

AB INTER RAO LIETUVA

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2018,
prepared in accordance with International Financial Reporting Standards,
as adopted by the European Union**

*22 February 2019
Vilnius*

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AB INTER RAO Lietuva Unaudited Consolidated Interim Report for the 12 Month Period Ended 31st December 2018

I. General Information

Reporting period

Year ended 31st December 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 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

The Group structure

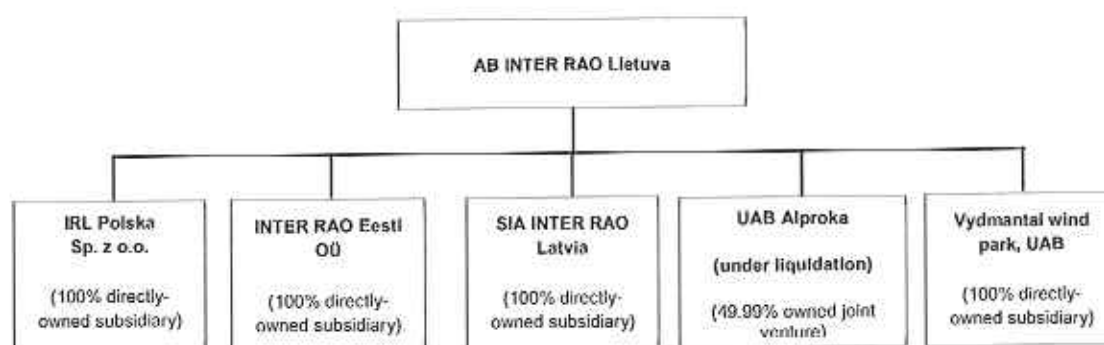
As on 31st December 2018, INTER RAO Lietuva Group consisted of the Company and the below described directly and indirectly controlled subsidiaries and joint venture (hereinafter - the Group):

Company	Company code	Directly and indirectly held effective attributable interest	Equity as at 31 st December 2018	Registration address	Activity (including planned)
INTER RAO Eesti OÜ - subsidiary	11879805	100 %	71	Peterburi tee 47, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100 %	(482)	76 Gustava Zemgala Ave., Riga, Latvia	Trade of electricity
IRL Polska Sp. z.o.o. - subsidiary	0000436992	100 %	1, 652	Twarda 18, 00-105, Warsaw, Poland	Trade of electricity

AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM REPORT
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(all amounts are in EUR thousand unless otherwise stated)

UAB Alproka – joint venture (under liquidation)	125281684	49,99 %	158	Verklių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB – subsidiary	302666616	100 %	13,345	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 at 31st December 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 delivers 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 established a subsidiary UAB IRL Wind and in the same year UAB IRL Wind acquired the wind park in Vydmantai.

- 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 Baltiškaya 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.
- 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.
- On 22nd 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 30th 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 28th 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.
- On 6th of November 2018 the decision has been taken to liquidate company's subsidiary UAB „Alproka“ which has successfully completed a real estate project and all real estate owned by UAB „Alproka“ has been sold. Therefore, UAB „Alproka“ was no longer carrying out any commercial activities.

Agreements with Intermediaries of public trading in securities

Since 29th 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.

