

## I. GENERAL INFORMATION

### Reporting period

4<sup>th</sup> quarter ended 31<sup>st</sup> December 2013

### Company and its contact details

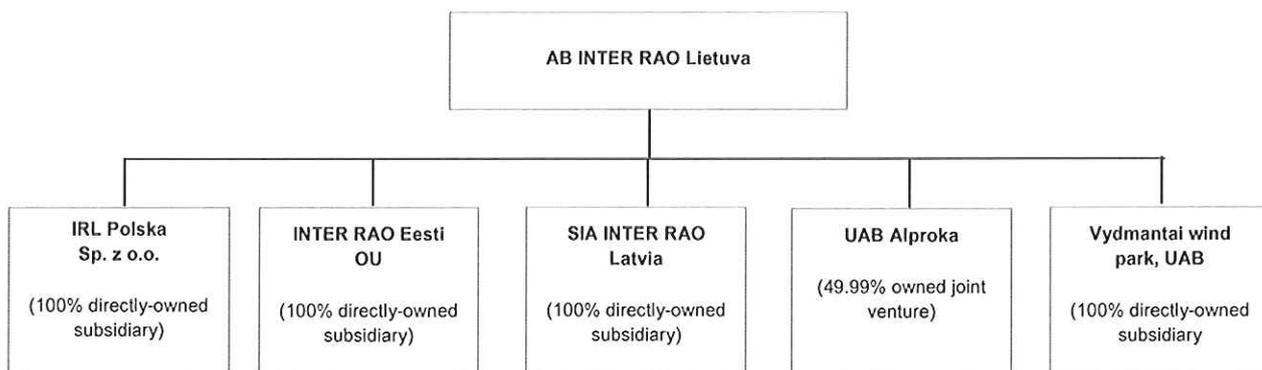
Company name	AB INTER RAO Lietuva (hereinafter - IRL or „the Company“)
Company code	126119913
Legal form	Public company (joint-stock company)
Date of registration	21 <sup>st</sup> December 2002
Name of register of Legal Entities	State Enterprise Centre of Registers
Registered office	A.Tumėno g. 4, block B, LT-01109 Vilnius
Telephone number	+370 5 242 11 21
Fax number	+370 5 242 11 22
E-mail	info@interrao.lt
Internet address	www.interrao.lt

### The Group structure

As on 31<sup>st</sup> December 2013, Inter RAO Lietuva Group consisted of the Company and the below described directly and indirectly controlled subsidiaries and joint venture (hereinafter - the Group):

Company	Company code	Directly and indirectly held effective attributable interest	Equity as at 31 <sup>st</sup> December 2013	Registration address	Activity (including planned)
INTER RAO Eesti OÜ - subsidiary	11879805	100%	(533)	Vaikare-Karja 3/Sauna 2, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100%	(5,033)	Elizabetes iela 15-1, Riga, Latvia	Trade of electricity
IRL Polska Sp. z.o.o.	0000436992	100%	8,000	Emilii Plater 53, Warsaw, Poland	Trade of electricity
UAB Alproka - joint venture	125281684	49,99%	1,888	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB - subsidiary	302666616	100%	35,251	A.Tumėno Str. 4, Vilnius, Lithuania	Generation of electricity

The following chart sets out the Group’ subsidiaries and interest in those subsidiaries, as well as the structure of the Group:



### Main activities of the Group

The Group of INTER RAO Lietuva (hereinafter - “the Group”) is an independent supplier of electricity and, as such, may engage in various forms of electricity trading. Moreover, the Group is also present in electricity generation operations, as it owns a wind farm in Western Lithuania.

The Group is engaged in various forms of electricity trading: the purchase and sale of electricity under bilateral contracts with wholesalers of electricity, as well as on the power exchange; supply of electricity to end-users; provision of balancing services for end-users and other wholesalers of electricity; sale and purchase of regulating and balancing electricity for the purposes of systemic services provided by the transmission system operators; cross-border electricity trading.

The Group has permission to import and export electricity to and from Lithuania, it is engaged in the import of electricity from Russia and, to a lesser extent, from Belarus, as well as in export to these countries. The Group is also active in electricity trading in other EU Member States, namely Latvia and Estonia.

The Group sells all of the electricity it cross-border delivers to the Lithuanian internal market on the Nord Pool Spot since, in accordance with respective regulations, all electricity cross-border delivered to the Nord Pool Spot Lithuanian price area, has to be sold on the Nord Pool Spot. Then the Group buys the electricity on the Nord Pool Spot in a volume corresponding to its contractual obligations with Clients. Sale and purchase orders are submitted for the same price and trades are executed at the market price. Only then does the Group sell electricity to its wholesale customers in Lithuania, Latvia and Estonia according to bilateral contracts. Some portion of electricity is also sold directly through Nord Pool Spot AS to other market participants. Trades on the power exchange are executed at the market price.

