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**CONSOLIDATED INTERIM FINANCIAL
STATEMENTS
FOR THE TWELVE MONTHS PERIOD
ENDED 31 DECEMBER, 2016
(UNAUDITED)**

City Service SE

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER, 2016
(UNAUDITED)**

Beginning of the reporting period	1 January 2016
End of the reporting period	31 December 2016
Business name	City Service SE
Registration number	12827710
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Website	http://www.cityservice.eu
Auditor	Ernst & Young Baltic AS

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Declaration of the management

City Service SE Management Board member hereby confirms that to the best of his knowledge, the interim consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, gives a true and fair view of activity results, assets, liabilities, financial position, profit or loss and cash flow of City Service SE and the Group as well. To his knowledge, there are no concealed essential facts herein which may influence the value of the shares.

Member of the Board

A handwritten signature in blue ink, consisting of several fluid, overlapping strokes that form a stylized, elongated shape.

Tomas Kleiva

28 February 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 31 December 2016	As of 31 December 2015
Assets			
NON-CURRENT ASSETS			
Goodwill	3	11,307	9,391
Other intangible assets	4	26,098	19,045
Property, plant and equipment	5	18,589	18,575
Investment property		160	479
Investments into associates		238	238
Non-current receivables	6	5,121	17,384
Deferred income tax asset		2,703	5,155
Total non-current assets		64,216	70,267
CURRENT ASSETS			
Inventories		1,619	1,510
Prepayments		1,251	1,495
Trade receivables	6	35,336	40,823
Receivables from related parties	13	135	106
Other receivables and current assets		5,522	5,160
Cash and cash equivalents		30,419	16,858
Total current assets		74,282	65,952
Total assets		138,498	136,219

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

	Notes	As of 31 December 2016	As of 31 December 2015
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital		9,483	9,483
Reserves and share premium		21,067	21,067
Other reserves		236	(226)
Retained earnings (deficit)		38,070	39,811
		68,856	70,135
Non-controlling interests		312	434
TOTAL EQUITY		69,168	70,569
Liabilities			
Non-current liabilities			
Non-current borrowings	7	17,998	13,055
Financial lease obligations		2,055	1,661
Deferred income tax liabilities		4,022	2,755
Non-current payables		2,275	857
TOTAL NON-CURRENT LIABILITIES		26,350	18,328
Current liabilities			
Current portion of non-current borrowings	7	2,989	3,738
Current portion of financial lease obligations		969	1,067
Short-term loans	7	334	2,739
Trade payables		17,237	15,717
Payables to related parties	13	1,112	818
Advances received		6,048	7,981
Other current liabilities		14,291	15,262
TOTAL CURRENT LIABILITIES		42,980	47,322
Total liabilities		69,330	65,650
Total equity and liabilities		138,498	136,219

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (for the period 1 January – 31 December)

	Notes	2016	2015
Continued operations			
Sales	1.7	173,767	167,188
Cost of sales	8	(141,797)	(132,603)
Gross profit (loss)		31,970	34,585
General and administrative expenses	9	(26,225)	(28,858)
Other operating income, net	10	(284)	156
Profit (loss) from operations		5,461	5,883
Finance income	11	1,481	3,139
Finance expenses	11	(1,249)	(1,552)
Share profit of associates		11	67
Profit (loss) before tax		5,704	7,537
Income tax		(4,378)	(1,353)
Net profit (loss) from continued operations		1,326	6,184
Discontinued operations			
Net profit (loss) from discontinued operations		-	1,549
Net profit (loss)		1,326	7,733
Other comprehensive income			
Exchange differences on translation of foreign operations		432	(223)
Total comprehensive income		1,758	7,510
Attributable to:			
The shareholders of the Company		1,450	8,100
Non-controlling interests		(124)	(367)
		1,326	7,733
Total comprehensive income attributable to:			
The shareholders of the Company		1,882	7,877
Non-controlling interests		(124)	(367)
		1,758	7,510
Basic and diluted earnings per share (EUR)			
From continued operations		0.05	0.21
From discontinued operations		-	0.05

STATEMENTS OF COMPREHENSIVE INCOME (for the period 1 October – 31 December)

	2016 Q4	2015 Q4
Continued operations		
Sales	50,005	45,932
Cost of sales	(41,299)	(36,646)
Gross profit (loss)	8,706	9,286
General and administrative expenses	(6,363)	(7,063)
Other operating income, net	(245)	(703)
Profit (loss) from operations	2,098	1,520
Finance income	701	847
Finance expenses	(600)	(869)
Share profit of associates	11	12
Profit (loss) before tax	2,210	1,510
Income tax	(3,363)	(425)
Net profit (loss) from continued operations	(1,153)	1,085
Discontinued operations		
Net profit from discontinued operations	-	(151)
Net profit	(1,153)	934

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	No- tes	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings	Discon- tinued operations	Total	Non- controlling interest	Total
Balance as of 1 January 2015		9,155	21,383	(914)	2,656	32,671	(343)	64,608	600	65,208
Net profit		-	-	-	-	8,100	-	8,100	(367)	7,733
Other comprehensive income		-	-	(223)	-	-	-	(223)	-	(223)
Total comprehensive income		-	-	(223)	-	8,100	-	7,877	(367)	7,510
Dividends declared	12	-	-	-	-	(948)	-	(948)	-	(948)
Increase in share capital		316	(316)	-	-	-	-	-	-	-
Effect of Euro adoption to share capital		12	-	-	-	(12)	-	-	-	-
Disposal of subsidiaries		-	-	(1,745)	-	-	343	(1,402)	201	(1,201)
Balance as of 31 December 2015		9,483	21,067	(2,882)	2,656	39,811	-	70,135	434	70,569
Balance as of 1 January 2016		9,483	21,067	(2,882)	2,656	39,811	-	70,135	434	70,569
Net profit		-	-	-	-	1,450	-	1,450	(124)	1,326
Other comprehensive income		-	-	432	-	-	-	432	-	432
Total comprehensive income		-	-	432	-	1,450	-	1,882	(124)	1,758
Dividends declared	12	-	-	-	-	(3,161)	-	(3,161)	-	(3,161)
Acquisition of non- controlling interest		-	-	-	-	-	-	-	2	2
Transfer to legal reserve		-	-	-	30	(30)	-	-	-	-
Balance as of 31 December 2016		9,483	21,067	(2,450)	2,686	38,070	-	68,856	312	69,168

