

AB INTER RAO LIETUVA

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2018,
prepared in accordance with International Financial Reporting Standards,
as adopted by the European Union

31 August 2018

Vilnius

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AB INTER RAO Lietuva Unaudited Consolidated Interim Report for the 6 Month Period Ended 30 June 2018

I. General Information

Reporting period

1st half of year ended 30th June 2018

Company and its contact details

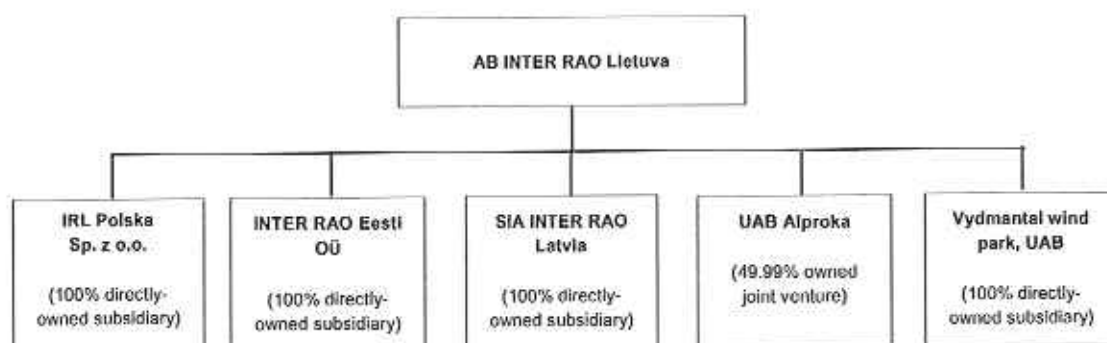
Company name	AB INTER RAO Lietuva (hereinafter – IRL or „the Company“)
Company code	126119913
Legal form	Public company (joint-stock company)
Date of registration	21 st December 2002
Name of register of Legal Entities	State Enterprise Centre of Registers
Registered office	A.Tumėno g. 4, block B, LT-01109 Vilnius
Telephone number	+370 5 242 11 21
Fax number	+370 5 242 11 22
E-mail	info@interrao.lt
Internet address	www.interrao.lt

The Group structure

As of 30th June 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 of 30 June 2018	Registration address	Activity (Including planned)
INTER RAO Eesti OÜ - subsidiary	11879805	100 %	(125)	Peterburi tee 47, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvija - subsidiary	40103268639	100 %	(1,305)	76 Gustava Zemgala Ave., LV 1039, Riga, Latvia	Trade of electricity
IRL Polska Sp. z o.o. - subsidiary	0000436992	100 %	1,743	Twarda 18, 00-105, Warsaw, Poland	Trade of electricity
UAB Alproka – joint venture	125281684	49.99 %	171	Verkij Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB – subsidiary	302666616	100 %	12,881	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 30th June 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	<p>The Company received its license as independent electricity supplier with permission to export electricity.</p> <p>The Company signed sale-purchase agreements with INTER RAO UES and Lietuvos energija AB.</p> <p>The Company began electricity trading activities by exporting electricity to Russia and Belarus.</p>
2004	Permission to import electricity was granted to the Company.
2005	<p>The Company began importing electricity to Lithuania.</p> <p>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.</p>

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 33 per 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	<p>The Company signed electricity sale-purchase agreements with the Belarusian company, Belenergo and the Latvian company, Latvenergo.</p> <p>Cooperation regarding the sale of electricity with the largest electricity consumer in the Baltic States, Orlen Lietuva, was established. Delivery was initiated in 2010.</p> <p>The Company changed its name to UAB INTER RAO Lietuva.</p>
2010	<p>The Company established two wholly-owned subsidiaries, one in Latvia (SIA INTER RAO Latvia) and the second in Estonia (INTER RAO Eesti OU).</p> <p>SIA INTER RAO Latvia received its license for electricity trading in Latvia.</p>
2011	<p>SIA INTER RAO Latvia begins electricity trading operations.</p> <p>The Company begins trading activities in the Estonian area of NordPool Spot.</p> <p>The Company begins operations in electricity generation from renewable energy sources by acquiring the wind park in Vydmantai.</p> <p>The Company signs an agreement with INTER RAO UES on potential export of electricity generated in Baltiiskaya NPP under construction in Kaliningrad Oblast.</p>
2012	<p>Decision on public offering and listing of the Company's shares on the Warsaw Stock Exchange was made.</p> <p>Business entity (IRL POLSKA Sp. z o.o.) in Poland was established.</p>
2013	<p>AB INTER RAO Lietuva shareholders decided to distribute 27 million Litas as dividends.</p> <p>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.</p> <p>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.</p>
2014	On 3 rd 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 th January 2014 till 9 th 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 Litās.
- 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.

Agreements with intermediaries of public trading in securities

Since 29th October 2012 the Company and UAB FMI 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.

