



# BALTIC FARMLAND

## AB INVL Baltic Farmland Consolidated Interim Condensed Not-audited Financial Statements for the six months ended 30 June 2017

prepared in accordance with International Financial Reporting Standards as adopted by  
the European Union

**AB INVL BALTIC FARMLAND**

**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

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**DETAILS OF THE COMPANY**

**Board of Directors**

Mr. Alvydas Banys (chairman of the Board)  
Ms. Indrė Mišeikytė  
Mr. Darius Šulnis

**Management (director)**

Ms. Eglė Surplienė

**Principal place of business and company code**

Office address  
Gynėjų str. 14,  
Vilnius,  
Lithuania

Company code 303299781

**Banks**

AB DNB Bankas  
AB Šiaulių Bankas

The financial statements were approved and signed by the Management and the Board of Directors on 21 July 2017.



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Ms. Eglė Surplienė  
Director



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Mr. Raimondas Rajeckas  
Authorized person according to the  
agreement to conduct accounting

**AB INVL BALTIC FARMLAND****CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

**Consolidated statement of comprehensive income**

	Notes	1 <sup>st</sup> Half Year 2017	1 <sup>st</sup> Half Year 2016
<b>Revenue</b>		<b>269</b>	<b>258</b>
Other income		3	3
Land plots administration fees		(49)	(43)
Legal, professional and securities administration fees		(16)	(15)
(Allowance for) reversal of impairment of trade receivables	4	(5)	7
Direct property operating expenses		-	-
Employee benefits expense		(5)	(2)
Other expenses		(7)	(2)
<b>Operating profit</b>		<b>190</b>	<b>206</b>
Finance costs		-	-
<b>Profit before income tax</b>		<b>190</b>	<b>206</b>
Income tax expense	7	(28)	(29)
<b>NET PROFIT FOR THE YEAR</b>		<b>162</b>	<b>177</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>162</b>	<b>177</b>
Attributable to:			
Equity holders of the parent		162	177
Basic and diluted earnings per share (in EUR)	8	0.05	0.05

**AB INVL BALTIC FARMLAND****CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

**Interim consolidated statement of financial position**

	Notes	As at 30 June 2017	As at 31 December 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	3	12,335	12,335
<b>Total non-current assets</b>		<b>12,335</b>	<b>12,335</b>
<b>Current assets</b>			
Trade and other receivables	4	269	82
Prepayments and deferred charges		2	6
Cash and cash equivalents		177	209
<b>Total current assets</b>		<b>448</b>	<b>297</b>
<b>Total assets</b>		<b>12,783</b>	<b>12,632</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	6	955	955
Own shares	6	(203)	(203)
Share premium		1,387	1,387
Reserves		3,232	3,231
Retained earnings		5,908	5,973
<b>Total equity</b>		<b>11,279</b>	<b>11,343</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liability		1,129	1,121
Advances received		21	-
<b>Total non-current liabilities</b>		<b>1,150</b>	<b>1,121</b>
<b>Current liabilities</b>			
Trade payables		42	118
Income tax payable		20	31
Deferred revenue	4	269	-
Other current liabilities		23	19
<b>Total current liabilities</b>		<b>354</b>	<b>168</b>
<b>Total liabilities</b>		<b>1,504</b>	<b>1,289</b>
<b>Total equity and liabilities</b>		<b>12,783</b>	<b>12,632</b>

**AB INVL BALTIC FARMLAND**
**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

**Consolidated statements of changes in equity**

Group	Notes	Reserves						Total
		Share capital	Own shares	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
<b>Balance as at 31 December 2016</b>		<b>955</b>	<b>(203)</b>	<b>1,387</b>	<b>152</b>	<b>3,079</b>	<b>5,973</b>	<b>11,343</b>
Net profit for the 6 months ended 30 June 2017		-	-	-	-	-	162	<b>162</b>
<b>Total comprehensive income for the 6 months ended 30 June 2017</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to reserves		-	-	-	1	-	(1)	-
Dividends approved	5	-	-	-	-	-	(226)	<b>(226)</b>
<b>Total transactions with owners of the Company, recognised directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>(227)</b>	<b>(226)</b>
<b>Balance as at 30 June 2017</b>		<b>955</b>	<b>(203)</b>	<b>1,387</b>	<b>153</b>	<b>3,079</b>	<b>5,908</b>	<b>11,279</b>

