

**Global Energy Consulting OÜ**  
**SUMMARY CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
**presented together with the Independent**  
**Auditor's Report**

#### **Information about the Company**

Global Energy Consulting OÜ  
Entity No. 11957735  
Registration date 18 June 2010  
Registration address: Rāvala pst. 5, Tallinn, Estonia

Global Energy Consulting OÜ (hereinafter – the Company) is a private limited liability company registered in the Republic of Estonia.

The Company is a holding entity and is engaged in investment activities. The Company along with its subsidiaries is hereinafter referred to as the Group.

The main activities of the entities of the Group are administration of commercial and residential buildings, maintenance of heating facilities and renovation services, retail and wholesale of oil products, oil production storage and forwarding, supply of bio fuel and production and installation of boiler and related equipment, real estate development and entertainment business.

There are 3 shares of the Company in total with a nominal value of EUR 6,000 each. Subsidiaries and associates did not hold any shares of the Company as at 31 December 2016. The Company did not hold its own shares as at 31 December 2016.

#### **References and additional explanations regarding disclosures made in the financial statements**

All comprehensive explanations of the financial statements are made in the notes to the financial statements of the Group.

#### **Information about branches and agencies of the Company**

The Company had no branches or agencies as at 31 December 2016.

#### **Information about research and development activity of the Group**

There is no important information regarding research and development activity of the Group.

#### **Information about derivative financial instruments used by the Group**

The Group did not use any derivative financial instruments.

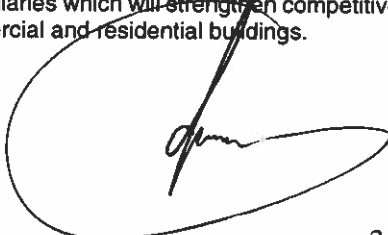
#### **Significant events since the end of the financial year**

All significant events after the end of the financial year are disclosed in the subsequent events note to the financial statements of the Group.

#### **Operating plans and forecasts of the Group**

In 2017 the Company will continue to develop the activities of the Group companies, with particular regard to cost management and improvements in efficiency. The main objective of SE City Service group is to continue expansion in Lithuania and Europe by acquiring new subsidiaries and by participating in tenders for administration of territory, commercial premises and common premises of residential property, enhance positions in new markets, to continue the expansion of comprehensive building facilities management services and to implement successful operation improvement and optimization projects. Group companies operating abroad will seek to reduce operating expenses and increase sales. AB Axis Industries group has an objective – solutions to increase energy efficiency. To increase volume of export sales. To become a Europe-wide acknowledged company creating and implementing effective technology and engineering solutions for a modern city. Continued regard will be given to training of the employees of the Group and improvement of their competences. Also significant consideration will be given to improvement of internal communication between Group entities and employees' motivation. UAB Oilead objective is to increase sales of oil products in Poland market, expand by establishing new subsidiaries which will strengthen competitive positions in Poland market. Group companies will continue to build and sell commercial and residential buildings.

General Director



Gintautas Jaugielavičius

## Consolidated statement of financial position

	Group	
	As at 31 December 2016	As at 31 December 2015
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Goodwill	12,701	8,788
Other intangible assets	30,036	25,898
Total intangible assets	42,737	34,686
Property, plant and equipment	53,160	47,108
Investment property	160	479
Non-current financial assets		
Investments into associates and joint ventures	639	1,004
Available-for-sale financial assets	167	480
Other non-current receivables	18,243	43,307
Total non-current financial assets	19,049	44,791
Deferred income tax asset	3,954	6,868
<b>Total non-current assets</b>	<b>119,060</b>	<b>133,932</b>
<b>Current assets</b>		
Inventories, prepayments and contracts in progress	25,068	20,192
Accounts receivable		
Trade receivables	60,261	69,166
Receivables from related parties	1,051	2,427
Prepaid income tax	1,998	1,713
Other receivables	18,878	13,135
Total accounts receivable	82,188	86,441
Other current assets	1,044	136
Cash and cash equivalents	69,646	69,967
<b>Total current assets</b>	<b>177,946</b>	<b>176,736</b>
<b>Total assets</b>	<b>297,006</b>	<b>310,668</b>

(cont'd on the next page)

The accompanying notes are an integral part of these summary financial statements.

## Consolidated statement of financial position (cont'd)

	Group	
	As at 31 December 2016	As at 31 December 2015
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	18	18
Share premium	31,521	31,521
Foreign currency translation reserve	(1,965)	(2,351)
Legal reserve	6,272	4,480
Retained earnings (loss)	42,658	34,346
<b>Total equity attributable to equity holders of the Company</b>	<b>78,504</b>	<b>68,014</b>
<b>Non-controlling interest</b>	<b>8,049</b>	<b>19,764</b>
<b>Total equity</b>	<b>86,553</b>	<b>87,778</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Non-current borrowings	21,497	13,055
Finance lease obligations	2,180	1,884
Provisions	1,346	508
Deferred income tax liability	4,347	3,560
Other non-current liabilities	86,687	91,235
<b>Total non-current liabilities</b>	<b>116,057</b>	<b>110,242</b>
<b>Current liabilities</b>		
Current portion of non-current borrowings	3,363	5,945
Current portion of finance lease obligations	1,126	1,239
Current borrowings	334	15,464
Trade payables	39,570	36,049
Payables to related parties	12,965	8,563
Income tax payable	2,067	1,463
Other current liabilities	34,971	43,925
<b>Total current liabilities</b>	<b>94,396</b>	<b>112,648</b>
<b>Total equity and liabilities</b>	<b>297,006</b>	<b>310,668</b>

The accompanying notes are an integral part of these summary financial statements.