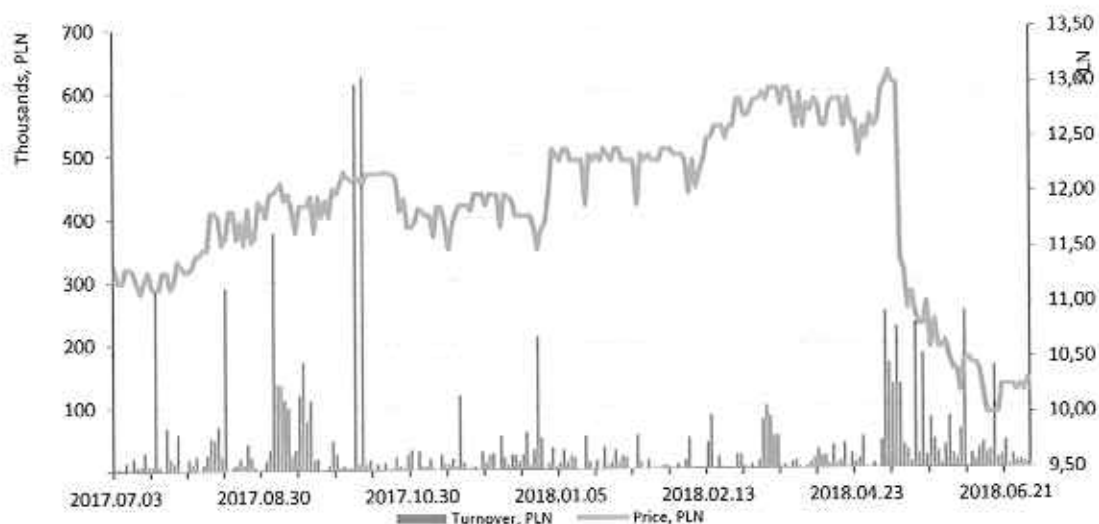
Data about securities traded on regulated market

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.

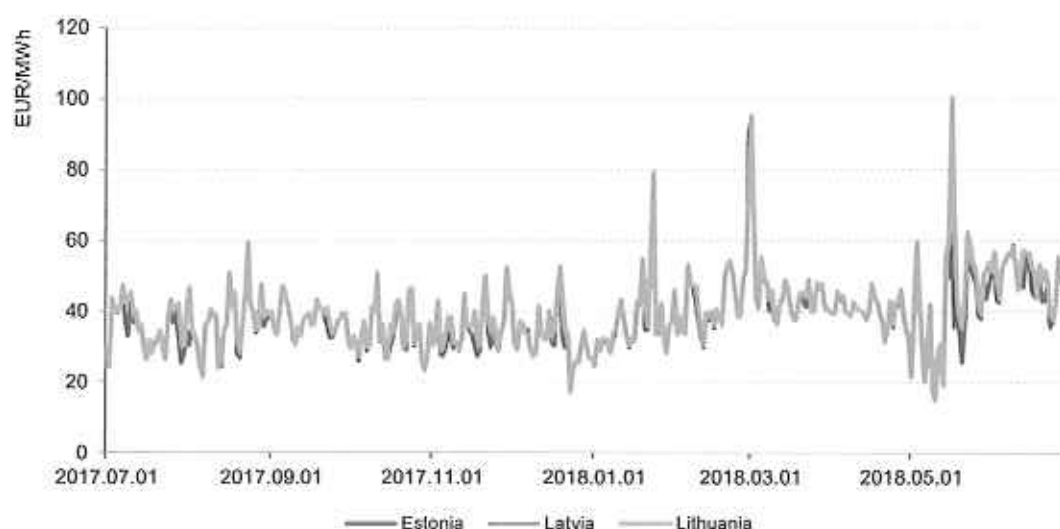
As of 30th June 2015 the shareholder structure of the Company was as following:

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

II. Financial information

Revenues

The total consolidated Group's sales revenue in January-June of 2018 was equal to EUR 107 million, a 22.49 per cent more than in the first half 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 1st half 2018 was equal to EUR 87.3 million – increased by 27 per cent, compared to the same period in 2017 due to the same reasons – there were more electricity traded in Lithuania.



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 half 2018	1 st half 2017
Sales (EUR thousand)	107,153	87,482
Gross profit (EUR thousand)	7,523	9,526
Gross profit margin (%)	7.02%	10.89%
Operating profit (EUR thousand)	3,693	5,904
Operating profit margin (%)	3.45%	6.75%
EBITDA (EUR thousand)	5,019	7,154
EBITDA profit margin (%)	4.68%	8.18%
Net profit (EUR thousand)	2,390	4,836
Net profit margin (%)	2.23%	5.53%
Number of shares (thousand)	20,000	20,000
Earnings per share (EUR)	0.12	0.24

Gross profit margin – Gross profit / Sales

Operating profit margin – Operating profit / Sales

EBITDA profit margin – EBITDA / 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

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 22.49 per cent in 1st half 2018, compared to the same period in 2017. The increase in sales was caused by higher amount of electricity traded, but the average price of electricity sold was lower at the same time – thus Group's cost of sales increased by 27.8 per cent if compared to the 1st half of 2017, which is more than increase in sales revenues during the same period. Despite the increase in sales and higher increase in cost of sales, the Group's gross profitability equaled to 7.02 per cent in the accounting period, if compared to 10.89 per cent in January-June 2017.

