

I. General Information

Reporting period

1st quarter ended 31st March 2016

Company and its contact details

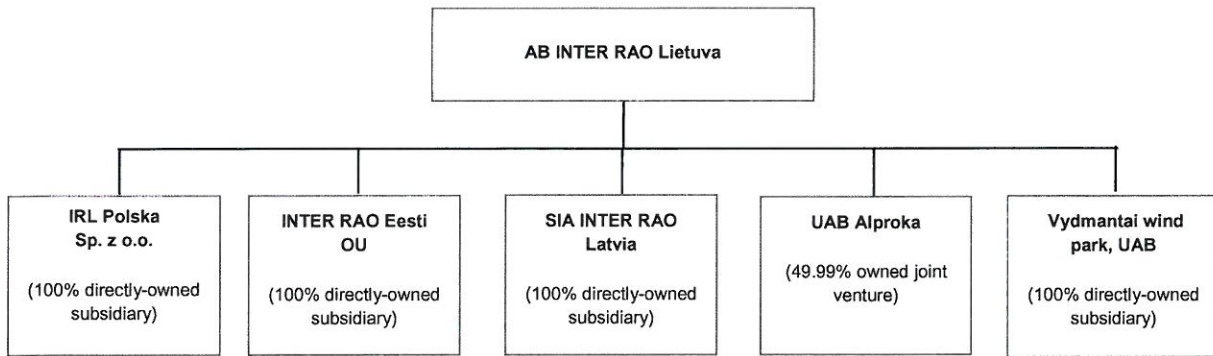
Company name	AB INTER RAO Lietuva (hereinafter - IRL or „the Company“)
Company code	126119913
Legal form	Public company (joint-stock company)
Date of registration	21 st December 2002
Name of register of Legal Entities	State Enterprise Centre of Registers
Registered office	A.Tumėno g. 4, block B, LT-01109 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 on 31st March 2016, Inter RAO Lietuva Group consisted of the Company and the below described directly and indirectly controlled subsidiaries and joint venture (hereinafter - the Group):

Company	Company code	Directly and indirectly held effective attributable interest	Equity as at 31 st March 2016	Registration address	Activity (including planned)
OU INTER RAO Eesti - subsidiary	11879805	100 %	(475)	Vaikare-Karja 3/Sauna 2, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100 %	(466)	Ropažu 10, LV 1039, Riga, Latvia	Trade of electricity
IRL Polska Sp. z.o.o. - subsidiary	0000436992	100 %	1,900	Emilii Plater 53, Warsaw, Poland	Trade of electricity
UAB Alproka - joint venture	125281684	49,99 %	255	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB - subsidiary	302666616	100 %	12,650	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:



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 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 and Estonia to other market participants. Trades on the power exchange are executed at the market price.

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

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

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

The Group history and development

- 2002 The Company was incorporated as UAB Energijos realizacijos centras.
- 2003 The Company received its license as independent electricity supplier with permission to export electricity.

The Company signed sale-purchase agreements with INTER RAO UES and Lietuvos energija AB.

- The Company began electricity trading activities by exporting electricity to Russia and Belarus.
- 2004 Permission to import electricity was granted to the Company.
- 2005 The Company began importing electricity to Lithuania.
- RAO Nordic OY, a wholly owned subsidiary of INTER RAO UES, acquired 18 per cent of the Company's share capital from UAB VB rizikos kapitalo valdymas.
- 2006 The Company acquired a 49.99 per cent stake in UAB Alproka, a company engaged in real estate development in the Lithuanian seaside resort of Palanga.
- 2007 UAB Scaent Baltic acquired an 82 per cent stake in the Company's share capital from Scaent Holdings Cooperatie UA and Bengtsbädd Förvaltning AB.
- 2008 RAO Nordic OY increased its shareholding in the Company by acquiring a 33per cent stake from UAB Scaent Baltic. The stake of RAO Nordic OY in the Company's share capital reaches 51 per cent, while the stake of UAB Scaent Baltic decreases to 49 per cent.
- 2009 The Company signed electricity sale-purchase agreements with the Belarusian company, Belenergo and the Latvian company, Latvenergo.
- Cooperation regarding the sale of electricity with the largest electricity consumer in the Baltic States, Orlen Lietuva, was established. Delivery was initiated in 2010.
- The Company changed its name to UAB INTER RAO Lietuva.
- 2010 The Company established two wholly-owned subsidiaries, one in Latvia (SIA INTER RAO Latvia) and the second in Estonia (INTER RAO Eesti OU).
- SIA INTER RAO Latvia received its license for electricity trading in Latvia.
- 2011 SIA INTER RAO Latvia begins electricity trading operations.
- The Company begins trading activities in the Estonian area of NordPool Spot.
- The Company begins operations in electricity generation from renewable energy sources by acquiring the wind park in Vydmantai.
- 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 Lit.

