

I. General Information

Reporting period

3rd quarter ended 30 September 2013

Company and its contact details

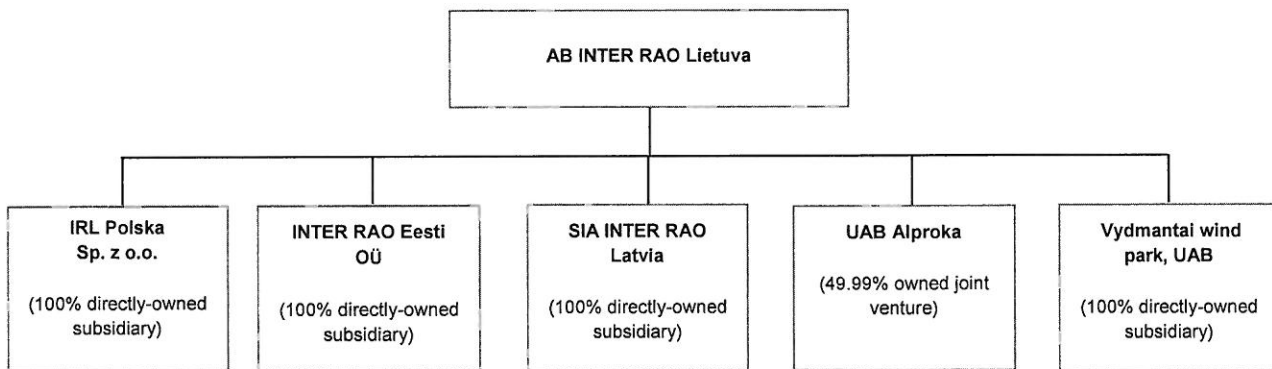
Company name	AB INTER RAO Lietuva (hereinafter – IRL or „the Company“)
Company code	126119913
Legal form	Public company (joint-stock company)
Date of registration	21 December 2002
Name of register of Legal Entities	State Enterprise Centre of Registers
Registered office	A. Tumėno g. 4, block B, LT-01109 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 of 30 September 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 30 September 2013	Registration address	Activity (including planned)
INTER RAO Eesti OÜ - 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
IRL Polska Sp. z o.o. - subsidiary	0000436992	100 %	1,684	Emilii Plater 53, Warsaw, Poland	Trade of electricity
UAB Alproka – joint venture	125281684	49,99 %	3,453	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB – subsidiary	302666616	100 %	27,037	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, Latvia 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 OÜ).
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.
UAB IRL Wind and Vydmantai Wind Park, UAB were reorganized by merging UAB IRL Wind into Vydmantai Wind Park, UAB.
During the 3rd quarter the member of Supervisory Board – Jonas Garbaravicius – has acquired 24.813 shares of AB INTER RAO Lietuva for a price 25,53 – 27,00 PLN.
During the 3rd quarter Chief Corporate Communication Officer – Saulius Garbaravicius – has acquired 8.733 shares of AB INTER RAO Lietuva for a price 26,71 – 27,10 PLN.

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:

