

## City Service AB

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

## Statements of financial position

	Group		Company	
	As of 31 March 2013	As of 31 December 2012	As of 31 March 2013	As of 31 December 2012
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	45,121	45,121	-	-
Other intangible assets	75,185	76,580	5	3
Property, plant and equipment	86,564	88,205	646	419
Investment property	367	370	-	-
Investments into subsidiaries	-	-	162,045	162,045
Investments into associates	588	588	-	-
Non-current financial assets receivables and prepayments	3,195	2,018	395	395
Deferred income tax asset	9,745	10,149	452	452
<b>Total non-current assets</b>	<b>220,765</b>	<b>223,031</b>	<b>163,543</b>	<b>163,314</b>
<b>Current assets</b>				
Inventories	6,288	5,119	1	1
Prepayments	9,684	12,269	109	174
Trade receivables	113,044	118,015	16,843	29,158
Receivables from related parties (including loans granted)	1,088	950	55,906	55,084
Other receivables and current assets	20,912	10,124	14,006	2,253
Cash and cash equivalents	30,521	32,914	87	129
<b>Total current assets</b>	<b>181,537</b>	<b>179,391</b>	<b>86,952</b>	<b>86,799</b>
<b>Total assets</b>	<b>402,302</b>	<b>402,422</b>	<b>250,495</b>	<b>250,113</b>



## Statements of financial position (cont'd)

	Group		Company	
	As of 31 March 2013	As of 31 December 2012	As of 31 March 2013	As of 31 December 2012
<b>Equity and liabilities</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	31,610	31,610	31,610	31,610
Reserves and share premium	83,002	83,002	82,991	82,991
Foreign currency translation	(2,825)	(2,179)	-	-
Retained earnings (deficit)	77,955	71,259	36,227	32,949
	<b>189,742</b>	<b>183,692</b>	<b>150,828</b>	<b>147,550</b>
<b>Non-controlling interests</b>	2,927	2,307	-	-
<b>Total equity</b>	<b>192,669</b>	<b>185,999</b>	<b>150,828</b>	<b>147,550</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current borrowings	27,937	29,716	27,937	29,716
Financial lease obligations	6,547	6,255	282	253
Deferred income tax liabilities	13,623	13,398	-	-
Non-current payables	4,835	4,597	418	390
<b>Total non-current liabilities</b>	<b>52,942</b>	<b>53,966</b>	<b>28,637</b>	<b>30,359</b>
<b>Current liabilities</b>				
Current portion of non-current borrowings	9,418	9,498	9,418	9,418
Current portion of financial lease obligations	2,000	2,749	52	62
Short term loans	22,074	18,913	37,846	34,950
Trade payables	63,305	73,687	5,860	13,189
Payables to related parties (including loans received)	14,975	12,473	15,374	11,928
Advances received	14,794	17,936	1,709	1,691
Other current liabilities	30,125	27,201	771	966
<b>Total current liabilities</b>	<b>156,691</b>	<b>162,457</b>	<b>71,030</b>	<b>72,204</b>
<b>Total equity and liabilities</b>	<b>402,302</b>	<b>402,422</b>	<b>250,495</b>	<b>250,113</b>



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

	Group		Company	
	2013 Q1	2012 Q1	2013 Q1	2012 Q1
Sales	159,189	145,606	22,079	28,539
Cost of sales	(128,707)	(116,883)	(16,394)	(21,763)
<b>Gross profit (loss)</b>	<b>30,482</b>	<b>28,723</b>	<b>5,685</b>	<b>6,776</b>
General and administrative expenses	(20,618)	(20,947)	(1,645)	(1,999)
Other operating income (expenses)	521	330	70	1,618
<b>Profit (loss) from operations</b>	<b>10,385</b>	<b>8,106</b>	<b>4,110</b>	<b>6,395</b>
Income from financial and investment activities, net	(1,479)	1,885	(251)	(42)
<b>Profit (loss) before tax</b>	<b>8,906</b>	<b>9,991</b>	<b>3,859</b>	<b>6,353</b>
Income tax	(1,590)	(1,989)	(581)	(1,362)
<b>Net profit (loss)</b>	<b>7,316</b>	<b>8,002</b>	<b>3,278</b>	<b>4,991</b>
<b>Other comprehensive income</b>				
Exchange differences on translation of foreign operations	(646)	711	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>6,670</b>	<b>8,713</b>	<b>3,278</b>	<b>4,991</b>
<b>Attributable to:</b>				
The shareholders of the Company	6,696	8,074	3,278	4,991
Non-controlling interests	620	(72)	-	-
	<b>7,316</b>	<b>8,002</b>	<b>3,278</b>	<b>4,991</b>
<b>Total comprehensive income attributable to:</b>				
The shareholders of the Company	6,050	8,785	3,278	4,991
Non-controlling interests	620	(72)	-	-
	<b>6,670</b>	<b>8,713</b>	<b>3,278</b>	<b>4,991</b>
Basic and diluted earnings per share (LTL)	0.21	0.26		