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2016	2015 *
Cash flows from (to) operating activities			
Net profit from continued operations		1,326	6,184
Net profit from discontinued operations		-	1,549
Adjustments for non-cash items:			
Income tax expenses		4,378	1,401
Depreciation and amortisation	4,5	4,301	4,155
Impairment and discounting of accounts receivable		301	1,147
Loss on impairment and disposal of property plant and equipment	9,10	680	28
Result on revaluation of accounts receivable and payables to liquidation value (associated with subsidiary Concentra)		(4,017)	-
(Gain) from sale of investments		-	(3,712)
Other financial activity, net		290	(338)
		<u>7,259</u>	<u>10,414</u>
Changes in working capital:			
(Increase) in inventories		(23)	(425)
Decrease (increase) in receivables and other current assets		16,424	(508)
Decrease (increase) in prepayments		198	(721)
Increase (decrease) in trade payables and payables to related parties		5,538	(1,876)
Income tax (paid)		(1,706)	(2,078)
(Decrease) increase in advances received and other current liabilities		(426)	2,634
		<u>27,264</u>	<u>7,440</u>
Cash flows from (to) investing activities			
(Acquisition) of non-current assets (except investments)	4,5	(3,503)	(2,731)
Proceeds from sale of non-current assets		143	1,447
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		(7,244)	(2,068)
Disposal of investments in subsidiaries and associates		-	3,535
Dividends and interest received		778	1,099
		<u>(9,826)</u>	<u>1,282</u>
Cash flows from (to) financing activities			
Dividends (paid)		(3,161)	(948)
Proceeds (repayment) of loans		964	(2,047)
(Repayment) of financial lease liabilities		(1,213)	(1,121)
Interest (paid)		(773)	(931)
		<u>(4,183)</u>	<u>(5,047)</u>
Net cash flows (to) from financial activities		(4,183)	(5,047)
Net increase (decrease) in cash and cash equivalents		13,255	3,675
Foreign exchange difference		306	(236)

* Group cash flows for 2015 comprise total consolidated Group, including discontinued operations.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	Notes	2016	2015 *
Cash and cash equivalents at the beginning of the period (continued operations)		16,858	13,362
Cash and cash equivalents at the beginning of the period (discontinued operations)		-	57
Cash and cash equivalents at the end of the period (continued operations)		30,419	16,858
Cash and cash equivalents at the end of the period (discontinued operations)		-	-

* Group cash flows for 2015 comprise total consolidated Group, including discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

1.

GENERAL INFORMATION

City Service SE (hereinafter – “the Company”) is a public limited liability company registered in the Republic of Estonia on 2 April 2015, which after conversion has taken over a public limited liability company City Service AS rights and liabilities.

The Company controls corporate group, engaged in provision of facility management and integrated utility services in Western, 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 whole Lithuania, Poland, Spain, Latvia, in the city of St. Petersburg in 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; maintenance and cleaning of territories and premises; marketplaces administration; security services.

The most important buildings segments, 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 41.7 million sq. m. at present.

During this year City Service group carried on implementing confirmed strategy and was further looking for growth opportunities in Central and Western Europe. Extensive negotiations with potential foreign companies regarding their acquisition, reorganization and implementation according to the Group's business model and standards were carried out.

The Group's areas of activity are relatively stable (core activities include: commercial and residential property administration and cleaning services) and tend not to fluctuate materially throughout the year unless significant acquisitions or divestments of certain subsidiaries occur during the reporting period. On 23 February 2017 Concentra Servicios y Mantenimiento S.A., a Spanish subsidiary operating in commercial building administration segment, filled a petition for bankruptcy. In 2016 Concentra operations constituted 22% of the Group's total revenue.

1.2.

SHARE CAPITAL OF THE COMPANY

The share capital of the Company is EUR 9,483 thousand as of 31 December 2016. It is divided into 31,610 thousand ordinary shares with the nominal value of EUR 0.30 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.

As of 31 December 2016 all 31,610 thousand ordinary shares of the Company are included into the Parallel Market of Warsaw Stock Exchange (ISIN Code of the shares is EE3100126368). Trading Code of the shares on Warsaw Stock Exchange is CTS.

1.3.

SHAREHOLDERS OF THE COMPANY

On 31 December 2016 the total number of shareholders of the Company was 297.

Company's shares distribution among shareholders who have more than 5% shares of the Company as of 31 December 2016 was the following:

	Number of shares held	Owned percentage of the share capital and votes, %
UAB ICOR, legal entity code 300021944, address: Konstitucijos av. 7, Vilnius, Lithuania	26,813,293	84.83 %
Other private and institutional shareholders	4,796,707	15.17 %
TOTAL	31,610,000	100 %

1.4.
CITY SERVICE GROUP

On 31 December 2016 the City Service group consists of City Service SE and the following subsidiaries (hereinafter referred to as „the Group“):

Company	Region	Share of the stock held by the Group as of 31 December 2016	Share of the stock held by the Group as of 31 December 2015	Main activities
UAB Alytaus būstas	Lithuania	100%	-	Administration of dwelling-houses
UAB Alytaus namų valda	Lithuania	76%	-	Dormant
UAB Antakalnio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Apkaba	Lithuania	-	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 NT valdymas	Lithuania	100%	100%	Real estate management
UAB Baltijos transporto valdymas	Lithuania	100%	100%	Asset management
UAB Baltijos turto valdymas	Lithuania	100%	100%	Dormant
UAB Birštono būstas	Lithuania	100%	100%	Dormant
UAB Dainavos būstas	Lithuania	100%	100%	Administration of dwelling-houses
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 Karoliniškių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Karoliniškių turgus	Lithuania	100%	100%	Marketplace administration services
UAB Kauno centro būstas	Lithuania	100%	99.33%	Administration of dwelling-houses
UAB Konarskio turgelis	Lithuania	100%	100%	Marketplace administration services
UAB Klaipėdos būstas LT	Lithuania	100%	100%	Administration of dwelling-houses
UAB Lazdynų butų ūkis	Lithuania	100%	100%	Administration of dwelling-houses

