

I. General Information

Reporting period

Year ended 31st December 2016

Company and its contact details

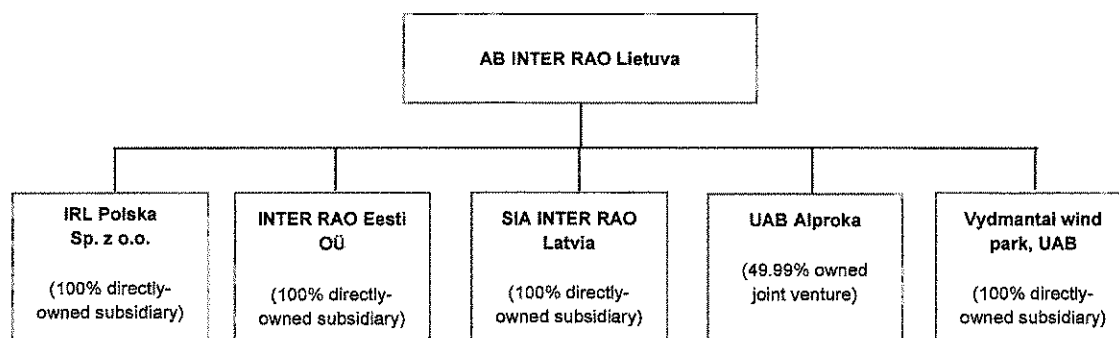
Company name	AB INTER RAO Lietuva (hereinafter - IRL or „the Company“)
Company code	126119913
Legal form	Public company (joint-stock company)
Date of registration	21 December 2002
Name of register of Legal Entities	State Enterprise Centre of Registers
Registered office	A.Tumėno str. 4, block B, LT-01109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

The Group structure

As on 31st December 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 December 2016	Registration address	Activity (including planned)
INTER RAO Eesti OÜ - subsidiary	11879805	100 %	467	Peterburi tee 47, Tallinn, Estonia	Trade of electricity
SIA INTER RAO Latvia - subsidiary	40103268639	100 %	(534)	76 Gustava Zemgala Ave., Riga, Latvia	Trade of electricity
IRL Polska Sp. z.o.o. - subsidiary	0000436992	100 %	1,895	Twarda 18, 00-105, Warsaw, Poland	Trade of electricity
UAB Alproka - joint venture	125281684	49,99 %	223	Verkių Str. 25C, Vilnius, Lithuania	Operations with real estate
Vydmantai Wind Park, UAB - subsidiary	302666616	100 %	11,434	A.Tumėno Str. 4, Vilnius, Lithuania	Generation of electricity

The following chart sets out the Group' subsidiaries and interest in those subsidiaries, as well as the structure of the Group as at 31st December 2016:



Main activities of the Group

The Group of INTER RAO Lietuva (hereinafter - "the Group") is an independent supplier of electricity and, as such, may engage in various forms of electricity trading. Moreover, the Group is also present in electricity generation operations, as it owns a wind farm in Western Lithuania.

The Group is engaged in various forms of electricity trading: the purchase and sale of electricity under bilateral contracts with other electricity suppliers, as well as on the power exchange; supply of electricity to end-users; provision of balancing services for end-users and other wholesalers of electricity; sale and purchase of regulating and balancing electricity for the transmission system operators; cross-border electricity trading.

The Group has permission to import and export electricity to and from Lithuania, it is engaged in the import of electricity from Russia and, to a lesser extent, from Belarus, as well as in export to these countries. The Group is also active in cross-border electricity trading between Lithuania and other EU Member States, namely Latvia and Estonia.