The price of electricity sold under bilateral contacts is the market price, adjusted for variances depending on the electricity trading and/ or consumption pattern of the customer and contractual arrangements (e.g., fixed on annual or monthly basis or agreed in daily delivery schedules).

Apart from importing electricity, the Group also purchases the electricity it trades from other wholesalers of electricity in Lithuania and Latvia under bilateral contracts based on various pricing arrangements, as well as on Nord Pool Spot AS in Lithuania, Latvia and Estonia based on market price.

### The Group history and development

- 2002 The Company was incorporated as UAB Energijos realizacijos centras.
- 2003 The Company received its license as independent electricity supplier with permission to export electricity.  
The Company signed sale-purchase agreements with INTER RAO UES and Lietuvos energija AB.
- 2004 The Company began electricity trading activities by exporting electricity to Russia and Belarus.  
Permission to import electricity was granted to the Company.

- 2005 The Company began importing electricity to Lithuania.
- RAO Nordic OY, a wholly owned subsidiary of INTER RAO UES, acquired 18% of the Company's share capital from UAB VB rizikos kapitalo valdymas.
- 2006 The Company acquired a 49.99% stake in UAB Alproka, a company engaged in real estate development in the Lithuanian seaside resort of Palanga.
- 2007 UAB Scaent Baltic acquired an 82% stake in the Company's share capital from Scaent Holdings Cooperatie UA and Bengtsbädd Förvaltning AB.
- 2008 RAO Nordic OY increased its shareholding in the Company by acquiring a 33% stake from UAB Scaent Baltic. The stake of RAO Nordic OY in the Company's share capital reaches 51%, while the stake of UAB Scaent Baltic decreases to 49%.
- 2009 The Company signed electricity sale-purchase agreements with the Belarusian company, Belenergo and the Latvian company, Latvenergo.
- Cooperation regarding the sale of electricity with the largest electricity consumer in the Baltic States, Orlen Lietuva, was established. Delivery was initiated in 2010.
- The Company changed its name to UAB INTER RAO Lietuva.
- 2010 The Company established two wholly-owned subsidiaries, one in Latvia (SIA INTER RAO Latvia) and the second in Estonia (INTER RAO Eesti OU).
- SIA INTER RAO Latvia received its license for electricity trading in Latvia.
- 2011 SIA INTER RAO Latvia begins electricity trading operations.
- The Company begins trading activities in the Estonian area of NordPool Spot.
- The Company begins operations in electricity generation from renewable energy sources by acquiring the wind park in Vydmantai.
- The Company signs an agreement with INTER RAO UES on potential export of electricity generated in Baltiiskaya NPP under construction in Kaliningrad Oblast.
- 2012 Decision on public offering and listing of the Company's shares on the Warsaw Stock Exchange was made.
- Business entity (IRL POLSKA sp. z o.o.) in Poland was established.
- 2013 AB INTER RAO Lietuva shareholders decided to distribute 27 million Lit as dividends.
- In July 2013, the Company has completed a merger of its two subsidiary companies UAB IRL Wind and Vydmantai wind park, UAB. Subsidiary companies were reorganised by merging UAB IRL Wind, which ceased its activities as a legal entity after the merger, into Vydmantai wind park, UAB which continued its activities after the merger.
- On 4<sup>th</sup> December 2013, the statutory capital of subsidiary company of AB INTER RAO Lietuva in Poland IRL Polska Sp.z o.o. was increased from PLN 2,000 thousand to PLN 10,000 thousand.
- 2014 On 3<sup>rd</sup> January 2014, the subsidiary company of AB INTER RAO Lietuva in Poland IRL Polska Sp.z o.o. was granted the license for trade in electricity in Poland. The term of the license is from 9<sup>th</sup> January 2014 till 9<sup>th</sup> January 2024.

## Agreements with intermediaries of public trading in securities

Since 29<sup>th</sup> October 2012 the Company and UAB FMJ Orion Securities (code 122033915), A. Tumėno str. 4, LT-01109 Vilnius, have an agreement on accounting of the Company's securities and services related to the accounting of securities.

