

# CITYSERVICE

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**CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE NINE MONTHS PERIOD  
ENDED 30 SEPTEMBER, 2017 (UNAUDITED)**

**City Service SE**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER, 2017  
(UNAUDITED)**

Beginning of the reporting period	1 January 2017
End of the reporting period	30 September 2017
Business name	City Service SE
Registration number	12827710
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E-mail	<a href="mailto:info@cityservice.eu">info@cityservice.eu</a>
Website	<a href="http://www.cityservice.eu">http://www.cityservice.eu</a>
Auditor	Ernst & Young Baltic AS

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## Declaration of the management

City Service SE Chairman of the Management Board 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.

Chairman of the Management Board



Artūras Gudelis

30 November 2017

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	As of 30 September 2017	As of 31 December 2016
<b>Assets</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	3	11,514	11,532
Other intangible assets	5	26,417	26,092
Property, plant and equipment	6	17,817	18,606
Investment property		82	160
Investments into associates		184	184
Non-current receivables	7	4,432	5,419
Prepayment for investment		166	-
Deferred income tax asset		2,901	2,474
<b>Total non-current assets</b>		<b>63,513</b>	<b>64,467</b>
<b>CURRENT ASSETS</b>			
Inventories		1,469	1,607
Prepayments		1,710	1,125
Trade receivables	7	27,827	34,718
Receivables from related parties	14	324	135
Other receivables and current assets		5,205	5,611
Cash and cash equivalents		11,702	30,271
<b>Total current assets</b>		<b>48,237</b>	<b>73,467</b>
<b>Total assets</b>		<b>111,750</b>	<b>137,934</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)**

	Notes	As of 30 September 2017	As of 31 December 2016
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		9,483	9,483
Reserves and share premium		21,067	21,067
Other reserves		135	263
Retained earnings (deficit)		22,850	38,002
		<b>53,535</b>	<b>68,815</b>
Non-controlling interests		331	317
<b>TOTAL EQUITY</b>		<b>53,866</b>	<b>69,132</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current borrowings	8	15,722	17,998
Financial lease obligations		2,606	2,027
Deferred income tax liabilities		3,784	3,815
Non-current payables		2,098	1,990
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>24,210</b>	<b>25,830</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	8	3,288	2,989
Current portion of financial lease obligations		389	998
Short-term loans	8	42	334
Trade payables		12,111	17,288
Payables to related parties	14	945	1,112
Advances received		5,511	5,850
Other current liabilities		11,388	14,401
<b>TOTAL CURRENT LIABILITIES</b>		<b>33,674</b>	<b>42,972</b>
Total liabilities		57,884	68,802
<b>Total equity and liabilities</b>		<b>111,750</b>	<b>137,934</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(for the period 1 January – 30 September)

	Notes	2017 Q3	2016 Q3
Sales	1.8	118,110	123,762
Cost of sales	9	(90,342)	(100,498)
<b>Gross profit (loss)</b>		<b>27,768</b>	<b>23,264</b>
General and administrative expenses	10	(21,374)	(19,862)
Other operating activity, net	11	(366)	(39)
<b>Profit (loss) from operations</b>		<b>6,028</b>	<b>3,363</b>
Finance income	12	625	780
Finance expenses	12	(985)	(649)
<b>Profit (loss) before tax</b>		<b>5,668</b>	<b>3,494</b>
Income tax		(1,243)	(1,015)
<b>Net profit (loss)</b>		<b>4,425</b>	<b>2,479</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(145)	292
<b>Total comprehensive income</b>		<b>4,280</b>	<b>2,771</b>
<b>Attributable to:</b>			
The shareholders of the Company		4,446	2,593
Non-controlling interests		(21)	(114)
		<b>4,425</b>	<b>2,479</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		4,301	2,885
Non-controlling interests		(21)	(114)
		<b>4,280</b>	<b>2,771</b>
<b>Basic and diluted earnings per share (EUR)</b>		<b>0.14</b>	<b>0.08</b>

**STATEMENTS OF COMPREHENSIVE INCOME**

(for the period 1 July – 30 September)