General Director

Gintautas  
Jaugielavičius

11 December 2017

## Consolidated statement of comprehensive income

	Group	
	2016	2015
Sales	346,053	329,593
Cost of sales	(283,674)	(264,511)
<b>Gross profit</b>	<b>62,379</b>	<b>65,082</b>
Operating expenses	(43,154)	(46,694)
Other operating income	2,250	3,298
Other operating (expenses)	(2,106)	(1,546)
<b>Profit from operations</b>	<b>19,369</b>	<b>20,140</b>
Finance income	10,744	6,434
Finance (expenses)	(13,249)	(8,965)
Share of profit of associates and joint ventures	(290)	1,016
<b>Profit before tax</b>	<b>16,574</b>	<b>18,625</b>
Income tax (expenses) income	(6,609)	(2,064)
<b>Profit of continuing operations</b>	<b>9,965</b>	<b>16,561</b>
Net profit of discontinued operations	-	1,549
<b>Net profit</b>	<b>9,965</b>	<b>18,110</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>		
Exchange differences on translation of foreign operations	456	(263)
<b>Total comprehensive income, after tax</b>	<b>10,421</b>	<b>17,847</b>
<b>Net profit attributable to:</b>		
The shareholders of the Company	10,104	16,780
Non-controlling interest	(139)	1,330
	<b>9,965</b>	<b>18,110</b>
<b>Total comprehensive income attributable to:</b>		
The shareholders of the Company	10,490	16,637
Non-controlling interest	(69)	1,213
	<b>10,421</b>	<b>17,850</b>

The accompanying notes are an integral part of these summary financial statements.

General Director

Gintautas  
Jaugielavičius

11 December 2017

## Consolidated statement of changes in equity

Group	Equity attributable to the equity holders of the Company						
	Share capital	Share premium	Foreign currency translation reserve	Legal reserve	Retained earnings (loss)	Discontinued operations	Non-controlling interest
<b>Balance as at 31 December 2014</b>	18	31,521	65	2,959	19,087	(386)	18,291
Net profit for the year	-	-	-	-	16,780	-	1,330
Other comprehensive income	-	-	(146)	-	-	-	(117)
Total comprehensive income	-	-	(146)	-	16,780	-	1,213
Transfers to reserves	-	-	-	1,521	(1,521)	-	-
Dividends declared	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	(321)
Reserves of a disposal group classified as held for sale	-	-	(2,270)	-	-	-	958
Acquisition of new subsidiaries	-	-	-	-	-	386	(6)
<b>Balance as at 31 December 2015</b>	18	31,521	(2,351)	4,480	34,346	-	(371)
Net profit for the year	-	-	-	-	10,104	-	(139)
Other comprehensive income	-	-	386	-	-	-	70
Total comprehensive income	-	-	386	-	10,104	-	(69)
Transfers to reserves	-	-	-	1,792	(1,792)	-	-
Dividends declared	-	-	-	-	-	-	(497)
Acquisition of non-controlling interest	-	-	-	-	-	-	(10,080)
Reorganisation of subsidiaries	-	-	-	-	-	-	(467)
Acquisition of new subsidiaries	-	-	-	-	-	-	(602)
<b>Balance as at 31 December 2016</b>	18	31,521	(1,965)	6,272	42,658	-	8,049
					78,504		86,553

The accompanying notes are an integral part of these summary financial statements.

General Director \_\_\_\_\_ 11 December 2017

Gintautas Jaugielavičius

## Consolidated statement of cash flows

	Group	
	2016	2015
<b>Cash flows from (to) operating activities</b>		
Net profit from continuing operations	9,965	16,561
Net profit from discontinued operations	-	1,549
<b>Adjustments for non-cash items:</b>		
Income tax expenses (income)	6,609	2,067
Depreciation and amortization	10,002	10,186
(Gain) loss on disposal and write-off of property, plant and equipment	781	(1,228)
Impairment of inventories, accounts receivable, investments into subsidiaries and other assets (excluding goodwill)	2,175	1,920
Accrued income	(2,436)	(3,027)
Change in provisions	(4,253)	1,163
Provision for guarantees issued to Concentra Servicios y Mantenimiento S.A. clients	1,253	-
Result of Group company's Concentra assets and liabilities valuation to their liquidation value	(3,318)	-
Interest expenses	5,394	6,010
Interest (income)	(2,165)	(2,371)
(Gain) loss from disposal of investments	(7,082)	(5,331)
Other finance expenses (income)	144	(45)
Result of associates and joint ventures	290	(1,016)
Impairment of intangible assets	-	928
	17,359	27,366
<b>Changes in working capital:</b>		
(Increase) decrease in inventories	12,452	5,706
(Increase) decrease in trade receivables and receivables from related parties	(647)	9,454
(Increase) decrease in prepayments	3,716	(3,164)
(Increase) decrease in other receivables	24,107	20,287
(Increase) decrease in other current assets	(908)	(133)
Increase (decrease) in trade payables and payables to related parties	9,024	1,182
Income tax (paid)	(3,739)	(3,729)
Increase (decrease) in other accounts payable and current liabilities	(1,390)	(7,182)
<b>Net cash flows from (to) operating activities</b>	<b>59,974</b>	<b>49,787</b>

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The accompanying notes are an integral part of these summary financial statements.

