

AB INVL BALTIC FARMLAND

CONSOLIDATED INTERIM CONDENSED NOT-AUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 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 SIX MONTHS ENDED
30 JUNE 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

Ms. Eglė Surplienė (director from 30 June 2015)
Mr. Darius Šulnis (director, until 29 June 2015)

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
AB bankas "Finasta"

The financial statements were approved and signed by the Management and the Board of Directors on 21 July 2015.



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 2015

(all amounts are in EUR thousand unless otherwise stated)

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. Companies – land owners and joint-stock company INVL Baltic Farmland on 30 June 2015 have signed a basic property administration agreement with INVL Farmland Management which administrates agricultural land owned by the companies in order to ensure steady growth of income for the shareholders and the value of the land.

The company's income in the first half of 2015 reached EUR 230 thousand while net profit amounted to EUR 206 thousand. INVL Baltic Farmland was established in April, 2014 therefore 2014 data is not comparable.

Income for the first half of 2015 makes 51 percent of the forecasted total income for 2015 (EUR 450 thousand) and net profit makes almost four fifths – 79 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 26 thousand written-off debts were collected.

Equity of INVL Baltic Farmland in the end of June, 2015 was EUR 9.938 million or EUR 3.02 per share.

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

In the end of the first half of 2015 the total value of the managed land was EUR 10.6 million, or EUR 3.5 thousand per hectare. Next valuation of the land is planned for the end of 2015.

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.

Due to the restrictions INVL Baltic Farmland is unable to invest in agricultural land in Lithuania as well as is unable to take control in companies owning agricultural land.

AB INVL BALTIC FARMLAND**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2015**

(all amounts are in EUR thousand unless otherwise stated)

Consolidated and Company statements of comprehensive income

	Notes	1 st Half Year 2015	1 st Half Year 2014
Revenue		230	55
Other income		10	2
Legal, professional and securities administration fees		(16)	(10)
Allowance for (reversal of) impairment of trade receivables	4	26	1
Direct property operating expenses		(1)	(1)
Employee benefits expense		(5)	(4)
Depreciation and amortisation		(1)	(1)
Other expenses		(6)	(4)
Operating profit		237	38
Finance costs		-	-
Profit before income tax		237	38
Income tax expense	6	(31)	(5)
NET PROFIT FOR THE YEAR		206	33
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		206	33
Attributable to:			
Equity holders of the parent		206	33
Basic and diluted earnings per share (in EUR)	7	0.06	0.01

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

Consolidated and Company statements of comprehensive income (cont'd)

	Notes	2 nd Quarter 2015	2 nd Quarter 2014
Revenue		109	55
Other income		7	2
Legal, professional and securities administration fees		(9)	(10)
Allowance for (reversal of) impairment of trade receivables		2	1
Direct property operating expenses		-	(1)
Employee benefits expense		(3)	(4)
Depreciation and amortisation		-	(1)
Other expenses		(1)	(4)
Operating profit		105	38
Finance costs		-	-
Profit before income tax		105	38
Income tax expense		(15)	(5)
NET PROFIT FOR THE YEAR		90	33
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		90	33
Attributable to:			
Equity holders of the parent		90	33
Basic and diluted earnings per share (in EUR)		0.02	0.01

AB INVL BALTIC FARMLAND

**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2015**

(all amounts are in EUR thousand unless otherwise stated)

Interim consolidated statement of financial position

	Notes	As at 30 June 2015	As at 31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment		-	1
Investment properties	3	10,558	10,558
Intangible assets		2	3
Deferred income tax asset		-	4
Total non-current assets		10,560	10,566
Current assets			
Trade and other receivables	4	194	23
Prepayments and deferred charges		8	1
Cash and cash equivalents		233	210
Total current assets		435	234
Total assets		10,995	10,800
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent			
Share capital	8	955	954
Own shares	8	-	(6)
Share premium		1,387	1,387
Reserves		3,223	3,219
Retained earnings		4,373	4,377
Total equity		9,938	9,931
Liabilities			
Non-current liabilities			
Deferred income tax liability		848	837
Total non-current liabilities		848	837
Current liabilities			
Trade payables		7	3
Income tax payable		16	9
Deferred revenue	4	173	-
Advances received		-	14
Other current liabilities	9	13	6
Total current liabilities		209	32
Total liabilities		1,057	869
Total equity and liabilities		10,995	10,800