	<b>2017 Q3</b>	<b>2016 Q3</b>
Sales	33,703	40,622
Cost of sales	(23,804)	(32,693)
<b>Gross profit (loss)</b>	<b>9,899</b>	<b>7,929</b>
General and administrative expenses	(7,578)	(6,631)
Other operating income, net	(652)	(366)
<b>Profit (loss) from operations</b>	<b>1,669</b>	<b>932</b>
Finance activity result, net	(254)	357
<b>Profit (loss) before tax</b>	<b>1,415</b>	<b>1,289</b>
Income tax	(372)	(462)
<b>Net profit</b>	<b>1,043</b>	<b>827</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Notes	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total
<b>Balance as of 1 January 2016</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,882)</b>	<b>2,656</b>	<b>39,811</b>	<b>70,135</b>	<b>434</b>	<b>70,569</b>
Net profit		-	-	-	-	2,593	2,593	(114)	2,479
Other comprehensive income		-	-	292	-	-	292	-	292
Total comprehensive income		-	-	292	-	2,593	2,885	(114)	2,771
Dividends declared	13	-	-	-	-	(3,161)	(3,161)	-	(3,161)
Acquisition of non-controlling interest		-	-	-	-	-	-	2	2
Transfer to legal reserve		-	-	-	30	(30)	-	-	-
<b>Balance as of 30 September 2016</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,590)</b>	<b>2,686</b>	<b>39,213</b>	<b>69,859</b>	<b>322</b>	<b>70,181</b>
<b>Balance as of 1 January 2017</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,426)</b>	<b>2,689</b>	<b>38,002</b>	<b>68,815</b>	<b>317</b>	<b>69,132</b>
Net profit		-	-	-	-	4,446	4,446	(21)	4,425
Other comprehensive income		-	-	(145)	-	-	(145)	-	(145)
Total comprehensive income		-	-	(145)	-	4,446	4,301	(21)	4,280
Dividends declared	13	-	-	-	-	(19,598)	(19,598)	-	(19,598)
Disposal of subsidiaries		-	-	17	-	-	17	-	17
Acquisition of non-controlling interest		-	-	-	-	-	-	35	35
<b>Balance as of 30 September 2017</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,554)</b>	<b>2,689</b>	<b>22,850</b>	<b>53,535</b>	<b>331</b>	<b>53,866</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	2017 Q3	2016 Q3
<b>Cash flows from (to) operating activities</b>			
Net profit		4,425	2,479
<b>Adjustments for non-cash items:</b>			
Income tax expenses		1,243	1,015
Depreciation and amortisation	5,6	3,254	3,256
Impairment and discounting of accounts receivable		474	655
Loss from sale of investments		433	-
Loss (gain) on disposal of property plant and equipment	11	650	(20)
Result on remeasuring of assets and liabilities to liquidation value (subsidiary Concentra, see Note 1.8)		(2,025)	-
Other financial activity, net		(124)	(100)
		<b>8,330</b>	<b>7,285</b>
<b>Changes in working capital:</b>			
Decrease (increase) in inventories		104	(181)
(Increase) decrease in receivables and other current assets		(2,883)	6,917
(Increase) in prepayments		(957)	(141)
Increase (decrease) in trade payables and payables to related parties		918	(1,757)
Income tax (paid)		(2,100)	(1,391)
Increase in advances received and other current liabilities		3,595	1,625
		<b>7,007</b>	<b>12,357</b>
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of non-current assets (except investments)	5,6	(3,367)	(1,635)
Proceeds from sale of non-current assets		1,161	68
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		13	(4,061)
Disposal of investments in subsidiaries and associates		(422)	-
Prepayments for investments		(166)	(3,200)
Interest received		299	620
		<b>(2,482)</b>	<b>(8,208)</b>
<b>Cash flows from (to) financing activities</b>			
Dividends (paid)		(19,598)	(3,161)
(Repayment) proceeds of loans		(2,275)	1,497
(Repayment) of financial lease liabilities		(1,094)	(966)
Interest (paid)		(307)	(481)
		<b>(23,274)</b>	<b>(3,111)</b>
<b>Net cash flows (to) from financial activities</b>		<b>(23,274)</b>	<b>(3,111)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(18,749)</b>	<b>1,038</b>
<b>Foreign exchange difference</b>		<b>180</b>	<b>153</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>30,271</b>	<b>16,858</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>11,702</b>	<b>18,049</b>

**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 in the course of reorganization 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 34.3 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. On 10 May 2017, Concentra received court decision, stating that bankruptcy administrator was appointed and from this date the Group ceased to consolidate it in its Financial statements. 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 30 September 2017. 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 30 September 2017 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**

As of 30 September 2017 the total number of shareholders of the Company was 272.

**COMPANY'S SHARES DISTRIBUTION AMONG SHAREHOLDERS WHO HAVE MORE THAN 5% SHARES OF THE COMPANY AS OF 29 SEPTEMBER 2017 (THE LAST OPERATING DAY IN SEPTEMBER OF ESTONIAN CENTRAL SECURITIES DEPOSITORY) WAS THE FOLLOWING:**

	Number of shares held	Owned percentage of the share capital and votes, %
UAB ICOR, legal entity code 300021944, address: Ozo str. 12A, Vilnius, Lithuania	26,813,293	84.83 %
Other private and institutional shareholders	4,796,707	15.17 %
<b>TOTAL</b>	<b>31,610,000</b>	<b>100 %</b>

