

## I. General Information

### Reporting period

1<sup>st</sup> quarter ended 31 March 2013

### Company and its contact details

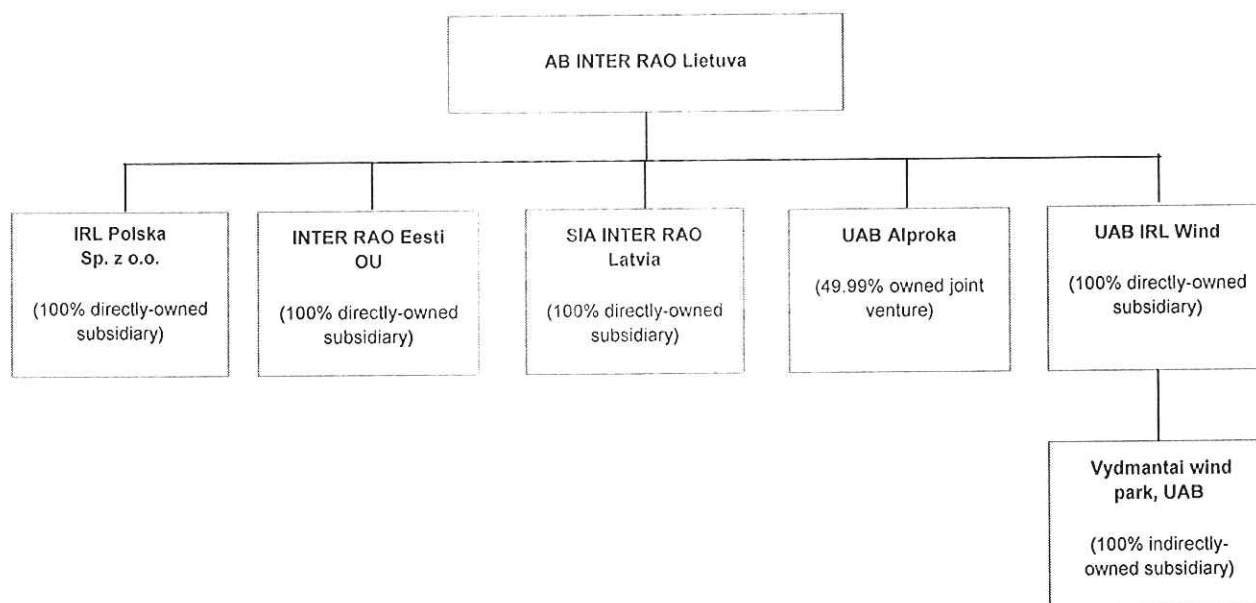
Company name	AB INTER RAO Lietuva (hereinafter – IRL or „the Company“)
Company code	126119913
Legal form	Public company (joint-stock company)
Date of registration	21 December 2002
Name of register of Legal Entities	State Enterprise Centre of Registers
Registered office	A.Tumėno g. 4, block B, LT-01109 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 March 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 March 2013	Registration address	Activity (including planned)
OU INTER RAO Eesti - subsidiary	11879805	100 %	(63)	Vaikare-Karja 3/Sauna 2, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100 %	404	Elizabetes iela 15-1, Riga, Latvia	Trade of electricity
Sp. z.o.o. IRL Polska - subsidiary	0000436992	100 %	1,684	W.Kosciuszkowskie 43-2. Warsaw, Poland	Trade of electricity
UAB Alproka – joint venture	125281684	49,99 %	3,453	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
UAB IRL Wind - subsidiary	302615372	100 %	31,906	A.Tumėno Str. 4, Vilnius, Lithuania	Holding company
Vydmantai Wind Park, UAB (indirectly owned subsidiary - managed through UAB IRL Wind)	302666616	100 %	39,564	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's main activity is electricity trading, therefore most of its subsidiaries hold the license of 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 other electricity suppliers, 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 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 cross-border electricity trading between Lithuania and 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 power exchange since, in accordance with respective regulations, all electricity cross-border delivered to the Lithuanian internal electricity market, including those volumes imported from the third countries and those delivered from the EU Member States, has to be sold on the power exchange. Then the Group buys the electricity on the power exchange in a volume corresponding to its contractual obligations with clients. Sale and purchase orders are submitted for the same prices and trades are executed at the market price. Some portion of electricity is also sold through Nord Pool Spot AS in Lithuania and Estonia 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 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 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 and Estonia.

