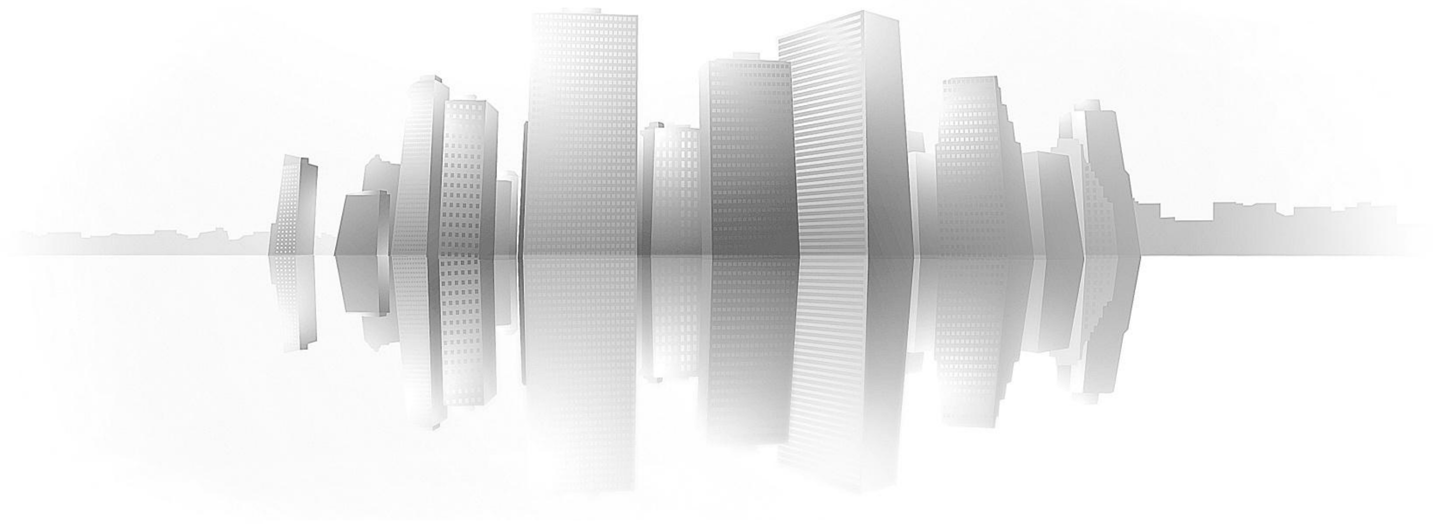

City Service AB

Consolidated and parent company's interim financial statements for the twelve months of 2009 (unaudited)

Prepared in accordance with the Rules of preparation and submission of periodic and additional information of the Lithuanian Securities Commission

February 2010

Confirmation of responsible persons to the shareholders of the company and Lithuanian securities commission

Following the Law on Securities of Republic of Lithuania and rules of preparation and submission of periodic and additional information of Lithuanian Securities Commission hereby confirm that City Service AB Interim Consolidated and parents company's Financial Statements for the twelve months of 2009, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of activity results, assets, liabilities and financial position of City Service AB and the Group as well. To our knowledge, there are no any concealed essential facts herein which may influence the value of the shares.

General Manager Žilvinas Lapinskas

Chief financial officer and head of administration Jonas Janukėnas

Balance sheet

	Group		Company	
	As of 31 December 2009	As of 31 December 2008	As of 31 December 2009	As of 31 December 2008
Assets				
Non-current assets				
Goodwill	13,772	16,711	-	-
Other intangible assets	76,548	5,743	37	77
Property, plant and equipment	27,553	16,974	3,042	2,682
Investment property	609	658	-	-
Investments into subsidiaries	-	-	46,163	30,177
Investments into associates	311	311	220	220
Non-current financial assets receivables and prepayments	578	4,760	208	2,172
Deferred income tax asset	4,551	2,325	395	324
Total non-current assets	**123,922**	**47,482**	**50,065**	**35,652**
Current assets				
Inventories	2,974	6,830	329	1,103
Prepayments	3,147	6,532	44	4,514
Prepayment to related parties	-	102	102	102
Trade receivables	77,880	57,896	33,522	36,244
Receivables from related parties(including loans granted)	5,028	7,645	53,651	34,408
Other receivables and current assets	10,184	6,750	120	2,233
Cash and cash equivalents	5,186	5,386	371	613
Total current assets	**104,399**	**91,141**	**88,139**	**79,217**
Total assets	**228,321**	**138,623**	**138,204**	**114,869**

Balance sheet (cont'd)

