

AB INTER RAO LIETUVA

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2017,
prepared in accordance with International Financial Reporting Standards,
as adopted by the European Union

31 August 2017

Vilnius

Content

I. Unaudited Consolidated Interim Report.....	3
II. Unaudited Consolidated Interim Financial Statements	22
III. Confirmation of Responsible Persons.....	33

AB INTER RAO Lietuva Unaudited Consolidated Interim Report for the 6 Month Period Ended 30 June 2017

I. General Information

Reporting period

1st half of year ended 30th June 2017

Company and its contact details

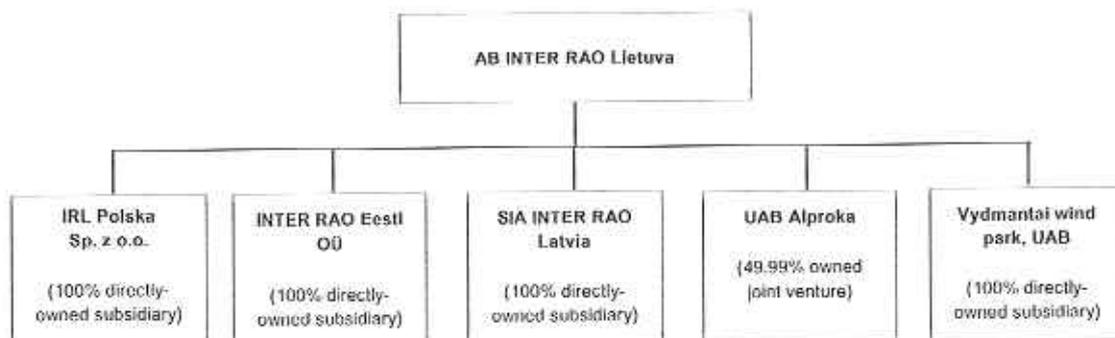
Company name:	AB INTER RAO Lietuva (hereinafter – IRL or „the Company“)
Company code	126119913
Legal form	Public company (joint-stock company)
Date of registration	21 st December 2002
Name of register of Legal Entities	State Enterprise Centre of Registers
Registered office	A.Tumėno g. 4, block B, LT-01109 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 2017, 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 2017	Registration address	Activity (including planned)
INTER RAO Eesti OÜ - subsidiary	11879805	100 %	396	Peterburi tee 47, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100 %	(385)	76 Gustava Zengala Ave., LV 1039, Riga, Latvia	Trade of electricity
IRL Polska Sp. z o.o. - subsidiary	0000436992	100 %	1,814	Twarda 18, 00-105. Warsaw, Poland	Trade of electricity
UAB Alproka – joint venture	125281684	49.99 %	212	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB – subsidiary	302666616	100 %	12,112	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 2017:



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 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 The Company signed electricity sale-purchase agreements with the Belarusian company, Belcnergo and the Latvian company, Latvenergo.
- Cooperation regarding the sale of electricity with the largest electricity consumer in the Baltic States, Orlen Lietuva, was established. Delivery was initiated in 2010.
- The Company changed its name to UAB INTER RAO Lietuva.
- 2010 The Company established two wholly-owned subsidiaries, one in Latvia (SIA INTER RAO Latvia) and the second in Estonia (INTER RAO Eesti OU).
- SIA INTER RAO Latvia received its license for electricity trading in Latvia.
- 2011 SIA INTER RAO Latvia begins electricity trading operations.
- The Company begins trading activities in the Estonian area of NordPool Spot.
- The Company begins operations in electricity generation from renewable energy sources by acquiring the wind park in Vydmantai.
- The Company signs an agreement with INTER RAO UES on potential export of electricity generated in Baltiiskaya NPP under construction in Kaliningrad Oblast.
- 2012 Decision on public offering and listing of the Company's shares on the Warsaw Stock Exchange was made.
- Business entity (IRL POLSKA Sp. z o.o.) in Poland was established.
- 2013 AB INTER RAO Lietuva shareholders decided to distribute 27 million Litas as dividends.
- In July 2013, the Company has completed a merger of its two subsidiary companies UAB IRL Wind and Vydmantai wind park, UAB. Subsidiary companies were reorganised by merging UAB IRL Wind, which ceased its activities as a legal entity after the merger, into Vydmantai wind park, UAB which continued its activities after the merger.
- On 4th December 2013, the statutory capital of subsidiary company of AB INTER RAO Lietuva in Poland IRL Polska Sp.z o.o. was increased from PLN 2 million to PLN 10 million.