AB INVL BALTIC FARMLAND**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

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

AB INVL BALTIC FARMLAND**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

(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 for purchase of own shares	Retained earnings	
The Group's equity formed on 29 April 2014 under split-off conditions according to predecessor values method		954	-	1,387	132	3,087	4,288	9,848
Own shares buy back		-	-	-	-	-	-	-
Total transactions with owners of the Company, recognised directly in equity		954	-	1,387	132	3,087	4,288	9,848
Net profit for the 6 months ended 30 June 2014		-	-	-	-	-	33	33
Other comprehensive income for the 6 months ended 30 June 2014		-	-	-	-	-	-	-
Total comprehensive income for the 6 months ended 30 June 2014		-	-	-	-	-	33	33
Balance as at 30 June 2014		954	-	1,387	132	3,087	4,321	9,881

Consolidated statement of cash flows

	Notes	1 st Half Year 2015	1 st Half Year 2014
Cash flows from (to) operating activities			
Net profit (loss) for the period		206	33
Adjustments for non-cash items and non-operating activities:			
Depreciation and amortization		1	1
Interest (income)		-	-
Interest expenses		-	-
Deferred taxes	6	15	3
Current income tax expenses	6	16	2
Allowances	4	(26)	(1)
Changes in working capital:			
Decrease (increase) in trade and other receivables		15	(12)
Decrease (increase) in other current assets		(7)	(2)
(Decrease) increase in trade payables		(1)	1
(Decrease) increase in other current liabilities		5	-
Cash flows (to) from operating activities		224	25
Income tax (paid)		(9)	(2)
Net cash flows (to) from operating activities		215	23
Cash flows from (to) investing activities			
Proceeds from sale of non-current assets (except for investment properties)		1	-
Repayment of granted loans		-	480
Interest received		-	-
Net cash flows (to) investing activities		1	480
Cash flows from (to) financing activities			
Cash flows related to Group owners			
Cash received according to split-off terms		-	266
Acquisition of own shares	8	(2)	-
Dividends paid to equity holders of the parent		(191)	-
		(193)	266
Cash flows related to other sources of financing			
Repayment of loans		-	(657)
Interest paid		-	-
		-	(657)
Net cash flows (to) from financial activities		(193)	(391)
Net (decrease) increase in cash and cash equivalents		23	112
Cash and cash equivalents at the beginning of the period		210	-
Cash and cash equivalents at the end of the period		233	112

AB INVL BALTIC FARMLAND

INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

(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 (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, the comparative figures for 1st Half Year of 2014 covers period starting from 29 April 2014 and ending on 30 June 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 3,291,549 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. As at 30 June 2015 the shareholders of the Company were (by votes)*:

	Number of votes held	Percentage
UAB LJB Investments	1,002,724	30.46
Mrs. Irena Ona Mišeikiene	952,072	28.92
UAB Lucrum Investicija	743,546	22.59
Mr. Alvydas Banyš	252,875	7.69
Ms. Indrė Mišeikytė	65,758	2.00
Other minor shareholders	274,574	8.34
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 6 months ended 30 June 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.

From 1 January 2015 euro is the Company's and the Group's functional and presentation currency. The financial statements are presented in thousands of euro (EUR) and all values are rounded to the nearest thousand except when otherwise indicated. The previous year comparison information recalculated using the official litas to euro conversion ratio: 1 euro = 3.4528 litas.

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 6 months ended 30 June 2015.

