

AB INVL BALTIC FARMLAND

CONSOLIDATED INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2015 PREPARED ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN
UNION

AB INVL BALTIC FARMLAND

CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED
31 MARCH 2015

(all amounts are in EUR thousand unless otherwise stated)

GENERAL INFORMATION

Board of Directors

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

Management

Mr. Darius Šulnis (director)

Principal place of business and company code

Office address
Šeimyniškių Str. 1A,
Vilnius,
Lithuania

Company code 303299781

Banks

AB DNB Bankas
AB Šiaulių Bankas
"Swedbank", AB

The financial statements were approved and signed by the Management and the Board of Directors on 28 April 2015.



Mr. Darius Šulnis
Director



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

Management report

INVL Baltic Farmland has 100% in 18 companies owning more than 3 thousand hectares of agricultural land in the most fertile regions of Lithuania. For the year 2015 the rate of rented land has reached 99.9 percent of total. In the long time period the company seeks to gain profit from growth of rent as well as increase of land value.

The company's income in the first quarter of 2015 reached EUR 121 thousand while net profit amounted to EUR 116 thousand. INVL Baltic Farmland was established in April, 2014 therefore there is no comparable data.

Income for the first quarter of 2015 makes 26.9 percent of the forecasted total income for 2015 (EUR 450 thousand), while net profit makes almost half – 44.6 percent of the total forecasted net profit for 2015 (EUR 260 thousand). Better than forecasted results are due to the fact that administrative costs were lower than expected and EUR 24 thousand written-off debts were collected.

Equity of INVL Baltic Farmland in the end of March, 2015 was EUR 9,848 million or EUR 2.99 per share.

In April, 2015 INVL Baltic Farmland paid-out EUR 197 thousand dividends or EUR 0.06 per share.

According to valuation, which took place in the middle of 2014, the total value of the managed land was EUR 10.6 million, or EUR 3.5 thousand per hectare. Compared to evaluation passed in the end of 2013, land portfolio decreased by 1.2 percent.

Since May 2014 changes to the Agricultural Land Acquisition temporary law entered into force. Under these changes, the persons cannot acquire more than 500 hectares of agricultural land. Also, the amount of people having pre-emptive right to purchase the land was expanded. Restrictions define that persons who own more than 25 percent of shares in agricultural land companies, as well as persons who own more than 25 percent in several companies are held as related parties. Therefore, those willing to purchase additional agricultural land have to have documents proving that the person, during the last 10 years before the deal, was engaged in agricultural activity for at least 3 years and has declared his farmland as well as crop. For legal entities restrictions define that they have to additionally provide documents proving that more than 50 percent of their business annual income comes from farming activities and company is economically sound.

Lithuanian Ministry of Agriculture on 23 March 2015 made an announcement of a hearing together with social partners regarding the Agricultural Land Acquisition temporary law. During the hearing such significant issues as restriction to acquire more than 500 hectares of agricultural land, restrictions to use land for a minimum predetermined time for agricultural activities as well as qualification requirements. Taking into consideration the issues raised by the partners Ministry of Agriculture plans to give a project of the amended law for the public consideration of interested institutions as well as society and afterwards will give for the hearing of the Government.

AB INVL BALTIC FARMLAND**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED
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(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company statements of comprehensive income

	Notes	<u>1st Quarter 2015</u>
Revenue		121
Other income		3
Legal, professional and securities administration fees		(7)
Allowance for (reversal of) impairment of trade receivables	4	24
Direct property operating expenses		(1)
Employee benefits expense		(2)
Depreciation and amortisation		(1)
Other expenses		(5)
Operating profit		132
Finance costs		-
Profit before income tax		132
Income tax expense	6	(16)
NET PROFIT FOR THE YEAR		<u>116</u>
Other comprehensive income for the year, net of tax		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>116</u></u>
Attributable to:		
Equity holders of the parent		116
Basic and diluted earnings per share (in EUR)	7	0.04

AB INV L BALTIC FARMLAND**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED
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(all amounts are in EUR thousand unless otherwise stated)

Interim consolidated statement of financial position

	Notes	As at 31 March 2015	As at 31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment		-	1
Investment properties	3	10,558	10,558
Intangible assets		3	3
Deferred income tax asset		-	4
Total non-current assets		10,561	10,566
Current assets			
Trade and other receivables	4	326	23
Prepayments and deferred charges		1	1
Cash and cash equivalents		382	210
Total current assets		709	234
Total assets		11,270	10,800
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent			
Share capital		954	954
Own shares	8	(8)	(6)
Share premium		1,387	1,387
Reserves		3,219	3,219
Retained earnings		4,296	4,377
Total equity		9,848	9,931
Liabilities			
Non-current liabilities			
Deferred income tax liability		843	837
Total non-current liabilities		843	837
Current liabilities			
Trade payables		13	3
Income tax payable		15	9
Deferred revenue	4	273	-
Advances received		-	14
Other current liabilities	9	278	6
Total current liabilities		579	32
Total liabilities		1,422	869
Total equity and liabilities		11,270	10,800