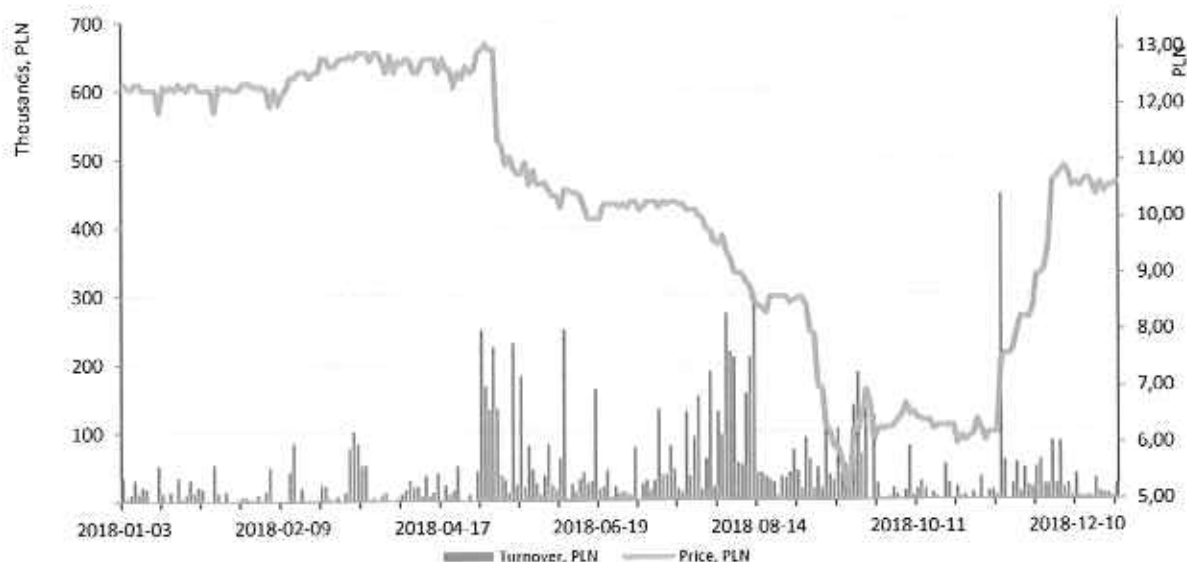
Data about securities traded on regulated market

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.

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



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

As at 31st December 2018 the shareholder structure of the Company was as following:

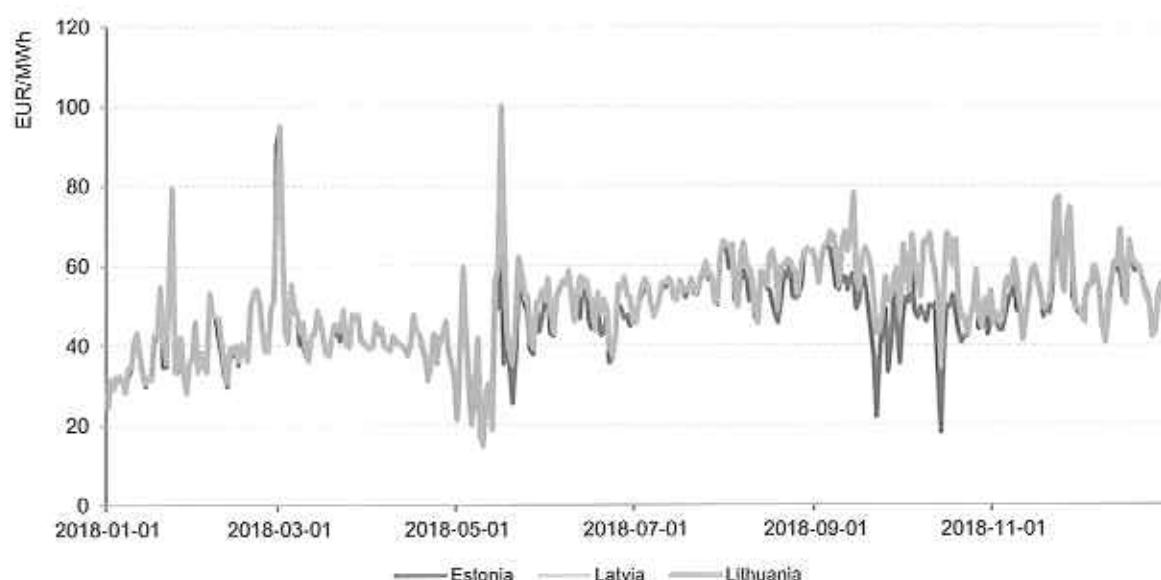
Shareholder	Number of shares/votes	Percentage of shares
RAO Nordic Oy	10,200,000	51%
UAB Scaent Baltic	5,822,856	29,11%
Other shareholders	3,977,144	19,89%
Total	20,000,000	100%

II. Financial information

Revenues

The total consolidated Group's sales revenue in 2018 was equal to EUR 288.3 million, a 60.7 per cent increase if compared to 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.