## 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.
- The Company began electricity trading activities by exporting electricity to Russia and Belarus.
- 2004 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 per cent of the Company's share capital from UAB VB rizikos kapitalo valdymas.
- 2006 The Company acquired a 49.99 per cent 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 per cent 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 33per cent stake from UAB Scaent Baltic. The stake of RAO Nordic OY in the Company's share capital reaches 51 per cent, while the stake of UAB Scaent Baltic decreases to 49 per cent.
- 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.
- IRL POLSKA Sp. z o.o. in Poland was established.
- 2013 AB INTER RAO Lietuva shareholders decided to distribute 27 million Litas as dividends.

### Agreements with intermediaries of public trading in securities

Since 29 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.

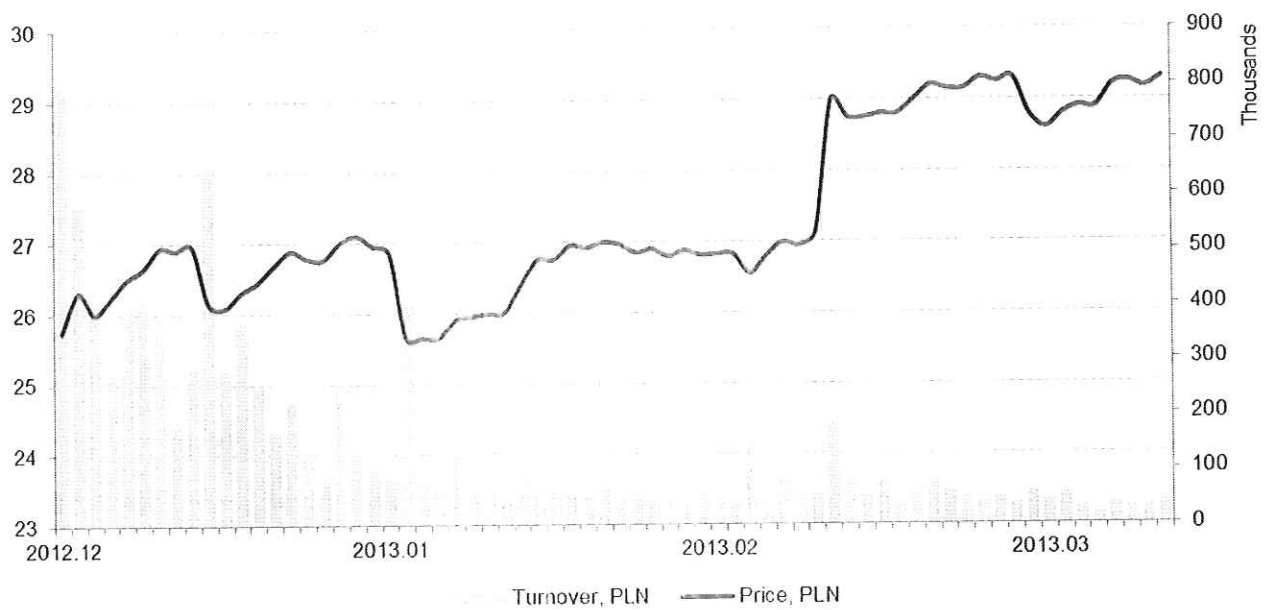
### Data about securities traded on regulated market

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 per cent. 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.