## 1.4.

**CITY SERVICE GROUP**

AS OF 30 SEPTEMBER 2017 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 30 September 2017	Share of the stock held by the Group as of 30 September 2016	Main activities
UAB Alytaus būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Alytaus namų valda	Lithuania	76%	76%	Dormant
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 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 Biržų butų ūkis	Lithuania	57.71%	-	Administration of dwelling-houses
UAB City Service Engineering	Lithuania	100%	-	Commercial real estate management and building maintenance
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 Grindos būstas	Lithuania	100%	-	Dormant
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%	100%	Administration of dwelling-houses
UAB Klaipėdos būstas LT	Lithuania	100%	100%	Administration of dwelling-houses
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%	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%	Building maintenance
UAB Mano Būsto Sauga	Lithuania	100%	-	Security services
UAB Mano sauga LT	Lithuania	100%	100%	Security services
UAB Nacionalinis renovacijos fondas	Lithuania	100%	-	Dormant
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 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 Rinkų vystymas	Lithuania	100%	-	Dormant
UAB Saugos projektų valdymas	Lithuania	100%	99.27%	Security services
UAB Skolos LT	Lithuania	100%	100%	Debt collection services
UAB Šiaulių būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Šilalės butų ūkis	Lithuania	-	100%	Administration of dwelling-houses
UAB Šilalės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Šilutės būstas	Lithuania	99.84%	99.84%	Administration of dwelling-houses
UAB Tauragės būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Toirenta	Lithuania	100%	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
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
Aresi administracion de fincas S. L.	Spain	100%	100%	Administration of dwelling-houses
Aresi Euroinmo, S.L.	Spain	100%	-	Dormant
Aresi Gestion residencial, S.L.	Spain	100%	-	Administration of dwelling-houses
Concentra Servicios y Mantenimiento, S.A.(Note 1.8)	Spain	100%	100%	Commercial real estate management and building maintenance
Elche administracion de fincas, S.L.U.	Spain	100%	100%	Administration of dwelling-houses
Eurodrauda Correguria de Seguros, S.L.U.	Spain	100%	-	Dormant
Euronamas Gestion de Fincas Madr, S.L.	Spain	100%	-	Dormant
Euronamas Gestion de Fincas Mrc, S.L.	Spain	100%	-	Dormant
Grupo Aresi de Inversiones, S.L.	Spain	100%	-	Holding company
Interlift Mantenimiento y Ascensores, S.L.	Spain	100%	-	Dormant
Vetell dos iberica, S.L.	Spain	100%	-	Administration of dwelling-houses
SIA City Service	Latvia	100%	100%	Holding company

SIA City Service Engineering	Latvia	100%	100%	Commercial real estate management and building maintenance
SIA Ēku pārvaldīšanas serviss	Latvia	100%	-	Building maintenance
SIA Laba Enerģija	Latvia	100%	-	Sale of electricity
SIA Latvijas Namsaimnieks	Latvia	100%	100%	Administration of dwelling-houses
SIA L-Namsaimnieks	Latvia	-	100%	Administration of dwelling-houses
SIA Namu serviss APSE	Latvia	100%	100%	Administration of dwelling-houses
Atrium 21 sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
City Service Grupa Techniczna sp. z o.o.	Poland	-	100%	Building maintenance
City Service Poland sp. z o.o.	Poland	100%	100%	Dormant
City Service Polska sp. z o.o.	Poland	100%	100%	Country holding company
Concierge - Zarządzanie Nieruchomościami sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
Dom Best sp. z o.o.	Poland	100%	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%	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%	50%	Administration of dwelling-houses
Hoone - Usługi Budowlane sp. z o.o.	Poland	100%	100%	Construction and engineering
Parama Blue sp. z o.o.	Poland	100%	100%	Dormant
Parama Group sp. z o.o.	Poland	100%	100%	Holding company
Parama Yellow sp. z o.o.	Poland	100%	100%	Dormant
Parama Red sp. z o.o.	Poland	100%	100%	Dormant
Parama White sp. z o.o.	Poland	100%	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%	100%	Construction and engineering
TED sp. z o.o.	Poland	100%	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 управление	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%	100%	Elevator installing & tech. support
ООО Территория комфорта	St. Petersburg	100%	-	Dormant

The Group's investment in an associate as of 30 September 2017 included an investment in Marijampolės butų ūkis UAB (34% of the share capital).



## 1.5.

**COMPANY'S SUPERVISORY BOARD**

**AS OF 30 SEPTEMBER 2017, 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

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).

1.6.

**COMPANY'S MANAGEMENT BOARD**

**AS OF 30 SEPTEMBER 2017, THE MANAGEMENT BOARD OF THE COMPANY COMPRISES OF THE FOLLOWING PERSONS:**

Name and surname	Position within the Group	Start of term	End of term
Artūras Gudelis	Chairman of the Management Board	June 26, 2017	June 26, 2021
Tomas Kleiva	Member of the Management Board	June 26, 2017	June 26, 2021
Edvinas Paulauskas	Member of the Management Board	June 26, 2017	June 26, 2021
Vytautas Turonis	Member of the Management Board	June 26, 2017	June 26, 2021
Algė Jablonskienė	Member of the Management Board	June 26, 2017	June 26, 2021

They do not control any shares of the Company.



