

# **AB INTER RAO LIETUVA**

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AND UNAUDITED CONSOLIDATED INTERIM REPORT  
FOR THE 3 MONTH PERIOD ENDED 31 MARCH 2018,  
prepared in accordance with International Financial Reporting Standards,  
as adopted by the European Union**

*11 May 2018*

*Vilnius*



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# AB INTER RAO Lietuva Unaudited Consolidated Interim Report for the 3 Month Period Ended 31 March 2018

## I. General Information

### Reporting period

3 month period ended 31<sup>st</sup> March 2018

### 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 str. 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

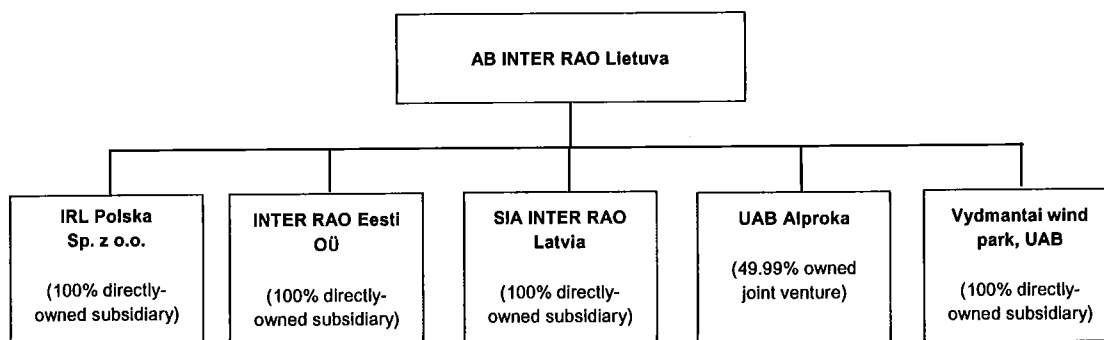
**AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania**  
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**The Group structure**

As of 31<sup>st</sup> March 2018, INTER RAO Lietuva Group consisted of the Company and the below described directly and indirectly controlled subsidiaries and joint venture (hereinafter - the Group):

<b>Company</b>	<b>Company code</b>	<b>Directly and indirectly held effective attributable interest</b>	<b>Equity as of 31 March 2018</b>	<b>Registration address</b>	<b>Activity (including planned)</b>
INTER RAO Eesti OÜ - subsidiary	11879805	100 %	70	Peterburi tee 47, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100 %	(1,121)	76 Gustava Zemgala Ave., Riga, LV-1039, Latvia	Trade of electricity
IRL Polska Sp. z.o.o. - subsidiary	0000436992	100 %	1,853	Twarda 18, 00-105 Warsaw, Poland	Trade of electricity
UAB Alproka – joint venture	125281684	49,99 %	182	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB – subsidiary	302666616	100 %	13,211	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 as of 31<sup>st</sup> March 2018:



### **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 from the third countries 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 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 AS in Lithuania 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 AS in Lithuania, Latvia and Estonia.

The Group is also present in the electricity trading market in Poland, where it started its operations in 2014 and is involved in buying and selling electricity on the Polish Power Exchange.

## **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.

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- 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 million to PLN 10 million.
- 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.
- On 30<sup>th</sup> 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 Lit as.
- On 22<sup>nd</sup> of May 2014, IRL Polska Sp. z o.o. begins electricity trading operations.
- 2015 After Lithuania joined the euro zone, AB INTER RAO Lietuva shareholders fixed a nominal value of one share 0.29 EUR, share capital equal to 5.8 million EUR.
- AB INTER RAO Lietuva shareholders decided to distribute 11.2 million EUR as dividends.
- 2016 AB INTER RAO Lietuva shareholders decided to distribute 16.1 million EUR as dividends.
- 2017 On 30<sup>th</sup> of March 2017 by decision of Supervisory Council The Board of the Company was re-elected for a new office term of four years.
- On 28<sup>th</sup> of April 2017 new three members of the Supervisory Council, among them one independent member, were elected at the Annual General Meeting of Shareholders.
- AB INTER RAO Lietuva shareholders decided to distribute 10.2 million EUR as dividends.
- 2018 AB INTER RAO Lietuva shareholders decided to distribute 7.1 million EUR as dividends.