## Data about securities traded on regulated market

The following securities of the Company are included into the Main List of Warsaw stock exchange (symbol: IRL):

Types of shares	Number of shares	Nominal value (in LTL)	Total nominal value (in LTL)	Issue Code
Ordinary registered shares	20,000,000	1	20,000,000	LT0000128621

In December 2012, the initial public offering of the Company's ordinary shares was completed on the Warsaw Stock Exchange. The total oversubscription for the Company's ordinary shares exceeded 26%. Given the ordinary share offer price of PLN 24.17 the value of the offering exceeded PLN 96.7 million. The Company's ordinary shares were included into the Main list of the Warsaw Stock Exchange.

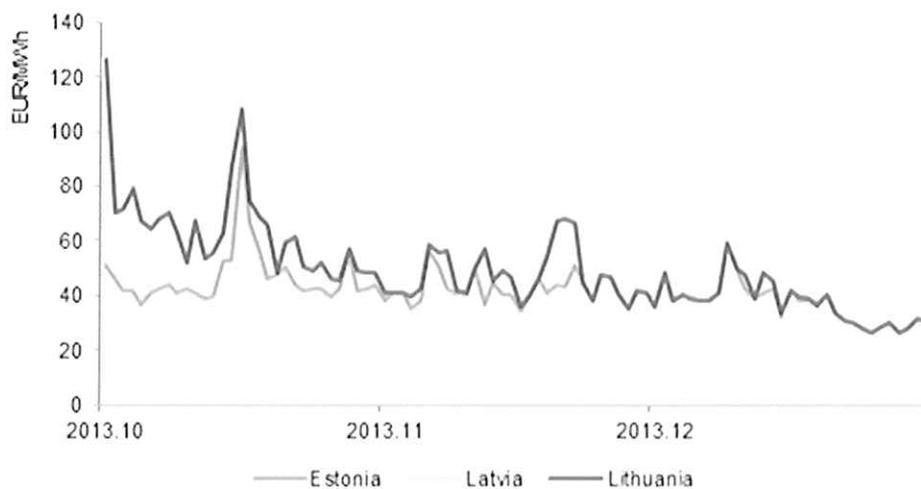
Securities of the Group's subsidiaries are not traded publicly.

## II. FINANCIAL INFORMATION

### Revenue

The total consolidated Group's revenues for the 4<sup>th</sup> quarter were 14% and amounted LTL 198 million compared to LTL 230 million in 2012. Total revenue declined due to lower amount of electricity traded in all Baltic countries, which mainly decreased due to the limitation of electricity transmission capacities from the third countries which persisted during part of October, 2013. The limitation restricted the Groups and the Company's ability to import higher amounts of electricity from Russia and Belarus and resulted in high electricity prices in Lithuanian and Latvian Nord Pool Spot price zones.

Electricity price in NordPoolSpot exchange



The Group is organized into business units based on type of activities and has the two following reportable segments:

Sales revenues by operating segments, thous. LTL	4 <sup>th</sup> quarter of 2013	4 <sup>th</sup> quarter of 2012
Electricity purchases and sales	190.721	224.372
Electricity production and sales	7.180	5.592
<b>Total</b>	<b>197.901</b>	<b>229.964</b>

Group's revenue from purchase and sales of electricity in the 4<sup>th</sup> quarter were lower by 15% and amounted to LTL 191 million compared to LTL 224 million in the same period in 2012.

Group's revenue from produced electricity sales in 4<sup>th</sup> quarter were higher by 28.4% and amounted to LTL 7.2 million compared to LTL 5.6 million in 4<sup>th</sup> quarter of 2012. The electricity production in Vydmantai wind park is directly related to the wind speed in the region, which was higher during the 4<sup>th</sup> quarter compared to the year 2013 and 4<sup>th</sup> quarter of 2012.

The table below presents data on the electricity trading activities of the Group, with a breakdown by each country for the periods indicated (S - sale, P - purchase).

	For the 4 <sup>th</sup> quarter of 2013		For the 4 <sup>th</sup> quarter of 2012	
	S	P	S	P
	GWh		GWh	
Lithuania*	1,078	119	982	51
Latvia	121	116	302	20
Estonia	13	13	122	20
Russia	8	839	-	1,232
Belarus		133	-	83
<b>Total*</b>	<b>1,220</b>	<b>1,220</b>	<b>1,406</b>	<b>1,406</b>

\* Excluding equivalent trades on the power exchange

#### Expenses

Cost of sales of electricity of the Group in the 4<sup>th</sup> quarter was lower by 7.6% then in the same period in 2012. Cost of purchases of electricity comprised 97% of total cost of sales. The decrease in cost of sales was due to the lower sales in the 4<sup>th</sup> quarter.

Group's operating expenses in the 4<sup>th</sup> quarter of 2013 amounted to LTL 6.9 million, a 13.9% lower compared to the same period a year ago. Group's operating expenses decreased due to the decrease in consulting services expenses, which in 2012 were associated with the initial public offering.