- 2014 On 3rd January 2014, the subsidiary company of AB INTER RAO Lietuva in Poland IRL Polska Sp.z o.o. was granted the license for trade in electricity in Poland. The term of the license is from 9th January 2014 till 9th January 2024.
- 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.

Agreements with intermediaries of public trading in securities

Since 29th October 2012 the Company and UAB FMJ Orion Securities (code 122033915), A. Tumėno str. 4, LT-01109 Vilnius, have an agreement on accounting of the Company's securities and services related to the accounting of securities.

Data about securities traded on regulated market

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

Types of shares		Number of shares	Nominal value (in EUR)	Total nominal value (in EUR)	Issue Code
Ordinary shares	registered	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.

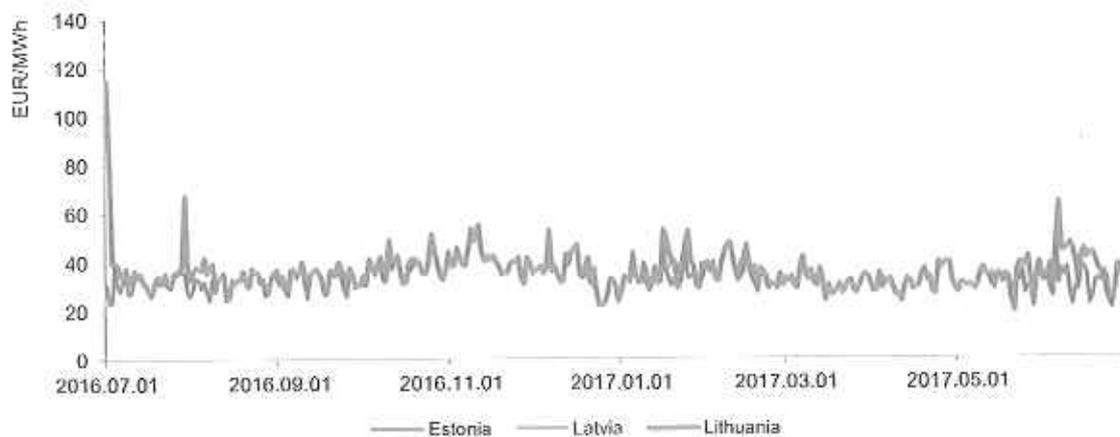
As of 30th June 2015 the shareholder structure of the Company was as following:

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 2017 was equal to EUR 87 million, a 5.68 per cent more than in the first half of 2016. Total revenue increased due to the higher amounts of electricity traded. The increase was also caused by a better meteorological conditions, which positively affected electricity generation and sale from the wind park owned by the Group. The increase in the amount of electricity traded was mainly influenced by increase in sales in Lithuanian market and Latvian subsidiary as company signed more contracts with their clients. Company's sales revenue in the 1st half 2017 was equal to EUR 68.7 million – increased by 8.36 per cent, compared to the same period in 2016 due to the same reasons – there were more electricity traded in Lithuania, its average price on the Nordpool system was almost equal to electricity prices in 1st half of 2016.



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 2017	1 st half 2016
Sales (EUR thousand)	87,482	82,783
Gross profit (EUR thousand)	9,526	10,755
Gross profit margin (%)	10.89%	12.99%
Operating profit (EUR thousand)	5,904	7,248
Operating profit margin (%)	6.75%	8.76%
EBITDA (EUR thousand)	7,154	8,521
EBITDA profit margin (%)	8.18%	10.29%
Net profit (EUR thousand)	4,836	5,881
Net profit margin (%)	5.53%	7.10%
Number of shares (thousand)	20,000	20,000
Earnings per share (EUR)	0.24	0.29

AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE 6 MONTH PERIOD ENDED 30th June 2017
(all amounts are in EUR thousand unless otherwise stated)

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 5.68 per cent in 1st half 2017, compared to the same period in 2016. 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 8.23 per cent if compared to the 1st half of 2016, 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 10.89 per cent in the accounting period, if compared to 12.99 per cent in January-June 2016.