	Group		Company	
	As of 31 December 2009	As of 31 December 2008	As of 31 December 2009	As of 31 December 2008
Equity and liabilities				
Equity attributable to equity holders of the Company				
Share capital	19,110	19,110	19,110	19,110
Reserves and share premium	25,367	25,042	25,367	25,031
Foreign currency translation	(1,184)	(644)	-	-
Retained earnings (deficit)	27,405	15,483	26,759	15,547
	70,698	**58,991**	**71,236**	**59,688**
Minority interests	18	266	-	-
Total equity	**70,716**	**59,257**	**71,236**	**59,688**
Liabilities				
Non-current liabilities				
Non-current borrowings and financial lease obligations	21,878	7,772	21,780	8,872
Deferred income tax liabilities	16,242	2,999	-	-
Non-current payables	656	112	226	-
Total non-current liabilities	**38,776**	**10,883**	**22,006**	**8,872**
Current liabilities				
Current portion of non-current borrowings and financial lease obligations, short term loans	13,905	4,934	7,381	4,738
Trade payables	66,194	39,377	18,482	22,199
Payables to related parties	8,759	5,806	11,966	9,880
Advances received	12,223	10,433	3,925	5,990
Other current liabilities	17,748	7,933	3,208	3,502
Total current liabilities	**118,829**	**68,483**	**44,962**	**46,309**
Total equity and liabilities	**228,321**	**138,623**	**138,204**	**114,869**

Income statement (for the period from 1 January to 31 December)

	Group		Company	
	2009	2008	2009	2008
Sales	375,132	263,850	125,919	140,937
Cost of sales	(310,224)	(217,299)	(101,434)	(117,693)
Gross profit (loss)	**64,908**	**46,551**	**24,485**	**23,244**
General and administrative expenses	(45,506)	(34,276)	(14,470)	(15,458)
Other operating income (expenses)	1,203	165	81	205
Profit (loss) from operations	**20,605**	**12,440**	**10,096**	**7,991**
Income from financial and investment activities, net	(3,147)	(1,406)	5,644	1,865
Profit (loss) before tax	**17,458**	**11,034**	**15,740**	**9,856**
Income tax	(3,359)	(2,348)	(2,091)	(1,236)
Net profit (loss)	**14,099**	**8,686**	**13,649**	**8,620**
Attributable to:				
The shareholders of the Company	14,091	8,660		
Minority interests	8	26		
	14,099	**8,686**		

Income statement (for the period from 1 October to 31 December)

	Group		Company	
	2009 4th Q	2008 4th Q	2009 4th Q	2008 4th Q
Sales	121,695	89,677	40,921	52,240
Cost of sales	(103,113)	(73,940)	(34,330)	(42,324)
Gross profit (loss)	**18,582**	**15,737**	**6,591**	**9,916**
General and administrative expenses	(14,761)	(12,497)	(3,953)	(4,286)
Other operating income (expenses)	2,123	(73)	(23)	(256)
Profit (loss) from operations	**5,944**	**3,167**	**2,615**	**5,374**
Income from financial and investment activities, net	105	(1,361)	234	246
Profit (loss) before tax	**6,049**	**1,806**	**2,849**	**5,620**
Income tax	(1,042)	(689)	(570)	(727)
Net profit (loss)	**5,007**	**1,117**	**2,279**	**4,893**
Attributable to:				
The shareholders of the Company	5,005	1,111		
Minority interests	2	6		
	5,007	**1,117**		

Statement of changes in equity

Group	Share capital	Share premium	Legal reserve	Foreign currency translation	Retained earnings (deficit)	Total	Minority interest	Total
Balance as of 31 December 2007	**19,110**	**23,456**	**1,061**	**(54)**	**10,406**	**53,979**	**240**	**54,219**
Net profit for the year	-	-	-	-	8,660	8,660	26	8,686
Income (expenses) for the year recognised directly in equity	-	-	-	(590)	-	(590)	-	(590)
Total income and (expense) for the year	-	-	-	(590)	8,660	8,070	26	8,096
Tranfer to legal reserve	-	-	525	-	(525)	-	-	-
Dividends declared	-	-	-	-	(3,058)	(3,058)	-	(3,058)
Balance as of 31 December 2008	**19,110**	**23,456**	**1,586**	**(644)**	**15,483**	**58,991**	**266**	**59,257**
Net profit for the year	-	-	-	-	14,091	14,091	8	14,099
Income (expenses) for the year recognised directly in equity	-	-	-	(540)	-	(540)	-	(540)
Total income and (expense) for the year	-	-	-	(540)	14,091	13,551	8	13,559
Transfer to legal reserve	-	-	325	-	(325)	-	-	-
Dividends declared	-	-	-	-	(2,100)	(2,100)	-	(2,100)
Acquisition of minority	-	-	-	-	256	256	(256)	-
Balance as of 31 December 2009	**19,110**	**23,456**	**1,911**	**(1,184)**	**27,405**	**70,698**	**18**	**70,716**

Statement of changes in equity

Company	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings (deficit)	Total
Balance as of 31 December 2007	**19,110**	**23,456**	**1,050**	**-**	**10,510**	**54,126**
Total income and (expense) for the year	-	-	-	-	8,620	8,620
Tranfer to legal reserve	-	-	525	-	(525)	-
Dividends declared	-	-	-	-	(3,058)	(3,058)
Balance as of 31 December 2008	**19,110**	**23,456**	**1,575**	**-**	**15,547**	**59,688**
Total income and (expense) for the year	-	-	-	-	13,649	13,649
Transfer to legal and other reserves	-	-	336	6,000	(6,336)	-
Dividends declared	-	-	-	-	(2,101)	(2,101)
Balance as of 31 December 2009	**19,110**	**23,456**	**1,911**	**6,000**	**20,759**	**71,236**