**Agreements with intermediaries of public trading in securities**

Since 29<sup>th</sup> October 2012 the Company and UAB FMĮ 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**

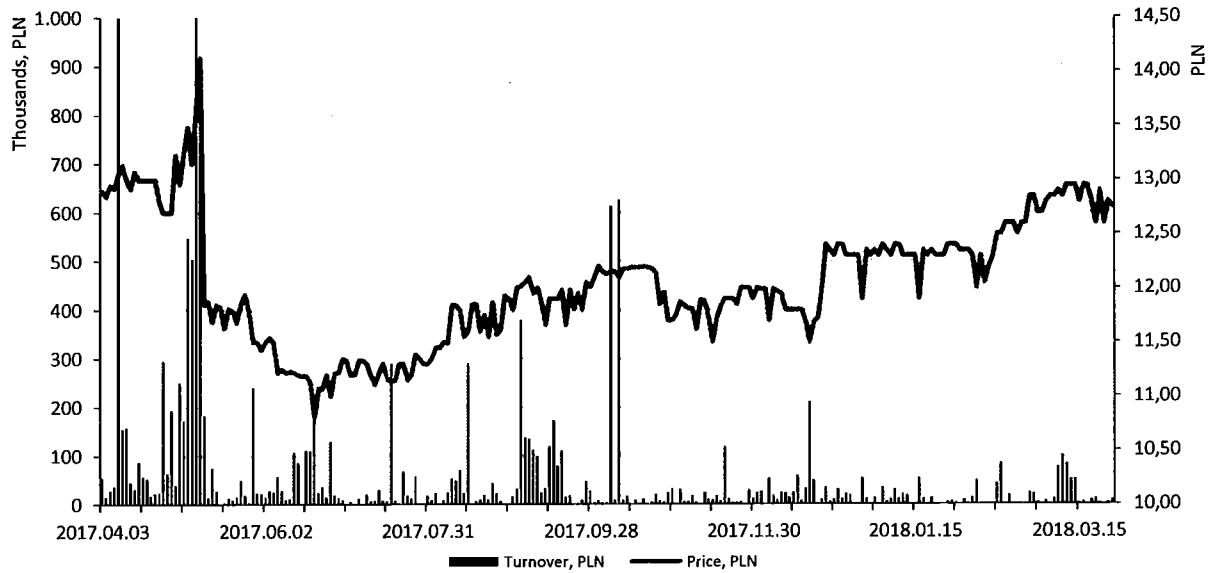
The following securities of the Company are included into the Main List of Warsaw stock exchange (symbol: IRL):

Types of shares	Number of shares	Nominal value (in EUR)	Total nominal value (in EUR)	Issue Code
Ordinary registered shares	20,000,000	0.29	5,800,000	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.

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



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

As of 31<sup>st</sup> March 2018 the shareholder structure of the Company was as following:

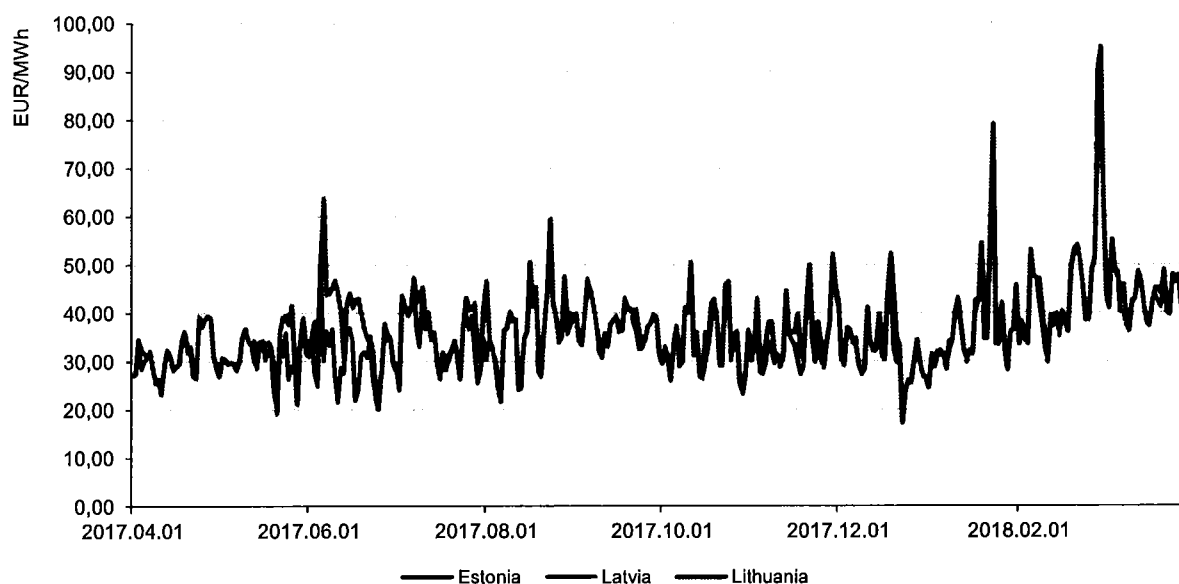
<b>Shareholder</b>	<b>Number of shares/votes</b>	<b>Percentage of shares</b>
RAO Nordic Oy	10,200,000	51%
UAB Scaent Baltic	5,800,000	29%
Other shareholders	4,000,000	20%
<b>Total</b>	<b>20,000,000</b>	<b>100%</b>



## II. Financial information

### Revenues

The total consolidated Group's sales revenue in January-March of 2018 was equal to EUR 59.5 million, a 22.55 per cent more than in the first 3 months of 2017. Total revenue increased due to the higher amounts of electricity traded. The increase in the amount of electricity traded was mainly influenced by increase in sales in Lithuanian market. Company's sales revenue in the first 3 months of 2018 was equal to EUR 49.3 million – increased by 27.07 per cent, compared to the same period in 2017 due to some reasons – there were more electricity traded in Lithuania, but the average price on the NordPool market was higher if compared to the prices in the 1<sup>st</sup> quarter of 2017.



