkis	100 % UAB Vingio būstas	99,84 % UAB Šilutės būstas	100 % OAO Spec RNU	100 % Progresline Sp.z.o.o.		
	100 % UAB Economus	100 % UAB Aukštaitijos būstas	100 % UAB Danės būstas	99,27 % UAB Mano sauga	100 % ООО Чистый дом	100 % EnergiaOK Sp.z.o.o.		
	100 % UAB Baltijos NT valdymas	100 % UAB Skolos LT	100 % UAB Žardės būstas	100 % UAB Karoliniškių turgus	100 % ZAO City Service			
	100 % UAB Mano aplinka plius	100 % UAB Justiniškių būstas	100 % UAB Pempinkų būstas	100 % UAB Mano būstas LT	99 % ООО Подъемные механизмы			
	100 % UAB Pašilaičių būstas	100 % UAB Antakalnio būstas	100 % UAB Karoliniškių būstas	100 % UAB Radviliškio būstas	80% ОАО Жылкомсервис No3 Фрунзесково района			
	100 % UAB Žirmunų būstas	100 % UAB Viršuliškių būstas	100 % UAB Konarskio turgelis	100 % UAB Šiaulių butų ūkis				

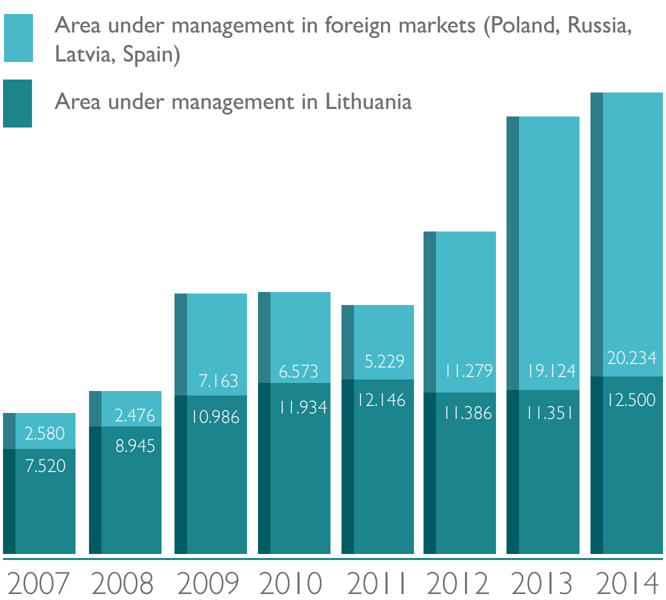
* The structure shows only the companies, actually performing activities. All the Group companies are shown in Section 22.

1.5. KEY INDICATORS OF THE GROUP

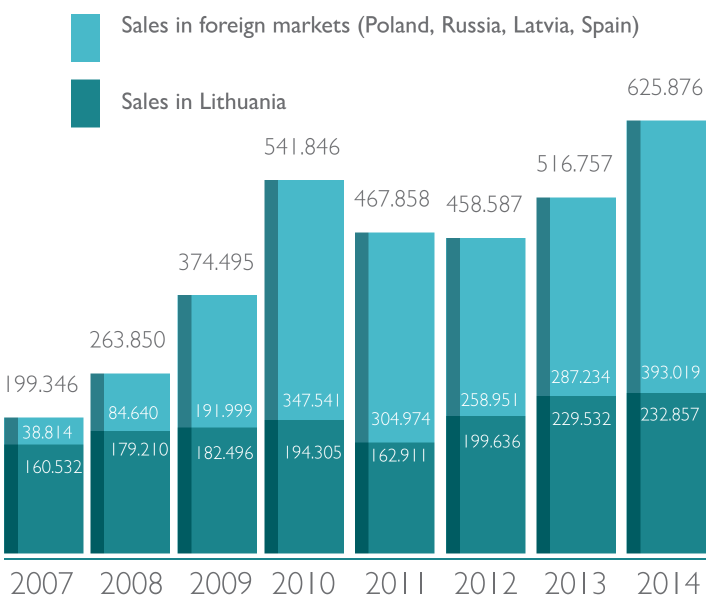
Key financial indicators*	2007	2008	2009	2010	2011	2012	2013	2014
Sales	199.346	263.850	374.495	541.846	467.858	458.587	516.757	625.876
Sales in the Lithuanian market	160.532	179.210	182.496	194.305	162.911	199.636	229.523	232.857
Sales in foreign markets (Poland, Russia, Latvia, Spain)	38.814	84.640	191.999	347.541	304.974	258.951	287.234	393.019
Area under management in Lithuania (thousand sq. m)	7.520	8.945	10.986	11.934	12.146	11.386	11.351	12.500
Area under management in foreign markets (Poland, Russia, Latvia, Spain)	2.580	2.476	7.163	6.573	5.229	11.279	19.124	20.234
EBITDA (continued operations)	11.896	14.464	25.168	35.703	36.763	31.501**	46.028	42.528
EBITDA margin	5,97%	5,48%	6,70%	6,59%	7,86%	6,87%	8,91%	6,79%
Operating profit (EBIT)	10.472	12.440	20.588	24.724	30.653	25.255	35.805	30.784
EBIT margins	5,25%	4,71%	5,50%	4,56%	6,55%	5,51%	6,93%	4,92%
Earnings before tax (EBT)	10.813	11.034	17.025	25.274	29.406	17.804	29.949	23.940
EBIT margin	5,42%	4,18%	4,55%	4,66%	6,29%	3,88%	5,80%	3,83%
Net profit	9.361	8.686	15.293	25.470	23.588	12.993	24.216	17.680
Net profit in foreign markets (Poland, Russia, Latvia, Spain)	(223)	(1.866)	4.534	922*	9.356	9.052	4.596	(2.871)
Net profit margin	4,70%	3,29%	4,08%	4,70%	5,04%	2,83%	4,69%	2,82%
Profit per share (LTL)	0,52	0,45	0,80	0,80	0,91	0,48	0,79	0,68
Return on equity (ROE)	17%	15%	21%	16%	17%	5%	12%	9%
Return on assets (ROA)	8%	6%	6%	7%	9%	2%	5%	4%

* Key financial data and ratios, except return on equity and assets as well as profit per share, is presented excluding "Ecoservice" UAB group and companies operating in the city of Stavropol. All amounts in key financial indicators are in LTL thousand unless otherwise stated.
** Before gain from bargain purchase and goodwill impairment.

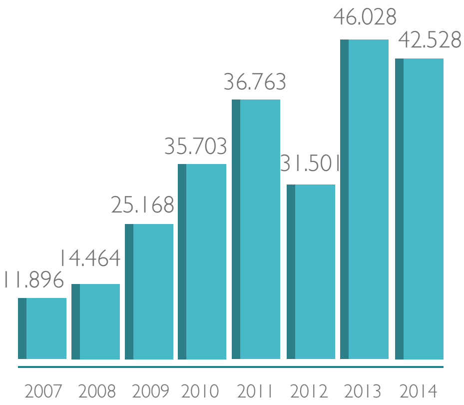
AREA UNDER MANAGEMENT, THOUSAND M2



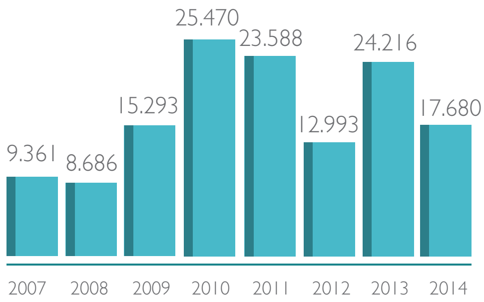
SALES, THOUSAND LTL



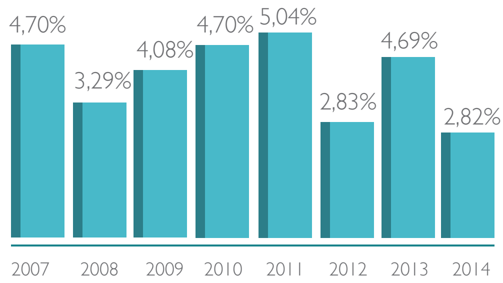
EBITDA,
THOUSAND LTL



NET PROFIT,
THOUSAND LTL



NET PROFIT MARGIN,
PER CENT



1.6. KEY EVENTS

2014 M.

February

The Group signed the agreement on transfer of stock of Ecoservice UAB to AWT Holding UAB, whose controlling interest, i.e. 75 per cent of the stock, was owned by Baltcap.

May

In Spain the Group entered into the apartment buildings maintenance market and purchased the company Administraciones Santa Pola S.L., servicing apartment buildings in the Alicante region.

June

A new subsidiary - EnergiaOK Sp. z o.o, was launched in Poland. The company engages in trade of electric energy. The incorporation of the new company is related with the foreseen expansion of the Group's activities in Poland.

November

A new subsidiary - SIA City Service Latvia, was launched in Latvia. The incorporation of the new company is related with the foreseen expansion of the Group's activities in Latvia.

December

The Group purchased the Polish company "Progresline" Sp. z.o.o., which provides apartment buildings administration services in Lodz, Poland.
In Latvia the Group purchased the company Namu Serviss Apse, which provides apartment buildings administration services in Liepaja.

For more informations regarding subsequent events up to 9 April 2015 see Financial Statements Note 36 subsequent events.

1.7. A WORD FROM THE GENERAL DIRECTOR

JONAS JANUKĖNAS
AB City Service General Director

After executing active development in the geography of activities of the City Service Group during the several last years, last year we focused our attention on the integration processes. The most important of those are searching for new possibilities and their use in different service segments, allowing for more efficient use of all the Group's resources, available at the moment.

For almost twenty years, the City Service Group's experience has been accumulated by maintaining commercial facilities. Additionally, for more than ten years, we have been servicing residential buildings. When expanding on Spain's and Latvia's markets, we strategically chose the companies, which would be able to not just consolidate the activities on the traditionally strong service segments. By using the Group's experience, in our vision the companies must become the basis for additional expansion into the related service segments.

The end of the last and the beginning of this year manifested with the first promising procurements of companies, which will allow for a better use of the available potential. On Spain's market, which has a strong commercial facilities maintenance company, we purchased as many as four apartment building servicing companies. In Poland we continued our expansion on the apartment buildings' market, and also concluded the first important agreements with commercial facilities owners and created a service base, allowing for further successful extension of the customer range in the segment. In Latvia we purchased the first apartment buildings' servicing company – it was the first Group's procurement in the country after the long organic growth. We also concluded the first agreements with commercial segment customers in Russia.

Apart from the said steps, we have been actively developing our business in the integrated product segments, such as cleaning, territories maintenance and other services, related with our customers' needs.

In all the countries, where the Group companies operate, we continued active application of the LEAN processes efficiency increasing methods, by setting ourselves new challenges and continuously improving the previously reached indicators. The Group's activity indicators system is related with the value chains, important to the customers. Thus, we reach for creating a valued and meaningful product.

To summarize the last year's results, it is worth emphasizing that 2014 was the year of important and decisive steps, the benefits of which will already be felt this year. 2015 will be the year of thrusting development, especially on the promising apartment buildings markets of Poland and Spain.

2. ACTIVITIES

2.1. APARTMENT BUILDING MAINTENANCE

The Group companies provide apartment buildings administration services, i.e. perform all the activities, necessary in order to preserve the collectively used objects and use them according to their purpose and also perform continuous technical maintenance. The companies take care of supporting the mechanical endurance of principal building structures, eliminating small defects, preventive actions and adjusting the commonly used engineering equipment, ensuring safe use, eliminating emergencies

The Group provides apartment buildings administration and maintenance services in Lithuania, Poland, Latvia, Spain and Russia.

In Lithuania maintenance of apartment buildings remains the most important area of the Group companies' activities. Compared to 2013, the area of maintained buildings grew from 8.4 to 9 million sq. m.

2013

21,6
mln. sq. m.

In Poland in 2014 the apartment buildings administration activities were further developed. The Group, through its controlling subsidiary City Service Polska acquired 100 per cent of stock in the company Progresline, which services the area of 600 thousand sq. m. in Lodz. After the acquisition the total area of the administered apartment buildings in Poland grew from 9,3 to 9.9 million sq. m. It is planned that during the year the area of maintained buildings will grow by 16.5 per cent – up to 11.6 million sq. m.
In Spain the first steps were taken on the apartment buildings administration market in 2014. The Group company Concentra purchased the company Administraciones Santa Pola, servicing 211 thousand sq. m. of apartment buildings in the Alicante region. In 2015 the company is going to increase its apartment buildings maintenance market share through acquisition of new companies.

In Latvia the Group, through its subsidiary, purchased the company Namu Serviss Apse, providing apartment buildings administration services in Liepaja. The area, serviced by the company, reaches almost 260 thousand sq. m.

In Russia during the year the Group company increased the area of maintained apartment buildings from 3 to almost 3.1 million sq. m. The company's target for 2015 is to increase the area of maintained buildings by no less than 150 thousand sq. m.metrų.

2014

22,6

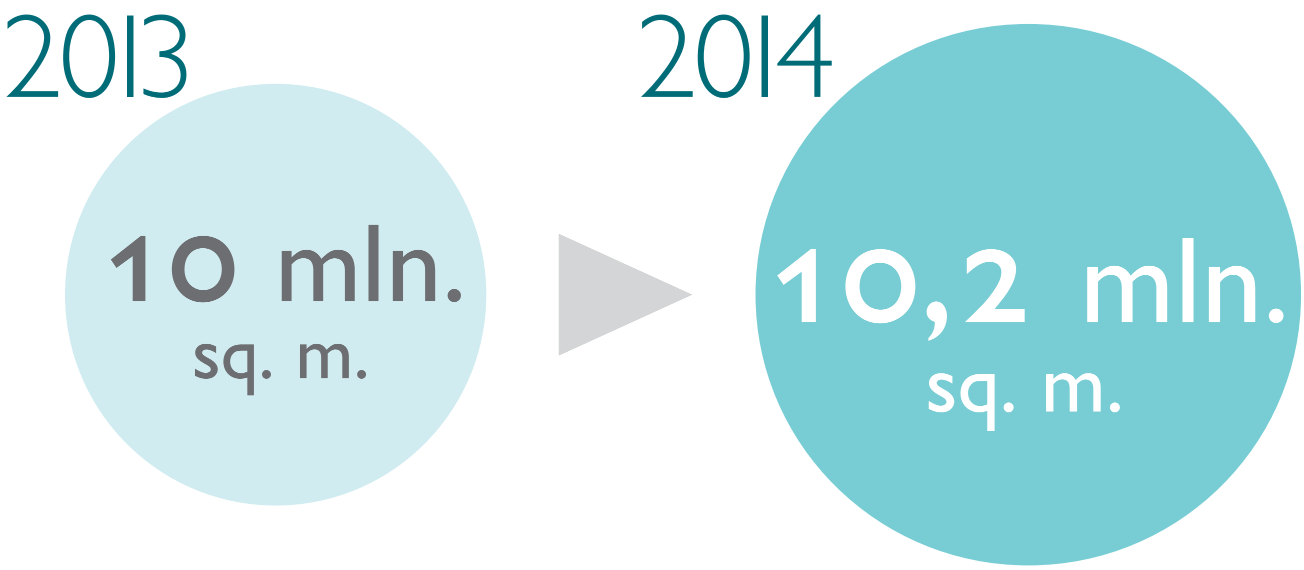
mln. sq. m.

2.2. COMMERCIAL, INDUSTRIAL AND PUBLIC FACILITY MANAGEMENT

The Group companies provide commercial facility management services, ensuring reliable functioning of buildings' systems and lower maintenance costs. The companies take care of buildings' maintenance from the engineering equipment, management and saving of energy resources to cleaning and security of facilities.

The Group companies provide commercial facility management services in Lithuania, Latvia, Poland, Spain and Russia.

In Lithuania the Group continued strengthening its positions in the area of managing commercial and public facilities. The range of customers was extended – 75 new contracts were signed. Complex facility management services were commenced to be provided to the following companies: BIOK, Eika, Profista, Fresh Market, Lesto, Girteka, Vilnius International Airport, Domus Centras, BPT Optima Retail, etc.
Compared to 2013, the area of maintained facilities grew by 14 per cent, i.e. from 3 up to 3.5 million sq. m. In 2015 the Group plans to sign 50 new maintenance agreements and increase the serviced area by 7 per cent, up to 3.75 million sq. m.



In Spain the Group company continued active development of commercial, public and industrial facilities management. In 2014 the company commenced regional maintenance of telecommunications and other facilities, owned by Spain's national television RTV Andalusia y RTV Aragonesa, police, Renfe Raildorads and Telefonica Madrid. The priority direction in the segment is attraction of the customers with big portfolios of scattered small objects.
During the year the area of maintained facilities grew by 20 per cent, i.e. from 6.3 to 7.6 million sq. m. Fierce competition and decreasing service prices are the major challenges on Spain's market, inevitably urging to give the main priority to increasing the performance efficiency. The signs of market stabilization are already felt in 2015. In 2015 the company plans to increase the area of maintained facilities up to 8.1 million sq. m.

In Poland the Group company commenced maintaining commercial facilities. Agreements for maintenance of a shopping centre and offices complex were signed. The total area of maintained commercial facilities reaches 181 thousand sq. m. During the year, after expanding the range of customers, the number is planned to be increased up to 500 thousand sq. m.

In Russia the Group company commenced maintaining commercial facilities. Several important contracts were signed, including those for maintenance the Nordway logistics centre and Melnitsa animated cartoons studio.
At present the company maintains 90 thousand sq. m. of commercial facilities, during the year the said area is planned to be increased twice, i.e. up to 180 thousand sq. m.

In Latvia the Group company continued developing the provided commercial and stated owned facility management services. In 2014 the company commenced taking care of facilities, owned by the police and Fire Department in Kurzeme, Vidzeme and Latgale regions, as well as state border guard points.
During the year the area of maintained facilities increased from 791 thousand sq. m. up to 816 thousand sq. m. It is planned that in 2015 the area of maintained commercial facilities will increase up to 1 million sq. m.

2.3. MAINTENANCE AND CLEANING OF TERRITORIES

The Group companies provide full range of territories maintenance and cleaning services: perform cleaning jobs inside premises and outside the buildings, maintain private territories and public spaces in cities and towns, take care of removing snow, sand and fallen leaves, cut grass, perform special cleaning works and provide hygiene materials.

Cleaning and territories maintenance services are provided in Lithuania, Latvia, Spain and Russia.

