

AB CITY SERVICE

INTERIM CONSOLIDATED REPORT FOR THE SIX MONTHS OF 2007

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

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 Financial Statements for the six months of 2007, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and information in Interim Consolidated Report for the six months of 2007 give a true and fair view of activity results, assets, liabilities and financial position of City Service AB and the Group as well. To the 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 administrati

 Jonas Janukėnas

General information

This interim consolidated report is prepared for the six months of 2007, ended on 30 June 2007.

Name of the issuer: AB City Service (hereinafter – “the Company”)

Legal form: public company (joint-stock company)

Date and place of registration: 28 January 1997, Board of Vilnius City

Registration No.: AB 97 – 138

Company code: 123905633

The registered address of the Company: Konstitucijos av. 7, LT-09308 Vilnius, Lithuania

The principal place of business: Smolensko st. 12, LT-03201 Vilnius, Lithuania

Contacts of the Company: phone (+370 5) 2394900, fax. (+370 5) 2394848, e-mail – info@cityservice.lt

Website: www.cityservice.lt

Registration data about the Company stored: Register of Enterprises of Republic of Lithuania, VĮ “Registru centras”

The Company is an outstanding leader in facility management market in the Baltic States and is also engaged in management of heating facility renovation projects. At present, the Company and its subsidiaries serve more than 9.5 million m² of facilities, including various commercial, residential and public buildings and even such atypical objects as networks of call-boxes, stalls and GSM stations all over Lithuania.

The Company's and its subsidiaries services include (i) pursuing administrative tasks, (ii) maintenance of civil engineering systems (heat and hot water supply, water supply and sewerage, ventilation and cooling, common usage power supply systems, etc.), (iii) management of energy resources (management of heat supply) and (iv) management of various subcontractors (interior and exterior cleaning, security, repair works and renovation, maintenance of gas system, elevators, etc.).

The Company holds ISO 9001 quality certificate in facility management.

Data about securities traded on regulated market and agreements with intermediaries of public trading in securities

On 30 June 2007 the following securities of the Company are included into Official List of Vilnius Stock Exchange: 17.000.000 ordinary shares of the Company, nominal value of LTL 1 each. ISIN Code of the shares is LT0000127375, trading code of the shares on Vilnius Stock Exchange is CTS1L.

On the day of submission this interim report 19.110.000 ordinary shares are included into Official List of Vilnius Stock Exchange, nominal value of LTL 1 each. ISIN Code of the shares is LT0000127375, trading code of the shares on Vilnius Stock Exchange is CTS1L.

Additional 2.110.000 ordinary shares were included after the Company registered the amendments to the Articles of Association in the Register of Enterprises On 7 August 2007, following which the amount of the authorised capital was increased to LTL 19.110.000 and is divided into 19.110.000 ordinary shares, nominal value of LTL 1 each (about the increase of authorised share capital of the Company is described in interim financial report for the period from 1 January 2007 to 30 June 2007).

On 27 March 2007 the Company and AB “Hansabankas” concluded the contract on transfer of issuer's securities accounting.

Share capital of the Company

On 30 June 2007 authorised share capital of the Company – LTL 17.000.000, divided into 17.000.000 ordinary shares, nominal value of LTL 1 each.

After the Company registered the amendments to the Articles of Association in the Register of Enterprises On 7 August 2007, the authorised capital was increased to LTL 19.110.000 and is divided into 19.110.000 ordinary shares, nominal value of LTL 1 each

All shares of the Company give equal rights to the shareholders of the Company. The Company has not issued any other class of shares than ordinary shares, there are no any restrictions of share rights or special control rights for the shareholders settled in the Articles of Association of the Company.

More detailed about the increase of authorised share capital of the Company is described in the interim financial report for the period from 1 January 2007 to 30 June 2007.