## Statements of changes in equity

<u>Group</u>	Share capital	Share premium	Legal reserve	Foreign currency translation	Other reserves	Retained earnings (deficit)	Total	Non-controlling interest	Total
<b>Balance as of 1 January 2012</b>	<b>31,610</b>	<b>73,830</b>	<b>3,172</b>	<b>(1,824)</b>	<b>6,000</b>	<b>63,451</b>	<b>176,239</b>	<b>2,231</b>	<b>178,470</b>
Net profit for the year	-	-	-	-	-	8,074	8,074	(72)	8,002
Income (expenses) for the year recognised directly in equity	-	-	-	711	-	-	711	-	711
Total income and (expense) for the year	-	-	-	711	-	8,074	8,785	(72)	8,713
<b>Balance as of 31 March 2012</b>	<b>31,610</b>	<b>73,830</b>	<b>3,172</b>	<b>(1,113)</b>	<b>6,000</b>	<b>71,525</b>	<b>185,024</b>	<b>2,159</b>	<b>187,183</b>
<b>Balance as of 1 January 2013</b>	<b>31,610</b>	<b>73,830</b>	<b>3,172</b>	<b>(2,179)</b>	<b>6,000</b>	<b>71,259</b>	<b>183,692</b>	<b>2,307</b>	<b>185,999</b>
Net profit for the year	-	-	-	-	-	6,696	6,696	620	7,316
Income (expenses) for the year recognised directly in equity	-	-	-	(646)	-	-	(646)	-	(646)
Total income (expense) for the year	-	-	-	(646)	-	6,696	6,050	620	6,670
<b>Balance as of 31 March 2013</b>	<b>31,610</b>	<b>73,830</b>	<b>3,172</b>	<b>(2,825)</b>	<b>6,000</b>	<b>77,955</b>	<b>189,742</b>	<b>2,927</b>	<b>192,669</b>

<u>Company</u>	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings (deficit)	Total
<b>Balance as of 1 January 2012</b>	<b>31,610</b>	<b>73,830</b>	<b>3,161</b>	<b>6,000</b>	<b>33,087</b>	<b>147,688</b>
Net profit for the year	-	-	-	-	4,991	4,991
<b>Balance as of 31 March 2012</b>	<b>31,610</b>	<b>73,830</b>	<b>3,161</b>	<b>6,000</b>	<b>38,078</b>	<b>152,679</b>
<b>Balance as of 1 January 2013</b>	<b>31,610</b>	<b>73,830</b>	<b>3,161</b>	<b>6,000</b>	<b>32,949</b>	<b>147,550</b>
Net profit for the year	-	-	-	-	3,278	3,278
<b>Balance as of 31 March 2013</b>	<b>31,610</b>	<b>73,830</b>	<b>3,161</b>	<b>6,000</b>	<b>36,227</b>	<b>150,828</b>



