



# BALTIC FARMLAND

**AB INVL Baltic Farmland Consolidated Interim  
Condensed Not-audited Financial Statements  
for the six months ended 30 June 2019**

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 2019**

(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**

Gynėjų str. 14,  
Vilnius,  
Lithuania


Company code 303299781

**Banks**

Luminor Bank AS Lithuanian Branch  
AB Šiaulių Bankas

The financial statements were approved and signed by the Management and the Board of Directors on 23 July 2019.

  
\_\_\_\_\_  
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 2019**

(all amounts are in EUR thousand unless otherwise stated)

**Condensed consolidated statement of comprehensive income**

	Notes	1 <sup>st</sup> Half Year 2019	1 <sup>st</sup> Half Year 2018
<b>Revenue</b>		<b>302</b>	<b>281</b>
Other income		-	1
Land plots administration fees		(51)	(55)
Legal, professional and securities administration fees		(20)	(15)
(Provision for) reversal of impairment of trade receivables	4	(50)	(36)
Direct property operating expenses			-
Employee benefits expense		(5)	(5)
Other expenses		(6)	-
<b>Operating profit</b>		<b>170</b>	<b>171</b>
Finance costs			-
<b>Profit before income tax</b>		<b>170</b>	<b>171</b>
Income tax expense	6	(33)	(31)
<b>NET PROFIT FOR THE YEAR</b>		<b>137</b>	<b>140</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>137</b>	<b>140</b>
Attributable to:			
Equity holders of the parent		137	140
Basic and diluted earnings per share (in EUR)	7	0.04	0.04

**AB INVL BALTIC FARMLAND****CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
30 JUNE 2019**

(all amounts are in EUR thousand unless otherwise stated)

**Condensed consolidated statement of financial position**

	Notes	As at 30 June 2019	As at 31 December 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	3	13,860	13,922
<b>Total non-current assets</b>		<b>13,860</b>	<b>13,922</b>
<b>Current assets</b>			
Trade and other receivables	4	388	155
Prepayments and deferred charges		3	1
Cash and cash equivalents		165	140
<b>Total current assets</b>		<b>556</b>	<b>296</b>
<b>Total assets</b>		<b>14,416</b>	<b>14,218</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		955	955
Own shares		(203)	(203)
Share premium		1,387	1,387
Reserves		3,237	3,237
Retained earnings		7,068	7,254
<b>Total equity</b>		<b>12,444</b>	<b>12,630</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liability		1,381	1,387
<b>Total non-current liabilities</b>		<b>1,381</b>	<b>1,387</b>
<b>Current liabilities</b>			
Trade payables		156	107
Income tax payable		39	50
Deferred revenue	4	302	-
Other current liabilities		94	44
<b>Total current liabilities</b>		<b>591</b>	<b>201</b>
<b>Total liabilities</b>		<b>1,972</b>	<b>1,588</b>
<b>Total equity and liabilities</b>		<b>14,416</b>	<b>14,218</b>

**AB INVL BALTIC FARMLAND**

**CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019**

(all amounts are in EUR thousand unless otherwise stated)

**Condensed 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 2018</b>		955	(203)	1,387	158	3,079	7,254	12,630
Net profit for the 6 months ended 30 June 2019		-	-	-	-	-	137	137
<b>Total comprehensive income for the 6 months ended 30 June 2019</b>		-	-	-	-	-	137	137
Transfer to reserves		-	-	-	-	-	-	-
Dividends approved	5	-	-	-	-	-	(323)	(323)
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	-	-	(323)	(323)
<b>Balance as at 30 June 2019</b>		955	(203)	1,387	158	3,079	7,068	12,444

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 2017</b>		955	(203)	1,387	153	3,079	6,631	12,002
Net profit for the 6 months ended 30 June 2018		-	-	-	-	-	140	140
<b>Total comprehensive income for the 6 months ended 30 June 2018</b>		-	-	-	-	-	140	140
Transfer to reserves		-	-	-	5	-	(5)	-
Dividends approved	5	-	-	-	-	-	(485)	(485)
<b>Total transactions with owners of the Company, recognised directly in equity</b>		-	-	-	5	-	(490)	(485)
<b>Balance as at 30 June 2018</b>		955	(203)	1,387	158	3,079	6,281	11,657