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City Service group

On 30 June 2007 City Service group (hereinafter – Group) consisted of the Company and the following its subsidiaries, where the Company owns the controlling majority of the shares:

Company	Country, city	Company code	Registered address of company	Stock held
UAB „Žaidas“	Lithuania, Alytus	149650823	Žiburio st. 10-2, Alytus	99%
UAB „Vingio valdos“	Lithuania, Klaipėda	140524990	I. Simonaitytės st. 29, Klaipėda	67%
UAB „Buitis be rūpesčių“	Lithuania, Klaipėda	140524848	Taikos av. 117, Klaipėda	100%
UAB „Sostinės Naujienos“	Lithuania, Vilnius	2638326	Algirdo st. 9A, Vilnius	100%
UAB „Ažuolyno valda“	Lithuania, Klaipėda	140337065	Kauno st. 5, Klaipėda	100%
UAB „Marių valdos“	Lithuania, Klaipėda	140514359	Minijos st. 130, Klaipėda	100%
UAB „Pempininkų valdos“	Lithuania, Klaipėda	140514544	Šilutės av. 40, Klaipėda	75%
UAB „Atidumas“	Lithuania, Šiauliai	144619514	Ežero st. 6, Šiauliai	100%
UAB „Ūkvedys“	Lithuania, Šiauliai	144619471	Žemaitės st. 20, Šiauliai	100%
UAB „Šiaulių butų remonto tarnyba“	Lithuania, Šiauliai	145823772	Ežero st. 6, Šiauliai	100%
UAB „Sinsta“	Lithuania, Vilnius	300883852	Konstitucijos av. 7, Vilnius	100%
UAB „Fervėja“	Lithuania, Vilnius	300883806	Konstitucijos av. 7, Vilnius	100%
OAO „Сити Сервис“ (buvusi OAO „Remontnoje Stroitelnoje Priedpriatije“)	Russia, St. Petersburg	780701001	Петергофское шоссе, дом 3/2, 198329, Санкт-Петербург	100%
ЗАО „Сити Сервис“ (buvusi ЗАО „Ремонтно-эксплуатационная служба No. 1“)	Russia, St. Petersburg	780101001	Ул. Кораблестроителей, д. 32, корп. 2, 199397, Санкт-Петербург	100%
OAO „Спец РНУ“ (pilnas pavadinimas – OAO „Специализированное ремонтно-наладочное управление“)	Russia, St. Petersburg	783601001	Ул. Бобруйская, д. 5, литера "А", 195009, Санкт-Петербург	100%
SIA „Riga City Service“	Latvia, Riga	40003819844	G.Astras iela 8b, Riga LV 1082	100%
ЗАТ „Київ Сіті Сервіс“	Ukraine, Kiev	34576553	Вул. Патріса Лумумбі 15-А,	100%

On 30 June 2007 the Company owned 37% shares of UAB Būsto administravimo agentūra, which were acquired on 7 November 2005, also 19,82% shares of UAB Šilutės butų ūkis, which were acquired under purchase – sale agreements in period since 27 February 2007 till 27 April 2007.

On 12 July 2007 the subsidiary of the Company UAB Sinsta acquired 100% of shares of UAB Namų priežiūros centras (company code 125596783, address Medeinos st. 8A, Vilnius). UAB Namų priežiūros centras in turn is 100% owner of UAB Pašilaita (company code 121474935, address Medeinos st. 8A, Vilnius). Therefore since 12 July 2007 UAB Namų priežiūros centras and UAB Pašilaita belong to the Group. The main activity of both acquired companies is administration of dwelling-houses in Vilnius and Kaunas, Lithuania.

On 24 July 2007 the Company signed the sale – purchase agreement and acquired 100% of shares of UAB Mūsų namų valdos (company code 140336725, address S. Daukanto st. 37, Klaipėda). UAB Mūsų namų valdos provides administration and facility management services of dwelling-houses in Klaipėda, Lithuania. Therefore, since 24 July 2007 UAB Mūsų namų valdos belongs to the Group.

Shareholders of the Company

On 30 June 2007 the total number of shareholders – 705, the following shareholders (personally or together with related persons) hold more than 5 percent of Company's shares:

Shareholder	Number of shares and number of votes	Percentage
UAB Rubicon Group	11,193,544	65,84%
Andrius Janukonis	146,434	0,86%
Darius Leščinskas	146,434	0,86%
Arūnas Mačiuitis	146,432	0,86%
Rimantas Bukauskas	146,432	0,86%
Gintautas Jaugielavičius	146,432	0,86%
Linas Samuolis	146,432	0,86%
Remigijus Lapinskas	146,432	0,86%

On the day of submission this interim report, after the Company registered the amendments to the Articles of Association in the Register of Enterprises On 7 August 2007, the following shareholders (personally or together with related persons) hold more than 5 percent of Company's shares:

Shareholder	Number of shares and number of votes	Percentage
UAB Rubicon Group	13,303,544	69,61%
Andrius Janukonis	146,434	0,77%
Darius Leščinskas	146,434	0,77%
Arūnas Mačiuitis	146,432	0,77%
Rimantas Bukauskas	146,432	0,77%
Gintautas Jaugielavičius	146,432	0,77%
Linas Samuolis	146,432	0,77%
Remigijus Lapinskas	146,432	0,77%

The Board and the management of the Company

The operational management is structured as a two-tier system – the Board and the management (headed by Key Executive Officers).