Electricity price in NordPoolSpot exchange



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	2018	2017
Sales [Revenues from contracts with customers] (EUR thousand)	288,269	179,378
Gross profit (EUR thousand)	22,716	18,354
Gross profit margin (%)	7.88%	10.23%
Operating profit [profit from operations] (EUR thousand)	14,934	10,911
Operating profit margin (%)	5.18%	6.08%
EBITDA (EUR thousand)	17,743	13,537
EBITDA profit margin (%)	6.16%	7.55%
Net profit (EUR thousand)	11,454	8,974
Net profit margin (%)	3.97%	5.00%

Number of shares (thousand)	20,000	20,000
Earnings per share (EUR)	0.57	0.45

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

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.

The total consolidated Group's sales increased by 60.7 per cent in 2018, compared to Group's sales in 2017. At the same time, cost of sales also increased to EUR 265.6 million in 2018, compared to EUR 161 million in 2017. Such a increase in costs of sales was mainly due to the increased electricity volumes traded and higher electricity prices in the markets. Therefore, the Group's gross profitability stayed at the healthy level and equaled to 7.88 per cent in the accounting period, if compared to 10.23 per cent in 2017. Group's operating profit margin decreased to 5.18 per cent in accounting period from the 6.08 per cent in 2017. During the period of 2018, the Company and the Group delivered electricity to all of its clients and fulfilled all of its contractual obligations of electricity sales at prices, agreed upon in the contracts.

Company's gross profit margin in 2018 accounts to 8.19 per cent, compared to 9.62 per cent in 2017. Operating profit margin of the Company decreased from the 5.8 per cent in 2017 to 5.89 per cent in 2018.

Group's and Company's EBITDA for 2018 was EUR 17.7 million and EUR 15.2 million respectively. Group's EBITDA profitability margin decreased from 7.55 per cent in January-December of 2017 to 6.16 per cent in accounting period of 2018. In 2018, Group's net profit was equal to EUR 11.5 million if compared to the EUR 9.0 million in 2017. As a result, Group's net profit margin during the accounting period was equal to 3.97 per cent, compared to the 5.0 per cent a year ago.

Sales revenues by operating segments, thous. EUR	4th quarter 2018	4th quarter 2017
Electricity purchases and sales	91,149	44,112
Electricity production and sales	1,285	1,925
Total	92,433	46,037

Group's revenue from purchases and sales of electricity in the 4th quarter of 2018 amounted to EUR 91.1 million, a 106.63 per cent increase compared with the same period a year ago. Revenue from produced electricity sales in the 4th quarter accounted for EUR 1.3 million, a 33.27 per cent less than a year ago. The decrease in electricity production was mainly caused by the worse wind conditions in the area.

Company's revenue during October-December 2018 increased by 112.15 per cent and was equal to EUR 76.5 million compared to EUR 36.1 million in the same period in 2017. Company's revenue during 2018 increased by 69.74 per cent and was equal to EUR 240.7 million compared to EUR 141.8 million in 2017.

The tables below present data on the electricity trading activities of the Group for the 4th quarter of 2017 and 2018 with a breakdown by each country for the periods indicated (S - sale, P - purchase).

	For the 4 th quarter of 2018		For the 4 th quarter of 2017	
	S	P	S	P
	GWh		GWh	
Lithuania*	1,600	3	936	117
Latvia	57	57	88	88
Estonia	73	88	82	105
Russia	11	1,510	24	775
Belarus	-	83	-	45
Poland	109	109	64	64
Total*	1,850	1,850	1,194	1,194

* 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	4 th quarter 2018	4 th quarter 2017
Electricity purchases and sales	85,680	40,394
Electricity production and sales	462	452
Total	86,142	40,846

Group's cost of sales in October-December of 2018 accounted to EUR 86.1 million, a 110.9 per cent more than during the last 3 months of 2017. The increase in cost of sales was due to the higher amount of electricity traded by the Group and higher electricity prices in the NordPool Spot market compared to the same period a year ago.