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 <sup>st</sup> quarter 2018	1 <sup>st</sup> quarter 2017
<b>Sales (EUR thousand)</b>	<b>59,457</b>	<b>48,515</b>
Gross profit (EUR thousand)	5,275	4,853
Gross profit margin (%)	8,87%	10,00%
Operating profit (EUR thousand)	3,440	3,136
Operating profit margin (%)	5,79%	6,46%
<b>EBITDA (EUR thousand)</b>	<b>4,051</b>	<b>3,762</b>
EBITDA profit margin (%)	6,81%	7,75%
Net profit (EUR thousand)	2,564	2,579
Net profit margin (%)	4,31%	5,32%
Number of shares (thousand)	20,000	20,000
Earnings per share (EUR)	0.13	0.13

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Gross profit margin – Gross profit / Sales  
Operating profit margin – Operating profit / Sales  
EBITDA profit margin – EBITDA / Sales  
Profit before taxes margin – Profit before taxes / Sales  
Net profit margin – Net profit / Sales  
Earnings per shares – Net profit / Number of shares  
Return on capital employed – EBIT / (Total assets – Current liabilities)  
Return on assets – Net profit / Total assets  
Return on equity – Net profit / Total shareholders' equity  
Gearing ratio – Total debt / Total shareholders' equity  
Net financial debt to equity – (Financial borrowings – Cash and cash equivalents) / Total equity  
Equity to assets ratio – Total equity / Total assets  
Current ratio – Current assets / Current liabilities  
Rate of turnover of assets – Total assets / Sales  
EBITDA - Profit (loss) before income tax + Interest expenses + Depreciation and amortization + impairment

These performance indicators are used to determine Group's progress in achieving its strategic and operational goals, and also to compare Group's finances and performance against other businesses within the industry.

Group's sales increased by 22.55 per cent in first 3 months of 2018, compared to the same period in 2017. The increase in sales was caused by higher amount of electricity traded mainly in Lithuanian market. The market price of electricity purchased was higher, if compared to the same period in 2017, especially in Latvian and Estonian markets, and the price for consumers remained almost at the same level as the year ago. As a result – Group's gross profit increased by 8.70 per cent if compared to the same period a year ago, but Group's gross profit margin was equal to 8.87 per cent in the accounting period, compared to 10.00 per cent during the period of January-March of 2017. Group's operating profit increased by 9.69 per cent if compared to the same period a year ago and was equal to EUR 3.4 million.

Company's gross profit margin in 2018 accounted to 11.06 per cent, compared to 8.96 per cent in the first 3 months of 2017. The divergence between Group's and Company's profitability was mainly caused by market situation in Latvian and Estonian. Operating profit of the Company for the January-March of 2018 was equal to EUR 4.3 million compared to EUR 2.4 million a year ago.

Group's and Company's EBITDA for the first 3 months of 2018 was EUR 4.1 million and EUR 4.3 million respectively, it increased from EUR 3.8 million and EUR 2.4 million respectively, if compared to the same period a year ago. Group's EBITDA margin decreased from 7.75 per cent in first 3 months of 2017 to 6.81 per cent in the same period in 2018. Company's EBITDA profit margin increased– from 6.2 per cent in January-March of 2017 to 8.7 per cent in the accounting period. In the 3 months of 2018, Group's net profit stayed at the same level as a year ago - at EUR 2.6 million. As a result, Group's net profit margin during the accounting period was equal to 4.31 per cent, compared to 5.32 per cent a year ago. Net profit of the Company in first 3 months of 2018 increased to EUR 3.5 million compared to EUR 2 million in January-March 2017.

<b>Sales revenues by operating segments, thous. EUR</b>	<b>1<sup>st</sup> quarter of 2018</b>	<b>1<sup>st</sup> quarter of 2017</b>
Electricity purchases and sales	58,346	47,020
Electricity production and sales	1,111	1,495
<b>Total</b>	<b>59,457</b>	<b>48,515</b>

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Group's revenue from purchases and sales of electricity in the first 3 months of 2018 amounted to EUR 58.3 million compared to EUR 47 million in the same period a year ago. Revenue from produced electricity sales accounted for EUR 1.1 million, the 25.69 per cent less than in the same period a year ago. During the accounting period Vydmantai wind park, UAB has produced a lower amount of electricity compared to the same period a year ago, due to worse meteorological conditions: average wind speed in 1<sup>st</sup> quarter of 2018 was 5.97 m/s if compared to 6.52 m/s a year ago.