In Lithuania the Group company provides the cleaning and territories maintenance services throughout the territory of the country. The company takes care of cleanliness both in apartment buildings and commercial facilities and also public spaces in cities and towns. The company continuously expands the range of provided services and invests into procurement of new equipment. In 2014 the area of cleaned facilities and maintained territories reached 20 million sq. m. In 2015 the said indicator is planned to be increased by 10 per cent, i.e. up to 22 million sq. m.

In Latvia the Group companies provide cleaning and territories maintenance services to apartment buildings, commercial and public objects. The total area of maintained territories and facilities reaches 53 thousand sq. m. It is planned that during the year it will increase by 13 per cent, i.e. up to 60 thousand sq. m.

In Spain the Group company mostly provides inside premises cleaning services to commercial and state owned facilities. In 2014 the total area of cleaned objects reached 1.25 million sq. m. and, during the year, increased by 12 per cent. It is planned that in 2015 the area of cleaned objects will increase by about 20 per cent, i.e. up to 1.5 million sq. m.

In Russia the Group company provides territories maintenance and cleaning services to apartment buildings. In 2014 the total serviced area reached 3.4 million sq. m.

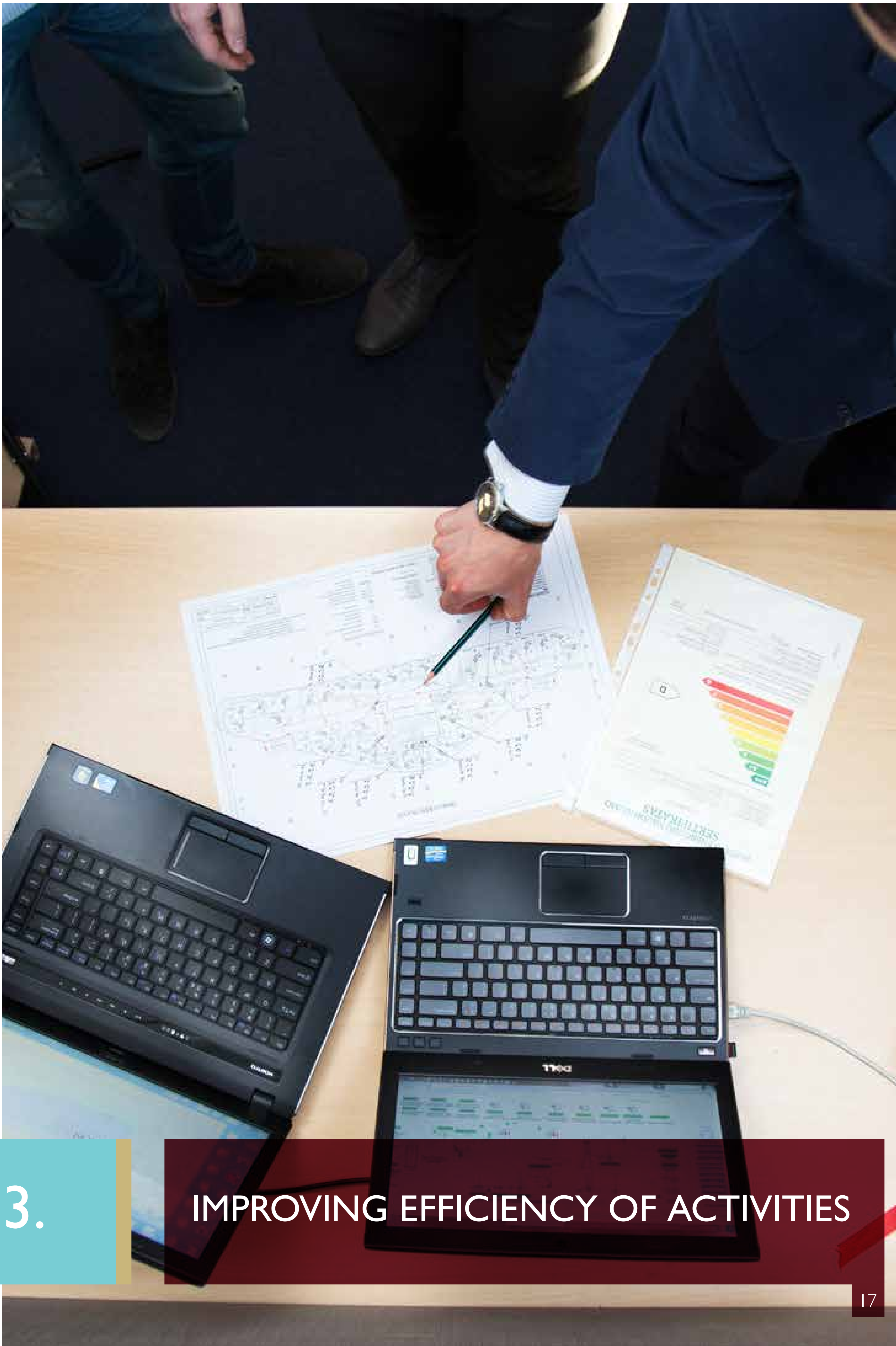
2.4. OTHER ACTIVITIES

Apart from their principal activities, the Group companies also provide other services in Lithuania, Poland and Russia.

In Lithuania the Group companies provide security, buildings renovation, as well as debt administration services.

In Poland the Group companies engage in production and supply of thermal energy, installation of boiler rooms and retail of electric energy.

In Russia the Group company provides the service of administering the charges for utility services.



3. IMPROVING EFFICIENCY OF ACTIVITIES

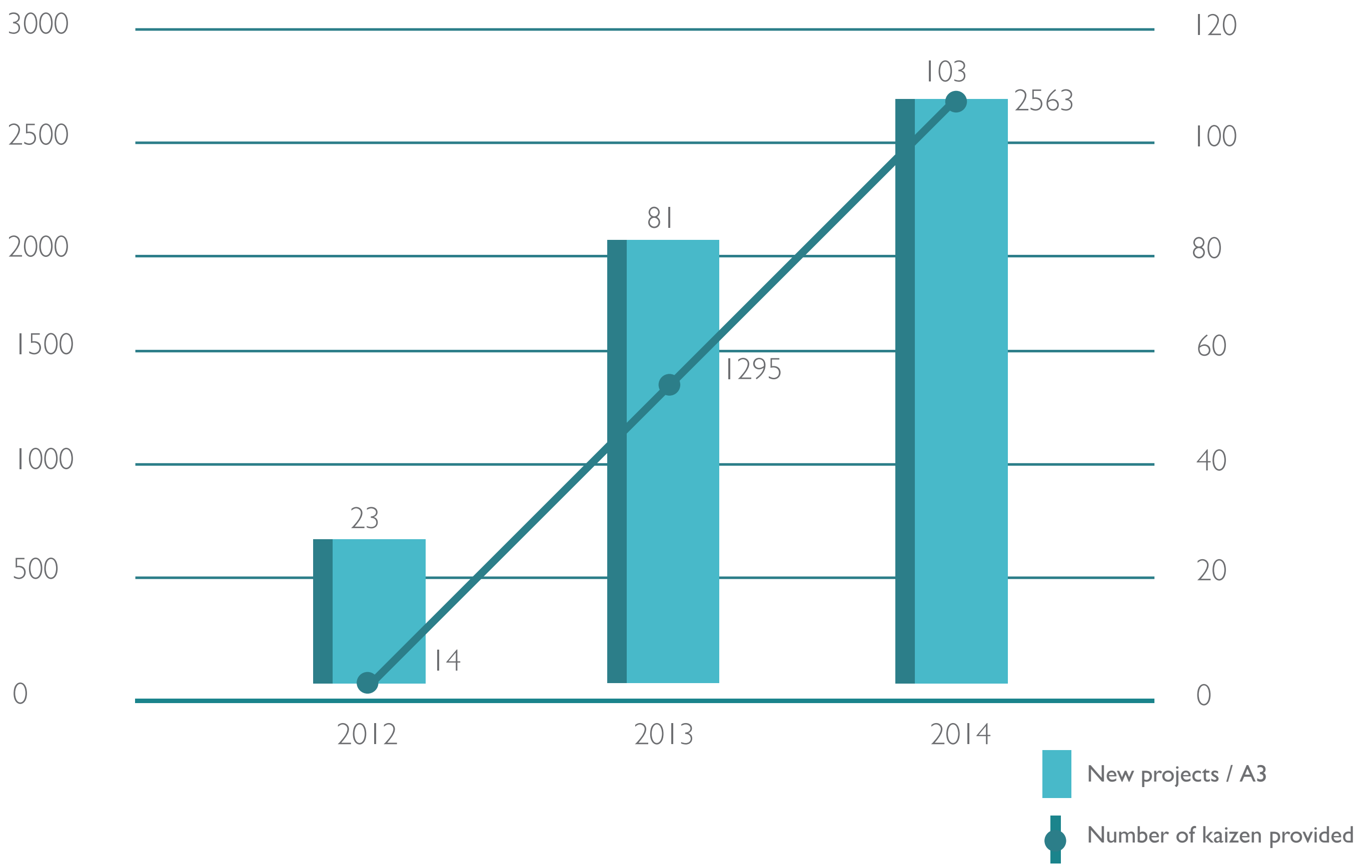
The LEAN processes were continued to be successfully developed throughout the Group. Projects were implemented in all regions, where the Group executes its activities, first and foremost - in Lithuania, Spain and Russia.

In Lithuania 87 per cent of top managers, 80 per cent of heads of divisions, 47 per cent of managers and other administration employees involved into the continues improvement activities.

In 2014 the activity processes optimization was especially active in the Group companies, operating in Russia. The rearrangement of operational divisions was continued in Saint Petersburg, which resulted in successful sales of additional services.

In 2014 pilot LEAN projects were implemented in the Group companies, operating in Spain and Poland, where significant potential is observed therefore more intensive implementation of activity optimization processes will be performed there in 2015.

The LEAN culture became one of the key competitive advantages for the Group therefore in 2015 the activity improvement processes will further be implemented in all of the Group companies.



4. EMPLOYEES

In 2014 the main attention throughout the Group was dedicated to training of top and medium level employees. The managers were trained how to communicate information, provide feedback to their subordinates, ask open questions and involve employees into improvement of processes. All the top and medium level managers were trained to work with activities results.

In 2015 the continuous improvement culture will be further developed throughout the Group, involving a bigger part of staff into the processes.

DISTRIBUTION OF EMPLOYEES BY EDUCATIONAL DEGREES HELD (CONTINUOUS ACTIVITIES):

Education	Company	Group
Graduate academic	61	824
Graduate non-academic	6	733
Higher education	-	552
Secondary education	-	2950
Comprehensive	-	74
Primary	-	4
Total	**67**	**5137**

DISTRIBUTION OF EMPLOYEES BY POSITIONS (CONTINUOUS ACTIVITIES):

Group of the employees	Company	Average monthly wage (salary) (before taxes, in LTL)	Group	Average monthly wage (salary) (before taxes, in LTL)
Managerial personnel	7	3.502	85	3.036
Specialists and technical personnel	60	1.016	5.052	924

DISTRIBUTION OF THE NUMBER OF EMPLOYEES BY COUNTRIES (CONTINUOUS ACTIVITIES):

Countries	Company	Group
Lithuania	67	2.155
Latvia	-	60
Russia and Ukraine	-	532
Spain	-	1510
Poland	-	880
Total	**67**	**5137**

5. BOARD AND MANAGEMENT

5.1. THE BOARD OF THE COMPANY

MEMBERS OF THE BOARD OF THE COMPANY AS OF 31 DECEMBER 2014:

Name and surname	Position within the Company	Start of employment	End of employment
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
Jonas Janukėnas	Board Member	April 30, 2014	April 30, 2017

All members of the Company's Board work in the Company under the employment contracts and receive remuneration. None of the members of the Company's Board does not control any shares of the Company. The information about the remuneration of the Company's Board members can be found under the note 34 of financial statements.

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 UAB ICOR and is the chairman 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.

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 UAB ICOR and is a member of the board of the company (since 2004).

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.

5.2. MANAGEMENT OF THE COMPANY

AS OF 31 DECEMBER 2014 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	Joined to Group
Jonas Janukėnas	General Director, the Board Member of AB City Service	2007
Vytautas Turonis	Executive Manager for Lithuania	2004
Edvinas Paulauskas	Executive Manager	2005
Vytautas Junevičius	Chairman of the Board of City Service group in Russia	2006
Jonas Šimkevičius	Member of the Board of the Group Company, operating in Latvia	2005
Vytautas Jastremskas	Member of the Supervisory Council of the Group Company, operating in Poland	2013
Remigijus Jakubauskas	Head of the Group company, operating in Poland	2013
Anna Górecka – Kolasa	Head of the Group Company, operating in Poland	2004
Fernando López Abril	General Manager of the Group Company, operating in Spain	2010

They do not hold 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 Lithuania and foreign markets.

Vytautas Turonis

Vytautas Turonis (born in 1972) is the General Director at UAB Mano būstas LT. 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 City Service 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.

Vytautas Jastremskas

Vytautas Jastremskas (b. 1970) is a member of the Supervisory Council of the company ZZN, operating in Poland. In addition, he holds position of the Head of City Service Polska, City Service Poland Sp.z.o.o. and works as a project manager of City Service AB in Poland. V. Jastremskas has been working for the company since January 2013, prior to that he provided services as an external consultant. V. Jastremskas holds the Master of Sciences degree in law and has experience in legal and organizational activities, as well as in business development on foreign markets. At present V. Jastremskas is responsible for development projects and control of activities of the Group companies in Poland.

Remigijus Jakubauskas

Remigijus Jakubauskas (b. 1974) is the head of the Group companies, operating in Poland: ZZN and EnergiaOK Sp.z.o.o., as well as acting deputy head of City Service Polska Sp z.o.o. Prior to that, Mr. Jakubauskas worked as a project manager in Poland. R. Jakubauskas has an educational background in energetics.

At present R. Jakubauskas is responsible for the activities of ZZN on the entire territory of Poland.

Anna Górecka-Kolasa

Anna Górecka-Kolasa (b. 1975) is the head of the company City Service Grupa Techniczna Sp.z.o.o. and deputy head in City Service Polska Sp.z.o.o., operating in Poland. A. Górecka-Kolasa has been working for the company ZZN Sp.z.o.o. since 2004, she hold positions of Management and Control Director, Chief Analysis Specialist, Deputy Accountant General and Head of the company ZZN. (2004–2013). A. Górecka-Kolasa has higher education in the area of management and marketing. A. Górecka-Kolasa is responsible for the activities of City Service Grupa Techniczna Sp.z.o.o. throughout Poland.

Jonas Šimkevičius

Jonas Šimkevičius (b. 1980) is a member of the Board of the company Riga City Service, operating in Latvia. Previously J. Šimkevičius worked for the company as a project manager (2005-2007) and before that he held different positions in the companies Limatika (2004-2005) and Ranga IV (2002-2004). J. Šimkevičius has the Bachelor's degree in constructions engineering.

J. Šimkevičius is responsible for the Group's activities in Latvia.

Vytautas Junevičius

Vytautas Junevičius (b. 1965 m.) has been the chairman of the board for the City Service Group companies, operating in Russia, since 2014. Mr. Junevičius commenced his activities in the Group as the head of Kaunas subsidiary (2007 - 2014). V. Junevičius has a bachelor's degree in management.

The foreign markets supervision manager is responsible for the Group's activities in Russia

Fernando López Abril

Fernando López Abril (b. 1969) is Director General of the company Concentra Servicios y Mantenimiento. Previously (in 2010-2012) he held the position of the company's Business Development Director. Before joining the Group company, F. López Abril was employed as Commercial Director of the company AMS-ALDESA (2007-2010), worked as a regional manager for the company CESPA-FERROVIAL (2004-2007) and held position of Director of Technological Systems and Nuclear Services Department at the company BORG Service (1999-2004).

F. López Abril holds the Master of Sciences degree in agricultural engineering.

F. López Abril is responsible for the Group's activities in Spain.

OVERVIEW OF THE AUDIT COMMITTEE OF THE COMPANY

The Company has the Audit Committee in place. The composition and Regulations of the Audit Committee were approved in the General Meeting of Shareholders on 30 April 2009. The Audit Committee consists of three members, elected for the term of office of four years. The composition of the Audit Committee which is currently working was approved on the 30 of April 2013 in the ordinary General Meeting of Shareholders

Members of the Audit Committee of the Company as of 31 December 2014:

Mr. Saulius Leonavičius – independent member, does not work at the Company, does not control any shares of the Company;
Mr. Jonas Mačiuitis – deputy Manager for finance and administration, controls 700 shares of the Company.
Ms. Irena Veligor – chief accountant, does not control any shares of the Company.

The principal objective of the Audit Committee is to generate higher added value to the Company.

With a view to achieving the set objective, the Audit Committee operates in accordance with the Regulations approved by the General Meeting of Shareholders of the Company. The Audit Committee follows in its activities the requirements of effective legal acts and seeks overall implementation of the recommendations of Corporate Governance Code, for the Companies Listed on NASDAQ OMX Vilnius. In accordance with Article 52(3) of the Law on Audit, the functions of the Company's Audit Committee are as follows:

1) to monitor the process of drawing up financial statement;
2) to monitor the effectiveness of the systems of corporate internal control, risk management and internal audit, if any;
3) to monitor the process of carrying out audit;
4) to monitor how the auditor and the audit firm adhere to the principles of independence and objectivity.

The Audit Committee monitors the external audit firm of the Company at the performance of Company's Annual Report
and the Annual set of the Financial Statements audit. The conclusions of the Audit Committee are presented to the
Board of the Company in accordance with the requirements of the Regulations of the Audit Committee.

6. KEY RISK ACTIVITY TYPES AND UNCERTAINTIES

In 2014 the market was stable, prices and purchasing power did not decline, in comparison with 2013. Due to heavy competition in facility management market the Company had to concentrate on further efficiency of activities. Building administration tariffs have not changed significantly in a course of the year. Improving customer climate and active sales led to rapid increase in additional services sales volume.
The risks remain similar to last year's: inflation, customers' ability to pay, competition-influenced stricter demands from commercial and residential clients, supply of qualified personnel in the market.

The scope of residential apartment building administration and maintenance services, the essential requirements for service providers, and the tariff calculation procedure are set and regulated in detail by the national and local authorities. Local authorities are empowered to set maximum tariffs for such services, together with the relevant inspectorates control the proper implementation by service providers of the administration and maintenance requirements set out in legislation, and to impose sanctions for failure to comply with the set requirements. Any claims concerning the services provided may be presented to the authorities or service providers by individual owners as well. Taking into account the aforementioned, additional risk factors in the field of apartment building administration and maintenance include any possible amendments to the enforced legislation, the frequency of adoption of such amendments, resolutions passed by central or local authorities which provide for additional obligations of service providers, and the results of controls carried out by various inspectorates and local authorities. Timely and correct indexation of the set maximum tariffs is also a risk factor which has an impact on the Group's activities in the field of residential apartment building administration and maintenance.

