

# AB INVL BALTIC FARMLAND

CONSOLIDATED INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016 PREPARED IN ACCORDANCE TO  
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 2016**

(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  
"Swedbank", AB

The financial statements were approved and signed by the Management and the Board of Directors on 20 July 2016.



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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 2016**

(all amounts are in EUR thousand unless otherwise stated)

**Consolidated statement of comprehensive income**

	Notes	1 <sup>st</sup> Half Year 2016	1 <sup>st</sup> Half Year 2015
<b>Revenue</b>		<b>258</b>	<b>230</b>
Other income		3	10
Land plots administration fees		(43)	-
Legal, professional and securities administration fees		(15)	(16)
Allowance for (reversal of) impairment of trade receivables	4	7	26
Direct property operating expenses		-	(1)
Employee benefits expense		(2)	(5)
Depreciation and amortisation		-	(1)
Other expenses		(2)	(6)
<b>Operating profit</b>		<b>206</b>	<b>237</b>
Finance costs		-	-
<b>Profit before income tax</b>		<b>206</b>	<b>237</b>
Income tax expense	7	(29)	(31)
<b>NET PROFIT FOR THE YEAR</b>		<b>177</b>	<b>206</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>177</b>	<b>206</b>
Attributable to:			
Equity holders of the parent		177	206
Basic and diluted earnings per share (in EUR)	8	0.05	0.06

**AB INVL BALTIC FARMLAND****CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

**Interim consolidated statement of financial position**

	Notes	As at 30 June 2016	As at 31 December 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	3	11,237	11,237
<b>Total non-current assets</b>		<b>11,237</b>	<b>11,237</b>
<b>Current assets</b>			
Trade and other receivables	4	237	54
Prepayments and deferred charges		19	7
Cash and cash equivalents		105	367
<b>Total current assets</b>		<b>361</b>	<b>428</b>
<b>Total assets</b>		<b>11,598</b>	<b>11,665</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)	-
Share premium		1,387	1,387
Reserves		3,231	3,223
Retained earnings		4,957	5,005
<b>Total equity</b>		<b>10,327</b>	<b>10,570</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liability		956	946
<b>Total non-current liabilities</b>		<b>956</b>	<b>946</b>
<b>Current liabilities</b>			
Trade payables		27	105
Income tax payable		20	28
Deferred revenue	4	238	-
Other current liabilities		30	16
<b>Total current liabilities</b>		<b>315</b>	<b>149</b>
<b>Total liabilities</b>		<b>1,271</b>	<b>1,095</b>
<b>Total equity and liabilities</b>		<b>11,598</b>	<b>11,665</b>

**AB INVL BALTIC FARMLAND**

**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(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 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	177
<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)	-	-	-	-	(203)
Transfer to reserves		-	-	-	8	-	(8)	-
Dividends approved	5	-	-	-	-	-	(217)	(217)
<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>

**AB INVL BALTIC FARMLAND**

**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

**Consolidated statements of changes in equity (cont'd)**

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 2014</b>		<b>954</b>	<b>(6)</b>	<b>1,387</b>	<b>132</b>	<b>3,087</b>	<b>4,377</b>	<b>9,931</b>
Net profit for the 6 months ended 30 June 2015		-	-	-	-	-	206	<b>206</b>
<b>Total comprehensive income for the 6 months ended 30 June 2015</b>		-	-	-	-	-	<b>206</b>	<b>206</b>
Own shares buy back	6	-	(2)	-	-	-	-	<b>(2)</b>
Decrease of share capital	6	-	8	-	-	(8)	-	-
The adjustment of the par value of the shares due to currency conversion to	6	1	-	-	-	-	(1)	-
Transfer to reserves		-	-	-	12	-	(12)	-
Dividends approved	5	-	-	-	-	-	(197)	<b>(197)</b>
<b>Total transactions with owners of the Company, recognised directly in equity</b>		<b>1</b>	<b>(6)</b>	<b>-</b>	<b>12</b>	<b>(8)</b>	<b>(210)</b>	<b>(199)</b>
<b>Balance as at 30 June 2015</b>		<b>955</b>	<b>-</b>	<b>1,387</b>	<b>144</b>	<b>3,079</b>	<b>4,373</b>	<b>9,938</b>