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

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

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

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

The Group history and development

- 2002 The Company was incorporated as UAB Energijos realizacijos centras.
- 2003 The Company received its license as independent electricity supplier with permission to export electricity.
The Company signed sale-purchase agreements with INTER RAO UES and Lietuvos energija AB.
The Company began electricity trading activities by exporting electricity to Russia and Belarus.
- 2004 Permission to import electricity was granted to the Company.
- 2005 The Company began importing electricity to Lithuania.
RAO Nordic OY, a wholly owned subsidiary of INTER RAO UES, acquired 18 per cent of the Company's share capital from UAB VB rizikos kapitalo valdymas.
- 2006 The Company acquired a 49.99 per cent stake in UAB Alproka, a company engaged in real estate development in the Lithuanian seaside resort of Palanga.
- 2007 UAB Scaent Baltic acquired an 82 per cent stake in the Company's share capital from Scaent Holdings Cooperatie UA and Bengtsbädd Förvaltning AB.
- 2008 RAO Nordic OY increased its shareholding in the Company by acquiring a 33per cent stake from UAB Scaent Baltic. The stake of RAO Nordic OY in the Company's share capital reaches 51 per cent, while the stake of UAB Scaent Baltic decreases to 49 per cent.
- 2009 The Company signed electricity sale-purchase agreements with the Belarusian company, Belenergo and the Latvian company, Latvenergo.
Cooperation regarding the sale of electricity with the largest electricity consumer in the Baltic States, Orlen Lietuva, was established. Delivery was initiated in 2010.
The Company changed its name to UAB INTER RAO Lietuva.
- 2010 The Company established two wholly-owned subsidiaries, one in Latvia (SIA INTER RAO Latvia) and the second in Estonia (INTER RAO Eesti OU).
SIA INTER RAO Latvia received its license for electricity trading in Latvia.
- 2011 SIA INTER RAO Latvia begins electricity trading operations.
The Company begins trading activities in the Estonian area of NordPool Spot.
The Company established a subsidiary UAB IRL Wind and in the same year UAB IRL Wind acquired the wind park in Vydmantai.
The Company begins operations in electricity generation from renewable energy sources by acquiring the wind park in Vydmantai.
The Company signs an agreement with INTER RAO UES on potential export of electricity generated in 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 Litass 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.
- 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 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.

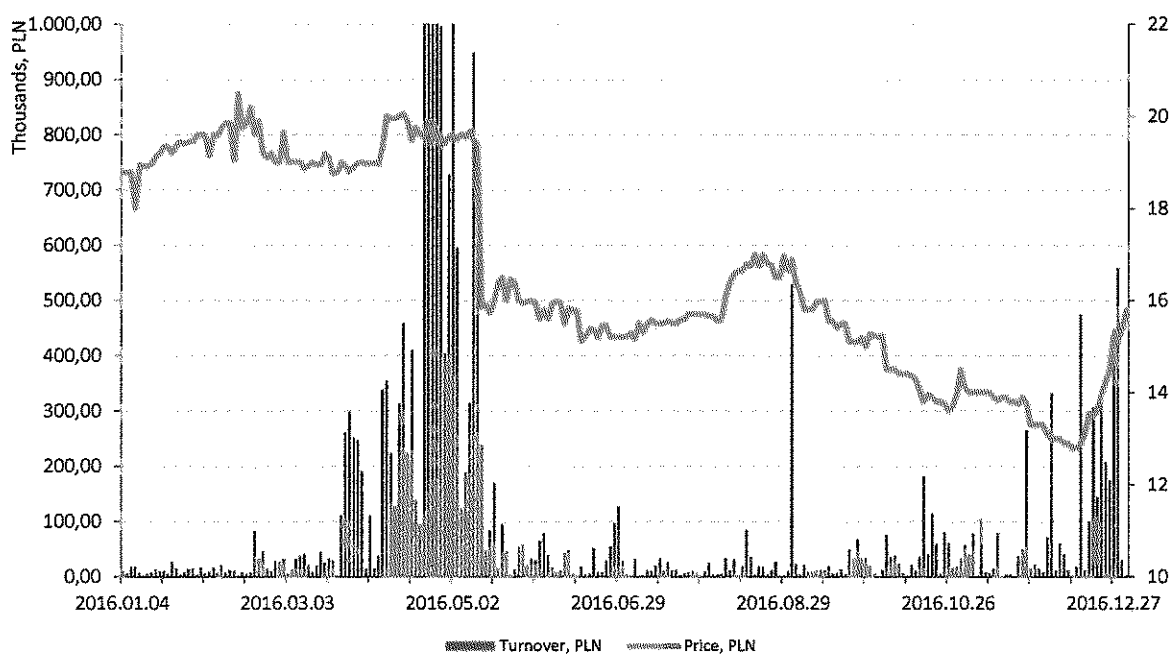
Data about securities traded on regulated market