**Condensed consolidated statement of cash flows**

	Notes	<u>1<sup>st</sup> Half Year 2019</u>	<u>1<sup>st</sup> Half Year 2018</u>
<b>Cash flows from (to) operating activities</b>			
Net profit for the period		137	140
<b>Adjustments for non-cash items and non-operating activities:</b>			
Deferred taxes	6	(6)	4
Current income tax expenses	6	39	27
Allowances	4	50	36
<b>Changes in working capital:</b>			
Decrease (increase) in trade and other receivables		9	55
Decrease (increase) in other current assets		(2)	-
(Decrease) increase in trade payables		44	46
(Decrease) increase in other liabilities		74	87
<b>Cash flows (to) from operating activities</b>		<b>345</b>	<b>395</b>
Income tax paid		(50)	(45)
<b>Net cash flows (to) from operating activities</b>		<b>295</b>	<b>350</b>
<b>Cash flows from (to) investing activities</b>			
Acquisition of investment properties		-	-
Income from the sale of investment property		44	-
<b>Net cash flows from (to) investing activities</b>		<b>44</b>	<b>-</b>
<b>Cash flows from (to) financing activities</b>			
Cash flows related to Group owners			
Acquisition of own shares		-	-
Dividends paid to equity holders of the parent		(314)	(445)
		(314)	(445)
<b>Net cash flows (to) from financing activities</b>		<b>(314)</b>	<b>(445)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>25</b>	<b>(95)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>140</b>	<b>199</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>165</b>	<b>104</b>

## AB INVL BALTIC FARMLAND

### INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (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 (company 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 2018).

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 2019 and 31 December 2018 the shareholders of the Company were (by votes):

	As at 30 June 2019		As at 31 December 2018	
	Number of votes held	Percentage	Number of votes held	Percentage
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	977,751	30.28	977,751	30.28
Mrs. Irena Ona Mišeikienė	931,831	28.86	931,831	28.86
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	730,068	14.85	479,310	14.85
Mr. Alvydas Banys	252,875	7.83	252,875	7.83
Ms. Ilona Šulnienė	185,000	5.73	185,000	5.73
Ms. Greta Mišeikytė-Myers	65,758	2.04	65,758	2.04
Ms. Indrė Mišeikytė	64,450	2.00	64,450	2.00
Other minor shareholders	271,535	8.41	271,535	8.41
Total	3,228,510	100.00	3,228,510	100.00

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 2019

(all amounts are in EUR thousand unless otherwise stated)

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## 2 Accounting policies

### Basis of preparation

The interim condensed financial statements for the 6 months ended 30 June 2019 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 2018.

### 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 annual financial statements for the year ended 31 December 2018, except adoption of new Standards and Interpretations as of 1 January 2019, noted below.

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

- IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019);
- IFRIC 23 *Uncertainty over Income Tax Treatments* (effective for annual periods beginning on or after 1 January 2019);
- *Annual Improvements* to IFRSs 2015-2017 cycle (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation* (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement* (effective for annual periods beginning on or after 1 January 2019).

#### IFRS 16 *Leases*

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, that are continued to be applied by the Group. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The impact of the standard on the Group's financial statements for six months ended 30 June 2019 is non-material, because the Group are not party to any agreements as lessee.

The other amendments to existing standards and interpretation are not relevant to the Group.



## AB INVL BALTIC FARMLAND

### INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (all amounts are in EUR thousand unless otherwise stated)

#### 3 Investment properties

During 1<sup>st</sup> Half Year of 2019 and 2018 the Group has not acquired 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 2018. There were no significant changes in the market since the end of 2018 that could have an effect on the value of those investment properties, therefore the updated valuation was not performed as at 30 June 2019.