Cash flow statement

		Group 2009	Group 2008	Company 2009	Company 2008
I.	**Cash flows from (to) operating activities**				
I.1.	Net profit	14,099	8,686	13,649	8,620
	Adjustments for non-cash items:				
I.2.	Income tax expenses	3,359	2,348	2,091	1,236
I.3.	Depreciation and amortisation	4,845	2,024	1,132	960
I.4.	Impairment and discounting of accounts receivable	6,678	3,091	-	-
I.5.	Financial activity, net	2,327	(367)	(6,013)	(1,874)
		31,308	15,782	10,859	8,942
	Changes in working capital:				
I.6.	Decrease in inventories	4,583	1,392	773	115
I.7.	Decrease (increase) in receivables and other current assets	(25,153)	(19,623)	(24,328)	(2,921)
I.8.	Decrease in prepayments	4,126	(1,061)	4,306	(172)
I.9.	(Decrease) in trade payables and payables to related parties	7,116	4,416	24,144	9,960
I.10.	Income tax (paid)	(7,703)	(3,379)	(2,190)	(1,205)
I.11.	(Decrease) in advances received and other current liabilities	2,154	(9,912)	3,557	(9,832)
	Net cash flows from (to) operating activities	**16,431**	**(12,385)**	**17,121**	**4,887**
II.	**Cash flows (to) investing activities**				
II.1.	(Acquisition) of non-current assets (except investments)	(3,248)	(1,444)	(1,485)	(767)
II.2.	Proceeds from sale of non-current assets (except investments)	-	1,647	34	49
II.3.	(Acquisition) of investments in subsidiaries and associates (net of cash acquired in the Group)	(16,534)	(10,400)	(11,068)	(12,368)
II.4.	(Acquisition) decrease in other financial assets	-	(2,000)	-	(2,000)
II.5.	Dividend received	-	-	5,225	840
II.6.	Interest received	135	420	135	163
II.7.	Loans granted	-	-	(24,230)	(15,719)
	Net cash flows (to) investing activities	**(19,647)**	**(11,777)**	**(31,389)**	**(29,802)**
III.	**Cash flows (to) from financing activities**				
III.1.	Dividends (paid)	(637)	(765)	(639)	(765)
III.2.	Proceeds from IPO, net of issuance cost	-	-	-	-
III.3.	(Repayment) of loans and financial lease liabilities	(19,031)	(991)	(5,082)	(685)
III.4.	Proceeds from loans	25,496	11,447	20,606	12,759
III.5.	Interest (paid)	(2,812)	(225)	(859)	(332)
	Net cash flows from (to) financial activities	**3,016**	**9,466**	**14,026**	10,977
IV.	**Net increase (decrease) increase in cash and cash equivalents**	**(200)**	**(14,696)**	**(242)**	**(13,938)**
V.	**Cash and cash equivalents at the beginning of the period**	**5,386**	**20,082**	**613**	**14,551**
VI.	**Cash and cash equivalents at the end of the period**	**5,186**	**5,386**	**371**	**613**

Notes to the financial statements

1. General information

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

The Company together with the controlled subsidiaries is the leader in public utilities and facility management market in the Baltic States. The Company and its subsidiaries provide the facilities management services in the following cities and their regions: in Lithuania – in the cities and towns such as Vilnius, Kaunas, Klaipeda, Siauliai, Alytus, Utena, Marijampole, Palanga, Šilutė, Pagėgiai and regions of these cities and towns; in Latvia – in the city of Riga and other regions; in the Russian Federation – in the city of Saint Petersburg and in Leningrad district. In Ukraine, in the city of Kiev, the subsidiary still had not started to render the facilities management services due to uncertainty of legal and economical conditions of building administration.

1.1. Activities

The Company and its subsidiaries provide the following services: (i) administration, (ii) maintenance of engineering systems (heat and hot water supply, water supply and sewerage, ventilation and cooling, maintenance of power supply systems, etc.); (iii) management of energy resources; (iv) services in the field of technical audits of buildings, consultations on the issues of technical service and usage of energy resources; (iv) management of various subcontractors (interior and exterior cleaning, security, repair works and renovation, maintenance of gas supply systems, elevators, etc.); (vi) management of the projects on heating facility renovation; (vii) services on healthcare and security for employees; (viii) management of waste and recycling.

1.2. Share capital of the Company

The share capital of the Company was LTL 19,110 thousand as of 31 December 2009. It is divided into 19,110 thousand ordinary shares with the nominal value of LTL 1 each. All shares of the Company are paid up. The Company does not have any other classes of shares than ordinary shares mentioned above, there are no any restrictions of share rights or special control rights for the shareholders settled in the Articles of Association of the Company. No shares of the Company are held by itself or its subsidiaries. No convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital.

On 31 December 2009 all 19,110,000 ordinary shares of the Company are included into Official List of Vilnius Stock Exchange (ISIN Code of the shares is LT0000127375). Trading Code of the shares on Vilnius Stock Exchange is CTS1L.

1.3. Shareholders of the Company

On 31 December 2009 the total number of shareholders of the Company was 1419.

On 31 December 2009 directly or together with the associated persons more than 5 percent of Company's share capital was owned by Rubicon group UAB (at the date of issue of this report named ICOR UAB), company code 300021944, address Konstitucijos av. 7, Vilnius, and below in the table listed individuals, who control the mentioned company as at 31 December 2009.

