

AB INTER RAO LIETUVA

**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AND UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2014,
prepared in accordance with International Financial Reporting Standards,
as adopted by the European Union**

29 August 2014

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 2014

I. General Information

Reporting period

1st half of year ended 30th June 2014

Company and its contact details

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

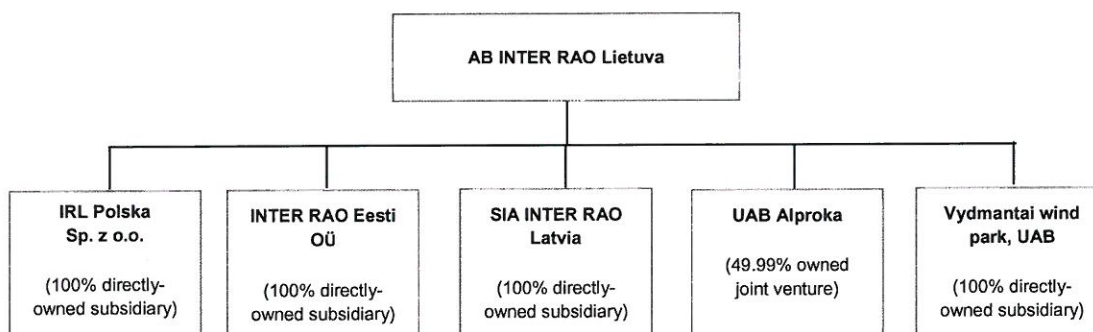
AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE 6 MONTH PERIOD ENDED 30th June 2014
(all amounts are in LTL thousand unless otherwise stated)

The Group structure

As of 30th June 2014, INTER RAO Lietuva Group consisted of the Company and the below described directly and indirectly controlled subsidiaries and joint venture (hereinafter - the Group):

Company	Company code	Directly and indirectly held effective attributable interest	Equity as of 30 June 2014	Registration address	Activity (including planned)
INTER RAO Eesti OÜ - subsidiary	11879805	100 %	(220)	Vaikare-Karja 3/Sauna 2, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100 %	(4,083)	Elizabetes iela 15-1, Riga, Latvia	Trade of electricity
IRL Polska Sp. z.o.o. - subsidiary	0000436992	100 %	7,625	Emilii Plater 53. Warsaw, Poland	Trade of electricity
UAB Alproka - joint venture	125281684	49,99 %	142	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB - subsidiary	302666616	100 %	35,623	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 2014:



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 sells all of the electricity it cross-border from the third countries delivers to the Lithuanian internal market on the power exchange since, in accordance with respective regulations, all electricity cross-border delivered to the Lithuanian internal electricity market has to be sold on the power exchange. Then the Group buys the electricity on the power exchange in a volume corresponding to its contractual obligations with clients. Sale and purchase orders are submitted for the same prices and trades are executed at the market price. Some portion of electricity is also sold through Nord Pool Spot AS in Lithuania to other market participants. Trades on the power exchange are executed at the market price.

The price of electricity sold under bilateral contacts is the market price, adjusted for variances depending on the electricity trading or consumption pattern of the customer and contractual arrangements (e.g., fixed on annual or monthly basis or agreed in daily delivery schedules).

Apart from importing electricity, the Group also purchases the electricity from other wholesalers of electricity in Lithuania and Latvia under bilateral contracts based on various pricing arrangements, as well as on Nord Pool Spot AS in Lithuania, Latvia and Estonia.

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

The Group history and development

- 2002 The Company was incorporated as UAB Energijos realizacijos centras.
- 2003 The Company received its license as independent electricity supplier with permission to export electricity.
- The Company signed sale-purchase agreements with INTER RAO UES and Lietuvos energija AB.
- The Company began electricity trading activities by exporting electricity to Russia and Belarus.
- 2004 Permission to import electricity was granted to the Company.
- 2005 The Company began importing electricity to Lithuania.
- RAO Nordic OY, a wholly owned subsidiary of INTER RAO UES, acquired 18 per cent of the Company's share capital from UAB VB rizikos kapitalo valdymas.
- 2006 The Company acquired a 49.99 per cent stake in UAB Alproka, a company engaged in real estate development in the Lithuanian seaside resort of Palanga.
- 2007 UAB Scaent Baltic acquired an 82 per cent stake in the Company's share capital from Scaent Holdings Cooperatie UA and Bengtsbädd Förvaltning AB.
- 2008 RAO Nordic OY increased its shareholding in the Company by acquiring a 33per cent stake from UAB Scaent Baltic. The stake of RAO Nordic OY in the Company's share capital reaches 51 per cent, while the stake of UAB Scaent Baltic decreases to 49 per cent.
- 2009 The Company signed electricity sale-purchase agreements with the Belarusian company, Belenergo and the Latvian company, Latvenergo.
- Cooperation regarding the sale of electricity with the largest electricity consumer in the Baltic States, Orlen Lietuva, was established. Delivery was initiated in 2010.
- The Company changed its name to UAB INTER RAO Lietuva.
- 2010 The Company established two wholly-owned subsidiaries, one in Latvia (SIA INTER RAO Latvia) and the second in Estonia (INTER RAO Eesti OU).
- SIA INTER RAO Latvia received its license for electricity trading in Latvia.
- 2011 SIA INTER RAO Latvia begins electricity trading operations.
- The Company begins trading activities in the Estonian area of NordPool Spot.
- The Company begins operations in electricity generation from renewable energy sources by acquiring the wind park in Vydmantai.
- The Company signs an agreement with INTER RAO UES on potential export of electricity generated in Baltiiskaya NPP under construction in Kaliningrad Oblast.
- 2012 Decision on public offering and listing of the Company's shares on the Warsaw Stock Exchange was made.
- Business entity (IRL POLSKA Sp. z o.o.) in Poland was established.
- 2013 AB INTER RAO Lietuva shareholders decided to distribute 27 million Lit as dividends.
- In July 2013, the Company has completed a merger of its two subsidiary companies UAB IRL Wind and Vydmantai wind park, UAB. Subsidiary companies were reorganised by merging UAB IRL Wind,

which ceased its activities as a legal entity after the merger, into Vydmantai wind park, UAB which continued its activities after the merger.

