



**Joint Stock Company
SIGULDAS CILTSLIETU UN
MĀKSLĪGĀS APSEKLOŠANAS
STACIJA**

**Unaudited
INTERIM REPORT
for the First Six Months of 2017**

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Information on the Company

Company's name	<i>SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA</i>
Company's legal status	<i>Joint stock company</i>
Registration number, place and date	<i>40003013295, Riga, 26 July 1991</i> <i>Registration in the Commercial Register on 19 June 2004</i>
Legal address	<i>'Kalnabeites' 8, Sigulda parish, Sigulda municipality, LV-2150</i>
Shareholders holding more than 5% of the total number of voting shares	<i>'Siguldas mākslīgās apsēklošanas stacija' Ltd. (49.92%), registration No. 40003311954</i> <i>Oļegs Radčenko (5.20%)</i> <i>Swedbank AS Clients account (5.07%)</i>
Members of the Management Board	<i>Nils Ivars Feodorovs, chairman of the Management Board</i> <i>Sarmīte Arcimoviča, member of the Management Board</i> <i>Valda Mālniece, member of the Management Board</i>
Members of the Supervisory Board	<i>Inīta Bedrīte, chairman of the Supervisory Board</i> <i>Maija Beča, deputy chairman of the Supervisory Board</i> <i>Jekaterina Kreise, member of the Supervisory Board</i> <i>Maruta Niedrīte, member of the Supervisory Board from 21.04.2017</i> <i>Ērika Everte, member of the Supervisory Board till 21.04.2017</i> <i>Solvīta Arcimoviča, member of the Supervisory Board till 21.04.2017</i>
Reporting period	<i>01.01.2017 – 30.06.2017</i>
Previous reporting period	<i>01.01.2016 – 30.06.2016</i>
Auditors	<i>Vija Dzene</i> <i>Sworn Auditor</i> <i>Certificate No. 108</i> <i>V. Dzenes Audits Ltd.</i> <i>Hospitalu street 8</i> <i>Riga, LV-1013, Latvia</i> <i>Sworn Auditors' Commercial Company's license No. 120</i>

Management Report

JSC 'Siguldas ciltslietu un mākslīgās apsēklošanas stacija' (hereinafter referred to as the Company) is one of the largest high-quality breeding bull semen producers and suppliers in Latvia. The second largest field of the Company's basic economic activities is the milk testing services. The Company also provides other breeding related services – consultations on issues of cattle breeding, feeding and keeping, evaluation of cow exterior, artificial insemination of cows, initial processing of the supervisory data.

The proportion of the revenue from the Company's basic economic activities, if compared to the first six months of 2016, had not changed substantially – the revenue from the sales of the bull semen comprised 52.6 % of the net turnover, whereas the milk laboratory services and processing of supervisory data services, taken together, accounted for 37.2 % of the net turnover.

Company's net turnover in the first six months of 2017 was 538.3 thousand euros, which is by 3.0 % bigger than in the first six months of 2016, whereas Company's profit before enterprise income tax was 61.5 thousand euros – by 20.4 % or 10.4 thousand euros bigger compared to the corresponding period in 2016.

The commercial profitability in the first six months of 2017 was 11.4 %, compared to 9.8 % in the corresponding period in 2016.

In the first six months of 2017 there are no major events that have affected the financial statement, as well as no significant risks that the company might be confronted with and which could have an impact on its financial position and financial performance.

By increasing the operational efficiency of its business, the Company will continue to work on the expansion of its marketed product and service volume.

Nils Ivars Feodorovs
*Chairman of the Management
Board*

Sarmīte Arcimoviča
*Member of the Management
Board*

Valda Mālniece
*Member of the Management
Board, Manager of the
Financial and Accounting
department*

16 August 2017

Profit or loss account

	Note	30.06.2017 EUR	30.06.2016 EUR
Net sales	3	538 268	522 842
a) from agricultural activities		538 268	522 842
Changes in stock of ready-made goods and unfinished products	4	9 827	19 453
Other operating income	5	25 602	15 831
Costs of materials:		(233 840)	(234 564)
a) raw materials and auxiliary costs of materials		(166 390)	(178 583)
b) other external costs		(67 450)	(55 981)
Personnel costs:	6	(223 095)	(219 253)
a) salaries for work		(175 704)	(172 322)
b) state social insurance compulsory contributions		(38 772)	(38 191)
c) other social insurance costs		(8 619)	(8 740)
Depreciation adjustments:		(23 667)	(23 026)
a) depreciation adjustments of fixed and intangible assets		(23 667)	(22 958)
b) depreciation adjustments of current assets which the company considers to be above the normal write-off amounts		-	(68)
Other operating costs	7	(31 628)	(30 242)
Earnings from shareholding:		-	15
a) in capitals of associated companies		-	15
Profit or loss before enterprise income tax		61 467	51 056
Enterprise income tax for the reporting year		(9 606)	(11 598)
Profit or loss after enterprise income tax calculation		51 861	39 458
The profit or loss for the year		51 861	39 458
Equity per 1 share (EPS)	19	0.123	0.093

Notes on pages 10 to 22 form an integral part of these financial statements.