Company's revenue during January-March 2018 were higher by 27.07 per cent and was equal to EUR 49.3 million compared to EUR 38.8 million in the same period in 2017.

The tables below present data on the electricity trading activities of the Group for the three-month period ended on 31<sup>st</sup> March 2018, compared with the same periods in 2017, with a breakdown by each country for the periods indicated (S - sale, P - purchase).

	For the 1 <sup>st</sup> quarter of 2018		For the 1 <sup>st</sup> quarter of 2017	
	S	P	S	P
	GWh		GWh	
Lithuania*	1,232	26	1,034	75
Latvia	87	87	97	97
Estonia	65	100	78	124
Russia	16	805	32	892
Belarus	-	382	-	54
Poland	81	81	80	80
<b>Total*</b>	<b>1,481</b>	<b>1,481</b>	<b>1,321</b>	<b>1,321</b>

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

## Expenses

COGS by operating segments, thous. EUR	1 <sup>st</sup> quarter of 2018	1 <sup>st</sup> quarter of 2017
Electricity purchases and sales	53,724	43,212
Electricity production and sales	458	450
<b>Total</b>	<b>54,182</b>	<b>43,662</b>

Group's cost of sales in January-March of 2018 accounted to EUR 54,2 million, the 24,09 per cent increase if compared to the first three months of 2017. As a result of the higher amount of electricity traded and higher price of electricity on Nord Pool market, the cost of sales of the Group were higher compared to the results a year ago. Cost of sales of electricity production stayed almost at the same level as at the same period a year ago (they slightly increased by 1,78 per cent), and cost of sales of electricity purchased and sales were higher by 24.33 per cent if compared to the same period a year ago.

Cost of sales of the Company was higher by 24.15 per cent if compared the accounting period and the same period a year ago and amounted to EUR 48.9 million if compared to EUR 35.3 million a year ago.

Group's cost of purchased electricity in the first quarter of 2018 amounted to EUR 53 million. Group's cost of purchased electricity comprised 97.88 per cent of total cost of sales, Company's – 98.44 per cent.

Group's operating expenses in the three-month period of 2018 amounted to EUR 1.8 million, a 6.87 per cent increase over a year ago. Company's operating expenses amounted to EUR 1.2 million in January-March 2018, a 6.99 per cent increase over a year ago.

### **Earnings**

Gross profit of the Group in January-March of 2018 amounted to EUR 5.3 million (compared to the EUR 4.9 million), while the gross profit margin decreased to 8.87 per cent (from 10 per cent a year ago). Gross profit of the Company in the same period accounted to EUR 5.5 million if compared to EUR 3.5 million a year ago. Company's gross profit margin increased from 8.96 per cent in January-March 2017 to 11.06 per cent in the first three months of 2018.

Group's operating profit over the same period increased to EUR 3.4 million from EUR 3.1 million a year ago, while the operating profit margin accounted to 5.79 per cent. Operating profit in the first quarter of 2018 of the Company increased to EUR 4.3 million, compared to EUR 2.4 million in the same period a year ago.

Net loss of financial activities of the Group in the first quarter of 2018 amounted to minus EUR 0.1 million, a 5.11 per cent decrease over the net financial loss during the same period a year ago. Financial expenses were mainly comprised of interest expenses that were due for the stand-alone financing of the wind park.

Group's net profit in the January-March of 2018 stayed at the same level as at the same period a year ago and amounted to EUR 2.6 million. The profit margin decreased from 5.32 per cent a year ago to 4.31 per cent in the accounting period. Company's profit increased to EUR 3.54 million in the first quarter of 2018 from EUR 2.04 million in the same period a year ago and thus profit margin in the first quarter of 2018 increased to 7.18 per cent from 5.26 per cent at the same period a year ago.

### **Balance sheet and Cash Flows**

During January-March 2018 total assets of the Group increased by 3.58 per cent and of the Company increased by 10.77 per cent. The most significant influence to the change of the assets was caused by increase of cash and cash equivalents and decrease in trade receivables in the Group and cash and cash equivalents in the Company.

Total non-current assets of the Company stayed at the same level as a year ago and of the Group decreased by 2.40 per cent. The most significant change in assets in the Group was related to depreciation of patents and licenses and depreciation of wind farm equipment held by subsidiary Vydmantai wind park, UAB.

During the year, shareholders' equity of the Company and of the Group increased by 23.83 per cent and 13 per cent respectively and amounted to 51 per cent of the total equity and liabilities of the Company and to 40 per cent of the total equity and liabilities of the Group.

At the end of March 2018, total amount of borrowings, including financial liabilities related to finance lease and bank financing, amounted to EUR 10.3 million for the Group and the Company had no such borrowings. Cash, cash equivalents amounted to EUR 6.2 million for the Company and EUR 8.7 million for the Group.