Group	Notes	Reserves						Total
		Share capital	Own shares	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings	
<b>Balance as at 31 December 2015</b>		<b>955</b>	<b>-</b>	<b>1,387</b>	<b>144</b>	<b>3,079</b>	<b>5,005</b>	<b>10,570</b>
Net profit for the 6 months ended 30 June 2016		-	-	-	-	-	177	<b>177</b>
<b>Total comprehensive income for the 6 months ended 30 June 2016</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>177</b>	<b>177</b>
Own shares buy back	6	-	(203)	-	-	-	-	<b>(203)</b>
Transfer to reserves		-	-	-	8	-	(8)	-
Dividends approved	5	-	-	-	-	-	(217)	<b>(217)</b>
<b>Total transactions with owners of the Company, recognised directly in equity</b>		<b>-</b>	<b>(203)</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>(225)</b>	<b>(420)</b>
<b>Balance as at 30 June 2016</b>		<b>955</b>	<b>(203)</b>	<b>1,387</b>	<b>152</b>	<b>3,079</b>	<b>4,957</b>	<b>10,327</b>

**Consolidated statement of cash flows**

	Notes	1 <sup>st</sup> Half Year 2017	1 <sup>st</sup> Half Year 2016
<b>Cash flows from (to) operating activities</b>			
Net profit for the period		162	177
<b>Adjustments for non-cash items and non-operating activities:</b>			
Deferred taxes	7	8	9
Current income tax expenses	7	20	20
Allowances	4	5	(7)
<b>Changes in working capital:</b>			
Decrease (increase) in trade and other receivables		71	62
Decrease (increase) in other current assets		4	(12)
(Decrease) increase in trade payables		(80)	(83)
(Decrease) increase in other liabilities		22	-
<b>Cash flows (to) from operating activities</b>		<b>212</b>	<b>166</b>
Income tax paid		(25)	(27)
<b>Net cash flows (to) from operating activities</b>		<b>187</b>	<b>139</b>
<b>Cash flows from (to) investing activities</b>			
Acquisition of investment properties		-	-
<b>Net cash flows from (to) investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from (to) financing activities</b>			
Cash flows related to Group owners			
Acquisition of own shares	6	-	(203)
Dividends paid to equity holders of the parent		(219)	(198)
		(219)	(401)
<b>Net cash flows (to) from financing activities</b>		<b>(219)</b>	<b>(401)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(32)</b>	<b>(262)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>209</b>	<b>367</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>177</b>	<b>105</b>

**AB INVL BALTIC FARMLAND****INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

**Notes to the interim condensed financial statements****1 General information**

AB INVL Baltic Farmland (hereinafter the Company) is a joint stock company registered in the Republic of Lithuania. It was established on 29 April 2014, following the split-off of 14.45% assets, equity and liabilities from AB Invalda INVL (code 121304349). Entities, which business is investment into agricultural land and its rent, were transferred to the Company.

The address of the office is Gynėjų str. 14, Vilnius, Lithuania.

The Group consists of the Company and its directly owned subsidiaries (hereinafter the Group, Note 5 of annual financial statements for year ended 31 December 2016).

The Company manages shares of entities investing into agricultural land and provides finance. Now the Company has 100% in 18 companies owning more than 3 thousand hectares of agricultural land in Lithuania, that is rented to farmers and agricultural companies. The Company focuses on growth of quality of owned land and environmental sustainability. The Group is operated in one segment – agricultural land segment.

Investments into agricultural land are classified as long term and are recommended for investors who are satisfied with the return on rent and possible income from increase of agricultural land prices. Since prices of agricultural products are determined in the world markets, this investment allow to participate in the world food supply chain.

The Company's share capital is divided into 3,291,549 ordinary registered shares with the nominal value of EUR 0.29 each. All the shares of the Company were fully paid. Subsidiaries did not hold any shares of the Company. The Company owns 63,039 units of shares, which do not grant voting rights. The total amount of voting rights of the shares of the Company equals to 3,228,510 units. As at 30 June 2017 and 31 December 2016 the shareholders of the Company were (by votes)\*:

	As at 30 June 2017		As at 31 December 2016	
	Number of votes held	Percentage	Number of votes held	Percentage
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	977,751	30.29	977,751	30.29
Mrs. Irena Ona Mišeikienė	931,831	28.86	931,831	28.86
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	730,068	22.61	730,068	22.61
Mr. Alvydas Banys	252,875	7.83	252,875	7.83
Ms. Indrė Mišeikytė	64,450	2.00	64,450	2.00
Other minor shareholders	271,535	8.41	271,535	8.41
Total	<u>3,228,510</u>	<u>100.00</u>	<u>3,228,510</u>	<u>100.00</u>

\* One shareholder sold part of his shares under repo agreement (so did not hold the legal ownership title of shares), but he retained the voting rights of transferred shares.

The Company's shares are traded on the Baltic Secondary List of NASDAQ Vilnius from 4 June 2014.