AB INVL BALTIC FARMLAND

INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

(all amounts are in EUR thousand unless otherwise stated)

3 Investment properties

During 1st Half Year 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 30 June 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 Half Year of 2015. No contractual obligations to purchase investment properties existed at the end of the period.

4 Trade and other receivables

	As at 30 June 2015	As at 31 December 2014
Trade receivables, gross	237	106
Accrued revenue	6	-
Taxes receivable, gross	12	4
Less: allowance for doubtful trade and other receivables	(61)	(87)
	194	23

Changes in allowance for doubtful trade and other receivables for the 1st Half Year of 2015 and 2014 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 2015 (EUR 173 thousand). This amount would be recognised as rental income during 3rd – 4th Quarters of current year.

As at 30 June 2015 and 31 December 2014 the Group's trade and other receivables with nominal value of EUR 65 thousand and 94 thousand were impaired, respectively. The net amount of EUR 4 thousand is presented in the statement of financial position of the Group as at 30 June 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	(26)
Balance as at 30 June 2015	61

AB INVL BALTIC FARMLAND**INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

(all amounts are in EUR thousand unless otherwise stated)

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 30 June 2015	1	-	3	167	1	172
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

	1 st Half Year 2015	1 st Half Year 2014
Components of the income tax expenses		
Current year income tax	(16)	(2)
Deferred income tax expenses	(15)	(3)
Income tax expenses charged to profit or loss – total	(31)	(5)

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 30 June 2015:

Calculation of weighted average for the three months ended 30 June 2015	Number of shares (thousand)	Par value (EUR)	Issued/181 (days)	Weighted average (thousand)
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	3,291	0.29		3,291

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

	1 st Half Year 2015	1 st Half Year 2014
Net profit (loss), attributable to the equity holders of the parent (EUR thousand)	206	33
Weighted average number of ordinary shares (thousand)	3,291	3,294
Basic earnings (deficit) per share (EUR)	0.06	0.01

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8 Acquisition of own shares, changes in share capital

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.

9 Other current liabilities

	As at 30 June 2014	As at 31 December 2014
Employee benefits	-	-
Dividends payables	7	-
Taxes payables	4	-
Other	2	6
Total other current liabilities	<u>13</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 INVL and entities of other groups, which were split-off from AB Invalda INVL. The Group was established after the split-off from Invalda INVL.

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

The Group's transactions with related parties during 1st Half Year of 2015 and related half year-end balances were as follows:

1 st Half Year 2015 Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AB Invalda INVL (accounting services)	-	8	-	4
UAB INVL Farmland Management (sale of assets)	5	-	1	-
AB FMJ Finasta (services to issuer)	-	2	-	-
	<u>5</u>	<u>10</u>	<u>1</u>	<u>4</u>
Liabilities to shareholders and management (dividends, net of tax)	-	-	-	6

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.

AB INVL BALTIC FARMLAND**INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

(all amounts are in EUR thousand unless otherwise stated)

10 Related party transactions (cont'd)

The Group's transactions with related parties during 1st Half Year of 2014 and related half year-end balances were as follows:

1st Half Year 2014 Group	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
AB Invalda INVL (accounting services)	-	2	-	7
AB Invalda INVL (split-off)	-	-	17	-
	-	2	17	7
Liabilities to shareholders and management	-	-	-	-

11 Signing of the land plot administration agreement

The Group has signed land plot administration agreement with UAB INVL Farmland Management on 30 June 2015. UAB INVL Farmland Management, is a company owned by AB Invalda INVL. The agreement will be valid from 1 July 2015. According to the agreement management fees paid to UAB INVL Farmland Management will be 7% of annual rent revenues and 0,5% market capitalization of AB INVL Baltic Farmland. Success fee is also set and it consists of 20 percent from the share of the return exceeding the pre-determined annual return of 5 percent plus inflation. In the case of bad debts exceeding 5 percent of revenue surplus shall be fully compensated by UAB INVL Farmland Management. As consequence of the agreement in 2nd Half Year of 2015 the Group would be incurred assets' management fees.