Company's gross profit margin in 2017 accounts to 10.51 per cent, compared to 13.83 per cent in the 1st half of 2016. Operating profit of the Company for the 1st half of 2017 was equal to EUR 4.8 million compared to EUR 6.3 million a year ago.

Group's and Company's EBITDA for the 1st half 2017 was EUR 7.2 million and EUR 4.9 million respectively. Group's EBITDA profit margin decreased from 10.29 per cent in 1st half 2016 to 8.18 per cent in 1st half of 2017. Company's EBITDA profit margin decreased from 11.69 per cent in 2016 to 7.15 per cent in the accounting period. In the 1st half of 2017, Group's net profit decreased to EUR 4.8 million from EUR 5.9 million in 2016. As a result, Group's net profit margin during the accounting period decreased and was equal to 5.53 per cent, if compared to 7.1 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 2017 decreased and was equal to EUR 4.2 million compared to EUR 6.4 million in January-June 2016.

Sales revenues by operating segments, thous. EUR	6 months 2017	6 months 2016
Electricity purchases and sales	84,892	80,535
Electricity production and sales	2,590	2,248
Total	87,482	82,783

Group's revenue from purchases and sales of electricity in the 1st half of 2017 amounted to EUR 84.9 million. Revenue from produced electricity sales accounted for EUR 2.6 million, a 15.2 per cent more than in the same period a year ago. During the accounting period Vydmantai wind park, UAB has produced a higher amount of electricity compared to 1st half 2016, due to better meteorological conditions.

Company's revenue during January-June 2017 were higher by 8.36 per cent and was equal to EUR 68.7 million compared to EUR 63.4 million in the same period in 2016.

The tables below present data on the electricity trading activities of the Group for the 6 months period ended on 30th June 2017 and the 2nd quarter of 2017, compared with the same periods in 2016, with a breakdown by each country for the periods indicated (S - sale, P - purchase).

	For the 1 st half of 2017		For the 1 st half of 2016	
	S	P	S	P
	<i>GWh</i>		<i>GWh</i>	
Lithuania*	1 811	214	1 548	143
Latvia	180	180	76	76
Estonia	156	235	260	329
Russia	51	1 502	57	1 329
Belarus	-	67	-	64
Poland	169	169	190	190
Total*	2 367	2 367	2 131	2 131

* 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 2017		For the 2 nd quarter of 2016	
	S	P	S	P
	<i>GWh</i>		<i>GWh</i>	
Lithuania*	777	140	650	100
Latvia	83	83	38	38
Estonia	78	112	113	152
Russia	19	609	25	524
Belarus	-	13	-	12
Poland	89	89	112	112
Total*	1 046	1 046	938	938

* 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 2017	6 months 2016
Electricity purchases and sales	77,052	71,129
Electricity production and sales	904	899
Total	77,956	72,028

Group's cost of sales in January-June of 2017 accounted to EUR 78 million, an 8.23 per cent more than during the first six months of 2016. 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. Despite the fact that on average electricity purchase price in the market remained the same as a year ago, the cost of sales increased due to the higher amount of electricity traded. Cost of sales of electricity production stayed at the same level as at the same period a year ago, and cost of sales of electricity purchased and sold were higher by 8.33 per cent if compared to the same period a year ago.

Cost of sales in 1st half of 2017 of the Company was higher by 12.53 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 2017 amounted to EUR 76.2 million and EUR 60.5 million respectively. Group's cost of purchased electricity comprised 97.73 per cent of total cost of sales, Company's – 98.44 per cent.

Group's operating expenses in the 1st half of 2017 amounted to EUR 3.6 million, a 3.28 per cent increase over a year ago. Company's operating expenses amounted to EUR 2.4 million in January-June 2017 compared to EUR 2.5 million in the same period a year ago (a 2.32 per cent decrease).