UAB Lazdynų būstas	Lithuania	100%	100%	Dormant
UAB Mano aplinka	Lithuania	100%	100%	Maintenance and cleaning of territories and premises
UAB Mano aplinka plus	Lithuania	100%	100%	Maintenance and cleaning of territories and premises
UAB Mano Būstas	Lithuania	100%	100%	Commercial real estate management and building maintenance
UAB Mano Būsto Sauga	Lithuania	100%	-	Security services
UAB Mano Sauga	Lithuania	100%	99.27%	Security services
UAB Mano sauga LT	Lithuania	100%	100%	Security services
UAB Namų priežiūros centras	Lithuania	100%	100%	Administration of dwelling-houses
UAB Naujamiesčio būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Naujosios Vilnios turgavietė	Lithuania	100%	100%	Marketplace administration services
UAB Nemuno būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Nemuno būsto priežiūra	Lithuania	-	100%	Dormant
UAB Neries būstas	Lithuania	100%	-	Dormant
UAB Pastatų priežiūra	Lithuania	100%	100%	Building maintenance
UAB Pašilaičių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Pempininkų būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Pietinis 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 Šilalės butų ūkis	Lithuania	100%	-	Administration of dwelling-houses
UAB Šilalės būstas	Lithuania	100%	-	Dormant
UAB Šiaulių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Šilutės būstas	Lithuania	99.84%	99.84%	Administration of dwelling-houses
UAB Toirenta	Lithuania	100%	-	Rental of bio toilets and sewage disposal services
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%	Administration of dwelling-houses
UAB Viršuliškių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Žirmūnų būstas	Lithuania	100%	100%	Administration of dwelling-houses
Administraciones SantaPola S.L.	Spain	100%	100%	Administration of dwelling-houses
Administracion Urbana y Rural Chorro, S.L.U.	Spain	100%	100%	Administration of dwelling-houses
Afimen administración de finques, S.L.U.	Spain	100%	100%	Administration of dwelling-houses
Concentra Servicios y Mantenimiento, S.A.	Spain	100%	100%	Commercial real estate management and building maintenance
Elche administracion de fincas, S.L.U.	Spain	100%	100%	Administration of dwelling-houses
Grupo Aresi de Inversiones s. l.	Spain	100%	-	Country holding company
SIA CS	Latvia	100%	100%	Dormant
SIA Namu serviss APSE	Latvia	100%	100%	Administration of dwelling-houses
SIA City Service	Latvia	100%	100%	Commercial real estate management and building maintenance
SIA Latvijas Namsaimnieks	Latvia	100%	-	Administration of dwelling-houses
SIA L-Namsaimnieks	Latvia	100%	-	Administration of dwelling-houses
SIA Namserviss	Latvia	100%	-	Dormant
Atrium 21 sp. z o.o.	Poland	100%	-	Administration of dwelling-houses
City Service Poland sp. z o.o.	Poland	100%	100%	Dormant
City Service Polska sp. z o.o.	Poland	100%	100%	Country holding company
City Service Grupa Techniczna sp. z o.o.	Poland	100%	100%	Building maintenance
Concierge - Zarządzanie Nieruchomościami sp. z o.o.	Poland	100%	-	Administration of dwelling-houses
Dom Best sp. z o.o.	Poland	100%	-	Administration of dwelling-houses
EnergiaOK sp. z o.o.	Poland	100%	100%	Sale of electricity
Famix sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
Gerente - Serwis Nieruchomości sp. z o.o.	Poland	100%	-	Commercial real estate management and building maintenance

Grupa Techniczna 24 sp. z o.o.	Poland	100%	100%	Dormant
Home Rent sp. z o.o.	Poland	50%	-	Administration of dwelling-houses
Hoone - Usługi Budowlane sp. z o.o.	Poland	100%	-	Construction and engineering
Parama Blue sp. z o.o.	Poland	100%	-	Dormant
Parama Group sp. z o.o.	Poland	100%	-	Holding company
Parama Red sp. z o.o.	Poland	100%	-	Dormant
Parama Yellow sp. z o.o.	Poland	100%	-	Dormant
Parama White sp. z o.o.	Poland	100%	-	Dormant
Progresline sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
Santer Zarządzanie Nieruchomościami sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
Skydas - Przeglądy Budowlane sp. z o.o.	Poland	100%	-	Construction and engineering
TED sp. z o.o.	Poland	100%	-	Real estate management
Zespół Zarządców Nieruchomości sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
ZZN Inwestycje sp. z o.o.	Poland	100%	-	Dormant
ОАО Сити Сервис / ОАО City service	St. Petersburg	100%	100%	Administration of dwelling-houses
ЗАО Сити Сервис / ЗАО City service	St. Petersburg	100%	100%	Administration of dwelling-houses
ОАО Специализи-рованное ремонтно-наладочное	St. Petersburg	100%	100%	Construction and engineering
ООО МН Групп	St. Petersburg	100%	100%	Country holding company
ООО Жилкомсервис № 3 Фрунзенского района	St. Petersburg	80%	80%	Administration of dwelling-houses
ООО Чистый дом	St. Petersburg	100%	100%	Maintenance and cleaning of territories
ООО Подъемные механизмы	St. Petersburg	100%	99%	Elevator installing & tech. support

The Group's investment in an associate as of 31 December 2016 included an investment in Marijampolės butų ūkis UAB (34% of the share capital).