## Statements of cash flows

	Group		Company	
	2013 Q1	2012 Q1	2013 Q1	2012 Q1
<b>I. Cash flows from (to) operating activities</b>				
I.1. Net profit	7,316	8,002	3,278	4,991
<b>Adjustments for non-cash items:</b>				
I.2. Income tax expenses	1,590	1,989	581	1,362
I.3. Depreciation and amortisation	4,403	3,337	32	163
I.4. Impairment and discounting of accounts receivable	2,176	2,445	-	(815)
I.5. Financial activity, net	354	(1,049)	164	(17,045)
I.6. (Gain) loss on disposal of property, plant and equipment	(21)	(1,058)	-	(13)
	15,818	13,666	4,055	(11,357)
<b>Changes in working capital:</b>				
I.7. (Increase) decrease in inventories	(1,169)	(325)	-	685
I.8. (Increase) decrease in receivables and other current assets	(8,442)	(38,294)	(359)	31,463
I.9. (Increase) decrease in prepayments	2,585	4,337	65	(20)
I.10. Increase (decrease) in trade payables and payables to related parties	(7,642)	29,274	(3,883)	15,127
I.11. Income tax (paid)	(1,371)	(524)	-	(91)
I.12. Increase (decrease) in advances received and other current liabilities	(1,159)	(12,219)	(150)	(1,350)
<b>Net cash flows from (to) operating activities</b>	<b>(1,380)</b>	<b>(4,085)</b>	<b>(272)</b>	<b>34,457</b>
<b>II. Cash flows (to) investing activities</b>				
II.1. (Acquisition) of non-current assets (except investments)	(1,881)	(847)	(260)	3,884
II.2. (Acquisition) of investments in subsidiaries and associates (net of cash acquired in the Group)	-	-	-	(27,380)
II.3. Interest and dividends received	55	-	-	17,131
II.4. Loans granted	-	(40)	-	(30,306)
<b>Net cash flows from (to) investing activities</b>	<b>(1,826)</b>	<b>(887)</b>	<b>(260)</b>	<b>(36,671)</b>
<b>III. Cash flows (to) from financing activities</b>				
III.1. (Repayment) proceeds from loans	1,247	(1,617)	888	3,507
III.2. (Repayment) of financial lease liabilities	77	(2,076)	19	(1,111)
III.3. Interest (paid)	(511)	(317)	(417)	(235)
<b>Net cash flows from (to) financial activities</b>	<b>813</b>	<b>(4,010)</b>	<b>490</b>	<b>2,161</b>
<b>IV. Net (decrease) increase in cash and cash equivalents</b>	<b>(2,393)</b>	<b>(8,982)</b>	<b>(42)</b>	<b>(53)</b>
<b>V. Cash and cash equivalents at the beginning of the period</b>	<b>32,914</b>	<b>25,050</b>	<b>129</b>	<b>216</b>
<b>VI. Cash and cash equivalents at the end of the period</b>	<b>30,521</b>	<b>16,068</b>	<b>87</b>	<b>163</b>



## Notes to the financial statements

### 1. General Information

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

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

#### 1.1. Activities

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

The most important buildings segment administered by the City Service group: are residential apartment buildings; commercial buildings; public buildings; industrial buildings. The total area of buildings under the management of the Group is 23,8 million sq. m. at present.

#### 1.2. Share Capital of the Company

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

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

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

#### 1.3. Shareholders of the Company

On 31 March 2013 the total number of shareholders of the Company was 1952.

Company's shares distribution among shareholders as of 31 March 2013 was the following:

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



## 1.4. City Service Group

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

Company	Country	Share of the stock held by the Group as of 31 March 2013	Share of the stock held by the Group as of 31 Dec 2012	Main activities
UAB Antakalnio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Aukštaitijos būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Baltijos būsto priežiūra	Lithuania	100%	100%	Administration of dwelling-houses
UAB Baltijos liftai	Lithuania	100%	100%	Elevator installing & tech. support
UAB Baltijos NT valdymas	Lithuania	100%	100%	Real estate management
UAB Baltijos pastatų valdymas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Dainavos būstas	Lithuania	100%	100%	Dormant
UAB Danės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Ekonomus	Lithuania	100%	100%	Administration of dwelling-houses
UAB Ecoservice	Lithuania	100%	100%	Collection and removal of waste
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 Komunalinių įmonių kombinatas	Lithuania	99.71%	99.71%	Collection and removal of waste
UAB Lazdynų butų ūkis	Lithuania	100%	100%	Administration of dwelling-houses
UAB Lazdynų būstas	Lithuania	100%	100%	Dormant
UAB Mano būstas LT	Lithuania	100%	100%	Commercial real estate management and building maintenance
UAB Mano sauga	Lithuania	51%	51%	Security services
UAB Namų priežiūros centras	Lithuania	100%	100%	Administration of dwelling-houses
UAB Naujamiesčio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Nemuno būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Nemuno būsto priežiūra	Lithuania	100%	100%	Dormant
UAB Pagėgių savivaldybės komunalinis ūkis	Lithuania	66%	66%	Dormant
UAB Pašilaičių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Pempininkų būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Radviliškio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Skolos LT	Lithuania	100%	100%	Debt collection services
UAB Specialus autotransportas	Lithuania	100%	100%	Collection and removal of waste
UAB Šiaulių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Šiaulių liftas	Lithuania	100%	100%	Elevator installing & tech. support
UAB Šilutės būstas	Lithuania	99.84%	99.84%	Administration of dwelling-houses
UAB Tvar.com	Lithuania	100%	100%	Collection and removal of waste
UAB Vėtrungės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Vilkpėdės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Vilniaus turgus	Lithuania	100%	-	Dormant
UAB Vingio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Viršuliškių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Žaidas	Lithuania	99.33%	99.33%	Administration of dwelling-houses





