



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)

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.



Ms. Eglė Surplienė
Director



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 st Half Year 2017	1 st Half Year 2016
Revenue		269	258
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)
Operating profit		190	206
Finance costs		-	-
Profit before income tax		190	206
Income tax expense	7	(28)	(29)
NET PROFIT FOR THE YEAR		162	177
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		162	177
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
ASSETS			
Non-current assets			
Investment properties	3	12,335	12,335
Total non-current assets		12,335	12,335
Current assets			
Trade and other receivables	4	269	82
Prepayments and deferred charges		2	6
Cash and cash equivalents		177	209
Total current assets		448	297
Total assets		12,783	12,632
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent			
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
Total equity		11,279	11,343
Liabilities			
Non-current liabilities			
Deferred income tax liability		1,129	1,121
Advances received		21	-
Total non-current liabilities		1,150	1,121
Current liabilities			
Trade payables		42	118
Income tax payable		20	31
Deferred revenue	4	269	-
Other current liabilities		23	19
Total current liabilities		354	168
Total liabilities		1,504	1,289
Total equity and liabilities		12,783	12,632

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	
Balance as at 31 December 2016		955	(203)	1,387	152	3,079	5,973	11,343
Net profit for the 6 months ended 30 June 2017		-	-	-	-	-	162	162
Total comprehensive income for the 6 months ended 30 June 2017		-	-	-	-	-	-	-
Transfer to reserves		-	-	-	1	-	(1)	-
Dividends approved	5	-	-	-	-	-	(226)	(226)
Total transactions with owners of the Company, recognised directly in equity		-	-	-	1	-	(227)	(226)
Balance as at 30 June 2017		955	(203)	1,387	153	3,079	5,908	11,279

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

Consolidated statement of cash flows

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

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)

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 1st 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 1st 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

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

Changes in allowance for doubtful trade and other receivables for the 1st 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 1st Half Year of 2017 (EUR 269 thousand). This amount would be recognised as rental income during 3rd – 4th 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:

	Individually impaired Group
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	47
	Individually impaired Group
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	60

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	91–180 days	More than 180 days	
As at 30 June 2017	86	-	120	-	-	206
As at 31 December 2016	-	3	-	22	5	30

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

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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>1st Half Year 2017</u>	<u>1st Half Year 2016</u>
Components of the income tax expenses		
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:

Calculation of weighted average for the six months ended 30 June 2016	Number of shares (thousand)	Par value (EUR)	Issued/182 (days)	Weighted average (thousand)
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>1st Half Year 2017</u>	<u>1st 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 1st 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 1st half year of 2017 and related half year-end balances were as follows:

1st Half Year 2017 Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
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 1st half year of 2016 and related half year-end balances were as follows:

1st Half Year 2016 Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
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.