On 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 Litass.

On 22nd of May 2014, IRL Polska Sp. z o.o. begins electricity trading operations.

Agreements with intermediaries of public trading in securities

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

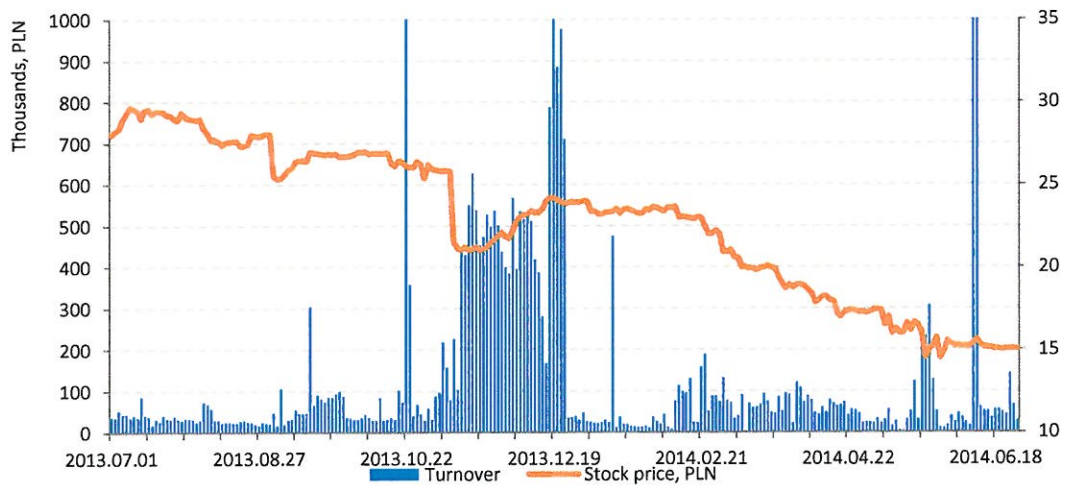
Data about securities traded on regulated market

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

Types of shares	Number of shares	Nominal value (in LTL)	Total nominal value (in LTL)	Issue Code
Ordinary registered shares	20,000,000	1	20,000,000	LT0000128621

In December 2012, the initial public offering of the Company's ordinary shares was completed on the Warsaw Stock Exchange. The total oversubscription for the Company's ordinary shares exceeded 26 per cent. Given the ordinary share offer price of PLN 24.17 the value of the offering exceeded PLN 96.7 million. The Company's ordinary shares were included into the Main list of the Warsaw Stock Exchange.

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



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

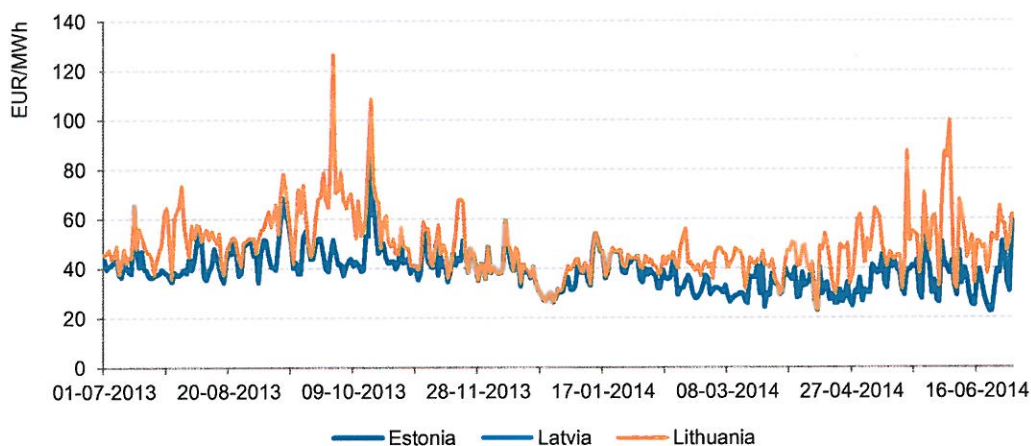
As of 30th June 2014 the shareholder structure of the Company was as following:

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 2014 was equal to LTL 324 million, a 13.8 per cent less than in the first half of 2013. Total revenue declined due to lower amount of electricity traded in all Baltic countries, which was facilitated by relatively low electricity prices in the Nordpool system as well as risk persisting due to the uncertainties associated with technical limitation of interconnection links. In addition to that, higher electricity sales in the Baltic countries by Estonian oil shale based producer resulted in smaller demand for imported electricity.