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 registered shares	20,000,000	0.29	5,800,000	LT0000128621

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

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



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

As at 31st December 2016 the shareholder structure of the Company was as following:

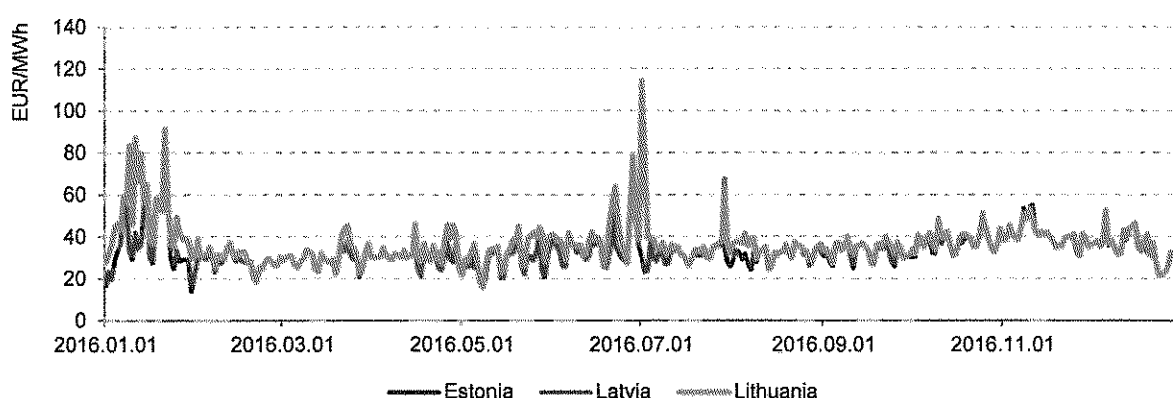
Shareholder	Number of shares/votes	Percentage of shares
RAO Nordic Oy	10,200,000	51%
UAB Scaent Baltic	5,800,000	29%
Other shareholders	4,000,000	20%
Total	20,000,000	100%

II. Financial information

Revenues

The total consolidated Group's sales revenue in 2016 was equal to EUR 178.9 million, a 4.19 per cent less than in 2015. Total revenue declined due to on average lower and highly volatile electricity prices in the market, after introducing NordBalt and LitPol Link power interconnections and their multiple unplanned disconnections during first half of 2016 (the NordBalt was not operational approx. 60% of time during the first half of 2016). The decline was also caused by much worse meteorological conditions, which negatively affected electricity generation and sale from the wind park owned by the Group.

Electricity price in NordPoolSpot exchange



The consolidated financial statements of the Group have been prepared according to the International Financial Reporting Standards as adopted by the European Union.

Key figures of IRL Group

Financial figures	2016	2015
Sales (EUR thousand)	178,880	186,694
Gross profit (EUR thousand)	18,943	29,602
Gross profit margin (%)	10.59%	15.86%
Operating profit (EUR thousand)	10,939	22,798
Operating profit margin (%)	6.12%	12.21%
EBITDA (EUR thousand)	15,024	25,301
EBITDA profit margin (%)	8.40%	13.55%
Net profit (EUR thousand)	9,256	18,819
Net profit margin (%)	5.17%	10.08%
Number of shares (thousand)	20,000	20,000
Earnings per share (EUR)	0.46	0.94

The total consolidated Group's sales decreased by 4.19 per cent in 2016, compared to Group's sales in 2015. At the same time, cost of sales slightly increased to EUR 160.0 million in 2016, compared to EUR 157 million in 2015. Such a increase in costs of sales was mainly due to the changes in trading structure and higher electricity prices in the markets. Therefore, despite the decrease in sales, the Group's gross profitability stayed at the healthy level and

equaled to 10.59 per cent in the accounting period, if compared to 15.86 per cent in 2015. Group's operating profit margin decreased to 6.12 per cent in accounting period from the 12.21 per cent in 2015. During the period of 2016, the Company and the Group delivered electricity to all of its clients and fulfilled all of its contractual obligations of electricity sales at prices, agreed upon in the contracts.

Company's gross profit margin in 2016 accounts to 10.84 per cent, compared to 15.24 per cent in 2015. Operating profit margin of the Company decreased from the 12.25 per cent in 2015 to 7.32 per cent in 2016.