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16 August 2017

Balance sheet

Assets	Note	30.06.2017 EUR	30.12.2016 EUR
Long-term investments			
Intangible assets			
Concessions, patents, licenses, trademarks and similar rights		1 162	1 332
Intangible assets total	8	1 162	1 332
Fixed assets (fixed assets, investment properties, biological assets)			
Fixed assets			
Immovable properties - land parcels, buildings and constructions		102 662	110 297
Technological equipment and machinery		6 957	9 850
Other fixed assets and inventory		23 840	44 004
Fixed assets total	9	133 459	164 151
Investment properties	10	87 000	87 000
Biological assets	11	49 634	58 786
Long-term financial investments			
Investments in capital of associated companies	12	-	84 053
Other securities and investments	13	684	683
Long-term financial investments total		684	84 736
Long-term investments total		271 939	396 005
Current assets			
Stock			
Raw materials, basic materials and auxiliary materials		9 000	13 992
Ready-made goods and goods for sale	14	679 636	634 513
Prepayments for goods		1 715	2 439
Stock total		690 351	650 944
Receivables			
Trade receivables	15	260 841	183 308
Other receivables	16	1 395	2 597
Prepaid expenses	17	3 265	10 584
Receivables total		265 501	196 489
Cash	18	370 763	364 575
Current assets total		1 326 615	1 212 008
Assets total		1 598 554	1 608 013

Balance sheet

Shareholders' equity and liabilities	Note	30.06.2017 EUR	30.12.2016 EUR
Shareholders' equity			
Share capital	19	591 416	591 416
Other reserves	20	1 213	1 213
Retained earnings or loss carried forward from previous years		872 141	850 185
Profit or loss of the reporting year		51 861	85 322
Shareholders' equity total		1 516 631	1 528 136
Payables			
Long-term payables			
Deferred tax liabilities	21	1 721	1 721
Long-term payables total		1 721	1 721
Short-term payables			
Prepayment received from customers		771	480
Trade payables		31 091	19 766
Taxes and social insurance payments	22	31 286	34 523
Other payables		10 731	17 064
Accrued liabilities	23	6 323	6 323
Short-term payables total		80 202	78 156
Payables total		81 923	79 877
Shareholders' equity and liabilities total		1 598 554	1 608 013

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16 August 2017

Cash flow statement

	Note	30.06.2017 EUR	30.06.2016 EUR
Cash flow from operating activities			
Income from sale of goods and provision of services		579 519	574 609
Payments to suppliers, employees, other expenses arising from basic operations		(612 419)	(555 373)
Gross cash flow from basic operations		(32 900)	19 236
Expenses for enterprise income tax payments		(7 688)	(10 167)
Net cash flow from operating activities		(40 588)	9 069
Cash flow from investing activities			
Purchase of capital shares of associated company		-	(99)
Income from dispossession of capital shares of associated company		92 948	-
Purchase of fixed assets and intangible investments		(4 355)	(7 236)
Income from dispossession of fixed assets		16 549	826
Received dividends		-	15
Net cash flow from investing activities		105 142	(6 494)
Cash flow from financing activities			
Subsidies received as a state support		5 411	4 691
Dividends paid		(63 366)	(42 244)
Net cash flow from financing activities		(57 955)	(37 553)
Result of foreign exchange rate fluctuations		(411)	(67)
Net increase or decrease of cash and its equivalents		6 188	(35 045)
Cash and its equivalents balance at the beginning of the reporting year		364 575	350 009
Cash and its equivalents balance at the end of the reporting year	18	370 763	314 964

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16 August 2017

Statement on changes in shareholders' equity

	Share capital	Other reserves	Retained earnings carried forward from previous years	Profit of the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR	EUR
31.12.2015	591 416	1 213	816 761	75 668	1 485 058
Profit of 2015 transferred to retained earnings of previous years	-	-	75 668	(75 668)	-
Dividends for 2015	-	-	(42 244)	-	(42 244)
Profit for the reporting year	-	-	-	39 458	39 458
30.06.2016	591 416	1 213	850 185	39 458	1 482 272
31.12.2016	591 416	1 213	850 185	85 322	1 528 136
Profit of 2016 transferred to retained earnings of previous years	-	-	85 322	(85 322)	-
Dividends for 2016	-	-	(63 366)	-	(63 366)
Profit of the reporting year	-	-	-	51 861	51 861
30.06.2017	591 416	1 213	872 141	51 861	1 516 631

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16 August 2017

Notes to the Financial Statements

(1) General information on the Company

JSC 'Siguldas ciltslietu un mākslīgās apsēklošanas stacija' (hereinafter - the Company) was registered in the Register of Enterprises of the Republic of Latvia on 26 July 1991 and was reregistered in the Commercial Register of the Republic of Latvia on 19 June 2004.