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.

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.

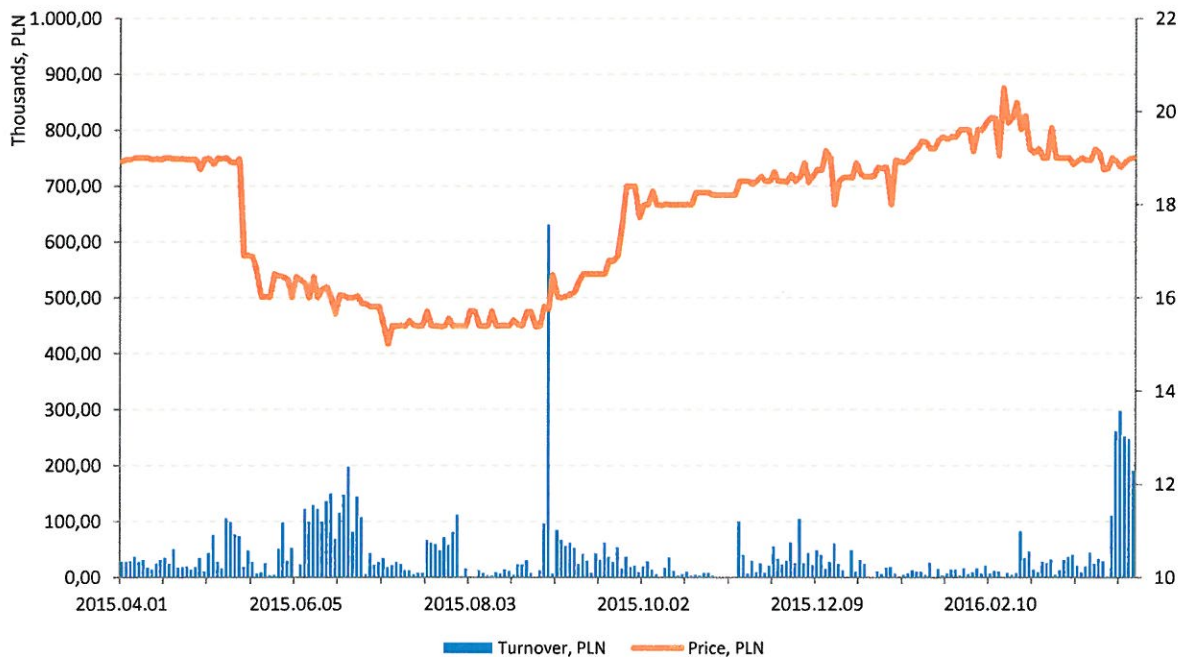
Data about securities traded on regulated market

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 EUR)	Total nominal value (in EUR)	Issue Code
Ordinary registered shares	20,000,000	0.29	5,800,000	LT0000128621