AB INVL BALTIC FARMLAND**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2015**

(all amounts are in EUR thousand unless otherwise stated)

Consolidated statement of changes in equity

Group	Notes	Reserves						Total
		Share capital	Own shares	Share premium	Legal reserve	Reserve of purchase of own shares	Retained earnings (accumulated deficit)	
Balance as at 31 December 2014		954	(6)	1,387	132	3,087	4,377	9,931
Net profit for the 3 months ended 31 March 2015		-	-	-	-	-	116	116
Other comprehensive income for the 3 months ended 31 March 2015		-	-	-	-	-	-	-
Total comprehensive income (loss) for the 3 months ended 31 March 2015		-	-	-	-	-	116	116
Own shares buy back	8	-	(2)	-	-	-	-	(2)
Dividends approved	5	-	-	-	-	-	(197)	(197)
Total transactions with owners of the Company, recognised directly in equity		-	(2)	-	-	-	(197)	(199)
Balance as at 31 March 2015		954	(8)	1,387	132	3,087	4,296	9,848

Consolidated statement of cash flows

	Notes	<u>1st Quarter 2015</u>
Cash flows from (to) operating activities		
Net profit (loss) for the period		116
Adjustments for non-cash items and non-operating activities:		
Depreciation and amortization		1
Interest (income)		-
Interest expenses		-
Deferred taxes	6	10
Current income tax expenses	6	6
Allowances	4	<u>(24)</u>
Changes in working capital:		
Decrease (increase) in trade and other receivables		60
Decrease (increase) in other current assets		-
(Decrease) increase in trade payables		5
(Decrease) increase in other current liabilities		<u>-</u>
Cash flows (to) from operating activities		174
Income tax (paid)		<u>-</u>
Net cash flows (to) from operating activities		174
Cash flows from (to) investing activities		
Repayment of granted loans		-
Interest received		<u>-</u>
Net cash flows (to) investing activities		-
Cash flows from (to) financing activities		
Cash flows related to Group owners		
Cash received according to split-off terms		-
Acquisition of own shares	8	<u>(2)</u>
		(2)
Cash flows related to other sources of financing		
Repayment of loans		-
Interest paid		<u>-</u>
		-
Net cash flows (to) from financial activities		(2)
Net (decrease) increase in cash and cash equivalents		172
Cash and cash equivalents at the beginning of the period		210
Cash and cash equivalents at the end of the period		382

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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 LT (code 121304349). Entities, which business is investment into agricultural land and its rent, were transferred to the Company (hereinafter split-off).

The address of the office is as follows:

Šeimyniškių str. 1A,
Vilnius,
Lithuania.

Because the Company is established on 29 April 2014, these financial statements have not comparative figures for 1st Quarter of 2014.

The Company manages shares of entities investing into agricultural land. Now the Company has 100% in 18 companies owning more than 3 thousand hectares of agricultural land in Lithuania (detailed list of subsidiaries is presented below), 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 3,294,209 ordinary registered shares with the nominal value of LTL 1 each. All the shares of the Company were fully paid. Subsidiaries did not hold any shares of the Company. The Company owned 2,660 treasury shares. Given the fact that the treasury shares do not grant voting rights, the total amount of voting rights in INVL Baltic Farmland equalled to 3,291,549 units. As at 31 March 2015 the shareholders of the Company were (by votes)*:

	Number of votes held	Percentage
UAB LJB Investments	1,002,724	30.44
Mrs. Irena Ona Mišeikiene	952,072	28.90
UAB Lucrum Investicija	743,546	22.57
Mr. Alvydas Banys	252,875	7.68
Ms. Indrė Mišeikytė	65,758	2.00
Other minor shareholders	274,574	8.35
Total	<u>3,291,549</u>	<u>100.00%</u>

* Some shareholders have sold part of their shares under repo agreement (so did not hold the legal ownership title of shares), but they 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.

2 Accounting policies

Basis of preparation

The interim condensed financial statements for the 3 months ended 31 March 2015 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 2014.

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 2014, except adoption of new Standards and Interpretations as of 1 January 2015, noted below.

IFRIC 21 Levies

The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Annual Improvements to IFRSs 2013

The improvements consist of changes to four standards.

- The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented.
- IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself.
- The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9.
- IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

The amendments had no impact on the Group's financial statements for the 3 months ended 31 March 2015.

