



BALTIC FARMLAND

**AB INVL Baltic Farmland Consolidated Interim
Condensed Not-audited Financial Statements
for the six months ended 30 June 2020**

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 2020**

(all amounts are in EUR thousand unless otherwise stated)

DETAILS OF THE COMPANY

Board of Directors

Mr. Alvydas Banyys (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 24 July 2020.



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 2020**

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated statement of comprehensive income

	Notes	1 st Half Year 2020	1 st Half Year 2019
Revenue		307	302
Other income		1	-
Net gain from fair value adjustments on investment property	3	2	-
Land plots administration fees		(56)	(51)
Legal, professional and securities administration fees		(17)	(20)
(Provision for) reversal of impairment of trade receivables	4	(32)	(50)
Direct property operating expenses		-	-
Employee benefits expense		(5)	(5)
Other expenses		(2)	(6)
Operating profit		198	170
Finance costs		-	-
Profit before income tax		198	170
Income tax expense	6	(33)	(33)
NET PROFIT FOR THE YEAR		165	137
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		165	137
Attributable to:			
Equity holders of the parent		137	137
Basic and diluted earnings per share (in EUR)	7	0.05	0.04

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30 JUNE 2020**

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated statement of financial position

	Notes	As at 30 June 2020	As at 31 December 2019
ASSETS			
Non-current assets			
Investment properties	3	14,686	14,719
Total non-current assets		14,686	14,719
Current assets			
Trade and other receivables	4	531	302
Prepayments and deferred charges		1	2
Cash and cash equivalents		86	113
Total current assets		618	417
Total assets		15,304	15,136
EQUITY AND LIABILITIES			
Equity			
Equity attributable to equity holders of the parent			
Share capital		955	955
Own shares		(203)	(203)
Share premium		1,387	1,387
Reserves		3,237	3,237
Retained earnings		7,909	8,067
Total equity		13,285	13,443
Liabilities			
Non-current liabilities			
Deferred income tax liability		1,507	1,511
Total non-current liabilities		1,507	1,511
Current liabilities			
Trade payables		112	51
Income tax payable		37	81
Deferred revenue	4	307	-
Other current liabilities		56	50
Total current liabilities		512	182
Total liabilities		2,019	1,693
Total equity and liabilities		15,304	15,136

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CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

Condensed consolidated statements of changes in equity

Group	Notes	Reserves					Retained earnings	Total
		Share capital	Own shares	Share premium	Legal reserve	Reserve of purchase of own shares		
Balance as at 31 December 2019		955	(203)	1,387	158	3,079	8,067	13,443
Net profit for the 6 months ended 30 June 2020		-	-	-	-	-	165	165
Total comprehensive income for the 6 months ended 30 June 2020		-	-	-	-	-	165	165
Transfer to reserves		-	-	-	-	-	-	-
Dividends approved	5	-	-	-	-	-	(323)	(323)
Total transactions with owners of the Company, recognised directly in equity		-	-	-	-	-	(323)	(323)
Balance as at 30 June 2020		955	(203)	1,387	158	3,079	7,909	13,285

Group	Notes	Reserves					Retained earnings	Total
		Share capital	Own shares	Share premium	Legal reserve	Reserve of purchase of own shares		
Balance as at 31 December 2018		955	(203)	1,387	158	3,079	7,254	12,630
Net profit for the 6 months ended 30 June 2019		-	-	-	-	-	137	137
Total comprehensive income for the 6 months ended 30 June 2019		-	-	-	-	-	137	137
Transfer to reserves		-	-	-	-	-	-	-
Dividends approved	5	-	-	-	-	-	(323)	(323)
Total transactions with owners of the Company, recognised directly in equity		-	-	-	-	-	(323)	(323)
Balance as at 30 June 2019		955	(203)	1,387	158	3,079	7,068	12,444