**Artūras Gudelis**

Artūras Gudelis (born in 1977) is a Chairman of the Management Board of City Service SE (since 2017). Artūras Gudelis was a Member of the Supervisory Board of City Service SE (2015 – 2017). He holds Bachelor's degree in Economics and Master's degree in Business Management.

Artūras Gudelis is responsible for carrying the formal functions of the chairman of the Management Board as well as for signing of the consolidated financial statements, representing the Company in the stock exchanges, securities depositories and in relations with the investors, as well as in all other general matters related to the Company.



**Tomas Kleiva**

Tomas Kleiva (born in 1979) is a Member of the Management Board of City Service SE (since 2017). Tomas Kleiva was Member of the Board and acting CEO instead of Jonas Janukėnas until was approved new management structure of City Service SE (23 February 2017 – 26 June 2017).

Prior to that, Tomas Kleiva was the Financial Manager of City Service SE (2016 - 2017) and Financial Manager 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). Tomas Kleiva has a Master's degree in Environmental Engineering.

Tomas Kleiva is responsible and accountable for any and all financial matters and operations within the Group in all the jurisdictions and carries functions of Group's CFO, except for Lithuania, Latvia and Estonia. Tomas Kleiva is also responsible for the organization and supervision of Group activities in Russia.

## 1.6.

**COMPANY'S MANAGEMENT BOARD (cont'd)****Edvinas Paulauskas**

Edvinas Paulauskas (born in 1976) is a Member of the Management Board of City Service SE (since 2017). Previously he worked as the Executive Manager at City Service SE (2015 - 2017), Commercial director (2008 – 2015). Edvinas Paulauskas started working in the Company as the Project Manager (2005 – 2006). He holds a Bachelor's degree in an Environment Engineering.

Edvinas Paulauskas is responsible and accountable for the organization and supervision of Group activities (except for financial and HR matters) in Poland and Spain.

**Vytautas Turonis**

Vytautas Turonis (born in 1972) is a Member of the Management Board of City Service SE (since 2017). Vytautas Turonis works as the General Manager at UAB Mano Būstas. 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 and accountable for the organization and supervision of Group activities (including the financial but except for HR matters) in Lithuania, Latvia and Estonia.

**Algė Jablonskienė**

Algė Jablonskienė (born in 1971) is a Member of the Management Board of City Service SE (since 2017). Previously she worked as the HR Director of City Service SE (2017). She has a Master's degree in Psychology and an Executive Master's degree in Business Administration. Previously Mrs. Jablonskienė was working as the Human Resources and Administration Director within international and local companies. She also brings nearly 10 years experience as a business consultant.

Mrs. Jablonskienė is responsible and accountable for human resources matters within the Group in all jurisdictions.

1.7.

**GROUP'S MANAGEMENT**

**AS OF 30 SEPTEMBER 2017 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
Anna Górecka – Kolasa	Head of the Group's companies, operating in Poland	2013
Vytautas Junevičius	Chairman of the Board of the Group's companies operating in St. Petersburg	2006
Tomas Gulbinas	Head of the Group's companies, operating in Spain (residential building administration)	2009

They do not control any shares of the Company.



**Anna Górecka – Kolasa**

Anna Górecka - Kolasa (born 1975) is the Head of the Group companies, operating in Poland. Anna 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). Anna Górecka-Kolasa has a higher education in the area of management and marketing.

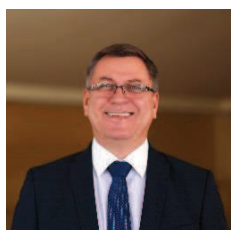
Anna Górecka-Kolasa is responsible for the Group's day-to-day activities in Poland.



**Vytautas Junevičius**

Vytautas Junevičius (born 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). Vytautas Junevičius has a Bachelor's degree in management.

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



**Tomas Gulbinas**

Tomas Gulbinas (born 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.

Tomas Gulbinas is responsible for the Group's residential buildings administration activities in Spain.

1.8.

**ACTIVITY AND SEGMENT INFORMATION**

**INFORMATION ON MAIN GROUP'S GEOGRAPHICAL SEGMENTS:**

2017 Q3	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue:	60,526	30,129	19,157	8,298	118,110
<b>Total revenue</b>					<b>118,110</b>
Segment results	5,661	1,196	25	(270)	6,612
Unallocated expenses					(584)
<b>Profit from operations</b>					<b>6,028</b>
Net financial income					(360)
Profit before income tax					5,668
Income tax expenses					(1,243)
<b>Net profit for the year</b>					<b>4,425</b>
<b>OTHER SEGMENT INFORMATION</b>					
Capital expenditure	2,275	73	1,169	946	<b>4,463</b>

2016 Q3	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue:	53,647	22,417	18,999	28,699	123,762
<b>Total revenue</b>					<b>123,762</b>
Segment results	6,545	125*	(559)**	(2,108)	4,003
Unallocated expenses					(640)
<b>Profit from operations</b>					<b>3,363</b>
Net financial income					131
Profit before income tax					3,494
Income tax expenses					(1,015)
<b>Net profit for the year</b>					<b>2,479</b>
<b>OTHER SEGMENT INFORMATION</b>					
Capital expenditure	1,272	51	923	355	<b>2,601</b>

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

\*\* Includes EUR 286 thousand costs related with acquisition of new subsidiaries as well as EUR 401 thousand loss arising from development of technical services activities.