1.5.

COMPANY'S SUPERVISORY BOARD

As of 31 December 2016, the Supervisory Board of the Company comprises of the following persons:

Name and surname	Position	Start of term	End of term
Andrius Janukonis	Chairman of the Supervisory Board	April 8, 2015	April 9, 2019
Gintautas Jaugielavičius	Member of the Supervisory Board	April 8, 2015	April 9, 2019
Artūras Gudelis	Member of the Supervisory Board	June 29, 2015	April 9, 2019

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



Andrius Janukonis

Andrius Janukonis (born in 1971) is the Chairman of the Supervisory Board of City Service SE (since 2009 until 2015 the Chairman of the Board). He holds a Master's degree in Law. He works as a consultant for UAB ICOR and is the chairman of the board of UAB ICOR (since 2004).



Gintautas Jaugielavičius

Gintautas Jaugielavičius (born in 1971) is a Member of the Supervisory Board of City Service SE (since 2005 until 2015 a Member of the Board). 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 UAB ICOR (since 2004).



Artūras Gudelis

Artūras Gudelis (born in 1977) is a Member of the Supervisory Board of City Service SE (since 2015). He holds Bachelor degree in economics and Master in business management.

1.6.

GROUP'S MANAGEMENT

As of 31 December 2016 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 Group	Start of employment
Jonas Janukėnas	A former Member of the Management Board (CEO) (until 23 February 2017)	2007
Vytautas Turonis	Executive Manager for Lithuania	2004
Edvinas Paulauskas	Executive Manager	2005
Tomas Kleiva	Financial Director (since 23 February – Member of the Management Board and acting CEO)	2006
Anna Górecka – Kolasa	Head of the Group companies, operating in Poland	2013
Vytautas Junevičius	Chairman of the Board of group companies in St. Petersburg	2006
Jonas Šimkevičius	Member of the Board of Group company, operating in Latvia	2005
Tomas Gulbinas	Head of the Group companies, operating in Spain (residential building administration)	2009

They do not control any shares of the Company.



Jonas Janukėnas

Jonas Janukėnas (b. 1976) was a Member of the Board of City Service SE (2015 – 2017) and acted as a CEO of the Group. Since 2013 Mr Janukėnas was the General Manager, since 2007 – Financial and Administrative Manager. Mr Janukėnas was also the Chairman of the Board at UAB Mano Būstas (2012 – 2017). 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).

Jonas Janukėnas left the Group on 23 February 2017.



Vytautas Turonis

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

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



Edvinas Paulauskas

Edvinas Paulauskas (b. 1976) is the Executive Manager at City Service SE (since 2015). Previously he worked as the Commercial director (2008 – 2015). Edvinas Paulauskas started working in the Company as the Project Manager (2005 – 2006). He holds a Bachelor's degree in Environment Engineering.

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

1.6.

GROUP'S MANAGEMENT (cont'd)**Tomas Kleiva**

Tomas Kleiva (b. 1979) is the Financial Director of City Service SE (since 2016). Prior to that, T. Kleiva was Financial Director and Executive Manager of the Group's subsidiaries operating in St. Petersburg (2009 – 2016). He started to work in the Group as a Project Manager (2006 – 2009). T. Kleiva has a Master's degree in environmental engineering.

Tomas Kleiva is responsible for the activity of the Group's financial departments.

Since 23 February 2017 Tomas Kleiva acts as Member of the Board and acting CEO instead of J. Janukėnas until extraordinary meeting of shareholders of the company.

**Anna Górecka – Kolasa**

Anna Górecka - Kolasa (b. 1975) is the Head of the Group companies, operating in Poland. A. Górecka – Kolasa has been working for the Group since 2013, prior to that she held positions of Management and Control Director, Chief Analysis Specialist and Deputy Accountant General (2004 – 2013). A. Górecka-Kolasa has a higher education in the area of management and marketing.

A. Górecka-Kolasa is responsible for the Group's activities in Poland.

**Jonas Šimkevičius**

Jonas Šimkevičius (b. 1980) is a Member of the Board of the company SIA 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 a Bachelor's degree in constructions engineering.

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

**Vytautas Junevičius**

Vytautas Junevičius (b. 1965) has been the Chairman of the Board for the City Service Group companies, operating in St. Petersburg, 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.

V. Junevičius is responsible for the Group's activities in St. Petersburg.

**Tomas Gulbinas**

Tomas Gulbinas (b. 1966) has been Chairman of the Board of Grupo Aresi De Inversiones S.L, operating in residential buildings administration segment in Spain, since 2016. Previously Mr. Gulbinas was responsible for Group's company, operating in Stavropol (2011 – 2015). He started to work in Group as Šiauliai region manager of City Service (2009 – 2011). Mr. Gulbinas has Bachelor's degree in electronics engineering.

T. Gulbinas is responsible for the Group's residential buildings administration activities in Spain.

1.7.

ACTIVITY AND SEGMENT INFORMATION

Information on main Group's geographical segments:

2016	Baltic states	St. Petersburg	Poland	Spain	Stavropol, discontinued operations	Total
Revenue:	74,178	33,972	26,794	38,823	-	173,767
Total revenue						173,767
Segment results	6,808	398 ¹	(721) ²	(319) ³	-	6,166
Unallocated expenses						(705)
Profit from operations						5,461
Net financial income						243
Profit before income tax						5,704
Income tax expenses						(4,378) ⁴
Net profit for the year						1,326
Other segment information						
Capital expenditure	1,974	74	1,436	1,503	-	4,987

¹ Includes EUR 670 thousand negative effect of regulatory changes to resale of utilities.

² Includes EUR 323 thousand costs related with acquisition of new subsidiaries as well as EUR 474 thousand loss arising from development of technical services activities.

³ Includes operating loss for the year of commercial property administration activity amounting to EUR 3,375 thousand as well as positive effect of accounts payable and receivable revaluation for EUR 4,017 thousand and long-term assets impairment for amount of EUR 699 thousand.