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 2014	1 st half 2013
Sales (LTL thousand)	323,596	375,494
Gross profit (LTL thousand)	35,949	29,472
Gross profit margin (%)	11.11%	7.85%
Operating profit (LTL thousand)	25,396	18,666
Operating profit margin (%)	7.85%	4.97%
EBITDA (LTL thousand)	30,058	23,068
EBITDA profit margin (%)	9.29%	6.14%
Net profit (LTL thousand)	20,532	14,082
Net profit margin (%)	6.34%	3.75%
Number of shares (thousand)	20,000	20,000
Earnings per share (LTL)	1.03	0.70

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FOR THE 6 MONTH PERIOD ENDED 30th June 2014
(all amounts are in LTL thousand unless otherwise stated)

Group's sales decreased by 13.8 per cent in 1st half 2014, compared to the same period in 2013. Decrease in cost of sales was a bit higher than decrease in sales - 16.9 per cent, compared to 1st half of 2013. Such a decrease in costs of sales was mainly due to the changes in trading structure and lower electricity prices in the markets. Therefore despite the decrease in sales, the Group's gross profitability equaled to 11.1 per cent in the accounting period, if compared to 7.9 per cent in January-June 2013, and constituted a 22 per cent increase over the same period of last year.

Company's gross profit margin in 2014 accounts to 11.3 per cent, compared to 6.9 per cent in the 1st half of 2013. Operating profit of the Company increased by 32.3 per cent in 1st half of 2014 compared to the same period in 2013 and was equal to LTL 23.2 million compared to LTL 17.6 million a year ago.

The increase in Groups profitability was also attributable to the changes in trading structure and risk management policies, the Group undertook to cope with uncertainties and risks arising from the technical limitations of interconnection links.

Group's and Company's EBITDA for the 1st half 2014 was LTL 30.1 million and LTL 23.1 million respectively. Group's EBITDA profit margin increased from 6.1 per cent in 1st half 2013 to 9.3 per cent in 1st half 2014. In the 1st half of 2014, Group's net profit increased to LTL 20.5 million from LTL 14.1 million in 2013. As a result, Group's net profit margin during the accounting period was equal to 6.3 per cent, compared to 3.8 per cent a year ago.

Sales revenues by operating segments, thous. LTL	6 months 2014	6 months 2013
Electricity purchases and sales	314,989	368,477
Electricity production and sales	8,607	7,017
Total	323,596	375,494

Group's revenue from purchases and sales of electricity in the 1st half of 2014 amounted to LTL 315 million. Revenue from produced electricity sales accounted for LTL 8.6 million, a 22.7 per cent more than a year ago. During the period Vydmantai wind park, UAB has produced a bit lower amount of electricity compared to long-term average, due to negative meteorological conditions: the whole region was affected by prevailing lower wind conditions. The experienced wind conditions are worse than the estimated long-term average, thus the performance of Vydmantai wind park, UAB is expected to improve in the upcoming periods.

Company's revenue during January-June 2014 were lower by 25.8 per cent and was equal to LTL 271.9 million compared to LTL 366.4 million in the same period in 2013.

The tables below present data on the electricity trading activities of the Group for the 6 months period ended on 30th June 2014 and the 2nd quarter of 2014, with a breakdown by each country for the periods indicated (S - sale, P - purchase).

	For the 1 st half of 2014		For the 1 st half of 2013	
	S	P	S	P
	GWh		GWh	
Lithuania*	1 641	112	1 631	122
Latvia	233	262	411	116
Estonia	72	72	205	35
Russia	20	1 250	39	1 977
Belarus	-	270	115	152
Poland	4	4		
Total*	1 970	1 970	2 402	2 402

* Excluding equivalent trades on the power exchange

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

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 2014
(all amounts are in LTL thousand unless otherwise stated)

	For the 2 nd quarter of 2014		For the 2 nd quarter of 2013	
	S	P	S	P
	GWh		GWh	
Lithuania*	814	47	826	70
Latvia	119	135	133	106
Estonia	35	35	26	32
Russia	9	632	39	868
Belarus	-	128	115	63
Poland	4	4		
Total*	981	981	1 140	1 140

* 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. LTL	6 months 2014	6 months 2013
Electricity purchases and sales	284,505	342,880
Electricity production and sales	3,142	3,122
Total	287,647	346,002

Group's cost of sales in January-June of 2014 accounted to LTL 287.6 million, a 16.9 per cent less than in during the first six months of 2013. The decline in cost of sales was due to the lower amount of electricity traded. The decline in cost of sales was due to several reasons: (1) the lower amount of electricity traded by the Group, (2) the reduction of the amount of electricity sold to other independent suppliers under the annual contracts due to the persisting risk of possible limitations of electricity transmission capacities from the third countries, and (3) lower electricity prices in the markets resulting from unusually warm winter.

Group's cost of purchased electricity in the 1st half of 2014 amounted to LTL 284.5 million. Cost of purchased electricity comprised 97 per cent of total cost of sales.

Group's operating expenses in the 1st half of 2014 amounted to LTL 10.6 million, a 2.3 per cent decrease over a year ago. Company's operating expenses amounted to LTL 7.3 million in January-June 2014 compared to LTL 7.7 million in the same period a year ago (4.4 per cent decrease).

Earnings

Gross profit of the Group in January-June of 2014 amounted to LTL 36 million, while the gross profit margin increased to 11.1 per cent (7.9 per cent a year ago). Gross profit of the Company in the same period accounted to LTL 30.6 million, a 21.1 per cent more than a year ago. Company's gross profit margin increased from 6.9 per cent in January-June 2013 to 11.3 per cent in the 1st half of 2014.