Condensed consolidated statement of cash flows

	Notes	<u>1st Half Year 2020</u>	<u>1st Half Year 2019</u>
Cash flows from (to) operating activities			
Net profit for the period		165	137
Adjustments for non-cash items and non-operating activities:			
Net gains from fair value adjustments on investment property		(2)	
Deferred taxes	6	(4)	(6)
Current income tax expenses	6	37	39
Allowances	4	32	50
Changes in working capital:			
Decrease (increase) in trade and other receivables		46	9
Decrease (increase) in other current assets		1	(2)
(Decrease) increase in trade payables		55	44
(Decrease) increase in other liabilities		-	74
Cash flows (to) from operating activities		330	345
Income tax paid		(81)	(50)
Net cash flows (to) from operating activities		249	295
Cash flows from (to) investing activities			
Acquisition of investment properties		-	-
Income from the sale of investment property		38	44
Net cash flows from (to) investing activities		38	44
Cash flows from (to) financing activities			
Cash flows related to Group owners			
Acquisition of own shares		-	-
Dividends paid to equity holders of the parent		(314)	(314)
		(314)	(314)
Net cash flows (to) from financing activities		(314)	(314)
Net increase (decrease) in cash and cash equivalents		(27)	25
Cash and cash equivalents at the beginning of the period		113	140
Cash and cash equivalents at the end of the period		86	165

AB INVL BALTIC FARMLAND**INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(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 2019).

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. As at 30 June 2020 and 31 December 2019 the shareholders of the Company were:

	As at 30 June 2020		As at 31 December 2019	
	Number of shares held	Percentage	Number of shares held	Percentage
UAB LJB Investments (controlling shareholder Mr. Alvydas Banys)	977,751	29.70	977,751	29.70
Mrs. Irena Ona Mišeikienė	931,831	28.31	931,831	28.31
UAB Lucrum Investicija (sole shareholder Mr. Darius Šulnis)	469,628	14.27	479,310	14.56
Mr. Alvydas Banys	252,875	7.68	252,875	7.68
Ms. Ilona Šulnienė	185,000	5.62	185,000	5.62
Ms. Greta Mišeikytė	65,758	2.00	65,758	2.00
Ms. Indrė Mišeikytė	64,450	1.96	64,450	1.96
The Company (own shares)	63,039	1.92	63,039	1.92
Other minor shareholders	281,217	8.54	271,535	8.25
Total	<u>3,291,549</u>	<u>100.00</u>	<u>3,291,549</u>	<u>100.00</u>

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 2020

(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 2020 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 2019.

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 2019, except adoption of new Standards and Interpretations as of 1 January 2020, noted below.

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

- Amendments to the *Conceptual Framework for Financial Reporting* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IAS 1 and IAS 8: *Definition of materiality* (effective for annual periods beginning on or after 1 January 2020);
- *Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform* (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 3 *Business Combination: Definition of a business* (effective for annual periods beginning on or after 1 January 2020);

The amendments to existing standards are not relevant to the Group.

AB INVL BALTIC FARMLAND

INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

3 Investment properties

During 1st Half Year of 2020 and 2019 the Group has not acquired investment properties, except investment properties taken for the public needs. 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 2019. There were no significant changes in the market since the end of 2019 that could have an effect on the value of those investment properties, therefore the updated valuation was not performed as at 30 June 2020.

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 had 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 as at 31 December 2018. The Group had 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 finally agreed on valuation of EUR 23 thousand in 1st Half Year of 2019.

In 2nd Quarter 2019 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 had 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 2019. The ownership of these land plots was transferred to the State in first half-year of 2020, except one land plot, which transfer was registered in July 2020. The State paid for these land plots EUR 38 thousand and, therefore, in 1st Half Year of 2020 was recognised additionally gain of fair value adjustment of EUR 2 thousand.

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 2020 and 2019. No contractual obligations to purchase investment properties existed at the end of the period.

4 Trade and other receivables

	As at 30 June 2020	As at 31 December 2019
Trade receivables, gross	615	282
Accrued lease income, gross	65	65
Other receivables, gross	30	84
Taxes receivable, gross	14	38
Total trade and other receivable, gross	724	469
Less: provision for impairment of trade and other receivables	(144)	(110)
Less: Write off still subject to enforcement activity	(49)	(57)
Trade and other receivable net of expected credit losses	531	302

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 1st Half Year of 2020 and 2019 have been included within 'Provision for (reversal of) impairment of trade receivables' in the statement of comprehensive income.