UAB Žardės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Žirmūnų būstas	Lithuania	100%	100%	Administration of dwelling-houses
SIA Riga City Service	Latvia	100%	100%	Administration of dwelling-houses
City Service Poland Sp .z.o.o	Poland	100%	100%	Dormant
INTERBUD MAX SP. Z.O.O	Poland, Krakow	100%	100%	Dormant
Zespół Zarządców Nieruchomości WAM Sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
ТОВ Київ Сіті Сервіс	Ukraine	100%	100%	Administration of dwelling-houses
ОАО Сити Сервис / ОАО City service	Russia, St. Petersburg	100%	100%	Administration of dwelling-houses
ЗАО Сити Сервис / ZAO City service	Russia, St. Petersburg	100%	100%	Administration of dwelling-houses
ОАО Специализи-рованное ремонтно-наладочное управление	Russia, St. Petersburg	100%	100%	Construction and engineering
ООО Жилкомсервис № 3 Фрунзенского района	Russia, St. Petersburg	80%	80%	Administration of dwelling-houses
ООО «Чистый дом»	Russia, St. Petersburg	100%	100%	Maintenance and cleaning of territories
ООО «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 «Объединенная управляющая компания – 7»	Russia, Stavropol	100%	100%	Administration of dwelling-houses
ООО «Обслуживающая управляющая компания-7»	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%	100%	Administration of dwelling-houses

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



## 1.5. Company's Board

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

Name and surname	Position	Start of term	End of term*
Andrius Janukonis	Board Chairman	October 6, 2009	April 30, 2017
Gintautas Jaugielavičius	Board Member	October 6, 2009	April 30, 2017
Darius Leščinskas	Board Member	October 6, 2009	April 30, 2017
Žilvinas Lapinskas	Board Member	April 30, 2010	April 30, 2017

\* The board members of the Company have been elected for the new term in the General Meeting of Shareholders held on 30<sup>th</sup> April, 2013.

They do not control any shares of the Company.



### Andrius Janukonis

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

### Gintautas Jaugielavičius

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

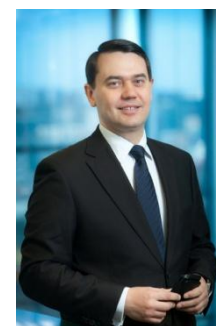


### Darius Leščinskas

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

### Žilvinas Lapinskas

Refer described below (note 1.6).



## 1.6. Company's Management

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

Name and surname	Position within the Company	Start of employment
Žilvinas Lapinskas	General Manager, the Board member	March 1999
Jonas Janukėnas	Financial and Administrative Director	May 2007
Vytautas Turonis	Executive Manager for Lithuania	May 2004
Tomas Augutavičius	Chairman of the Board of City Service group in Russia	June 2006
Edvinas Paulauskas	Commercial Director	February 2005

They do not control any shares of the Company.



### Žilvinas Lapinskas

Žilvinas Lapinskas (born in 1976) is the General Manager of AB City Service (since 2004). He completed business administration studies. He started working in the Company in 1999 and worked as the Commercial Manager (1999 – 2002) and the Facilities Management Department Head (2002 – 2004).

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



### Jonas Janukėnas

Jonas Janukėnas (born in 1976) is the Financial and Administrative Manager of AB City Service (since 2007). Since 2012, Mr Janukėnas is also the Chairman of the Board at Mano būstas LT UAB. 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).