Group's operating profit over the same period accounted to LTL 25.4 million, while the operating profit margin increased to 7.9 per cent from 5.0 per cent a year ago. Operating profit in the 1st half of 2014 of the Company increased by 32.2 per cent compared to the same period in 2013. It amounted to LTL 23.2 million in 1st half of 2014.

Net loss of financial activities of the Group in the 1st half of 2014 amounted to minus LTL 1.5 million, a 24.7 per cent decrease over the net financial loss the same period year ago. Financial expenses were mainly comprised of interest expenses that were due for the stand-alone financing of the wind park.

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UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE 6 MONTH PERIOD ENDED 30th June 2014
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Group's net profit in the 1st half of 2014 amounted to LTL 20.5 million, a 45.8 per cent increase over the profit of LTL 14.1 million for the same period year ago. The profit margin increased from 3.8 per cent a year ago to 6.3 per cent. Increase in profit was due to the set of risk management policies and change in trading structure the Group undertook in a response to the uncertainties associated with technical limitations of interconnection links.

Cash Flows

Net cash flows from operating activities of the Group were lower in the 1st half of 2014 and amounted to LTL 3.4 million, compared to LTL 6.8 million in the same period a year ago. Net cash flows from operating activities of the Company in the 1st half 2014 equaled to LTL 2.9 million compared to LTL 5.8 million a year ago.

Net cash flows from investing activities of the Group were lower in the 1st half of 2014 and amounted to LTL (-1.4) million outflow, compared to LTL 0.6 million in the same period a year ago. Net cash flows from investing activities of the Company in the 1st half 2014 equaled to LTL 0.3 million compared to LTL 0.5 million a year ago. The decrease in Group's net cash flows from investing activities occurred because of placing the deposit.

Net cash flows from financing activities of the Group in the 1st half of 2014 and amounted to LTL (-28.6) million outflow, compared to LTL (-16.2) million in the same period a year ago. Net cash flows from financing activities of the Company in the 1st half 2014 equaled to LTL (-19.9) million. The change in the Groups net cash flows from financing activities was mainly caused by the structural changes of the Groups debt from leasing to debt.

Personnel

As of 30 June 2014 there were 40 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 2014		As of 30 th June 2013	
	Group	Company	Group	Company
Management	8	8	8	8
Sales Managers, including Traders	13	7	10	6
PR & Marketing Staff	2	2	3	3
Project managers	4	1	4	1
Technical staff	2	1	3	1
Office Staff	11	6	10	5
Total	40	25	38	24

On 30th June 2014 Company's personnel consisted of 8 managers and 17 specialists, as Group's personnel consisted of 8 managers and 32 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



Anton Badenkov

Chairman of the Supervisory Council at INTER RAO Lietuva
(term: 2012.10.22 - 2016.10.22)
Advisor to the Chairman of the Board at INTER RAO

Education:

Lomonosov Moscow State University

Career over the last five years:

2012 - present: Chairman of the Supervisory Council at INTER RAO Lietuva

2011 - present: Member of the Board at Third Generating Company of the Wholesale Electricity Market

2010 - present: Member of the Board at Electric Networks of Armenia



Natalia Ananieva

Member of the Supervisory Council at INTER RAO Lietuva
(term: 2014.04.30 - 2016.10.22)
Head of Internal Audit, Controlling and Risk Management Block at INTER RAO

Education:

Higher education degree in accounting and audit at Moscow State University of Applied Biotechnology

Career over the last five years:

2011 - present: Head of Internal Audit, Controlling and Risk Management Block, Head of Operational

Controlling and Audit Support Department, Head of Foreign Assets Audit Department, Head of Foreign

Assets Audit Directorate at INTER RAO

2010 - 2011: Head of Internal Audit Section, Moscow Branch of OAO OGK-1

2005 - 2010: Head of Internal Audit Department, Head of Financial Controlling and Audit Directorate, Senior

Manager of Internal Audit Department at INTER RAO



Nerijus Dagilis
Member of the Supervisory Council at INTER RAO Lietuva
(term: 2013.04.30 - 2016.10.22)
Entrepreneur

Education:

Master degree at the G. Soros foundation program at University of Essex, Great Britain and Budapest, Hungary, Central European University
BA in Business and Administration at Vytautas Magnus University, Kaunas, Lithuania, and Fordham University, NY, Creighton University, NE, USA

Career over the last five years:

2013 - present: Member of the Supervisory Council at INTER RAO Lietuva
2010 - 2012: Chairman of the Board at Charter Jets
2005 - 2010: Chairman of the Board at Kitron ASA
2001 - 2010: Chairman of the Board at Snaige
2000 - 2010: Chairman of the Board at Hermis Capital



Dmitrijus Dutovas
Member of the Supervisory Council at INTER RAO Lietuva
(term: 2013.04.30 - 2016.10.22)
Head of Institutional Clients at Orion Securities

Education:

Master degree at the Faculty of Economics, Vilnius University

Career over the last five years:

2013 - present: Member of the Supervisory Council at INTER RAO Lietuva
2008 - present: Head of Institutional Clients at Orion Securities



Jonas Garbaravičius

Member of the Supervisory Council at INTER RAO Lietuva
(term: 2012.10.22 - 2016.10.22)
Partner at CEE Resources & Investments LLP

Education:

Vytautas Magnus University

Career over the last five years:

2013 - present: Partner at CEE Resources & Investments LLP
2012 - present: Member of the Supervisory Council at INTER RAO Lietuva
2011 - present: Member of the Board at Inter Green Renewables and Trading
2007 - 2013: Chairman of the Board at Scaent Baltic
2009 - 2011: Chairman of the Board at Scaent Holdings Cooperatie
2008 - 2009: Chairman of the Board at SC Baltic Media (at the time called Express Media)
2008 - 2009: Member of the Board at Energo