1.8.

**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. On 10 May 2017, Concentra received court decision, stating that bankruptcy administrator was appointed and from this date the Group ceased to consolidate this subsidiary in its Financial statements as from that date the Group has lost its effective control to it. Concentra is still presented in the Group's structure (Note 1.4) as City Service SE remains shareholder of the subsidiary until the end of bankruptcy process.

**INFORMATION ON MAIN GROUP'S GEOGRAPHICAL SEGMENTS:**

	Baltic states	St. Petersburg	Poland	Spain	Total
<b>Sales to external customers</b>					
2017 Q3	60,526	30,129	19,157	8,298	118,110
2016 Q3	53,647	22,417	18,999	28,699	123,762

	Baltic states	St. Petersburg	Poland	Spain	Total
<b>Segment non-current assets</b>					
As of 30 September 2017	39,779	2,622	17,099	4,013	63,513
As of 30 September 2016	46,913	2,182	17,470	6,753	73,318

**MAIN ACTIVITY INDICATORS FOR THE GROUP:**

	2017 Q3	2016 Q3	Change (%)
Area of residential apartment buildings under administration (million square meters)	30.2	28.2	7.1%
Area of public, commercial building and atypical properties under administration (million square meters)	4.1	13.1	(68.7%)
Number of employees	4,162	5,442	(23.5%)
Sales for the period	118,110	123,762	(4.6%)
Sales (main activity)*	100,698	110,852	(9.2%)
Gross margin*	27.6%	21.0%	31.4%
EBITDA margin*	9.2%	6.0%	53.3%
EBIT margin*	6.0%	3.0%	100%
Net margin*	4.4%	2.2%	100%
Number of shares (thousand)	31,610	31,610	0.0%
Return on equity	8.2%	3.5%	134.3%
Return on assets	4.0%	1.8%	122.2%
Financial Net Debt to equity**	13.6%	4.3%	216.3%

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

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

2.

**ACCOUNTING POLICIES**

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

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 30 November 2017 by responsible persons listed in the confirmation, which is attached to the Interim Financial Statements.

3.

**GOODWILL**

**COST:**

Balance as of 1 January 2016	9,475
Additions	2,053
Exchange differences	88
Balance as of 31 December 2016	11,616
Acquisition of subsidiaries	60
Disposals of subsidiaries	(13)
Exchange differences	(65)
Balance as of 30 September 2017	11,598

**IMPAIRMENT**

Balance as of 1 January 2016	84
Balance as of 31 December 2016	84
Balance as of 30 September 2017	84

<b>Net book value as of 30 September 2017</b>	<b>11,514</b>
<b>Net book value as of 31 December 2016</b>	<b>11,532</b>

3.

**GOODWILL (cont'd)**

During reporting period the Company through its subsidiaries acquired UAB Visos apsaugos paslaugos, SIA Laba Energija and UAB Biržų butų ūkis. At the acquisition of these subsidiaries a provisional goodwill of EUR 50 thousand has been accounted for.

Fair value of assets, liabilities and contingent liabilities of acquired subsidiaries	Visos apsaugos paslaugos	Biržų butų ūkis	Laba Energija
At the date of acquisition	27 January	6 April	16 June
Intangible assets	-	1	-
Property, plant and equipment	-	9	2
Trade receivables	-	96	-
Deferred tax asset	-	3	-
Other current assets	3	63	8
<b>Total assets</b>	<b>3</b>	<b>172</b>	<b>10</b>
Trade payables	-	22	-
Other current liabilities	1	116	10
<b>Total liabilities</b>	<b>1</b>	<b>138</b>	<b>10</b>
<b>Total identifiable net assets at fair value</b>	<b>2</b>	<b>34</b>	<b>-</b>
Fair value of acquired assets, liabilities and contingent liabilities	2	34	-
Goodwill	10	50	-
<b>Total purchase consideration</b>	<b>12</b>	<b>48</b>	<b>-</b>
<b>Fair value of non-controlling interest acquired</b>	<b>-</b>	<b>36</b>	<b>-</b>
Cash acquired	<b>3</b>	<b>62</b>	<b>8</b>
<b>Total purchase consideration, net of cash acquired</b>	<b>9</b>	<b>22</b>	<b>(8)</b>

At the date of acquisition, the fair value of the trade receivables was EUR 96 thousand. The gross amount of trade receivables was EUR 106 thousand. The difference between the fair value and the gross amount is allowance for doubtful trade receivables.