Net cash flows from operating activities of the Group were higher in the first quarter of 2018 and amounted to EUR 8.3 million, compared to EUR 1.6 million in the same period a year ago. Net cash flows from operating activities of the Company in the first 3 months of 2018 equaled to EUR 7 million compared to negative EUR 0.5 million a year ago.

Net cash flows from investing activities of the Group and the Company in the January-March of 2018 stayed at the same level as at the same period of 2017.

Net cash flows from financing activities of the Group in the first quarter of 2018 amounted to EUR (4.8) million outflow, compared to EUR (2.3) million outflow in the same period a year ago. Net cash flows from financing activities of the

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Company in the first 3 months of 2018 equaled to EUR (3.8) million outflow compared to EUR (1.3) million outflow in the same period a year ago.

**Personnel**

As of 31<sup>st</sup> March 2018 there were 42 employees in the Group and 24 in the Company. The employment structure by category is provided in the table below.

<b>Employee category</b>	<b>Number of employees</b>			
	<b>As of 31<sup>st</sup> March 2018</b>		<b>As of 31<sup>st</sup> March 2017</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
Management	8	8	8	8
Sales Managers, including Traders	16	7	15	7
PR & Marketing Staff	1	1	1	1
Project managers	2	1	4	2
Technical staff	3	1	3	1
Office Staff	12	6	11	6
<b>Total</b>	<b>42</b>	<b>24</b>	<b>42</b>	<b>25</b>

On 31<sup>st</sup> March 2018 Company's personnel consisted of 8 managers and 17 specialists, as Group's personnel consisted of 8 managers and 34 specialists.

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### Statement of financial position

	Notes	Group		Company	
		As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> December 2017	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> December 2017
<b>ASSETS</b>					
Non-current assets					
Intangible assets					
Goodwill		716	716	-	-
Patents and licenses		3,317	3,619	-	-
Other intangible assets		1	1	-	-
<b>Total intangible assets</b>		<b>4,034</b>	<b>4,336</b>	-	-
Property, plant and equipment					
Land		603	612	-	-
Buildings and structures		2,685	2,726	-	-
Machinery and equipment		15,068	15,297	-	-
Office premises		679	698	679	698
Other property, plant and equipment		35	38	18	19
<b>Total property, plant and equipment</b>		<b>19,070</b>	<b>19,371</b>	<b>697</b>	<b>717</b>
Investment property		135	135	135	135
Interest in a joint venture		92	93	10,442	10,442
Other non-current financial assets		598	585	71	71
Derivative financial instruments		27	24	27	24
Deferred income tax asset		-	-	219	155
<b>Total non-current assets</b>		<b>23,956</b>	<b>24,544</b>	<b>11,591</b>	<b>11,544</b>
Current assets					
Inventories and prepayments		812	303	98	125
Accounts receivable					
Trade receivables		13,103	14,409	11,352	12,450
Receivables from subsidiaries		-	-	3,191	1,485
Other receivables		1,666	1,567	6	10
<b>Total accounts receivable</b>		<b>14,769</b>	<b>15,976</b>	<b>14,549</b>	<b>13,945</b>
Prepaid income tax		-	47	-	47
Other current assets		1,450	1,697	207	542
Derivative financial instruments		463	675	463	691
Cash and cash equivalents		8,718	5,191	6,234	3,026
<b>Total current assets</b>		<b>26,212</b>	<b>23,889</b>	<b>21,551</b>	<b>18,376</b>
<b>Total assets</b>		<b>50,168</b>	<b>48,433</b>	<b>33,142</b>	<b>29,920</b>

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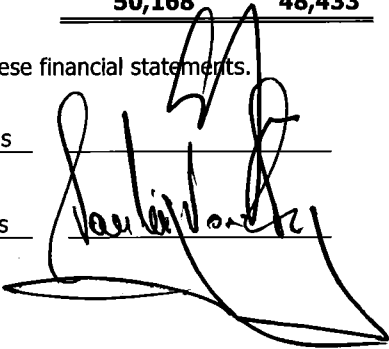
The accompanying notes are an integral part of these financial statements.

