

I. General Information

Reporting period

1st quarter ended 31 March 2014

Company and its contact details

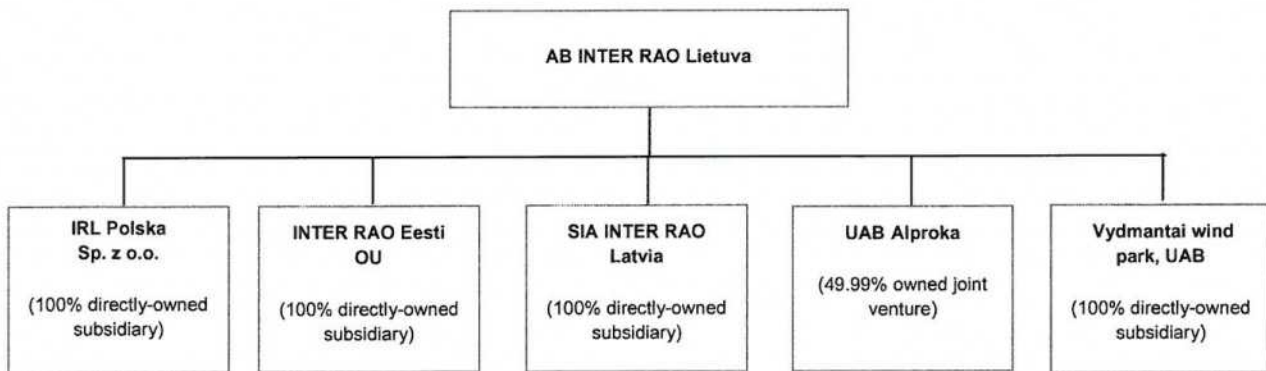
Company name	AB INTER RAO Lietuva (hereinafter - IRL or „the Company“)
Company code	126119913
Legal form	Public company (joint-stock company)
Date of registration	21 December 2002
Name of register of Legal Entities	State Enterprise Centre of Registers
Registered office	A.Tumėno g. 4, block B, LT-01109 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 2014, 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 2014	Registration address	Activity (including planned)
OU INTER RAO Eesti - subsidiary	11879805	100 %	(232)	Vaikare-Karja 3/Sauna 2, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100 %	(4,277)	Elizabetes iela 15-1, Riga, Latvia	Trade of electricity
IRL Polska Sp. z.o.o. - subsidiary	0000436992	100 %	7,816	Emilii Plater 53, Warsaw, Poland	Trade of electricity
UAB Alproka - joint venture	125281684	49,99 %	2,182	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB - subsidiary	302666616	100 %	37,314	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 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 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.
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.
- Business entity (IRL POLSKA sp. z o.o.) in Poland was established.
- 2013 AB INTER RAO Lietuva shareholders decided to distribute 27 million Litas 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 4th 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 million to PLN 10 million.
- 2014 On 3rd 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 9th January 2014 till 9th January 2024.
- 2014 On 30th of April 2014, the General Annual Meeting of shareholders has adopted the decision to pay dividends to the shareholders of the Company in the amount of 13 million Litas.

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:

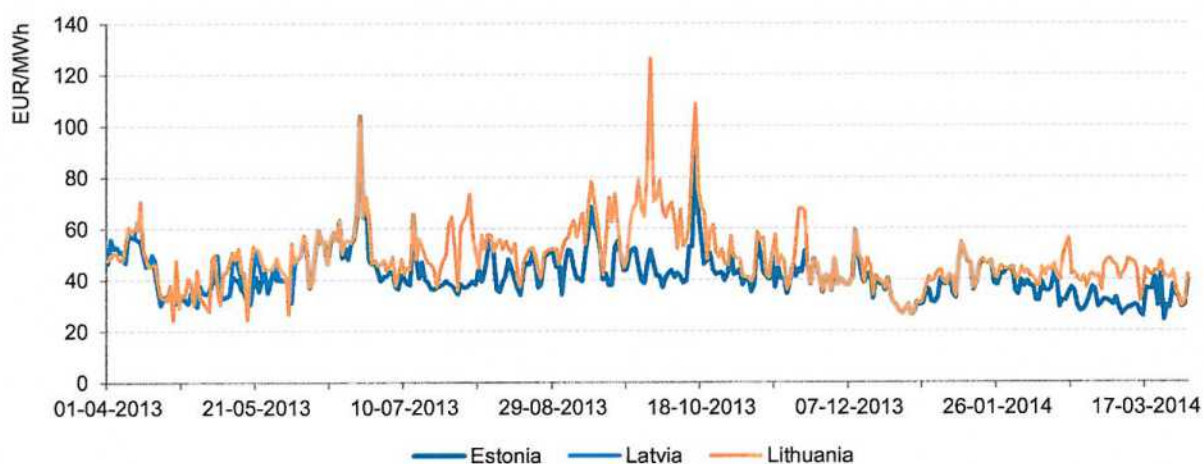


Securities of the Group's subsidiaries are not traded publicly.