Trading in the Company's securities on Warsaw Stock Exchange:



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

## II. FINANCIAL INFORMATION

### Revenue

The total consolidated Group's sales revenue in January-March of 2013 was equal to LTL 196.3 million, a 26.9 per cent less than in the first quarter of 2012. Total revenue declined due to lower amount of electricity traded in the Baltic States, which was mainly due to a drop in demand in the region and increased electricity imports from Scandinavia.

The warm winter of 2013 led to higher electricity production by hydro power plants in Scandinavia and lower overall electricity demand in the whole region. The price of electricity in Scandinavia was lower by 25 per cent than in the Baltics, and it led to increased electricity export from Finland to the Baltic States. Increased electricity export combined with lower demand reduced Group's ability to export electricity to Estonia, Latvia and Lithuania.

Revenue from sales of electricity in the 1<sup>st</sup> quarter of 2013 amounted to LTL 191.5 million. Revenue from produced electricity sales accounted for LTL 4.5 million, a 25.4 per cent less than a year ago. Electricity production in Vydmantai wind park is directly related to wind speed in the region, which was lower during the first quarter of 2013.

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 1 <sup>st</sup> quarter of 2013		For the 1 <sup>st</sup> quarter of 2012	
	S	P	S	P
	GWh		GWh	
Lithuania*	804.6	52.2	1,038.0	57.9
Latvia	277.4	9.7	444.3	5.9
Estonia	179.1	2.6	212.8	3.0
Russia	-	1,109.3	-	1,532.1
Belarus	-	88.8	-	96.2
Total*	1,261.1	1,262.6	1,695.0	1,695.2

\* Excluding equivalent trades on the power exchange

Differences between purchased and sold electricity total values is due to rounding

### Expenses

Cost of sales in January-March of 2013 accounted to LTL 178.8 million, a 25.4 per cent less than in during the first three months of 2012. The decline in cost of sales was due to the lower amount of electricity traded by the Group.

Cost of purchased electricity in the 1<sup>st</sup> quarter of 2013 amounted to LTL 173.6 million. Cost of purchased electricity comprised 97.1 per cent of total cost of sales. The purchase and sale prices of electricity remained at the levels of 2012.

Operating expenses in the 1<sup>st</sup> quarter of 2013 amounted to LTL 5.5 million, a 21.9% increase over a year ago. Operating expenses increased due to the completion of initial public offering and expenses related to the expansion into the retail electricity market.

### Earnings

Gross profit in January-March of 2013 amounted to LTL 17.5 million, while the gross profit margin slightly declined to 8.9 per cent (10.8 per cent a year ago). Operating profit over the same period accounted to LTL 12.0 million, while the operating profit margin declined to 6.1 per cent from 9.1 per cent a year ago.

Net financial loss in the 1<sup>st</sup> quarter of 2013 amounted to minus LTL 1.0 million, a 3.7 per cent increase over the net financial loss the same period year ago. Financial expenses were mainly comprised of interest expenses that were due to the stand-alone financing of wind energy parks.

Net profit in the 1<sup>st</sup> quarter of 2013 amounted to LTL 9.3 million, a decline by 51.8 per cent over the profit of LTL 19.3 million for the same period year ago. The profit margin decreased from 7.2 per cent a year ago to 4.7 per cent.

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 FOR THE 1<sup>st</sup> QUARTER ENDED 31 MARCH 2013  
 (all amounts are in LTL thousand unless otherwise stated)

Statement of comprehensive income

	<u>Group</u> 1 <sup>st</sup> quarter 2013	<u>Group</u> 1 <sup>st</sup> quarter 2012
Sales	196,280	268,457
Cost of sales	<u>178,772</u>	<u>239,543</u>
Gross profit	17,508	28,914
General and administrative expenses	<u>5,469</u>	<u>4,485</u>
Profit from operations	12,039	24,429
Other activities	-39	19
Financing and investing activities profit	-985	-949
Finance income	49	107
Finance expenses	1,053	1,083
Share of result of joint venture	<u>19</u>	<u>26</u>
Profit before tax	11,015	23,499
Income tax	<u>1,714</u>	<u>4,188</u>
Net profit	9,301	19,311