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**Statement of financial position (cont'd)**

	Notes	Group	Group	Company	Company
		As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> December 2017	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> December 2017
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		5,800	5,800	5,800	5,800
Legal reserves		910	910	579	579
Cash flow hedge reserve		(170)	43	(253)	42
Retained earnings		13,805	11,242	10,738	7,198
Foreign exchange effect		(35)	(22)	-	-
<b>Total equity</b>		<b>20,310</b>	<b>17,973</b>	<b>16,864</b>	<b>13,619</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Non-current borrowings		6,325	7,150	-	-
Financial lease obligations		620	654	-	-
Derivative financial instruments		60	78	25	16
Deferred income tax liability		1,318	1,322	-	-
<b>Total non-current liabilities</b>		<b>8,323</b>	<b>9,204</b>	<b>25</b>	<b>16</b>
<b>Current liabilities</b>					
Current portion of non-current borrowings		3,300	7,095	-	3,795
Current portion of financial lease obligations		20	37	-	-
Derivative financial instruments		905	593	859	458
Trade payables		14,354	10,299	13,367	9,808
Income tax payable		435	21	417	-
Advances received		30	73	30	73
Other current liabilities		2,491	3,138	1,580	2,152
<b>Total current liabilities</b>		<b>21,535</b>	<b>21,256</b>	<b>16,253</b>	<b>16,285</b>
<b>Total equity and liabilities</b>		<b>50,168</b>	<b>48,433</b>	<b>33,142</b>	<b>29,920</b>

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

General Director	Giedrius Balčiūnas		11 May 2018
Director of Economics	Paulius Vazniokas		11 May 2018

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(all amounts are in EUR thousand unless otherwise stated)

**Statement of comprehensive income**  
**For the 3 months ended 31<sup>st</sup> March 2018**

	Notes	Group	Group	Company	Company
		2018	2017	2018	2017
Sales		59,457	48,515	49,333	38,822
Cost of sales		54,182	43,662	43,877	35,342
<b>Gross profit</b>		<b>5,275</b>	<b>4,853</b>	<b>5,456</b>	<b>3,480</b>
General and administrative expenses		1,835	1,717	1,194	1,116
<b>Profit from operations</b>		<b>3,440</b>	<b>3,136</b>	<b>4,262</b>	<b>2,364</b>
Other activities		4	4	4	4
<b>Financing and investing activities profit</b>		<b>(130)</b>	<b>(137)</b>	<b>(21)</b>	<b>4</b>
Finance income		2	8	1	7
Finance expenses		(131)	(143)	(22)	(3)
Share of result of joint venture		(1)	(2)	-	-
<b>Profit before tax</b>		<b>3,314</b>	<b>3,003</b>	<b>4,245</b>	<b>2,372</b>
Income tax		751	424	705	330
<b>Net profit</b>		<b>2,563</b>	<b>2,579</b>	<b>3,540</b>	<b>2,042</b>
<b>Total comprehensive income, net of tax</b>		<b>2,335</b>	<b>2,299</b>	<b>3,245</b>	<b>1,939</b>



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**Statement of changes in equity**  
**For the 3 months ended 31<sup>st</sup> March 2018**

**Group**

	Share capital	Legal reserve	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Total
<b>Balance as at 1<sup>st</sup> January 2018</b>	<b>5,800</b>	<b>910</b>	<b>43</b>	<b>(22)</b>	<b>11,242</b>	<b>17,973</b>
Profit for the period	-	-	-	-	2,563	2,563
Other comprehensive income, net of tax	-	-	(213)	-	-	(213)
Foreign exchange effect	-	-	-	(13)	-	(13)
Total comprehensive income	-	-	(213)	(13)	2,563	2,337
Dividends declared	-	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>5,800</b>	<b>910</b>	<b>(170)</b>	<b>(35)</b>	<b>13,805</b>	<b>20,310</b>

	Share capital	Legal reserve	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Total
<b>Balance as at 1<sup>st</sup> January 2017</b>	<b>5,800</b>	<b>910</b>	<b>(22)</b>	<b>(133)</b>	<b>12,468</b>	<b>19,023</b>
Profit for the period	-	-	-	-	2,579	2,579
Other comprehensive income, net of tax	-	-	(353)	-	-	(353)
Foreign exchange effect	-	-	-	73	-	73
Total comprehensive income	-	-	(353)	73	2,579	2,299
Dividends declared	-	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March 2017</b>	<b>5,800</b>	<b>910</b>	<b>(375)</b>	<b>(60)</b>	<b>15,047</b>	<b>21,322</b>

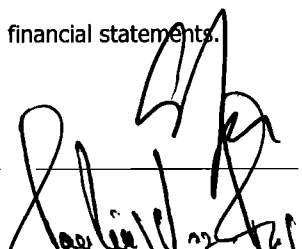
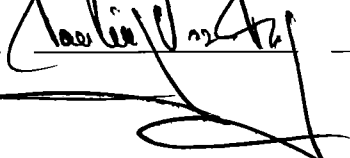
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**Company**

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Total
<b>Balance as at 1<sup>st</sup> January 2018</b>	<b>5,800</b>	<b>579</b>	<b>42</b>	<b>7,198</b>	<b>13,619</b>
Profit for the period	-	-	-	3,540	3,540
Other comprehensive income	-	-	(295)	-	(295)
Total comprehensive income	-	-	(295)	3,540	3,245
Dividends declared	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>5,800</b>	<b>579</b>	<b>(253)</b>	<b>10,738</b>	<b>16,864</b>