II. Financial information

Revenue

The total consolidated Group's sales revenue for the 1st quarter 2014 was equal to LTL 161.8 million, a 17.6 per cent less than in the first quarter of 2013. Total revenue declined due to lower amount and price of electricity traded in the Baltic States. The decrease in the amount of electricity sold was mainly influenced by two factors: (1) persisting risk of possible limitations of electricity transmission capacities from the third countries, which affects the risk policies of the Group by reducing the amount of electricity sold to other independent suppliers under the annual contracts, and (2) unusually warm winter which resulted the lower electricity prices in the markets. Company's sales revenue in the 1st quarter 2014 decreased by 29 per cent and was equal to 135.3 million, compared to the same period in 2013 due to the similar reasons.



The consolidated financial statements of the Group have been prepared according to the International Financial Reporting Standards as adopted by the European Union.

Key figures of IRL Group

Financial figures	1 st quarter 2014	1 st quarter 2013
Sales (LTL thousand)	161,801	196,280
Gross profit (LTL thousand)	21,765	17,508
Gross profit margin (%)	13.45%	8.92%
Operating profit (LTL thousand)	16,238	12,039
Operating profit margin (%)	10.04%	6.13%
EBITDA (LTL thousand)	18,603	14,208
EBITDA profit margin (%)	11.50%	7.24%
Net profit (LTL thousand)	13,537	9,301
Net profit margin (%)	8.37%	4.74%
Number of shares (thousand)	20,000	20,000
Earnings per share (LTL)	0.68	0.47

Group's sales decreased by 17.6 per cent in 1st quarter 2014, compared to the same period in 2013. Decrease in cost of sales was significantly higher than decrease in sales - 21.7 per cent, compared to 1st quarter of 2013. Such a decrease in costs of sales was mainly due to the changes in trading structure and lower electricity prices in the markets (resulting from unusually warm winter). Therefore despite the decrease in sales, the Group's gross profitability equaled to 13.5 per cent in the accounting period, if compared to 8.9 per cent in January-March 2013, and constituted a 24.3 per cent increase over the same period of last year.

Company's gross profit margin in 2014 accounts to 11.7 per cent, compared to 7.6 per cent in the same period in 2013.

Group's and Company's EBITDA for the 1st quarter 2014 was LTL 18.6 million and LTL 12.38 million respectively. Group's EBITDA profit margin increased from 6.7 per cent in 1st quarter 2013 to 11.5 per cent in 1st quarter 2014. In the 1st quarter of 2014, Group's net profit increased to LTL 13.5 million from LTL 9.3 million in 2013. As a result, Group's net profit margin during the accounting period was equal to 8.37 per cent, compared to 4.7 per cent a year ago.

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	1 st quarter of 2014	1 st quarter of 2013
Electricity purchases and sales	155.945	192.168
Electricity production and sales	5.856	4.112
Total	161.801	196.280

Group's revenue from purchase and sales of electricity in the 1st quarter 2014 were lower by 18.9 per cent and amounted to LTL 156 million compared to LTL 192 million in the same period in 2013.

Company's revenue from sales of electricity in the 1st quarter of 2014 amounted to LTL 135.3 million and was lower by 29 per cent compared to the same period a year ago.

Group's revenue from produced electricity sales accounted to LTL 5.9 million, a 42.4 per cent increase over the same period a year ago. Electricity production in Vydmantai wind park is directly related to wind speed in the region, which was higher during the first quarter of 2014, what lead to increase in electricity produced. In the 1st quarter of 2014, wind park produced 19.5 GWh, compared to 13.7 GWh in the same period a year ago.

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 st quarter of 2014		For the 1 st quarter of 2013	
	S	P	S	P
	GWh		GWh	
Lithuania*	827	65	805	52
Latvia	114	126	278	10
Estonia	37	37	179	3
Russia	10	618	-	1,108
Belarus		142	-	89
Total*	988	988	1,262	1,262

* Excluding equivalent trades on the power exchange

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

Expenses

Cost of sales of the Group in the 1st quarter 2014 accounted to LTL 140 million, a 21.7 per cent less than in during the first three months in 2013. The decline in cost of sales was due to several reasons: (1) the lower amount of electricity traded by the Group, (2) the reduction of the amount of electricity sold to other independent suppliers under the annual contracts due to the persisting risk of possible limitations of electricity transmission capacities from the third countries, and (3) lower electricity prices in the markets resulting from unusually warm winter.

Cost of purchased electricity of the Group in the 1st quarter of 2014 amounted to LTL 136.5 million. Cost of purchased electricity comprised 97.5 per cent of total cost of sales. Group's cost of purchased electricity in the 1st quarter of 2013 amounted to LTL 173.6 million and comprised 97.1 per cent of total cost of sales.