Net consolidated result from financial and investing activities for the Group in the 4<sup>th</sup> quarter decreased by 41% compared to the 4<sup>th</sup> quarter of 2012 and amounted to LTL (-1.1) million. Better overall result for the Group from financial activities was mainly caused by year-on-year 43% lower interest expenses, which in the 4<sup>th</sup> quarter in 2012 totalled to LTL 1.7 million.

#### Earnings

Gross profit of the Group were lower by 59% in October-December of 2013 amounted to LTL 11.5 million, compared to LTL 28.25 million in the same period a year ago.

Profit from operations for the Group in the 4<sup>th</sup> quarter were equal to LTL 4.57 million, compared to LTL 20.22 million in the 4<sup>th</sup> quarter in 2012. Group's operating profit margin for the 4<sup>th</sup> quarter were equal to 2.31% and 8.79% in the 4<sup>th</sup> quarter year ago.

As a result, profit before tax for the Group in the 4<sup>th</sup> quarter amounted to LTL 3.49 million compared to LTL 18.35 million in the 4<sup>th</sup> quarter of 2012.

Due to deferred income tax income, the Group in the 4<sup>th</sup> quarter of 2013 received an income tax gain in the amount of LTL 4.8 million. As a result, net profit for the Group for the accounting period amounted to LTL 8.26 million compared to 15.86 million a year ago. The net profit margin for the Group in the 4<sup>th</sup> quarter of 2013 was equal to 4.17% compared to 6.9% the 4<sup>th</sup> quarter year ago.

## Statement of financial position

	Group		Company	
	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets				
Goodwill	5,926	6,926	-	-
Operating license	29,247	33,430	-	-
Other intangible assets	88	-	88	-
<b>Total intangible assets</b>	<b>35,261</b>	<b>40,356</b>	<b>88</b>	<b>-</b>
Property, plant and equipment				
Land	2,687	2,829	-	-
Buildings and structures	11,713	12,304	-	-
Office premises	3,451	3,711	3,451	3,711
Machinery and equipment	65,486	68,653	2	10
Other property, plant and equipment	343	229	300	181
<b>Total property, plant and equipment</b>	<b>83,680</b>	<b>87,726</b>	<b>3,753</b>	<b>3,902</b>
Investment property	584	623	584	623
Interest in a joint venture and subsidiaries	944	1,707	40,301	33,725
Other non-current financial assets	1,905	3,555	119	102
Deferred tax asset	-	291	-	-
<b>Total non-current assets</b>	<b>122,374</b>	<b>134,258</b>	<b>44,845</b>	<b>38,352</b>
<b>Current assets</b>				
Inventories and prepayments	449	358	10,300	294
Accounts receivable				
Trade receivables	50,099	60,084	45,253	57,315
Receivables from subsidiaries and joint venture	-	-	6	578
Other receivables	4,599	1,026	13	6
<b>Total accounts receivable</b>	<b>54,698</b>	<b>61,110</b>	<b>45,272</b>	<b>57,899</b>
Prepaid income tax	8,778	1,118	8,310	1,118
Other current assets	1,106	855	714	731
Cash and cash equivalents	15,202	11,218	3,418	5,345
<b>Total current assets</b>	<b>80,233</b>	<b>74,659</b>	<b>68,014</b>	<b>65,387</b>
<b>TOTAL ASSETS</b>	<b>202,607</b>	<b>208,917</b>	<b>112,859</b>	<b>103,739</b>

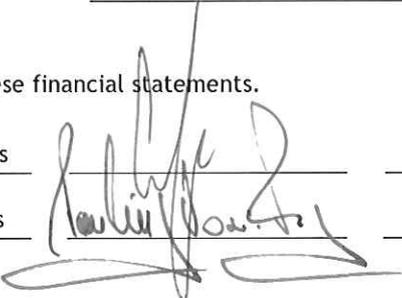
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The accompanying notes are an integral part of these financial statements.