Company's gross profit margin in 2018 accounts to 8.7 per cent, compared to 10.51 per cent in the 1st half of 2017. Operating profit of the Company for the 1st half of 2018 was equal to EUR 5 million compared to EUR 4.8 million a year ago.

Group's and Company's EBITDA for the 1st half 2018 was EUR 5 million and EUR 5.5 million respectively. Group's EBITDA profit margin decreased from 8.18 per cent in 1st half 2017 to 4.68 per cent in 1st half of 2018. Company's EBITDA profit margin decreased from 7.15 per cent in 2017 to 6.32 per cent in the accounting period. In the 1st half of 2018, Group's net profit decreased to EUR 2.4 million from EUR 4.8 million in 2017. As a result, Group's net profit margin during the accounting period decreased and was equal to 2.23 per cent, if compared to 5.53 per cent a year ago. As a result of the higher increase in cost of sales if compared to the increase in sales revenues, net profit of the Company in 1st half 2018 slightly increased and was equal to EUR 4.3 million compared to EUR 4.2 million in January-June 2017.

Sales revenues by operating segments, thous. EUR	6 months 2018	6 months 2017
Electricity purchases and sales	105,104	84,892
Electricity production and sales	2,049	2,590
Total	107,153	87,482

Group's revenue from purchases and sales of electricity in the 1st half of 2018 amounted to EUR 105.1 million. Revenue from produced electricity sales accounted for EUR 2 million, a 20.89 per cent less than in the same period a year ago. During the accounting period Vydmantai wind park, UAB has produced less electricity compared to 1st half 2017, due to worse meteorological conditions.

Company's revenue during January-June 2018 were higher by 27 per cent and was equal to EUR 87.3 million compared to EUR 68.7 million in the same period in 2017.

The tables below present data on the electricity trading activities of the Group for the 6 months period ended on 30th June 2018 and the 2nd quarter of 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 st half of 2018		For the 1 st half of 2017	
	S	P	S	P
	GWh		GWh	
Lithuania*	2 595	466	1 811	214
Latvia	156	156	180	180
Estonia	124	197	156	235
Russia	30	1 518	51	1 502
Belarus	-	568	-	67
Poland	151	151	169	169
Total*	3 056	3 056	2 367	2 367

* Excluding equivalent trades on the power exchange

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

	For the 2 nd quarter of 2018		For the 2 nd quarter of 2017	
	S	P	S	P
	GWh		GWh	
Lithuania*	1 363	40	777	140
Latvia	69	69	83	83
Estonia	59	97	78	112
Russia	14	713	19	609
Belarus	-	186	-	13
Poland	70	70	89	89
Total*	1 575	1 575	1 046	1 046

* 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	6 months 2018	6 months 2017
Electricity purchases and sales	98,715	77,052
Electricity production and sales	915	904
Total	99,630	77,956

Group's cost of sales in January-June of 2018 accounted to EUR 99.6 million, a 27.8 per cent more than during the first six months of 2017. As a result of the higher amount of electricity traded, the cost of sales of the Group were higher compared to the results a year ago. The cost of sales increased due to the higher amount of electricity traded. Cost of sales of electricity production stayed at almost the same level as at the same period a year ago, and cost of sales of electricity purchased and sold were higher by 23.81 per cent if compared to the same period a year ago.

Cost of sales in 1st half of 2018 of the Company was higher by 29.58 per cent if compared to the accounting period a year ago.

Group's and Company's cost of purchased electricity in the 1st half of 2018 amounted to EUR 97.5 million and EUR 78.5 million respectively. Group's cost of purchased electricity comprised 97.83 per cent of total cost of sales, Company's – 98.45 per cent.

Group's operating expenses in the 1st half of 2018 amounted to EUR 3.8 million, a 5.74 per cent increase over a year ago. Company's operating expenses amounted to EUR 2.59 million in January-June 2018 compared to EUR 2.4 million in the same period a year ago (a 8.05 per cent increase).

Earnings

Gross profit of the Group in January-June of 2018 amounted to EUR 7.5 million, while the gross profit margin decreased to 7.02 per cent (10.89 per cent a year ago). Gross profit of the Company in the same period accounted to EUR 7.6 million. Company's gross profit margin decreased from 10.51 per cent in January-June of 2017 to 8.7 per cent in the 1st half of 2018.

Group's operating profit over the same period accounted to EUR 3.7 million, while the operating profit margin decreased to 3.45 per cent from 6.75 per cent a year ago. Operating profit in the 1st half of 2018 of the Company increased by 3.54 per cent compared to the same period in 2017. It amounted to EUR 5 million in 1st half of 2018 compared to EUR 4.8 million in the same period a year ago.

Net loss of financial activities of the Group in the 1st half of 2018 amounted to minus EUR 0.1 million, a 59.85 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. Net profit of financial activities of the Company in the 1st half of 2018 mostly arose from dividend income from the wind park.

As a result, profit before tax for the Group and the Company in the accounting period amounted to EUR 3.6 million and EUR 5.4 million compared to EUR 5.6 million and EUR 4.8 million in the 1st half in 2017 respectively.