Group's and Company's EBITDA for 2016 was EUR 15.0 million and EUR 12.0 million respectively. Group's EBITDA profitability margin decreased from 13.55 per cent in January-December of 2015 to 8.4 per cent in accounting period of 2016. In 2016, Group's net profit decreased to EUR 9.3 million from the EUR 18.8 million in 2015. As a result, Group's net profit margin during the accounting period was equal to 5.17 per cent, compared to the 10.08 per cent a year ago.

Sales revenues by operating segments, thous. EUR	4 th quarter 2016	4 th quarter 2015
Electricity purchases and sales	53,007	48,063
Electricity production and sales	1,744	1,907
Total	54,751	49,970

Group's revenue from purchases and sales of electricity in the 4th quarter of 2016 amounted to EUR 53.0 million, a 10.29 per cent increase compared with the same period a year ago. Revenue from produced electricity sales in the 4th quarter accounted for EUR 1.7 million, a 8.53 per cent less than a year ago. The decrease in electricity production was mainly caused by the worse wind conditions in the area.

Company's revenue during October-December 2016 increased by 2.4 per cent and was equal to EUR 44.5 million compared to EUR 43.4 million in the same period in 2015. Company's revenue during 2016 were lower by 11.79 per cent and was equal to EUR 138.9 million compared to EUR 157.5 million in 2015.

The tables below present data on the electricity trading activities of the Group for the 4th quarter of 2015 and 2016 with a breakdown by each country for the periods indicated (S - sale, P - purchase).

	For the 4 th quarter of 2016		For the 4 th quarter of 2015	
	S	P	S	P
	GWh		GWh	
Lithuania*	1,100	40	925	37
Latvia	70	70	48	48
Estonia	130	165	75	116
Russia	30	994	26	813
Belarus	-	70	-	60
Poland	84	84	47	47
Total*	1,423	1,423	1,121	1,121

* Excluding equivalent trades on the power exchange

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

Expenses

COGS by operating segments, thous. EUR	4 th quarter 2016	4 th quarter 2015
Electricity purchases and sales	49,897	41,273
Electricity production and sales	448	451
Total	49,711	41,724

Group's cost of sales in October-December of 2016 accounted to EUR 49.7 million, a 19.14 per cent more than during the last 3 months of 2015. The increase in cost of sales was due to the higher amount of electricity traded by the Group compared to the same period a year ago.

The Company's and the Group's cost of purchase of electricity in 2016 decreased by 7.06 per cent and the Group's increased by 2.09 per cent respectively if compared to 2015 and amounted to EUR 122.2 million and EUR 156.4 million. Cost of purchase of electricity constituted 98.62 per cent and 97.81 per cent of total cost of sales for the Company and for the Group respectively in 2016.

Group's cost of purchased electricity in the last 3 months of 2016 amounted to EUR 49.9 million, a 22.14 per cent more, than a year ago.

Group's operating expenses in the 4th quarter of 2016 amounted to EUR 2.8 million, a 54.34 per cent increase over a year ago. Such increase was in operating expenses were mainly because Group recognized an additional goodwill impairment of wind park goodwill of EUR 1 million in 2016 (no impairment was recognized in 2015). Company's operating expenses amounted to EUR 1.4 million in October-December 2016 compared to EUR 1.3 million in the same period a year ago (a 5.15 per cent increase).

Earnings

Gross profit of the Group in October-December of 2016 amounted to EUR 5.0 million, while the gross profit margin decreased to 9.21 per cent (compared to 16.5 per cent a year ago). Gross profit of the Company in the same period accounted to EUR 4.0 million, compared to EUR 6.6 million a year ago. Company's gross profit margin decreased from 15.11 per cent in the last quarter of 2015 to 9.03 per cent in the last 3 months of 2016.

Gross profit in 2016 decreased over the year by 37.25 per cent and amounted to EUR 15.1 million for the Company, decreased by 36.01 per cent, and amounted to EUR 18.9 million for the Group, if compared to EUR 24.0 million and EUR 29.6 million respectively in 2015. Gross profit margin in 2016 decreased to 10.84 per cent for the Company and to 10.59 per cent for the Group from 15.24 per cent and 15.86 per cent in 2015.