## 4.

**SIGNIFICANT EVENTS****Investments and other changes during the nine months of the year 2017**

On 12 January 2017 the Company, through its Lithuanian subsidiary, established new company UAB Nacionalinis renovacijos fondas (share capital EUR 2.5 thousand).

On 13 January 2017 UAB Neris 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 (share capital EUR 2.5 thousand).

On 24 January 2017 the Company, through its Spanish subsidiary, established new company Vetell dos ibérica, S.L. (share capital EUR 3 thousand) which manages facilities in Spain.

On 25 January 2017 Administraciones SantaPola S.L. company title was changed into Aresi administracion de fincas S. L. Governing body and other contact details did not change.

On 27 January 2017 the Company, through its Lithuanian subsidiary, acquired company UAB Visos apsaugos paslaugos (acquisition price EUR 12 thousand).

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.

On 16 March 2017 reorganization of the companies UAB Šilalės butų ūkis and UAB Šilalės būstas was completed. After the process of reorganization UAB Šilalės būstas was incorporated into UAB Šilalės butų ūkis with all the assets, rights and obligations. UAB Šilalės būstas ceased operations and was deregistered. After reorganization UAB Šilalės butų ūkis title was changed in to UAB Šilalės būstas, director and other contact details did not change.

On 5 April 2017 City Service SE sold Grupa Techniczna Sp. z o.o., enterprise code 122420503, a company active in Poland. The company was founded in 2014 and provided technical maintenance services to residential facilities and commercial facilities, managed by City Service group. City Service SE will continue investments in Poland in residential facility management market. Value of share sale — purchase agreement is EUR 46 thousand. Net assets of disposed subsidiary as of 31 December 2016 amounted to EUR (2,883) thousand.

## 4.

**SIGNIFICANT EVENTS (cont'd)**

On 6 April 2017 the Company, through its Lithuanian subsidiary, acquired 57.71% stake in UAB Biržų butų ūkis. Value of the share purchase amounts to EUR 48 thousand.

On 13 April 2017 the Company, through its subsidiary operating in St. Peterburg, established new company ООО БЕРИНГ (share capital EUR 0.4 thousand). After establishment companies title was changed into ООО "Территория комфорта".

On 21 April 2017 City Service received a lawsuit from Vilnius City municipality's administration and General Procurator's office. Quantum of the lawsuit is EUR 20.6 million. The Company is reasonably convinced that Vilnius City municipality's administration and General Procurator's office lawsuit on recovery of losses is without merit and legally unfounded. According to plaintiffs, loses might have arisen from public procurement agreements. Previously those agreements were investigated by Lithuanian courts and Supreme Court once and for all ruled that agreements are lawful, binding and, absolutely compliant with the laws. In spite of this, the term to file such kind of lawsuit to the court has long expired. As a result, the Company did not form any provisions related to this matter in its financial statements.

On 3 May 2017 City Service SE sold SIA Namserviss, a company active in Latvia. The company was managed by City Service group. City Service SE will continue investments in Latvia in residential facility management market. Value of share sale — purchase agreement is EUR 3 thousand. Net assets of disposed subsidiary as of 31 December 2016 amounted to EUR (6) thousand.

On 4 May 2017, the Extraordinary General Shareholders meeting of City Service SE has been held. The shareholders increased the number of members of the management board of the Company and provided that there might be 1 (one) to 7 (seven) members of the management board and approved new wording of the Statutes.

On 22 May 2017, the Annual General Meeting of Shareholders of the Company has been held. The shareholders approved the set of consolidated annual financial statements of the Company for 2016, distributed the Company's profit for the year 2016.

On 23 May 2017 SIA CS company title was changed into SIA City Service. Other contact details did not change.

On 23 May 2017 SIA City Service company title was changed into SIA City Service Engineering. Other contact details did not change.

On 16 June 2017 the Company, through its Latvian subsidiary, acquired 100 % stake in SIA Laba Enerģija.

On 19 June 2017 the Company, through its Latvian subsidiary, established new company SIA Ēku pārvaldīšanas serviss.

On 23 June 2017 Supervisory Board member Artūras Gudelis resigned from the Supervisory Board.

On 26 June 2017 new management structure of City Service SE was approved. Management board consisted of 5 management board members including chairman of the management board.

On 11 July 2017 the Company, through its Spanish subsidiary, established new companies Euronamas Gestion de Fincas Mrc, S.L., Euronamas Gestion de Fincas Madr, S.L., Esibrok Correduria de Seguros, S.L. and Interlift Mantenimiento y Ascensores, S.L.

4.

**SIGNIFICANT EVENTS (cont'd)**

On 20 July 2017 UAB Mano Sauga company title was changed into UAB Saugos projektų valdymas. Director and other contact details did not change.