## **AB INVL BALTIC FARMLAND**

### **INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

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## **2 Accounting policies**

### **Basis of preparation**

The interim condensed financial statements for the 6 months ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

### **Significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's and Company's annual financial statements for the year ended 31 December 2016.

## **3 Investment properties**

During 1<sup>st</sup> Half Year of 2017 and 2016 the Group has not acquired, nor sold investment properties. Investment properties are stated at fair value and are valued by accredited valuer UAB korporacija Matininkai using sales comparison method. The valuation was performed in December 2016. There were no significant changes in the market since the end of 2016 that could have an effect on the value of those investment properties, therefore the updated valuation was not performed as at 30 June 2017.

On 1 May 2014 changes to the Agricultural Land Acquisition temporary law entered into force, providing restrictions of the purchase of agricultural land (including restriction of purchase of shares in the legal entity owning agricultural land). These restrictions mean that the Group cannot purchase additional agricultural land and/or acquire shares in entities owning agricultural land. As a result of restrictions the land sale market in Lithuania became less liquid.

In January 2017 the Group received letters from Ministry of Transport and Communications informing about possibility to take for the purpose of Rail Baltica project 6 land plots owned by the Group. The Group has no right to sell, pledge, restructure or in any other way restrict rights to those land plots. Cumulative area of the above mentioned land plots is 91.8 ha, while the value of the plots in the statement of financial position was EUR 448 thousand as at 31 December 2016 and 30 June 2017. The Republic of Lithuania plans to finalize procedures of land redemption for public needs in the second half of 2018. Only after the procedures have been finalized will be clear how much of the land owned by the Group will be taken for the public needs and the size of the compensation received by the Group. The Group was informed that according to the preliminary results 11.47 ha of above mentioned land plots might possibly be taken for the public needs.

There were no other restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals during 1<sup>st</sup> Half Year of 2017 and 2016. No contractual obligations to purchase investment properties existed at the end of the period.



**AB INVL BALTIC FARMLAND****INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

**4 Trade and other receivables**

	<b>As at 30 June 2017</b>	<b>As at 31 December 2016</b>
Trade receivables, gross	282	94
Taxes receivable, gross	34	39
Less: allowance for doubtful trade and other receivables	(47)	(51)
	<b>269</b>	<b>82</b>

Changes in allowance for doubtful trade and other receivables for the 1<sup>st</sup> Half Year of 2017 and 2016 have been included within 'Allowance for (reversal of) impairment of trade receivables' in the statement of comprehensive income.

In the caption of statement of financial position 'Deferred revenue' is recognised current year's invoiced rental income, net of on a straight line basis recognised rental income for 1<sup>st</sup> Half Year of 2017 (EUR 269 thousand). This amount would be recognised as rental income during 3<sup>rd</sup> – 4<sup>th</sup> Quarters of current year.

As at 30 June 2017 and 31 December 2016 the Group's trade and other receivables with nominal value of EUR 76 thousand and 64 thousand were past due and impaired, respectively. The net amount of EUR 29 thousand is presented in the statement of financial position of the Group as at 30 June 2017 (31 December 2016 – EUR 13 thousand).

Movements in the allowance for accounts receivable of the Group (assessed individually) were as follows:

	<b>Individually impaired Group</b>
Balance as at 31 December 2016	51
Charge for the year	11
Write-offs charged against the allowance	(9)
Recoveries of amounts previously written-off	(6)
Balance as at 30 June 2017	<b>47</b>
	<b>Individually impaired Group</b>
Balance as at 31 December 2015	67
Charge for the year	-
Write-offs charged against the allowance	-
Recoveries of amounts previously written-off	(7)
Balance as at 30 June 2016	<b>60</b>

The ageing analysis of trade and other receivables of the Group are as follows:

	<b>Trade receivables neither past due nor impaired</b>	<b>Trade receivables past due but not impaired</b>				
		<b>Less than 30 days</b>	<b>30–90 days</b>	<b>91–180 days</b>	<b>More than 180 days</b>	<b>Total</b>
<b>As at 30 June 2017</b>	86	-	120	-	-	206
<b>As at 31 December 2016</b>	-	3	-	22	5	30

**AB INVL BALTIC FARMLAND****INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

**5 Dividends**

A dividend in respect of the year ended 31 December 2016 of EUR 0.07 per share, amounting to a total dividend of EUR 226 thousand, was approved at the annual general meeting on 22 March 2017.

A dividend in respect of the year ended 31 December 2015 of EUR 0.066 per share, amounting to a total dividend of EUR 217 thousand, was approved at the annual general meeting on 25 March 2016.