Earnings

Gross profit of the Group in January-June of 2017 amounted to EUR 9.5 million, while the gross profit margin decreased to 10.89 per cent (12.99 per cent a year ago). Gross profit of the Company in the same period accounted to EUR 7.2 million. Company's gross profit margin decreased from 13.83 per cent in January-June of 2016 to 10.51 per cent in the 1st half of 2017.

Group's operating profit over the same period accounted to EUR 5.9 million, while the operating profit margin decreased to 6.75 per cent from 8.76 per cent a year ago. Operating profit in the 1st half of 2017 of the Company decreased by 23.56 per cent compared to the same period in 2016. It amounted to EUR 4.8 million in 1st half of 2017 compared to EUR 6.3 million in the same period a year ago.

Net loss of financial activities of the Group in the 1st half of 2017 amounted to minus EUR 0.27 million, a 22.16 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 2016 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 5.6 million and EUR 4.8 million compared to EUR 6.9 million and EUR 7.3 million in the 1st half in 2016 respectively.

Group's net profit in the 1st half of 2017 amounted to EUR 4.8 million, if compared to the profit of EUR 5.9 million for the same period year ago. The profit margin decreased from 7.1 per cent a year ago to 5.53 per cent in the accounting period. Company's net profit in the 1st half of 2017 amounted to EUR 4.2 million, if compared to the profit of EUR 6.4 million for the same period year ago.

Balance sheet and Cash Flows

During January-June 2017 total assets of the Group decreased by 7.19 per cent and of the Company decreased by 8.3 per cent. The most significant influence to the assets was caused by decrease of derivative financial instruments, trade receivables and cash in the Group and in the Company.

Total non-current assets of the Company increased by 0.7 per cent and of the Group decreased by 3.3 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 2017, total amount of borrowings, including financial liabilities related to finance lease and bank financing, amounted to EUR 8.2 million for the Company and EUR 20.9 million for the Group. Cash, cash equivalents amounted to EUR 5.1 million for the Company and EUR 6.9 million for the Group.

Net cash flows from operating activities of the Group were lower in the 1st half of 2017 and amounted to EUR 5 million, compared to EUR 5.4 million in the same period a year ago. Net cash flows from operating activities of the Company in the 1st half 2017 equaled to EUR 2.7 million compared to EUR 4.2 million a year ago.

Net cash flows from investing activities of the Company in the 1st half of 2016 equaled to EUR 1 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 2017 amounted to EUR (-5.3) million outflow, compared to EUR (-11.6) million outflow in the same period a year ago. Net cash flows from financing activities of the Company in the 1st half 2017 equaled to EUR (-3.3) million outflow compared to EUR (-9.5) million outflow in the same period a year ago.

Personnel

As of 30th June 2017 there were 43 employees in the Group and 25 in the Company. The employment structure by category is provided in the table below.

Employee category	Number of employees			
	As of 30 th June 2017		As of 30 th June 2016	
	Group	Company	Group	Company
Management	8	8	8	8
Sales Managers, including Traders	16	7	16	8
PR & Marketing Staff	1	1	2	2
Project managers	4	2	4	1
Technical staff	3	1	2	1
Office Staff	11	6	12	7
Total	43	25	44	27

On 30th June 2017 Company's personnel consisted of 8 managers and 17 specialists, as Group's personnel consisted of 8 managers and 35 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)

CFO at Cgates, UAB

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: CFO at Cgates, UAB

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

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

Evgeny Sarymsakov

Member of the Supervisory Council (term: 2017.04.28 – 2020.04.29)



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:

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

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



Jonas Garbaravičius

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

Partner at Riegel Capital Partners LLP

Education:

Vytautas Magnus University

Career over the last five years:

2015 – present: Partner at Riegel Capital Partners LLP

2013 – 2015: Partner at CEE Resources & Investments LLP

2012 – present: Board member at Vilnius City Opera

2012 – present: Member of the Supervisory Council at INTER RAO Lietuva

2011 – present: Member of the Management Board at Inter Green Renewables and Trading

2007 – 2013: Chairman of the Board at Scaent Baltic



Rytis Davidovičius

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

Director, Lewben Group, Lewben Asia Pacific

Education:

Bachelor degree, History and Political science at Vytautas Magnus University

Licence of consultant, Bank of Lithuania

Career over the last five years:

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

2016- present: Director, Lewben Group, Lewben Asia Pacific;

2013- present: President, Lithuanian Rugby Federation, Lithuania;

2013 – 2016: CEO, JG Investment Management UAB, Lithuania;

2014 – 2016: Adviser of the Chairman of the Board, Orlon Asset Management UAB, Lithuania.