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INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

(all amounts are in EUR thousand unless otherwise stated)

4 Trade and other receivables (cont'd)

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 2020 (EUR 307 thousand). This amount would be recognised as rental income during 3rd – 4th 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.

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
Balance as at 31 December 2018	60	62	122
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	-	-	-
Balance as at 30 June 2019	110	62	172

	Group		
	Impairment losses	Write off still subject to enforcement activity	Total
Balance as at 31 December 2019	110	57	167
Charge for the 6 months ended 30 June 2020	34	-	34
Write-offs charged against the provision	-	(6)	(6)
Recoveries of amounts previously impaired or written off	-	(2)	(2)
Balance as at 30 June 2020	144	49	193

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

	Current	Less than 30 days	30–90 days	91–180 days	181 – 365 days	Credit impaired	Total
As at 30 June 2020							
Trade receivables net of write off	43	-	250	-	2	271	566
Accrued lease income	65	-	-	-	-	-	65
Other receivables	-	-	30	-	-	-	30
Expected credit losses	-	-	(4)	-	-	(140)	(144)
Trade and other receivable net of expected credit losses	108	-	276	-	2	131	517
As at 31 December 2019							
Trade receivables net of write off	-	6	-	79	6	134	225
Accrued lease income	65	-	-	-	-	-	65
Other receivables, gross	84	-	-	-	-	-	84
Expected credit losses	-	-	-	(2)	(1)	(107)	(110)
Trade and other receivable net of expected credit losses	149	6	-	77	5	27	264

AB INVL BALTIC FARMLAND**INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

(all amounts are in EUR thousand unless otherwise stated)

4 Trade and other receivables (cont'd)

As at 31 December 2019 trade receivables of EUR 73 thousand within aging group '91-180' days is secured by pledge of land plots of 11.3 hectare. As at 30 June 2020 trade receivable of the customer was transferred to caption 'credit impaired' and amounted to EUR 138 thousand, from which EUR 66 thousand is attributed to aging group '181-365' days' and EUR 72 thousand are current.

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

	Current	Less than 30 days	30-90 days	91-180 days	181 - 365 days	More than 1 years	Total
Trade receivables net of write off as at 30 June 2020	72	-	-	-	68	131	271
Trade receivables net of write off as at 31 December 2019	-	1	-	-	59	74	134

5 Dividends

A dividend in respect of the year ended 31 December 2019 of EUR 0.10 per share, amounting to a total dividend of EUR 323 thousand, was approved at the annual general meeting on 23 March 2020.

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.

6 Income tax

	<u>1st Half Year 2020</u>	<u>1st Half Year 2019</u>
Components of the income tax expenses		
Current year income tax	(37)	(39)
Deferred income tax expenses	4	6
Income tax expenses charged to profit or loss – total	<u>(33)</u>	<u>(33)</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 2019 and 30 June 2020 was 3,228 thousand.

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

	<u>1st Half Year 2020</u>	<u>1st Half Year 2019</u>
Net profit (loss), attributable to the equity holders of the parent	165	137
Weighted average number of ordinary shares (thousand)	3,228	3,228
Basic earnings (deficit) per share (EUR)	<u>0,05</u>	<u>0,04</u>

For 1st Half Year of 2020 and 2019 diluted earnings per share of the Group are the same as basic earnings per share.

AB INVL BALTIC FARMLAND

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(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 1st half year of 2020 and related half year-end balances were as follows:

1st Half Year 2020 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)	-	56	30	111
	-	63	30	111

In 2020 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 1st half year of 2019 and related half year-end balances were as follows:

1st Half Year 2019 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)	-	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.

9 Impact of COVID-19

The Group was not significantly affected by the COVID-19 virus pandemic. Due to the quarantine announced in Lithuania, which lasted from 16 March 2020 to 16 June 2020, Group's operations were not disrupted, as the Group can perform all the operations remotely. The Group did not request or received any financial support due to the COVID-19 virus pandemic, as this was not relevant taking into account Group's operations. The Group's customers are farmers who lease land from the Group and whose activities were effected only a little by the COVID-19 virus pandemic. Their ability to pay the lease to the Group is more determined by the meteorological conditions that affects the harvest. No discounts were granted to farmers renting the land from the Group due to the effects of the COVID-19 virus.