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

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

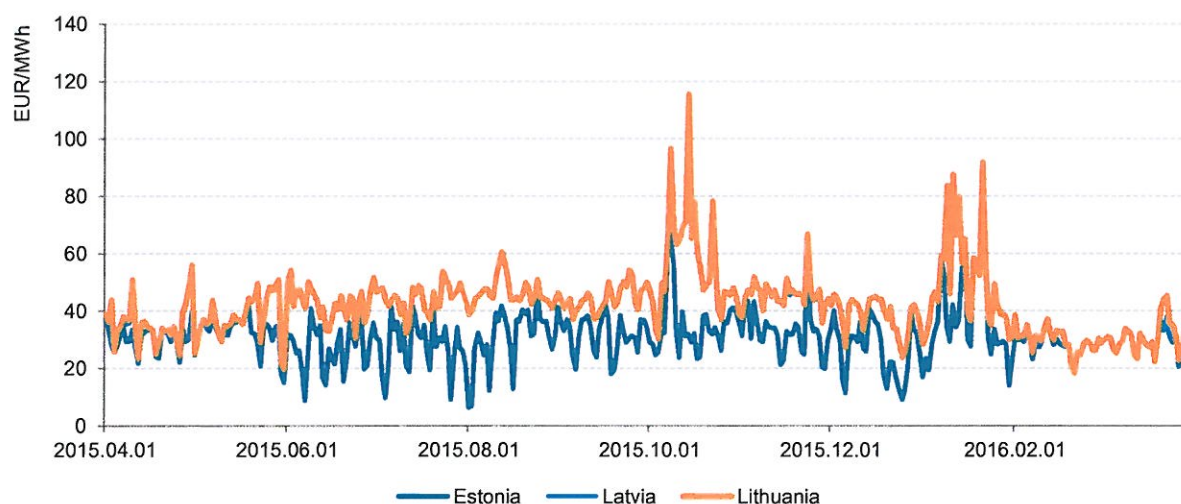


Securities of the Group's subsidiaries are not traded publicly.

II. Financial information

Revenue

The total consolidated Group's sales revenue for the 1st quarter 2016 was equal to EUR 46.1 million, a 5.64 per cent less than in the 1st quarter of 2015. Total revenue decreased due to the lower electricity prices in the market, after introducing NordBalt and LitPol Link power interconnections. The slight increase in the amount of electricity traded was mainly influenced by Estonian and Polish subsidiaries as those companies signed more contracts with their clients. Company's sales revenue in the 1st quarter 2016 decreased by 10.74 per cent and was equal to EUR 37.1 million, compared to the same period in 2015 due to the similar reasons - there were less electricity traded in Lithuania and there were lower electricity prices in the Nordpool system.



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 quarter 2016	1 st quarter 2015
Sales (EUR thousand)	46,058	48,810
Gross profit (EUR thousand)	6,245	7,899
Gross profit margin (%)	13.56%	16.18%
Operating profit (EUR thousand)	4,611	6,207
Operating profit margin (%)	10.01%	12.72%
EBITDA (EUR thousand)	5,251	6,856
EBITDA profit margin (%)	11.40%	14.05%
Net profit (EUR thousand)	3,771	5,158
Net profit margin (%)	8.19%	10.57%
Number of shares (thousand)	20,000	20,000
Earnings per share (EUR)	0.19	0.26

Group's sales decreased by 5.64 per cent in 1st quarter 2016, compared to the same period in 2015. Decrease in cost of sales was significantly lower than decrease in sales - 2.68 per cent, compared to 1st quarter of 2015. Such a decrease in costs of sales was mainly due to the ongoing structural changes in trading business of the Group when electricity traded is being purchased from diverse suppliers. The Group's gross profitability equaled to 13.56 per cent in the accounting period, if compared to 16.18 per cent in January-March 2015, and constituted a 20.94 per cent decrease over the same period of last year.

Company's gross profit margin in 1st quarter 2016 accounts to 13.54 per cent, compared to 14.34 per cent in the same period in 2015.

Group's and Company's operating profit margin in the accounting period decreased to 10.01 per cent and 10.53 per cent respectively, from 12.72 per cent and 11.66 per cent in the same period a year ago.

Group's and Company's EBITDA for the 1st quarter 2016 was EUR 5.25 million and EUR 3.96 million respectively. Group's EBITDA profit margin decreased from 14.05 per cent in 1st quarter 2015 to 11.4 per cent in 1st quarter 2016. In the 1st quarter of 2016, Group's net profit decreased to EUR 3.77 million from EUR 5.16 million in 2015. As a result, Group's net profit margin during the accounting period was equal to 8.19 per cent, compared to 10.57 per cent for the same period a year ago.