Michail Konstantinov

Member of the Supervisory Council at INTER RAO Lietuva
(term: 2012.10.22 - 2016.10.22)
Member of the Board at INTER RAO Energy Asset

Education:

PhD in Law awarded by Moscow Academy of Economics and Law
Tver Institute of Ecology and Law
Moscow International University of Environment and Politics

Career over the last five years:

2012 - present: Member of the Supervisory Council at INTER RAO Lietuva
2012 - present: Director for Corporate Governance of the Corporate and Property relations Unit at INTER RAO UES
2012 - present: Member of the Board at INTER RAO Energy Asset
2012 - present: Member of the Board at INTER RAO Energy
2012 - present: Member of the Board at Dominanta Energy
2012 - present: Member of the Board at Dominanta Management
2012 - present: Member of the Board at Saint Petersburg Energy Sales Company
2010 - 2012: Head of the Directorate for Law at Sobinbank
2008 - 2010: Deputy Manager of the Directorate at Federal Bailiff Service of the Russian Federation



Alexander Pakhomov

Member of the Supervisory Council at INTER RAO Lietuva

(term: 2012.10.22 - 2016.10.22)

Member of the Management Board, Head of the Legal Affairs
Unit at INTER RAO

Education:

Academy of Public Administration under the President of the Russian Federation

Military University of the Ministry of Defence of the Russian Federation

Career over the last five years:

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

2011 - present: Member of the Board of Directors at RazTES

2011: Member of the Board of Directors at LLC INTER RAO Electrogeneration

2008 - 2011: Director of the Department of Law at INTER RAO

Members of the Board



Karina Tsurkan
Chairman of the Board at INTER RAO Lietuva (term:
2013.04.08 -2017.04.08)
Member of the Management Board, Head of the Trading
Unit of 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 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
2009 - 2010: Head of the Department of Management and Development, the Geographic Division
"Europe" at INTER RAO



Ilnar Mirsiyapov
Member of the Board at INTER RAO Lietuva (term:
2013.04.08 -2017.04.08)
Member of the Management Board, Head of the Strategy
and Investment Unit of 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 Board at INTER RAO Lietuva
2010 - present: Head of the Strategy and Investment Unit at INTER RAO
2009 - present: Advisor to CEO at INTER RAO
2009 - 2010: Associated Head of the Department of Law and Corporate Affairs at Rosatom
2008 - 2009: Associated Head of the Department of Corporate Governance and Development at
Rosatom



Dmitrij Palunin

Member of the Board at INTER RAO Lietuva (term:
2013.04.08 -2017.04.08)

Member of the Management Board, Financial Director
(CFO) at INTER RAO UES

Education:

Moscow State Aviation Institute

Academy of National Economy, Graduate School of International Business

Career over the last five years:

Presently: Member of the Management Board, Financial Director (CFO) at INTER RAO UES

2012 - present: Member of the Board, INTER RAO Lietuva

2007 - 2009: Associated Financial Director (CFO), Head of the Department of Corporate Finance at
INTER RAO UES

2006 - 2007: Head of the Treasury Department at INTER RAO UES

2005 - 2006: Associated Head of the Department of Economics and Finance at INTER RAO UES



Giedrius Balčiūnas

Member of the Board at INTER RAO Lietuva (term:
2013.04.08 -2017.04.08)

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: Chairman of the Management Board at Alproka

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

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



Vidas Čebatariūnas

Member of the Board at INTER RAO Lietuva (term:
2013.04.08 -2017.04.08)
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: Chairman of the Management Board at INTER RAO Latvia

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

2010 - present: 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 (Vydantai Wind Park)

2009 - 2011: Member of the Management Board at SC Baltic Media (at the time called Express Media)

2008 - 2010: Member of the Management Board at UAB Versus aureus leidykla

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

On 12th December 2013 the Company has formed an audit committee. The term of committee will end on 2016.10.22.

The members of the audit committee are the following: Mr Nerijus Dagilis, Mr Mikhail Konstantinov and Mr Aleksandr Pakhomov.

IV. Publicly announced information

During the period from the start of 2014 to 30th June 2014 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 subsidiary in Poland IRL Polska Sp.z o.o. was granted the licence for the trade in electricity in Poland	Notification on material event	EN, LT	7-Jan-2014
Announcement of the acquisition of block of voting rights in AB INTER RAO Lietuva	Notification of major holdings	EN, LT	7-Jan-2014
Publication date of the results for the 4th quarter of 2013 and the Annual Information for 2013 of AB INTER RAO Lietuva	Investor news	EN, LT	26-Feb-2014
Announcement of the results for the 4th quarter of 2013 and the Annual Information for 2013 of AB INTER RAO Lietuva	Annual information	EN, LT	28-Feb-2014
Statement on corporate governance	Investor news	EN, LT	3-Mar-2014
AB INTER RAO Lietuva announces about repayment of loans' amounts to its major shareholders	Notification on material event	EN, LT	1-Apr-2014
AB INTER RAO Lietuva decisions of the Management Board	Notification on material event	EN, LT	4-Apr-2014
Notice on convocation of the Annual General Meeting of Shareholders	Notification on material event	EN, LT	8-Apr-2014
AB INTER RAO Lietuva decisions of the Supervisory Board	Notification on material event	EN, LT	9-Apr-2014
The decisions adopted by the Annual General Meeting of Shareholders of AB INTER RAO Lietuva	Notification on material event	EN, LT	30-Apr-2014
Publication date of the results for the 1st quarter of 2014	Investor news	EN, LT	12-May-2014
Notice on the procedure for the payment of dividends	Notification on material event	EN, LT	13-May-2014
Announcement of the results for the 1st quarter of the year 2014 of AB INTER RAO Lietuva	Interim information	EN, LT	14-May-2014
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	27-May-2014