There were no other material changes in the legal regulation of the area of administration and maintenance of apartment buildings in 2014, and neither were there any decisions providing for significant additional obligations for service providers; supervising institutions did not identify any major deficiencies in the provision of the services or inconsistencies with the legislative requirements.

FINANCIAL ASSETS AND LIABILITIES AND RISK MANAGEMENT

Credit risk

The Group's and the Company's procedures are in force to ensure on a permanent basis that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. Credit risk of the main customer of the Company Vilnius City Municipality, regarding which there is a trading and credit risk concentration noted (Note 24), is considered as relatively low. Receivables from Vilnius City Municipality as of 31 December 2014 amounted to 20% and 83% of the Group's and the Company's trade accounts receivable, respectively (25% and 97% as of 31 December 2013, respectively).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Therefore, the management considers that its maximum exposure is reflected by the amount of trade and other receivables, net of allowance for doubtful accounts recognised at the date of the statement of financial position.

Interest rate risk

The major part of the Group's and the Company's borrowings (loans and financial lease obligations) are subject to variable rates, related to EUR LIBOR, EURIBOR, EONIA and VILIBOR, which create an interest rate risk (Notes 16 and 18). There are no financial instruments designated to manage the exposure to the interest rate risk outstanding as of 31 December 2014 and 2013.

7. TRADING INFORMATION

Shares of City Service, AB are listed on the Baltic Main List of the NASDAQ OMX Vilnius Stock Exchange (trading code: CTS1L). The Company is listed since 8 June, 2007.

During the accounting period the Company's shares lowest price was LTL 5.248, the highest price LTL 6.733, average price LTL 5.99. At the end of the period market capitalisation was LTL 183 million. Share turnover reached LTL 18.83 million with total 3.1 million shares traded.

P/E ratio was equal to 7.92.

AB CITY SERVICE AND OMX BALTIC BENCHMARK GI INDEXES DEVELOPMENT

Index/shares	2014. 01.01	2014. 12. 31	+/-%
OMX Baltic Benchmark GI	613,50	566,56	-7,65 ▼
OMX Vilnius	421,60	452,42	7,31 ▲

AB CITY SERVICE SHARE PRICE (LTL) AND VOLUME

2012 m.

2013 m.

2014 m.

8. DATA ABOUT AGREEMENTS WITH INTERMEDIARIES OF PUBLIC TRADING IN SECURITIES

On 27 March 2007 the Company and AB Swedbank concluded the contract on transfer of issuer's securities accounting which is valid so far.

On 27 November 2007 the Company signed a liquidity provider agreement with UAB FMĮ Orion Securities, which started a liquidity provider activity from 3 December 2007. The contract is still valid.

9. DATA ABOUT ISSUER'S SECURITIES TRADED ON REGULATED MARKETS

During period from 1 January 2014 till 31 December 2014 all 31,610,000 ordinary book-entry registered shares of the Company were included into Official List of NASDAQ OMX Vilnius Stock Exchange, nominal value of one share – LTL 1 each. ISIN Code of the shares is LT0000127375, trading code of the shares on NASDAQ OMX Vilnius Stock Exchange – CTS1L.

Trading of the shares on NASDAQ OMX Vilnius Stock Exchange started on 8 June 2007.

10. THE STRUCTURE OF THE COMPANY'S SHARE CAPITAL

The authorised share capital of the Company is
LTL 31,610,000 and is divided into 31,610 thousand ordinary book-entry registered shares with the nominal value of 1 LTL each.

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 changeable value or with the warrants or any other securities are issued by the Company.

There are no outstanding acquisition rights or undertakings to increase share capital. All shares of the Company are paid up. All shares of the Company give equal rights to the shareholders of the Company. The Company has not issued any other class of shares than ordinary shares mentioned above.

Shares of the Company give the following rights to the shareholders:

The property rights of the shareholders:

to receive a part of the Company's profit (dividend);

to receive a share of the assets of the Company in liquidation;

to receive funds from the Company, if the authorised capital of the Company is decreased in order to pay off funds of the Company to the shareholders;

to receive shares without payment if the authorized capital is being increased out of the Company's funds, except in cases provided for by the laws;

to have the pre-emption right, except in cases when the General Meeting decides to withdraw for all shareholders the pre-emption right, in acquiring the Company's newly issued shares;

to lend funds to the Company in ways prescribed by laws, but when borrowing from its shareholders, the Company may not offer its assets to the shareholders as collateral. When the Company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks in the place of residence or business of the lender, which was in effect on the day of conclusion of the loan agreement. In such a case the Company and shareholders shall be prohibited from settlement of a higher interest rate;

other property rights prescribed by the Laws.

The non-property rights of the shareholders:

to attend the General Meetings. A shareholder's right to attend the General Meeting of Shareholders shall also include the right to speak and ask;

to vote at the General Meetings according to voting rights carried by their shares;

electronic means of communication, natural or legal person to attend and vote on behalf of the shareholder at the general meeting of shareholders. Shareholder of electronic means of communication given the authority must notify the Company

to receive information about the Company as provided for in the Law on Companies of the Republic of Lithuania;

to address the court claiming compensation for damage caused as a result of nonfeasance or malfeasance by the Manager of the Company of his duties prescribed by the Law on Companies of the Republic of Lithuania and by other laws and these Articles of Association as well as in other cases provided for by laws;

to give any questions to the Company, relating to the agenda of general meetings of shareholders in advance;

other non-property rights prescribed by the laws of the Republic of Lithuania.

A right to vote at General Meetings may be prohibited or restricted in cases provided for in the Law on Companies of the Republic of Lithuania and other laws and in case of a dispute regarding the ownership right to the share.

Each share of the Company shall grant one vote at the General Meeting. The right to vote at the General Meetings convened after the expiry of the time limit for payment for the first issue of shares shall be granted only by fully paid shares.

The General Meeting shall have the exclusive right to:

to amend the Articles of Association of the Company except where otherwise provided by the Law on Companies;

to change the registered address of the Company;

to select and recall the firm of auditors to perform the Company's annual set of financial statements audit, to set the conditions for payment for audit services;

to elect and recall the members of the Board;

to determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;

to take the decision regarding conversion of shares of one class into shares of another class, to approve the description of the share conversion procedure;

to approve annual set of financial statements;

to take the decision on appropriation of the profit (loss);

to approve interim set of financial statements, prepared in order to adopt the decision regarding paying the dividends for the less period than a financial year;

to take the decision on paying the dividends for the less period than a financial year;

to take the decision on building up, drawing on, reduction or liquidation of the reserves;

to take the decision to issue convertible debentures;

to take the decision to withdraw for all shareholders the right of pre-emption in acquiring the shares or convertible debentures of a specific issue of the Company;

to take the decision to increase the authorised capital;

to take the decision to reduce the authorised capital except where otherwise provided for by the Law on Companies;

to take the decision for the Company to purchase its own shares;

to take the decision on reorganisation or division of the Company and approve the conditions of reorganisation or division except where otherwise provided for by the Law on Companies;

to take the decision to transform the Company;

to take the decision to restructure of the Company;

to take the decision to liquidate the Company, cancel the liquidation of the Company except where otherwise provided for by the Law on Companies;

to elect and remove the liquidator of the Company except where otherwise provided for by the Law on Companies.

The shareholders shall have no other obligations to the Company except for the obligation to pay up, in the prescribed manner, all the shares subscribed for at their issue price.

11. SHAREHOLDERS OF THE COMPANY

On 31 December 2014 the total number of shareholders of the Company was1691.

THE DISTRIBUTION OF THE COMPANY'S SHARES AMONG THE SHAREHOLDERS WHO CONTROL MORE THAN 5 PERCENT OF THE COMPANY ON 31 DECEMBER 2014:

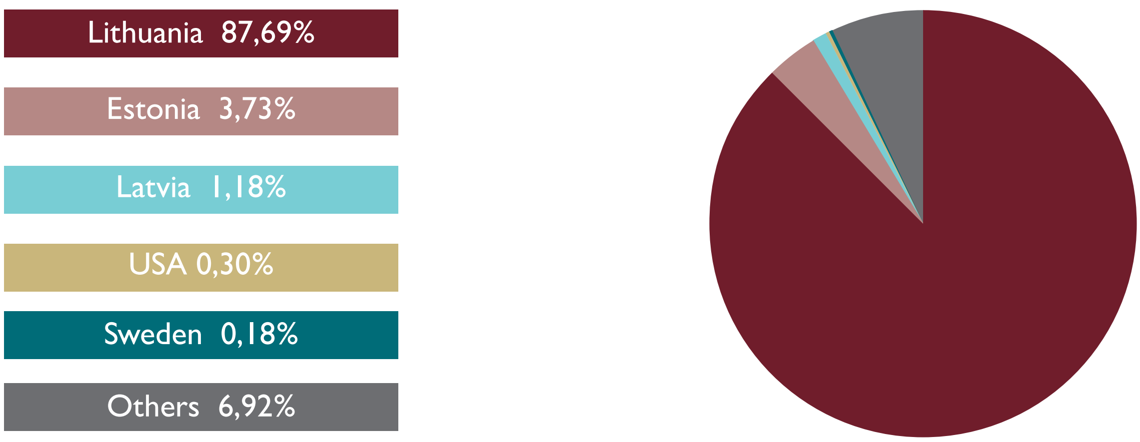
	Number of shares held	Owned percentage of the share capital and votes, %
ICOR UAB, legal entity code 300021944, address: Konstitucijos av. 7, Vilnius, Lithuania	20.935.618	66,23 %
East Capital Asset Management AB, registration no. 556546-8435, address: Kungsgatan 33, Stokholm, Sweeden	3.334.788	10,55 %
Genesis Asset Managers LLP, registration no. OC 306866, address: 21 Grosvenor Place, London, United Kingdom	1.605.183	5,08 %
Other private and institutional shareholders	5.734.411	18,14 %
Total	**31.610.000**	**100%**

SHAREHOLDERS BY INVESTORS GROUPS ON 31 DECEMBER 2014:

Shareholders	Shareholders		Share of votes given by the owned shares	
	number	part %	amount	part %
Households	1602	94,74	2308383	7,3
Private corporations	65	3,84	23486679	74,30
Financial institutions and insurance corporations	24	1,42	5814938	18,40
Total	**1691**	**100,00**	**31610000**	**100**

Shareholders by country

Percentage of total shareholders



More detailed information on equity hold by the shareholders is disclosed in Note 1 in financial statements.

12. SHAREHOLDERS WITH SPECIAL CONTROL RIGHTS AND AGREEMENTS BETWEEN THE SHAREHOLDERS

12.1. SHAREHOLDERS WITH SPECIAL CONTROL RIGHTS

There are no shareholders with special control rights in the Company; the ordinary book-entry registrated shares grant equal rights to all the shareholders of the Company.

12.2. AGREEMENTS BETWEEN THE SHAREHOLDERS

At the General Meeting the shareholders have taken the decision to allocate at least 25 % (twenty-five percent) of the net profit of the financial year after (i) deduction of unappropriated loss of previous financial year (if any), and (ii) compulsory deductions to the reserve for payment of dividends each year during appropriation of the profit of the last reporting period (starting from appropriation of profit for 2007). Notably, General Shareholders Meeting have to adopt the decision on dividend distribution each year in order to follow such policy.
Except for the above mentioned agreements between the shareholders and in part 13 Restrictions on the transfer of securities and restrictions on voting rights" presented pledge, to the best knowledge of the Company and its management, there were no any other agreements between the shareholders, including the agreements which may impose restrictions on the transfer of securities and/or restrictions on voting rights within the year 2012.

13. RESTRICTIONS ON THE TRANSFER OF SECURITIES AND RESTRICTIONS ON VOTING RIGHTS

The major shareholder of the Company, UAB ICOR, has pledged the part of its shares, i.e. 11'396'275 pieces, which constitutes 36,05 % of the authorized capital of the Company to the bank. The right to transfer, pledge or dispose of the above mentioned shares otherwise has been restricted. All other property and non-property rights of UAB ICOR, as the shareholder, are free from any encumbrances or restrictions.
To the best knowledge of the Company and its management, the transfer of the shares was free from any restrictions, except for the above mentioned restriction on the transfer of the Company's shares in 2014.
To the best knowledge of the Company and its management, the voting rights were free from any other restrictions on the shares issued by the Company, except for those specified above in 2014. To the best knowledge of the Company, all shareholders of the Company have the voting right in the General Meeting.

14. PROCEDURE FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association shall be amended in accordance with the procedure provided for by the Law on Companies of the Republic of Lithuania and the Articles of Association of the Company. The Articles of Association of the Company may be amended only by the decision of the General Meeting, except for the cases when there is an effective court order to reduce the Company's authorised capital or when the right to take the decisions regarding amendment of the Company's Articles of Association has been granted to other subjects under the Law on Companies of the Republic of Lithuania and other laws. The decision regarding amendment of the Articles of Association of the Company shall be taken in the General Meeting by at least 2/3 of all votes conferred by the shares of the shareholders present at the General Meeting.

Following the decision taken by the General Meeting to amend the Articles of Association of the Company, the full text of the amended Articles of Association shall be drawn up and signed by the person authorised by the General Meeting. In case of the court order to reduce the authorised capital of the Company and provided that such court order has become effective the amended Articles of Association shall be signed by the Manager of the Company.

The amended Articles of Association shall become effective and may be used as the basis following registration of the amended Articles of Association with the Register of Legal Entities of the Republic of Lithuania.

The amendments of Company's Articles of Association

In the period since the 1st of January 2014 by the 31st of December 2014 and the day of Annual Report 2014 is released Company's Articles of Association are valid in wording registered in Lithuanian Register of Legal Entities on the 3rd of May 2013. The relevant Articles of Association of the Company is available on its website at www.cityservice.eu.

15. BODIES OF THE COMPANY AND ITS COMPETENCE

The Company has the two-level management system: the Board and the Administration directed by the single-person management body – the General Director. The Supervisory Board is not formed in the Company. It should be noted that the Law on Companies of the Republic of Lithuania does not require companies to have both the Board and the Supervisory Board.

The Board is responsible for strategic planning of the activities and expansion of the Group as well as supervision of the activities and implementation of the decisions of the Company's management, while the management of the Company is responsible for implementation of strategic decisions, direction of the daily activities of the Company and has the right to represent the Company on all issues related with the activities pursuant to the laws, the Articles of Association and on the basis of individual powers of attorney.

15.1. BOARD OF THE COMPANY

The Board is a collegial management body of the Company. The Board shall consist of 4 (four) members elected for a term of 4 (four) years by the General meeting in accordance with the procedure provided for by the Law on Companies of the Republic of Lithuania. Only a natural person may be elected to serve on the Board. There is no limitation on the number of terms of offices a member of the Board may serve. The Board shall elect its chairman from among its members.

The General Meeting may remove from office the entire Board or its individual members before the expiry of their term of office. A member of the Board may resign from office prior to the expiry of his term of office by giving a written notice thereof to the Company at least
14 (fourteen) days in advance.

The powers of the Board shall cover consideration of the following issues and taking of the following decisions:

- the operating strategy of the Company;
- the annual report of the Company;
- the interim report of the Company;
- the management structure of the Company and the positions of the employees;
- the positions to which employees are recruited by holding competitions;
- regulations of branches and representative offices of the company;
- The Board shall elect and remove from office the Manager of the Company, fix his salary and set other terms of the employment contract, his job description, provide incentives for him and impose penalties;
- The Board shall determine which information shall be considered to be the Company's com mercial (industrial) secret and confidential information;
- for the Company to become an incorporator or a member of other legal entities as well as solutions for any company held shares (shares), or rights granted to other persons or lien;
- to open branches and representative offices of the company; to approve regulations of branches and representative offices of the company;
- to invest, dispose of or lease the fixed assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated individually for every type of transaction);
- to pledge or mortgage the fixed assets the book value whereof exceeds 1/20 of the authorised capital of the Company (calculated for the total amount of transactions);
- to offer surety or guarantee for the discharge of obligations of third persons the amount whereof exceeds 1/20 of the authorised capital of the Company;
- decisions of the company to launch a new kind of business and stop specific activities;
- deciding whether to approve participation in the peace agreements and the conclusion of litigation in which the Company expresses or implies company requirement greater than 1/5 of the Company's authorized capital;
- decision to issue bonds or other forms of borrowing from any natural or legal persons (re gardless of the amount of borrowing);
- to acquire the fixed assets the price whereof exceeds 1/20 of the Company's authorised capital;
- the decision to restructure the Company in the cases laid down in the Law on Restructuring of Enterprises;
- other decisions within the powers of the Board as prescribed by the Articles of Association or the decisions of the General Meeting.

The Board shall analyse and evaluate the documents submitted by the Manager of the Company on:

- implementation of the operating strategy of the Company;
- organisation of the activities of the company;
- the financial status of the Company;
- the results of business activities, income and expenditure estimates, the stocktaking data and other accounting data of changes in the assets.

The Board analyses and assesses the Company's draft of its annual set of financial statements and draft of profit/loss appropriation and along with annual report shall submit them to the General Meeting. The Board determines the methods used by the Company to calculate the depreciation of tangible assets and the amortisation of intangible assets.

The Board is responsible for convocation of the General Meeting and its arrangement on time.

15.2. GENERAL MANAGER OF THE COMPANY

The Manager of the Company is a single-person management body of the Company. In his activities, the Manager of the Company shall comply with laws and other legal acts, the Articles of Association of the Company, decisions of the General Meeting and his job description.

The Manager of the Company shall be elected and removed from office by the Board of the Company which shall also fix his salary, approve his job description, provide incentives and impose penalties. The Manager of the Company shall commence in his office after his election. The employment contract with the Manager of the Company shall be concluded and signed by the chairman of the Board or other person authorized by the General Meeting on behalf of the Company. If the body which elected the Manager of the Company takes the decision to remove him from office, his employment contract shall be terminated.