The Company's and the Group's cost of purchase of electricity in 2018 increased by 72.59 per cent and the Group's increased by 65.36 per cent respectively if compared to 2017 and amounted to EUR 217.8 million and EUR 260.5 million. Cost of purchase of electricity constituted 98.55 per cent and 98.1 per cent of total cost of sales for the Company and for the Group respectively in 2018.

Group's cost of purchased electricity in the last 3 months of 2018 amounted to EUR 84.7 million, an 110.28 per cent more, than a year ago.

Group's operating expenses in the 4th quarter of 2018 amounted to EUR 2.1 million, a 7.98 per cent increase over a year ago. Company's operating expenses amounted to EUR 1.7 million in October-December 2018 compared to EUR 1.9 million in the same period a year ago (a 8.44 per cent decrease). A Company recognized the impairment of investment in 2018.

Earnings

Gross profit of the Group in October-December of 2018 amounted to EUR 6.3 million, while the gross profit margin decreased to 6.81 per cent (compared to 11.28 per cent a year ago). Gross profit of the Company in the same period accounted to EUR 3.7 million, compared to EUR 3.3 million a year ago. Company's gross profit margin decreased from 9.2 per cent in the last quarter of 2017 to 4.79 per cent in the last 3 months of 2018.

Gross profit in 2018 increased over the year by 44.4 per cent and amounted to EUR 19.7 million for the Company, and increased by 23.77 per cent, and amounted to EUR 22.7 million for the Group, if compared to EUR 13.6 million and EUR 18.4 million respectively in 2017. Gross profit margin in 2018 decreased to 8.19 per cent for the Company and to 7.88 per cent for the Group from 9.62 per cent and 10.23 per cent in 2017.

Group's operating profit over the 4th quarter accounted to EUR 4.2 million, while the operating profit margin decreased to 4.49 per cent. Operating profit in the last 3 months of 2018 of the Company amounted to EUR 2 million compared to the EUR 1.5 million the same period in 2017. The operating profit margin of the Company decreased to 2.55 per cent in 4th quarter of 2018 if compared to 4.01 per cent for the same period in 2017.

Profit from operations for the Company and for the Group for year 2018 were equal to EUR 14.2 million and EUR 14.9 million, compared to the profit from operations of EUR 8.2 million and EUR 10.9 million in 2017. Operating profit margin for the Company and for the Group reached level of 5.89 per cent and 5.18 per cent compared to 5.8 per cent and 6.08 per cent a year ago.

Net profit of financial and investing activities of the Company in the October-December of 2018 and amounted to EUR 0.1 million. Financial expenses were mainly comprised of interest expenses that were due for the stand-alone financing of the wind park. Better overall result was caused by year-on-year lower interest expenses.

Net result from financial and investing activities for the Company in 2018 amounted to EUR 0.5 million. Net consolidated result from financial and investing activities for the Group decreased by 55.13 per cent compared to 2017 and amounted to EUR (-0.19) million.

Group's and Company's net profit in the October-December of 2018 amounted to EUR 3.5 million and EUR 1.4 million, compared to EUR 2.78 million and EUR 1.4 million for the same period year ago. The profit margin decreased from 6.03 per cent for the Group and decreased from 3.79 per cent for the Company a year ago respectively to 3.77 per cent and 1.86 per cent for the 4th quarter of 2018.

The net profit of the Company and the Group during 12 months of 2018 amounted to EUR 11.6 million and EUR 11.5 million respectively.

The net profit margins for the Company and for the Group in 2018 were equal to 4.82 per cent and 3.97 per cent (compared to 5.06 per cent and 5.0 per cent year ago).

Balance sheet and cash flow

During January-December 2018 total assets of the Company increased by 60.17% and of the Group increased by 27.48%. The most significant influence to the assets was caused by increase of cash and cash equivalents in the Company and in the Group.

Total non-current assets of the Company increased by 6.38% and of the Group decreased by 10.36%. The most significant change in assets in the Group was related to amortization of licenses held by subsidiary Vydmantai wind park as well as depreciation of wind power plant. Total non-current assets amounted to 26% of the total assets for the Company and to 36% of total assets for the Group.