On 24 July 2017 was initiated bankruptcy procedure for UAB Saugos projektų valdymas after Court of appeal did not change the ruling by which first instance court adjudged EUR 141 thousand from UAB Saugos projektų valdymas. From this date the Group ceased to consolidate this subsidiary in its Financial statements as from that date the Group has lost its effective control to it. UAB Saugos projektų valdymas is still presented in the Group's structure (Note 1.4) as City Service SE remains shareholder of the subsidiary until the end of bankruptcy process.

On 11 August 2017 reorganization of UAB Mano Būstas was finished. Method of reorganisation was separation. After separation of property, rights and responsibilities was established a new company UAB City Service Engineering. After reorganization UAB Mano Būstas management and other contact details did not change.

5.

**OTHER INTANGIBLE ASSETS**

Movement of other intangible assets in 2017 and 2016 is presented below:

	<b>Total</b>
<b>COST:</b>	
Balance as of 1 January 2016	22,959
Additions arising from acquisitions of subsidiaries	6,664
Additions	1,759
Exchange differences	21
Retirements	(73)
Reclassifications	9
Balance as of 31 December 2016	<u>31,339</u>
Additions arising from acquisitions of subsidiaries	1
Additions	908
Disposals of subsidiaries	(525)
Exchange differences	163
Retirements	(95)
Reclassifications	186
Balance as of 30 September 2017	<u>31,977</u>
<b>ACCUMULATED AMORTISATION:</b>	
Balance as of 1 January 2016	3,914
Charge for the year	1,130
Impairment	289
Exchange differences	(13)
Retirements	(73)
Balance as of 31 December 2016	<u>5,247</u>
Charge for the period	907
Disposals of subsidiaries	(510)
Impairment	(34)
Exchange differences	(10)
Retirements	(40)
Balance as of 30 September 2017	<u>5,560</u>
<b>Net book value as of 30 September 2017</b>	<b>26,417</b>
<b>Net book value as of 31 December 2016</b>	<b>26,092</b>

6.

**PROPERTY, PLANT AND EQUIPMENT**

**MOVEMENT OF FIXED ASSETS IN 2017 AND 2016 IS PRESENTED BELOW:**

	Buildings and land	Vehicles	Other property, plant and equipment	Construction in progress*	Total
<b>COST:</b>					
Balance as of 1 January 2016	9,498	6,867	10,413	39	26,817
Additions arising from acquisitions of subsidiaries	3	18	245	-	266
Additions	334	1,030	1,381	536	3,281
Disposals	(63)	(148)	(15)	-	(226)
Exchange differences	(62)	122	(127)	(5)	(72)
Retirements	-	-	(257)	-	(257)
Reclassifications	449	47	(3)	(88)	405
Balance as of 31 December 2016	10,159	7,936	11,637	482	30,214
Additions arising from acquisition of subsidiaries	3	3	5	-	11
Additions	235	1,558	1,024	738	3,555
Disposals of subsidiaries	-	(399)	(1,078)	-	(1,477)
Disposals	(1,549)	(156)	(74)	(3)	(1,782)
Exchange differences	65	(44)	206	10	237
Retirements	(1)	(48)	(63)	(2)	(114)
Reclassifications	147	15	550	(898)	(186)
Balance as of 30 September 2017	9,059	8,865	12,207	327	30,458
<b>ACCUMULATED DEPRECIATION:</b>					
Balance as of 1 January 2016	1,859	3,446	2,937	-	8,242
Charge for the year	391	1,182	1,575	-	3,148
Impairment	-	-	410	-	410
Disposals	(14)	(135)	(4)	-	(153)
Exchange differences	-	103	(3)	-	100
Retirements	-	-	(225)	-	(225)
Reclassifications	87	20	(21)	-	86
Balance as of 31 December 2016	2,323	4,616	4,669	-	11,608
Charge for the period	326	826	1,179	-	2,331
Disposals of subsidiaries	-	(162)	(928)	-	(1,090)
Disposals	(76)	(15)	(29)	-	(120)
Impairment	-	-	(39)	-	(39)
Exchange differences	17	(2)	18	-	33
Retirements	-	(48)	(34)	-	(82)
Balance as of 30 September 2017	2,590	5,215	4,836	-	12,641
<b>Net book value as of 30 September 2017</b>	<b>6,469</b>	<b>3,650</b>	<b>7,371</b>	<b>327</b>	<b>17,817</b>
<b>Net book value as of 31 December 2016</b>	<b>7,836</b>	<b>3,320</b>	<b>6,968</b>	<b>482</b>	<b>18,606</b>

\* Includes prepayments for tangible and intangible assets.

7.

**TRADE RECEIVABLES**

**TRADE RECEIVABLES OF THE GROUP AS OF 30 SEPTEMBER 2017 AND 31 DECEMBER 2016 WERE AS FOLLOWS:**

	Balance as of 30 September 2017	Balance as of 31 December 2016
Trade receivables, gross	36,638	46,593
Less: allowance for doubtful trade receivables	(8,811)	(9,107)
Less: remeasurement of trade receivables to liquidation value	-	(2,768)
<b>Trade receivables, net</b>	<b>27,827</b>	<b>34,718</b>

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.