## Consolidated statement of cash flows (cont'd)

	Group 2016	2015
<b>Cash flows from (to) investing activities</b>		
(Acquisition) of non-current assets (except for investments)	(28,954)	(14,916)
Proceeds from sale of non-current assets (except for investments)	514	1,830
Proceeds from sale of investments	(14)	3,831
(Acquisition) of subsidiaries (less received cash balance in the Group) and additional (contributions) to the share capital of subsidiaries	(10,063)	(2,379)
(Acquisition) of other investments	-	(139)
Minority acquisition	(10,080)	-
Disposal of subsidiaries	-	4,669
Loans granted	(398)	(4,848)
Repayments of loan granted	65	-
Interest received	1,917	4,696
<b>Net cash flows (to) investing activities</b>	<b>(47,013)</b>	<b>(7,256)</b>
<b>Cash flows from (to) financing activities</b>		
Dividends (paid)	(497)	(4,001)
Proceeds from loans	9,582	13,847
Loans (repaid)	(19,706)	(7,651)
Interest (paid)	(1,238)	(4,607)
Finance lease (payments)	(1,423)	(1,548)
<b>Net cash flows from (to) financial activities</b>	<b>(13,282)</b>	<b>(3,960)</b>
<b>Net increase (decrease) in cash</b>	<b>(321)</b>	<b>38,571</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>69,967</b>	<b>31,396</b>
<b>Cash and cash equivalents at the end of the year (including cash of discontinued operations)</b>	<b>69,646</b>	<b>69,967</b>
<b>Supplemental cash flows information:</b>		
<b>Non-cash investing and financing activities:</b>		
Property, plant and equipment acquisitions financed by finance lease	1,643	1,472
Acquisition of non-current assets (not paid)	-	938

The accompanying notes are an integral part of these summary financial statements.

General Director

Gintautas  
Jaugielavičius

11 December 2017



**Global Energy Consulting OÜ**

**SUMMARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

(all amounts are in EUR thousand unless otherwise stated)

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**Notes to the summary financial statements**

**1 General information**

Global Energy Consulting OÜ (hereinafter the Company) is a private limited liability company. The Company was registered in the Republic of Estonia on 18 June 2010. The address of its registered office is as follows:

Rävala pst. 5,  
Tallinn,  
Estonia

The Company is a holding entity and is engaged in investment activities. In 2016 and 2015 no other activities were performed. The Company along with its subsidiaries is hereinafter referred to as the Group.

The main activities of the entities of the Group are administration of commercial and residential buildings, maintenance of heating facilities and renovation services, retail and wholesale of oil products, oil production storage and forwarding, supply of bio fuel and production and installation of boiler and related equipment, real estate development and entertainment business.

As at 31 December 2016 the number of employees of the Group was 7,000 (as at 31 December 2015 – 6,591).

As at 31 December 2016 and 2015 the share capital of the Company consisted of 3 shares with the nominal value of EUR 6,000. As at 31 December 2016 and 2015 the shareholders of the Company were 3 individuals holding 1 share each.

On 13<sup>th</sup> December 2012, the Company purchased 61.04 % of Lag&d UAB shares from the existing shareholders and formed a Group. On 17 December 2012 shareholders made a decision to increase the Company's share capital from EUR 3 thousand to EUR 24 thousand by a non-monetary contribution of the remaining shares of UAB Lag&d. The difference between the fair value of the contribution and the increase in share capital was recorded as share premium. Increase in the share capital was recorded only in 2013 according to the date of new Articles of Association.

## **2 Accounting principles**

The principal accounting policies adopted in preparing the summary Consolidated financial statements for 2016 are as follows:

### **2.1. Basis of preparation of summary financial statements**

The summary Consolidated financial statements are prepared based on the decision of the management of the Company. The summary Consolidated financial statements are comprised of the consolidated statement of financial position as at 31 December 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and related accompanying notes, prepared in accordance with the information presented in the complete audited financial statements for the year then ended.

The complete audited financial statements of the Group for the year ended 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (hereinafter the EU). The complete audited financial statements of the Group for the year 2016 can be found at the office of the Company, at Rävala pst. 5, Tallinn, Estonia.

Financial statements of the Group have been prepared on a historical cost basis, except for land which was accounted for at revalued amounts also, except for the Group company's Concentra net assets which were accounted for at residual value in the financial statements of the Group, as disclosed in Note 2.21

The main accounting principles applied in preparation of the complete audited Consolidated financial statements for the year 2016, based on which these summary Consolidated financial statements are prepared, are as follows:

### **2.2. Measurement and presentation currency**

The amounts shown in these financial statements are presented in the local currency of the Republic of Estonia, Euro (EUR). The amounts are rounded to thousand EUR, if it is not stated otherwise.