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Total
<b>Balance as at 1<sup>st</sup> January 2017</b>	<b>5,800</b>	<b>580</b>	<b>122</b>	<b>10,217</b>	<b>16,719</b>
Profit for the period	-	-	-	2,042	2,042
Other comprehensive income	-	-	(103)	-	(103)
Total comprehensive income	-	-	(103)	2,042	1,939
Dividends declared	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March 2017</b>	<b>5,800</b>	<b>580</b>	<b>19</b>	<b>12,259</b>	<b>18,658</b>

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

General Director	Giedrius Balčiūnas		11 May 2018
Director of Economics	Paulius Vazniokas		11 May 2018

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**Statements of cash flows**  
**For the 3 month ended 31<sup>st</sup> March**

Notes	Group		Company	
	2018	2017	2018	2017
<b>Cash flows from (to) operating activities</b>				
Net profit	2,563	2,579	3,540	2,042
<b>Adjustments for non-cash items:</b>				
Income tax expenses	750	424	705	330
Depreciation and amortisation	606	616	23	30
Change in fair value of derivatives not designated as hedging instruments	155	-	155	-
Share of net profit of joint venture	1	2	-	-
Interest and dividend expenses	116	143	9	3
Other	(10)	(2)	(10)	(2)
	<b>4,181</b>	<b>3,762</b>	<b>4,422</b>	<b>2,403</b>
<b>Changes in working capital:</b>				
(Increase) decrease in inventories and prepayments	(509)	(349)	(1,679)	364
(Increase) decrease in accounts receivable and other current assets	1,464	2,085	1,446	554
Decrease in other non-current assets	(13)	(323)	-	-
Increase (decrease) in trade payables	4,012	(3,100)	3,516	(3,825)
Income tax (paid)	(305)	(380)	(300)	(338)
(Decrease) in other current liabilities	(500)	(136)	(390)	305
<b>Net cash flows from operating activities</b>	<b>8,330</b>	<b>1,559</b>	<b>7,015</b>	<b>(537)</b>
<b>Cash flows from (to) investing activities</b>				
(Acquisition) of non-current assets	(3)	(17)	(3)	(2)
(Increase) decrease in other non-current assets	(13)	-	-	-
<b>Net cash flows (to) investing activities</b>	<b>(16)</b>	<b>(17)</b>	<b>(3)</b>	<b>(2)</b>

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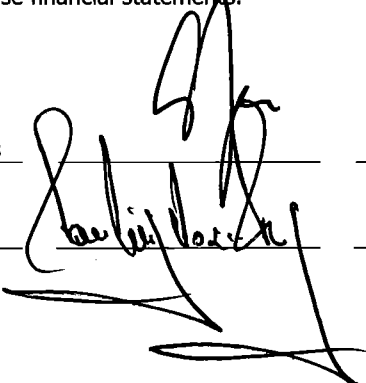
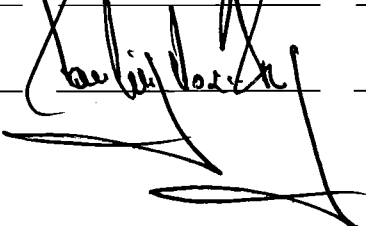
The accompanying notes are an integral part of these financial statements.

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**Statements of cash flows (cont'd)**

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from (to) financing activities</b>				
Interest(paid)	(116)	(144)	(9)	(3)
Proceeds from loans	(4,620)	(2,075)	(3,795)	(1,251)
Financial lease (payments)	(51)	(48)	-	-
<b>Net cash flows (to) financing activities</b>	<b>(4,787)</b>	<b>(2,267)</b>	<b>(3,804)</b>	<b>(1,254)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,527</b>	<b>(725)</b>	<b>3,208</b>	<b>(1,793)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,191</b>	<b>7,211</b>	<b>3,026</b>	<b>5,681</b>
<b>Cash and cash equivalents as at the end of the period</b>	<b>8,718</b>	<b>6,486</b>	<b>6,234</b>	<b>3,888</b>

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

General Director	Giedrius Balčiūnas		11 May 2018
Director of Economics	Paulius Vazniokas		11 May 2018

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**Notes to financial statements**

**1 General information**

AB INTER RAO Lietuva (hereinafter "the Company") is a private limited liability company registered in the Republic of Lithuania. The Company's core line of business is trade of electricity. The Group companies operate in electricity trading and production sectors.