The Finance and Administrative Manager Jonas Janukėnas is responsible for the management of financial resources of the Group and for supervision of the administrative staff, IT projects implementation and Lean 6 Sigma project.



### Vytautas Turonis

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

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



## 1.6. Company's Management (cont'd)



### Tomas Augutavičius

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

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



### Edvinas Paulauskas

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

Edvinas Paulauskas is responsible for the facility management projects of commercial and public establishments and for lift maintenance and renovation.

## 1.7. Activity and Segment Information

Information on main activity segments:

	2013 Q1		2012 Q1	
	Buildings' administration		Buildings' administration	
	Resale of utility services	Administration services	Resale of utility services	Administration services
Revenue: Company	-	22,079	-	28,539
Revenue: Group	42,684	116,505	49,021	96,585

Information on main geographical segments for the Group:

	2013 Q1			2012 Q1		
	Poland	Baltic states	CIS States	Poland	Baltic states	CIS States
Revenue	24,410	71,721	63,058	-	61,126	84,480
Profit from operations	2,383	7,738	264	-	6,878	1,228
Net profit (loss)	783*	6,349	184	-	6,429	1,573

\*Includes LTL 1,044 thousand foreign currency exchange loss.



Main activity indicators for the Group:

	2013 Q1	2012 Q1	Change (%)
Area of multi-flat apartment buildings under administration (million square meters)	20.5	15.6	31.4%
Area of public. commercial building and a typical properties under administration (million square meters)	3.3	3.1	6.5%
Number of employees	3,889	3,478	11.8%
Sales for the period*	159,189	145,606	9.3%
Sales (main activity)*	116,505	96,585	20.6%
Gross margin*	26.2%	29.7%	(12%)
EBITDA margin*	12.7%	11.8%	7.1%
EBIT margin*	8.9%	8.4%	6.2%
Net margin*	6.3%	8.3%	(24.2%)
Number of shares (thousand)	31,610	31,610	0%
Return on equity	3.9%	4.7%	(17.8%)
Return on assets	1.8%	2.2%	(17.4%)
Financial Net Debt to equity**	15%	5%	200.1%

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

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

## 2. Accounting Policies

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

## 3. Goodwill

	<b>Group</b>
<b>Cost:</b>	
Balance as of 1 January 2012	69,362
Additions	4,436
Disposals	(9,248)
Balance as of 31 December 2012	64,550
Balance as of 31 March 2013	64,550
<b>Impairment:</b>	
Balance as of 1 January 2012	290
Impairment for the year	19,139
Balance as of 31 December 2012	19,429
Impairment for the year	-
Balance as of 31 March 2013	19,429
<b>Net book value as of 31 March 2013</b>	<b>45,121</b>
<b>Net book value as of 31 December 2012</b>	<b>45,121</b>



### 3. Goodwill (cont'd)

#### Investments and other changes during the first three months of the year 2013

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

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

### 4. Other Intangible Assets

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

	<u>Group</u>	<u>Company</u>
<b>Cost:</b>		
Balance as of 1 January 2012	86,810	1,671
Additions arising from acquisitions of subsidiaries	12,562	-
Additions	311	45
Disposals of subsidiaries	(12,472)	-
Disposals	(8)	(2)
Retirements	(189)	-
Reorganisation effect	-	(1,699)
Balance as of 31 December 2012	<u>87,014</u>	<u>15</u>
Additions	9	3
Disposals	(5)	-
Exchange differences	(347)	-
Retirements	(5)	-
Balance as of 31 March 2013	<u>86,666</u>	<u>18</u>
<b>Accumulated amortisation:</b>		
Balance as of 1 January 2012	8,118	485
Charge for the year	3,402	18
Disposals	-	(1)
Disposals of subsidiaries	(987)	-
Retirements	(99)	-
Reorganisation effect	-	(490)
Balance as of 31 December 2012	<u>10,434</u>	<u>12</u>
Charge for the year	1,134	1
Disposals	(2)	-
Exchange differences	(84)	-
Retirements	(1)	-
Balance as of 31 March 2013	<u>11,481</u>	<u>13</u>
<b>Net book value as of 31 March 2013</b>	<b><u>75,185</u></b>	<b><u>5</u></b>
<b>Net book value as of 31 December 2012</b>	<b><u>76,580</u></b>	<b><u>3</u></b>