The functional currency of the Company is euro. The functional currencies of foreign subsidiaries are the respective foreign currencies of the country of residence. Items included in the financial statements of these subsidiaries are measured using their functional currency.

Transactions in foreign currencies are initially recorded in the functional currency as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange as at the date of statements of financial position.

The assets and liabilities of foreign subsidiaries are translated into euro at the reporting date using the rate of exchange as at the date of statements of financial position, and their statements of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on this translation are taken directly to other comprehensive income. On disposal of a foreign subsidiary, the cumulative amount of the transaction differences recognized in other comprehensive income relating to that foreign operation are recognized in the profit (loss).

Non-current receivables from or loans granted to foreign subsidiaries that are neither planned nor likely to be settled in the future are considered to be a part of the Company's net investment in the foreign operation. In the Group's consolidated financial statements the exchange differences recognized in the separate financial statements of the subsidiary in relation to the mentioned receivable amounts/loans are reclassified to other comprehensive income. On disposal of a foreign subsidiary, the accrued cumulative amount recognized in other comprehensive income relating to that foreign operation is recognized in the profit (loss).

### **2.3. Principles of consolidation**

The consolidated financial statements of the Group include Global Energy Consulting OÜ and its subsidiaries, joint ventures as well as associated companies. The financial statements of the consolidated entities are prepared for the same reporting year, using consistent accounting principles.

Subsidiaries are consolidated from the date from which effective control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Group. All intercompany transactions, balances and unrealized gains and losses on transactions among the Group companies have been eliminated. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the statement of financial position and the statement of comprehensive income.

## 2 Accounting principles (cont'd)

### 2.3. Principles of consolidation (cont'd)

From 1 January 2010 losses of a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. Prior to 1 January 2010 losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these losses. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and the parent shareholders.

Acquisitions of non-controlling interest and sales of shares to non-controlling interest by the Group are accounted as equity transactions, i.e. the difference between the carrying value of the net assets acquired from/sold to the non-controlling interest in the Group's financial statements and the acquisition / selling price is accounted directly in equity.

Investments in associates and joint ventures where significant influence is exercised by Global Energy Consulting OÜ are accounted for using the equity method in the Group's consolidated financial statements. Impairment assessment of investments in associates and joint ventures is performed when there is an indication that the assets may be impaired or the impairment losses recognized in prior years no longer exist.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

#### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree, if any. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at fair value. Acquisition costs incurred are expensed and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the statements of comprehensive income. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## **2 Accounting principles (cont'd)**

### **2.4. Investments in subsidiaries and associates (the Company)**

Investments in subsidiaries and associates in the Company's separate financial statements are carried at cost, less impairment.

Fair value of investments that are publicly traded is estimated based on market price on the balance sheet date. Regarding the Company's subsidiaries that are not publicly traded, for the purpose of impairment testing, the Company estimates the recoverable value of these investments based on the value in use determined by discounted cash flows (DCF) method using cash flow projections based on the financial forecasts prepared by the management. Impairment of investments is considered whenever events or changes in circumstances indicate that carrying amount of the cost may not be recoverable.

Financial guarantees provided for the liabilities of the subsidiaries during the initial recognition are accounted for at estimated fair value as the investment into subsidiaries and financial liability in the statements of financial position. Subsequent to initial recognition this financial liability is amortized and recognized as income depending on the related amortization / repayment of the subsidiary's financial liability to the bank. If there is a possibility that the subsidiary may fail to fulfill its obligations to the bank, a financial liability of the Company is accounted for at the higher of amortized value and the value estimated according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

### **2.5. Non-current assets held for sale and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Result from discontinued operations is separated from continued operations and is presented separately as profit (loss) after tax from discontinued operations in the statement of comprehensive income. All other notes in these financial statements represent continued operations, if not stated otherwise.

### **2.6. Intangible assets (except for goodwill)**

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of asset can be measured reliably.

The useful lives of intangible assets can be finite or indefinite.

After initial recognition, intangible assets, which have finite lifetime, are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives:

Relations with clients	10-40 years
Other intangible assets	3-10 years

Impairment of intangible assets (except for goodwill) is evaluated when there are indications that assets could be impaired.

The useful lives, residual values and amortization method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from intangible assets, except for goodwill, items.

The Group has no intangible assets with indefinite useful life except for goodwill.

## 2 Accounting principles (cont'd)

### 2.7. Property, plant and equipment and investment property

Property, plant and equipment, except for land, and investment property are stated at cost less accumulated depreciation and impairment losses.

Land is stated at revalued amount, which is established based on periodical asset valuations carried out by independent asset valuator at least every 5 years, less impairment.

At the initial revaluation of the land the increase in the carrying amount of the assets is recognized in the revaluation reserve in equity. The increase in the carrying amount in subsequent asset revaluations increases the revaluation reserve, except when it sets-off previously recognized impairment losses on the same asset. The decrease in the carrying amount during subsequent asset revaluations to the extent it sets off against the previously recognized increases in the value of the same assets directly reduces the revaluation reserve in equity; the remaining impairment is recorded in the statement of comprehensive income. The Group did not have such a reserve as at 31 December 2016 and 2015.