Group's operating profit over the 4th quarter accounted to EUR 2.3 million, while the operating profit margin decreased to 4.17 per cent. Operating profit in the last 3 months of 2016 of the Company amounted to EUR 2.6 million compared to the EUR 5.3 million the same period in 2015. The operating profit margin of the Company decreased to 5.95 per cent in 4th quarter of 2016 if compared to 12.11 per cent for the same period in 2015.

Profit from operations for the Company and for the Group for year 2016 were equal to EUR 10.2 million and EUR 10.9 million, compared to the profit from operations of EUR 19.3 million and EUR 22.8 million in 2015. Operating profit margin for the Company and for the Group reached level of 7.32 per cent and 6.12 per cent compared to 12.25 per cent and 12.21 per cent a year ago.

Net loss of financial and investing activities of the Company and the Group in the last quarter of 2015 was changed to net profit from financial and investing activities in the October-December of 2016 and amounted to EUR 0.6 million, and EUR 0.4 million respectively. Financial expenses were mainly comprised of interest expenses that were due for the stand-alone financing of the wind park. Better overall result was caused by year-on-year lower interest expenses and finance income - fair value change of derivatives not designated as hedging instruments (EUR 0.6 million)..

Net result from financial and investing activities for the Company in 2016 amounted to EUR 1.5 million. Net consolidated result from financial and investing activities for the Group increased by 88.3 per cent compared to 2015 and amounted to EUR (-0.1) million. Better overall result for the Group from financial activities was mainly caused by year-on-year lower interest expenses, which in 2016 totalled to EUR 0.7 million.

Group's and Company's net profit in the October-December of 2016 amounted to EUR 2.4 million and EUR 2.8 million, compared to EUR 5.3 million and EUR 4.1 million for the same period year ago. The profit margin decreased from

10.7 per cent for the Group and 9.5 per cent for the Company a year ago respectively to 4.3 per cent and 6.3 per cent for the 4th quarter of 2016.

As a result, profit before tax for the Company and for the Group in 2016 amounted to EUR 11.7 million and EUR 10.8 million respectively.

The net profit of the Company and the Group during 12 months of 2016 amounted to EUR 10.2 million and EUR 9.3 million respectively.

The net profit margins for the Company and for the Group in 2016 were equal to 7.33 per cent and 5.17 per cent (compared to 10.23 per cent and 10.08 per cent year ago).

Balance sheet and cash flow

During January-December 2015 total assets of the Company decreased by 28.53 per cent and of the Group decreased by 23.61 per cent. The most significant influence to the assets was caused by decrease of cash and cash equivalents in the Company and in the Group and trade receivables in the Company and in the Group.

Total non-current assets of the Company decreased by 3.62 per cent and of the Group decreased by 14.42 per cent. The most significant change in assets in the Group was related to amortization of licenses held by subsidiary Vydmantai wind park and impairment of goodwill related to the same subsidiary as well as ordinary depreciation of wind power plant. Total non-current assets amounted to 37 per cent of the total assets for the Company and to 51 per cent of total assets for the Group.

During the year, shareholders' equity of the Company and of the Group decreased by 26.0 per cent and 23.9 per cent and amounted to 52 per cent of the total liabilities of the Company and to 37 per cent of the total liabilities of the Group. Decrease in equity was caused by dividends declared for the year 2015 and inferior results of the Company and the Group for the year of 2016. Total dividends for 2015 distributed in 2016 reached EUR 16.1 million.

At the end of December 2016, total amount of borrowings, including financial liabilities related to finance lease and bank financing, amounted to EUR 1.3 million for the Company and EUR 15.7 million for the Group. Cash, cash equivalents amounted to EUR 5.7 million for the Company and EUR 7.2 million for the Group.

Net cash flow from operating activities for the Company and for the Group in 2016 were by 32.76 per cent and 37.83 per cent lower than a year ago and amounted to EUR 10.2 million and EUR 12.7 million respectively (compared to EUR 15.2 million and EUR 20.5 million a year ago).

During 2016 net cash flow from investing and financing activities amounted to negative EUR (20.2) million for the Company and negative EUR (25.2) million for the Group (compared to negative EUR (7.8) million for the Company and to negative EUR (11.9) million for the Group in 2015). Negative result from financing activities is related to the loans repaid and paid out dividends.