The Manager of the Company shall be responsible for:

- organisation of activities and the implementation of objects of the Company;
- drawing up of the annual set of financial statements and the drafting of the annual report of the Company;
- drawing up the project of the decision regarding paying the dividends for the less period than a financial year and drawing of the interim set of financial statements and the drafting of the interim report of the Company in order to adopt the decision regarding paying the dividends for the less period than a financial year;
- conclusion of the contract with the firm of auditors;
- submission of information and documents to the General Meeting and the Board in cases laid down in the Law on Companies or at their request;
- submission of documents and particulars of the Company to the manager of the Register of Legal Entities;
- submission of the documents of a public limited liability company to the Bank of Lithuania and the Central Securities Depository of Lithuania;
- public announcement of the information specified in the Law on Companies in the daily news paper "Lietuvos rytas";
- submission of information to the shareholders;
- the fulfilment of other duties laid down in the Law on Companies and other legal acts as well as in the Articles of Association of the Company and the job description of the Manager of the Company.

In his activities, the Manager of the Company shall comply with laws and other legal acts, the Articles of Association of the Company, decisions of the General Meeting and his job description.

The leader of the Company shall act on behalf of the Company and have the right at his sole discretion to transact The Manager of the Company shall be entitled, within the limits of his powers, to issue procuracies by executing them in accordance with the procedure prescribed by the legal acts of the Republic of Lithuania.

16. MATERIAL AGREEMENTS CONCLUDED BY THE COMPANY WHICH MAY BE IMPORTANT AFTER CHANGE OF CONTROL OF THE COMPANY

There were no material agreements concluded by the Company which came into effect, were amended or terminated following a change of control of the Company during the reporting period.

17. MAJOR RELATED PARTY TRANSACTIONS

Major related party transactions are provided in the Explanatory Note No. 34 to the Consolidated Annual Financial Statements for the year 2014.

18. INFORMATION ON TRANSACTIONS THAT WOULD BE HARMFUL MAY HAVE HAD OR WILL HAVE A NEGATIVE IMPACT ON THE COMPANY'S OPERATIONS AND (OR) PERFORMANCE

There were no significant transactions on behalf of the Company that would be harmful may have had or will have a negative impact on the Company's operations and (or) performance during the reporting period.

19. INFORMATION ON TRANCATIONS MADE UNDER A CONFLICT OF INTERESTS BETWEEN THE COMPANY'S MANAGERS, CONTROLLING SHAREHOLDERS OR OTHER RELATED PARTIES OBLIGATIONS TO THE COMPANY AND THEIR PRIVATE INTERESTSAND (OR) OTHER DUTIES

There were no material transactions on behalf of Company that would enter a conflict of interests between the Company's managers, controlling shareholder or other related parties obligations to the Company and their private interests and (or) other duties during the reporting period.

20. INFORMATION ON COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is in compliance with the procedure for management of companies provided for by the Law on Companies of the Republic of Lithuania. The Company follows the essential principles of governance specified in the Governance Code for Companies Listed on NASDAQ OMX Vilnius Stock Exchange, however it complies with the code in part. Compliance with the Governance Code for Companies Listed on NASDAQ OMX Vilnius Stock Exchange has been disclosed in the form approved by the stock exchange enclosed to the Annual Report as Annex No. 1.

21. DATA ON PUBLICLY DISCLOSED INFORMATION

SINCE 1 JANUARY 2014 TILL 31 DECEMBER 2014 THE COMPANY PUBLICLY DISCLOSED IN NASDAQ OMX GLOBENEWSWIRE SYSTEM THE FOLLOWING INFORMATION:

Date	Subject
30.12.2014	Investor's calendar for 2015
23.12.2014	On AWT Holding UAB 25% share sale agreement
09.12.2014	City Service expands residential facility management activities in Latvia
03.12.2014	Negotiations on UAB Rolvika acquisition terminated
28.11.2014	City Service consolidated results for the nine months of 2014
15.09.2014	Notification on transaction concluded by persons' associated with managers of the company
29.08.2014	City Service consolidated results for the six months of 2014
16.07.2014	On the intention to acquire UAB Rolvika shares
30.06.2014	Regarding UAB Baltijos Liftai shares transfer
30.05.2014	City Service consolidated results for the three months of 2014
14.05.2014	City Service acquires residential facility management company in Spain
30.04.2014	The Decisions of the Ordinary General Shareholders Meeting of City Service AB held on 30 April, 2014
30.04.2014	City Service AB annual information for the year 2013
16.04.2014	Regarding supplement of agenda of Ordinary General Shareholders Meeting of City Service AB
10.04.2014	On the Company's business continuity in Russia
09.04.2014	Notice on Ordinary General Shareholders Meeting of City Service AB
31.03.2014	On closing of UAB Ecoservice shares transfer transaction
28.02.2014	City Service consolidated results for the year 2013
21.02.2014	On UAB Ecoservice share sale agreement
06.02.2014	On UAB Ecoservice share sale proceedings

22. GENERAL INFORMATION ON AB CITY SERVICE AND CITY SERVICE GROUP

22.1. ISSUER AB CITY SERVICE, DATA AND CONTACTS

Name	AB City Service
Legal form:	public company (limited liability legal person)
Date and place of registration:	28 January 1997, Board of Vilnius City
Company code:	123905633
The registered address of the Company:	Konstitucijos av. 7, LT-09308 Vilnius, Lithuania
The principal place of business:	Lvovo g. 25, LT-09308, Vilnius, Lithuania
Information on bank account:	LT22 2140 0300 0312 9829, Nordea Bank AB Lithuanian branch
Contacts of the Company:	phone (+370 5) 2394900, fax (+370 5) 2394848, e-mail – info@cityservice.eu
Website:	www.cityservice.eu
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

SUBSIDIARIES OPERATING IN LITHUANIA:

Name	UAB Antakalnio būstas
Legal form:	Private limited liability company
Date and place of registration:	11 June 1992, Board of Vilnius City
Company code:	21449152
The registered address of the Company:	Antakalnio st. 51, LT-10325 Vilnius, Lithuania
The principal place of business:	Antakalnio st. 51, LT-10325 Vilnius, Lithuania
Information on bank account:	LT51 2140 0300 0313 3381, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@antakalniobustas.lt
Website:	www.antakalniobustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Aukštaitijos būstas
Legal form:	Private limited liability company
Date and place of registration:	16 April 2010 VĮ Registrų Centras Vilnius Branch
Company code:	302496548
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
Information on bank account:	LT44 2140 0300 0313 1082, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-meil – info@aukstaitijosbustas.lt
Website:	www.aukstaitijosbustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Baltijos būsto priežiūra
Legal form:	Private limited liability company
Date and place of registration:	6 April 2010., Vilnius
Company code:	302496377

The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
Information on bank account:	LT49 2140 0300 0313 3514, Nordea Bank AB Lithuanian branch
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Baltijos NT valdymas
Legal form:	Private limited liability company
Date and place of registration:	12 January 2012, Vilnius
Company code:	302711125
The registered address of the Company:	Kęstučio st. 9, LT - 08118, Vilnius, Lithuania
The principal place of business:	Kęstučio st. 9, LT - 08118, Vilnius, Lithuania
Information on bank account:	LT12 2140 0300 0313 3598, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 5 239 49 00, e-mail - info@cityservice.eu
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Baltijos pastatų valdymas
Legal form:	Private limited liability company
Date and place of registration:	30 November 2011, Vilnius
Company code:	302692963
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
Information on bank account:	LT26 2140 0300 0313 3637, Nordea Bank AB Lithuanian branch
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB „Baltijos turto valdymas"
Legal form:	Private limited liability company
Date and place of registration:	2 October 2014, Vilnius
Company code:	303411390
The registered address of the Company:	Elektrinės str. 3, LT-03150 Vilnius, Lithuania
The principal place of business:	Elektrinės str. 3, LT-03150 Vilnius, Lithuania
Information on bank account:	A/s Nr. LT26 2140 0300 0313 3637, Nordea Bank AB Lithuanian branch
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Dainavos būstas
Legal form:	Private limited liability company
Date and place of registration:	10 January 2012, Vilnius
Company code:	302709722
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
Information on bank account:	LT02 7300 0101 3014 3465, „Swedbank", AB
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Danės būstas
Legal form:	Private limited liability company
Date and place of registration:	16 August 1991, Board of Klaipėda City
Company code:	140336725
The registered address of the Company:	S. Daukanto st. 37, LT- 92229 Klaipėda, Lithuania
The principal place of business:	Kauno st. 5, LT-91156 Klaipėda, Lithuania

Information on bank account:	LT12 2140 0300 0313 3695, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@danesbustas.lt
Website:	www.danesbustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Economus
Legal form:	Private limited liability company
Date and place of registration:	12 July 2006 VĮ Registrų Centras Vilnius Branch
Company code:	300582646
The registered address of the Company:	Subačiaus st. 17-2, LT-01300 Vilnius, Lithuania
The principal place of business:	Subačiaus st. 17-2, LT-01300 Vilnius, Lithuania
Information on bank account:	LT70 2140 0300 0313 1875, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail - info@economus.lt
Website:	www.economus.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Justiniškių būtas
Legal form:	Private limited liability company
Date and place of registration:	22 May 1991., VĮ Registrų Centras Vilnius Branch
Company code:	220664740
The registered address of the Company:	Justiniškių st. 62 A, LT-05239 Vilnius, Lithuania
The principal place of business:	Justiniškių st. 62 A, LT-05239 Vilnius, Lithuania
Information on bank account:	LT49 2140 0300 0313 6618, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail - info@justiniskiubustas.lt
Website:	www.justiniskiubustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Jūros būstas
Legal form:	Private limited liability company
Date and place of registration:	12 June 1992, Board of Klaipėda City
Company code:	140514359
The registered address of the Company:	Minijos st. 130, LT-93244, Klaipėda, Lithuania
The principal place of business:	Minijos st. 130, LT-93244, Klaipėda, Lithuania
Information on bank account:	LT53 2140 0300 0313 5091, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@jurosbustas.lt
Website:	www.jurosbustas.lt
Registration data about the Company stored:	Register of Enterprises of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Kauno centro būstas
Legal form:	Private limited liability company
Date and place of registration:	3 July 2012, Vilnius
Company code:	302798639
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Karoliniškių būstas
Legal form:	Private limited liability company
Date and place of registration:	18 June 1992, Board of Vilnius City

Company code:	121457971
The registered address of the Company:	A. J. Povilaičio st. 18, LT-04338 Vilnius, Lithuania
The principal place of business:	A. J. Povilaičio st. 18, LT-04338 Vilnius, Lithuania
Information on bank account:	LT95 2140 0300 0313 5208, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@karoliniskiubustas.lt
Website:	www.karoliniskiubustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Karoliniškių turgus
Legal form:	Private limited liability company
Date and place of registration:	16 August 2013, Vilnius
Company code:	303121177
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Loretos Asanavičiūtės st. 35, LT-04318 Vilnius, Lithuania
Information on bank account:	LT24 2140 0300 0312 9308, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966 , e-mail – info@manobustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Konarskio turgelis
Legal form:	Private limited liability company
Date and place of registration:	16 August 2013, Vilnius
Company code:	303121451
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	J. Basanavičiaus g. 44 / Muitinės g. 43, LT-03109, Vilnius, Lithuania
Information on bank account:	LT24 2140 0300 0312 9308, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 239 49 00, e-mail – info@manobustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Lazdynų butų ūkis
Legal form:	Private limited liability company
Date and place of registration:	11 June 1992., Board of Vilnius City
Company code:	121449348
The registered address of the Company:	Architektų st. 13; LT-04118 Vilnius , Lithuania
The principal place of business:	Architektų st. 13; LT-04118 Vilnius , Lithuania
Information on bank account:	LT65 2140 0300 0313 1189, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966 , e-mail - info@lazdynubustas.lt
Website:	www.lazdynubustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Lazdynų būstas
Legal form:	Private limited liability company
Date and place of registration:	8 June 2012, VĮ Registrų Centras Vilnius Branch
Company code:	302798646
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
Information on bank account:	LT88 2140 0300 0313 6401, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 5 239 49 00, e-mail – info@cityservice.eu
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Mano aplinka
Legal form:	Private limited liability company
Date and place of registration:	25 April 2014, VĮ Registrų Centras Vilnius Branch
Company code:	303297727
The registered address of the Company:	Elektrinės str.3A, LT-03150, Vilnius, Lietuva
The principal place of business:	Elektrinės str. 3, LT–03150, Vilnius, Lietuva
Information on bank account:	LT72 214 0030 0032 67833, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@manoaplinka.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Mano aplinka plius
Legal form:	Private limited liability company
Date and place of registration:	11 April 2013, Vilnius
Company code:	303039285
The registered address of the Company:	Elektrinės str.3A, LT-03150, Vilnius, Lietuva
The principal place of business:	Elektrinės str. 3, LT–03150, Vilnius, Lietuva
Information on bank account:	A/s Nr. LT88 2140 0300 0313 6692, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@manoaplinka.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Mano būstas LT
Legal form:	Private limited liability company
Date and place of registration:	19 June 2007, VĮ Registrų Centras
Company code:	300883806
The registered address of the Company:	Konstitucijos av. 7; LT-09308 Vilnius, Lithuania
The principal place of business:	Smolenskas st. 12; LT-03201 Vilnius, Lithuania
Information on bank account:	LT45 2140 0300 0312 9803 , Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone (8 5) 2394900, Fax (8 5) 2394848, , e-mail – info@manobustas.lt
Website:	www.manobustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Mano sauga
Legal form:	Private limited liability company
Date and place of registration:	17 May 2011, Vilnius
Company code:	302628213
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
Information on bank account:	LT67 2140 0300 0249 7549, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@msauga.lt
Website:	www.msauga.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Mano sauga LT
Legal form:	Private limited liability company
Date and place of registration:	23 October 2014, Vilnius
Company code:	303430960
The registered address of the Company:	Elektrinės str. 3, LT-03150 Vilnius, Lithuania
The principal place of business:	Elektrinės str. 3, LT-03150 Vilnius, Lithuania
Information on bank account:	A/s Nr. LT67 2140 0300 0339 9358, Nordea Bank AB Lithuanian branch

Contacts of the Company:	Phone 8 5 239 49 00, e-mail – info@msauga.lt
Website:	www.msauga.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Namų priežiūros centras
Legal form:	Private limited liability company
Date and place of registration:	2 May 2001, Ministry of Economy of Lithuania
Company code:	125596783
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
Information on bank account:	LT26 2140 0300 0313 1891, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@npc.lt
Website:	www.npc.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Naujamiesčio būstas
Legal form:	Private limited liability company
Date and place of registration:	11 July 1992, Board of Vilnius City
Company code:	121452091
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Smolenskas st. 12, LT – 03201, Vilnius, Lithuania
Information on bank account:	LT84 2140 0300 0313 1817, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@naujamiescio-bustas.lt
Website:	www.naujamiescio-bustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Nemuno būstas
Legal form:	Private limited liability company
Date and place of registration:	4 December 2001 VĮ Registrų Centras Kaunas Branch
Company code:	135836853
The registered address of the Company:	Medeinos str. 8A, Vilnius, Lithuania
The principal place of business:	Maironio st. 14B-4, LT-44298, Kaunas, Lithuania
Information on bank account:	LT77 2140 0300 0313 1846, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail - info@bustas.net
Website:	www.nemunobustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Nemuno būsto priežiūra
Legal form:	Private limited liability company
Date and place of registration:	10 January 2012, Vilnius
Company code:	302709715
The registered address of the Company:	Kęstučio st. 9, LT - 08118, Vilnius, Lithuania
The principal place of business:	Kęstučio st. 9, LT - 08118, Vilnius, Lithuania
Information on bank account:	LT28 2140 0300 0313 6414, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 5 239 49 00
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Pašilaičių būstas
Legal form:	Private limited liability company

Date and place of registration:	9 July 1992, Board of Vilnius City
Company code:	121474935
The registered address of the Company:	Medeinos st. 8A; LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A; LT-06112 Vilnius, Lithuania
Information on bank account:	LT77 2140 0300 0313 1943, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@pasilaiciubustas.lt
Website:	www.pasilaiciubustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Pastatų priežiūra
Legal form:	Private limited liability company
Date and place of registration:	5 August 2014 m. rugpjūčio 5 d., VĮ Registrų Centras
Company code:	303363198
The registered address of the Company:	Elektrinės g. 3, LT-03150 Vilnius, Lietuva
The principal place of business:	Elektrinės g. 3, LT-03150 Vilnius, Lietuva
Information on bank account:	A/s LT25 2140 0300 0334 0459, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Telefonas 8 700 55966, el. paštas - info@manobustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Pempininkų būstas
Legal form:	Private limited liability company
Date and place of registration:	12 June 1992, Board of Klaipėda City
Company code:	140514544
The registered address of the Company:	Šilutės rd. 40, LT-94137, Klaipėda, Lithuania
The principal place of business:	Taikos av. 117, LT-94231, Klaipėda, Lithuania
Information on bank account:	LT05 2140 0300 0313 6537, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@pempininkubustas.lt
Website:	www.pempininkubustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Radviliškio būstas
Legal form:	Private limited liability company
Date and place of registration:	13 December 1990, Board of Šiauliai town
Company code:	171205389
The registered address of the Company:	Maironio st. 65, LT-82129 Radviliškis, Lithuania
The principal place of business:	Maironio st. 65, LT-82129 Radviliškis, Lithuania
Information on bank account:	LT81 2140 0300 0313 2065, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, email – info@radviliskiobustas.lt
Website:	www.radviliskiobustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras" Šiauliai Branch

Name	UAB SKOLOS LT
Legal form:	Private limited liability company
Date and place of registration:	6 April 2010., VĮ Registrų Centras
Company code:	302496530
The registered address of the Company:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
The principal place of business:	Medeinos st. 8A, LT-06112 Vilnius, Lithuania
Information on bank account:	LT51 2140 0300 0313 6388, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail - info@skoloslt.lt

Website:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"
Registration data about the Company stored:	LR juridinių asmenų registras, VĮ „Registrų centras"

Name	UAB Šiaulių būstas
Legal form:	Private limited liability company
Date and place of registration:	1 June 1992, Board of Šiauliai City
Company code:	144619514
The registered address of the Company:	Žemaitės st. 20, LT-77167 Šiauliai, Lithuania
The principal place of business:	Žemaitės st. 20, LT-77167 Šiauliai, Lithuania
Information on bank account:	LT28 2140 0300 0313 5347, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@siauliubustas.lt
Website:	www.siauliubustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Šiaulių butų ūkis
Legal form:	Private limited liability company
Date and place of registration:	1 August 2000 m. rugpjūčio 1 d., Board of Šiauliai City
Company code:	145643183
The registered address of the Company:	Žemaitės str. 20, LT-77167 Šiauliai, Lietuva
The principal place of business:	Žemaitės str. 20, LT-77167 Šiauliai, Lietuva
Information on bank account:	A/s Nr. LT 20 7300 0100 0240 2289, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Telefonas 8 700 55966, el. paštas - info@siauliubustas.lt
Website:	www.siauliubustas.lt
Duomenys kaupiami ir saugomi:	LR juridinių asmenų registras, VĮ "Registrų centras"

Name	UAB Šilutės būstas
Legal form:	Private limited liability company
Date and place of registration:	13 November 1990, VĮ Registrų Centras Klaipėda Branch
Company code:	177000697
The registered address of the Company:	Lietuvininkų st. 60; LT-99116 Šilutė , Lithuania
The principal place of business:	Lietuvininkų st. 60; LT-99116 Šilutė , Lithuania
Information on bank account:	LT49 2140 0300 0313 6715, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail - info@silutesbustas.lt
Website:	www.silutesbustas.lt
Registration data about the Company stored:	LR juridinių asmenų registras, VĮ „Registrų centras". Klaipėdos filialas.