2011 – 2014: CEO, Orion Asset Management UAB, Lithuania.



Vasily Kulikov

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



Karina Tsurkan

Chairman of the Management Board at INTER RAO Lietuva
(term: 2017.04.26 –2021.03.30)
Member of the Management Board, Head of the Trading Unit
of PJSC Inter RAO

Education:

Bachelor's degree at the International Independent University of Moldova
MBA degree at the University Consortium of Spain (IUP)

Career over the last five years:

2012 – present: Chairman of the Management Board at INTER RAO Lietuva
2012 – present: Member of the Management Board, Head of the Trading Unit at Inter RAO
2011 – 2012: Head of the Geographic Division "Europe" at INTER RAO
2010 – 2011: Head of the Geographic Division "Moldova, Ukraine, Romania" at INTER RAO



Ilnar Mirsiyapov

Member of the Management Board at INTER RAO Lietuva
(term: 2017.03.30 –2021.03.30)
Member of the Management Board, Head of the Strategy and
Investment Unit of PJSC Inter RAO

Education:

Ph.D. Moscow State Institute of International Relations
Almetyevsk State Oil Institute
Kutafin Moscow State Law Academy

Career over the last five years:

2012 – present: Member of the Management Board at INTER RAO Lietuva
2010 – present: Head of the Strategy and Investment Unit at INTER RAO



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



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

2011: Member of the Management Board at Vējū spektras (Vydmantai Wind Park)



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
2011: Member of the Management Board at Vėjų spektras (Vydmantai Wind Park)

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 Danielis Klicmanas, Mr Victor Kolotievskiy and Mr Vasily Kulikov.

IV. Publicly announced information

During the period from the start of 2017 to 30th June 2017 Company publicly announced and broadcasted through Warsaw Stock Exchange information system and on own webpage the following information:

Title	Category of announcement	Language	Date
Publication date of the results for the 4th quarter of 2016 and the Annual Information for 2016 of AB INTER RAO Lietuva	Investor news	EN, LT	22-Feb-2017
Announcement of the results for the 4th quarter of 2016 and the Annual Information for 2016 of AB INTER RAO Lietuva	Annual information	EN, LT	24-Feb-2017
Statement on corporate governance	Investor news	EN, LT	02-Mar-2017
AB INTER RAO Lietuva announces about full repayment of loans' amounts to its major shareholders	Notification on material event	EN, LT	09-Mar-2017
AB INTER RAO Lietuva decisions of the Management Board	Notification on material event	EN, LT	27-Mar-2017
AB INTER RAO Lietuva decisions of the Supervisory Board	Notification on material event	EN, LT	04-Apr-2017
Notice on convocation of the Annual General Meeting of Shareholders	Notification on material event	EN, LT	07-Apr-2017
The decisions adopted by the Annual General Meeting of Shareholders of AB INTER RAO Lietuva	Notification on material event	EN, LT	28-Apr-2017
Publication date of the results for the 1st quarter of 2017 of AB INTER RAO Lietuva	Investor news	EN, LT	10-May-2017
Notice on the procedure for the payment of dividends	Notification on material event	EN, LT	11-May-2017
Announcement of the results for the 1st quarter of the year 2017 of AB INTER RAO Lietuva	Interim information	EN, LT	12-May-2017
AB INTER RAO Lietuva announces about financing received from its major shareholders	Notification on material event	EN, LT	24-May-2017
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	05-Jun-2017

AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE 6 MONTH PERIOD ENDED 30th June 2017
(all amounts are in EUR thousand unless otherwise stated)

AB INTER RAO Lietuva decisions of the Supervisory Board on the revocation of the Board member of AB „INTER RAO Lietuva” before term and appointment of the member of the Board, and on the appointment of members of the Audit committee of Supervisory Council	Notification on material event	EN, LT	07-Jun-2017
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	16-Jun-2017
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	21-Jun-2017
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	22-Jun-2017
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	27-Jun-2017
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	29-Jun-2017

Contents of above mentioned announcements can be obtained on Company's webpage <http://www.interrao.lt/eng/For-Investors2/Reports/Current-Reports/2017>.