The initial cost of property, plant and equipment comprises its purchase price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment has been put into operation, such as repair and maintenance costs, are normally charged to the statement of comprehensive income in the period the costs are incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives:

Land	Not depreciated
Buildings	15 - 62.5 years
Vehicles	3 - 10 years
Other non-current assets	2 - 20 years
Investment property	20 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from items in property, plant and equipment. The management takes into account the opinion of employees in charge of the technical maintenance of the assets when estimating the remaining useful life of property, plant and equipment. The remaining useful life of property, plant and equipment is estimated based on estimated use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized.

Construction-in-progress is stated at cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and put into operation.

Initially, investment property is recognized at acquisition cost, including the transaction costs. Subsequently investment property is valued at cost less accumulated depreciation and impairment.

Repairs and maintenance costs related to investment property are expensed when they are incurred and included in the statement of comprehensive income.

Transfers to and from investment property are made only when there is an explicit change in the use of property.

The Group estimates the recoverable amount of an asset whenever there is an indication that the asset may be impaired. An impairment loss is recognized in the statement of comprehensive income, whenever estimated.



## 2 Accounting principles (cont'd)

### 2.8. Financial assets

Financial assets of the Group falling under scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets, as appropriate. All purchases and sales of financial assets are recognized on the trade date. Initially financial assets are recognized at acquisition cost which is equal to fair value of consideration paid including expenses of transaction.

#### Financial assets at fair value through profit or loss

The category financial assets at fair value through profit or loss include financial assets classified as held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in the profit (loss).

The Group did not have any financial instruments at fair value through profit or loss as at 31 December 2016 and 2015.

#### Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity are subsequently measured at amortized cost, using method of effective interest rate. Gains and losses are recognized in profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

The Group did not have any held-to-maturity investments as at 31 December 2016 and 2015.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are initially recorded at the fair value of the consideration given plus directly attributable expenses of transaction. Loans and receivables are subsequently carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in statement of comprehensive income when such assets are derecognized or impaired, as well as through the amortization process.

Allowance for doubtful receivables is evaluated when the indications leading to the impairment of accounts receivable are noticed and the carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized (written off) when they are assessed as uncollectible.

#### Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value, unless it is not actively traded and the fair value cannot be measured reliably, with unrealized gains or losses (except for impairment and gain or losses from foreign currencies exchange) being recognized as other comprehensive income until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit or loss.

Available-for-sale financial assets, which are not actively traded and the fair value of which cannot be measured reliably are accounted for at cost less impairment.

## 2 Accounting principles (cont'd)

### 2.9. Derecognition of financial assets and liabilities

#### Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized as profit or loss.

### 2.10. Inventories

Inventories are valued at the lower of cost and net realizable value, after impairment evaluation for obsolete and slow moving items.

Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress includes the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Unrealizable inventory is fully written-off.

### 2.11. Cash and cash equivalents

Cash includes cash on hand and cash within banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, current accounts in banks, and other short-term highly liquid investments with a term of 3 months or less at inception.

## 2 Accounting principles (cont'd)

### 2.12. Borrowings

Borrowings are initially recognized at fair value of proceeds received less transaction costs. They are subsequently carried at amortized cost, the difference between net proceeds and redemption value being recognized in the net profit or loss over the period of the borrowings, except for capitalized borrowing costs as described below.

The borrowings are classified as non-current if the completion of a financing agreement before the date of statements of financial position provides evidence that the substance of the liability at the date of the statement of financial position was long-term.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Group capitalize borrowing costs for all qualifying assets where acquisitions, construction or production was commenced on or after 1 January 2009. No borrowing costs meeting capitalization criteria were incurred by the Group in 2016 and 2015.

### 2.13. Finance lease and operating lease

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement at the inception date when the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

#### Finance lease when the Group is the lessee

A rent is recognized as finance lease when all the risks and rewards of the asset are transferred according to the arrangement.

The Group recognizes financial leases as assets and liabilities in the statements of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, to the present value of the minimum lease payments. The rate of discount used when calculating the present value of minimum payments of financial lease is the interest rate of financial lease payment, when it is possible to determine it, in other cases, Group's composite interest rate on borrowings applies. Directly attributable initial costs are included into the asset value. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

The depreciation is accounted for finance lease assets. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The leased assets cannot be depreciated over the period longer than the lease term, unless the ownership over the leased assets is transferred to the Group at the end of the lease term.

If the result of sales and lease back transactions is finance lease, any profit from sales exceeding the book value is not recognized as income immediately. It is postponed and amortized over the lease term.

#### Operating lease

Leases where the lessor retains all the risk and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

The gains from discounts provided by the lessor are recognized as a decrease in lease expenses over the period of the lease using the straight-line method.

If the result of sales and lease back transactions is operating lease and it is obvious that the transaction has been carried out at fair value, any profit or loss is recognized immediately. If the sales price is lower than the fair value, any profit or loss is recognized immediately, except for the cases when the loss is compensated by lower than market prices for lease payments in the future. The profit is then deferred and it is amortized in proportion to the lease payments over a period, during which the assets are expected to be operated. If the sales price exceeds the fair value, a deferral is made for the amount by which the fair value is exceeded and it is amortized over a period, during which the assets are expected to be operated.