The Board devotes a significant amount of time to planning and carrying out operations on the Group level, while Key executive officers of the Company are responsible for the day-to-day management of the Company's operations and are eligible to represent the Company on the basis of the law, the Articles of Association and individual Powers of Attorney. The Company does not have a Supervisory Council.

The Board of the Company consists of 4 members, whose authorities are valid for four years since the date of appointment.

On 30 June 2007 The Board members are:

Name	Position	Start of tenure	End of tenure
Gintautas Jaugielavičius	Chairman of the Board	6 October 2005	6 October 2009
Arūnas Mačiuitis	Member of the Board	22 August 2005	6 October 2009
Žilvinas Lapinskas	Member of the Board	22 March 2007	6 October 2009
Valdas Jankauskas	Member of the Board	22 March 2007	6 October 2009

On 30 June 2007 and on the day of submission this interim report key executive officers are:

Žilvinas Lapinskas (General manager since 2004),
 Marijus Jarockis (Deputy General manager since May 2006),
 Edvinas Paulauskas (Executive manager since October 2006)
 Jonas Janukėnas (Chief Financial Officer and Head of Administration since May 2007).

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General manager of the Company, Žilvinas Lapinskas, heads the Company's facility management activity since its early beginning (as the Director of Commerce since 1999, Head of Facility Management Department since 2002 and the General Director since 2004).

The Executive manager is entrusted with the entire facility management activity in Lithuania and is in charge of Commerce Department, Facility Management Department and Quality Manager, directly responsible for the supervision of the Company's conformity with ISO standards.

Deputy General manager manages rapidly expanding operations of the Group's subsidiaries in Russia.

Chief Financial Officer and Head of Administration is responsible for the management of the Company's financial resources and administration of personnel.

On 30 June 2007 the Board members and key executive officers participate in management bodies in the following entities:

Entity/person	Position	Date of start	Date of end
Gintautas Jaugielavičius			
UAB Axis Industries	Chairman of the Board	December 2005	-
UAB Rubicon Group	Member of the Board	April 2004	-
UAB Relinė apsauga	Member of the Board	January 2005	-
Arūnas Mačiuitis			
UAB Rubicon Group	Member of the Board	May 2004	-
UAB Axis Industries	Member of the Board	December 2005	-
UAB Bionovus	Member of the Board	August 2006	-
UAB Universali arena	Member of the Board	January 2004	-
UAB Rubicon Aqua	Member of the Board	July 2005	-
UAB Baloša	Member of the Board	April 2004	-
UAB Ecoservice	Member of the Board	June 2007	-
UAB SEVEN entertainment	Member of the Board	May 2007	-
Valdas Jankauskas			
UAB Relinė Apsauga	Chairman of the Board	February 2005	-
UAB Rubicon Group	General manager	May 2004	-
UAB Axis Industries	Member of the Board	January 2006	-
UAB Axis Industries	Head of Construction Management Department	February 2006	-
Žilvinas Lapinskas	-	-	-
Marijus Jarockis	-	-	-
Edvinas Paulauskas			
UAB Sinsta	General manager	June 2007	-
Jonas Janukėnas	-	-	-

Employees

On 30 June 2007 total number of the Company employees was 398, total number of employees in the Group – 1344.