## Consolidated statement of cash flows

	Notes	<u>1<sup>st</sup> Half Year 2016</u>	<u>1<sup>st</sup> Half Year 2015</u>
<b>Cash flows from (to) operating activities</b>			
Net profit for the period		177	206
<b>Adjustments for non-cash items and non-operating activities:</b>			
Depreciation and amortization		-	1
Deferred taxes	7	9	15
Current income tax expenses	7	20	16
Allowances	4	(7)	(26)
<b>Changes in working capital:</b>			
Decrease (increase) in trade and other receivables		62	15
Decrease (increase) in other current assets		(12)	(7)
(Decrease) increase in trade payables		(83)	(1)
(Decrease) increase in other current liabilities		-	5
<b>Cash flows (to) from operating activities</b>		<b>166</b>	<b>224</b>
Income tax paid		(27)	(9)
<b>Net cash flows (to) from operating activities</b>		<b>139</b>	<b>215</b>
<b>Cash flows from (to) investing activities</b>			
Proceeds from sale of non-current assets (except for investment properties)		-	1
<b>Net cash flows (to) investing activities</b>		<b>-</b>	<b>1</b>
<b>Cash flows from (to) financing activities</b>			
Cash flows related to Group owners			
Acquisition of own shares	6	(203)	(2)
Dividends paid to equity holders of the parent		(198)	(191)
		(401)	(193)
Cash flows related to other sources of financing			
Repayment of borrowings		-	-
		-	-
<b>Net cash flows (to) from financing activities</b>		<b>(401)</b>	<b>(193)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(262)</b>	<b>23</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>367</b>	<b>210</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>105</b>	<b>233</b>

## AB INVL BALTIC FARMLAND

### INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(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 2015).

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 2016 and 31 December 2015 the shareholders of the Company were (by votes)\*:

	As at 30 June 2016		As at 31 December 2015	
	Number of votes held	Percentage	Number of votes held	Percentage
UAB LJB Investments (controlling shareholder Mr. Alvydas Banyš)	977,751	30.29	1,002,724	30.46
Mrs. Irena Ona Mišeikienė	931,831	28.86	952,072	28.92
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	730,068	22.61	743,546	22.59
Mr. Alvydas Banyš	252,875	7.83	252,875	7.69
Ms. Indrė Mišeikytė	64,450	2.00	65,758	2.00
Other minor shareholders	271,535	8.41	274,574	8.34
Total	<u>3,228,510</u>	<u>100.00</u>	<u>3,291,549</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.



## **2 Accounting policies**

### **Basis of preparation**

The interim condensed financial statements for the 6 months ended 30 June 2016 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 2015.

### **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 2015, except adoption of new Standards and Interpretations as of 1 January 2016, noted below.

A number of new or amended standards became applicable for the current reporting period:

- *Annual Improvements to IFRSs 2010-2012 Cycle* (effective for annual periods beginning on or after 1 February 2015);
- *Annual Improvements to IFRSs 2012-2014 Cycle* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 19 – *Defined benefit plans: Employee contributions* (effective for annual periods beginning on or after 1 February 2015);
- Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation Operations* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer plants* (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1: *Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2016).

However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. The amendments had no impact on the Group's financial statements for the six months ended 30 June 2016.

## **3 Investment properties**

During 1<sup>st</sup> Half Year of 2016 and 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 November 2015. There were no significant changes in the market from December 2015 that could have an effect on the value of those investment properties, therefore the updated valuation was not performed as at 30 June 2016.