## 2 Accounting principles (cont'd)

### 2.14. Grants

Grants received in the form of non-current assets or intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants. Assets received free of charge are also allocated to this group of grants. The amount of the grants related to assets is recognized in the financial statements as used in proportion to the depreciation of the assets associated with this grant. In the statement of comprehensive income a relevant expense account is reduced by the amount of grant amortization.

Grants received as a compensation for the expenses incurred or unearned income of the current or previous reporting period, also, all other grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognized as used during the reporting period to the extent of the expenses incurred or unearned income to be compensated by that grant. The balance of unutilized grants is shown in the caption Grants in the statements of financial position.

Expenses qualifying for compensation, but not yet compensated are accounted for as grants receivable under other accounts receivable caption in the statement of financial position.

### 2.15. Factoring

A factoring transaction is a funding transaction where the company transfers to the factor claim rights in respect of receivables for a determined reward. The company alienate rights to receivables due at a future date according to invoices. The Group's factoring transactions comprise factoring transactions with recourse (the factor is entitled to return the overdue claim back to the company) and without recourse. The factoring expenses comprise the lump-sum contract fee charged on the conclusion of the contract, commission fees charged for processing the invoices, and interest income depending on the duration on the payment term set by the debtor. Factored accounts receivable with recourse are recorded as liabilities to credit institutions and accounts receivable captions.

### 2.16. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provisions are reviewed by the Group at each date of statements of financial position and adjusted in order to present the most reasonable current estimate. If the effect of the time value of money is material, the provisions are discounted at the pre-tax interest rate of that period, if necessary, considering the particular specific risk of that liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as financial expenses.

## 2 Accounting principles (cont'd)

### 2.17. Non-current employee benefits

According to the requirements of Lithuanian Labor Code, each employee leaving the Group at the age of retirement is entitled to a one-off payment in the amount of 2 month salary. According to the requirements of Polish law, each employee leaving the Group at the age of retirement is entitled to a one-off payment in the amount of 1 month salary.

Current year cost of employee benefits is recognized as incurred in the statement of comprehensive income. The past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. Any gains or losses appearing as a result of curtailment and/or settlement are recognized in the statement of comprehensive income as incurred.

The employee benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. Obligation is recognized in the statement of financial position and reflects the present value of these benefits on the preparation date of the statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial gains and losses are recognized in the statement of comprehensive income as incurred.

### 2.18. Income tax

The Group companies are taxed individually, irrespective of the overall results of the Group. Income tax charge is based on profit for the year and considers deferred taxation. The charge for taxation included in these financial statements is based on the calculation made by the management in accordance with tax legislation of the Republic of Estonia, the Republic of Lithuania, the Republic of Latvia, the Republic of Ukraine, the Russian Federation, the Republic of Poland and Kingdom of Spain.

Standard income tax rate of subsidiaries operating in foreign countries were as follows in 2016 and 2015: Lithuania 15 %, Ukraine – 18%, Russia – 20%, Latvia – 15%, Poland – 19%, Spain – 25% and 28%, Kazakhstan – 20%.

According to the Estonian legislation, companies and permanent offices in Estonia are not subject to pay income tax if the profit is not distributed in the dividend or other form. Distributable profit is taxable on 20/80 rate. Since the taxable object is distributable retained earnings, not the profit for the period, there are no temporary differences between book and tax values of assets and liabilities, which would result in recognition of deferred income tax asset or liability.

Tax losses in Lithuania can be carried forward for indefinite period, except for the losses incurred as a result of disposal of securities and/or derivative financial instruments. Such carrying forward is disrupted if the subsidiary operating in Lithuania changes its activities due to which these losses incurred except when the subsidiary operating in Lithuania does not continue its activities due to reasons which do not depend on the subsidiary operating in Lithuania itself. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

Starting from 1 January 2014 in Lithuania tax losses carried forward can be used to reduce the taxable profit earned during the reporting year by maximum 70%.

Tax losses in Russia can be carried forward for ten years and in Poland – for five years, but value of the deduction may not exceed 50% of the loss incurred in the year in which it was reported. Tax losses in Spain can be carried forward for indefinite period, however, the tax loss amount intended to reduce taxable income should not exceed 70% of the taxable income for the year.

Deferred taxes are calculated using the liability method. Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the date of the statement of financial position.

Deferred tax assets have been recognized in the statement of financial position to the extent the management of the Group believes it will be realized in the foreseeable future, based on taxable profit forecasts. If it is believed that part of the deferred tax is not going to be realized, this part of the deferred tax asset is not recognized in the financial statements.

## **2 Accounting principles (cont'd)**

### **2.19. Revenue recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of VAT and discounts.

The Group recognize revenue from projects on renovation of thermal systems and installation of thermal components (i.e. customer specific contracts) and also revenue from manufacturing and installation of boilers, fired with bio-fuel, and thermal components according to the long term agreements with customers, based on the method of percentage of completion: completion percentage is estimated by the proportion of actual costs incurred to the total estimated costs of the project. Changes in profit rates are reflected in current earnings as identified. Contracts are reviewed regularly and in case of probable losses, provisions are recorded.