During the year, shareholders' equity of the Company and of the Group decreased by 2.54% and 2.86% and amounted to 28% of the total equity and liabilities of the Company and to 28% of the total equity and liabilities of the Group. Decrease in equity was caused by dividends declared for the year 2017. Total dividends distributed in 2018 reached EUR 7.1 million.

At the end of December 2018, total amount of borrowings, including financial liabilities related to finance lease and bank financing, amounted to 7.8 million for the Group, if compared to previous year – a 47.76% decrease. The Company had no borrowings, including financial liabilities related to finance lease and bank financing at the end of December 2018 (EUR 3.8 million decrease if compared to the end of 2017). Cash, cash equivalents amounted to EUR 19.1 million for the Company and EUR 20.7 million for the Group.

Net cash flow from operating activities for the Company and for the Group in 2018 increased and amounted to EUR 26.7 million and EUR 30.2 million respectively (compared to EUR 5.1 million and EUR 9,6 million a year ago).

During 2018 net cash flow from investing and financing activities amounted to negative EUR (10.9) million for the Company and negative EUR (14.6) million for the Group (compared to negative EUR (7.7) million for the Company and to negative EUR (11.6) million for the Group in 2017). Negative cash flow from financing activities is mainly related to the loans repaid and paid out dividends.

Personnel

As of 31st December 2018 there were 40 employees in the Group and 24 in the Company. The employment structure by category is provided in the table below.

Employee category	Number of employees			
	As at 31 st December 2018		As at 31 st December 2017	
	Group	Company	Group	Company
Management	8	8	8	8
Sales Managers, including Traders	14	7	16	7
PR & Marketing Staff	1	1	1	1
Project managers	2	1	3	2
Technical staff	3	1	3	1
Office Staff	12	6	12	6
Total	40	24	43	25

On 31st December 2018 24 employees were employed in the Company. Company's personnel consisted of 8 managers and 16 specialists.

AB INTER RAO Lietuva Unaudited Consolidated Interim Financial Statements for the 12 Month Period Ended 31st December 2018

Statement of financial position

	Group As at 31 st December 2018	Group As at 31 st December 2017	Company As at 31 st December 2018	Company As at 31 st December 2017
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	716	716	-	-
Operating license	2,413	3,619	-	-
Other intangible assets	21	1	-	-
Total intangible assets	3,150	4,336	-	-
Property, plant and equipment				
Land	576	612	-	-
Buildings and structures	2,562	2,726	-	-
Office premises	622	698	622	698
Machinery and equipment	14,379	15,297	-	-
Other property, plant and equipment	36	38	16	19
Total property, plant and equipment	18,175	19,371	638	717
Investment property	323	135	323	135
Interest in a joint venture and subsidiaries	79	93	10,254	10,442
Other non-current financial assets	275	585	32	71
Derivative financial instruments	-	24	-	24
Deferred income tax asset	-	-	1,034	155
Total non-current assets	22,002	24,544	12,281	11,544
Current assets				
Inventories and prepayments	3,805	303	3,603	125
Accounts receivable				
Trade receivables	11,856	14,409	9,798	12,450
Other receivables from subsidiaries and joint venture	25	-	2,525	1,485
Contract assets	1,120	-	-	-
Accrued income and other receivables	460	1,567	-	10
Total accounts receivable	13,461	15,976	12,323	13,945
Prepaid income tax	67	47	-	47
Other current assets	1,270	1,697	207	542
Derivative financial instruments	400	675	400	691
Cash and cash equivalents	20,737	5,191	19,110	3,026
Total current assets	39,740	23,889	35,643	18,376
Total assets	61,742	48,433	47,924	29,920

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AB INTER RAO Lietuva Unaudited Consolidated Interim Financial Statements for the 12 Month Period Ended 31st December 2018

Statement of financial position

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AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2018
(all amounts are in EUR thousand unless otherwise stated)

Statement of financial position (cont'd)