Personnel

As of 31st December 2016 there were 42 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 at 31 st December 2015		As at 31 st December 2014	
	Group	Company	Group	Company
Management	8	8	8	8
Sales Managers, including Traders	15	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	42	25	44	27

On 31st December 2016 25 employees were employed in the Company. Company's personnel consisted of 8 managers and 17 specialists.

AB INTER RAO LIETUVA, company code 126119913, A. Tumėno str. 4, Vilnius, Lithuania
CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2016
(all amounts are in EUR thousand unless otherwise stated)

Statement of financial position

	Notes	Group		Company	
		As at 31 st December 2016	As at 31 st December 2015	As at 31 st December 2016	As at 31 st December 2015
ASSETS					
Non-current assets					
Intangible assets					
Goodwill		716	1,716	-	-
Operating license		4,832	6,045	-	-
Other intangible assets		26	56	23	52
Total intangible assets		5,574	7,817	23	52
Property, plant and equipment					
Land		654	696	-	-
Buildings and structures		2,891	3,055	-	-
Office premises		773	849	773	849
Machinery and equipment		16,214	17,132	-	-
Other property, plant and equipment		42	56	34	51
Total property, plant and equipment		20,574	21,788	807	900
Investment property		135	146	135	146
Interest in a joint venture and subsidiaries		111	129	10,927	10,927
Other non-current financial assets		83	1,058	39	41
Derivative financial instruments		-	-	18	232
Deferred income tax asset		-	-	1	99
Total non-current assets		26,477	30,938	11,950	12,397
Current assets					
Inventories and prepayments		647	197	598	140
Accounts receivable					
Trade receivables		12,925	15,252	10,050	13,181
Prepayments to and receivables from and subsidiaries and joint venture		-	-	2,287	2,844
Accrued income and other receivables		1,537	1,164	4	2
Total accounts receivable		14,462	16,416	12,341	16,027
Prepaid income tax		74	-	45	-
Other current assets		1,204	379	30	250
Derivative financial instruments		1,629	-	1,637	650
Cash and cash equivalents		7,211	19,755	5,681	15,707
Total current assets		25,227	36,747	20,332	32,774
Total assets		51,704	67,685	32,282	45,171

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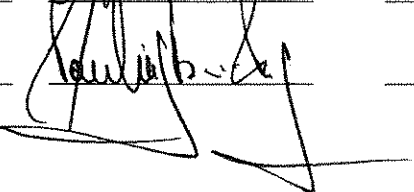
The accompanying notes are an integral part of these financial statements.

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CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
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Statement of financial position (cont'd)

	Notes	Group	Group	Company	Company
		As at 31 st December 2016	As at 31 st December 2015	As at 31 st December r 2016	As at 31 st December 2015
EQUITY AND LIABILITIES					
Equity					
Share capital		5,800	5,800	5,800	5,800
Legal reserves		910	831	579	579
Cash flow hedge reserve		(22)	(981)	122	73
Currency translation reserve		(133)	(43)	-	-
Retained earnings		12,468	19,391	10,217	16,140
Total equity		19,023	24,998	16,718	22,592
Liabilities					
Non-current liabilities					
Non-current borrowings		10,450	13,750	-	-
Financial lease obligations		691	727	-	-
Derivative financial instruments		216	533	10	205
Deferred income tax liability		1,202	918	-	-
Total non-current liabilities		12,559	15,928	10	205
Current liabilities					
Current portion of non-current borrowings		3,300	3,300	-	-
Other financial debts		1,251	6,297	1,251	6,297
Current portion of financial lease obligations		35	33	-	-
Derivative financial instruments		275	865	129	564
Trade payables		12,233	11,108	12,138	11,054
Income tax payable		-	2,265	-	2,146
Advances received		206	98	199	98
Other current liabilities		2,822	2,793	1,837	2,215
Total current liabilities		20,122	26,759	15,554	22,374
Total equity and liabilities		51,704	67,685	32,282	45,171

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

General Director	Giedrius Balčiūnas		24 February 2017
Director of Economics	Paulius Vazniokas		24 February 2017


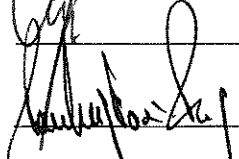
Statement of comprehensive income
For the 12 months ended 31st December 2016