Related party transactions

	Purchases from related parties (thousand LTL)	Sales to related parties (thousand LTL)
Arkoveta UAB	307	6
Axis Industries UAB	11.273	627
Baloša UAB		11
Bioautomatika UAB	306	
Bionovus UAB		54
Bioprojektas UAB	55	
Domestas UAB		32
Effectus UAB	2	21
Medvija UAB		8
Ozantis UAB		7
Penktas kanalas UAB	4	208
Relinė apsauga UAB		7
Vandens parkas UAB		208
Realco UAB		13
Universali arena UAB	90	382
Rubicon group UAB		74
Tiketa UAB	12	47
Urban housing UAB		21
Verslo plėtros ir administravimo agentūra UAB		9
Ecoservice UAB	96	65
Vilniaus pramogų parkas UAB	24	6
TOTAL	12.169	1.806

Above listed legal entities are directly or indirectly controlled by the Company's main shareholder Rubicon group UAB. In period from 1 January 2007 to 30 June 2007 the main contracts with related parties are concluded for the purchase of construction works in the heating facility renovation projects (in the table, the purchases from Axis Industries UAB, Bioautomatika UAB, Bioprojektas UAB) and for the sale of facility management services (in the table, the sales to Universali arena UAB, Penktas kanalas UAB, Vandens parkas UAB).

Information about compliance with the Governance Code

The Company complies with the corporate governance regime of the Law on Companies of Republic of Lithuania. The Company partially comply with the Corporate Governance Code of the Companies Listed on Vilnius Stock Exchange. The operating bodies of the Company are the Board and the management. The Company will be gradually harmonising its corporate governance with recommendations of the Corporate Governance Code while listing its shares on the Vilnius Stock Exchange. The detailed list of what recommendations the Company does not comply with shall be presented in the annual report for the year 2007.

Publicly disclosed information

Since the first day of listing the Company's shares on the Vilnius Stock Exchange till 30 June 2007 the Company publicly disclosed in OMX Client News Service system the following information:

Headline of the message	Category	Language, date
On heat meters contract in St. Petersburg	Notification on material event	Lt, En 2007-06-29
City Service AB board has adopted the decision to establish two new subsidiaries.	Notification on material event	Lt, En 2007-06-13
Since the end of May City Service AB controls one more company in Šiauliai, Lithuania.	Investor News	Lt, En 2007-06-13

Since 30 June 2007 till the day of submission this interim report the Company publicly disclosed in OMX Client News Service system the following information:

Headline of the message	Category	Language, date
On registration of amendments to the Articles of Association in the Register of Enterprises	Notification on material event	Lt, En 2007-08-08
City Service AB residential facilities management certificate renewed	Notification on material event	Lt, En 2007-08-01
City Service AB has acquired Mūsų namų valdos UAB shares	Notification on material event	Lt, En 2007-07-25
City Service AB subsidiary in Riga will serve A class offices	Investor News	Lt, En 2007-07-18
City Service AB subsidiary has acquired Namų Priežiūros Centras UAB shares	Notification on material event	Lt, En 2007-07-12
On a share purchase - sale agreement	Investor News	Lt, En 2007-07-04
On the proof error in investor news release	Investor News	Lt, En 2007-07-04
On a contract with Čilėja UAB	Investor News	Lt, En 2007-07-03

On the other information about the Company and its activity

There are no other essential events or changes in the Company or its activity since the day of approval of the Company offering and listing prospectus (approved by Lithuanian Securities Commission on 17 May 2007) till 30 June 2007. In this interim consolidated report for the six months of 2007 and in the consolidated and parent Company's interim financial report for the period from 1 January 2007 to 30 June 2007 are noted all significant events occurred after the day of approval of the prospectus.

AB CITY SERVICE

CONSOLIDATED AND PARENT COMPANY'S INTERIM FINANCIAL REPORT
FOR THE PERIOD FROM 1 JANUARY 2007 TO 30 JUNE 2007
(not audited)

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

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 Financial Statements for the six months of 2007, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and information in Interim Consolidated Report for the six months of 2007 give a true and fair view of activity results, assets, liabilities and financial position of City Service AB and the Group as well. To the 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 30 June 2007	As of 31 December 2006	As of 30 June 2007	As of 31 December 2006
ASSETS				
Non-current assets				
Goodwill	5,382	3,516	-	-
Other intangible assets	697	38	28	26
Property, plant and equipment	11,440	8,732	2,397	2,141
Investments into subsidiaries	-	-	16,398	10,468
Investments into associates	293	220	293	220
Non-current receivables and prepayments	-	636	-	498
Deferred income tax asset	210	207	157	157
Total non-current assets	18,022	13,349	19,273	13,510
Current assets				
Inventories	5,939	2,419	4,791	1,785
Prepayments	7,604	972	6,200	141
Prepayment to related parties	-	2,054	-	2,047
Trade receivables	18,117	27,673	11,603	24,857
Receivables from related parties (including loans granted)	14,678	25,580	19,007	27,743
Other receivables and current assets	6,090	1,838	1,869	1,374
Cash and cash equivalents	28,940	4,972	25,153	2,570
Total current assets	81,368	65,508	68,623	60,517
Total assets	99,390	78,857	87,896	74,027