Name	UAB Vėtrungės būstas
Legal form:	Private limited liability company
Date and place of registration:	16 August 1991, Board of Klaipėda City
Company code:	140337065
The registered address of the Company:	Kauno st. 5, LT-91156 Klaipėda, Lithuania
The principal place of business:	Kauno st. 5, LT-91156 Klaipėda, Lithuania
Information on bank account:	LT28 2140 0300 0313 5541, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@vetrungesbustas.lt
Website:	www.vetrungesbustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Vilkpėdės būstas
Legal form:	Private limited liability company

Date and place of registration:	9 July 1992., Board of Vilnius City
Company code:	121480265
The registered address of the Company:	Architektų st. 13, LT-04118 Vilnius , Lithuania
The principal place of business:	Architektų st. 13, LT-04118 Vilnius , Lithuania
Information on bank account:	LT14 2140 0300 0313 2010, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail - info@vilkpedesbustas.lt
Website:	www.vilkpedesbustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Vilniaus turgus
Legal form:	Private limited liability company
Date and place of registration:	21 February 2013, Vilnius
Company code:	303005920
The registered address of the Company:	Architektų st. 13, LT-04118 Vilnius, Lithuania
The principal place of business:	Elektrinės str. 3, LT-03150, Vilnius, Lithuania
Information on bank account:	LT10 2140 0300 0312 9269, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 239 49 00, email – info@manobustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Vingio būstas
Legal form:	Private limited liability company
Date and place of registration:	12 June 1992, Board of Klaipėda City
Company code:	140524990
The registered address of the Company:	I.Simonaitytės st. 29, LT-95131, Klaipėda, Lithuania
The principal place of business:	Taikos av. 117, LT-94231, Klaipėda, Lithuania
Information on bank account:	LT58 2140 0300 0313 6553, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@vingiobustas.lt
Website:	www.vingiobustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Viršuliškių būstas
Legal form:	Private limited liability company
Date and place of registration:	18 June 1992, Board of Vilnius City
Company code:	121446576
The registered address of the Company:	A. J. Povilaičio st. 18, LT-04338 Vilnius, Lithuania
The principal place of business:	A. J. Povilaičio st. 18, LT-04338 Vilnius, Lithuania
Information on bank account:	LT97 2140 0300 0313 6142, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@virsuliskiubustas.lt
Website:	www.virsuliskiubustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Žaidas
Legal form:	Private limited liability company
Date and place of registration:	30 July 1992, Board of Alytus town
Company code:	149650823
The registered address of the Company:	Žiburio st. 10-2, LT-63235, Alytus, Lithuania
The principal place of business:	Žiburio st. 10-2, LT-63235, Alytus, Lithuania
Information on bank account:	LT88 2140 0300 0313 1163, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@zaidas.lt

Website:	www.zaidas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Žardės būstas
Legal form:	Private limited liability company
Date and place of registration:	12 June 1992, Board of Klaipėda City
Company code:	140524848
The registered address of the Company:	Taikos av. 117, LT-94231, Klaipėda, Lithuania
The principal place of business:	Taikos av. 117, LT-94231, Klaipėda, Lithuania
Information on bank account:	LT05 2140 0300 0313 6634, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@zardesbustas.lt
Website:	www.zardesbustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

Name	UAB Žirmūnų būstas
Legal form:	Private limited liability company
Date and place of registration:	9 July 1992 d., Vilnius
Company code:	121483222
The registered address of the Company:	Kalvarijų st. 156, LT- 08207 Vilnius, Lithuania
The principal place of business:	Kalvarijų st. 156, LT- 08207 Vilnius, Lithuania
Information on bank account:	LT58 2140 0300 0313 6359, Nordea Bank AB Lithuanian branch
Contacts of the Company:	Phone 8 700 55966, e-mail – info@zirmunubustas.lt
Website:	www.zirmunubustas.lt
Registration data about the Company stored:	Register of Legal Entities of Republic of Lithuania, VĮ "Registrų centras"

SUBSIDIARIES OPERATING IN LATVIA, POLAND, RUSSIA FEDERATION, SPAIN:

Name	SIA „Riga City Service"
Legal form:	Limited liability company
Date and place of registration:	19 April 2006, Register of Enterprises of Republic of Latvia Riga division
Company code:	40003819844
The registered address of the company:	G. Astras iela 8b, Riga, Latvia
The principal place of business:	G. Astras iela 8b, Riga, Latvia
Contacts of the company:	Phone (+371) 67 511 222, Fax (+371) 67 511 223, e-mail – office@rigacs.lv
Website:	www.rigacs.lv
Registration data about the company stored:	Register of Legal Entities of Republic of Latvia

Name	SIA „City Service Latvia"
Legal form:	Limited liability company
Date and place of registration:	21 November 2014 m., Register of Enterprises of Republic of Latvia Riga division
Company code:	40103846938
The registered address of the company:	G.Astras iela 8b, Riga, Latvia
The principal place of business:	G.Astras iela 8b, Riga, Latvia
Contacts of the company:	Phone (+371 6) 7511222, Fax (+371 6) 7511223, e-mail – office@rigacs.lv
Website:	www.rigacs.lv
Registration data about the company stored:	Register of Legal Entities of Republic of Latvia

Name	SIA „Namu serviss APSE"
Legal form:	Limited liability company
Date and place of registration:	17 December 2004, Register of Enterprises of Republic of Latvia Liepaja division

Company code:	42103033900
The registered address of the company:	Peldu iela 41-2, LV-3401 Liepaja, Latvia
The principal place of business:	Peldu iela 41-2, LV-3401 Liepaja, Latvia
Contacts of the company:	Phone (+371 6) 63421750, fax (+371 6) 63483219, e-mail – info@apse.lv
Website:	www.apse.lv
Registration data about the company stored:	Register of Legal Entities of Republic of Latvia

Name	City Service Poland Sp.z.o.o
Legal form:	Private limited liability company
Date and place of registration:	22 November 2012, Warszaw
Company code:	441249
The registered address of the company:	ul. 17 Stycznia 48, 02-146 Warszaw
The principal place of business:	ul. 17 Stycznia 48, 02-146 Warszaw
Registration data about the company stored:	Polish register of enterprises: National Court registre (Krajowy Rejestr Sądowy – KRS)

Name	City Service Polska Sp.z.o.o
Legal form:	Private limited liability company
Date and place of registration:	28 October 2013, Warszaw
Company code:	483372
The registered address of the company:	ul. 17 Stycznia 48, 02-146, Warszaw
The principal place of business:	ul. 17 Stycznia 48, 02-146, Warszaw
Registration data about the company stored:	Polish register of enterprises: National Court registre (Krajowy Rejestr Sądowy – KRS)

Name	City Service Grupa Techniczna Sp.z.o.o
Legal form:	Limited liability company
Date and place of registration:	16 January 2014
Company code:	494272
The registered address of the company:	17 Stycznia 48, 02-146 Warszaw
The principal place of business:	17 Stycznia 48, 02-146 Warszaw
Registration data about the company stored:	Polish register of enterprises: National Court registre (Krajowy Rejestr Sądowy – KRS)

Name	ENERGIAOK Sp.z.o.o.
Legal form:	Private limited liability company
Date and place of registration:	28 July, 2014,, Warszaw
Company code:	515123
The registered address of the company:	17 Stycznia 48, 02-146 Warszaw
The principal place of business:	17 Stycznia 48, 02-146 Warszaw
Registration data about the company stored:	Polish register of enterprises: National Court registre (Krajowy Rejestr Sądowy – KRS)

Name	PROGRESLINE Sp.z.o.o.
Legal form:	Private limited liability company
Date and place of registration:	28 November 2014, Lodz, Poland
Company code:	533531
The registered address of the company:	Piotrkowska, Nr 197, 90-451 Lodz, Poland
The principal place of business:	Piotrkowska, Nr 197, 90-451 Lodz, Poland
Registration data about the company stored:	Polish register of enterprises: National Court registre (Krajowy Rejestr Sądowy – KRS)

Name	INTERBUD MAX Sp. z.o.o
Legal form:	Limited liability company
Date and place of registration:	28 September 2011, Krakow
Company code:	398691
The registered address of the company:	ul. 17 stycznia 48, 02-146 Warszaw
The principal place of business:	ul. 17 stycznia 48, 02-146 Warszaw
Registration data about the company stored:	Polish register of enterprises: National Court registre (Krajowy Rejestr Sądowy – KRS)

Name	Zespół Zarządców Nieruchomości Sp.z.o.o.
Legal form:	Limited liability company
Date and place of registration:	29 September 2004, Polish register of enterprises: National Court registre (Krajowy Rejestr Sądowy – KRS)
Company code:	0000218420
The registered address of the company:	17 Stycznia 48, 02-146 Warszaw
The principal place of business:	17 Stycznia 48, 02-146 Warszaw
Contacts of the company:	Phone (+48 22) 572 55 70, Fax. (+48 22) 659 27 77, e-mail – biuro@zzn.pl
Website:	www.zzn.pl
Registration data about the company stored:	Polish register of enterprises: National Court registre (Krajowy Rejestr Sądowy – KRS)

Name	Concentra Servicios y Mantenimiento, S.A
Legal form:	Limited liability company
Date and place of registration:	3 April 2006, Madrid, Spain
Company code:	A-84659614
The registered address of the company:	Calle Bahía de Pollensa 13, 28042 Madrid,Spain
The principal place of business:	Calle Bahía de Pollensa 13, 28042 Madrid,Spain
Contacts of the company:	Phone 91 381 92 20, Fax 91 381 78 03, e-mail - flopez@concentra-servicios.es
Registration data about the company stored:	Spain register of enterprises

Name	Administraciones SantaPola S.L.
Legal form:	Limited liability company
Date and place of registration:	3 December 1996, Alicante
Company code:	b-53159968
The registered address of the company:	Calle del Marqués de Molins, 25, 03130 Santa Pola, Alicante, Spain
The principal place of business:	Calle del Marqués de Molins, 25, 03130 Santa Pola, Alicante, Spain
Contacts of the company:	+34 965 416 060
Registration data about the company stored:	Spain register of enterprises

Name	ОАО Сити Сервис
Legal form:	public company with the limited liability (открытое акционерное общество)
Company code:	780701001
The registered address of the company:	198260, St. Petersburg, ул. Петергофское шоссе дом 3/2
The principal place of business:	195197, St. Petersburg, Финляндский пр. 4А, Бизнес-центр "Петровский Форт", офю 435
Contacts of the company:	Phone (+7 812) 742-19-19, Faksas (+7 812) 742-19-19 , e-mail – cityservice@spcs.spb.ru
Registration data about the company stored:	St. Petersburg Federal Office, Inter regional inspection No.15 (Межрайонная инспекция Федеральной службы №15 по Санкт-Петербургу)

Name	ЗАО Сити Сервис
Legal form:	Private limited liability company (закрытое акционерное общество)
Company code:	780101001

The registered address of the company:	199397, St. Petersburg, ул. Кораблестроителей, д. 31, корп. 2
The principal place of business:	199397, St. Petersburg, ул. Кораблестроителей, д. 31, корп. 2
Contacts of the company:	Phone (+7 812) 3525066, Fax (+7 812) 3525742, e-mail – cityservice@bk.ru
Registration data about the company stored:	St. Petersburg Federal Office, Inter regional inspection No.15 (Межрайонная инспекция Федеральной службы №15 по Санкт-Петербургу)

Name	ОАО Специализированное ремонтно-наладачное управление
Legal form:	public company with the limited liability (открытое акционерное общество)
Company code:	044030791
The registered address of the company:	195009, St. Petersburg, Бобруйская ул., д.5
The principal place of business:	195197, St. Petersburg, Кондратьевский пр., д.15, к.3
Contacts of the company:	Phone (+7 812) 542-95-00, Faks.: (+7 812) 542-95-00, e-mail - specrnu@rambler.ru
Registration data about the company stored:	St. Petersburg Federal Office, Kalinino regional inspection (Инспекция Федеральной налоговой службы по Калининскому району Санкт-Петербурга)

Name	ООО Жилкомсервис № 3 Фрунзенского района
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	7816451699
The registered address of the company:	192283, Санкт-Петербург, ул. Купчинская, д. 30, корп.2
The principal place of business:	192283, Санкт-Петербург, ул. Купчинская, д. 30 корп. 2
Contacts of the company:	phone (+7 812) 771-75-52, Fax (+7 812) 7717552
Registration data about the company stored:	St. Petersburg Federal Office, Inter regional inspection No.15 (Межрайонная инспекция Федеральной службы №15 по Санкт-Петербургу)

Name	ООО Чистый дом
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	7804437890
The registered address of the company:	195197, Санкт-Петербург, Кондратьевский пр., д. 15, к. 3
The principal place of business:	195197, Санкт-Петербург, Кондратьевский пр., д. 15, к. 3
Contacts of the company:	Phone (+7 812) 4585569, Fax (+7 812) 4585569,
Registration data about the company stored:	St. Petersburg Federal Office, Inter regional inspection No.15 (Межрайонная инспекция Федеральной службы №15 по Санкт-Петербургу)

Name	ООО Подъемные механизмы
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	7804010011
The registered address of the company:	195197, Санкт-Петербург, Кондратьевский пр., д. 15, к. 3
The principal place of business:	195197, Санкт-Петербург, Кондратьевский пр., д. 15, к. 3
Contacts of the company:	Telefonas (+7 812) 742-19-19, Faksas (+7 812) 742-19-19, el. paštas – cityservice@spcs.spb.ru
Registration data about the company stored:	St. Petersburg Federal Office, Inter regional inspection No.15 (Межрайонная инспекция Федеральной службы №15 по Санкт-Петербургу)

Name	ООО «ПРОМИНТЕР-управление проектами»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2635126803
The registered address of the company:	355000, г.Ставрополь, ул.Пирогова, 15 а
The principal place of business:	355000, г.Ставрополь, ул.Пирогова, 15 а
Contacts of the company:	Phone 8(8652)72-25-44, Fax 8 (8652)55-15-76, e-mail - info.prominter@prominter.net
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «Управляющая компания-1»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)

Company code:	2635085410
The registered address of the company:	355000, г.Ставрополь, ул.Серова,2
The principal place of business:	355000, г.Ставрополь, ул. Серова 6/1
Contacts of the company:	Phone 8 (8652) 71-84-32, Fax 8 (8652) 71-84-32, e-mail - serova6-1@mail.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «Управляющая компания-2»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2635085427
The registered address of the company:	355000, г.Ставрополь, ул.Серова,2
The principal place of business:	355000, г.Ставрополь, ул. Серова 6/1
Contacts of the company:	Phone 8 (8652) 71-84-32, Fax 8 (8652) 71-84-32, e-mail - serova6-1@mail.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «Управляющая компания-3»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2635085434
The registered address of the company:	355029, г.Ставрополь, ул.Ленина, 450
The principal place of business:	355029, г.Ставрополь, ул. Краснофлотская, 32
Contacts of the company:	Phone 8 (8652) 35-45-76, Fax 8 (8652) 35-45-76, e-mail - stav5tv@yandex.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «Управляющая компания-4»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2635085441
The registered address of the company:	355029, г.Ставрополь, ул.Ленина,450
The principal place of business:	355029, г.Ставрополь, ул. Краснофлотская, 32
Contacts of the company:	Phone 8 (8652) 35-45-76, Fax 8 (8652) 35-45-76, e-mail - stav5tv@yandex.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «Управляющая компания-5»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2635085635
The registered address of the company:	355000, г.Ставрополь, ул.Бруснева,2/3а
The principal place of business:	355000, г.Ставрополь, ул.Буйнакского, 39/а
Contacts of the company:	Phone 8 (8652) 38-55-41, Fax 8 (8652) 38-55-41, e-mail - yk5stav@yandex.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «УК-5»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2635085635
The registered address of the company:	355000, г.Ставрополь, ул.Бруснева,2/3а
The principal place of business:	355000, г.Ставрополь, ул. Буйнакского, 39/а
Contacts of the company:	Phone 8 (8652) 38-55-41, Fax 8 (8652) 38-55-41, e-mail: yk5stav@yandex.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «Жилищная управляющая компания № 6»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2636086896
The registered address of the company:	355040, г.Ставрополь, ул.Доваторцев, 44/2,
The principal place of business:	355040, г.Ставрополь, ул..50 лет ВЛКСМ,14а
Contacts of the company:	Phone 8 (8652) 55-12-18, Fax 8 (8652) 38-55-41, e-mail - yk6stav@yandex.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «Управляющая компания-6»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2635105070
The registered address of the company:	355040, г.Ставрополь, ул.50 лет ВЛКСМ,8а/1
The principal place of business:	355040, г.Ставрополь, ул. 50 лет ВЛКСМ, 14
Contacts of the company:	Phone 8 (8652) 55-12-18, Fax 8 (8652) 38-55-41, e-mail - yk6stav@yandex.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «Управляющая компания-6»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2635085674
The registered address of the company:	355040, г.Ставрополь, ул. 50 лет ВЛКСМ,8а/1
The principal place of business:	355040, г.Ставрополь, ул. 50 лет ВЛКСМ, 14а
Contacts of the company:	Phone 8 (8652) 55-12-18, Fax 8 (8652) 38-55-41, e-mail - yk6stav@yandex.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Name	ООО «Управляющая компания-8»
Legal form:	company with the limited liability (общество с ограниченной ответственностью)
Company code:	2635105218
The registered address of the company:	355040, г.Ставрополь, пр.Ворошилова,1
The principal place of business:	355040, г.Ставрополь, пр.Ворошилова,1
Contacts of the company:	Phone 8 (8652) 72-63-67, Fax 8 (8652) 72-63-67, e-mail - yk8stav@yandex.ru
Registration data about the company stored:	Federal tax inspection of Stavropolis region industrial district (ИФНС России Ставропольского края по Промышленному району города Ставрополя)

Neither of the above companies has branches or representation offices abroad.