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 1<sup>st</sup> Half Year of 2016 and 2015. 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 2016**

(all amounts are in EUR thousand unless otherwise stated)

**4 Trade and other receivables**

	<u>As at 30 June 2016</u>	<u>As at 31 December 2015</u>
Trade receivables, gross	278	85
Taxes receivable, gross	19	36
Less: allowance for doubtful trade and other receivables	(60)	(67)
	<u>237</u>	<u>54</u>

Changes in allowance for doubtful trade and other receivables for the 1<sup>st</sup> Half Year of 2016 and 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 1<sup>st</sup> Half Year of 2016 (EUR 238 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 2016 and 31 December 2015 the Group's trade and other receivables with nominal value of EUR 62 thousand and 80 thousand were past due and impaired, respectively. The net amount of EUR 2 thousand is presented in the statement of financial position of the Group as at 30 June 2016 (31 December 2015 – EUR 13 thousand).

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

	<u>Individually impaired Group</u>
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	<u>60</u>
	<u>Individually impaired Group</u>
Balance as at 31 December 2014	87
Charge for the year	-
Write-offs charged against the allowance	-
Recoveries of amounts previously written-off	(26)
Balance as at 30 June 2015	<u>61</u>

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	
<b>As at 30 June 2016</b>	90	-	-	124	2	216
<b>As at 31 December 2015</b>	-	-	3	-	2	5

## AB INVL BALTIC FARMLAND

### INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

(all amounts are in EUR thousand unless otherwise stated)

#### 5 Dividends

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.

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 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.

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.

According to the decision of shareholders 2,660 acquired own shares were cancelled, and the reserve for the acquisition of own shares was decreased by EUR 8 thousand. Also the par value of shares was changed from LTL 1 to EUR 0.29. The changes in share capital were registered in the Register of Legal entities on 5 June 2015. From 5 June 2015 the total authorised number of ordinary shares is 3,291,549 with the par value of EUR 0.29 per share, the Company's authorized share capital is equal to EUR 954,549.21.

#### 7 Income tax

	<u>1<sup>st</sup> Half Year 2016</u>	<u>1<sup>st</sup> Half Year 2015</u>
<b>Components of the income tax expenses</b>		
Current year income tax	(20)	(16)
Deferred income tax expenses	(9)	(15)
Income tax expenses charged to profit or loss – total	<u>(29)</u>	<u>(31)</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 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>

**AB INVL BALTIC FARMLAND****INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016**

(all amounts are in EUR thousand unless otherwise stated)

**8 Earnings per share (cont'd)**

The weighted average number of shares for the six months ended 30 June 2015 was as follows:

<b>Calculation of weighted average for the six months ended 30 June 2015</b>	<b>Number of shares (thousand)</b>	<b>Par value (EUR)</b>	<b>Issued/181 (days)</b>	<b>Weighted average (thousand)</b>
Shares issued as at 31 December 2014	3,292	0.29	181/181	3,292
Acquired own shares as at 2 March 2015	(1)	0.29	120/181	(1)
Shares issued as at 30 June 2015	<u>3,291</u>	<u>0.29</u>		<u>3,291</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 2016</u>	<u>1<sup>st</sup> Half Year 2015</u>
Net profit (loss), attributable to the equity holders of the parent	177	206
Weighted average number of ordinary shares (thousand)	<u>3,288</u>	<u>3,291</u>
Basic earnings (deficit) per share (EUR)	<u>0.05</u>	<u>0.06</u>

**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 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
	<u>-</u>	<u>50</u>	<u>-</u>	<u>26</u>

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.

The Group's transactions with related parties during 1<sup>st</sup> half year of 2015 and related half year-end balances were as follows:

<b>1<sup>st</sup> Half Year 2015 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	-	4
UAB INVL Farmland Management (sale of assets)	5	-	1	-
AB FMĶ Finasta (services to issuer)	-	2	-	-
	<u>5</u>	<u>9</u>	<u>1</u>	<u>4</u>

To the Board members, which are shareholders of the Company, were paid EUR 16 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 105 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 49 thousand of dividends, net of tax.