**6 Acquisition of own shares, changes in share capital**

From 25 April 2016 until 20 June 2016 the Company implemented share buy-back through the tender offer market. Maximum number of shares to be acquired was 70,000. Share acquisition price established at EUR 3.21 per share. During buy-back 63,039 shares (1.92% of share capital) were acquired for EUR 203 thousand, including brokerage fees. The acquired shares were settled on 22 June 2016. Acquired own shares do not have voting rights.

**7 Income tax**

	<u>1<sup>st</sup> Half Year 2017</u>	<u>1<sup>st</sup> Half Year 2016</u>
<b>Components of the income tax expenses</b>		
Current year income tax	(20)	(20)
Deferred income tax expenses	(8)	(9)
Income tax expenses charged to profit or loss – total	<u>(28)</u>	<u>(29)</u>

**8 Earnings per share**

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of shares for the six months ended 30 June 2017 was 3,228 thousand.

The weighted average number of shares for the six months ended 30 June 2016 was as follows:

<b>Calculation of weighted average for the six months ended 30 June 2016</b>	<b>Number of shares (thousand)</b>	<b>Par value (EUR)</b>	<b>Issued/182 (days)</b>	<b>Weighted average (thousand)</b>
Shares issued as at 31 December 2015	3,291	0.29	182/182	3,291
Acquired own shares as at 22 June 2016	(63)	0.29	8/182	(3)
Shares issued as at 30 June 2016	<u>3,228</u>	<u>0.29</u>		<u>3,288</u>

The following table reflects the income and share data used in the basic earnings per share computations:

	<u>1<sup>st</sup> Half Year 2017</u>	<u>1<sup>st</sup> Half Year 2016</u>
Net profit (loss), attributable to the equity holders of the parent	162	177
Weighted average number of ordinary shares (thousand)	<u>3,228</u>	<u>3,288</u>
Basic earnings (deficit) per share (EUR)	<u>0.05</u>	<u>0.05</u>

For 1<sup>st</sup> Half Year of 2017 and 2016 diluted earnings per share of the Group are the same as basic earnings per share.

**AB INVL BALTIC FARMLAND****INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

(all amounts are in EUR thousand unless otherwise stated)

**9 Related party transactions**

The related parties of the Group were the shareholders of the Company, who have significance influence (note 1), key management personnel, including companies under control or joint control of key management and shareholders having significant influence. AB Invalda INVL and the entities controlled by AB Invalda INVL are also considered to be related parties, because the shareholders of the Company, having significance influence, also have a joint control over AB Invalda INVL group through shareholders' agreement.

The Group's transactions with related parties during 1<sup>st</sup> half year of 2017 and related half year-end balances were as follows:

<b>1<sup>st</sup> Half Year 2017 Group</b>	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
AB Invalda INVL (accounting services)	-	7	-	-
UAB INVL Farmland Management (administration fees)	-	49	-	42
	-	56	-	42

In 2017 to the Board members, which are shareholders of the Company, were paid EUR 19 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 120 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 55 thousand of dividends, net of tax.

The Group's transactions with related parties during 1<sup>st</sup> half year of 2016 and related half year-end balances were as follows:

<b>1<sup>st</sup> Half Year 2016 Group</b>	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Receivables from related parties</b>	<b>Payables to related parties</b>
AB Invalda INVL (accounting services)	-	7	-	-
UAB INVL Farmland Management (administration fees)	-	43	-	26
	-	50	-	26

In 2016 to the Board members, which are shareholders of the Company, were paid EUR 18 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 115 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 53 thousand of dividends, net of tax.



# BALTIC FARMLAND

## CONFIRMATION OF RESPONSIBLE PERSONS

21 July 2017

Following the Rules on Preparation And Submission Of Periodic And Additional Information of the Bank of Lithuania and the Law on Securities (article 23) of the Republic of Lithuania, management of INVL Baltic Farmland, AB hereby confirms that, to the best of our knowledge, the attached Consolidated Interim Condensed Unaudited Financial Statements for the 6 months of 2017 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give true and fair view of the assets, liabilities, financial position and profit or loss of INVL Baltic Farmland and Consolidated Group. Present Consolidated Interim Report includes a fair review of the development and performance of the business and position of the company and the consolidated group in relation to the description of the main risks and contingencies faced thereby.

### ENCLOSURE:

1. INVL Baltic Farmland, AB Consolidated Interim Condensed Unaudited Financial Statements for 6 months of 2017.
2. INVL Baltic Farmland, AB Consolidated Interim Report for 6 months of 2017.

Director

Eglė Surplienė

Person authorised to conduct accounting

Raimondas Rajeckas