AB INTER RAO Lietuva Unaudited Consolidated Interim Financial Statements for the 6 Month Period Ended 30th June 2017

Statement of financial position

	Notes	Group		Company	
		As at 30 th June 2017	As at 31 st December 2016	As at 30 th June 2017	As at 31 st December 2016
ASSETS					
Non-current assets					
Intangible assets					
Goodwill		716	716	-	-
Patents and licenses		4,225	4,832	-	-
Other intangible assets		14	26	12	23
Total intangible assets		4,955	5,574	12	23
Property, plant and equipment					
Land		633	654	-	-
Buildings and structures		2,809	2,891	-	-
Machinery and equipment		15,756	16,214	-	-
Office premises		735	773	735	773
Other property, plant and equipment		48	42	27	34
Total property, plant and equipment		19,981	20,574	762	807
Investment property		135	135	135	135
Interest in a joint venture		106	111	10,927	10,927
Other non-current financial assets		427	83	41	39
Derivative financial instruments		-	-	48	18
Deferred income tax asset		-	-	109	1
Total non-current assets		25,604	26,477	12,034	11,950
Current assets					
Inventories and prepayments		727	647	76	598
Accounts receivable					
Trade receivables		12,179	12,925	10,461	10,050
Receivables from subsidiaries		-	-	1,832	2,287
Other receivables		1,337	1,537	4	4
Total accounts receivable		13,516	14,462	12,297	12,341
Prepaid income tax		-	74	-	45
Other current assets		1,220	1,204	30	30
Derivative financial instruments		2	1,629	75	1,637
Cash and cash equivalents		6,918	7,211	5,090	5,681
Total current assets		22,383	25,227	17,568	20,332
Total assets		47,987	51,704	29,602	32,282

(cont'd on the next page)

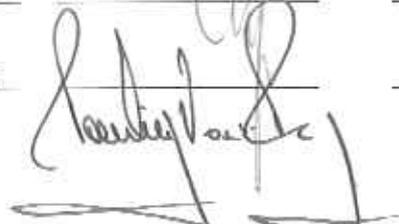
The accompanying notes are an integral part of these financial statements.

AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
 UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE 6 MONTH PERIOD ENDED 30th June 2017
 (all amounts are in EUR thousand unless otherwise stated)

Statement of financial position (cont'd)

	Notes	Group	Group	Company	Company
		As at 30 th June 2017	As at 31 st December 2016	As at 30 th June 2017	As at 31 st December 2016
EQUITY AND LIABILITIES					
Equity					
Share capital		5,800	5,800	5,800	5,800
Legal reserves		910	910	580	580
Cash flow hedge reserve		(195)	(22)	15	122
Currency translation reserve		(45)	(133)	-	-
Retained earnings		7,104	12,468	4,177	10,217
Total equity		13,574	19,023	10,572	16,719
Liabilities					
Non-current liabilities					
Non-current borrowings		8,800	10,450	-	-
Financial lease obligations		659	691	-	-
Derivative financial instruments		168	216	41	10
Deferred income tax liability		1,171	1,202	-	-
Total non-current liabilities		10,798	12,559	41	10
Current liabilities					
Current portion of non-current borrowings		3,300	3,300	-	-
Current portion of financial lease obligations		14	35	-	-
Derivative financial instruments		284	275	62	129
Financial debts		8,171	1,251	8,171	1,251
Trade payables		9,040	12,233	8,704	12,138
Income tax payable		91	-	91	-
Advances received		43	206	41	199
Other current liabilities		2,672	2,822	1,920	1,836
Total current liabilities		23,615	20,122	18,989	15,553
Total equity and liabilities		47,987	51,704	29,602	32,282