Balance sheet (cont'd)

	Group		Company	
	As of 30 June 2007	As of 31 December 2006	As of 30 June 2007	As of 31 December 2006
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	17,000	10,500	17,000	10,500
Reserves	1,061	1,061	1,050	1,050
Foreign currency translation	(15)	(15)	-	-
Retained earnings (deficit)	5,338	19,309	4,017	19,082
	23,384	30,855	22,067	30,632
Minority interests	448	615	-	-
Total equity	23,832	31,470	22,067	30,632
Liabilities				
Non-current liabilities				
Non-current borrowings and financial lease obligations	841	4,767	686	4,651
Prepaid share capital	24,917	-	24,917	-
Non-current payables	262	244	-	-
Total non-current liabilities	26,020	5,011	25,603	4,651
Current liabilities				
Current portion of non-current borrowings and financial lease obligations, short term loans	257	1,669	257	1,598
Trade payables	15,790	18,286	8,835	15,993
Payables to related parties	2,968	10,766	5,440	11,471
Advances received	24,106	8,154	22,661	6,865
Other current liabilities	6,417	3,501	3,033	2,817
Total current liabilities	49,538	42,376	40,226	38,744
Total equity and liabilities	99,390	78,857	87,896	74,027

Income statement

	Group		Company	
	2007 January to June	2006 January to June	2007 January to June	2006 January to June
Sales	70,293	37,889	48,770	35,462
Cost of sales	(55,900)	(30,416)	(39,788)	(28,545)
Gross profit (loss)	14,393	7,473	8,982	6,917
General and administrative expenses	(8,917)	(4,770)	(5,053)	(3,436)
Other operating income (expenses)	150	218	301	147
Profit (loss) from operations	5,626	2,921	4,230	3,628
Income from financial and investment activities, net	64	(168)	47	(34)
Profit (loss) before tax	5,690	2,753	4,277	3,594
Income tax	(1,068)	(615)	(768)	(683)
Net profit (loss)	4,622	2,138	3,509	2,911
Attributable to:				
The shareholders of the Company	4,604	2,137	3,509	2,911
Minority interests	18	1	-	-
	<u>4,622</u>	<u>2,138</u>	<u>3,509</u>	<u>2,911</u>

Statement of changes in equity

<u>Group</u>	Share capital	Legal reserve	Foreign currency translation	Retained earnings (deficit)	Total	Minority interest	Total
Balance as of 31 December 2005	10,500	1,050	-	13,304	24,854	3	24,857
Transfer to reserves	-	11	-	(11)	-	-	-
Dividends declared	-	-	-	(1,500)	(1,500)	-	(1,500)
Net profit for the year	-	-	-	7,516	7,516	12	7,528
Foreign currency translation	-	-	(15)	-	(15)	-	(15)
Acquisition of subsidiaries	-	-	-	-	-	600	600
Balance as of 31 December 2006	10,500	1,061	(15)	19,309	30,855	615	31,470
Increase in share capital	6,500	-	-	(6,500)	-	-	-
Dividends declared	-	-	-	(12,075)	(12,075)	-	(12,075)
Net profit for the period	-	-	-	4,604	4,604	18	4,622
Increase in shareholdings of subsidiaries	-	-	-	-	-	(185)	(185)
Balance as of 30 June 2007	17,000	1,061	(15)	5,338	23,384	448	23,832