Group's net profit in the 1st half of 2018 amounted to EUR 2.4 million, if compared to the profit of EUR 4.8 million for the same period year ago. The profit margin decreased from 5.33 per cent a year ago to 2.23 per cent in the accounting period. Company's net profit in the 1st half of 2018 amounted to EUR 4.3 million, if compared to the profit of EUR 4.2 million for the same period year ago.

Balance sheet and Cash Flows

During January-June 2018 total assets of the Group decreased by 12.88 per cent and of the Company decreased by 4.92 per cent. The most significant influence to the assets was caused by decrease of trade receivables and cash in the Group and in the Company.

Total non-current assets of the Company increased by 5.92 per cent and of the Group decreased by 4.36 per cent. The most significant change in non-current assets in the Group was related to depreciation of wind farm machinery and equipment and amortization of patents and licenses held by subsidiary Vydmantai wind park, UAB.

At the end of June 2018, total amount of borrowings, including financial liabilities related to finance lease and bank financing, amounted to EUR 9.4 million for the Group. Cash, cash equivalents amounted to EUR 2.5 million for the Company and EUR 4.1 million for the Group.

Net cash flows from operating activities of the Group were higher in the 1st half of 2018 and amounted to EUR 11.8 million, compared to EUR 5 million in the same period a year ago. Net cash flows from operating activities of the Company in the 1st half 2018 equaled to EUR 10.1 million compared to EUR 2.7 million a year ago.

Net cash flows from investing activities of the Company in the 1st half of 2018 equaled to EUR 0.35 million. Such a result was due to the dividends received from the Company's subsidiary Vydmantai wind park UAB. There were no dividends received in the 1st half of 2017.

Net cash flows from financing activities of the Group in the 1st half of 2018 amounted to EUR (-12.8) million outflow, compared to EUR (-5.3) million outflow in the same period a year ago. Net cash flows from financing activities of the Company in the 1st half 2018 equaled to EUR (-10.9) million outflow compared to EUR (-3.3) million outflow in the same period a year ago.

Personnel

As of 30th June 2018 there were 41 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 of 30th June 2018		As of 30th June 2017	
	Group	Company	Group	Company
Management	8	8	8	8
Sales Managers, including Traders	15	7	16	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
Total	41	24	43	25

On 30th June 2018 Company's personnel consisted of 8 managers and 16 specialists, as Group's personnel consisted of 8 managers and 33 specialists.

III. Corporate governance

The corporate bodies of the Company are as follows: General Shareholders Meeting, a collegial supervisory body – Supervisory Council, a collegial management body – Board, and single-person management body – Chief Executive Officer.

Members of Supervisory council



Evgeniya Popova

Chairman of the Supervisory Council (term: 2016.12.29 – 2020.04.29)

Head of Operational Analysis and Trading Activity Forecasting
Department at PJSC Inter RAO

Education:

Moscow State Institute of International Relations qualification – Finance and Credit, and MBA at Kingston University and Academy of National Economy under the Government of the Russian Federation

Career over the last five years:

2016 - present: Chairman of the Supervisory Council at INTER RAO Lietuva

2011 - present: Head of Operational Analysis and Trading Activity Forecasting Department at PJSC Inter RAO



Danielis Kličmanas

Member of the Supervisory Council at INTER RAO Lietuva
(term: 2017.04.28 – 2020.04.29)

Director of Finance, Starman/Cgates group

Education:

Master's degree at Vytautas Magnus University, qualification – Finance and Banking

Career over the last five years:

2017 - present: Member of the Supervisory Council at INTER RAO Lietuva

2017 - present: Director of Finance, Starman/Cgates group

2015 - 2017: Head of Mergers and Acquisitions, Starman/Cgates group

2003 - 2014: Investment Manager of SEB bank, SEB Venture Capital



Jonas Garbaravičius

Member of the Supervisory Council at INTER RAO Lietuva (term: 2016.04.29 – 2020.04.29)

Partner at Rigel Capital Partners

Education:

Vytautas Magnus University

Career over the last five years:

2017 - present: Member at YPO
2015 - present: Partner at Rigel Capital Partners
2013 - present: Owner of JG Investment Management, UAB
2013 - present: Co Founder / Supporting Shareholder at Children Hospital Support Foundation (Valkų Ligoninės Paramos Fondas)
2013 - present: Co Founder / Supporting Shareholder at Public Organization "Šlaurės Jeruzalė" (Northern Jerusalem), project LitvakWorld.com
2012 - present: Board member at Vilnius City Opera
2012 - present: Member of the Supervisory Council at INTER RAO Lietuva
2011 - 2017: Member of the Management Board at Inter Green Renewables and Trading
2013 - 2015: Managing Partner at CEE Resources & Investments LLP



Rytis Davidovičius

Member of the Supervisory Council (term: 2016.04.29 – 2020.04.29)

Director of Business Development, Lewben Group

Education:

Bachelor degree, History and Political science at Vytautas Magnus University
Licence of consultant, Bank of Lithuania

Career over the last five years:

2017 - present: Director of Business Development, Lewben Group
2016 - present: Member of the Supervisory Council at INTER RAO Lietuva
2013 - present: President, Lithuanian Rugby Federation, Lithuania;
2016 - 2017: Director, Lewben Group, Lewben Asia Pacific;
2013 - 2016: CEO, JG Investment Management UAB, Lithuania;
2014 - 2016: Adviser of the Chairman of the Board, Orion Asset Management UAB, Lithuania.
2011 - 2014: CEO, Orion Asset Management UAB, Lithuania.