## 5. Property, Plant and Equipment

Movement of property, plant and equipment in 2013 and 2012 is presented below:

Group	Buildings	Vehicles	Other property, plant and equipment	Construc- tion in progress	Total
<b>Cost:</b>					
Balance as of 1 January 2012	24,705	28,329	15,459	48	68,541
Additions arising from acquisitions of subsidiaries	15,902	1,530	20,896	280	38,607
Additions	281	3,347	4,142	-	7,770
Disposals	-	(1,944)	(1,069)	-	(3,013)
Exchange differences	-	119	34	2	155
Retirements	-	(1,530)	(3,028)	(1)	(4,559)
Balance as of 31 December 2012	40,888	29,851	36,433	329	107,502
Additions	58	1,756	635	20	2,468
Disposals	-	(219)	(32)	-	(251)
Exchange differences	(381)	(34)	(319)	-	(733)
Retirements	-	(153)	(124)	-	(277)
Balance as of 31 March 2013	40,565	31,201	36,593	349	108,708
<b>Accumulated depreciation:</b>					
Balance as of 1 January 2012	3,514	8,296	3,980	-	15,790
Charge for the year	1,120	4,249	4,338	-	9,707
Disposals	-	(1,645)	(890)	-	(2,535)
Exchange differences	-	43	17	-	60
Retirements	-	(1,124)	(2,602)	-	(3,726)
Balance as of 31 December 2012	4,634	9,819	4,843	-	19,296
Charge for the year	637	1,193	1,439	-	3,269
Disposals	-	(208)	(31)	-	(238)
Exchange differences	18	38	27	-	83
Retirements	-	(155)	(112)	-	(266)
Balance as of 31 March 2013	5,289	10,688	6,167	-	22,143
<b>Net book value as of 31 March 2013</b>	<b>35,276</b>	<b>20,513</b>	<b>30,426</b>	<b>349</b>	<b>86,564</b>
<b>Net book value as of 31 December 2012</b>	<b>36,254</b>	<b>20,032</b>	<b>31,590</b>	<b>329</b>	<b>88,205</b>



## 6. Borrowings

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

Creditor	Currency of the loan	Amount of the loan (in currency of the loan)	Final repayment date	Balance as of 31 March 2013 (in LTL)	Group	Company	
					Balance as of 31 December 2012 (in LTL)	Balance as of 31 March 2013 (in LTL)	Balance as of 31 December 2012 (in LTL)
<b>Current loans</b>							
Swedbank, AB (overdraft)	EUR	1,448	17.08.2013	5,000	5,000	5,000	5,000
Swedbank, AB (overdraft)	LTL	5,000	17.08.2013	3,371	83	3,371	83
Swedbank, AB	EUR	3,700	10.06.2013	12,775	12,775	12,775	12,775
DNB bank, AB (UAB Ecoservice)	EUR	435	29.11.2013	928	928	-	-
AS UniCredit Bank (UAB Tvar.com)	LTL	350	15.02.2013	-	127	-	-
Group Account (eliminated in the consolidated group accounts)*	Unspecified	Unspecified	Unspecified	-	-	16,700	17,092
<b>Current loan balance</b>				<b>22,074</b>	<b>18,913</b>	<b>37,846</b>	<b>34,950</b>
<b>Non-current loans</b>							
Swedbank, AB	EUR	10,486	09.08.2015	16,638	18,417	16,638	18,417
Swedbank, AB	EUR	6,000	10.12.2017	20,717	20,717	20,717	20,717
AS UniCredit Bank (UAB Tvar.com)	EUR	309	15.01.2013	-	80	-	-
Less: current portion of non-current borrowings				(9,418)	(9,498)	(9,418)	(9,418)
<b>Non-current loan balance</b>				<b>27,937</b>	<b>29,716</b>	<b>27,937</b>	<b>29,716</b>

\* Based overdraft facility agreement signed on 25 August 2008 with the Company, its subsidiaries operating in Lithuania and with Swedbank, AB, the Group can utilise net cash balances of the Company and its subsidiaries operating in Lithuania as inter-group borrowings.