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 2014
(all amounts are in LTL thousand unless otherwise stated)

AB INTER RAO Lietuva announces about financing received from its major shareholders	Notification on material event	EN, LT	28-May-2014
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	30-May-2014
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	9-Jun-2014
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	11-Jun-2014
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	17-Jun-2014
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	20-Jun-2014
Announcement of the transactions concluded by managers in AB INTER RAO Lietuva securities	Notification on transactions concluded by managers	EN, LT	26-Jun-2014

Contents of above mentioned announcements can be obtained on Company's webpage <http://www.interrao.lt/eng/For-Investors2/Reports/Current-Reports/2014>.

AB INTER RAO Lietuva Unaudited Consolidated Interim Financial Statements for the 6 Month Period Ended 30th June 2014

Statement of financial position

	Notes	Group		Company	
		As at 30 th June 2014	As at 31 st December 2013	As at 30 th June 2014	As at 31 st December 2013
ASSETS					
Non-current assets					
Intangible assets					
Goodwill		5,926	5,926	-	-
Patents and licenses		27,153	29,247	-	-
Other intangible assets		203	88	199	88
Total intangible assets		33,282	35,261	199	88
Property, plant and equipment					
Land		2,616	2,687	-	-
Buildings and structures		14,749	15,164	3,321	3,451
Machinery and equipment		63,902	65,486	-	2
Other property, plant and equipment		309	343	277	300
Total property, plant and equipment		81,576	83,680	3,598	3,753
Investment property		564	584	564	584
Interest in a joint venture		710	944	40,301	40,301
Other non-current financial assets		4,502	1,905	140	119
Total non-current assets		120,634	122,374	44,802	44,845
Current assets					
Inventories and prepayments		570	449	14,727	10,300
Accounts receivable					
Trade receivables		43,129	50,099	39,563	45,253
Receivables from subsidiaries			-	123	6
Other receivables		7,507	4,599	6	13
Total accounts receivable		50,636	54,698	39,692	45,272
Prepaid income tax		5,614	8,778	5,002	8,310
Other current assets		1,604	1,106	612	714
Cash and cash equivalents		18,305	15,202	8,007	3,418
Total current assets		76,729	80,233	68,040	68,014
Total assets		197,363	202,607	112,842	112,859

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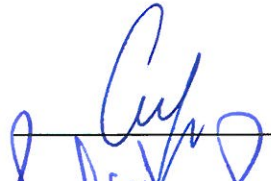
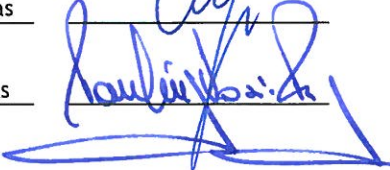
The accompanying notes are an integral part of these financial statements.

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 2014
(all amounts are in LTL thousand unless otherwise stated)

Statement of financial position (cont'd)

	Notes	Group	Group	Company	Company
		As at 30 th June 2014	As at 31 st December 2013	As at 30 th June 2014	As at 31 st December 2013
EQUITY AND LIABILITIES					
Equity					
Share capital		20,000	20,000	20,000	20,000
Legal reserves		2,754	2,000	2,000	2,000
Cash flow hedge reserve		-1,636	-693	-	-
Retained earnings		18,703	11,925	18,163	13,096
Foreign exchange effect		49	62	-	-
Equity attributable to equity holders of the parent		39,870	33,294		
Total equity		39,870	33,294	40,163	35,096
Liabilities					
Non-current liabilities					
Non-current borrowings		64,395	70,264	-	-
Financial lease obligations		2,563	2,587	-	-
Derivative financial instruments		1,491	385	-	-
Deferred income tax liability		2,595	2,676	-	-
Total non-current liabilities		71,044	75,912	-	-
Current liabilities					
Current portion of non-current borrowings		10,704	11,746	-	-
Current portion of financial lease obligations		129	237	-	-
Derivative financial instruments		1,126	1,141	-	-
Financial debts		10,421	17,182	10,421	17,182
Trade payables		45,754	48,776	47,095	48,387
Income tax payable		-	-	-	-
Advances received		7,992	3,429	7,991	3,418
Other current liabilities		10,323	10,890	7,172	8,776
Total current liabilities		86,449	93,401	72,679	77,763
Total equity and liabilities		197,363	202,607	112,842	112,859

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

General Director	Giedrius Balčiūnas		29 August 2014
Director of Economics	Paulius Vazniokas		29 August 2014

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 2014
(all amounts are in LTL thousand unless otherwise stated)