ANNEX 1 TO AB CITY SERVICE CONSOLIDATED ANNUAL REPORT FOR YEAR 2014

AB CITY SERVICE DISCLOSURE ON COMPLIANCE WITH THE GOVERNANCE CODE FOR THE COMPANIES LISTED ON NASDAQ OMX VILNIUS IN 2014

AB City Service, following Article 21 paragraph 3 of the Law on Securities of the Republic of Lithuania and item 24.5 of the Listing Rules of AB NASDAQ OMX Vilnius, discloses its compliance with the Corporate Governance Code, for the Companies Listed on NASDAQ OMX Vilnius, and its specific provisions. In the event of non-compliance with the Code or with certain provisions thereof, it must be specified which provisions are not complied with and the reasons of non-compliance.

Principles / Recommendations	Yes / No / Not applicable	Commentary
Principle I: Basic Provisions **The overriding objective of a company should be to operate in common interests of all the shareholders by optimizing over time shareholder value.**		
1.1. A company should adopt and make public the company's development strategy and objectives by clearly declaring how the company intends to meet the interests of its shareholders and optimize shareholder value.	Yes	Main trends and objectives of development and of the Company were publicly announced and emphasized in 2011 and 2012 annul reports. The trends of development of the Company are also disclosed by the essential events and reports to investors about the activities of the Company announced by the Company, periodical reports, communications presented in the statements of the managers of the Company in the press.
1.2. All management bodies of a company should act in furtherance of the declared strategic objectives in view of the need to optimize shareholder value.	Yes	The Board of the Company has formed the long-term and short-term strategic objectives of the development of the activities of the Company. The Management of the Company, managers of respective fields make every effort for he implementation of these objectives – the structure of Company and divisions of the companies of the group is optimized, the qualification of responsible persons and specialists is raised.
1.3. A company's supervisory and management bodies should act in close co-operation in order to attain maximum benefit for the company and its shareholders.	Yes	The Board is formed in the Company, which represents the interests of shareholders of the Company. The Board of the Company takes the strategic decisions, adopts the strategy of activities of the Company, annual budget, etc. The decisions adopted by the Board shall be implemented by the managing bodies of the Company. The Board of the Company also performs the maintenance of the implementation of the above-mentioned strategical decisions. The Board representing the shareholders' interests holds sessions according to the need and continuously maintains the direct contact with the managing bodies of the Company.
1.4. A company's supervisory and management bodies should ensure that the rights and interests of persons other than the company's shareholders (e.g. employees, creditors, suppliers, clients, local community), participating in or connected with the company's operation, are duly respected.	Yes	The managing bodies of the Company seek, in their activities, to ensure the interests of all persons related to the activities of the Company. The Management of the Company as well as the managers of separate fields give much time to communication with clients, suppliers, separate owners (residents) of the blocks of flats, in order to find the most optimum solutions. The particularity of activities of the Company determines that the clients, local community are periodically informed about the activities of the Company, the issues important to the community, being dealt with. The Company follows the obligations undertaken and set out in the legal acts and it helps to maintain the long-term relationships with its business partners, ensure the long-term development of activities of the Company. The employees of the Company are continuously informed by the Management and managers of separate fields about the news in the activities of the Company, internal changes. The events are organized for the employees, the employees' opinion surveys are conducted, the motivational system is continuously improved.
Principle II: The corporate governance framework **The corporate governance framework should ensure the strategic guidance of the company, the effective oversight of the company's management bodies, an appropriate balance and distribution of functions between the company's bodies, protection of the shareholders' interests.**		
22.1. Besides obligatory bodies provided for in the Law on Companies of the Republic of Lithuania – a general shareholders' meeting and the chief executive officer, it is recommended that a company should set up both a collegial supervisory body and a collegial management body. The setting up of collegial bodies for supervision and management facilitates clear separation of management and supervisory functions in the company, accountability and control on the part of the chief executive officer, which, in its turn, facilitate a more efficient and transparent management process.	No	There is one collegiate managing body in the Company – Board of 4 (four) members. The Supervisory Board is not formed.
2.2. A collegial management body is responsible for the strategic management of the company and performs other key functions of corporate governance. A collegial supervisory body is responsible for the effective supervision of the company's management bodies.	Yes	The Board is responsible for strategic management of the Company. The Supervisory Board is not formed.
2.3. Where a company chooses to form only one collegial body, it is recommended that it should be a supervisory body, i.e. the supervisory board. In such a case, the supervisory board is responsible for the effective monitoring of the functions performed by the company's chief executive officer.	Not applicable	In this period of activities of the Company, the Board is, beside its functions of strategic management, able to properly perform the supervision of implementation of adopted strategic decisions as well as the control of management of the Company; therefore, there is no objective need for forming the Supervisory Board. The Supervisory Board may be formed in the future, if needed.
2.4. The collegial supervisory body to be elected by the general shareholders' meeting should be set up and should act in the manner defined in Principles III and IV. Where a company should decide not to set up a collegial supervisory body but rather a collegial management body, i.e. the board, Principles III and IV should apply to the board as long as that does	Yes	The order stipulated in III and IV principles is currently followed,The essential requirements provided for in the principles are not violated.

Principles / Recommendations	Yes / No / Not applicable	Commentary
not contradict the essence and purpose of this body. 1		
2.5. Company's management and supervisory bodies should comprise such number of board (executive directors) and supervisory (non-executive directors) board members that no individual or small group of individuals can dominate decision-making on the part of these bodies.2	No	The Board of the Company is formed from 4 (four) members. The Board adopts the decisions with a majority vote; therefore, the votes of two members of the Board import on, whether the certain decisions will be adopted, or not.
2.6. Non-executive directors or members of the supervisory board should be appointed for specified terms subject to individual re-election, at maximum intervals provided for in the Lithuanian legislation with a view to ensuring necessary development of professional experience and sufficiently frequent reconfirmation of their status. A possibility to remove them should also be stipulated however this procedure should not be easier than the removal procedure for an executive director or a member of the management board.	Not applicable	The Supervisory Board is not formed in the Company.
2.7. Chairman of the collegial body elected by the general shareholders' meeting may be a person whose current or past office constitutes no obstacle to conduct independent and impartial supervision. Where a company should decide not to set up a supervisory board but rather the board, it is recommended that the chairman of the board and chief executive officer of the company should be a different person. Former company's chief executive officer should not be immediately nominated as the chairman of the collegial body elected by the general shareholders' meeting. When a company chooses to departure from these recommendations, it should furnish information on the measures it has taken to ensure impartiality of the supervision.	Yes	The Chairman of the Board of the Company and the head of the Company – General Manager are different persons. The Chairman of the Board of the Company has not been the head of the Company. The Chairman of the Board of the Company is not related to the daily activities of the Company.
Principle III: The order of the formation of a collegial body to be elected by a general shareholders' meeting **The order of the formation a collegial body to be elected by a general shareholders' meeting should ensure representation of minority shareholders, accountability of this body to the shareholders and objective monitoring of the company's operation and its management bodies. 3**		
3.1. The mechanism of the formation of a collegial body to be elected by a general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure objective and fair monitoring of the company's management bodies as well as representation of minority shareholders.	Yes	The mechanism of formation of the Board, that meets the requirements of the Law on Companies of the Republic of Lithuania, ensures the objective supervision of managing bodies.
3.2. Names and surnames of the candidates to become members of a collegial body, information about their education, qualification, professional background, positions taken and potential conflicts of interest should be disclosed early enough before the general shareholders' meeting so that the shareholders would have sufficient time to make an informed voting decision. All factors affecting the candidate's independence, the sample list of which is set out in Recommendation 3.7, should be also disclosed. The collegial body should also be informed on any subsequent changes in the provided information. The collegial body should, on yearly basis, collect data provided in this item on its members and disclose this in the company's annual report.	Not applicable	The main shareholder of the Company, who delegated his members to the Board, ensures that the members have the competence and experience necessary for their work. Information about Company's Board member's education and work experience is disclosed in the Company's interim information and annual reports.
3.3. Should a person be nominated for members of a collegial body, such nomination should be followed by the disclosure of information on candidate's particular competences relevant to his/her service on the collegial body. In order shareholders and investors are able to ascertain whether member's competence is further relevant, the collegial body should, in its annual report, disclose the information on its composition and particular competences of individual members which are relevant to their service on the collegial body.	Not applicable	Detail information is provided in Clause 3.2.
3.4. In order to maintain a proper balance in terms of the current qualifications possessed by its members, the desired composition of the collegial body shall be determined with regard to the company's structure and activities, and have this periodically evaluated. The collegial body should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to complete their tasks properly. The members of the audit committee, collectively, should have a recent knowledge and relevant experience in the fields of finance, accounting and/or audit for the stock exchange listed companies. At least one of the members of the remuneration committee should have knowledge of and experience in the field of remuneration policy. For more than a year the Seimas of the Republic of Lithuania is considering variuos amendments of the Civil code that are related to the apartment building regulation.	Yes	The composition of the Board of the Company and the number of members meets the scopes of activities of the Company and the size of the existing structure. The members of the Board of the Company and the members of the Audit Committee of the Company have sufficient experience in the fields, where the Company performs its main activities; also, all members have versatile knowledge in the fields of finance, economy, investment management, management, maintenance of technologies and engineering systems, keep trace of innovations in these fields.

Principles / Recommendations	Yes / No / Not applicable	Commentary
3.5. All new members of the collegial body should be offered a tailored program focused on introducing a member with his/her duties, corporate organization and activities. The collegial body should conduct an annual review to identify fields where its members need to update their skills and knowledge.	Not applicable	No event occurred in the Company, with the member of the Board becoming the person not familiar with the activities, structure as well as strategic objectives of the Company. Skills as well as knowledge of the members of the Board are continuously updated and enhanced, with the members performing their functions in the Board.
3.6. In order to ensure that all material conflicts of interest related with a member of the collegial body are resolved properly, the collegial body should comprise a sufficient4 number of independent5 members.	No	The issue on the independent members and their sufficient number in the collegiate managing body maybe discussed in the future.
3.7. A member of the collegial body should be considered to be independent only if he is free of any business, family or other relationship with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgment. Since all cases when member of the collegial body is likely to become dependant are impossible to list, moreover, relationships and circumstances associated with the determination of independence may vary amongst companies and the best practices of solving this problem are yet to evolve in the course of time, assessment of independence of a member of the collegial body should be based on the contents of the relationship and circumstances rather than their form. The key criteria for identifying whether a member of the collegial body can be considered to be independent are the following: 1. He/she is not an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) of the company or any associated company and has not been such during the last five years; 2. He/she is not an employee of the company or some any company and has not been such during the last three years, except for cases when a member of the collegial body does not belong to the senior management and was elected to the collegial body as a representative of the employees; 3. He/she is not receiving or has been not receiving significant additional remuneration from the company or associated company other than remuneration for the office in the collegial body. Such additional remuneration includes participation in share options or some other performance based pay systems; it does not include compensation payments for the previous office in the company (provided that such payment is no way related with later position) as per pension plans (inclusive of deferred compensations); 4. He/she is not a controlling shareholder or representative of such shareholder (control as defined in the Council Directive 83/349/EEC Article 1 Part 1); 5. He/she does not have and did not have any material business relations with the company or associated company within the past year directly or as a partner, shareholder, director or superior employee of the subject having such relationship. A subject is considered to have business relations when it is a major supplier or service provider (inclusive of financial, legal, counseling and consulting services), major client or organization receiving significant payments from the company or its group; 6. He/she is not and has not been, during the last three years, partner or employee of the current or former external audit company of the company or associated company; 7. He/she is not an executive director or member of the board in some other company where executive director of the company or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) is non-executive director or member of the supervisory board, he/she may not also have any other material relationships with executive directors of the company that arise from their participation in activities of other companies or bodies; 8. He/she has not been in the position of a member of the collegial body for over than 12 years; 9. He/she is not a close relative to an executive director or member of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) or to any person listed in above items 1 to 8. Close relative is considered to be a spouse (common-law spouse), children and parents.	Not applicable	According to the comment of Clause 3.6., it is still not relevant.
3.8. The determination of what constitutes independence is fundamentally an issue for the collegial body itself to determine. The collegial body may decide that, despite a particular member meets all the criteria of independence laid down in this Code, he cannot be considered independent due to special personal or company-related circumstances.	Not applicable	According to the comment of Clause 3.6., it is still not relevant.
3.9. Necessary information on conclusions the collegial body has come to	Not applicable	According to the comment of Clause 3.6., it is still not relevant.

Principles / Recommendations	Yes / No / Not applicable	Commentary
in its determination of whether a particular member of the body should be considered to be independent should be disclosed. When a person is nominated to become a member of the collegial body, the company should disclose whether it considers the person to be independent. When a particular member of the collegial body does not meet one or more criteria of independence set out in this Code, the company should disclose its reasons for nevertheless considering the member to be independent. In addition, the company should annually disclose which members of the collegial body it considers to be independent.		
3.10. When one or more criteria of independence set out in this Code has not been met throughout the year, the company should disclose its reasons for considering a particular member of the collegial body to be independent. To ensure accuracy of the information disclosed in relation with the independence of the members of the collegial body, the company should require independent members to have their independence periodically re-confirmed.	Not applicable	According to the comment of Clause 3.6., it is still not relevant.
3.11. In order to remunerate members of a collegial body for their work and participation in the meetings of the collegial body, they may be remunerated from the company's funds6. The general shareholders' meeting should approve the amount of such remuneration.	Not applicable	According to the comment of Clause 3.6., it is still not relevant.
Principle IV: The duties and liabilities of a collegial body elected by the general shareholders' meeting **The corporate governance framework should ensure proper and effective functioning of the collegial body elected by the general shareholders' meeting, and the powers granted to the collegial body should ensure effective monitoring7 of the company's management bodies and protection of interests of all the company's shareholders.**		
4.1. The collegial body elected by the general shareholders' meeting (hereinafter in this Principle referred to as the 'collegial body') should ensure integrity and transparency of the company's financial statements and the control system. The collegial body should issue recommendations to the company's management bodies and monitor and control the company's management performance.8	Yes	The member of the Board of the Company, who is responsible for the finance supervision of the Company, continuously maintains the contact and regularly meets with the Chief Accountant of the Company to discuss the financial state of the Company as well as the last occurred essential financial changes, if any. The Chairman of the Board of the Company continuously maintains the contact and regularly meets with the General Director of the Company to discuss the changes occurred or occurring in the activities of the Company, essential issues of organization of activities, development of activities of the Company. The Board of the Company analyzes and assesses the material about the activities and finance of the Company, received from the General Manager as well as Chief Accountant of the Company, if necessary, gives recommendations and suggestions.
4.2. Members of the collegial body should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders with due regard to the interests of employees and public welfare. Independent members of the collegial body should (a) under all circumstances maintain independence of their analysis, decision-making and actions (b) do not seek and accept any unjustified privileges that might compromise their independence, and (c) clearly express their objections should a member consider that decision of the collegial body is against the interests of the company. Should a collegial body have passed decisions independent member has serious doubts about, the member should make adequate conclusions. Should an independent member resign from his office, he should explain the reasons in a letter addressed to the collegial body or audit committee and, if necessary, respective company-not-pertaining body (institution).	Yes	The Members of the Board of the Company act responsibly as well in goodwill in favour of the Company as well as shareholders, seek to retain their independence in adopting the decisions and taking into account the interests of the third persons.
4.3. Each member should devote sufficient time and attention to perform his duties as a member of the collegial body. Each member of the collegial body should limit other professional obligations of his (in particular any directorships held in other companies) in such a manner they do not interfere with proper performance of duties of a member of the collegial body. In the event a member of the collegial body should be present in less than a half9 of the meetings of the collegial body throughout the financial year of the company, shareholders of the company should be notified.	Yes	The members of the Board of the Company, each individually and all collectively, pay sufficient time and attention to have the function attributed to the competence of the Board duly performed. The members of the Board take part in the sessions, the time of which is agreed among the members so that all members of the Board could take part in the session.
4.4. Where decisions of a collegial body may have a different effect on the company's shareholders, the collegial body should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed on the company's affairs, strategies, risk management and resolution of conflicts of interest. The company should have a clearly established role of	Yes	The Board of the Company seeks, in its work, to conduct in good faith and impartially with all shareholders of the Company, and according to the data available in the Company, there has been no case, so far, that it were vice versa. The Chairman of the Board of the Company is, by adjusting as well as coordinating the interactions with the General Manager of the Company,