Vasily Kullkov

Member of the Supervisory Council (term: 2016.04.29 – 2020.04.29)

Head of Risk management and internal control department PJSC Inter RAO

Education:

Bachelor degree in Management at Non –State Educational Institution Modern University for the Humanities

Career over the last five years:

2016 - present: Member of the Supervisory Council at INTER RAO Lietuva

2014 - present: Head of Risk management and internal control department PJSC Inter RAO

2012 - 2014: Head of audit procurement activity department JSC Inter RAO Electric Power Plants

2010 - 2012: Head of audit procurement activity department JSC Inter RAO UES



Victor Kolotievskiy

Member of the Supervisory Council at INTER RAO Lietuva (term: 2017.04.28 – 2020.04.29)

Head of European Operations of the Trading Unit of PJSC Inter RAO

Education:

National Research University "Moscow Power Engineering Institute" qualification – Engineer-Manager
The Moscow University of Finance and Law, qualification – Lawyer

Career over the last five years:

2017 - present: Member of the Supervisory Council at INTER RAO Lietuva

2012 - present: Head of European Operations of the Trading Unit of PJSC Inter RAO

Members of the Board



Alexandra Panina

Chairman of the Management Board at INTER RAO Lietuva (term: 2018.07.06 – 2021.03.30)

Member of the Management Board, Acting Head of the Trading Unit of PJSC Inter RAO

Education:

Law faculty of Volgograd state University
State Academy of Innovation

Career over the last five years:

2018 - present: Chairman of the Management Board at INTER RAO Lietuva

2018 - present: Member of the Management Board, Interim Head of the Trading Division, PJSC Inter RAO

2018 - 2018: Deputy Head of Exports Division, Division Management Block, PJSC Inter RAO

2011 - 2018: Vice President of Marketing and Sales, LLC INTER RAO — Management of Electric Power Plants



Evgeny Miroshnichenko

Member of the Board at INTER RAO Lietuva (term: 2017.06.06 – 2021.03.30)

Member of the Management Board, Chief Financial Officer, PJSC Inter RAO

Education:

State University of Management

Career over the last five years:

2017 - present: Member of the Management Board at INTER RAO Lietuva

2017 - present: Member of the Management Board, Chief Financial Officer, PJSC Inter RAO

2010 - 2016: Director of Strategic Development with the Strategy and Investments Unit, Deputy Head of the Unit, Head of the Strategy Department of the Strategy and Investments Unit, PJSC Inter RAO



Evgeny Sarymsakov

Member of the Board (term: 2018.07.16 – 2021.03.30)

Head of International Law Department of Legal Affairs Unit of
PJSC Inter RAO

Education:

Master's Degree at Moscow State Institute of International Relations, qualification – International Law

Career over the last five years:

2018 - present: Member of the Management Board at INTER RAO Lietuva

2017 - 2018: Member of the Supervisory Council at INTER RAO Lietuva

2012 - present: Head of International Law Department of Legal Affairs Unit of PJSC Inter RAO



Giedrius Balčiūnas

Member of the Management Board at INTER RAO Lietuva
(term: 2017.03.30 – 2021.03.30)

Director General (CEO) at INTER RAO Lietuva

Career over the last five years:

2012 - present: Member of the Management Board at INTER RAO Lietuva

2010 - present: Member of the Management Board at INTER RAO Eesti OÜ

2006 - present: Member of the Management Board at Alproka

2003 - present: Director General (CEO) at INTER RAO Lietuva



Vidas Čebatariūnas

Member of the Management Board at INTER RAO Lietuva
(term: 2017.03.30 – 2021.03.30)

Director of Commerce of AB INTER RAO Lietuva

Education:

Master of Economic Analysis and Planning awarded by Vilnius University

Career over the last five years:

2012 - present: Member of the Management Board at IRL Polska

2012 - present: Chairman of the Management Board at INTER RAO Latvia

2010 - present: Member of the Management Board at INTER RAO Eesti

2010 - 2013: Member of the Management Board at Scaent Baltic

2007 - present: Member of the Management Board at INTER RAO Lietuva

2005 - present: Director of Commerce at INTER RAO Lietuva

CEO

The chief executive officer of the company is Giedrius Balčiūnas. Term in the position: 2003.05.21 – unlimited

Chief accountant

Chief accountant of the Company is Edita Vagonienė. Term in the position: 2012.10.01 – unlimited

Audit committee

The Company has formed an audit committee. On 6th of June 2017 the new members of committee were elected. The term of the Audit committee members will end in April 2020.

The members of the audit committee are the following: Mr Danellis Klicmanas, Mr Victor Kolotievskiy and Mr Vasily Kulikov.