Cash flow statement

	Group	
	2007 1H	2006 1H
I. Cash flows from (to) operating activities		
I.1. Net profit	4,622	2,138
Adjustments for non-cash items:		
I.2. Income tax expenses	1,068	615
I.3. Depreciation and amortisation	644	333
I.4. Goodwill impairment and other provisions	-	972
I.5. Financial activity, net	64	168
	<hr/>	<hr/>
Changes in working capital:		
I.12. (Increase) in inventories	(3,257)	(1,239)
I.13. Decrease in receivables and other current assets	9,700	13,038
I.14. (Increase) in prepayments	(6,625)	(1,669)
I.15. (Decrease) in trade payables and payables to related parties	(11,480)	(9,713)
I.16. Income tax (paid)	(1,440)	(1,363)
I.17. Increase in advances received and other current liabilities	16,431	3,362
Net cash flows from operating activities	<hr/> 9,727	<hr/> 6,642
II. Cash flows (to) investing activities		
II.1. (Acquisition), disposal of non-current assets (except investments)	(1,762)	(30)
II.2. (Acquisition) of investments in subsidiaries and associates (net of cash acquired in the Group)	(2,089)	(6,515)
II.3. Interest received	125	148
Net cash flows (to) investing activities	<hr/> (3,726)	<hr/> (6,397)
III. Cash flows (to) from financing activities		
III.1. Dividends (paid)	(1,500)	(1,500)
III.2. Prepayment for the share capital received	24,917	-
III.3. Proceeds from loans (repayment of loans)	(5,261)	1,415
III.4. Interest (paid)	(189)	(17)
Net cash flows from (to) financial activities	<hr/> 17,967	<hr/> (102)
IV. Net (decrease) increase in cash and cash equivalents	<hr/> 23,968	<hr/> 143
V. Cash and cash equivalents at the beginning of the period	<hr/> 4,972	<hr/> 1,747
VI. Cash and cash equivalents at the end of the period	<hr/> 28,940	<hr/> 1,890

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 is engaged in administration of commercial buildings and dwelling-houses, renovation and maintenance of thermal systems, installation and maintenance of thermal installations.

As of 30 June 2007 and 2006 the shareholders of the Company were:

	2007		2006	
	Number of shares held	Percentage	Number of shares held	Percentage
UAB Rubicon Group	11,193,544	65.84%	8,850,000	84%
Shareholders of UAB Rubicon Group (private individuals)	1,025,038	6.03%	1,650,000	16%
Other private and institutional shareholders	4,781,428	28.13%	-	-
Total	17,000,000	100%	10,500,000	100%

Increase in share capital

On 28 March 2007 Shareholders of the Company took the decision to increase the authorised capital of the Company by issuing 6.500.000 ordinary shares with a nominal value of LTL 1 from the Company’s retained earnings and proportionally allocate new shares for the Company’s Shareholders on the pro rata basis. The share capital of the Company has been increased from LTL 10,500 thousand to LTL 17,000 thousand. The increase of the share capital was registered on 2 April 2007 and the Company share capital structure was as follows:

<u>Shareholder</u>	<u>Number of shares</u>	<u>Percentage</u>
UAB Rubicon Group	14,328,572	84.29%
Andrius Janukonis	381,634	2.24%
Darius Leščinskas	381,634	2.24%
Arūnas Mačiuitis	381,632	2.24%
Rimantas Bukauskas	381,632	2.24%
Gintautas Jaugielavičius	381,632	2.24%
Linas Samuolis	381,632	2.24%
Remigijus Lapinskas	381,632	2.24%
Total	17,000,000	100%

UAB Rubicon Group is owned by the same natural persons as named above shareholders of the Company in equal proportions.

Public offering of the Company shares and listing in Vilnius Stock Exchange

The shareholders of the Company publicly offered 4,157,800 ordinary registered shares of the Company for sale to retail and Institutional investors in Lithuania, Latvia and Estonia, as well as privately to Institutional investors in and outside of these countries except for the jurisdictions, where such offer or sale was not permitted. Company offering and listing prospectus was approved by Lithuanian Securities Commission on 17 May 2007.

2,511,400 shares were offered by a major Company shareholder UAB Rubicon Group and 1,646,400 shares – by Company’s individual shareholders. The shareholders of the Company have also granted AB bankas Hansabankas as the underwriter of the offering an option to purchase up to 623,628 additional shares of the Company solely to cover over-allotments. The offer period commenced on 21 May 2007 and ended on 1 June 2007. Offer price range was from LTL 11.76 to LTL 13.24 per share. The final offer price was based on the results of book-building process and on the day of settlement (delivery of the shares day) – 7 June 2007 was LTL 12.95. The offer price was the same for all investors participating in the retail offering or the offering.

All publicly offered shares of the Company were successfully sold to investors (total amount 4,781,428). All shares of the Company, 17,000,000, were approved to be listed in the Official List of Vilnius Stock Exchange. Trading of the shares on Vilnius Stock Exchange started on 8 June 2007.