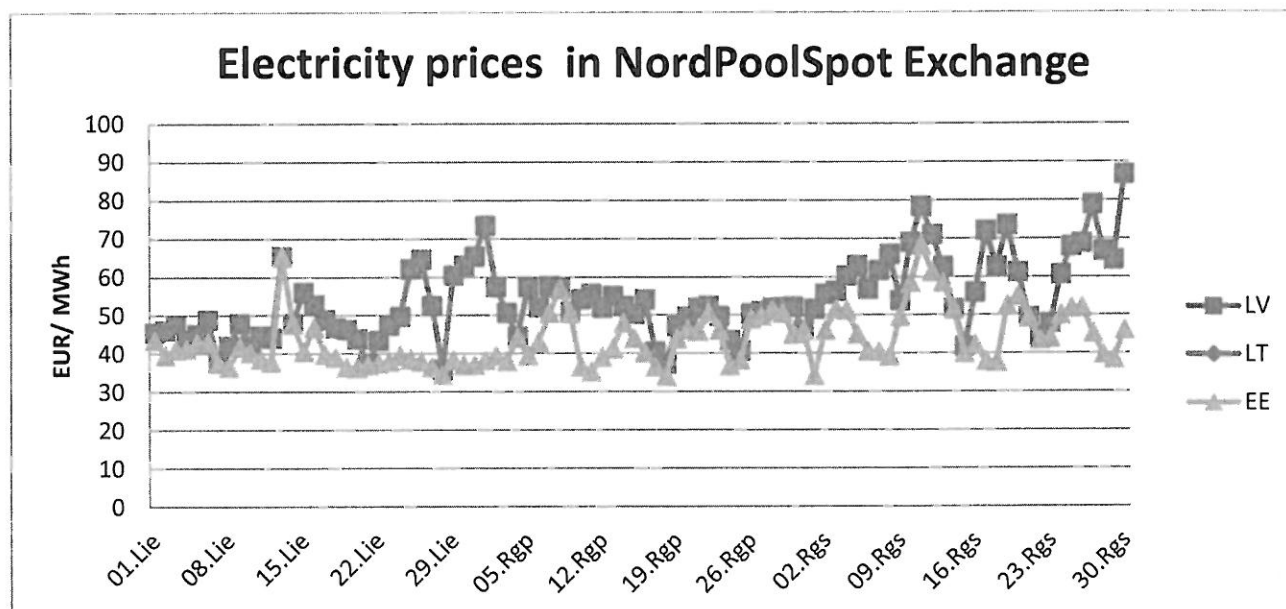


Securities of the Group's subsidiaries are not traded publicly.

II. FINANCIAL INFORMATION

Revenue

The total consolidated Group's sales revenues in July-September of 2013 were equal to LTL 184.5 million, a 13.8 per cent less than in the third quarter of 2012. Total revenue declined due to lower amount of electricity traded in the Baltic States, which was mainly due to the limitation of the transmission capacities from the 3rd countries (Russia and Belarus) to the Baltics, caused by the agreement signed between the Baltic States transmission system operators as of 15th of March, 2013¹. Such limitation of the transmission capacities possibly resulted in the high electricity prices in the Lithuanian and Latvian NordPoolSpot price zones, which were significantly higher than in the Estonian price zone.



Revenue from sale of electricity in the 3rd quarter of 2013 amounted to LTL 181.6 million and was lower by 13.5 per cent in comparison to the 2012. Revenue from the produced electricity sales accounted for LTL 2.9 million, a 29.1 per cent less than a year ago. The electricity production in Vydmantai wind park is directly related to the wind speed in the region, which was lower during the 3rd quarter of 2013 in comparison to 2012 and one of the lowest in the last 7 years.

At the table below is exposed the 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 9 months of 2013		For the 9 months of 2012	
	S	P	S	P
	GWh		GWh	
Lithuania*	2 543	296	2 914	157
Latvia	509	230	828	119
Estonia	205	35	252	75
Russia	92	2 729	-	3 549
Belarus	115	174	109	203
Total*	3 464	3 464	4 103	4 103

* Excluding equivalent trades on the power exchange
Differences between purchased and sold electricity total values is due to rounding

¹ The signed agreement: <http://www.litgrid.eu/index.php/elektros-rinka/rinkos-pletra/rinkos-pletra/493>.

	For the 3 rd quarter of 2013		For the 3 rd quarter of 2012	
	S	P	S	P
	GWh		GWh	
Lithuania*	912	174	1 007	56
Latvia	98	115	237	13
Estonia	-	-	13	39
Russia	52	752	-	1 066
Belarus	-	21	-	83
Total*	1 062	1 062	1 257	1 257

* Excluding equivalent trades on the power exchange

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

Expenses

Cost of sales in July-September of 2013 accounted to LTL 199.6 million, a 3.5 per cent increase compared to the 3rd quarter of 2012, when cost of sales amounted to LTL 192.9 million. The increase in cost of sales was due to the limitation of the transmission capacities from the 3rd countries.