	Number of shares held	Owned percentage of the share capital and votes, %
Rubicon group UAB (currently ICOR UAB)	13,303,544	69.62%
Rubicon group UAB (currently ICOR UAB) shareholders:		
Andrius Janukonis	146,434	0.766%
Arūnas Mačiuitis	146,432	0.766%
Rimantas Bukauskas	115,403	0.603%
Gintautas Jaugielavičius	146,432	0.766%
Linas Samuolis	146,432	0.766%
Remigijus Lapinskas	50,000	0.260%
Other private and institutional shareholders	5,055,323	26.45%
Total	19,110,000	100%

1.4. City Service group

On 31 December 2009 the City Service AB group consisted of City Service AB and the following subsidiaries (hereinafter referred to as „the Group"):

Company	Country	Share of the stock held by the Group as of 31 December 2009	Share of the stock held by the Group as of 31 December 2008	Main activities
UAB Žaidas	Lithuania	99%	99%	Administration of dwelling-houses
UAB Vingio valdos	Lithuania	100%	100%	Administration of dwelling-houses
UAB Buitis be rūpesčių	Lithuania	100%	100%	Administration of dwelling-houses
UAB Sostinės Naujienos	Lithuania	100%	100%	Dormant
UAB Ąžuolyno valda	Lithuania	100%	100%	Administration of dwelling-houses
UAB Marių valdos	Lithuania	100%	100%	Administration of dwelling-houses
UAB Pempininkų valdos	Lithuania	100%	87.3%	Administration of dwelling-houses
UAB Mūsų namų valdos	Lithuania	100%	100%	Administration of dwelling-houses
UAB Namų priežiūros centras	Lithuania	100%	100%	Administration of dwelling-houses
UAB Pašilaita	Lithuania	100%	100%	Administration of dwelling-houses
ОАО Сити Сервис	Russia	100%	100%	Administration of dwelling-houses
ЗАО Сити Сервис	Russia	100%	100%	Administration of dwelling-houses
ОАО Спец РНУ" (full name – ОАО Специализированное ремонтно-наладочное управление)	Russia	100%	100%	Construction and engineering
SIA Riga City Service	Latvia	100%	100%	Administration of dwelling-houses
ZAT Kiev City Service	Ukraine	100%	100%	Administration of dwelling-houses
UAB Sinsta	Lithuania	100%	100%	Dormant
UAB Atidumas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Ūkvedys	Lithuania	100%	100%	Administration of dwelling-houses
UAB Šiaulių butų remonto tarnyba	Lithuania	100%	100%	Construction
UAB Lazdynų būstas	Lithuania	100%	-	Administration of dwelling-houses
UAB Šilutės butų ūkis	Lithuania	99.84%	19.82%	Administration of dwelling-houses
UAB Vilko peda	Lithuania	100%	-	Administration of dwelling-houses
UAB Fervėja	Lithuania	100%	-	Dormant
UAB Antakalnio ūkis	Lithuania	100%	-	Administration of dwelling-houses
UAB Naujamiesčio būstas	Lithuania	100%	-	Administration of dwelling-houses
UAB Karoliniškių būstas	Lithuania	100%	-	Administration of dwelling-houses
UAB Viršuliškių būstas	Lithuania	100%	-	Administration of dwelling-houses
ООО Жилкомсервис г. Ломоносов	Russia	80%	-	Administration of dwelling-houses
ООО Жилкомсервис № 3 Фрунзенского района	Russia	80%	-	Administration of dwelling-houses
ООО Жилкомсервис № 2 Невского района	Russia	80%	-	Administration of dwelling-houses

As it is indicated in the Group subsidiaries table, the Group in the period of twelve months of 2009 has been enlarged by:

- Antakalnio ūkis UAB, company code 121449152; Karoliniškių būstas UAB, company code 121457971; Naujamiesčio būstas UAB, company code 121452091; Viršuliškių būstas UAB, company code 121446576. All the listed companies exercise administration and exploitation of dwelling-houses in Vilnius.
- Three companies in St. Petersburg, Russian Federation, that are under control of OAO Сити Сервис, which has 80% of the capital of the following companies: ООО Жилкомсервис г. Ломоносов, ООО Жилкомсервис № 3 Фрунзенского района ir ООО Жилкомсервис № 2 Невского района.

1.5. Company's board

As of 31 December 2009, the Board of the Company comprised of the following persons:

Name and surname	Position	Start of term	End of term
Andrius Janukonis	Board Chairman	February 23, 2009	October 6, 2013
Arūnas Mačiuitis	Board Member	October 6, 2005	resigned on January 18, 2010
Gintautas Jaugielavičius	Board Member	October 6, 2005	October 6, 2013
Darius Leščinskas	Board Member	February 23, 2009	October 6, 2013

Andrius Janukonis

At present he is a member of the Board of UAB Litesko (since 1999), a member of the Board of UAB Vilniaus Energija (since 2002), as well as chairman of the council of the Lithuanian Heat Supplier's Association (since 2005) and a member of the Lithuanian Committee of the World Energy Council since 2005). He works as a consultant for Rubicon Group UAB (currently ICOR UAB) and is the chairman of the Board of the Company (since 2004). On 31 December 2009 Andrius Janukonis held the title to 146,432 shares of the Company and was also a shareholder of UAB Rubicon Group (currently ICOR UAB). Within the report term the Company did not pay any compensation or other amounts to this Board Member.