Revenue from sales of goods is recognized when delivery has taken place and transfer of risks and rewards has been completed.

Revenue from services is recognized when services are rendered.

Income from maintenance services related to rented property is recognized on the accrual basis by compensating costs incurred by lessees – utilities, marketing and other. Such revenue is not netted off with respective expenses included in the cost of sales, as the Group bears the settlement risk of these costs.

Dividend income from subsidiaries is recognized in the Company's stand-alone financial statements when the dividends are declared by the subsidiary.

Interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. It is included in finance income or expenses in the statement of comprehensive income.

### **2.20. Impairment of assets**

#### Financial assets

Financial assets are reviewed for impairment at each date of statements of financial position.

For financial assets carried at amortized cost, whenever it is probable that the Group will not collect all amounts due according to the contractual terms of loans or receivables, impairment is recognized in the profit or loss. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The reversal of impairment losses previously recognized is recorded when the decrease in impairment loss can be justified by an event occurring after the write-down. Such reversal is recorded in profit or loss. However, the increased carrying amount is only recognized to the extent it does not exceed the amortized cost that would have been had the impairment not been recognized.

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### Other assets (excluding goodwill)

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is accounted for in the same caption of the statement of comprehensive income as the impairment loss.

## 2 Accounting principles (cont'd)

### 2.21. Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingencies. The significant areas of estimation used in the preparation of the accompanying financial statements relate to depreciation and amortization, provisions, percentage of completion evaluation for long-term individual contracts with clients, impairment evaluation of goodwill, including allocation of Group assets to cash generating units, uncertainties related to foreign subsidiaries, non-current employee benefits and impairment assessment. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

At the end of 2016 the Group management made a decision that Concentra Servicios y Mantenimiento S.A., subsidiary of City Service SE, would file for bankruptcy in Spain and 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 court's decision regarding assigning bankruptcy administrator was announced in May 2017. When preparing these financial statements the management of the Group concluded that as of 31 December 2016 the bankruptcy of this subsidiary was imminent taking into account the subsidiary's results of operations (recurring losses and worsening results) and inability of the subsidiary to meet its obligations as they fall due and continue as a going concern without financial support of the Parent and the Parent's management decision taken in 2016 to discontinue providing such financial support. The Group still controlled Concentra Servicios y Mantenimiento S.A. as of 31 December 2016 and continued to consolidate it in the financial statements for the year ended 31 December 2016 as until the bankruptcy administrator is appointed by the court, the Group retains the ability to govern operations and make decisions in the subsidiary, however the management concluded that the going concern basis of accounting for the net assets of this subsidiary in the 2016 consolidated financial statements is not appropriate. Considering limited available IFRS guidance and specific facts and circumstances the management assessed that the net realizable value (liquidation value) principle of accounting for these assets and liabilities is the most appropriate, whereas the recorded amount is based on the best estimate of the assets available to satisfy the obligation and the excess of liabilities over estimated liquidation value of the assets are derecognized in the consolidated financial statements as other Group entities have neither legal nor constructive obligation to satisfy these liabilities, except for certain limited specific guarantees issued, for which provisions have been recognised as disclosed in complete Consolidated financial statements. The table below summarizes the effect of this management estimate on the consolidated financial statements for the year ended 31 December 2016:

	Book value as of 31 December 2016	Estimated liquidation value included in the Group's 2016 consolidated financial statements
Intangible assets	289	-
Property plant and equipment	564	154
Deferred tax asset	4,098	-
Receivables	7,341	4,573
Other assets	2,448	1,740
Liabilities	(13,978)	(6,485)



## 2 Accounting principles (cont'd)

### 2.21. Use of estimates in the preparation of financial statements (cont'd)

Complete Consolidated financial statements provide further information on estimated liquidation values of the subsidiary assets and liabilities included in the consolidated financial statements as of December 2016. Liabilities exceeding estimated assets residual value with the value of EUR 3,318 thousand were de-recognized in the consolidated financial statements and additional provision of EUR 1,253 thousand was recorded as guarantees issued by the Parent company in relation to the obligations of this subsidiary.

At the date of preparing these financial statements, the underlying assumptions and estimates were not subject to a significant risk that from today's point of view it is likely that the carrying amounts of assets and liabilities will have to be adjusted significantly in the subsequent fiscal year, except for the estimated useful life of customer relationships intangible assets.

Such intangible assets are accounted for under other intangible assets and their acquisition value amounts respectively to EUR 35,815 thousand and EUR 29,120 thousand as at 31 December 2016 and 31 December 2015. The management amortizes these customer relationship intangible assets over the estimated validity period of existing contracts, which is 10-40 years. The management estimated the expected validity term of customer relationships based on the current development of the operations, i.e. already concluded contracts as well as the current rate of terminated contracts, which is insignificant. Should the circumstances change in the future, the estimate may need to be revised and the size of such revision cannot be reasonably estimated at the date of these financial statements. The net book value of these intangible assets of the Group amounts to EUR 25,554 thousand as at 31 December 2016 and EUR 22,351 thousand as at 31 December 2015.