General Manager

Giedrius Balčiūnas

13 May 2013

Economic Director

Paulius Vazniokas

13 May 2013

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**Statement of financial position**

	Group As at 31 March 2013	Group As at 31 December 2012	Company As at 31 March 2013	Company As at 31 December 2012
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets				
Goodwill	6,926	6,926	-	-
Patents and licenses	32,385	33,430	-	-
Other intangible assets	22	-	22	-
<b>Total intangible assets</b>	<b>39,333</b>	<b>40,356</b>	<b>22</b>	<b>-</b>
Property, plant and equipment				
Land	2,794	2,829	-	-
Buildings and structures	15,802	16,015	3,646	3,711
Machinery and equipment	67,861	68,653	-	10
Other property, plant and equipment	202	229	167	181
<b>Total property, plant and equipment</b>	<b>86,659</b>	<b>87,726</b>	<b>3,813</b>	<b>3,902</b>
Investment property	613	623	613	623
Interest in a joint venture	1,726	1,707	33,725	33,725
Other non-current financial assets	3,895	3,555	108	102
Deferred tax asset	-	291	-	-
<b>Total non-current assets</b>	<b>132,226</b>	<b>134,258</b>	<b>38,281</b>	<b>38,352</b>
<b>Current assets</b>				
Inventories and prepayments	1,811	358	570	294
Accounts receivable				
Trade receivables	103,016	60,084	100,900	57,315
Receivables from subsidiaries	-	-	1,354	578
Other receivables	1,520	1,026	5	6
<b>Total accounts receivable</b>	<b>104,536</b>	<b>61,110</b>	<b>102,259</b>	<b>57,899</b>
Prepaid income tax	2,096	1,118	2,096	1,118
Other current assets	929	855	695	731
Cash and cash equivalents	14,109	11,218	6,321	5,345
<b>Total current assets</b>	<b>123,481</b>	<b>74,659</b>	<b>111,941</b>	<b>65,387</b>
<b>Total assets</b>	<b>255,707</b>	<b>208,917</b>	<b>150,222</b>	<b>103,739</b>

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Statement of financial position (cont'd)

	Group As at 31 March 2013	Group As at 31 December 2012	Company As at 31 March 2013	Company 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	100	100	100	100
Cash flow hedge reserve	-1,898	-1,651	-	-
Retained earnings	47,466	38,141	47,097	37,925
Equity attributable to equity holders of the parent	65,668	56,590		
<b>Total equity</b>	<b>65,668</b>	<b>56,590</b>	<b>67,197</b>	<b>58,025</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Non-current borrowings	43,121	43,121	-	-
Financial lease obligations	40,905	42,878	-	-
Derivative financial instruments	1,867	1,647	-	-
Deferred income tax liability	8,198	8,131	22	-
<b>Total non-current liabilities</b>	<b>94,091</b>	<b>95,777</b>	<b>22</b>	<b>-</b>
<b>Current liabilities</b>				
Current portion of non-current borrowings	-	-	-	-
Current portion of financial lease obligations	8,251	8,423	-	-
Derivative financial instruments	950	880	-	-
Trade payables	77,726	39,164	75,173	39,065
Income tax payable	513	588	-	-
Advances received	154	334	154	331
Other current liabilities	8,354	7,161	7,676	6,318
<b>Total current liabilities</b>	<b>95,948</b>	<b>56,550</b>	<b>83,003</b>	<b>45,714</b>
<b>Total equity and liabilities</b>	<b>255,707</b>	<b>208,917</b>	<b>150,222</b>	<b>103,739</b>

<u>General Manager</u>	<u>Giedrius Balčiūnas</u>	<u>13 May 2013</u>
<u>Economic Director</u>	<u>Paulius Vazniokas</u>	<u>13 May 2013</u>



## 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 1 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 several loops and a long vertical stroke, positioned to the right of the name and title.