Gintautas Jaugielavičius

Currently he is a consultant and a member of the Board (since May 2004) of Rubicon group UAB, currently named ICOR UAB. As at 31 December 2009 Gintautas Jaugielavičius owned 146,432 shares of the Company and was a shareholder of Rubicon group UAB (currently ICOR UAB). Within the report term the Company did not pay any compensation or other amounts to this Board Member.

Arūnas Mačiuitis

On 31 December 2009 he was a consultant and a member of the Board (since May 2004) of Rubicon group UAB, currently named ICOR UAB. As at 31 December 2009 Arūnas Mačiuitis owned 146,432 shares of the Company and was a shareholder of Rubicon group UAB (currently ICOR UAB). Within the report term the Company did not pay any compensation or other amounts to this Board Member.
On 18 January 2010 Arūnas Mačiuitis resigned from the position of the Board Member of the Company, as he decided to stop his membership at the Board of the Company and a shareholder position.

Darius Leščinskas

Darius Leščinskas works as a consultant of Rubicon Group UAB (currently ICOR UAB) and is a member of the Board of the Company (since 2004). As at 31 December 2009 he did not own shares of the Company whereas was a shareholder of Rubicon Group UAB (currently ICOR UAB). Within the report term the Company did not pay any compensation or other amounts to this Board Member.

1.6. Company's management

As of 31 December, 2009 and as of date of submission of this report, the key managers of the Company and of the Group are as follows:

Name and surname	Position within the Company	Start of work
Žilvinas Lapinskas	General Manager	March 1999
Vytautas Turonis	Executive Manager for Lithuania	May 2004
Jonas Janukėnas	Financial and Administrative Director	May 2007
Arūnas Kubilius	Foreign Markets Head	July 2002

They do not control any shares of the Company.

Žilvinas Lapinskas

Žilvinas Lapinskas, general manager of the Company, has managed the building sector of the Company since the very beginning (in the capacity of the sales manager since 1999, as the head of building sector management department since 2002, and as the general manager since 2004).

The current key task for the general manager is the management of the development of the Group both in Lithuania and abroad. He is also direct manager of the Group heating sector renovation projects.

The Company manager is the sole management body of the Company. The Company manager acts in compliance with the laws, other legislation, Company statutes, decisions of the general meeting and job description.
The Company manager shall be elected and removed from office by the Company board; the board shall further set the remuneration, approve job description, provide incentives and impose penalties. The Company manager shall take up the office upon election. The Company manager shall be a party to the employment contract, to be signed, on account of the company, by the chairman of the board or another person authorised by the board. In the event the body that has elected the manager passes a decision on his removal, the employment contract concluded shall be terminated.

Vytautas Turonis

Vytautas Turonis, managing director Lithuania, is in charge of the Group activity in Lithuania, he is also, together with the general manager, is in charge of the Group development in Lithuania. Vytautas Turonis has been with Company since 2004; his previous position was the director of the markets' development department.

Jonas Janukėnas

Jonas Janukėnas, director for finance and administration, is in charge of the management of the Group financial resources and the work of administrative staff. He has been with the Company since 2007.

Arūnas Kubilius

Arūnas Kubilius, manager for foreign markets at City Service AB and general manager at ОАО Сити Сервис (OAO City Service) is in charge of current activity of the Group entities operating in Russia. He has first started at the Company as the director of building sector management department (since 2002).

1.7. Activity and segment information

Information on main activity segments:

	2009			2008		
	Heating infrastructure renovation, extra works	Buildings' administration		Heating infrastructure renovation, extra works	Buildings' administration	
		Resale of utility services	Administration services		Resale of utility services	Administration services
Income: Company	32,620	-	93,299	56,064	-	84,873
Income: Group	32,620	101,361	241,151	56,064	42,858	164,928

Information on main geographical segments for the Group:

	2009		2008	
	Baltic states	CIS States	Baltic states	CIS States
Revenue	185,713	189,419	181,883	81,967
Net profit (loss)	8,569	5,530	9,977	(1,291)

Main activity indicators for the Group:

	2009	2008	Change (%)
Area of multi-flat apartment buildings under administration (million square meters)	15.6	8.9	75%
Area of public, commercial building and a typical properties under administration (million square meters)	2.5	2.5	0%
Number of employees	3,234	1,644	109%
Sales for the period	375,132	263,850	42%
Pardavimai (pagrindinė veikla)*	273,771	220,992	24%
Gross margin*	23.7%	21.1%	12%
EBITDA margin*	9.3%	6.5%	43%
EBIT margin*	7.5%	5.6%	34%
Net margin*	5.1%	3.9%	32%
Number of shares (thousand)	19,110	19,110	0%
Return on equity	21.7%	15.3%	42%
Return on assets	7.7%	6.7%	15%
Financial Net Debt to equity**	43%	10%	N/A

* Calculated by reducing sales for the resale of utility services;
** Interest bearing debt (net of cash balance) to Shareholders' equity.