IV. Publicly announced information

During the period from the start of 2018 to 30th June 2018 Company publicly announced and broadcasted through Warsaw Stock Exchange information system and on own webpage the following information:

Title	Category of announcement	Language	Date
AB INTER RAO Lietuva announces about partial repayment of loan amount to its major shareholder before the repayment date	Notification on material event	EN, LT	14-Feb-2018
Publication date of the results for the 4th quarter of 2017 and the Annual Information for 2017 of AB INTER RAO Lietuva	Investor news	EN, LT	21-Feb-2018
Announcement of the results for the 4th quarter of 2017 and the Annual Information for 2017 of AB INTER RAO Lietuva	Annual information	EN, LT	23-Feb-2018
Statement on corporate governance	Investor news	EN, LT	06-Mar-2018
AB INTER RAO Lietuva decisions of the Management Board	Notification on material event	EN, LT	27-Mar-2018
AB INTER RAO Lietuva announces about full repayment of loans' amounts to its major shareholders before the repayment date	Notification on material event	EN, LT	28-Mar-2018
AB „INTER RAO Lietuva“ announces about the Management Board decision to approve financing received from OP Corporate Bank plc Lithuania Branch	Notification on material event	EN, LT	28-Mar-2018
AB INTER RAO Lietuva decisions of the Supervisory Board	Notification on material event	EN, LT	30-Mar-2018
Notice on convocation of the Annual General Meeting of Shareholders	Notification on material event	EN, LT	05-Apr-2018
The decisions adopted by the Annual General Meeting of Shareholders of AB INTER RAO Lietuva	Notification on material event	EN, LT	27-Apr-2018
Notice on the procedure for the payment of dividends	Notification on material event	EN, LT	07-May-2018
Publication date of the results for the 1st quarter of 2018 of AB INTER RAO Lietuva	Investor news	EN, LT	09-May-2018
Announcement of the results for the 1st quarter of the year 2018 of AB INTER RAO Lietuva	Interim information	EN, LT	11-May-2018

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Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	14-Jun-2018
AB INTER RAO Lietuva decisions of the Supervisory Board	Notification on material event	EN, LT	28-Jun-2018

Contents of above mentioned announcements can be obtained on Company's webpage <https://interrao.lt/en/reports/current-reports/>.

AB INTER RAO Lietuva Unaudited Consolidated Interim Financial Statements for the 6 Month Period Ended 30th June 2018

Statement of financial position

	Notes	Group		Company	
		As at 30 th June 2018	As at 31 st December 2017	As at 30 th June 2018	As at 31 st December 2017
ASSETS					
Non-current assets					
Intangible assets					
Goodwill		716	716	-	-
Patents and licenses		3,016	3,619	-	-
Other intangible assets		1	1	-	-
Total intangible assets		3,733	4,336	-	-
Property, plant and equipment					
Land		595	612	-	-
Buildings and structures		2,644	2,726	-	-
Machinery and equipment		14,838	15,297	-	-
Office premises		660	698	660	698
Other property, plant and equipment		37	38	14	19
Total property, plant and equipment		18,774	19,371	674	717
Investment property		135	135	135	135
Interest in a joint venture		85	93	10,442	10,442
Other non-current financial assets		635	585	41	71
Derivative financial instruments		111	24	111	24
Deferred income tax asset		-	-	824	155
Total non-current assets		23,473	24,544	12,227	11,544
Current assets					
Inventories and prepayments		1,313	303	341	125
Accounts receivable					
Trade receivables		10,060	14,409	8,454	12,450
Receivables from subsidiaries		-	-	4,087	1,485
Other receivables		1,895	1,567	-	10
Total accounts receivable		11,955	15,976	12,541	13,945
Prepaid income tax		-	47	-	47
Other current assets		1,326	1,697	206	542
Derivative financial instruments		-	675	621	691
Cash and cash equivalents		4,130	5,191	2,512	3,026
Total current assets		18,724	23,889	16,221	18,376
Total assets		42,197	48,433	28,448	29,920

(cont'd on the next page)

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

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Statement of financial position (cont'd)

	Notes	Group As at 30 th June 2018	Group As at 31 st December 2017	Company As at 30 th June 2018	Company As at 31 st December 2017
EQUITY AND LIABILITIES					
Equity					
Share capital		5,800	5,800	5,800	5,800
Legal reserves		981	910	579	579
Cash flow hedge reserve		(3,609)	43	(3,864)	42
Currency translation reserve		(104)	(22)	-	-
Retained earnings		6,461	11,242	4,422	7,198
Total equity		9,529	17,973	6,937	13,619
Liabilities					
Non-current liabilities					
Non-current borrowings		5,500	7,150	-	-
Financial lease obligations		620	654	-	-
Derivative financial instruments		128	78	193	16
Deferred income tax liability		787	1,322	-	-
Total non-current liabilities		7,035	9,204	193	16
Current liabilities					
Current portion of non-current borrowings		3,300	3,300	-	-
Current portion of financial lease obligations		-	3,795	-	3,795
Derivative financial instruments		15	37	-	-
Financial debts		6,119	593	6,457	457
Trade payables		13,764	10,299	12,980	9,808
Income tax payable		489	21	489	-
Advances received		9	73	7	73
Other current liabilities		1,937	3,138	1,385	2,152
Total current liabilities		25,633	21,256	21,318	16,285
Total equity and liabilities		42,197	48,433	28,448	29,920