	Notes	Group	Group	Company	Company
		2016	2015	2016	2015
Sales		178,880	186,694	138,932	157,510
Cost of sales		(159,937)	(157,092)	(123,866)	(133,501)
Gross profit		18,943	29,602	15,066	24,009
General and administrative expenses		(8,004)	(6,804)	(4,901)	(4,712)
Profit from operations		10,939	22,798	10,165	19,297
Other activities		9	26	17	12
Finance income		657	35	1,632	75
Finance expenses		(740)	(900)	(93)	(569)
Share of result of joint venture		(18)	2	-	-
Profit (loss) before tax		10,847	21,961	11,721	18,815
Income tax		(1,591)	(3,142)	(1,544)	(2,695)
Net profit		9,256	18,819	10,177	16,120

Statement of comprehensive income

Notes	Group 4 th quarter 2016	Group 4 th quarter 2015	Company 4 th quarter 2016	Company 4 th quarter 2015
Sales	54,751	49,970	44,454	43,411
Cost of sales	(49,711)	(41,724)	(40,440)	(36,852)
Gross profit	5,040	8,246	4,014	6,559
General and administrative expenses	(2,755)	(1,785)	(1,369)	(1,302)
Profit from operations	2,285	6,461	2,645	5,257
Other activities	2	3	6	1
Finance income	606	13	604	5
Finance expenses	(170)	(222)	(24)	(485)
Share of result of joint venture	(7)	(4)	-	-
Profit before tax	2,716	6,251	3,231	4,778
Income tax	(348)	(926)	(434)	(654)
Net profit	2,368	5,325	2,797	4,124

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

			24 February 2017
General Director	Giedrius Balčiūnas		
			24 February 2017
Director of Economics	Paulius Vazniokas		

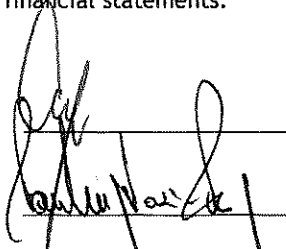
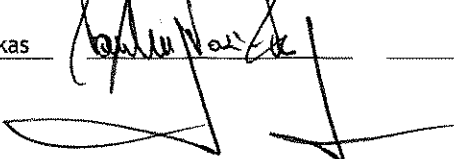
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CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
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Statement of changes in equity
For the 12 months ended 31st December 2016

Group

	Equity attributable to equity holders of the parent					Total
	Share capital	Currency translation reserve	Legal reserve	Cash flow hedge reserve	Retained earnings	
Balance as at 31 December 2014	5,792	(62)	797	(428)	11,814	17,913
Net profit for the year	-	-	-	-	18,819	18,819
Other comprehensive income, net of tax	-	19	-	(553)	-	(534)
Total comprehensive income	-	19	-	(553)	18,819	18,285
Transfer to reserves	-	-	34	-	(34)	-
Change of share capital due to transition to euro	8	-	-	-	(8)	-
Dividends declared	-	-	-	-	(11,200)	(11,200)
Balance as at 31 December 2015	5,800	(43)	831	(981)	19,391	24,998
Net profit for the year	-	-	-	-	9,256	9,256
Other comprehensive income, net of tax	-	(90)	-	959	-	869
Total comprehensive income	-	(90)	-	959	9,256	10,125
Transfer to reserves	-	-	79	-	(79)	-
Dividends declared	-	-	-	-	(16,100)	(16,100)
Balance as at 31 December 2016	5,800	(133)	910	(22)	12,468	19,023

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

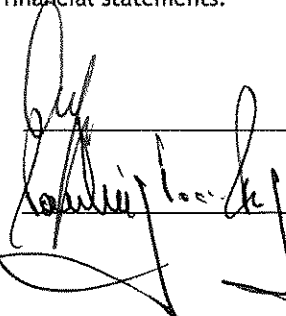
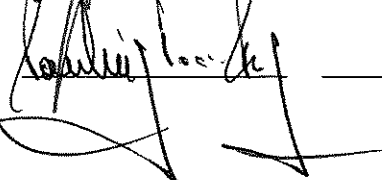
<u>General Director</u>	<u>Giedrius Balčiūnas</u>		<u>24 February 2017</u>
<u>Director of Economics</u>	<u>Paulius Vazniokas</u>		<u>24 February 2017</u>