2. Accounting policies

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

3. Goodwill

	Group
Cost:	
Balance as of 31 December 2007	11,976
Additions	5,025
Balance as of 31 December 2008	17,001
Additions	55,145
Balance as of 31 December 2009	72,146
Impairment:	
Balance as of 31 December 2007	290
Impairment for the year	-
Balance as of 31 December 2008	290
Impairment for the year	58,084
Balance as of 31 December 2009	58,374
Net book value as of 31 December 2009	**13,772**
Net book value as of 31 December 2008	**16,711**

Acquisitions in 2009

During the twelve months of the year 2009 the Company has acquired 6 new subsidiaries in Lithuania and 6 buildings' administration companies in St. Petersburg. On 6 February 2009 UAB Fervėja was acquired, at the same time appending UAB Būsto investicijų valdymas, UAB Antakalnio ūkis, UAB Karoliniškių būstas, UAB Naujamiesčio būstas, UAB Lazdynų būstas.

Moreover, in the beginning of June 80% of the following companies in St. Petersburg was acquired: ООО Жилкомсервис г. Ломоносов, ООО Жилкомсервис № 3 Фрунзенского района, ООО Жилкомсервис № 2 Невского района, ООО Жилкомсервис № 2 Центрального района, ООО Жилкомсервис № 1 Красногвардейского района and ООО Жилкомсервис № 1 Кировского района. The latter three companies were sold on 28 of August, with a gain of LTL 280 thousand; and not included into consolidation, as were primarily purchased for sale.

The differences between the amounts paid and the fair values of assets acquired and liabilities and contingent liabilities assumed for the acquisitions of 2009 were as follows:

	Fervėja UAB	**ООО Жилкомсервис г. Ломоносов**	**ООО Жилкомсервис № 3 Фрунзенского района**	**ООО Жилкомсервис № 2 Невского района**
Date of acquisition	**1 January, 2009**	**1 June, 2009**	**1 June, 2009**	**1 June, 2009**
Fair value of acquired assets, liabilities and contingent liabilities attributable to the Group	(15,942)	(4,069)	(5,664)	(9,117)
Goodwill	28,910	7,234	7,296	11,705
Total purchase consideration	**12,968**	**3,165**	**1,632**	**2,588**
Cash acquired	754	123	515	247
Total purchase consideration, net of cash acquired	**12,214**	**3,042**	**1,117**	**2,341**

All purchase consideration has been settled in cash.

4. Other intangible assets

Movement of other intangible assets in 2009 and 2008 is presented below:

	Group	Company
Cost:		
Balance as of 31 December 2007	1,428	663
Additions arising from acquisitions of subsidiaries	1	-
Additions	5,266	18
Disposals	(2)	-
Exchange differences	(98)	-
Retirements	(317)	(307)
Balance as of 31 December 2008	6,278	374
Additions arising from acquisitions of subsidiaries	72,600	-
Additions	26	19
Disposals	(8)	(1)
Balance as of 31 December 2009	78,896	392
Accumulated amortisation:		
Balance as of 31 December 2007	663	545
Charge for the year	224	59
Disposals	(1)	-
Exchange differences	(34)	-
Retirements	(317)	(307)
Balance as of 31 December 2008	535	297
Charge for the year	1,684	59
Disposals	(8)	(1)
Exchange differences	-	-
Retirements	137	-
Balance as of 31 December 2009	2,348	355
Net book value as of 31 December 2009	**76,548**	**37**
Net book value as of 31 December 2008	**5,743**	**77**

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

5. Investment property

Movement in the Group's investment property during 2009 and 2008 can be specified as follows:

	Buildings
Cost:	
Balance as of 1 January 2008	-
Reclassifications from property, plant and equipment	759
Balance as of 31 December 2008	759
Reclassifications from property, plant and equipment	(29)
Balance as of 31 December 2009	730
Accumulated depreciation:	
Balance as of 1 January 2008	-
Reclassifications from property, plant and equipment	83
Charge for the year	18
Balance as of 31 December 2008	101
Reclassifications from property, plant and equipment	-
Charge for the year	20
Balance as of 31 December 2009	121
Net book value as of 31 December 2009	**609**

Investment property includes part of office building in Vilnius and premises in Alytus owned by UAB Pašilaita leased to other entities. The expenses related to investment property comprising of depreciation charge are included under the cost of sales caption in the income statement. The fair value of investment property as of 31 December 2009 is estimated by the management to approximate LTL 1 million.

As of 31 December 2009 investment property of the Group with a net book value of LTL 609 thousand was pledged to banks as a collateral for the loans.

6. Investments into subsidiaries

The Company's investments in subsidiaries stated at cost as of 31 December 2009 and 31 December 2008 are as follows:

	2009	2008
Cost of investments at the beginning of the year	30,177	17,736
Acquisition of UAB Fervėja	12,968	-
Acquisition of minority of UAB Pempininkų valdos	100	-
Increase of authorised share capital of OAO City Service	1,133	-
Set-off of loss of OAO City Service carried from 2008	1,785	-
Acquisition of UAB Lazdynų būstas	-	7,551
Acquisition of UAB Vilko pėda	-	2,740
Acquisition of UAB Šilutės Butų Ūkis	-	2,087
Transfer of UAB Šilutės Butų Ūkis shares before 1 January 2008 from other financial assets	-	73
Disposal of UAB Fervėja	-	(10)
Investment value at the period end	**46,163**	**30,177**