Statement of comprehensive income
For the six months ended 30th June 2014


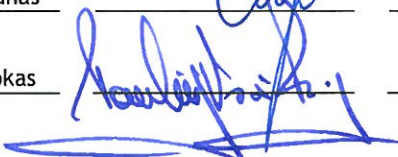
	Notes	Group		Company	
		2014	2013	2014	2013
Sales		323,596	375,494	271,868	366,407
Cost of sales		287,647	346,022	241,293	341,169
Gross profit		35,949	29,472	30,575	25,238
General and administrative expenses		10,553	10,806	7,335	7,672
Profit from operations		25,396	18,666	23,240	17,566
Other activities		69	-32	37	27
Financing and investing activities profit		-1,505	-1,998	-1,902	1,237
Finance income		110	87	522	1,268
Finance expenses		1,831	2,148	2,424	31
Share of result of joint venture		216	63		
Profit before tax		23,960	16,636	21,375	18,830
Income tax		3,428	2,554	3,307	2,573
Net profit		20,532	14,082	18,068	16,257
Other comprehensive income(expenses)					
Net (loss) on cash flow hedges		-1,109	398		
Income tax effect		166	60		
Other comprehensive income, net of tax		-943	338		
Total comprehensive income, net of tax		19,589	14,420	18,068	16,257

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 2014
(all amounts are in LTL thousand unless otherwise stated)

Statement of comprehensive income

	Notes	Group	Group	Company	Company
		2nd quarter 2014	2nd quarter 2013	2nd quarter 2014	2nd quarter 2013
Sales		161,795	179,214	136,547	174,889
Cost of sales		147,410	167,250	121,771	164,265
Gross profit		14,385	11,964	14,776	10,624
General and administrative expenses		5,226	5,337	3,667	3,799
Profit from operations		9,159	6,627	11,109	6,825
Other activities		47	25	13	14
Financing and investing activities profit		-726	-1,031	-1,878	1,223
Finance income		48	20	572	1,253
Finance expenses		842	1,095	2,450	30
Share of result of joint venture		68	44		
Profit before tax		8,480	5,621	9,244	8,062
Income tax		1,485	840	1,607	977
Net profit		6,995	4,781	7,637	7,085
Total comprehensive income, net of tax		6,995	4,781	7,637	7,085

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

General Director	Giedrius Balčiūnas		29 August 2014
Director of Economics	Paulius Vazniokas		29 August 2014

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 2014
(all amounts are in LTL thousand unless otherwise stated)

Statement of changes in equity
For the six months ended 30th June 2014

Group

	Share capital	Legal reserve	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Total
Balance as at 1 st January 2013	20,000	100	(1,651)		38,141	56,590
Profit for the period	-	-			14,082	14,082
Other comprehensive income, net of tax	-	-	338		-	338
Foreign exchange effect				(76)		(76)
Total comprehensive income	-	-	338	(76)		262
Dividends declared	-	-			(27,000)	(27,000)
Transfer to legal reserve		2,212			(2,213)	-
Balance as at 30 th June 2013	20,000	2,312	(1,312)	(76)	23,010	43,934

	Share capital	Legal reserve	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Total
Balance as at 1 st January 2014	20,000	2,312	(693)	62	11,613	33,294
Profit for the period	-	-			20,532	20,532
Other comprehensive income, net of tax	-	-	(943)		-	(943)
Foreign exchange effect				(13)		(13)
Total comprehensive income	-	-	(943)	(13)		(956)
Dividends declared	-	-			(13,000)	(13,000)
Transfer to legal reserve		442			(442)	-
Balance as at 30 th June 2014	20,000	2,754	(1,636)	49	18,703	39,870


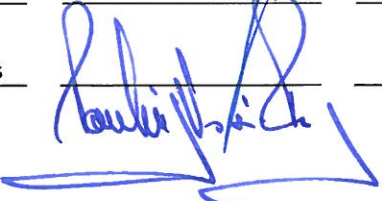
AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30th June 2014
(all amounts are in LTL thousand unless otherwise stated)

Company

	Share capital	Legal reserve	Retained earnings	Total
Balance as at 1st January 2013	20,000	100	37,925	58,025
Profit for the period	-	-	16,257	16,257
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	16,257	16,257
Dividends declared	-	-	(27,000)	(27,000)
Transfer to legal reserve	-	1,900	(1,900)	-
Balance as at 30th June 2013	20,000	2,000	25,282	47,282

	Share capital	Legal reserve	Retained earnings	Total
Balance as at 1st January 2014	20,000	2,000	13,096	35,096
Profit for the period	-	-	18,067	18,067
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	18,067	18,067
Dividends declared	-	-	(13,000)	(13,000)
Transfer to legal reserve	-	-	-	-
Balance as at 30th June 2014	20,000	2,000	18,163	40,163

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

General Director	Giedrius Balčiūnas		29 August 2014
Director of Economics	Paulius Vazniokas		29 August 2014

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 2014
(all amounts are in LTL thousand unless otherwise stated)

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

Notes	Group		Company	
	2014	2013	2014	2013
Cash flows from (to) operating activities				
Net profit	20,532	14,082	18,067	16,257
Adjustments for non-cash items:				
Income tax expenses	3,428	2,554	3,307	2,573
Depreciation and amortisation	4,267	4,284	214	238
Interest and dividend income	(85)	(76)	(459)	(765)
Share of net profit of joint venture	(216)	(63)	-	-
Interest and dividend expenses	1,713	2,146	76	29
	29,639	22,927	21,205	18,332
Changes in working capital:				
(Increase) decrease in inventories and prepayments	(121)	(1,139)	(4,427)	(1,024)
(Increase) decrease in accounts receivable and other current assets	3,564	19,430	5,683	17,717
Decrease in other non-current assets	(849)	37	-	-
Increase (decrease) in trade payables	1,541	(9,527)	3,281	(9,601)
Income tax (paid)	(181)	(5,406)	-	(5,102)
(Decrease) in other current liabilities	(563)	3,431	(1,604)	3,844
Unrealized foreign currency exchange	(13)	(76)	-	-
Net cash flows from operating activities	3,378	6,750	2,933	5,834
Cash flows from (to) investing activities				
(Acquisition) of non-current assets	(166)	(249)	(150)	(242)
Interest and dividends received	535	826	460	765
Loans repaid	2	2	2	2
Other investing activities	(1,726)	-	-	-
Net cash flows (to) investing activities	(1,355)	579	312	525