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

General Director	Giedrius Balčiūnas		31 August 2017
Director of Economics	Paulius Vazniokas		31 August 2017

AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30th June 2017
(all amounts are in EUR thousand unless otherwise stated)

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

	Notes	Group	Group	Company	Company
		2017	2016	2017	2016
Sales		87,482	82,783	68,731	63,429
Cost of sales		77,956	72,028	61,505	54,658
Gross profit		9,526	10,755	7,226	8,771
General and administrative expenses		3,622	3,507	2,398	2,455
Profit from operations		5,904	7,248	4,828	6,316
Other activities		7	4	8	8
Financing and investing activities profit		(274)	(352)	1	983
Finance income		18	35	15	1,020
Finance expenses		287	378	14	37
Share of result of joint venture		(5)	(9)	-	-
Profit before tax		5,637	6,900	4,837	7,307
Income tax		801	1,019	677	931
Net profit		4,836	5,881	4,160	6,376
Other comprehensive income(expenses)					
Net (loss) on cash flow hedges		(204)	190	(126)	(150)
Income tax effect		31	(28)	19	23
Effect of currency exchange		88	(89)	-	-
Other comprehensive income, net of tax		(85)	73	(107)	(127)
Total comprehensive income, net of tax		4,751	5,954	4,053	6,249

Statement of comprehensive income

	Notes	Group	Group	Company	Company
		2nd quarter 2017	2nd quarter 2016	2nd quarter 2017	2nd quarter 2016
Sales		38,967	36,725	29,909	26,319
Cost of sales		34,294	32,216	26,163	22,574
Gross profit		4,673	4,509	3,746	3,745
General and administrative expenses		1,905	1,873	1,282	1,340
Profit from operations		2,768	2,636	2,464	2,405
Other activities		3	4	4	4
Financing and investing activities profit		(137)	(175)	(4)	991
Finance income		10	18	8	1,008
Finance expenses		144	186	12	17
Share of result of joint venture		(3)	(7)	-	-
Profit before tax		2,634	2,465	2,464	3,400
Income tax		377	354	347	340
Net profit		2,257	2,111	2,117	3,060
Total comprehensive income, net of tax		2,452	2,598	2,113	3,293

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

General Director	Giedrius Balčiūnas		31 August 2017
Director of Economics	Paulius Vazniokas		31 August 2017

Statement of changes in equity
For the six months ended 30th June 2017

Group

	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

	Share capital	Legal reserve	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Total
Balance as at 1st January 2016	5,800	831	(981)	(43)	19,391	24,998
Profit for the period	-	-	-	-	5,881	5,881
Other comprehensive income, net of tax	-	-	161	-	-	161
Foreign exchange effect	-	-	-	(89)	-	(89)
Total comprehensive income	-	-	161	(89)	5,881	5,953
Dividends declared	-	-	-	-	(16,100)	(16,100)
Transfer to legal reserve	-	80	-	-	(80)	-
Balance as at 30th June 2016	5,800	911	(820)	(132)	9,092	14,851

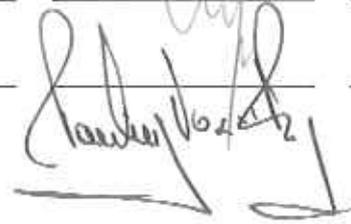
AB INTER RAO LIETUVA, company code 126119913, A. Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30th June 2017
(all amounts are in EUR thousand unless otherwise stated)

Company

	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

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Total
Balance as at 1st January 2016	5,800	579	73	16,140	22,592
Profit for the period	-	-	-	6,376	6,376
Other comprehensive income	-	-	(127)	-	(127)
Total comprehensive income	-	-	(127)	6,376	6,249
Dividends declared	-	-	-	(16,100)	(16,100)
Transfer to legal reserve	-	-	-	-	-
Balance as at 30th June 2016	5,800	579	(54)	6,416	12,741

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

General Director	Giedrius Balčiūnas		31 August 2017
Director of Economics	Paulius Vazniokas		31 August 2017