Group's operating expenses in the 1st quarter of 2014 amounted to LTL 5.5 million, a 1 per cent higher compared to the same period a year ago. Company's operating expenses during the same period amounted to LTL 3.7 million, decreased in 5 per cent compared to the 1st quarter 2013.

Net consolidated result from financing and investing activities for the Group in the 1st quarter of 2014 decreased by 21 per cent compared to the 1st quarter of 2013 and amounted to LTL (-0.8) million. Better overall result for the Group from financial activities was mainly caused by better results from the UAB “Alproka” and lower interest expenses, which in the 1st quarter in 2014 totalled to LTL 1 million. Financial expenses were mainly comprised of interest expenses that were due to the financing of wind energy parks.

Earnings

Gross profit of the Group were higher by 24 per cent in the 1st quarter of 2014 amounted to LTL 21.8 million, compared to LTL 17.5 million in the same period a year ago. Gross profit of the Company in the 1st quarter 2014 increased by 8.1 per cent compared with the same period a year ago and equaled to LTL 15.8 million. Gross profit margin of the Group and Company respectively in the accounting period amounted to 13.5 per cent and 11.7 per cent and was higher compared to a year ago, when gross profit margin was equal to 8.9 per cent and 7.6 per cent respectively.

Profit from operations for the Group in the 1st quarter were equal to LTL 16.2 million, compared to LTL 12 million in the 1st quarter in 2013. Group’s operating profit margin for the 1st quarter of 2014 were equal to 10 per cent and 6 per cent in the 1st quarter year ago. Operating profit of the Company increased by 13 per cent and amounted to LTL 12.1 million in the first quarter 2014.

As a result, profit before tax for the Group and the Company in the accounting period amounted to LTL 15.5 million and LTL 12.1 million compared to LTL 11 million and LTL 10.8 million in the 1st quarter in 2013 respectively.

Net profit for the 1st quarter of 2014 for the Group and the Company respectively amounted to LTL 13.5 million and LTL 10.4 million compared to LTL 9.3 million and LTL 9.2 million a year ago. The net profit margin for the Group in the 1st quarter of 2014 was equal to 8.4 per cent compared to 4.7 per cent the 1st quarter year ago.

Cash Flows

Net cash flows from operating activities of the Group were higher in the 1st quarter of 2014 and amounted to LTL 8.6 million, compared to LTL (-7.7) million in the same period a year ago. Net cash flows from operating activities of the Company in the 1st quarter 2014 equaled to LTL 4.7 million compared to LTL (-9.9) million a year ago. The increase in net cash flows from operating activities was caused by: (1) better overall results of the Group and the Company and (2) changes in trading structure of the Group and the Company.

Net cash flows from investing activities of the Group were higher in the 1st quarter of 2014 and amounted to LTL (-23.2) million outflow, compared to LTL (-0.3) million in the same period a year ago. Net cash flows from investing activities of the Company in the 1st quarter 2014 equaled to LTL (-17.2) million outflow compared to LTL (-0.04) million a year ago. The increase in net cash outflows from investing activities was caused by the higher repayment of outstanding debts.

Net cash flows from financing activities of the Group in the 1st quarter of 2014 and amounted to LTL (-1.1) million outflow, compared to LTL (-3.2) million in the same period a year ago. Net cash flows from investing activities of the Company in the 1st quarter 2014 equaled to LTL (-0.08) million. The change in the Groups net cash flows from financing activities was mainly caused by the structural changes of the Groups debt from leasing to debt.

Statement of financial position

	Group As at 31 March 2014	Group As at 31 December 2013	Company As at 31 March 2014	Company As at 31 December 2013
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	5,926	5,926	-	-
Patents and licenses	28,200	29,247	-	-
Other intangible assets	147	88	142	88
Total intangible assets	34,273	35,261	142	88
Property, plant and equipment				
Land	2,652	2,687	-	-
Buildings and structures	11,565	11,713	-	-
Machinery and equipment	64,694	65,486	-	2
Office premises	3,386	3,451	3,386	3,451
Other property, plant and equipment	330	343	290	300
Total property, plant and equipment	82,627	83,680	3,676	3,753
Investment property	574	584	574	584
Interest in a joint venture	1,091	944	40,301	40,301
Other non-current financial assets	3,654	1,905	142	119
Total non-current assets	122,219	122,374	44,835	44,845
Current assets				
Inventories and prepayments	504	449	13,718	10,300
Accounts receivable				
Trade receivables	34,757	50,099	30,126	45,253
Receivables from subsidiaries	-	-	88	6
Other receivables	4,928	4,599	6	13
Total accounts receivable	39,685	54,698	30,220	45,272
Prepaid income tax	7,014	8,778	6,610	8,310
Other current assets	736	1,106	612	714
Cash and cash equivalents	17,757	15,202	3,033	3,418
Total current assets	65,696	80,233	54,193	68,014
Total assets	187,915	202,607	99,028	112,859