The Group is organized into business units based on type of activities and has the two following reportable segments:

Sales revenues by operating segments, thous. EUR	1 st quarter of 2016	1 st quarter of 2015
Electricity purchases and sales	44,686	46,983
Electricity production and sales	1,372	1,827
Total	46,058	48,810

Group's revenue from purchase and sales of electricity in the 1st quarter 2016 decreased by 4.89 per cent and amounted to EUR 44.7 million compared to EUR 47 million in the same period in 2015.

Company's revenue from sales of electricity in the 1st quarter of 2016 amounted to EUR 37.1 million - decreased by 10.74 per cent compared to the same period a year ago.

Group's revenue from produced electricity sales accounted to EUR 1.4 million. Decrease in revenue from produced electricity sales was related to the lower wind speed in the region during the 1st quarter 2016. Electricity production in Vydmantai wind park is directly related to wind speed in the region, which in the 1st quarter of 2015 was significant higher, what lead to decrease in electricity produced. In the 1st quarter of 2016, wind park produced 16 GWh, compared to 21 GWh in the same period a year ago.

The table below presents data on the electricity trading activities of the Group, with a breakdown by each country for the periods indicated (S - sale, P - purchase).

	For the 1 st quarter of 2016		For the 1 st quarter of 2015	
	S	P	S	P
	GWh		GWh	
Lithuania*	898	43	926	26
Latvia	38	38	83	83
Estonia	147	177	74	121
Russia	32	805	28	841
Belarus	-	52	-	40
Poland	78	78	60	60
Total*	1,193	1,193	1,171	1,171

* Excluding equivalent trades on the power exchange

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

Expenses

Cost of sales of the Group in the 1st quarter 2016 accounted to EUR 39.8 million, a 2.68 per cent less than during the first three months in 2015. The decrease in cost of sales was mainly due to the lower electricity prices in the market.

Cost of purchased electricity of the Group in the 1st quarter of 2016 amounted to EUR 38.6 million. Cost of purchased electricity comprised 97.04 per cent of total cost of sales. Group's cost of purchased electricity a year ago amounted to EUR 39.8 million and comprised 97.24 per cent of total cost of sales.

Group's operating expenses in the 1st quarter of 2016 amounted to EUR 1.63 million, a 3.43 per cent less compared to the same period a year ago. Company's operating expenses during the same period amounted to EUR 1.1 million, and was equal to the 1st quarter 2015.

Net consolidated loss from financing and investing activities for the Group in the 1st quarter of 2016 decreased by 18.06 per cent compared to the 1st quarter of 2015 and amounted to EUR (-0.18) million. Better overall result for the Group from financial activities was mainly caused by lower interest expenses, which in the 1st quarter in 2016 totaled to EUR 0.19 million. Financial expenses were mainly comprised of interest expenses that were due to the financing of wind energy park.

Earnings

Gross profit of the Group was lower by 20.94 per cent if compared to the 1st quarter of 2015. It amounted to EUR 6.25 million, compared to EUR 7.9 million in the same period a year ago. Gross profit of the Company in the 1st quarter of 2016 decreased by 15.7 per cent compared with the same period a year ago and equaled to EUR 5.02 million. Gross profit margin of the Group and Company respectively in the accounting period amounted to 13.56 per cent and 13.54 per cent and was lower compared to a year ago, when gross profit margin was equal to 16.18 per cent and 14.34 per cent respectively.

Profit from operations for the Group in the 1st quarter of 2016 was equal to EUR 4.61 million, compared to EUR 6.21 million in the 1st quarter in 2015. Group's operating profit margin for the 1st quarter of 2016 were equal to 10.01 per cent and to 12.72 per cent in the 1st quarter a year ago. Operating profit of the Group and the Company decreased by 25.71 per cent and 19.34 per cent respectively and amounted to EUR 4.6 million and EUR 3.91 million in the first quarter of 2016.

As a result, profit before tax for the Group and the Company in the accounting period amounted to EUR 4.44 million and EUR 3.91 million compared to EUR 6 million and EUR 4.83 million in the 1st quarter in 2015 respectively.