Principles / Recommendations	Yes / No / Not applicable	Commentary
members of the collegial body when communicating with and committing to shareholders.		obliged and authorized to, in the name of the Board, communicate with the shareholders, inform the shareholders about the activities, strategy, other essential matters of the Company; also to give official binding clarifications.
4.5. It is recommended that transactions (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions), concluded between the company and its shareholders, members of the supervisory or managing bodies or other natural or legal persons that exert or may exert influence on the company's management should be subject to approval of the collegial body. The decision concerning approval of such transactions should be deemed adopted only provided the majority of the independent members of the collegial body voted for such a decision.	Yes	All transactions specified in this recommendation, if they are not insignificant due to the low value, are concluded upon the decisions of the Board which may be adopted only in case of the required quorum and majority and following the provisions of the Company's Articles of Association that complies with the Law on Companies of the Republic of Lithuania.
4.6. The collegial body should be independent in passing decisions that are significant for the company's operations and strategy. Taken separately, the collegial body should be independent of the company's management bodies10. Members of the collegial body should act and pass decisions without an outside influence from the persons who have elected it. Companies should ensure that the collegial body and its committees are provided with sufficient administrative and financial resources to discharge their duties, including the right to obtain, in particular from employees of the company, all the necessary information or to seek independent legal, accounting or any other advice on issues pertaining to the competence of the collegial body and its committees. When using the services of a consultant with a view to obtaining information on market standards for remuneration systems, the remuneration committee should ensure that the consultant concerned does not at the same time advice the human resources department, executive directors or collegial management organs of the company concerned.	Yes	The Board of the Company adopts the decisions, following only the interests of the Company; therefore, the independence of the members in adopting the decisions significant to the activities and strategy of the Company, shall be assessed according to the interests of the Company and its shareholders. The members of the Board are provided with all possibilities and they have the right to all resources necessary to duly perform the obligations, including the possibilities to apply to the independent external legal, accounting or other specialists. The General Manager of the Company ensured that the managers or employees of the separate fields of the Company provide directly the Board or through the General Manager with the required information to the members of the Board, so that they could duly perform their functions and deal with the issues attributed to their competence.
4.7. Activities of the collegial body should be organized in a manner that independent members of the collegial body could have major influence in relevant areas where chances of occurrence of conflicts of interest are very high. Such areas to be considered as highly relevant are issues of nomination of company's directors, determination of directors' remuneration and control and assessment of company's audit. Therefore when the mentioned issues are attributable to the competence of the collegial body, it is recommended that the collegial body should establish nomination, remuneration, and audit committees11. Companies should ensure that the functions attributable to the nomination, remuneration, and audit committees are carried out. However they may decide to merge these functions and set up less than three committees. In such case a company should explain in detail reasons behind the selection of alternative approach and how the selected approach complies with the objectives set forth for the three different committees. Should the collegial body of the company comprise small number of members, the functions assigned to the three committees may be performed by the collegial body itself, provided that it meets composition requirements advocated for the committees and that adequate information is provided in this respect. In such case provisions of this Code relating to the committees of the collegial body (in particular with respect to their role, operation, and transparency) should apply, where relevant, to the collegial body as a whole.	Yes	The recommendation is implemented partly. The Audit Committee was established by implementing the decision adopted in the General Meeting of Shareholders on 30 April 2009. The Audit Committee was established in order to comply with the requirements of the Law on Audit and to this Code. According to the existing scopes of the activities of the Company, results as well as objective needs, and to the fact that the Board of the Company consists of 4 (four) members, the Company in not in need of the establishment other committees, but the establishment of nomination and remuneration committees shall be considered in the future.
4.8. The key objective of the committees is to increase efficiency of the activities of the collegial body by ensuring that decisions are based on due consideration, and to help organize its work with a view to ensuring that the decisions it takes are free of material conflicts of interest. Committees should exercise independent judgement and integrity when exercising its functions as well as present the collegial body with recommendations concerning the decisions of the collegial body. Nevertheless the final decision shall be adopted by the collegial body. The recommendation on creation of committees is not intended, in principle, to constrict the competence of the collegial body or to remove the matters considered from the purview of the collegial body itself, which remains fully responsible for the decisions taken in its field of competence.	Yes	The Audit Committee operates in accordance with the Regulations approved by the General Meeting of Shareholders of the Company. The Audit Committee in accordance with the need provides the Company's Board with recommendations.
4.9. Committees established by the collegial body should normally be composed of at least three members. In companies with small number of members of the collegial body, they could exceptionally be composed of two members. Majority of the members of each committee should be constituted from independent members of the collegial body. In cases when the company chooses not to set up a supervisory board, remuneration and audit committees should be entirely comprised of non-executive directors. Chairmanship and membership of the committees should be decided with	Yes	The Audit Committee consists of three members elected for the term of office of four years. One of the members is independent. The composition and the term of office of the Audit Committee is approved by the General Meeting of Shareholders. Audit Committee composition and their terms ensure the nature of aims and objectives of the Company and its shareholders.

Principles / Recommendations	Yes / No / Not applicable	Commentary
due regard to the need to ensure that committee membership is refreshed and that undue reliance is not placed on particular individuals.		
4.10. Authority of each of the committees should be determined by the collegial body. Committees should perform their duties in line with authority delegated to them and inform the collegial body on their activities and performance on regular basis. Authority of every committee stipulating the role and rights and duties of the committee should be made public at least once a year (as part of the information disclosed by the company annually on its corporate governance structures and practices). Companies should also make public annually a statement by existing committees on their composition, number of meetings and attendance over the year, and their main activities. Audit committee should confirm that it is satisfied with the independence of the audit process and describe briefly the actions it has taken to reach this conclusion.	Yes	Under the regulations of the Audit Committee of the Company the Audit Committee presents the report about its activity to the Board of the Company no less than one time per year.
4.11. In order to ensure independence and impartiality of the committees, members of the collegial body that are not members of the committee should commonly have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or demand participation in the meeting of particular officers or experts. Chairman of each of the committees should have a possibility to maintain direct communication with the shareholders. Events when such are to be performed should be specified in the regulations for committee activities.	Yes	The regulations of the Company's Audit Committee shall grant the right for the Audit Committee members to convene to the Audit Committee metings the Board members and the other employees of the Company.
4.12. Nomination Committee. 4.12.1. Key functions of the nomination committee should be the following: 1) Identify and recommend, for the approval of the collegial body, candidates to fill board vacancies. The nomination committee should evaluate the balance of skills, knowledge and experience on the management body, prepare a description of the roles and capabilities required to assume a particular office, and assess the time commitment expected. Nomination committee can also consider candidates to members of the collegial body delegated by the shareholders of the company; 2) Assess on regular basis the structure, size, composition and performance of the supervisory and management bodies, and make recommendations to the collegial body regarding the means of achieving necessary changes; 3) Assess on regular basis the skills, knowledge and experience of individual directors and report on this to the collegial body; 4) Properly consider issues related to succession planning; 5) Review the policy of the management bodies for selection and appointment of senior management. 4.12.2. Nomination committee should consider proposals by other parties, including management and shareholders. When dealing with issues related to executive directors or members of the board (if a collegial body elected by the general shareholders' meeting is the supervisory board) and senior management, chief executive officer of the company should be consulted by, and entitled to submit proposals to the nomination committee.	Not applicable	The appointment committee was not formed according to the circumstances set out in Clause 4.7.
4.13. Remuneration Committee. 4.13.1. Key functions of the remuneration committee should be the following: 1) Make proposals, for the approval of the collegial body, on the remuneration policy for members of management bodies and executive directors. Such policy should address all forms of compensation, including the fixed remuneration, performance-based remuneration schemes, pension arrangements, and termination payments. Proposals considering performance-based remuneration schemes should be accompanied with recommendations on the related objectives and evaluation criteria, with a view to properly aligning the pay of executive director and members of the management bodies with the long-term interests of the shareholders and the objectives set by the collegial body; 2) Make proposals to the collegial body on the individual remuneration for executive directors and member of management bodies in order their remunerations are consistent with company's remuneration policy and the evaluation of the performance of these persons concerned. In doing so, the committee should be properly informed on the total compensation obtained by executive directors and members of the management bodies from the affiliated companies; 3) Ensure that remuneration of individual executive directors or members	Not applicable	The salary committee was not formed according to the circumstances set out in Clause 4.7.

Principles / Recommendations	Yes / No / Not applicable	Commentary
of management body is proportionate to the remuneration of other executive directors or members of management body and other staff members of the company; 4) Periodically review the remuneration policy for executive directors or members of management body, including the policy regarding share-based remuneration, and its implementation; 5) Make proposals to the collegial body on suitable forms of contracts for executive directors and members of the management bodies; 6) Assist the collegial body in overseeing how the company complies with applicable provisions regarding the remuneration-related information disclosure (in particular the remuneration policy applied and individual remuneration of directors); 7) Make general recommendations to the executive directors and members of the management bodies on the level and structure of remuneration for senior management (as defined by the collegial body) with regard to the respective information provided by the executive directors and members of the management bodies. 4.13.2. With respect to stock options and other share-based incentives which may be granted to directors or other employees, the committee should: 1) Consider general policy regarding the granting of the above mentioned schemes, in particular stock options, and make any related proposals to the collegial body; 2)Examine the related information that is given in the company's annual report and documents intended for the use during the shareholders meeting; 3) Make proposals to the collegial body regarding the choice between granting options to subscribe shares or granting options to purchase shares, specifying the reasons for its choice as well as the consequences that this choice has. 4.13.3. Upon resolution of the issues attributable to the competence of the remuneration committee, the committee should at least address the chairman of the collegial body and/or chief executive officer of the company for their opinion on the remuneration of other executive directors or members of the management bodies.		
4.14. Audit Committee. 4.14.1. Key functions of the audit committee should be the following: • Observe the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting methods used by the company and its group (including the criteria for the consolidation of the accounts of companies in the group); • At least once a year review the systems of internal control and risk management to ensure that the key risks (inclusive of the risks in relation with compliance with existing laws and regulations) are properly identified, managed and reflected in the information provided; • Ensure the efficiency of the internal audit function, among other things, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management to its findings and recommendations. Should there be no internal audit authority in the company, the need for one should be reviewed at least annually; • Make recommendations to the collegial body related with selection, appointment, reappointment and removal of the external auditor (to be done by the general shareholders' meeting) and with the terms and conditions of his engagement. The committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations; • Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with applicable guidance relating to the rotation of audit partners, the level of fees paid by the company, and similar issues. In order to prevent occurrence of material conflicts of interest, the committee, based on the auditor's disclosed inter alia data on all remunerations paid by the company to the auditor and network, should at all times monitor nature and extent of the non-audit services. Having regard to the principals and guidelines established in the 16 May 2002 Commission Recommendation 2002/590/EC, the committee should determine and apply a formal policy establishing types of non-audit services	Yes	The Company has the Audit Committee in place. The composition and Regulations of the Audit Committee were approved in the General Meeting of Shareholders on 30 April 2009. The Audit Committee consists of three members elected for the term of office of four years. One of the members is independent. The Audit Committee was established under the requirements for Audit Committees approved on 13 August, 2008 by the Securities Commission of Lithuanian Republic. In accordance with Article 52(3) of the Law on Audit, the functions of the Company's Audit Committee are as follows: 1) to monitor the process of drawing up financial statement; 2) to monitor the effectiveness of the systems of corporate internal control, risk management and internal audit, if any; 3) to monitor the process of carrying out audit; 4) to monitor how the auditor and the audit firm adhere to the principles of independence and objectivity. The principal objective of the Audit Committee is to generate higher added value to the Company. With a view to achieving the set objective, the Audit Committee operates in accordance with the Regulations approved by the General Meeting of Shareholders of the Company. The Audit Committee follows in its activities the requirements of effective legal acts and seeks overall implementation of the recommendations of this Code.

Principles / Recommendations	Yes / No / Not applicable	Commentary
that are (a) excluded, (b) permissible only after review by the committee, and (c) permissible without referral to the committee; • Review efficiency of the external audit process and responsiveness of management to recommendations made in the external auditor's management letter. 4.14.2. All members of the committee should be furnished with complete information on particulars of accounting, financial and other operations of the company. Company's management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In such case a special consideration should be given to company's operations in offshore centers and/or activities carried out through special purpose vehicles (organizations) and justification of such operations. 4.14.3. The audit committee should decide whether participation of the chairman of the collegial body, chief executive officer of the company, chief financial officer (or superior employees in charge of finances, treasury and accounting), or internal and external auditors in the meetings of the committee is required (if required, when). The committee should be entitled, when needed, to meet with any relevant person without executive directors and members of the management bodies present. 4.14.4. Internal and external auditors should be secured with not only effective working relationship with management, but also with free access to the collegial body. For this purpose the audit committee should act as the principal contact person for the internal and external auditors. 4.14.5. The audit committee should be informed of the internal auditor's work program, and should be furnished with internal audit's reports or periodic summaries. The audit committee should also be informed of the work program of the external auditor and should be furnished with report disclosing all relationships between the independent auditor and the company and its group. The committee should be timely furnished information on all issues arising from the audit. 4.14.6. The audit committee should examine whether the company is following applicable provisions regarding the possibility for employees to report alleged significant irregularities in the company, by way of complaints or through anonymous submissions (normally to an independent member of the collegial body), and should ensure that there is a procedure established for proportionate and independent investigation of these issues and for appropriate follow-up action. 4.14.7. The audit committee should report on its activities to the collegial body at least once in every six months, at the time the yearly and half-yearly statements are approved.		
4.15. Every year the collegial body should conduct the assessment of its activities. The assessment should include evaluation of collegial body's structure, work organization and ability to act as a group, evaluation of each of the collegial body member's and committee's competence and work efficiency and assessment whether the collegial body has achieved its objectives. The collegial body should, at least once a year, make public (as part of the information the company annually discloses on its management structures and practices) respective information on its internal organization and working procedures, and specify what material changes were made as a result of the assessment of the collegial body of its own activities.	No	The practice has not so far being formed in the Company for the Board of the Company to perform the assessment of its activities as well as to separately inform the shareholders about it, as the controlling shareholder, by appointing the members of the Board, already knows the experience, competence and determination of each member to act only for the interests of the Company.
Principle V: The working procedure of the company's collegial bodies **The working procedure of supervisory and management bodies established in the company should ensure efficient operation of these bodies and decision-making and encourage active co-operation between the company's bodies.**		
5.1. The company's supervisory and management bodies (hereinafter in this Principle the concept 'collegial bodies' covers both the collegial bodies of supervision and the collegial bodies of management) should be chaired by chairpersons of these bodies. The chairperson of a collegial body is responsible for proper convocation of the collegial body meetings. The chairperson should ensure that information about the meeting being convened and its agenda are communicated to all members of the body. The chairperson of a collegial body should ensure appropriate conducting of the meetings of the collegial body. The chairperson should ensure order and working atmosphere during the meeting.	Yes	The Company implements this recommendation in a full scope. The Board of the Company is both de jure and de facto managed by the Chairman of the Board. Following the work procedure of the Board, the Chairman convenes the sessions of the Board, organized the work of the Board, has, without the separate decision of the members, the right to chair in the sessions of the Board; also, have other authorities set out in the Company's Articles of Association, work regulation of the Board and/or separately mentioned in the separate clauses of this report.

Principles / Recommendations	Yes / No / Not applicable	Commentary
5.2. It is recommended that meetings of the company's collegial bodies should be carried out according to the schedule approved in advance at certain intervals of time. Each company is free to decide how often to convene meetings of the collegial bodies, but it is recommended that these meetings should be convened at such intervals, which would guarantee an interrupted resolution of the essential corporate governance issues. Meetings of the company's supervisory board should be convened at least once in a quarter, and the company's board should meet at least once a month.12	Yes	The sessions of the Board of the Company are arranged in a respective periodicity, although no schedule confirmed in advance, with a provision of specific dates. It is actually held not rarer than twice per calendar month. The continuous dealing with the essential issues on the management of the Company is ensured not only by the regular sessions of the Board; but, also by the work of the separate members of the Board in the field attributed to them, in receiving and analyzing the information important for the activities of the Company, preparing for the sessions of the Board.
5.3. Members of a collegial body should be notified about the meeting being convened in advance in order to allow sufficient time for proper preparation for the issues on the agenda of the meeting and to ensure fruitful discussion and adoption of appropriate decisions. Alongside with the notice about the meeting being convened, all the documents relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body are present or certain issues of great importance to the company require immediate resolution.	Yes	The work procedure of the Board of the Company ensures the compliance with this recommendation. All members of the Board take part in most sessions.
5.4. In order to co-ordinate operation of the company's collegial bodies and ensure effective decision-making process, chairpersons of the company's collegial bodies of supervision and management should closely co-operate by co-coordinating dates of the meetings, their agendas and resolving other issues of corporate governance. Members of the company's board should be free to attend meetings of the company's supervisory board, especially where issues concerning removal of the board members, their liability or remuneration are discussed.	Yes	Session dates of the Board and Audit Committee are organised in order not to make obstacles for duly operating and decision making for these bodies.
Principle VI: The equitable treatment of shareholders and shareholder rights **The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. The corporate governance framework should protect the rights of the shareholders.**		
6.1. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all their holders.	Yes	The authorized capital of the Company consists only of the ordinary nominal intangible shares which grant the equal property and non-property rights to the shareholders of the Company.
6.2. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company's Articles of Association which complies with an actual redaction of Law on Companies guarantees the rights to the investors by the shares already issued by the Company. Company's Articles of Association are publicly accessed and the rights set out in them meet the rights, which are set out in the Law on Companies of the Republic of Lithuania. Company is also preparing the prospectuses for the new emissions of shares which are attached to the regulation of the legislation of the Republic of Lithuania.
6.3. Transactions that are important to the company and its shareholders, such as transfer, investment, and pledge of the company's assets or any other type of encumbrance should be subject to approval of the general shareholders' meeting.13 All shareholders should be furnished with equal opportunity to familiarize with and participate in the decision-making process when significant corporate issues, including approval of transactions referred to above, are discussed.	No	The shareholders of the Company approve only those transactions of the Company, for the approval of which, the exclusive rights for the General Meeting of Shareholders are provided for according to the Law on Companies of the Republic of Lithuania, as well as the Company's Articles of Association. With a full-scope implementation of this recommendation, the risk would arise due to the effective management and decision-making of the Company.
6.4. Procedures of convening and conducting a general shareholders' meeting should ensure equal opportunities for the shareholders to effectively participate at the meetings and should not prejudice the rights and interests of the shareholders. The venue, date, and time of the shareholders' meeting should not hinder wide attendance of the shareholders. Prior to the shareholders' meeting, the company's supervisory and management bodies should enable the shareholders to lodge questions on issues on the agenda of the general shareholders' meeting and receive answers to them.	Yes	The information about the General Meetings of Shareholders is announced through the information system of NASDAQ OMX Globe Newswire in Lithuanian and English languages; web site of the Company. The sessions are held in Vilnius, at the building where the Company operates. The sessions are convened on the working day and at the premises where the shareholders would be provided with the conditions to duly take part in the meeting. One may become familiar with the material of the meeting not later than 21 days before the day of the meeting at the premises of the Company, the draft decisions are also presented through the information system of NASDAQ OMX Globe Newswire in Lithuanian and English.
6.5. If is possible, in order to ensure shareholders living abroad the right to access to the information, it is recommended that documents on the course of the general shareholders' meeting should be placed on the publicly accessible website of the company not only in Lithuanian language, but in English and /or other foreign languages in advance. It is recommended that the minutes of the general shareholders' meeting after signing them and/or adopted resolutions should be also placed on the publicly accessible website of the company. Seeking to ensure the right of foreigners to familiarize with the information, whenever feasible, documents referred to	Yes	The Company announces to the General Meeting of Shareholders the prepared draft decisions not later 21 days before the day of the meeting through the information system of NASDAQ OMX Globe Newswire and Company's website in Lithuanian and English. The decisions adopted by the General Meeting of Shareholders are announced not later than within one day from the day of their adoption through the information system of NASDAQ OMX Globe Newswire in Lithuanian and English. The decisions adopted by the General Meeting of Shareholders are provided