⁴ Includes deferred tax asset impairment of EUR 3,127 thousand related with commercial property administration business in Spain.

2015	Baltic states	St. Petersburg	Poland	Spain	Stavropol, discontinued operations	Total
Revenue:	68,400	32,447	24,918	41,423	7,650	174,838
Total revenue						174,838
Segment results	7,516	609	(247) ⁵	(1,054) ⁶	(667)	6,157
Unallocated expenses						(941)
Profit from operations						5,216
Net financial income						3,918
Profit before income tax						9,134
Income tax expenses						(1,401)
Net profit for the year						7,733
Other segment information						
Capital expenditure	2,299	125	1,492	332	-	4,248

⁵ Includes EUR 562 thousand loss, arising from the start of technical services activities.

⁶ Includes EUR 620 thousand redundancy costs.

1.7.

ACTIVITY AND SEGMENT INFORMATION (cont'd)

On 23 February 2017 Concentra Servicios y Mantenimiento S.A. has submitted a petition for bankruptcy to official institutions in Spain, authorized to initiate the bankruptcy procedure. The decision to ask for initiation of bankruptcy of Concentra has been made after evaluation of commercial property administration and cleaning sector prospects in Spain. The revenue of Concentra in 2016 amounted to EUR 38.1 million. In 2016 Concentra operations constituted 22% of the Group's total revenue. Direct effect of bankruptcy of Concentra on City Service SE stand-alone data resulted in impairment of loans provided and investment in a subsidiary amounting to EUR 4.8 million. Furthermore, EUR 1.25 million accrual was made for City Service SE guarantees provided to Concentra which may be realized.

Information on main Group's geographical segments:

	Baltic states	St. Petersburg	Poland	Spain	Stavropol, discontinued operations	Total
Sales to external customers						
2016	74,178	33,972	26,794	38,823	-	173,767
2015	68,400	32,447	24,918	41,423	7,650	174,838

	Baltic states	St. Petersburg	Poland	Spain	Total
Segment non-current assets					
As of 31 December 2016		40,765	2,622	17,639	64,216
As of 31 December 2015		48,553	2,372	12,740	70,267

Main activity indicators for the Group (continued operations):

	2016 Q4	2015 Q4	Change (%)
Area of residential apartment buildings under administration (million square meters)	29.3	25.4	15.4%
Area of public, commercial building and atypical properties under administration (million square meters)	12.4	13.4	(7.5%)
Number of employees	5,559	5,291	5.1%
Sales for the period	173,767	167,188	3.9%
Sales (main activity)*	153,163	149,534	2.4%
Gross margin*	20.9%	23.1%	(9.8%)
EBITDA margin*	6.4%	6.7%	(4.8%)
EBIT margin*	3.6%	3.9%	(9.4%)
Net margin*	0.9%	4.1%***	(79.1%)
Number of shares (thousand)	31,610	31,610	0.0%
Return on equity	1.9%	11.0%	(82.5%)
Return on assets	1.0%	5.7%	(83.1%)
Financial Net Debt to equity**	(13.2%)	3.8%	(447.1%)

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

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

*** Excluding result on sale of AWT Holding shares of EUR 1,435 thousand.

2.

ACCOUNTING POLICIES

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

In the Interim Financial Statements same accounting policies and methods of computation are followed as compared with the most recent annual financial statements.

Interim Financial Statements are prepared in compliance with International Accounting Standard (IAS) 34 Interim financial reporting.

These Interim Financial Statements were authorised for issue on 28 February 2017 by responsible persons listed in the confirmation, which is attached to the Interim Financial Statements.

3.

GOODWILL

COST:

Balance as of 1 January 2015	9,388
Additions	106
Exchange differences	(19)
Balance as of 31 December 2015	9,475
Acquisitions of subsidiaries	1,808
Exchange differences	108
Balance as of 31 December 2016	11,391

IMPAIRMENT

Balance as of 1 January 2015	84
Balance as of 31 December 2015	84
Balance as of 31 December 2016	84

Net book value as of 31 December 2016	11,307
Net book value as of 31 December 2015	9,391

3.

GOODWILL (cont'd)

During reporting period the Company acquired Parama Group*, Dom Best sp. z o.o., TED sp. z o.o., UAB Toirenta, UAB Šilalės butų ūkis, SIA Latvijas Namsaimnieks** and SIA L-Namsaimnieks. At the acquisition of these subsidiaries a provisional goodwill of EUR 1,808 thousand has been accounted for. The goodwill appears due to expected synergies, which are expected to be derived from vertical expansion of business. The fair values of the identifiable assets and liabilities of Parama Group*, Dom Best sp. z o.o., TED sp. z o.o., UAB Toirenta, UAB Šilalės butų ūkis, SIA Latvijas Namsaimnieks** and SIA L-Namsaimnieks at the date of acquisition were:

Fair value of assets, liabilities and contingent liabilities of acquired subsidiaries	Parama Group*	Dom Best	TED	Toirenta	Šilalės butų ūkis	Latvijas Namsaimnieks**	L-Namsaimnieks
At the date of acquisition	1 April	2 June	8 August	12 August	13 September	3 October	28 November
Intangible assets	2,446	575	201	169	232	2,799	180
Property, plant and equipment***	7	6	5	136	-	118	12
Other non-current assets	-	-	-	7	-	21	569
Deferred tax asset	10	-	-	5	-	135	-
Trade receivables	142	12	25	60	27	359	147
Other current assets	303	19	47	22	156	319	50
Total assets	2,908	612	278	399	415	3,751	958
Long-term liabilities	-	-	-	-	-	-	572
Current portion of long-term liabilities	-	-	-	21	-	10	68
Deferred tax liability	475	109	38	25	35	414	27
Trade payables	117	-	21	36	59	258	41
Other current liabilities	26	29	27	65	121	502	106
Total liabilities	618	138	86	147	215	1,184	814
Total identifiable net assets at fair value	2,290	474	192	252	200	2,567	144
attributable to equity holders of the parent	2,288	474	192	252	200	2,567	144
attributable to non-controlling interests	2	-	-	-	-	-	-

* Parama Group owns these subsidiaries: Atrium 21 sp. z o.o., Concierge - Zarządzanie Nieruchomościami sp. z o.o., Gerente - Serwis Nieruchomości sp. z o.o., Home Rent sp. z o.o., Hoone - Usługi Budowlane sp. z o.o., Parama Blue sp. z o.o., Parama Red sp. z o.o., Parama Yellow sp. z o.o., Parama White sp. z o.o., Skydas - Przeglądy Budowlane sp. z o.o.