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Statement of financial position (cont'd)

	Group As at 31 March 2014	Group As at 31 December 2013	Company As at 31 March 2014	Company As at 31 December 2013
EQUITY AND LIABILITIES				
Equity				
Share capital	20,000	20,000	20,000	20,000
Legal reserves	2,312	2,000	2,000	2,000
Cash flow hedge reserve	(1,156)	(693)	-	-
Currency translation reserve	17	62		
Retained earnings	25,149	11,925	23,526	13,096
Equity attributable to equity holders of the parent	46,322	33,294		
Total equity	46,322	33,294	45,526	35,096
Liabilities				
Non-current liabilities				
Non-current borrowings	66,639	70,264	-	-
Financial lease obligations	2,587	2,587	-	-
Derivative financial instruments	521	385	-	-
Deferred income tax liability	2,585	2,676	-	-
Total non-current liabilities	72,332	75,912	-	-
Current liabilities				
Current portion of non-current borrowings	11,049	28,928	-	17,182
Current portion of financial lease obligations	297	237	-	-
Derivative financial instruments	1,549	1,141	-	-
Trade payables	35,474	48,776	35,138	48,387
Advances received	11,906	3,429	11,905	3,418
Other current liabilities	8,986	10,890	6,459	8,776
Total current liabilities	69,261	93,401	53,502	77,763
Total equity and liabilities	187,915	202,607	99,028	112,859

General Manager

Giedrius Balčiūnas

14 May 2014

Economic Director

Paulius Vazniokas

14 May 2014

Statement of comprehensive income

	Group		Company	
	1 st quarter 2014	1 st quarter 2013	1 st quarter 2014	1 st quarter 2013
Sales	161,801	196,280	135,320	191,518
Cost of sales	(140,036)	(178,772)	(119,522)	(176,904)
Gross profit	21,765	17,508	15,798	14,614
General and administrative expenses	(5,527)	(5,469)	(3,668)	(3,873)
Profit from operations	16,238	12,039	12,130	10,741
Income from other activities	23	(39)	23	13
Finance income	62	49	121	15
Finance expenses	(989)	(1,053)	(144)	(1)
Share of result of joint venture	(147)	(19)	-	-
(Loss) profit before tax	15,481	11,015	12,130	10,768
Income tax	1,944	(1,714)	1,700	(1,595)
Net profit	13,537	9,301	10,430	9,173

General Manager

Giedrius Balčiūnas

14 May 2014

Economic Director

Paulius Vazniokas

14 May 2014

Statement of cash flows

	Group		Company	
	1 st quarter 2014	1 st quarter 2013	1 st quarter 2014	1 st quarter 2013
Cash flows from (to) operating activities				
Net profit	13.537	9.323	10.430	9.172
Adjustments for non-cash items:				
Income tax (benefit) expenses	1.944	1.714	1.700	1.595
Depreciation and amortization	2.133	2.140	108	117
Currency translation reserve	(45)	-	-	-
Share of net profit of joint venture	(147)	(19)	-	-
Interest (income) expenses	887	1.010	61	(9)
Changes in working capital:				
(Increase) decrease in inventories and prepayments	(55)	(1.453)	(3.418)	(276)
Decrease (increase) in accounts receivable and other current assets	15.383	(43.500)	15.231	(44.324)
Increase in trade payables	(4.611)	38.419	(4.762)	35.931
Income tax (paid)	(180)	(2.366)	-	(2.551)
Increase (decrease) in other current liabilities	(1.968)	1.193	(2.379)	1.358
Net cash flows from operating activities	8.569	(7.707)	4.672	(9.862)
Cash flows from (to) investing activities				
(Acquisition) of non-current assets	(79)	(40)	(76)	(40)
Interest received	37	42	18	9
Loans repaid	(21.498)	-	(17.182)	-
Loans repaid	(1.685)	(338)	(37)	(6)
Net cash flows from (to) investing activities	(23.225)	(338)	(17.276)	(38)
Cash flows from (to) financing activities				
Interest (paid)	(1.032)	(1.182)	(80)	-
Financial lease (payments)	(67)	(2.052)	-	-
Net cash flows (to) financing activities	(1.099)	(3.234)	(80)	-
Net increase (decrease) in cash and cash equivalents	2.555	2.891	(385)	976
Cash and cash equivalents at the beginning of the year	15.202	11.218	3.418	5.345
Cash and cash equivalents at the end of the year	17.757	14.109	3.033	6.321

General Manager

Giedrius Balčiūnas

14 May 2014

Economic Director

Paulius Vazniokas

14 May 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 1st quarter of 2014 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