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in this recommendation should be published in Lithuanian, English and/or other foreign languages. Documents referred to in this recommendation may be published on the publicly accessible website of the company to the extent that publishing of these documents is not detrimental to the company or the company's commercial secrets are not revealed.		also in the web site of the Company.
6.6. Shareholders should be furnished with the opportunity to vote in the general shareholders' meeting in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	The shareholders of the Company may implement the right to take part in the General Meeting of Shareholders both in person and through the representative, if the person has the due authority or the contract on transfer of the voting right was concluded with him according to the order established by the legal acts. Upon shareholders' request, the Company provides the shareholders with the conditions to vote by fulfilling the general voting-paper, as set out in the Law on Companies.
6.7. With a view to increasing the shareholders' opportunities to participate effectively at shareholders' meetings, the companies are recommended to expand use of modern technologies by allowing the shareholders to participate and vote in general meetings via electronic means of communication. In such cases security of transmitted information and a possibility to identify the identity of the participating and voting person should be guaranteed. Moreover, companies could furnish its shareholders, especially shareholders living abroad, with the opportunity to watch shareholder meetings by means of modern technologies.	No	So far, there has not been any objective need and possibilities to execute the recommendation of this Clause. In the future, the issue on provision of such possibility will be discussed in the Company, by taking into account the necessary financial resources, existing legal regulation as well as objective distribution of the shareholders of the Company and their wishes.
Principle VII: The avoidance of conflicts of interest and their disclosure **The corporate governance framework should encourage members of the corporate bodies to avoid conflicts of interest and assure transparent and effective mechanism of disclosure of conflicts of interest regarding members of the corporate bodies.**		
7.1. Any member of the company's supervisory and management body should avoid a situation, in which his/her personal interests are in conflict or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory and management body should, within reasonable time, inform other members of the same collegial body or the company's body that has elected him/her, or to the company's shareholders about a situation of a conflict of interest, indicate the nature of the conflict and value, where possible.	Yes	The members of the Board avoid situations where their personal interest could conflict with the interest of Company. The members of The Company Board abstain from voting or refuse to vote when the matter is related to the person.
7.2. Any member of the company's supervisory and management body may not mix the company's assets, the use of which has not been mutually agreed upon, with his/her personal assets or use them or the information which he/she learns by virtue of his/her position as a member of a corporate body for his/her personal benefit or for the benefit of any third person without a prior agreement of the general shareholders' meeting or any other corporate body authorized by the meeting.	Yes	The members of the Board act for the interests of the Company and their own competence as well as personal traits allow to claim that they conduct so that the conflicts of interest would not arise and they did not occur in their practice, so far.
7.3. Any member of the company's supervisory and management body may conclude a transaction with the company, a member of a corporate body of which he/she is. Such a transaction (except insignificant ones due to their low value or concluded when carrying out routine operations in the company under usual conditions) must be immediately reported in writing or orally, by recording this in the minutes of the meeting, to other members of the same corporate body or to the corporate body that has elected him/her or to the company's shareholders. Transactions specified in this recommendation are also subject to recommendation 4.5.	Yes	The members of the Board of the Company have not concluded the transactions with the Company, including those of low value or concluded under non-standard conditions.
7.4. Any member of the company's supervisory and management body should abstain from voting when decisions concerning transactions or other issues of personal or business interest are voted on.	Yes	The Law on Companies of the Republic of Lithuania requires that the member of the Board has no right to vote, when the session of the Board deals with the question related with its activity in the Board or that of its liability. The members of the Board of the Company know this provision and apply it broader than required by the Law, i.e. abstain from voting or refuse voting, when it is related to his person and the Company, or another conflict of interests may arise.
Principle VIII: Company's remuneration policy **Remuneration policy and procedure for approval, revision and disclosure of directors' remuneration established in the company should prevent potential conflicts of interest and abuse in determining remuneration of directors, in addition it should ensure publicity and transparency both of company's remuneration policy and remuneration of directors.**		
8.1. A company should make a public statement of the company's remuneration policy (hereinafter the remuneration statement) which should be clear and easily understandable. This remuneration statement should be published as a part of the company's annual statement as well as posted on the company's website.	No	The Company has not prepared the salary policy report; therefore, it cannot execute this recommendation. Brief information about the past period, payments of the Company to the members of members of the issuer's managing bodies; Senior Management is announced in Company's interim and annual information prepared according to the order established by the legal acts. To the opinion of the Company and the Board of the Company, according to the competitive environment and economic conditions of activities in the Lithuanian market and other markets where the Company operates, such information is off-the-record (confidential); currently, to be considered as the

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		trade secret of the Company. The issue on the need for and preparation of the salary policy report recommended by the Code is expected to start dealing with in the future, with the change of market conditions.
8.2. Remuneration statement should mainly focus on directors' remuneration policy for the following year and, if appropriate, the subsequent years. The statement should contain a summary of the implementation of the remuneration policy in the previous financial year. Special attention should be given to any significant changes in company's remuneration policy as compared to the previous financial year.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.3. Remuneration statement should leastwise include the following information: 1) Explanation of the relative importance of the variable and non-variable components of directors' remuneration; 2) Sufficient information on performance criteria that entitles directors to share options, shares or variable components of remuneration; 3) An explanation how the choice of performance criteria contributes to the long-term interests of the company; 4) An explanation of the methods, applied in order to determine whether performance criteria have been fulfilled; 5) Sufficient information on deferment periods with regard to variable components of remuneration; 6) Sufficient information on the linkage between the remuneration and performance; 7) The main parameters and rationale for any annual bonus scheme and any other non-cash benefits; 8) Sufficient information on the policy regarding termination payments; 9) Sufficient information with regard to vesting periods for share-based remuneration, as referred to in point 8.13 of this Code; 10) Sufficient information on the policy regarding retention of shares after vesting, as referred to in point 8.15 of this Code; 11) Sufficient information on the composition of peer groups of companies the remuneration policy of which has been examined in relation to the establishment of the remuneration policy of the company concerned: 12) A description of the main characteristics of supplementary pension or early retirement schemes for directors; 13) Remuneration statement should not include commercially sensitive information.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.4. Remuneration statement should also summarize and explain company's policy regarding the terms of the contracts executed with executive directors and members of the management bodies. It should include, inter alia, information on the duration of contracts with executive directors and members of the management bodies, the applicable notice periods and details of provisions for termination payments linked to early termination under contracts for executive directors and members of the management bodies.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.5. Remuneration statement should also contain detailed information on the entire amount of remuneration, inclusive of other benefits, that was paid to individual directors over the relevant financial year. This document should list at least the information set out in items 8.5.1 to 8.5.4 for each person who has served as a director of the company at any time during the relevant financial year. 8.5.1. The following remuneration and/or emoluments-related information should be disclosed: 1) The total amount of remuneration paid or due to the director for services performed during the relevant financial year, inclusive of, where relevant, attendance fees fixed by the annual general shareholders meeting; 2) The remuneration and advantages received from any undertaking belonging to the same group; 3) The remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonus payments and/or profit sharing were granted; 4) If permissible by the law, any significant additional remuneration paid to directors for special services outside the scope of the usual functions of a director; 5) Compensation receivable or paid to each former executive director or member of the management body as a result of his resignation from the office during the previous financial year; 6) Total estimated value of non-cash benefits considered as remuneration, other than the items covered in the above points.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.

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8.5.2. As regards shares and/or rights to acquire share options and/or all other share-incentive schemes, the following information should be disclosed: 1) The number of share options offered or shares granted by the company during the relevant financial year and their conditions of application; 2) The number of shares options exercised during the relevant financial year and, for each of them, the number of shares involved and the exercise rice or the value of the interest in the share incentive scheme at the end of the financial year; 3) The number of share options unexercised at the end of the financial year; their exercise price, the exercise date and the main conditions for the exercise of the rights; 4) All changes in the terms and conditions of existing share options occurring during the financial year. 8.5.3. The following supplementary pension schemes-related information should be disclosed: 1) When the pension scheme is a defined-benefit scheme, changes in the directors' accrued benefits under that scheme during the relevant financial year; 2) When the pension scheme is defined-contribution scheme, detailed information on contributions paid or payable by the company in respect of that director during the relevant financial year. 8.5.4. The statement should also state amounts that the company or any subsidiary company or entity included in the consolidated annual financial report of he company has paid to each person who has served as a director in the company at any time during the relevant financial year in the form of loans, advance payments or guarantees, including the amount outstanding and the interest rate.		
8.6. Where the remuneration policy includes variable components of remuneration, companies should set limits on the variable component(s). The non-variable component of remuneration should be sufficient to allow the company to withhold variable components of remuneration when performance criteria are not met.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.7. Award of variable components of remuneration should be subject to predetermined and measurable performance criteria.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.8. Where a variable component of remuneration is awarded, a major part of the variable component should be deferred for a minimum period of time. The part of the variable component subject to deferment should be determined in relation to the relative weight of the variable component compared to the non-variable component of remuneration.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.9. Contractual arrangements with executive or managing directors should include provisions that permit the company to reclaim variable components of remuneration that were awarded on the basis of data which subsequently proved to be manifestly misstated.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.10. Termination payments should not exceed a fixed amount or fixed number of years of annual remuneration, which should, in general, not be higher than two years of the non-variable component of remuneration or the equivalent thereof.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.11. Termination payments should not be paid if the termination is due to inadequate performance.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.12. The information on preparatory and decision-making processes, during which a policy of remuneration of directors is being established, should also be disclosed. Information should include data, if applicable, on authorities and composition of the remuneration committee, names and surnames of external consultants whose services have been used in determination of the remuneration policy as well as the role of shareholders' annual general meeting.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.13. Shares should not vest for at least three years after their award	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.14. Share options or any other right to acquire shares or to be remunerated on the basis of share price movements should not be exercisable for at least three years after their award. Vesting of shares and the right to exercise share options or any other right to acquire shares or to be remunerated on the basis of share price movements, should be subject to predetermined and measurable performance criteria.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.

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8.15. After vesting, directors should retain a number of shares, until the end of their mandate, subject to the need to finance any costs related to acquisition of the shares. The number of shares to be retained should be fixed, for example, twice the value of total annual remuneration (the non-variable plus the variable components).	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.16. Remuneration of non-executive or supervisory directors should not include share options.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.17. Shareholders, in particular institutional shareholders, should be encouraged to attend general meetings where appropriate and make considered use of their votes regarding directors' remuneration.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.18. Without prejudice to the role and organization of the relevant bodies responsible for setting directors' remunerations, the remuneration policy or any other significant change in remuneration policy should be included into the agenda of the shareholders' annual general meeting. Remuneration statement should be put for voting in shareholders' annual general meeting. The vote may be either mandatory or advisory.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.19. Schemes anticipating remuneration of directors in shares, share options or any other right to purchase shares or be remunerated on the basis of share price movements should be subject to the prior approval of shareholders' annual general meeting by way of a resolution prior to their adoption. The approval of scheme should be related with the scheme itself and not to the grant of such share-based benefits under that scheme to individual directors. All significant changes in scheme provisions should also be subject to shareholders' approval prior to their adoption; the approval decision should be made in shareholders' annual general meeting. In such case shareholders should be notified on all terms of suggested changes and get an explanation on the impact of the suggested changes.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.20. The following issues should be subject to approval by the shareholders' annual general meeting: 1) Grant of share-based schemes, including share options, to directors; 2) Determination of maximum number of shares and main conditions of share granting; 3) The term within which options can be exercised; 4) The conditions for any subsequent change in the exercise of the options, if permissible by law; 5) All other long-term incentive schemes for which directors are eligible and which are not available to other employees of the company under similar terms. Annual general meeting should also set the deadline within which the body responsible for remuneration of directors may award compensations listed in this article to individual directors.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.21. Should national law or company's Articles of Association allow, any discounted option arrangement under which any rights are granted to subscribe to shares at a price lower than the market value of the share prevailing on the day of the price determination, or the average of the market values over a number of days preceding the date when the exercise price is determined, should also be subject to the shareholders' approval.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.22. Provisions of Articles 8.19 and 8.20 should not be applicable to schemes allowing for participation under similar conditions to company's employees or employees of any subsidiary company whose employees are eligible to participate in the scheme and which has been approved in the shareholders' annual general meeting.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.
8.23. Prior to the annual general meeting that is intended to consider decision stipulated in Article 8.19, the shareholders must be provided an opportunity to familiarize with draft resolution and project-related notice (the documents should be posted on the company's website). The notice should contain the full text of the share-based remuneration schemes or a description of their key terms, as well as full names of the participants in the schemes. Notice should also specify the relationship of the schemes and the overall remuneration policy of the directors. Draft resolution must have a clear reference to the scheme itself or to the summary of its key terms. Shareholders must also be presented with information on how the company intends to provide for the shares required to meet its obligations under incentive schemes. It should be clearly stated whether the company intends to buy shares in the market, hold the shares in reserve or issue new ones.	Not applicable	The Company has no salary policy report due to the reasons specified in Clause 8.1.

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There should also be a summary on scheme-related expenses the company will suffer due to the anticipated application of the scheme. All information given in this article must be posted on the company's website.		
Principle IX: The role of stakeholders in corporate governance **The corporate governance framework should recognize the rights of stakeholders as established by law and encourage active co-operation between companies and stakeholders in creating the company value, jobs and financial sustainability. For the purposes of this Principle, the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interest in the company concerned.**		
9.1. The corporate governance framework should assure that the rights of stakeholders that are protected by law are respected.	Yes	The Company performs its activities and is managed, following the legal acts of the Republic of Lithuania, legal normative acts of municipal institutions, according to the reasonable and lawful interests of the community and the third persons, which do not contradict with and do not cause the threat to violate the reasonable and lawful interests of the Company.
9.2. The corporate governance framework should create conditions for the stakeholders to participate in corporate governance in the manner prescribed by law. Examples of mechanisms of stakeholder participation in corporate governance include: employee participation in adoption of certain key decisions for the company; consulting the employees on corporate governance and other important issues; employee participation in the company's share capital; creditor involvement in governance in the context of the company's insolvency, etc.	Yes	The employees of the Company have the possibility to take part in purchasing the shares in the share capital of the Company through NASDAQ OMX Vilnius Stock Exchange.
9.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	All persons concerned or the third persons may become familiar with the announceable public information about the activities of the Company publicly at the web site of NASDAQ OMX Vilnius Stock Exchange, web site of the Company, to apply in oral or written form to the public relations agent of the Company or the management of the Company.
Principle X: Information disclosure and transparency **The corporate governance framework should ensure that timely and accurate disclosure is made on all material information regarding the company, including the financial situation, performance and governance of the company.**		
10.1. The company should disclose information on: • The financial and operating results of the company; • Company objectives; • Persons holding by the right of ownership or in control of a block of shares in the company; • Members of the company's supervisory and management bodies, chief executive officer of the company and their remuneration; • Material foreseeable risk factors; • Transactions between the company and connected persons, as well as transactions concluded outside the course of the company's regular operations; • Material issues regarding employees and other stakeholders; • Governance structures and strategy. This list should be deemed as a minimum recommendation, while the companies are encouraged not to limit themselves to disclosure of the information specified in this list.	Yes	The information about the Company specified in this Clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange; the reports (periodical information) of the Company, prepared according to the order established by the legal acts of the Republic of Lithuania; also, at the web site of the Company. By presenting the information specified in this Clause, the Company presents the consolidated information of both the Company and the whole group of companies.
10.2. It is recommended to the company, which is the parent of other companies, that consolidated results of the whole group to which the company belongs should be disclosed when information specified in item 1 of Recommendation 10.1 is under disclosure.	Yes	This recommendation is implemented as it is specified in Clause 10.1.
10.3. It is recommended that information on the professional background, qualifications of the members of supervisory and management bodies, chief executive officer of the company should be disclosed as well as potential conflicts of interest that may have an effect on their decisions when information specified in item 4 of Recommendation 10.1 about the members of the company's supervisory and management bodies is under disclosure. It is also recommended that information about the amount of remuneration received from the company and other income should be disclosed with regard to members of the company's supervisory and management bodies and chief executive officer as per Principle VIII	Yes	This recommendation is implemented as it is specified in Clause 10.1.
10.4. It is recommended that information about the links between the company and its stakeholders, including employees, creditors, suppliers, local community, as well as the company's policy with regard to human resources, employee participation schemes in the company's share capital, etc. should be disclosed when information specified in item 7 of Recommendation 10.1 is under disclosure.	Yes	This recommendation is implemented as it is specified in Clause 10.1.

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10.5. Information should be disclosed in such a way that neither shareholders nor investors are discriminated with regard to the manner or scope of access to information. Information should be disclosed to all simultaneously. It is recommended that notices about material events should be announced before or after a trading session on NASDAQ OMX Vilnius, so that all the company's shareholders and investors should have equal access to the information and make informed investing decisions.	Yes	The information specified in this Clause is announced through the information system of NASDAQ OMX Vilnius Stock Exchange and in Company's website in Lithuanian and English. All essential events and information to investors are presented not during the trade session, except few cases, when it was necessary to perform already at the beginning of the trade.
10.6. Channels for disseminating information should provide for fair, timely and cost-efficient or in cases provided by the legal acts free of charge access to relevant information by users. It is recommended that information technologies should be employed for wider dissemination of information, for instance, by placing the information on the company's website. It is recommended that information should be published and placed on the company's website not only in Lithuanian, but also in English, and, whenever possible and necessary, in other languages as well.	Yes	The Company ensures the impartial, timely and inexpensive access to the information, by announcing it in Lithuanian and English at its web site as well as through the information system of NASDAQ OMX Vilnius Stock Exchange.
10.7. It is recommended that the company's annual reports and other periodical accounts prepared by the company should be placed on the company's website. It is recommended that the company should announce information about material events and changes in the price of the company's shares on the Stock Exchange on the company's website too.	Yes	This recommendation is implemented with a full scope.
Principle XI: The selection of the company's auditor **The mechanism of the selection of the company's auditor should ensure independence of the firm of auditor's conclusion and opinion.**		
11.1. An annual audit of the company's financial reports and interim reports should be conducted by an independent firm of auditors in order to provide an external and objective opinion on the company's financial statements.	Yes	This recommendation is implemented in part, the independent audit company assesses the annual report as well as annual financial statements. In the meantime, the legal acts of the Republic of Lithuania do not require auditing the interim financial statements; also, it would cause the additional costs as well as time costs.
11.2. It is recommended that the company's supervisory board and, where it is not set up, the company's board should propose a candidate firm of auditors to the general shareholders' meeting.	Yes	This recommendation is implemented with a full scope.
11.3. It is recommended that the company should disclose to its shareholders the level of fees paid to the firm of auditors for non-audit services rendered to the company. This information should be also known to the company's supervisory board and, where it is not formed, the company's board upon their consideration which firm of auditors to propose for the general shareholders' meeting.	Yes	The audit company provided the Company with the consultations on tax issues in the year 2014. As it is required the information was disclosed and for shareholders and for the Company's Board.

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