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

General Director	Giedrius Balčiūnas		31 August 2018
Director of Economics	Paulius Vazniokas		31 August 2018

Statement of comprehensive income
For the six months ended 30th June



	Notes	Group	Group	Company	Company
		2018	2017	2018	2017
Sales		107,153	87,482	87,291	68,731
Cost of sales		(99,630)	(77,956)	(79,701)	(61,505)
Gross profit		7,523	9,526	7,590	7,226
General and administrative expenses		(3,830)	(3,622)	(2,591)	(2,398)
Profit from operations		3,693	5,904	4,999	4,828
Other activities		8	7	8	8
Financing and investing activities profit		(110)	(274)	428	1
Finance income		116	18	463	15
Finance expenses		(219)	(287)	(35)	(14)
Share of result of joint venture		(7)	(5)	-	-
Profit before tax		3,591	5,637	5,435	4,837
Income tax		(1,201)	(801)	(1,111)	(677)
Net profit		2,390	4,836	4,324	4,160
Other comprehensive income(expenses)					
Net (loss) on cash flow hedges		(4,297)	(204)	(4,597)	(126)
Income tax effect		645	31	691	19
Effect of currency exchange		(83)	88	-	-
Other comprehensive income, net of tax		(3,735)	(85)	(3,906)	(107)
Total comprehensive income, net of tax		(1,345)	4,751	418	4,053

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Statement of comprehensive income

	Notes	Group 2nd quarter 2018	Group 2nd quarter 2017	Company 2nd quarter 2018	Company 2nd quarter 2017
Sales		47,696	38,967	37,957	29,909
Cost of sales		(45,448)	(34,294)	(35,824)	(26,163)
Gross profit		2,248	4,673	2,133	3,746
General and administrative expenses		(1,995)	(1,905)	(1,397)	(1,282)
Profit from operations		253	2,768	736	2,464
Other activities		4	3	4	4
Financing and investing activities profit		20	(137)	450	(4)
Finance income		114	10	463	8
Finance expenses		(88)	(144)	(13)	(12)
Share of result of joint venture		(6)	(3)	-	-
Profit before tax		277	2,634	1,190	2,464
Income tax		(450)	(377)	(405)	(347)
Net profit		(173)	2,257	785	2,117
Total comprehensive income, net of tax		(3,680)	2,452	(3,122)	2,113

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

General Director	Giedrius Balčiūnas		31 August 2018
Director of Economics	Paulius Vazniokas		31 August 2018

Statement of changes in equity
For the six months ended 30th June 2018

Group

	Share capital	Legal reserve	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Total
Balance as at 1st January 2018	5,800	910	43	(22)	11,242	17,973
Profit for the period	-	-	-	-	2,390	2,390
Other comprehensive income, net of tax	-	-	(3,652)	-	-	(3,652)
Foreign exchange effect	-	-	-	(82)	-	(82)
Total comprehensive income	-	-	(3,652)	(82)	1,344	(1,344)
Dividends declared	-	-	-	-	(7,100)	(7,100)
Transfer to legal reserve	-	71	-	-	(71)	-
Balance as at 30th June 2018	5,800	981	(3,609)	(104)	6,461	9,529

	Share capital	Legal reserve	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Total
Balance as at 1st January 2017	5,800	910	(22)	(133)	12,468	19,023
Profit for the period	-	-	-	-	4,836	4,836
Other comprehensive income, net of tax	-	-	(173)	-	-	(173)
Foreign exchange effect	-	-	-	88	-	88
Total comprehensive income	-	-	(173)	88	4,836	4,751
Dividends declared	-	-	-	-	(10,200)	(10,200)
Transfer to legal reserve	-	-	-	-	-	-
Balance as at 30th June 2017	5,800	910	(195)	(45)	7,104	13,574



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Company

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Total
Balance as at 1st January 2018	5,800	579	42	7,198	13,619
Profit for the period	-	-	-	4,324	4,324
Other comprehensive income	-	-	(3,906)	-	(3,906)
Total comprehensive income	-	-	(3,906)	4,324	418
Dividends declared	-	-	-	(7,100)	(7,100)
Transfer to legal reserve	-	-	-	-	-
Balance as at 30th June 2018	5,800	579	(3,864)	4,422	6,937

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Total
Balance as at 1st January 2017	5,800	580	122	10,217	16,719
Profit for the period	-	-	-	4,160	4,160
Other comprehensive income	-	-	(107)	-	(107)
Total comprehensive income	-	-	(107)	4,160	4,053
Dividends declared	-	-	-	(10,200)	(10,200)
Transfer to legal reserve	-	-	-	-	-
Balance as at 30th June 2017	5,800	580	15	4,177	10,572

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

General Director	Giedrius Balčiūnas		31 August 2018
Director of Economics	Paulius Vazniokas		31 August 2018

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Statements of cash flows
For the six months ended 30th June