Cost of purchased electricity in the 3rd quarter of 2013 amounted to LTL 195.6 million, a 3.5% increase comparing to the same period one year ago. Cost of purchased electricity comprised 98.0 per cent of total cost of sales, while in the 3rd quarter of 2012 it comprised 97.5%. The purchase prices of electricity increased in the 3rd quarter of 2013 in comparison to the 2012 due to the limitation of the transmission capacities from the 3rd countries.

Operating expenses in the 3rd quarter of 2013 amounted to LTL 5.6 million, a 15.3% decrease compared to the same period one year ago. Operating expenses decreased due to the decrease in costs of the consulting services, which in 2012 were associated with the initial public offering.

Earnings

Gross loss in July-September of 2013 amounted to LTL 15.1 million, while the gross profit margin declined to negative - 8.21 per cent (9.9 per cent a year ago). Operating loss over the same period accounted to LTL 20,8 million, while the operating profit margin declined to negative - 11,3 per cent from 6.8 per cent a year ago.

The main reason of such decrease was the limitation of transmission capacities from the 3rd countries, which restricted the import of the electricity produced in Russia/ Belarus and possibly became the main factor for the significant increase of the electricity prices in Lithuanian and Latvian NordPoolSpot zones. During this period the Group had to fulfil its contractual obligations of the electricity sales to its clients at the fixed prices, agreed upon in annual contracts, and at the same time to purchase the electricity in Lithuanian and Latvian markets at the significantly higher prices, instead of purchasing the electricity from Russia/ Belarus.

Net financial loss in the 3rd quarter of 2013 amounted to minus LTL 0.9 million, a 4.8 per cent decrease over the net financial loss for the same period a year ago. Financial expenses were mainly comprised of the interest expenses that were due to the stand-alone financing of the wind energy parks.

Net loss in the 3rd quarter of 2013 amounted to LTL 19.7 million, a decline by – 2.7 times over the profit of LTL 11.6 million for the same period year ago. The profit margin decreased to negative – 10.7 per cent from 5.7 per cent a year ago.

Statement of financial position

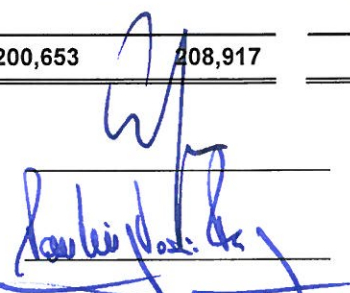
	<u>Group</u> As at 30 September 2013	<u>Group</u> As at 31 December 2012	<u>Company</u> As at 30 September 2013	<u>Company</u> As at 31 December 2012
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	6,926	6,926	-	-
Patents and licenses	30,294	33,430	-	-
Other intangible assets	63	-	63	-
Total intangible assets	37,283	40,356	63	-
Property, plant and equipment				
Land	2,723	2,829	-	-
Buildings and structures	15,377	16,015	3,516	3,711
Machinery and equipment	66,309	68,653	4	10
Other property, plant and equipment	333	229	316	181
Total property, plant and equipment	84,742	87,726	3,836	3,902
Investment property	593	623	593	623
Interest in a joint venture	1,085	1,707	33,725	33,725
Other non-current financial assets	1,909	3,555	117	102
Deferred tax asset	249	291	-	-
Total non-current assets	125,861	134,258	38,334	38,352
Current assets				
Inventories and prepayments	1,979	358	12,290	294
Trade receivables	47,020	60,084	42,148	57,315
Receivables from subsidiaries		-	7	578
Other receivables	4,930	1,026	4	6
Total accounts receivable	53,929	61,110	54,449	57,899
Prepaid income tax	8,716	1,118	8,381	1,118
Other current assets	1,041	855	686	731
Cash and cash equivalents	11,106	11,218	7,874	5,345
Total current assets	74,792	74,659	71,390	65,387
Total assets	200,653	208,917	109,724	103,739

(cont'd on the next page)