Deferred tax asset recognized from tax loss carry forward - significant judgment exists that forecasted results will be achieved and tax losses will be utilized in the foreseeable future. The Group's management estimated what part of the deferred tax asset will be utilized based on the best knowledge of the operations and results of the Group companies as at 31 December 2016 and 2015. EUR 2,120 thousand of the deferred income tax asset related to accumulated tax loss carry forward was written-off in 2016 as the subsidiary Concentra initiated filing for bankruptcy as disclosed above.

There is also significant judgmental area on the recoverability and presentation of the accounts receivable from public customers. These amounts are disclosed as current and non-current receivables based on the agreed schedules, court decisions or management judgment as of 31 December 2016 and 2015. Based on the management judgment the trade receivables from public customers are past due but not impaired. Respective receivables are carried at amortised costs using effective interest rate.

As of 31 December 2016 the Group has EUR 1,850 thousand (EUR 2,571 thousand as of 31 December 2015) overdue more than a year current receivables from trade customers (public and private) which, based on the assessment of the management, were not impaired. This management judgment is based on the analysis of individual material overdue balances as well as analysis of general collection periods in a respective country.

During the financial year ended 31 December 2015 the Group's management implemented allowance estimate change for companies operating in Lithuania based on the update on debt collection trends. Positive impact for the financial year ended 31 December 2015 was EUR 670 thousand. Impact for 2016 was not estimated as it was impractical.

In 2016 the Group reclassified funds managed on the trust right, associated with Lithuanian subsidiaries, to off-balance sheet following the regulations of Government of Lithuania. The Group's management reassessed that the cash accounted in separate bank accounts and held on the trust right should no longer be presented in the Group's consolidated financial statements as cash and cash equivalents and advances received respectively as it is no longer meeting the recognition criteria.

The Group nets inflows and outflows of administered utilities turnovers, associated with residential houses administration activity in Latvia, as the Group's companies engaged in such activity primarily act as agent in respect of utilities provision for its clients.

### 2.22. Contingencies

Contingent liabilities are not recognized in the financial statements, except for contingent liabilities associated with business combinations. Contingent liabilities are disclosed in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow or economic benefits is probable.

### 2.23. Offsetting

When preparing the financial statements, assets and liabilities, as well as revenue and expenses are not set-off, except the cases when certain IFRS standard specifically requires such set-off.

## 2 Accounting principles (cont'd)

### 2.24. Subsequent events

Post-balance sheet events that provide additional information about the Group's position at the date of statements of financial position (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

### 2.25. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Valuations are performed by the Group's management at each reporting date. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of asset or liability and the level of the fair value hierarchy as explained above.

Trade payables, trade and other receivables accounted for in the Group's statement of financial position as at 31 December 2016 and 2015 should be settled within a period shorter than three months, therefore, it is deemed that their fair value equals to their carrying amount. The book value of cash is equal to its fair value. Interest rate on the loans received by the Group, as well as on finance lease payables, is subject to repricing at least every six months, therefore, it is deemed that their fair value equals their carrying amount. The Group is not able to establish a fair value of available-for-sale financial assets as these investments have not been traded in the active market. Due to that reason available-for-sale investments are stated at cost less estimated impairment.

### 2.26. Rounding and comparative figures

Due to rounding of separate amounts, the figures in the tables may vary. Such rounding misstatements in these financial statements are insignificant.

Where necessary, comparative figures were adjusted to reflect the disclosure changes for the reporting period.

Translation of the Estonian Original

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Global Energy Consulting OÜ**

### ***Opinion***

The summary consolidated financial statements of Global Energy Consulting OÜ and its subsidiaries (hereinafter – the Group), which comprise the statement of financial position as at 31 December 2016, statement of comprehensive income, changes in equity and cash flows for the year then ended, and the related notes, are derived from the complete audited financial statements of the Group for the year ended 31 December 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 2.1.

### ***Summary Consolidated Financial Statements***

The summary consolidated financial statements do not contain all disclosures that are required by International Financial Reporting standards as adopted by the European Union. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

### ***The Audited Consolidated Financial Statements and Our Report Thereon***

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 11 December 2017.

### ***Management's Responsibility for the Summary Financial Statements***

Management of the Group is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 2.1.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Tallinn, 11 December 2017



Olesia Abramova  
Authorised Auditor's number 561  
Ernst & Young Baltic AS  
Audit Company's Registration number 58

## Müügitulu jaotus tegevusalade lõikes

Tegevusala	EMTAK kood	Müügitulu (EUR)	Müügitulu %	Põhitegevusala
Valdusfirmade tegevus	64201	1026316	100.00%	Yes

## Osanikud

Nimi / ärinimi	Isikukood / registrikood / sünniaeg	Elukoht / Asukoht	Osaluse suurus ja valuuta
Oilwide OÜ	12026720	Estonia	6 EUR (Simple ownership)
Gintautas Jaugielavicius	03.07.1971	Lithuania	5998 EUR (Simple ownership)
Linas Samuolis	15.10.1969	Lithuania	5998 EUR (Simple ownership)
Ignas Janukonis	04.06.1998	United Kingdom	5998 EUR (Common ownership)
Vitas Janukonis	31.01.1996	United Kingdom	5998 EUR (Common ownership)

## Sidevahendid

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