8.

**BORROWINGS**

**BORROWINGS OF THE GROUP AND THE COMPANY AS OF 30 SEPTEMBER 2017 AND 31 DECEMBER 2016 WERE AS FOLLOWS:**

Creditor	Currency	Balance as of 30 September 2017	Balance as of 31 December 2016
<u>SHORT-TERM LOANS</u>			
Bank loans	EUR	42	110
Bank loans	PLN	-	224
<b>SHORT-TERM LOANS BALANCE</b>		<b>42</b>	<b>334</b>
<u>LONG-TERM LOANS</u>			
Bank loans	EUR	19,010	20,987
Minus: long term loans of the current year		(3,288)	(2,989)
<b>LONG-TERM LOANS BALANCE</b>		<b>15,722</b>	<b>17,998</b>

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 Luminor Bank AB as well.

9.

**COST OF SALES**

	2017 Q3	2016 Q3
Services of subcontractors and materials used	54,777	54,700
Wages and salaries and social security	32,431	44,893
Depreciation	799	905
Other	2,335	-
<b>Total cost of sales</b>	<b>90,342</b>	<b>100,498</b>

10.

**GENERAL AND ADMINISTRATIVE EXPENSES**

	2017 Q3	2016 Q3
Wages and salaries and social security	12,937	9,902
Depreciation and amortisation	2,439	2,315
Consulting and similar expenses	1,482	1,045
Rent of premises and other assets	1,088	982
Commissions for collection of payments	516	548
Allowance for and write-off of receivables	427	608
Computer software maintenance	375	304
Taxes other than income tax	364	416
Fuel expenses	332	251
Advertising	319	362
Insurance	281	262
Communication expenses	280	242
Business trips and training	253	238
Representational costs	252	236
Utilities	227	172
Transportation	204	256
Bank payments	116	101
Charity and support	68	55
Consulting and tax expenses related with acquisitions and disposals	51	317
Result on remeasuring of assets and liabilities to liquidation value (subsidiary Concentra, see Note 1.8)	(2,025)	-
Other	1,388	1,250
<b>Total general and administrative expenses</b>	<b>21,374</b>	<b>19,862</b>

11.

**OTHER OPERATING INCOME (EXPENSES)**

	2017 Q3	2016 Q3
Income from rent	113	145
(Loss) gain on disposal of property, plant and equipment	(650)	20
Depreciation of rented assets	(16)	(36)
Other income, net	187	(168)
<b>Total other operating activity</b>	<b>(366)</b>	<b>(39)</b>

12.

**FINANCE INCOME AND (EXPENSES)**

	2017 Q3	2016 Q3
Interest income	424	725
Foreign currency exchange gain	201	-
Other financial income	-	55
<b>Total finance income</b>	<b>625</b>	<b>780</b>
Interest (expenses)	(399)	(512)
Foreign currency exchange (loss)	(153)	(125)
Loss on disposal of investments	(433)	-
Other financial (loss)	-	(12)
<b>Total finance (expenses)</b>	<b>(985)</b>	<b>(649)</b>
<b>Financial activity, net</b>	<b>(360)</b>	<b>131</b>

13.

**DIVIDENDS PER SHARE**

	2017 Q3	2016 Q3
Approved dividends	19,598	3,161
Number of shares (in thousand)	31,610	31,610
<b>Approved dividends per share</b>	<b>0.62</b>	<b>0.10</b>



14.

**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);
- A. Gudelis, T. Kleiva, E. Paulauskas, V. Turonis, A. Jablonskienė, A. Górecka – Kolasa, V. Junevičius, 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 nine months of 2017 were sold in accordance of arm's length principle.

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

2017 Q3	Purchases	Sales	Receivables and prepayments	Payables
UAB ICOR	361	10	-	383
Subsidiaries of UAB ICOR:	-	-	-	-
AB Axis Industries	287	240	51	213
Other subsidiaries of UAB ICOR	306	294	273	349
<b>Total</b>	<b>954</b>	<b>544</b>	<b>324</b>	<b>945</b>

15.

## SUBSEQUENT EVENTS

On 1 October 2017 the Company, through its Spanish subsidiary, acquired company Administración de Fincas Jimenez, S.L. The main companies activity is administration of dwelling-houses in Spain.

On 11 October 2017 Esibrok Correduria de Seguros, S.L. company title was changed into Eurodrauda Correguria de Seguros, S.L.U. Other contact details did not change.

On 17 October 2017 the Supervisory Board of the Company elected Ignas Krasauskas as a new Management Board member. Management board consists of 6 management board members including chairman of the management board.

On 1 November 2017 the Company through its subsidiary in Spain acquired Jenasa, a company, providing administration services to Madrid's apartment building owners communities. The investment amounted to EUR 1,000 thousand.

**City Service SE**

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