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(all amounts are in LTL thousand unless otherwise stated)

On 14 May 2007 Shareholders of the Company took the decision to increase the authorised capital of the Company by 2,110,000 ordinary shares with a nominal value of LTL 1. The decision was taken before the approval of the Company offering and listing prospectus (approved by Lithuanian Securities Commission on 17 May 2007 as indicated above) and before the start of public offer of the shares (21 May 2007 as indicated above). Increase of the authorised capital from LTL 17,000,000 to LTL 19,110,000 was revealed in the prospectus and its summary, also was specified nominal value of the new share – LTL 1 and a subscription price of new shares, which was equal to final price of the offer shares – LTL 12.95 each. Under the decision all shareholders' pre-emption rights were waived and the right to subscribe for the whole issue was granted to major shareholder UAB Rubicon Group. Newly issued shares were paid from the sales proceeds of the offer shares by UAB Rubicon Group and were paid immediately after receiving the proceeds from publicly offered shares, thus the major amount of Rubicon Group UAB income circled back to the Company (total LTL 27,324 thousand). The aggregate net proceeds received by the Company from the issue are used for the investments and corporate acquisitions in Lithuania and Eastern Europe, as planned.

On 7 August 2007 the Company registered the amendments to the Articles of Association in the Register of Enterprises, following which the amount of the authorised capital was increased to LTL 19,110,000 and on 10 August 2007 the additional 2,110,000 ordinary shares of the Company were included into Official List of Vilnius Stock Exchange.

Structure of the Company share capital

The share capital of the Company is LTL 17,000 thousand as of 30 June 2007 (LTL 19,110 thousand as of the date of issuance of this report). It is divided into 17,000 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. 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.

All 17.000.000 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.

The following shareholders (personally or together with related persons) hold more than 5 percent of Company's share capital as of 30 June 2007:

<u>Shareholder</u>	<u>Number of shares and number of votes</u>	<u>Percentage</u>
UAB Rubicon Group	11,193,544	65.84%
Andrius Janukonis	146,434	0.86%
Darius Leščinskas	146,434	0.86%
Arūnas Mačiuitis	146,432	0.86%
Rimantas Bukauskas	146,432	0.86%
Gintautas Jaugielavičius	146,432	0.86%
Linas Samuolis	146,432	0.86%
Remigijus Lapinskas	146,432	0.86%

The Group consists of AB City Service and the following subsidiaries (hereinafter referred to as „the Group“):

<u>Company</u>	<u>Country</u>	<u>Share of the stock held by the Group as of 30 June 2007</u>	<u>Share of the stock held by the Group as of 31 December 2006</u>	<u>Share of the stock held by the Group as of 30 June 2006</u>	<u>Main activities</u>
UAB Žaidas	Lithuania	99%	99%	99%	Administration of dwelling-houses
UAB Vingio Valdos	Lithuania	67%	67%	67%	Administration of dwelling-houses
UAB Buitis Be Rūpesčių	Lithuania	100%	100%	100%	Administration of dwelling-houses
UAB Sostinės Naujienos	Lithuania	100%	100%	100%	Dormant
UAB Ažuolyno Valda	Lithuania	100%	100%	100%	Administration of dwelling-houses
UAB Marių Valdos	Lithuania	100%	86%	75%	Administration of dwelling-houses
UAB Pempininkų Valdos	Lithuania	75%	75%	-	Administration of dwelling-houses
ОАО Сити Сервис (former	Russia	100%	100%	-	Administration of dwelling-houses

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OAO Remontnoje Stroitelnoje Priedpriyatije) (hereinafter OAO RSP) ЗАО Сити Сервис (former ЗАО „Ремонтно- эксплуатационная служба №. 1“)	Russia	100%	-	-	Administration of dwelling-houses
OAO „Спец РНУ” (full name – ОАО Специализированное ремонтно-наладочное управление)	Russia	100%	-	-	Construction and engineering
SIA Riga City Service	Latvia	100%	100%	100%	Administration of dwelling-houses
ZAT Kiev City Service	Ukraine	100%	100%	-	Administration of dwelling-houses
UAB Sinsta	Lithuania	100%	-	-	Dormant
UAB Fervėja	Lithuania	100%	-	-	Dormant
UAB Atidumas	Lithuania	100%	-	-	Administration of dwelling-houses
UAB Ūkvedys	Lithuania	100%	-	-	Administration of dwelling-houses
UAB Šiaulių butų remonto tarnyba	Lithuania	100%	-	-	Construction

* UAB Šiaulių butų remonto tarnyba is owned 100% by UAB Atidumas

The Group's and the Company's investment in an associate as of 30 June 2007 and 31 December 2006 included an investment in UAB Būsto Administravimo Agentūra (37% of share capital), which was acquired on 7 November 2005. From 27 February to 27 April the Company acquired 19,82 % of share capital in UAB Šilutės butų ūkis.