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Company

	Share capital	Legal reserve	Cash flow hedge reserve	Retained earnings	Total
Balance as at 31 December 2014	5,792	579	48	11,228	17,647
Net profit for the year	-	-	-	16,120	16,120
Other comprehensive income, net of tax	-	-	25	-	25
Total comprehensive income	-	-	25	16,120	16,145
Change of share capital due to transition to euro	8	-	-	(8)	-
Dividends declared	-	-	-	(11,200)	(11,200)
Balance as at 31 December 2015	5,800	579	73	16,140	22,592
Net profit for the year	-	-	-	10,177	10,177
Other comprehensive income, net of tax	-	-	49	-	49
Total comprehensive income	-	-	49	10,177	10,226
Dividends declared	-	-	-	(16,100)	(16,100)
Balance as at 31 December 2016	5,800	579	122	10,217	16,718

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

General Director	Giedrius Balčiūnas		24 February 2017
Director of Economics	Paulius Vazniokas		24 February 2017

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Statements of cash flows
For the 12 months ended 31st December

	Group		Company	
	2016	2015	2016	2015
Cash flows from (to) operating activities				
Net profit	9,256	18,819	10,177	16,120
Adjustments for non-cash items:				
Income tax expenses	1,591	3,142	1,544	2,695
Depreciation and amortisation	2,479	2,487	141	148
Impairment of investment to joint venture	-	-	-	455
Allowance for doubtful accounts receivable	2	6	(5)	6
Loss on write-offs of non-current assets	-	-	-	-
Share of net profit of joint venture	18	(2)	-	-
Dividend (income)	-	-	(1,000)	(70)
Interest (income) expenses	738	871	89	112
Change in fair value of derivatives not designated as hedging instruments	(594)	-	(594)	-
Goodwill impairment	1,000	-	-	-
Change in accrued expenses	306	-	-	-
	14,796	25,323	10,352	19,466
Changes in working capital:				
(Increase) decrease in inventories and prepayments and other receivables from subsidiaries and joint venture	(450)	(56)	99	1,308
(Increase) decrease in accounts receivable and other current assets	1,247	2,935	2,628	1,983
(Decrease) increase in trade payables	1,125	(4,968)	1,084	(4,856)
Income tax (paid)	(3,815)	(1,823)	(3,646)	(1,775)
(Decrease) increase in other current liabilities	(193)	(966)	(302)	(934)
Net cash flows from operating activities	12,710	20,445	10,215	15,192
Cash flows from (to) investing activities				
(Acquisition) of non-current assets	(11)	(14)	(8)	(11)
(Increase) decrease in other non-current assets	(25)	169	2	170
Interest received	-	21	-	-
Dividends received	-	70	1,000	70
Net cash flows (to) investing activities	(36)	246	994	229

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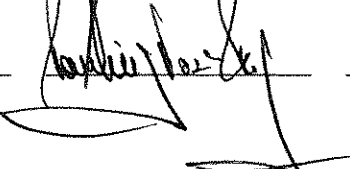
The accompanying notes are an integral part of these financial statements.

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CONSOLIDATED AND COMPANY'S FINANCIAL STATEMENTS
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Statements of cash flows (cont'd)

	Group		Company	
	2016	2015	2016	2015
Cash flows from (to) financing activities				
Dividends (paid)	(3,220)	(4,920)	(3,220)	(4,920)
Loans repaid	(21,226)	(6,351)	(17,926)	(3,051)
Interest (paid)	(738)	(877)	(89)	(95)
Financial lease (payments)	(34)	(16)	-	-
Net cash flows (to) financing activities	(25,218)	(12,164)	(21,235)	(8,066)
Net increase (decrease) in cash and cash equivalents	(12,544)	8,527	(10,026)	7,355
Cash and cash equivalents at the beginning of the year	19,755	11,228	15,707	8,352
Cash and cash equivalents as at the end of period	7,211	19,755	5,681	15,707

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

General Director	Giedrius Balčiūnas		24 February 2017
Director of Economics	Paulius Vazniokas		24 February 2017

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 4th 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