AB INTER RAO LIETUVA, company code 126119913, A. Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30th June 2017
(all amounts are in EUR thousand unless otherwise stated)

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

Notes	Group		Company	
	2017	2016	2017	2016
Cash flows from (to) operating activities				
Net profit	4,836	5,881	4,160	6,376
Adjustments for non-cash items:				
Income tax expenses	801	1,019	677	931
Depreciation and amortisation	1,230	1,243	59	73
Interest and dividend (income)	(2)	(12)	(2)	(1,001)
Share of net profit of joint venture	5	9	-	-
Interest and dividend expenses	286	375	14	34
	7,156	8,515	4,908	6,413
Changes in working capital:				
(Increase) decrease in inventories and prepayments	(82)	(285)	1,049	1,363
(Increase) decrease in accounts receivable and other current assets	2,280	2,637	934	1,944
Decrease in other non-current assets	(342)	-	-	-
Increase (decrease) in trade payables	(3,356)	(1,872)	(3,600)	(2,156)
Income tax (paid)	(636)	(2,902)	(675)	(2,896)
(Decrease) in other current liabilities	(116)	(627)	89	(454)
Unrealized foreign currency exchange	88	(88)	-	-
Net cash flows from operating activities	4,992	5,378	2,705	4,214
Cash flows from (to) investing activities				
(Acquisition) of non-current assets	(18)	(10)	(3)	(5)
Interest and dividends received	2	12	2	1,001
Net cash flows (to) investing activities	(16)	2	(1)	996

(cont'd on the next page)

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

Statements of cash flows (cont'd)

	Group		Company	
	2017	2016	2017	2016
Cash flows from (to) financing activities				
Dividends (paid)	(2,040)	(3,220)	(2,040)	(3,220)
Loans repaid	(2,900)	(7,933)	(1,251)	(6,283)
Interest (paid)	(276)	(372)	(4)	(31)
Financial lease (payments)	(53)	(51)	-	-
Net cash flows (to) financing activities	(5,269)	(11,576)	(3,295)	(9,534)
Net increase (decrease) in cash and cash equivalents	(293)	(6,196)	(591)	(4,324)
Cash and cash equivalents at the beginning of the year	7,211	19,755	5,681	15,707
Cash and cash equivalents as at the end of the period	6,918	13,559	5,090	11,383

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

General Director Giedrius Balčiūnas 31 August 2017

Director of Economics Paulius Vazniokas 31 August 2017

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 2017.

Six month ended 30 th 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.

AB INTER RAO LIETUVA, company code 126119913, A. Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30th June 2017
(all amounts are in EUR thousand unless otherwise stated)

The following tables present information regarding the Group's operating segments for the six months ended 30th June 2016.

Six month ended 30th June 2016	Electricity purchases and sales	Electricity production and sales	Total Segments	Adjustments and eliminations	Consolidated
Revenue					
External customers	80,535	2,248	82,783		82,783
Total revenue	80,535	2,248	82,783		82,783
Results					
Depreciation and amortisation	74	1,169	1,243		1,243
Interest income	1	11	12		12
Interest expenses	-	375	375		375
Share of profit of associate joint venture	-	-	-	(9)	(9)
Segment operating profit	5,647	234	5,881	-	5,881
Segment assets	27,633	30,251	57,884	6	57,890
Segment liabilities	24,420	17,585	42,005	1,034	43,039

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	-	-	-	120	120
Capital expenditure	10	-	10	-	10

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 2017 and as at 30 June 2016 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
2017**

		Purchases	Sales	Paid (received) 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

**For the six month
period ended 30th
June 2016**

		Purchases	Sales	Paid (received) dividends	Receivables	Payables, including loans granted
PJSC Inter RAO	a)	44,706	374	-	23	8,151
RAO Nordic Oy	c)	265	-	8,211	-	8,663
UAB Scaent Baltic	c)	12	-	4,669	-	4,675
Other related parties		39	-	-	-	7
		45,022	374	12,880	23	21,496

- 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 and 30th June 2016 represent loans granted and accrued interest (loan currency – EUR, interest rate in 2017 – 1.3%, interest rate in 2016 – 1.24%).

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, 2017 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