	Notes	Group		Company	
		2018	2017	2018	2017
Cash flows from (to) operating activities					
Net profit		2,390	4,836	4,324	4,160
Adjustments for non-cash items:					
Income tax expenses		1,202	801	1,111	677
Depreciation and amortisation		1,209	1,230	45	59
Interest and dividend (income)		(1)	(2)	(351)	(2)
Change in fair value of derivatives not designated as hedging instruments		(111)	-	(111)	-
Share of net profit of joint venture		7	5	-	-
Interest and dividend expenses		201	286	18	14
		4,897	7,156	5,036	4,908
Changes in working capital:					
(Increase) decrease in inventories and prepayments		(1,010)	(82)	(2,818)	1,049
(Increase) decrease in accounts receivable and other current assets		4,434	2,280	4,428	934
Decrease in other non-current assets		(50)	(342)	-	-
Increase (decrease) in trade payables		3,401	(3,356)	3,109	(3,600)
Income tax (paid)		(613)	(636)	(600)	(675)
(Decrease) in other current liabilities		772	(116)	896	89
Unrealized foreign currency exchange		(82)	88	-	-
Net cash flows from operating activities		11,749	4,992	10,051	2,705
Cash flows from (to) investing activities					
(Acquisition) of non-current assets		(9)	(18)	(3)	(3)
Interest and dividends received		1	2	351	2
Net cash flows (to) investing activities		(8)	(16)	348	(1)

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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)

	Group		Company	
	2018	2017	2018	2017
Cash flows from (to) financing activities				
Dividends (paid)	(7,100)	(2,040)	(7,100)	(2,040)
Loans repaid	(5,445)	(2,900)	(3,795)	(1,251)
Interest (paid)	(201)	(276)	(18)	(4)
Financial lease (payments)	(56)	(53)	-	-
Net cash flows (to) financing activities	(12,802)	(5,269)	(10,913)	(3,295)
Net increase (decrease) in cash and cash equivalents	(1,061)	(293)	(514)	(591)
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 the period	4,130	6,918	2,512	5,090

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

General Director Giedrius Balčiūnas 31 August 2018

Director of Economics Paulius Vaznlokas 31 August 2018

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 six months ended 30th June 2018.

Six month ended 30 th June 2018	Electricity purchases and sales	Electricity production and sales	Total Segments	Adjustments and eliminations	Consolidated
Revenue					
External customers	105,104	2,049	107,153	-	107,153
Total revenue	105,104	2,049	107,153	-	107,153
Results					
Depreciation and amortisation	45	1,164	1,209	-	1,209
Interest income	-	-	-	-	-
Interest expenses	18	183	201	-	201
Share of profit of associate joint venture	-	-	-	(7)	(7)
Segment operating profit	3,261	432	3,693	-	3,693
Segment assets	17,916	24,281	42,197	-	42,197
Segment liabilities	21,358	10,034	31,398	1,276	32,668

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	-	-	-	85	85
Capital expenditure	9	-	-	-	9

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

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The following tables present information regarding the Group's operating segments for the six months ended 30th June 2017.

Six month ended 30th June 2017	Electricity purchases and sales	Electricity production and sales	Total Segments	Adjustments and eliminations	Consolidated
Revenue					
External customers	84,892	2,590	87,482	-	87,482
Total revenue	84,892	2,590	87,482	-	87,482
Results					
Depreciation and amortisation	61	1,169	1,230	-	1,230
Interest income	-	-	-	-	-
Interest expenses	14	272	286	-	286
Share of profit of associate joint venture	-	-	-	(5)	(5)
Segment operating profit	4,925	979	5,904	-	5,904
Segment assets	21,174	26,813	47,987	-	47,987
Segment liabilities	19,708	13,534	33,242	1,171	34,413

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	-	-	-	106	106
Capital expenditure	4	14	-	-	18

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.

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 six month periods ending 30 June 2018 and as at 30 June 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

For the six month period ended 30th June 2018

		Purchases	Sales	Paid dividends	Receivables	Payables, including loans granted
PJSC Inter RAO	a)	52,861	149	-	25	11,382
RAO Nordic Oy	c)	4	-	3,621	-	-
UAB Scaent Baltic	c)	5	-	2,059	-	-
Other related parties		-	-	1,420	-	-
		52,870	149	7,100	25	11,382

For the six month period ended 30th June 2017

		Purchases	Sales	Paid dividends	Receivables	Payables, including loans granted
PJSC Inter RAO	a)	49,186	257	-	31	8,243
RAO Nordic Oy	c)	91	-	5,202	-	5,270
UAB Scaent Baltic	c)	5	-	2,958	-	2,962
Other related parties		33	-	-	-	7
		49,315	257	8,160	31	16,482

- a) The Group performs electricity trading transactions with PJSC Inter RAO.
b) The Group's payables to shareholders RAO Nordic Oy and UAB Scaent Baltic as at 30th June 2017 represent loans granted and accrued interest (loan currency – EUR; interest rate in 2017 – 1.3%).

Confirmation of Responsible Persons

Following the Article No. 23 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 6 month period ended 30 June, 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