## Statement of financial position (cont'd)

	Group		Company	
	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	20,000	20,000	20,000	20,000
Legal reserves	2,000	100	2,000	100
Cash flow hedge reserve	(693)	(1,651)	-	-
Currency translation reserve	62	-	-	-
Retained earnings	11,925	38,141	13,096	37,925
<b>Total equity</b>	<b>33,294</b>	<b>56,590</b>	<b>35,096</b>	<b>58,025</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current borrowings	70,264	43,121	-	-
Financial lease obligations	2,587	42,878	-	-
Derivative financial instruments	385	1,647	-	-
Deferred income tax liability	2,676	8,131	-	-
<b>Total non-current liabilities</b>	<b>75,912</b>	<b>95,777</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Current portion of non-current borrowings	11,746	-	-	-
Other financial debts	17,182	-	17,182	-
Current portion of financial lease obligations	237	8,423	-	-
Derivative financial instruments	1,141	880	-	-
Trade payables	48,776	39,164	48,387	39,065
Income tax payable	-	588	-	-
Advances received	3,429	334	3,418	331
Other current liabilities	10,890	7,161	8,776	6,318
<b>Total current liabilities</b>	<b>93,401</b>	<b>56,550</b>	<b>77,763</b>	<b>45,714</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>202,607</b>	<b>208,917</b>	<b>112,859</b>	<b>103,739</b>

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

General Manager	Giedrius Balčiūnas		20 February 2014
Economic Director	Paulius Vazniokas		20 February 2014

## Statement of comprehensive income

	Group		Company	
	4 <sup>th</sup> quarter 2013	4 <sup>th</sup> quarter 2012	4 <sup>th</sup> quarter 2013	4 <sup>th</sup> quarter 2012
Sales	197,901	229,964	174,673	223,888
Cost of sales	(186,422)	(201,712)	(167,140)	(201,636)
<b>Gross profit</b>	<b>11,479</b>	<b>28,252</b>	<b>7,533</b>	<b>22,252</b>
General and administrative expenses	(6,914)	(8,032)	(3,823)	(6,272)
<b>Profit from operations</b>	<b>4,565</b>	<b>20,220</b>	<b>3,709</b>	<b>15,980</b>
Income from other activities	20	-	18	-
Finance income	21	45	246	10
Finance expenses	(976)	(1,710)	82	(11)
Share of result of joint venture	(140)	(201)	-	-
<b>(Loss) profit before tax</b>	<b>3,490</b>	<b>18,354</b>	<b>3,891</b>	<b>15,979</b>
Income tax	4,768	(2,492)	(429)	(1,947)
<b>Net profit</b>	<b>8,258</b>	<b>15,862</b>	<b>3,462</b>	<b>14,032</b>
Total other comprehensive income (expenses), net of tax	779	(1,651)	-	-
<b>Total comprehensive income (expenses) for the year, net of tax</b>	<b>9,037</b>	<b>14,211</b>	<b>3,462</b>	<b>14,032</b>

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

General Manager	Giedrius Balčiūnas		20 February 2014
Economic Director	Paulius Vazniokas		20 February 2014

## Statement of comprehensive income for 12 months ended 31<sup>st</sup> December 2013

	Group		Company	
	2013	2012	2013	2012
Sales	757,882	897,435	710,514	877,301
Cost of sales	(732,076)	(800,738)	(691,657)	(794,442)
<b>Gross profit</b>	<b>25,806</b>	<b>96,697</b>	<b>18,857</b>	<b>82,859</b>
General and administrative expenses	(23,347)	(23,568)	(15,362)	(17,671)
<b>Profit from operations</b>	<b>2,459</b>	<b>73,129</b>	<b>3,495</b>	<b>65,188</b>
Income from other activities	38	-	58	-
Finance income	210	296	1,567	903
Finance expenses	(4,286)	(5,127)	(200)	(13)
Share of result of joint venture	(13)	(173)	-	-
<b>(Loss) profit before tax</b>	<b>(1,592)</b>	<b>68,125</b>	<b>4,920</b>	<b>66,078</b>
Income tax	4,276	(10,011)	(849)	(9,153)
<b>Net profit</b>	<b>2,684</b>	<b>58,114</b>	<b>4,071</b>	<b>56,925</b>
Total other comprehensive income (expenses), net of tax	1,020	(1,651)	-	-
<b>Total comprehensive income (expenses) for the year, net of tax</b>	<b>3,704</b>	<b>56,463</b>	<b>4,071</b>	<b>56,925</b>

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

General Manager	Giedrius Balčiūnas		20 February 2014
Economic Director	Paulius Vazniokas		20 February 2014

## CONFIRMATION OF RESPONSIBLE PERSONS

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Central Bank of the Republic of Lithuania, I, Giedrius Balčiūnas, the General Director of AB INTER RAO Lietuva hereby confirm that, to the best of my knowledge, AB INTER RAO Lietuva Unaudited Consolidated Financial results for the 4th quarter 2013 as set out on above are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of the Company and the Group.

Giedrius Balčiūnas

General Director

A handwritten signature in black ink, consisting of a stylized, cursive script that appears to be the name 'Giedrius Balčiūnas'.