For the loans and overdraft facility the Company and its subsidiaries have pledged to the bank real estate and bank accounts of the Company and its subsidiaries in Lithuania. Certain shares of Group companies, receivables from the main clients for the amount of 5 million LTL and City Service brand are pledged to Swedbank AB as well.

## 7. Cost of Sales

	Group		Company	
	2013 I Q	2012 I Q	2013 I Q	2012 I Q
Services of subcontractors and materials used	99,798	95,748	16,284	19,773
Wages and salaries and social security	24,383	17,983	109	1,988
Cost of goods sold	829	533	1	2
Depreciation	2,463	1,498	-	-
Other	1,234	1,121	-	-
<b>Total cost of sales</b>	<b>128,707</b>	<b>116,883</b>	<b>16,394</b>	<b>21,763</b>





**8. General and Administrative Expenses**

	Group		Company	
	2013 I Q	2012 I Q	2013 I Q	2012 I Q
Wages and salaries and social security	9,837	10,166	718	1,139
Allowance for and write-off of receivables	2,176	2,445	-	(815)
Depreciation and amortisation	1,941	1,839	32	164
Rent of premises and other assets	671	738	72	143
Commissions for collection of payments	659	1,237	10	205
Consulting and similar expenses	590	813	304	392
Utilities	468	459	174	120
Fuel expenses	423	397	27	24
Computer software maintenance	384	277	4	19
Advertising	277	196	63	71
Transportation	262	292	16	12
Insurance	260	190	16	25
Communication expenses	257	303	24	42
Business trips and training	207	210	107	81
Taxes other than income tax	159	91	5	12
Bank payments	132	132	2	3
Representational costs	124	121	34	64
Charity and support	13	198	-	123
Other	1,778	843	37	175
<b>Total general and administrative expenses</b>	<b>20,618</b>	<b>20,947</b>	<b>1,645</b>	<b>1,999</b>

**9. Other Operating Income (expenses), net**

	Group		Company	
	2013 I Q	2012 I Q	2013 I Q	2012 I Q
Income from rent, net	56	48	120	3,477
Gain (loss) on disposal of property, plant and equipment	21	1,058	-	(1,806)
Fines and penalties, net	466	738	-	-
Other income (expenses), net	(22)	(1,514)	(50)	(53)
<b>Total other operating activity</b>	<b>521</b>	<b>330</b>	<b>70</b>	<b>1,618</b>



**10. Finance Income and (expenses), net**

	Group		Company	
	2013 I Q	2012 I Q	2013 I Q	2012 I Q
Interest income	155	193	483	326
Foreign currency exchange gain	221	1,563	2	-
Other financial income	30	804	-	-
<b>Total finance income</b>	<b>406</b>	<b>2,560</b>	<b>485</b>	<b>326</b>
Interest (expenses)	(511)	(317)	(647)	(356)
Foreign currency exchange loss	(1,192)	(148)	(89)	(3)
Other financial (expenses)	(182)	(210)	-	(9)
<b>Total finance (expenses)</b>	<b>(1,885)</b>	<b>(675)</b>	<b>(736)</b>	<b>(368)</b>
<b>Financial activity, net</b>	<b>(1,479)</b>	<b>1,885</b>	<b>(251)</b>	<b>(42)</b>

**11. Related Party Transactions**

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

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

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

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

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

**2013 I Q**

Group	Purchases	Sales	Receivables and prepayments	Loans granted	Payables (long and short-term)
UAB ICOR	685	7	-	-	13,410
Subsidiaries of UAB ICOR:					
AB Axis Industries	708	856	66	-	1,283
Other subsidiaries of UAB ICOR	248	666	1,028	-	207
<b>Total</b>	<b>1,641</b>	<b>1,529</b>	<b>1,094</b>	<b>-</b>	<b>14,900</b>



## 12. Subsequent Events

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

On 11<sup>th</sup> of April the new subsidiary Sinsta UAB, legal entity code 303039285, was established. The establishment is related to the further development of the cleaning services provided by the Group.

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

On 17<sup>th</sup> of May the share capital of Mano sauga UAB, legal entity code 302628213, was increased by additional contributions from the shareholders. At the date of issue of these financial statements the share capital of Mano sauga UAB amounts to LTL 1,300 thousand and the Group controls 99.26 % shares of the company. Mano sauga UAB provides security services in Lithuania.