7. Borrowings

The list of borrowings of the Group and the Company as of 31 December 2009 and 31 December 2008 are as follows:

Creditor	Currency of the loan	Amount of the loan (in currency of the loan)	Final repayment date	Balance as of 31 December 2009 (in LTL)	Balance as of 31 December 2008 (in LTL)
Swedbank, AB (short-term overdraft)	EUR	1,448	25 August 2010	5,000	5,000
Swedbank, AB (short-term overdraft)	LTL	887	25 August 2010	887	2,135
Swedbank, AB (long-term loan of City Service AB)	EUR	8,331	25 August 2013	28,765	4,313
Loans from subsidiaries (eliminated in the accounts of the Group)	LTL	800	31 December 2009	800	3,950
Group account (eliminated in the accounts of the Group)*	Unspeci-fied	Unspecified	Unspecified	3,430	1,312
Less: Current portion of loans from subsidiaries**				(3,814)	(3,950)
Less: Current portion of other non-current borrowings in the Company				(13,419)	(4,211)
Less: Current portion of other non-current borrowings in the Group				(7,116)	(4,211)
Non-current borrowings excluding current portion in the Company				**21,649**	**8,549**
Non-current borrowings excluding current portion in the Group				**21,649**	**7,237**

* On 25 August 2008 the Company and its subsidiaries operating in Lithuania signed an overdraft facility agreement with Swedbank, AB under which the Group can utilise net cash balances of the Company and its subsidiaries operating in Lithuania as inter-group borrowings.
**Current portion of borrowings from subsidiaries as of 31 December 2009 has been reported under payables to related parties caption in the Company (the amount was eliminated in consolidated accounts of the Group).

For the loan and overdraft facility the Company and its subsidiaries have pledged to the bank real estate (market value LTL 18,175 thousand as of 31 December 2009) and bank accounts of the Company and its subsidiaries in Lithuania.

8. Financial lease

The assets leased by the Group and the Company under financial lease contracts mainly consist of vehicles. Apart from the lease payments, other obligations under lease contracts are maintenance and insurance. The net book value of the vehicles acquired under financial lease amounted to LTL 952 thousand as of 31 December 2009 in the Group and LTL 533 thousand in the Company (LTL 1,629 thousand in the Group and LTL 1,226 thousand in the Company as of 31 December 2008). The terms of the financial lease agreements are from 3 to 5 years. The currencies of the financial lease agreements are euro and litas.

As of 31 December 2009 the interest rate on the financial lease obligations is 6 month EUR LIBOR + 1.2 % - 3.8 %; 6 month EURIBOR + 1.6 % - 4.1 %; 3 month EURIBOR + 3.0 %; or 6 month VILIBOR + 2.3 %.

Future minimal lease payments under the above mentioned financial lease contracts as of 31 December 2009 are as follows:

	Group	Company
Within one year	515	282
From one to five years	238	141
Total financial lease obligations	753	423
Interest	(38)	(27)
Present value of financial lease obligations	**715**	**396**
Financial lease obligations are accounted as:		
- current	486	265
- non-current	229	131

9. Cost of sales

	Group		Company	
	2009	2008	2009	2008
Services of subcontractors and materials used	247,330	175,836	80,508	101,406
Wages and salaries and social security	53,099	35,777	17,638	15,238
Cost of goods sold	6,189	4,803	632	1,049
Depreciation	420	432	-	-
Other	3,186	451	2,656	-
	310,224	**217,299**	**101,434**	**117,693**

10. General and administrative expenses

	Group		Company	
	2009	2008	2009	2008
Wages and salaries and social security	17,235	13,733	5,071	5,335
Allowance for and write-off of receivables	5,551	3,094	-	-
Rent of premises and other assets	1,822	2,412	1,112	1,390
Consulting and similar expenses	2,041	1,961	884	1,027
Fuel expenses	508	1,677	134	1,438
Depreciation and amortisation	4,364	1,546	1,089	914
Communication expenses	868	853	289	459
Advertising	678	846	557	602
Business trips and training	595	808	546	640
Vacation pay accrual	1,415	725	298	280
Transportation	445	562	209	381
Utilities	677	483	250	251
Commissions for collection of payments	505	442	77	845
Insurance	485	393	225	226
Charity and support	453	351	443	348
Computer software maintenance	658	322	44	42
Taxes other than income tax	352	234	22	96
Other	6,854	3,834	3,220	1,184
	45,506	**34,276**	**14,470**	**15,458**

11. Other operating income (expenses), net

	Group		Company	
	2009	2008	2009	2008
Income from rent (net)	259	707	253	285
Gain (loss) on disposal of property, plant and equipment	23	17	4	2
Depreciation of rented assets	(61)	(46)	(47)	(46)
Other income (expenses), net	982	(513)	(129)	(36)
	1,203	**165**	**81**	**205**