**2 Segment information**

**Operating segments**

The following tables present information regarding the Group's operating segments for the 3 month ended 31<sup>st</sup> March 2018

<b>3 month ended 31<sup>st</sup> March 2018</b>	<b>Electricity purchases and sales</b>	<b>Electricity production and sales</b>	<b>Total Segments</b>	<b>Adjustments and eliminations</b>	<b>Consolidated</b>
<b>Revenue</b>					
External customers	58,346	1,111	59,457	-	59,457
<b>Total revenue</b>	<b>58,346</b>	<b>1,111</b>	<b>59,457</b>	<b>-</b>	<b>59,457</b>
<b>Results</b>					
Depreciation and amortisation	23	583	606	-	606
Interest expenses	9	107	116	-	116
Income tax expenses	705	45	750	-	750
Share of profit of associate joint venture	-	-	-	(1)	(1)
<b>Segment operating profit</b>	<b>3,139</b>	<b>301</b>	<b>3,440</b>	<b>-</b>	<b>3,440</b>
<b>Segment assets</b>	<b>24,290</b>	<b>25,878</b>	<b>50,168</b>	<b>-</b>	<b>50,168</b>
<b>Segment liabilities</b>	<b>16,771</b>	<b>11,332</b>	<b>28,103</b>	<b>1,753</b>	<b>29,856</b>

Segment assets and liabilities are presented after elimination of intercompany assets and liabilities within the segment, which are eliminated on consolidation.

**Other disclosures**

Interest in a joint venture	-	-	-	92	<b>92</b>
Capital expenditure	3	-	3	-	<b>3</b>

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(all amounts are in EUR thousand unless otherwise stated)

<b>3 month ended 31<sup>st</sup> March 2017</b>	<b>Electricity purchases and sales</b>	<b>Electricity production and sales</b>	<b>Total Segments</b>	<b>Adjustments and eliminations</b>	<b>Consolidated</b>
<b>Revenue</b>					
External customers	47,020	1,495	48,515	-	48,515
<b>Total revenue</b>	<b>47,020</b>	<b>1,495</b>	<b>48,515</b>	<b>-</b>	<b>48,515</b>
<b>Results</b>					
Depreciation and amortisation	31	585	616	-	616
Interest expenses	3	140	143	-	143
Share of profit of associate joint venture	-	-	-	(2)	(2)
<b>Segment operating profit</b>	<b>2,432</b>	<b>704</b>	<b>3,136</b>	<b>-</b>	<b>3,136</b>
<b>Segment assets</b>	<b>21,697</b>	<b>27,196</b>	<b>48,893</b>	<b>-</b>	<b>48,893</b>
<b>Segment liabilities</b>	<b>11,569</b>	<b>14,818</b>	<b>26,387</b>	<b>1,184</b>	<b>27,571</b>

Segment assets and liabilities are presented after elimination of intercompany assets and liabilities within the segment, which are eliminated on consolidation.

**Other disclosures**

Interest in a joint venture	-	-	-	109	<b>109</b>
Capital expenditure	17	-	17	-	<b>17</b>

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

**Adjustments and eliminations**

Finance income and expenses are allocated to individual segments as the underlying instruments are managed on each separate Company basis.

Taxes and certain financial liabilities are not allocated to operating segments as they are managed on a Group basis.

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**Related party transactions**

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Group during the 3 month period ending 31<sup>st</sup> March 2018 and as at 31<sup>st</sup> March 2017 were as follows:

PJSC Inter RAO (ultimate parent);  
RAO Nordic Oy (one of the shareholders);  
UAB Scaent Baltic (one of the shareholders);  
UAB Alproka (associate);  
Other related parties include:  
UAB Scaent Baltic Group companies (the same shareholder).  
Management

**3 Related party transactions**

<b>For the 3 month period ended 31<sup>st</sup> March 2018</b>		<b>Purchases</b>	<b>Sales</b>	<b>Paid (received) dividends</b>	<b>Receivables</b>	<b>Payables, including loans granted</b>
PJSC Inter RAO	a)	27,670	80	-	27	10,493
RAO Nordic Oy		4	-	-	-	-
UAB Scaent Baltic	b)	5	-	-	-	-
UAB Alproka		-	-	-	-	-
Other related parties		-	-	-	-	-
		<b>27,679</b>	<b>80</b>	<b>-</b>	<b>27</b>	<b>10,493</b>

<b>For the 3 month period ended 31<sup>st</sup> March 2017</b>		<b>Purchases</b>	<b>Sales</b>	<b>Paid (received) dividends</b>	<b>Receivables</b>	<b>Payables, including loans granted</b>
PJSC Inter RAO	a)	29,937	160	-	71	7,987
RAO Nordic Oy		29	-	-	-	202
UAB Scaent Baltic	b)	1	-	-	-	-
UAB Alproka		-	-	-	-	-
Other related parties		17	-	-	-	7
		<b>29,984</b>	<b>160</b>	<b>-</b>	<b>71</b>	<b>8,196</b>

- a) The Group performs electricity trading transactions with PJSC Inter RAO.  
b) The Group purchased rent of premises and interest from UAB Scaent Baltic.

## Confirmation of Responsible Persons

Following the Article No. 24 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 Interim Financial statements for the 3 month period ended 31 March, 2018 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. The Unaudited Consolidated Interim Report of the Company include a fair review of the development and performance of the business of the Company and the Group.

Giedrius Balčiūnas

General Director