	Group As at 31st December 2018	Group As at 31st December 2017	Company As at 31st December 2018	Company As at 31st December 2017
EQUITY AND LIABILITIES				
Equity				
Share capital	5,800	5,800	5,800	5,800
Legal reserves	982	910	579	579
Cash flow hedge reserve	(4,771)	43	(4,813)	42
Currency translation reserve	(76)	(22)	-	-
Retained earnings	15,524	11,242	11,707	7,198
Total equity	17,459	17,973	13,273	13,619
Liabilities				
Non-current liabilities				
Non-current borrowings	3,852	7,150	-	-
Financial lease obligations	613	654	-	-
Derivative financial Instruments	14	78	-	16
Deferred income tax liability	654	1,322	-	-
Total non-current liabilities	5,133	9,204	-	16
Current liabilities				
Current portion of non-current borrowings	3,300	3,300	-	-
Other financial debts	-	3,795	-	3,795
Current portion of financial lease obligations	38	37	-	-
Derivative financial Instruments	5,769	593	5,664	457
Trade payables	25,814	10,299	25,601	9,808
Income tax payable	1,910	21	1,910	-
Advances received	16	73	10	73
Other current liabilities	2,303	3,138	1,466	2,152
Total current liabilities	39,150	21,256	34,651	16,285
Total equity and liabilities	61,742	48,433	47,924	29,920

General Director

Giedrius Balčiūnas

22 February 2019

Director of Economics

Paulius Vazniokas

22 February 2019

**Statement of comprehensive income
 For the 12 months ended 31st December 2018**

	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue from contracts with customers	288,269	-	240,663	-
Sales	-	179,378	-	141,787
Cost of sales	(265,553)	(161,024)	(220,961)	(128,143)
Gross profit	22,716	18,354	19,702	13,644
General and administrative expenses	(7,782)	(7,443)	(5,524)	(5,424)
Profit from operations	14,934	10,911	14,178	8,220
Other activities	3	8	14	15
Finance income	409	179	740	171
Finance expenses	(584)	(579)	(234)	(63)
Share of result of joint venture	(13)	(19)	-	-
Profit (loss) before tax	14,749	10,500	14,698	8,343
Income tax	(3,295)	(1,526)	(3,089)	(1,162)
Net profit	11,454	8,974	11,609	7,181

Statement of comprehensive income

	Group 4 th quarter 2018	Group 4 th quarter 2017	Company 4 th quarter 2018	Company 4 th quarter 2017
Revenue from contracts with customers	92,433	-	76,543	-
Sales	-	46,037	-	36,079
Cost of sales	(86,142)	(40,846)	(72,877)	(32,758)
Gross profit	6,291	5,191	3,666	3,321
General and administrative expenses	(2,137)	(1,979)	(1,715)	(1,873)
Profit from operations	4,154	3,212	1,951	1,448
Other activities	(9)	(4)	3	4
Finance income	263	151	247	148
Finance expenses	(258)	(141)	(179)	(23)
Share of result of joint venture	(2)	(6)	-	-
Profit before tax	4,148	3,212	2,022	1,577
Income tax	(663)	(435)	(595)	(209)
Net profit	3,485	2,777	1,427	1,368

General Director

Giedrius Balčiūnas

22 February 2019

Director of Economics



Paulius Vazniokas

22 February 2019

Statement of changes in equity
For the 12 months ended 31st December 2018

Group

	Equity attributable to equity holders of the parent					Total
	Share capital	Currency translation reserve	Legal reserve	Cash flow hedge reserve	Retained earnings	
Balance as at 31 December 2016	5,800	910	(22)	(133)	12,468	19,023
Net profit for the year	-	-	-	-	8,974	8,974
Other comprehensive income, net of tax	-	-	65	111	-	176
Total comprehensive income	-	-	65	111	8,974	9,150
Dividends declared	-	-	-	-	(10,200)	(10,200)
Balance as at 31 December 2017	5,800	910	43	(22)	11,242	17,973
Net profit for the year	-	-	-	-	11,454	11,454
Other comprehensive income, net of tax	-	-	(4,814)	(54)	-	(4,868)
Total comprehensive income	-	-	(4,814)	(54)	11,454	6,586
Transfer to reserves	-	72	-	-	(72)	-
Dividends declared	-	-	-	-	(7,100)	(7,100)
Balance as at 31 December 2018	5,800	982	(4,771)	(76)	15,524	17,459