12. Financial income (expenses), net

	Group		Company	
	2009	2008	2009	2008
Interest income	215	420	1,768	1,446
Foreign currency exchange gain	610	5	71	5
Gain on investment sales	280	-	-	-
Dividend income	-	-	5,225	840
Other financial income	309	158	13	51
Total financial income	**1,414**	**583**	**7,077**	**2,342**
Interest (expenses)	(2,325)	(226)	(1,199)	(386)
Foreign currency exchange loss	(826)	(1,619)	(206)	(4)
Long-term loans discounting effect	(913)	-	-	-
Other financial (expenses)	(497)	(144)	(28)	(87)
Total financial (expenses)	**(4,561)**	**(1,989)**	**(1,433)**	**(477)**
	(3,147)	**(1,406)**	**5,644**	**1,865**

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 and transactions with them in 2009 were as follows (see also the table below):

- UAB Rubicon Group (the shareholder of the Company);
- Subsidiaries of UAB Rubicon Group (same ultimate controlling shareholder);
- Subsidiaries of AB City Service (subsidiaries, see also Note 1 for details)
- Mr. Ž. Lapinskas (general director of the Company).

Transactions with related parties include sales and purchases of goods and services in the ordinary course of business, and acquisitions and disposals of property, plant and equipment.

The sales price for the intercompany subsidiary purchase and sale transactions are established by the management and shareholders of the UAB Rubicon Group and AB City Service considering the results of independent valuations, if any, undertaken for the purposes of the transfer pricing regulations - which may not always be at their fair value.

Property, plant and equipment to related parties in 2009 and 2008 was sold for the net book value.

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

13. Related party transactions (cont'd)

2009

Group	**Purchases**	**Sales**	**Receivables and prepayments**	**Loans granted**	**Payables**
UAB Rubicon Group (currently ICOR UAB)	2,454	58	1,160	-	37
Subsidiaries of UAB Rubicon Group:					
AB Axis Industries	18,699	1,122	48	-	6,837
Other subsidiaries of UAB Rubicon Group	9,648	4,710	3,605	36	1,885
Management of the Company	-	8	9	150	-
Shareholders of the Company	-	4	20	-	-
	30,801	**5,902**	**4,842**	**186**	**8,759**

Company	**Purchases**	**Sales**	**Receivables and prepayments**	**Loans granted**	**Payables**
UAB Rubicon Group (currently ICOR UAB)	2,176	58	1,160	-	-
Subsidiaries of UAB Rubicon Group:					
AB Axis industries	18,615	1,108	3	-	6,990
Other subsidiaries of UAB Rubicon Group	1,141	3,785	3,847	36	39
Subsidiaries of the Company	6,456	21,353	48,426	-	1,507
Management of the Company	-	8	9	150	-
Shareholders of the Company	-	4	20	-	-
	28,388	**26,316**	**53,465**	**186**	**8,536**

14. Subsequent events

On **5 January 2010**, the Company via a 100% owned subsidiary acquired the title to 100% shareholding interest in Ecoservice UAB, legal entity code 123044722, transferred to it by Bionovus UAB under the Share Purchase Agreement dated 5 January 2010. The price of the share purchase transaction is LTL 55 million.

Ecoservice UAB in its turn holds Specialus Autotransportas UAB, legal entity code 140026178, and Trakų Rajono Komunalinių Įmonių Kombinatas UAB, legal entity code 181212948, which perform their operations in Vilnius, Klaipėda and Trakai regions.

On **15 January 2010**, new Articles of Association of the Company were registered as the share capital was increased up to 31,610,000 LTL. The authorised share capital of the Company was divided into 31,610 thousand ordinary registered shares with the nominal value of 1 LTL each.

The share capital was increased based on the shareholders decision dated 5 October 2009 to increase the authorised share capital by issuing new emission of 12,500 thousand shares. As per Board decision dated 21 December 2009 the price of the new emission was 5.06 LTL per share, distribution period – from 28 December 2009 to 13 January 2010.

After having successfully issued the new share emission, trade of the new shares of the Company in NASDAQ OMX Vilnius Stock Exchange started on 21 Janury 2010.

In addition, since **18 January 2010**, the name of the controlling shareholder of the Company Rubicon Group UAB was changed into a new one – ICOR UAB. The replacement of the name is related to changes in the structure of the shareholders: three former shareholders of the group Rimantas Bukauskas, Arunas Maciuitis and Remigijus Lapinskas sold the remaining four shareholders their holdings.

14. Subsequent events (cont'd)

After new share emission and changed structure of the owners of the Company, the shareholders' ownership structure is the following:

	Number of shares held	Owned percentage of the share capital and votes, %
ICOR UAB	19,312,249	61.09%
Shareholders of ICOR UAB:		
Andrius Janukonis	242,218	0.77%
Gintautas Jaugielavičius	242,214	0.77%
Linas Samuolis	242,214	0.77%
Other private and institutional shareholders	11,571,105	36.60%
Total	31,610,000	100%

In **January 2010** the Company signed a cooperation agreement with the largest bank in Russia – Sberbank. According to the agreement, a development coordination group will be formed consisting of 6 people - 3 representatives of City Service and 3 representatives of Sberbank. Within the following six months the group will prepare projects that City Service will implement together with Sberbank in specific cities and regions of Russia.

Sberbank, the largest bank in Russia, manages the State fund devoted to the reform of communal services provided to apartment buildings. Sberbank is the largest bank in Russia with 17 regional offices, 783 branches, and more than 20,000 sub-branches. 60 percent of the bank's shares are owned by the Central Bank of Russia.