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3 Investment properties

During 1st Quarter of 2015 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 July 2014. There were no significant changes in the market from August 2014 that could have an effect on the value of those investment properties, therefore the updated valuation was not performed as at 31 March 2015.

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.

There were no other restrictions on the realisation of investment properties or the remittance of income and proceeds of disposals during 1st Quarter of 2015. No contractual obligations to purchase investment properties existed at the end of the period.

4 Trade and other receivables

	As at 31 March 2015	As at 31 December 2014
Trade receivables, gross	387	106
Accrued revenue	1	-
Taxes receivable, gross	1	4
Less: allowance for doubtful trade and other receivables	(63)	(87)
	326	23

Changes in allowance for doubtful trade and other receivables for the 1st Quarter of 2015 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 1st Quarter (EUR 273 thousand). This amount would be recognised as rental income during 2nd – 4th Quarters of current year.

As at 31 March 2015 and 31 December 2014 the Group's trade and other receivables with nominal value of EUR 81 thousand and 94 thousand were impaired, respectively. The net amount of EUR 18 thousand is presented in the statement of financial position of the Group as at 31 March 2015 (31 December 2014 – EUR 7 thousand).

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

	Individually impaired Group
Balance as at 31 December 2014	87
Charge for the year	-
Write-offs charged against the allowance	-
Recoveries of amounts previously written-off	(24)
Balance as at 31 March 2015	63

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4 Trade and other receivables (cont'd)

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

	Trade receivables neither past due nor impaired	Trade receivables past due but not impaired				Total
		Less than 30 days	30–90 days	90–180 days	More than 180 days	
As at 31 March 2015	305	-	-	1	-	306
As at 31 December 2014	-	-	2	-	10	12

5 Dividends

A dividend in respect of the year ended 31 December 2014 of EUR 0.06 per share, amounting to a total dividend of EUR 197 thousand, was approved at the annual general meeting on 24 March 2015.

6 Income tax

	<u>1st Quarter 2015</u>
Components of the income tax expenses	
Current year income tax	(6)
Deferred income tax expenses	(10)
Income tax expenses charged to profit or loss – total	<u>(16)</u>

7 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 three months ended 31 March 2015:

Calculation of weighted average for the three months ended 31 March 2015	Number of shares (thousand)	Par value (LTL)	Issued/90 (days)	Weighted average (thousand)
Shares issued as at 31 December 2014	3,292	1	90/90	3,292
Acquired own shares as at 2 March 2015	(1)	1	29/90	-
Shares issued as at 31 March 2015	<u>3,291</u>	<u>1</u>		<u>3,292</u>

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

	<u>1st Quarter 2015</u>
Net profit (loss), attributable to the equity holders of the parent (EUR thousand)	116
Weighted average number of ordinary shares (thousand)	<u>3,292</u>
Basic earnings (deficit) per share (EUR)	<u>0.04</u>

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8 Acquisition of own shares

From 29 January 2015 until 26 February 2015 the Company implemented share buy-back through the tender offer market. Maximum number of shares to be acquired was 16,471. Share acquisition price established at EUR 2.86 per share. During buy-back 710 shares (0.02% of share capital) were acquired for EUR 2 thousand, including brokerage fees. The acquired shares were settled on 2 March 2015. Acquired own shares do not have voting rights.

There was no decision of shareholders of the Company taken to reduce the share capital by cancelling own shares; therefore own shares with a normal value of EUR 3 thousand and acquisition value of EUR 8 thousand are presented on the statement of financial position as at 31 March 2015.

9 Other current liabilities

	As at 31 March 2015	As at 31 December 2014
Employee benefits	1	-
Dividends payables	197	-
Taxes payables	78	-
Other	2	6
Total other current liabilities	<u>278</u>	<u>6</u>

10 Related party transactions

The related parties of the Group were the shareholders of the Company (note 1), key management personnel, including companies under control or joint control of key management and shareholders having significant influence, the entities of the group of AB Invalda LT and entities of other groups, which were split-off from AB Invalda LT. The Group was established after the split-off from Invalda LT.

Interest income and expenses are presented in the 'sales' and 'purchases' columns, respectively.

The Group's transactions with related parties during 1st Quarter of 2015 and related quarter-end balances were as follows:

1st Quarter 2015 Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AB Invalda LT (accounting services)	-	5	-	6
AB FMJ Finasta (services to issuer)	-	1	-	1
	<u>-</u>	<u>6</u>	<u>-</u>	<u>7</u>

Liabilities to shareholders and management
(dividends, net of tax)*

-	183	-	-
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*The dividends payables, net of tax, to Board members, which are shareholders of the Company, are amounted to EUR 16 thousand.