** SIA Latvijas Namsaimnieks also owns SIA Namserviss.

*** Including investment property.

3.
GOODWILL (cont'd)

Purchase consideration	Parama Group*	Dom Best	TED	Toirenta	Šilalés būtu ūkis	Latvijas Namsaimnieks**	L-Namsaimnieks
At the date of acquisition	1 April	2 June	8 August	12 August	13 September	3 October	28 November
Fair value of acquired assets, liabilities and contingent liabilities attributable to the Group	2,288	474	192	252	200	2,567	144
Non-controlling interests	2	-	-	-	-	-	-
Goodwill	891	72	18	126	2	633	66
Total purchase consideration	3,181	546	210	378	202	3,200	210
Cash acquired	232	19	45	5	155	197	30
Total purchase consideration, net of cash acquired	2,949	527	165	373	47	3,003	180

At the date of the acquisition, the fair value of the trade receivables was EUR 627 thousand. The gross amount of trade receivables was EUR 1,555 thousand. The difference between the fair value and the gross amount is allowance for doubtful trade receivables.

*Parama Group owns these subsidiaries: Atrium 21 sp. z o.o., Concierge - Zarządzanie Nieruchomościami sp. z o.o., Gerente - Serwis Nieruchomości sp. z o.o., Home Rent sp. z o.o., Hoone - Usługi Budowlane sp. z o.o., Parama Blue sp. z o.o., Parama Red sp. z o.o., Parama Yellow sp. z o.o., Parama White sp. z o.o., Skydas - Przeglądy Budowlane sp. z o.o.

**SIA Latvijas Namsaimnieks also owns SIA Namserviss.

Investments and other changes during the twelve months of the year 2016

On 6 January 2016 implementing the tender offer, UAB ICOR acquired 5,877,675 shares of the Company. After the transaction, UAB ICOR owns 26,813,293 ordinary shares of the Company, which provides 84.83% of the authorized capital and voting rights.

On 9 February 2016 reorganization of UAB Žaidas was finished. Method of reorganisation was separation. After separation of property, rights and responsibilities, two new companies UAB Alytaus būstas and UAB Alytaus namų valda were established. After reorganization the name of UAB Žaidas was changed into UAB Kauno centro būstas.

On April 2016 the Company, through its Polish subsidiary, acquired the company Parama Group sp. z o.o. engaged in administration of residential and commercial property as well as technical services for the related properties. Parama Group is a market leader in Warsaw region.

On 1 April 2016 reorganization of the companies UAB Šiaulių namų valda and UAB Apkaba was completed. After the process of reorganization UAB Apkaba was incorporated into UAB Šiaulių namų valda with all the assets, rights and obligations. UAB Apkaba ceased operations and was deregistered. After reorganization UAB Šiaulių namų valda name was changed to UAB Pietinis būstas. Director and other contact details did not change.

On 30 April 2016 the Company's shares were delisted from trading on AB Nasdaq Vilnius. The shares of the Company continued to be listed and traded on the Warsaw Stock Exchange.

On 5 May 2016 reorganization of the companies UAB Žirmūnų būstas and UAB Nemuno būsto priežiūra was completed. After the process of reorganization UAB Nemuno būsto priežiūra was incorporated into UAB Žirmūnų būstas with all the assets, rights and obligations. UAB Nemuno būsto priežiūra ceased operations and was deregistered. After reorganization UAB Žirmūnų būstas director and other contact details did not change.

On 23 May 2016 the Ordinary General Meeting of the Shareholders of the Company has been held. The shareholders approved the set of consolidated annual financial statements of the Company for 2015, distributed the Company's profit for the year 2015 and decided to grant a right to the Company to acquire own shares.

On 2 June 2016 the Company, through its Polish subsidiary, acquired Dom Best sp. z o.o., which manages residential facilities in Poland.

On 1 August 2016 the Company, through its Lithuanian subsidiary, established two new companies UAB Šilalės būstas and UAB Neris Būstas.

On 8 August 2016 the Company, through its Polish subsidiary, acquired company TED sp. z o.o., which manages residential facilities in Poland.

On 12 August 2016 the Company, through its Lithuanian subsidiary, acquired company UAB Toirenta, which provides bio toilets rent and sewage disposal services in Lithuania.

On 13 September 2016 the Company, through its Lithuanian subsidiary, acquired company UAB Šilalės butų ūkis, which manages residential facilities in Šilalė.

On 3 October 2016 the Company, through its Latvian subsidiary, acquired company SIA Latvijas Namsaimnieks (former SIA Latio Namsaimnieks), which manages 290 thousand sq. m. of residential facilities in Latvia. It also provides services to commercial objects, total 37 thousand sq. m.

3.**GOODWILL (cont'd)**

On 5 October 2016 the Company established new company in Spain Grupo Aresi De Inversiones S.L.

On 12 October 2016 the Company, through its Polish subsidiary, established new company ZZN Inwestycje sp. z o.o.

On 26 October 2016 the Company, through its Spanish subsidiary, bought two customer portfolios which administer 367 thousand sq. m. and 450 thousand sq. m. residential facilities in Spain respectively.