Activity and segment information

Information on main activity segments:

	<u>2007 1H</u>		<u>2006 1H</u>		<u>2006 (full year)</u>	
	Heating infrastructure renovation	Buildings' administration	Heating infrastructure renovation	Buildings' administration	Heating infrastructure renovation	Buildings' administration
Revenue: the Company	18,787	29,983	13,149	22,313	56,899	46,548
Revenue: the Group	18,787	51,405	13,149	24,740	57,436	56,171

Main activity indicators for the Group:

	<u>2007 1H</u>	<u>2006 1H</u>	<u>Change (%)</u>
Area of multi-flat apartment buildings under administration (thousand square meters)	6,709	2,609	157%
Area of public, commercial building and atypical properties under administration (thousand square meters)	2,031	1,891	8%
Number of employees	1,344	534	151%
Sales for the period	70,293	37,889	85%
Gross margin	20.5%	19.72%	
EBITDA margin	8.9%	8.6%	
EBIT margin	8.1%	7.7%	
Net margin	6.6%	5.6%	
Number of shares (thousand)	17,000	10,500	
Return on equity	39.5%	16.6%	
Return on assets	12.6%	8.76%	
Debt to equity*	N/A**	N/A**	

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

** As of 30 June 2007 and 30 June 2006 cash balance of the Group exceeded interest bearing debt.

2 Accounting policies

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

Interim report is prepared using the same principles as for annual consolidated report for 2006.

3 Prepayment for the share capital

As further described in "1. General information" and "5. Subsequent events" on 14 May 2007 Shareholders of the Company took the decision to increase the authorised capital of the Company by 2.110.000 ordinary shares with a nominal value of LTL 1, with the subscription price equal to final price of the offer shares during initial public offering of the Company's shares – LTL 12,95 each. Accordingly UAB Rubicon Group prepaid an amount of LTL 27,324 thousand on 8 June 2007 for the increase in the Company's share capital.

The Company accounted for prepayment for the share capital, net of issuance cost of LTL 2,407 thousand (comprising commissions and other initial public offering cost).

4 Prepayments and advances received

Prepayments as of 30 June 2007 for the Group and for the Company comprise prepayments to subcontractors related with heat infrastructure renovation for an amount of LTL 5,442 thousand (LTL 73 thousand as of 31 December 2006).

Advances received as of 30 June 2007 for the Group and for the Company comprise advances received from clients for heat facility renovation projects in progress for and amount of LTL 22,529 thousand (LTL 6,752 thousand as of 31 December 2006). Subsequent to 30 June 2007 significant part of advances received has been disbursed to subcontractors.

5 Subsequent events

Acquisition of subsidiaries

On 3 July 2007 UAB Sinsta (100% subsidiary of the Company) signed an agreement for purchase of 100% of shares of UAB Namų priežiūros centras (company code 125596783). The shares of UAB Namų priežiūros centras were acquired on 12 July 2007. UAB Namų priežiūros centras in turn is 100% owner of UAB Pašilaita (company code 121474935). The main activity of both acquired companies is administration of dwelling-houses in Vilnius and Kaunas, Lithuania.

On 24 July 2007 the Company signed the sale – purchase agreement and acquired 100% of shares of UAB Mūsų namų valdos (company code 140336725). UAB Mūsų namų valdos provides administration and facility management services of dwelling-houses in Klaipėda, Lithuania

Increase of registered share capital

As further described in "1. General information" on 7 August 2007 the Company registered the amendments to the Articles of Association in the Register of Enterprises, following which the amount of the authorised capital was increased to LTL 19,110 thousand and on 10 August 2007 the additional 2,110 thousand ordinary shares of the Company were included into Official List of Vilnius Stock Exchange.