AB INTER RAO LIETUVA, company code 126119913, A. Tumėno str. 4, Vilnius, Lithuania
 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE 3rd QUARTER ENDED 30 SEPTEMBER 2013
 (all amounts are in LTL thousand unless otherwise stated)

Statement of financial position (cont'd)

	Group As at 30 September 2013	Group As at 31 December 2012	Company As at 30 September 2013	Company As at 31 December 2012
EQUITY AND LIABILITIES				
Equity				
Share capital	20,000	20,000	20,000	20,000
Legal reserves	2,312	100	2,000	100
Cash flow hedge reserve	-1,410	-1,651	-	-
Retained earnings	3,321	38,141	9,635	37,925
Equity attributable to equity holders of the parent	24,223	56,590		
Total equity	24,223	56,590	31,635	58,025
Liabilities				
Non-current liabilities				
Non-current borrowings	72,509	43,121	-	-
Financial lease obligations	2,746	42,878	-	-
Derivative financial instruments	1,462	1,647	-	-
Deferred income tax liability	8,234	8,131	30	-
Total non-current liabilities	84,951	95,777	30	-
Current liabilities				
Current portion of non-current borrowings	10,358	-	-	-
Current portion of financial lease obligations	211	8,423	-	-
Derivative financial instruments	781	880	-	-
Financial debts	17,100		17,100	
Trade payables	56,093	39,164	55,928	39,065
Income tax payable	-	588	-	-
Advances received	770	334	770	331
Other current liabilities	6,166	7,161	4,261	6,318
Total current liabilities	91,479	56,550	78,059	45,714
Total equity and liabilities	200,653	208,917	109,724	103,739

<u>General Manager</u>	<u>Giedrius Balčiūnas</u>		<u>8 November 2013</u>
<u>Economic Director</u>	<u>Paulius Vazniokas</u>		<u>8 November 2013</u>

Statement of comprehensive income

	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	<u>3rd quarter 2013</u>	<u>3rd quarter 2012</u>	<u>3rd quarter 2013</u>	<u>3rd quarter 2012</u>
Sales	184,486	214,121	164,522	209,660
Cost of sales	199,632	192,888	178,435	190,932
Gross profit	(15,146)	21,233	(13,913)	18,728
General and administrative expenses	5,626	6,649	3,865	5,117
Profit from operations	(20,772)	14,584	(17,778)	13,610
Other activities	(25)	105	13	34
Financing and investing activities profit	(921)	(967)	(35)	19
Finance income	121	56	48	20
Finance expenses	1,105	1,067	83	1
Share of result of joint venture	63	44		
Profit before tax	(21,718)	13,722	(17,800)	13,663
Income tax	- 2,062	2,130	- 2,152	1,919
Net profit	(19,656)	11,592	(15,648)	11,744

General Manager

Giedrius Balčiūnas

8 November 2013

Economic Director

Paulius Vazniokas

8 November 2013

Statement of comprehensive income for the nine months ended 30 September 2013

	Group	Group	Company	Company
	9 months 2013	9 months 2012	9 months 2013	9 months 2012
Sales	559,980	667,471	530,928	653,325
Cost of sales	545,654	598,903	519,604	592,806
Gross profit	14,326	68,568	11,324	60,519
General and administrative expenses	16,433	15,647	11,537	11,399
Profit from operations	(2,107)	52,921	(213)	49,120
Other activities	(39)	105	40	88
Financing and investing activities profit	(2,937)	(3,138)	1,203	891
Finance income	189	251	1,317	893
Finance expenses	3,253	3,417	114	2
Share of result of joint venture	127	28		
Profit from ordinary activities	(5,083)	49,888	1,030	50,099
Extraordinary gain	629			
Extraordinary loss				
Profit before tax	(4,454)	49,888	1,030	50,099
Income tax	492	7,519	420	7,206
Net profit	(4,946)	42,369	610	42,893

General Manager

Giedrius Balčiūnas

8 November 2013

Economic Director

Paulius Vazniokas

8 November 2013

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 3rd 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 blue ink, consisting of stylized, cursive letters that appear to read 'G. Balčiūnas'.