General Director	Giedrius Balčiūnas		22 February 2019
Director of Economics	Paulius Vazniokas		22 February 2019

AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
 CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 December 2018
 (all amounts are in EUR thousand unless otherwise stated)

Company

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Total
Balance as at 31 December 2016	5,800	579	122	10,217	16,718
Net profit for the year	-	-	-	7,181	7,181
Other comprehensive income, net of tax	-	-	(80)	-	(80)
Total comprehensive income	-	-	(80)	7,181	7,101
Dividends declared	-	-	-	(10,200)	(10,200)
Balance as at 31 December 2017	5,800	579	42	7,198	13,619
Net profit for the year	-	-	-	11,609	11,609
Other comprehensive income, net of tax	-	-	(4,855)	-	(4,855)
Total comprehensive income	-	-	(4,855)	11,609	6,754
Dividends declared	-	-	-	(7,100)	(7,100)
Balance as at 31 December 2018	5,800	579	(4,813)	11,707	13,273

General Director

Giedrius Balčiūnas

22 February 2019

Director of Economics

Paulius Vazniokas

22 February 2019

Statements of cash flows


For the 12 months ended 31st December

	Group		Company	
	2018	2017	2018	2017
Cash flows from (to) operating activities				
Net profit	11,454	8,974	11,609	7,181
Adjustments for non-cash items:				
Income tax expenses	3,295	1,523	3,089	1,159
Depreciation and amortisation	2,410	2,458	90	116
Share of net profit of joint venture	14	18	-	-
Dividend (income)	-	-	(350)	-
Interest (income) expenses	394	577	45	63
Change in fair value of derivatives not designated as hedging instruments	123	452	129	452
Impairment to subsidiary	-	-	188	485
Fair value change of investment property	(188)	-	(188)	-
Other non-cash items	(34)	453	(18)	14
	17,468	14,455	14,594	9,470
Changes in working capital:				
(Increase) decrease in inventories and prepayments and other receivables from subsidiaries and joint venture	(3,502)	344	(4,518)	1,275
(Increase) decrease in accounts receivable and other current assets	2,559	(1,168)	2,679	(2,197)
(Decrease) increase in trade payables	15,501	(1,934)	15,793	(2,330)
Income tax (paid)	(1,244)	(1,419)	(1,153)	(1,354)
(Decrease) increase in other current liabilities	(914)	(211)	(782)	235
(Increase) decrease in other non-current assets	300	(502)	39	(32)
Net cash flows from operating activities	30,168	9,565	26,652	5,067
Cash flows from (to) investing activities				
(Acquisition) of non-current assets	(28)	(17)	(11)	(3)
Dividends received	-	-	350	-
Net cash flows (to) investing activities	(28)	(17)	339	(3)

(cont'd on the next page)

Statements of cash flows (cont'd)

	Group		Company	
	2018	2017	2018	2017
Cash flows from (to) financing activities				
Dividends (paid)	(7,100)	(2,040)	(7,100)	(2,040)
Loans repaid	(7,093)	(8,916)	(3,795)	(5,616)
Interest (paid)	(361)	(577)	(12)	(63)
Financial lease (payments)	(40)	(35)	-	-
Net cash flows (to) financing activities	(14,594)	(11,568)	(10,907)	(7,719)
Net increase (decrease) in cash and cash equivalents	15,546	(2,020)	16,084	(2,655)
Cash and cash equivalents at the beginning of the year	5,191	7,211	3,026	5,681
Cash and cash equivalents as at the end of period	20,737	5,191	19,110	3,026

General Director	Giedrius Balčiūnas		22 February 2019
Director of Economics	Paulius Vazniokas		22 February 2019

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 Financial results for the 4th quarter of 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.

Giedrius Balčiūnas

General Director