On 27 October 2016 reorganization of the company UAB Mano Sauga was completed and established new company UAB Mano Būsto Sauga. After the process of reorganization UAB Mano Sauga activity was separated into public and private sectors. Activity in private sector with all the assets, rights and obligations was transferred to newly established UAB Mano Būsto Sauga. UAB Mano Sauga will continue to provide services in public sector.

On 9 November 2016 reorganization of the companies UAB Žardės būstas, UAB Pempininkų būstas and UAB Vingio būstas was completed. After the process of reorganization UAB Pempininkų būstas and UAB Vingio būstas was incorporated into UAB Žardės būstas with all the assets, rights and obligations. UAB Pempininkų būstas and UAB Vingio būstas ceased operations and were deregistered. After reorganization UAB Žardės būstas director and other contact details did not change.

On 14 November 2016 UAB Žardės būstas company title was changed into UAB Klaipėdos būstas LT. Director and other contact details did not change.

On 17 November 2016 SIA City Service company title was changed into SIA CS. Director and other contact details did not change.

On 23 November 2016 SIA Riga City Service company title was changed into SIA City Service. Director and other contact details did not change.

On 28 November 2016 the Company, through its Latvian subsidiary, acquired company SIA L-Namsaimnieks (former SIA Latvijas Namsaimnieks), which manages manages 47 thousand sq. m. of residential facilities in Latvia.

On 19 December 2016 the Extraordinary General Meeting of the Shareholders of the Company has been held. The shareholders have decided to elect Ernst & Young Baltic AS, company code 10877299, as the audit company which shall perform the Company's and the Company's set of consolidated financial statements audit for the year 2016 and shall evaluate Company's consolidated annual report. Shareholders also have decided payment conditions for the audit services.

4.

OTHER INTANGIBLE ASSETS

Movement of other intangible assets in 2016 and 2015 is presented below:

COST:

Balance as of 1 January 2015	19,501
Additions arising from acquisitions of subsidiaries	2,915
Additions	654
Disposals	(1)
Exchange differences	(265)
Retirements	(6)
Reclassifications	161
Balance as of 31 December 2015	22,959
Additions arising from acquisitions of subsidiaries	6,602
Additions	1,751
Exchange differences	96
Retirements	(73)
Impairment	(289)
Reclassifications	9
Balance as of 31 December 2016	31,055

ACCUMULATED AMORTISATION:

Balance as of 1 January 2015	2,898
Charge for the year	1,089
Exchange differences	(67)
Retirements	(6)
Balance as of 31 December 2015	3,914
Charge for the period	1,130
Exchange differences	(14)
Retirements	(73)
Balance as of 31 December 2016	4,957

Net book value as of 31 December 2016	26,098
Net book value as of 31 December 2015	19,045

5.

PROPERTY, PLAND AND EQUIPMENT

Movement of fixed assets in 2016 and 2015 is presented below:

	Buildings	Vehicles	Other property, plant and equipment	Construction in progress*	Total
COST:					
Balance as of 1 January 2015	10,647	5,620	8,993	47	25,307
Additions arising from acquisitions of subsidiaries	225	1	4	-	230
Additions	261	1,454	1,454	425	3,594
Disposals	(1,787)	(85)	(52)	-	(1,924)
Exchange differences	28	(99)	(57)	-	(128)
Retirements	-	(23)	(78)	-	(101)
Reclassifications	124	(1)	149	(433)	(161)
Balance as of 31 December 2015	9,498	6,867	10,413	39	26,817
Additions arising from acquisitions of subsidiaries	3	18	210	-	231
Additions	334	1,030	1,380	537	3,281
Disposals	(63)	(171)	(15)	-	(249)
Exchange differences	(64)	128	(94)	(3)	(33)
Retirements	-	-	(280)	-	(280)
Impairment	-	-	(410)	-	(410)
Reclassifications	449	47	(3)	(91)	402
Balance as of 31 December 2016	10,157	7,919	11,201	482	29,759
ACCUMULATED DEPRECIATION:					
Balance as of 1 January 2015	1,768	2,474	1,680	-	5,922
Charge for the year	448	1,106	1,438	-	2,992
Disposals	(358)	(56)	(45)	-	(459)
Exchange differences	1	(63)	(65)	-	(127)
Retirements	-	(15)	(71)	-	(86)
Balance as of 31 December 2015	1,859	3,446	2,937	-	8,242
Charge for the period	391	1,182	1,550	-	3,123
Disposals	(15)	(140)	(4)	-	(159)
Exchange differences	-	101	25	-	126
Retirements	-	-	(248)	-	(248)
Reclassifications	86	20	(20)	-	86
Balance as of 31 December 2016	2,321	4,609	4,240	-	11,170
Net book value as of 31 December 2016	7,836	3,310	6,961	482	18,589
Net book value as of 31 December 2015	7,639	3,421	7,476	39	18,575

* Includes prepayments for tangible and intangible assets.

6.

TRADE RECEIVABLES

Trade receivables of the Group as of 31 December 2016 and 31 December 2015 were as follows:

	Balance as of 31 December 2016	Balance as of 31 December 2015
Trade receivables, gross	47,761	47,675
Less: allowance for doubtful trade receivables	(12,425)	(6,852)
Trade receivables, net	35,336	40,823

Trade receivables and other receivables generally have 30 - 90 days payment terms.

Non-current receivables mainly comprise of long-term part of receivables from public customers and long-term part of receivables for residential buildings' repair works performed.

7.

BORROWINGS

Borrowings of the Group and the Company as of 31 December 2016 and 31 December 2015 were as follows:

Creditor	Currency	Balance as of 31 December 2016	Balance as of 31 December 2015
SHORT TERM LOANS			
Bank loans	EUR	110	2,681
Bank loans	PLN	224	58
SHORT TERM LOANS BALANCE		334	2,739
LONG TERM LOANS			
Bank loans	EUR	20,987	16,793
Minus: long term loans of the current year		(2,989)	(3,738)
LONG TERM LOANS BALANCE		17,998	13,055

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

8.