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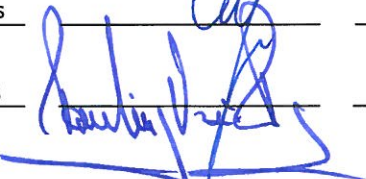
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AB INTER RAO LIETUVA, company code 126119913, A.Tumėno str. 4, Vilnius, Lithuania
UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30th June 2014
(all amounts are in LTL thousand unless otherwise stated)

Statements of cash flows (cont'd)

	Group		Company	
	2014	2013	2014	2013
Cash flows from (to) financing activities				
Dividends (paid)	(2,600)	(10,000)	(2,600)	(10,000)
Proceeds from loans	(23,905)	-	(17,000)	-
Interest (paid)	(1,922)	(2,197)	(262)	-
Financial lease (payments)	(132)	(4,006)	-	-
Net cash flows (to) financing activities	(28,559)	(16,203)	(19,862)	(10,000)
Net increase (decrease) in cash and cash equivalents	3,103	14,053	4,588	14,691
Cash and cash equivalents at the beginning of the year	15,202	11,218	3,419	5,345
Cash and cash equivalents as at 30th June 2014	18,305	25,271	8,007	20,036

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

General Director	Giedrius Balčiūnas		29 August 2014
Director of Economics	Paulius Vazniokas		29 August 2014

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 2014.

Six month ended 30 th June 2014	Electricity purchases and sales	Electricity production and sales	Total Segments	Adjustments and eliminations	Consolidated
Revenue					
External customers	314,989	8,607	323,596		323,596
Total revenue	314,989	8,607	323,596		323,596
Results					
Depreciation and amortisation	219	4,047	4,267		4,267
Interest income	48	37	85		85
Interest expenses	101	1,613	1,713		1,713
Share of profit of associate joint venture				216	216
Segment operating profit	22,300	3,096	25,396		25,396
Segment assets	133,382	119,808	253,190	(55,827)	197,363
Segment liabilities	89,437	84,186	173,623	(16,129)	157,493

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	-	-	-	710	710
Capital expenditure	42	3	45	-	45

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

The following tables present information regarding the Group’s operating segments for the six months ended 30th June 2013.

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 2014
(all amounts are in LTL thousand unless otherwise stated)

Six month ended 30 th June 2013	Electricity purchases and sales	Electricity production and sales	Total Segments	Adjustments and eliminations	Consolidated
Revenue					
External customers	368,477	7,017	375,494	-	375,494
Total revenue	368,477	7,017	375,494	-	375,494
Results					
Depreciation and amortisation	241	4,043	4,284	-	4,284
Interest income	7	69	76	-	76
Interest expenses	29	2,117	2,146	-	2,146
Share of profit of associate joint venture	-	-	-	63	63
Segment operating profit	17,232	1,434	18,666		18,666
Segment assets	73,503	129,034	202,537	-	202,537
Segment liabilities	62,239	96,364	158,603	-	158,603

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	-	-	-	1,020	1,020
Capital expenditure	249	-	249	-	249

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 2014 and as at 30 June 2013 were as follows:

OJSC Inter RAO UES (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 30 th June 2014		Purchases	Sales	Paid (received) dividends	Receivables	Payables, including loans granted
OJSC Inter RAO UES	a)	173,161	876	-	79	32,730
RAO Nordic Oy	c)	90	-	6,630	-	6,643
UAB Scaent Baltic	b), c)	68	-	3,770	-	3,783
UAB Alproka		-	-	(450)	-	-
Other related parties		146				28
		173,465	876	9,950	79	43,184

For the six month period ended 30 th June 2013		Purchases	Sales	Paid (received) dividends	Receivables	Payables, including loans granted
OJSC Inter RAO UES	a)	276,846	-	-	122	25,215
RAO Nordic Oy	c)	-	-	13,770	-	10,856
UAB Scaent Baltic	b), c)	44	-	7,830	-	6,184
UAB Alproka		-	-	(750)	-	-
Other related parties		200				53
		277,090	-	20,850	122	42,308

- a) The Group performs electricity trading transactions with OJSC Inter RAO UES.
 b) The Group purchased rent of premises and interest from UAB Scaent Baltic.
 c) The Group's payables to shareholders RAO Nordic Oy and UAB Scaent Baltic as at 30th June 2014 represent loans granted and accrued interest (loan currency - EUR, interest rate - 2,19%) and - dividends payable LTL 6.6million and LTL 3.8 million respectively.

Confirmation of Responsible Persons

Following the Article No. 22 of the Law on Securities of the Republic of Lithuania and Rules on Preparation and Submission of Periodic and Additional Information of the Central Bank of the Republic of Lithuania, I, Giedrius Balčiūnas, the General Director of AB INTER RAO Lietuva hereby confirm that, to the best of my knowledge, AB INTER RAO Lietuva Unaudited Consolidated Interim Financial statements for the 6 month period ended 30 June, 2014 as set out on above are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of the Company and the Group. 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