Net profit for the 1st quarter of 2016 for the Group and the Company respectively amounted to EUR 3.77 million and EUR 3.31 million compared to EUR 5.16 million and EUR 4.13 million a year ago. The net profit margin for the Group in the 1st quarter of 2016 was equal to 8.19 per cent compared to 10.57 per cent the 1st quarter year ago. The net profit margin of the Company decreased to 8.93 per cent in the accounting period compared to 9.93 per cent in the same period a year ago.

Cash Flows

Net cash flows from operating activities of the Group were lower in the 1st quarter of 2015 and amounted to EUR 1.9 million, compared to EUR 5.8 million in the first three months in 2016. Net cash flows from operating activities of the Company in the 1st quarter 2016 equaled to EUR 5.18 million compared to EUR (-0.5) million a year ago.

Net cash flows from investing and financing activities of the Group in the 1st quarter of 2016 amounted to EUR (-7.35) million outflow, compared to EUR (-4.13) million in the same period a year ago. Net cash flows from investing and financing activities of the Company in the 1st quarter 2016 equaled to EUR (-6.32) million outflow compared to EUR (-3.07) million a year ago. The increase in net cash outflows from investing and financing activities was caused by the repayment of outstanding loans.

Personnel

As of 31st March 2016 there were 42 employees in the Group and 26 in the Company, the same as a year ago. The employment structure by category is provided in the table below.

Employee category	Number of employees			
	As at 31 st March 2016		As at 31 st March 2015	
	Group	Company	Group	Company
Management	8	8	8	8
Sales Managers, including Traders	15	8	15	8
PR & Marketing Staff	2	2	2	2
Project managers	4	1	4	1
Technical staff	2	1	2	1
Office Staff	11	6	11	6
Total	42	26	42	26

On 31st March 2016 26 employees were employed in the Company. Company's personnel consisted of 8 managers and 18 specialists.

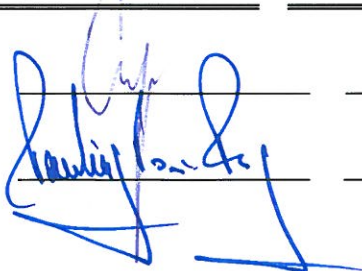
Statement of financial position

	Group As at 31 st March 2016	Group As at 31 st December 2015	Company As at 31 st March 2016	Company As at 31 st December 2015
ASSETS				
Non-current assets				
Intangible assets				
Goodwill	1,716	1,716	-	-
Patents and licenses	5,741	6,045	-	-
Other intangible assets	48	56	44	52
Total intangible assets	7,505	7,817	44	52
Property, plant and equipment				
Land	685	696	-	-
Buildings and structures	3,014	3,055	-	-
Machinery and equipment	16,902	17,132	-	-
Office premises	830	849	830	849
Other property, plant and equipment	52	56	46	51
Total property, plant and equipment	21,483	21,788	876	900
Investment property	143	146	143	146
Interest in a joint venture	128	129	10,927	10,927
Other non-current financial assets	1,056	1,058	39	41
Derivative financial instruments	-	-	505	232
Deferred income tax asset	-	-	163	99
Total non-current assets	30,315	30,938	12,697	12,397
Current assets				
Inventories and prepayments	635	197	2,352	2,984
Accounts receivable	-	-	-	-
Trade receivables	11,010	15,252	8,698	13,181
Receivables from subsidiaries	-	-	4	2
Other receivables	1,259	1,164	-	-
Total accounts receivable	12,269	16,416	8,702	13,183
Other current assets	131	379	70	250
Derivative financial instruments	-	-	381	650
Cash and cash equivalents	18,215	19,755	14,572	15,707
Total current assets	31,250	36,747	26,077	32,772
Total assets	61,565	67,685	38,774	45,171

(cont'd on the next page)

Statement of financial position (cont'd)