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11 Material events of the Issuer from the beginning of the reporting period and since the date of the publish of the financial statements

- On 27 January 2015 INVL Baltic Farmland announced preliminary unaudited results for 12 months of 2014. Unaudited consolidated net profit as well as consolidated net profit attributable to shareholders of INVL Baltic Farmland amounted to EUR 90.7 thousand (LTL 313 thousand) for the period of 12 months of 2014. .
- On 27 January 2015 AB INVL Baltic Farmland announced an acquisition of own ordinary registered LTL 1 (one) nominal value shares. The acquisition was implemented through the market of official offer of NASDAQ Vilnius stock exchange. Share acquisition started on 29 January 2015. Share acquisition ended on 26 February 2015. Max number of shares to be acquired: 16,471. Share acquisition price: EUR 2.86 per share.
- On 26 February 2015 AB INVL Baltic Farmland announced it would buy-back 0.02% shares. AB INVL Baltic Farmland finished implementation of the share buy-back procedure. The company will acquire 0.02 % of own shares for the total amount of EUR 2.03 thousand without brokerage fees. AB INVL Baltic Farmland could purchase up to 16,471 shares. During the share buy-back procedure 710 units of shares were tendered. Every shareholder sold 100 % of offered shares for the price of EUR 2.86 per share.
- On 27 February 2015 AB INVL Baltic Farmland announced the audited results of AB INVL Baltic Farmland group for 12 months of 2014. Audited consolidated net profit as well as consolidated net profit attributable to shareholders of AB INVL Baltic Farmland amounted to EUR 89.5 thousand (LTL 309 thousand) of 2014. The profit covers the financial period of the company, starting from the company's establishment date 29 April 2014 and ending on 31 December 2014.
- On 27 February 2015 AB INVL Baltic Farmland announced, that the Board of AB INVL Baltic Farmland a company investing into agricultural land, approved its activity forecasts for 2015. Consolidated revenues of AB INVL Baltic Farmland are forecasted at EUR 450 thousand and net profit should amount to EUR 260 thousand.
- On 27 February 2015 AB INVL Baltic Farmland announced the results of AB INVL Baltic Farmland for 12 months of 2014. Consolidated net profit as well as consolidated net profit attributable to shareholders of AB INVL Baltic Farmland amounted to EUR 89.5 thousand (LTL 309 thousand) at the end of 2014. The profit covers the financial period of the company, starting from the company's establishment date 29 April 2014 and ending on 31 December 2014.
- On 2 March 2015 AB INVL Baltic Farmland informed about the amount of voting rights in AB INVL Baltic Farmland. AB INVL Baltic Farmland settled for treasury shares and acquired 710 units of shares (0.02 % of share capital) for the amount of EUR 2.03 thousand (without brokerage fee), during the share buy-back procedure, which took place from 29 January till 26 February 2015. The company paid EUR 2.86 for one share.
- On 24 March 2015 AB INVL Baltic Farmland announced the resolutions of the Shareholders Meeting of AB INVL Baltic Farmland. Shareholders of the public joint-stock company AB INVL Baltic Farmland were presented with the consolidated annual report of AB INVL Baltic Farmland and the independent auditor's report on the financial statements of AB INVL Baltic Farmland. The consolidated and company's financial statements for 2014 of the public joint-stock company AB INVL Baltic Farmland, the New Wording of the public joint-stock company AB INVL Baltic Farmland Articles of Association and the dividend payment policy were approved. The profit of the public joint-stock company AB INVL Baltic Farmland was distributed. It was decided to cancel owned 2,660 ordinary registered shares of the joint-stock company AB INVL Baltic Farmland, to decrease authorised capital of the joint-stock company AB INVL Baltic Farmland from LTL 3,294,209 to LTL 3,291,549. Also, the par value of one AB INVL Baltic Farmland share was been changed from LTL 1 to EUR 0.29 cents and the share capital was accordingly be reduced to EUR 954,549.21. An agreement with private limited company UAB INVL Farmland Management was approved. The agreement states transfer of administration of AB INVL Baltic Farmland and its subsidiaries to UAB INVL Farmland Management.
- On 24 March 2015 it was announced the annual information of the public joint - stock company AB INVL Baltic Farmland. We hereby announce the annual information (consolidated and Company's financial statements, consolidated annual report) and the confirmation of responsible persons of AB INVL Baltic Farmland for the year 2014.
- On 21 April 2015 AB INVL Baltic Farmland informed on the procedure for the payout of dividends for the year 2014. The General Shareholders Meeting of AB INVL Baltic Farmland decided to allocate EUR 0.06 dividend per share. Dividends will be paid to the shareholders who at the end of the tenth business day following the day of the General Shareholders Meeting that adopted a decision on dividend payment, i.e. on 8 April 2015 were shareholders of AB INVL Baltic Farmland.