COST OF SALES (continued operations)

	2016	2015
Services of subcontractors and materials used	76,989	70,277
Wages and salaries and social security	60,436	56,893
Depreciation	1,143	1,306
Cost of goods sold	47	202
Other	3,182	3,925
Total cost of sales	141,797	132,603

9.

GENERAL AND ADMINISTRATIVE EXPENSES (continued operations)

	2016	2015
Wages and salaries and social security	14,359	15,629
Depreciation and amortisation	3,110	2,748
Consulting and similar expenses	1,736	1,391
Accruals related with potentially realizable guarantees provided for Spanish subsidiary Concentra	1,253	-
Rent of premises and other assets	1,199	934
Commissions for collection of payments	698	661
Impairment of fixed assets	696	-
Computer software maintenance	603	553
Taxes other than income tax	581	773
Advertising	499	565
Representational costs	438	365
Consulting and tax expenses related with acquisitions, disposals and reorganisation	414	432
Communication expenses	376	331
Insurance	364	361
Transportation	360	404
Fuel expenses	352	399
Allowance for and write-off of receivables	293	1,084
Business trips and training	290	381
Utilities	242	200
Bank payments	143	148
Charity and support	76	44
Result on revaluation of accounts receivable and payables to liquidation value (associated with subsidiary Concentra)	(4,017)	-
Other	2,160	1,455
Total general and administrative expenses	26,225	28,858

10.

OTHER OPERATING INCOME (EXPENSES), NET (continued operations)

	2016	2015
Income from rent	191	232
Gain on disposal of property, plant and equipment	16	28
Depreciation of rented assets	(48)	(75)
Other income, net	(443)	(29)
Total other operating activity	(284)	156

11.

FINANCE INCOME AND (EXPENSES), NET (continued operations)

	2016	2015
Interest income	780	1,282
Gain on sale of investments	-	1,435
Foreign currency exchange gain	215	359
Other financial income	486	63
Total finance income	1,481	3,139
Interest (expenses)	(692)	(946)
Foreign currency exchange (loss)	(525)	(451)
Other financial (expenses)	(32)	(155)
Total finance (expenses)	(1,249)	(1,552)
Financial activity, net	232	1,587

12.

DIVIDENDS PER SHARE

	2016	2015
Approved dividends	3,161	948
Number of shares (in thousand)	31,610	31,610
Approved dividends per share	0.10	0.03

13.

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 are considered the following:

- Global energy consulting OU (Estonia) – the ultimate shareholder of the Company since 2013;
- UAB Lag&d – controlled by the same ultimate parent;
- UAB ICOR – the shareholder of the Company;
- Subsidiaries of UAB ICOR (same ultimate controlling shareholder);
- Subsidiaries of City Service SE (for the list of the subsidiaries, see also Note 1.4);
- Mr J. Janukėnas (until 23 February 2017), V. Turonis, E. Paulauskas, V. Junevičius, J. Šimkevičius, A. Górecka – Kolasa, T. Kleiva, T. Gulbinas (Management of the Group companies);

Transactions with related parties include sales and purchases of goods and services in the ordinary course of business, and acquisitions and disposals of property, plant and equipment. Property, plant and equipment to related parties during the twelve months of 2016 were sold in accordance of arm's length principle.

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 City Service SE 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.

UAB Mano Būstas and Zespół Zarządców Nieruchomości sp. z o.o. have provided EUR 34.5 million guarantees each for City Service SE to Nordea Bank under credit agreement. Also, UAB Mano Būstas has provided EUR 5.75 million guarantee for City Service SE to Nordea Bank under bank account credit agreement. Shares of UAB Mano Būstas are pledged to Nordea Bank as well. City Service SE has provided EUR 1.25 million guarantees for Concentra to its clients.

2016	Purchases	Sales	Receivables and prepayments	Payables
UAB ICOR	501	11	-	857
Subsidiaries of UAB ICOR:				
AB Axis Industries	452	393	60	154
Other subsidiaries of UAB Lag&d	463	578	75	101
Total	1,416	982	135	1,112

14.**SUBSEQUENT EVENTS**

On 12 January 2017 the Company, through its Lithuanian subsidiary, established new company UAB Nacionalinis Renovacijos fondas.

On 13 January 2017 UAB Neries būstas company title was changed into UAB Tauragės būstas. Director and other contact details did not change.

On 20 January 2017 the Company, through its Lithuanian subsidiary, established new company UAB Grindos būstas.

On 24 January 2017 the Company, through its Spanish subsidiary, acquired company Vetell dos ibérica S.L. which manages facilities in Spain. At the moment of issuance of these financial statements Group's management was not able to obtain reliable financial information of the newly acquired company and evaluate fair value of net assets as at the acquisition.

On 27 January 2017 the Company, through its Lithuanian subsidiary, acquired company UAB Visos apsaugos paslaugos. At the moment of issuance of these financial statements Group's management was not able to obtain reliable financial information of the newly acquired company and evaluate fair value of net assets as at the acquisition.

On 30 January 2017 SIA Latio Namsaimnieks company title was changed into SIA Latvijas Namsaimnieks. Director and other contact details did not change.

On 30 January 2017 SIA Latvijas Namsaimnieks company title was changed into SIA L-Namsaimnieks. Director and other contact details did not change.

On 30 January 2017 the Company, through its Spanish subsidiary, established two new companies Aresi Gestion Residencial, S.L. and Aresi Euroinmo, S.L.

On 23 February 2017 Concentra Servicios y Mantenimiento S.A. has submitted a petition for bankruptcy to official institutions in Spain, authorized to initiate the bankruptcy procedure. The decision to ask for initiation of bankruptcy of Concentra has been made after evaluation of commercial property administration and cleaning sector prospects in Spain.

On 23 February 2017 the Management Board Member Jonas Janukėnas, acting as CEO, left the Company, following petition for bankruptcy of Concentra. Financial director Tomas Kleiva acts as Member of the Board instead of J. Janukėnas until extraordinary meeting of shareholders of the company.



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