	Group As at 31 st March 2016	Group As at 31 st December 2015	Company As at 31 st March 2016	Company As at 31 st December 2015
EQUITY AND LIABILITIES				
Equity				
Share capital	5,800	5,800	5,800	5,800
Legal reserves	831	831	579	579
Cash flow hedge reserve	(1,379)	(981)	(287)	73
Currency translation reserve	(59)	(43)	-	-
Retained earnings	23,162	19,391	19,456	16,140
Total equity	28,355	24,998	25,548	22,592
Liabilities				
Non-current liabilities				
Non-current borrowings	12,925	13,750	-	-
Financial lease obligations	695	727	-	-
Derivative financial instruments	761	533	482	205
Deferred income tax liability	892	918	-	-
Total non-current liabilities	15,273	15,928	482	205
Current liabilities				
Current portion of non-current borrowings	3,300	9,597	-	6,297
Current portion of financial lease obligations	17	33	-	-
Derivative financial instruments	1,143	865	791	564
Trade payables	8,914	11,108	8,033	11,054
Income tax payable	2,642	2,265	2,497	2,146
Advances received	70	98	52	98
Other current liabilities	1,851	2,793	1,371	2,215
Total current liabilities	17,937	26,759	12,744	22,374
Total equity and liabilities	61,565	67,685	38,774	45,171

<u>General Director</u>	<u>Giedrius Balčiūnas</u>		<u>13 May 2016</u>
<u>Economic Director</u>	<u>Paulius Vazniokas</u>		<u>13 May 2016</u>

Statement of comprehensive income

	Group		Company	
	1 st quarter 2016	1 st quarter 2015	1 st quarter 2016	1 st quarter 2015
Sales	46,058	48,810	37,109	41,574
Cost of sales	(39,813)	(40,911)	(32,085)	(35,614)
Gross profit	6,245	7,899	5,024	5,960
General and administrative expenses	(1,634)	(1,692)	(1,115)	(1,114)
Profit from operations	4,611	6,207	3,909	4,846
Income from other activities	1	13	4	4
Finance income	17	17	12	8
Finance expenses	(193)	(230)	(20)	(24)
Share of result of joint venture	(1)	(3)	-	-
(Loss) profit before tax	4,435	6,004	3,905	4,834
Income tax	664	846	591	707
Net profit	3,771	5,158	3,314	4,127

General Director	Giedrius Balčiūnas		13 May 2016
Economic Director	Paulius Vazniokas		13 May 2016

Statement of cash flows

	Group		Company	
	1 st quarter 2016	1 st quarter 2015	1 st quarter 2016	1 st quarter 2015
Cash flows from (to) operating activities				
Net profit	3,771	5,158	3,314	4,127
Adjustments for non-cash items:				
Income tax (benefit) expenses	664	846	591	707
Depreciation and amortization	623	622	36	37
Currency translation reserve	(16)	103	-	-
Share of net profit of joint venture	1	3	-	-
Interest (income) expenses	174	212	18	16
	5,217	6,944	3,959	4,887
Changes in working capital:				
(Increase) decrease in inventories and prepayments	(435)	(522)	631	377
Decrease (increase) in accounts receivable and other current assets	4,395	4,123	4,661	3,314
Increase in trade payables	(2,222)	(7,027)	(3,073)	(7,687)
Income tax (paid)	(243)	(83)	(240)	(62)
Increase (decrease) in other current liabilities	(904)	(1,535)	(757)	(1,292)
Net cash flows from operating activities	5,808	1,900	5,181	(463)
Cash flows from (to) investing activities				
(Acquisition) of non-current assets	(4)	(5)	(2)	(5)
Interest received	17	5	-	-
Net cash flows from (to) investing activities	13	-	(2)	(5)
Cash flows from (to) financing activities				
Interest (paid)	(204)	(257)	(31)	(55)
Loans repaid	(7,109)	(3,837)	(6,283)	(3,012)
Financial lease (payments)	(48)	(38)	-	-
Net cash flows (to) financing activities	(7,361)	(4,132)	(6,314)	(3,067)
Net increase (decrease) in cash and cash equivalents	(1,540)	(2,232)	(1,135)	(3,535)
Cash and cash equivalents at the beginning of the year	19,755	11,228	15,707	8,352
Cash and cash equivalents at the end of the year	18,215	8,996	14,572	4,817

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

General Director

Giedrius Balčiūnas

13 May 2016

Economic Director

Paulius Vazniokas

13 May 2016

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 Financial results for the 1st quarter of 2016 as set out on above are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss and cash flows of the Company and the Group.

Giedrius Balčiūnas

General Director