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, 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. The Group was informed that 11.23 ha of above mentioned land plots would be taken for the public needs. The ownership of these land plots was transferred to the State in first half-year of 2019. The Ministry engaged a qualified valuer who valued the land plots at amount of EUR 62 thousand, which was recognised on the Group's statement of financial position. The Group has no objections to the results of valuation of four out of six land plots, whereas for the remaining land plots (with the carrying value of EUR 18 thousand) the Group is litigated valuation and made bid for valuation of EUR 25 thousand.

In 2<sup>nd</sup> Quarter 2018 the Group received letters from Ministry of Transport and Communications informing about possibility to take for the purpose of construction and reconstruction of local roads, related to project of Rail Baltica, 8 land plots owned by the Group (77.2 ha, with the carrying amount of EUR 403 thousand). The Group has no right to sell, pledge, restructure or in any other way restrict rights to those land plots. The Group was informed that 6.56 ha of above mentioned land plots would be taken for the public needs. The value of the plots in the statement of financial position was EUR 36 thousand as at 31 December 2018 and 30 June 2019. The Republic of Lithuania plans to finalize procedures of land redemption for public needs in the second half of 2019. Only after the procedures have been finalized will be clear the size of the compensation received by the Group.

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 2019 and 2018. No contractual obligations to purchase investment properties existed at the end of the period.

#### 4 Trade and other receivables

	As at 30 June 2019	As at 31 December 2018
Trade receivables, gross	493	169
Accrued lease income, gross	48	48
Other receivables, gross	13	26
Taxes receivable, gross	6	34
<b>Total trade and other receivable, gross</b>	<b>560</b>	<b>277</b>
Less: provision for impairment of trade and other receivables	(110)	(60)
Less: Write off still subject to enforcement activity	(62)	(62)
<b>Trade and other receivable net of expected credit losses</b>	<b>388</b>	<b>155</b>

Other receivables are receivables from UAB INVL Farmland Management for compensation of past due trade receivables.

Changes in allowance for doubtful trade and other receivables for the 1<sup>st</sup> Half Year of 2019 and 2018 have been included within 'Provision 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 2019 (EUR 302 thousand). This amount would be recognised as rental income during 3<sup>rd</sup> – 4<sup>th</sup> Quarters of current year.

The Group's trade and other receivables are non-interest bearing and are generally with a credit term of 30 days.

**AB INVL BALTIC FARMLAND**
**INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019**  
 (all amounts are in EUR thousand unless otherwise stated)

**4 Trade and other receivables (cont'd)**

Movements in the accumulated impairment losses on credit impaired accounts receivable of the Group and in the write-off were as follows:

	Group		
	Impairment losses	Write off still subject to enforcement activity	Total
<b>Balance as at 31 December 2017</b>	<b>74</b>	-	<b>74</b>
Restatement according to application of IFRS 9	(36)	36	-
Charge for the 6 months ended 30 June 2018	44	-	44
Write-offs charged against the provision	(29)	29	-
Recoveries of amounts previously impaired or written off	(6)	(2)	(8)
<b>Balance as at 30 June 2018</b>	<b>47</b>	<b>63</b>	<b>110</b>
	Group		
	Impairment losses	Write off still subject to enforcement activity	Total
<b>Balance as at 31 December 2018</b>	<b>60</b>	<b>62</b>	<b>122</b>
Charge for the 6 months ended 30 June 2019	50	-	50
Write-offs charged against the provision	-	-	-
Recoveries of amounts previously impaired or written off	-	-	-
<b>Balance as at 30 June 2019</b>	<b>110</b>	<b>62</b>	<b>172</b>

The credit quality of trade receivables can be assessed on the ageing analysis disclosed below:

	Current	Less than 30 days	30-90 days	90-180 days	181 - 365 days	Credit impaired	Total
<b>As at 30 June 2019</b>							
Trade receivables net of write off	134	-	148	-	6	143	431
Accrued lease income	48	-	-	-	-	-	48
Other receivables	-	-	13	-	-	-	13
Expected credit losses	-	-	-	-	-	(110)	(110)
<b>Trade and other receivable net of expected credit losses</b>	<b>182</b>	<b>-</b>	<b>161</b>	<b>-</b>	<b>6</b>	<b>33</b>	<b>382</b>
<b>As at 31 December 2018</b>							
Trade receivables net of write off	1	4	-	15	2	85	107
Accrued lease income	48	-	-	-	-	-	48
Other receivables, gross	26	-	-	-	-	-	26
Expected credit losses	-	-	-	-	-	(60)	(60)
<b>Trade and other receivable net of expected credit losses</b>	<b>75</b>	<b>4</b>	<b>-</b>	<b>15</b>	<b>2</b>	<b>25</b>	<b>121</b>

The impairment losses for not credit impaired trade receivables is not recognised, because it is immaterial. As at 31 December 2018 trade receivables within aging group '90-180' days is secured by pledge of land plot owned by tenant, which value is higher than the gross amount of trade receivable.

**AB INVL BALTIC FARMLAND****INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019**  
(all amounts are in EUR thousand unless otherwise stated)**4 Trade and other receivables (cont'd)**

The ageing analysis of the credit impaired of trade receivables disclosed below:

	<u>Current</u>	<u>Less than 30 days</u>	<u>30–90 days</u>	<u>90–180 days</u>	<u>181 – 365 days</u>	<u>More than 1 years</u>	<u>Total</u>
Trade receivables net of write off as at 30 June 2018	-	-	59	-	3	81	143
Trade receivables net of write off as at 31 December 2018	-	3	-	-	73	9	85

**5 Dividends**

A dividend in respect of the year ended 31 December 2018 of EUR 0.10 per share, amounting to a total dividend of EUR 323 thousand, was approved at the annual general meeting on 22 March 2019.

A dividend in respect of the year ended 31 December 2017 of EUR 0.15 per share, amounting to a total dividend of EUR 485 thousand, was approved at the annual general meeting on 10 April 2018.

**6 Income tax**

	<u>1<sup>st</sup> Half Year 2019</u>	<u>1<sup>st</sup> Half Year 2018</u>
<b>Components of the income tax expenses</b>		
Current year income tax	(39)	(27)
Deferred income tax expenses	6	(4)
Income tax expenses charged to profit or loss – total	<u>(33)</u>	<u>(31)</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 six months ended 30 June 2018 and 30 June 2019 was 3,228 thousand.

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

	<u>1<sup>st</sup> Half Year 2019</u>	<u>1<sup>st</sup> Half Year 2018</u>
Net profit (loss), attributable to the equity holders of the parent	137	140
Weighted average number of ordinary shares (thousand)	<u>3,228</u>	<u>3,228</u>
Basic earnings (deficit) per share (EUR)	<u>0.04</u>	<u>0.04</u>

For 1<sup>st</sup> Half Year of 2019 and 2018 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 2019**  
(all amounts are in EUR thousand unless otherwise stated)**8 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 2019 and related half year-end balances were as follows:

<b>1<sup>st</sup> Half Year 2019 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)	-	51	13	154
	-	58	13	154

In 2019 to the Board members, which are shareholders of the Company, were paid EUR 27 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 146 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 85 thousand of dividends, net of tax.

The Group's transactions with related parties during 1<sup>st</sup> half year of 2018 and related half year-end balances were as follows:

<b>1<sup>st</sup> Half Year 2018 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	-	1
UAB INVL Farmland Management (administration fees)	-	55	-	78
	-	62	-	79

In 2018 to the Board members, which are shareholders of the Company, were paid EUR 40 thousand of dividends, net of tax. To the entities, which are controlled by the Board members, were paid EUR 232 thousand of dividends, net of tax and as at 30 June 2018 were owed EUR 24 thousand of dividends, net of tax. To the natural persons related to the Board members the Company paid EUR 119 thousand of dividends, net of tax.