The Company's basic activities are agriculture and the types of business are as follows:

- production and sale of agricultural products – high-quality breeding animals semen,
- making of milk analyses,
- evaluation of cow exterior,
- artificial insemination of cows,
- milk recording data processing,
- animals breeding organization.

(2) Significant accounting principles

Underlying principles of preparation of the Financial Statements

The Company's Financial Statements have been prepared according to the Law *On Annual Reports and Consolidated Annual reports* of the Republic of Latvia. The Profit or Loss Account is been prepared based on classification according to expense types. The Cash Flow Statement was prepared according to the direct method.

Complying the regulation stated in Article 13 Part 5 Chapter 2 of the Law *On Annual Reports and Consolidated Annual reports*, the Company acknowledges, assesses, shows in its financial report and provides explicative information on investment properties, biological actives and deferred tax liabilities in compliance with the international accounting standards.

Accounting principles used

The items of the Financial Statements have been evaluated according to the following accounting principles:

- It is assumed that the Company will be a going concern;
- The same evaluation methods have been used, which were used in the previous year;
- Evaluation was done with sufficient prudence:
 - The Financial Statements include solely the profit gained until the balance sheet date,
 - All expected risk amounts and losses have been taken into account, which occurred during the reporting year or in previous years, also if they were known during a certain period of time between the balance sheets date and the day of preparing the Financial Statements,
 - All value decreasing and depreciation amounts have been taken into account irrespective whether the reporting year was closed with profit or loss;
- reporting year related income and costs were recognized irrespective of the payment date and the date of receipt or issuance of invoice. Costs have been agreed with the income in the reporting period;
- components of asset and liabilities items have been recognized separately;
- the opening balance of the reporting year agrees with the closing balance of the previous year;
- all items have been recognized, which materially influence assessment or decision-making process of the users of the annual report, insignificant items are merged and they are detailed in the Appendix;
- operating transactions in the reporting year have been recognized in the Financial Statements by taking into account their economic substance and contents, rather than legal form.

Financial instruments

Fair value of financial assets and liabilities

Fair value of financial assets and liabilities reflect the amount, for which it is possible to exchange assets or perform liabilities in a deal between well informed, interested and financially independent persons. If in the Company's management opinion, fair value of financial assets and liabilities materially differs from the value recognized in the balance sheet, then the fair value of these assets and liabilities is recognized in the Notes to the Financial Statements.

Notes to the Financial Statements

Financial risks management

Credit risk

The Company's management has developed credit policy, which is constantly controlled. Client evaluation is done for all customers above a fixed amount. The Company cooperates with clients who have proper credit assessment.

Currency risk

Based on the current structure of Company's financial assets and liabilities held in foreign currencies, the currency risk is not material.

Reporting period

The reporting period is six months from 1 January to 30 June 2017.

Revaluation of foreign currencies

The Company's functional currency and the currency used in the Financial Statements is euro (EUR). All transactions in foreign currencies are converted into euro according to the euro foreign exchange reference rate published by the European Central Bank on the day of particular transaction being performed.

Monetary assets and liabilities, which are shown in foreign currencies, are converted into euro according to the fixed euro foreign exchange reference rate published by the European Central Bank on the last day of the reporting period.

	30.06.2017	30.06.2016
USD	1.14120	1.11020

Currency exchange rate differences arising from settlements in currencies or when recognizing assets and liabilities by using currency exchange rates, which differ from the initial currency exchange rates used for accounting of transactions, are recognized in the profit or loss account in net value.

Recognition of income

Income is recognized according to the conviction about the Company's possibility to gain economic benefit and in the amount, in which it is possible to state it, less value added tax and sales-related discounts. When recognizing income, also the following provisions are taken into account.

Sale of goods

Income is recognized when the Company has transferred to the purchaser major risks and indemnities related to the title of goods.

Provision of services

Income from services is recognized in the period when the services are provided.

Penalty and delay charges

Income from penalty and delay charges is recognized at the moment of their receipt.

Interest

Income is recognized according to the respective period of time.

Long-term and short-term items

Long-term items include amounts whose receipt, payments or write-off terms are due later after the end of the respective reporting year. Amounts, which are receivable, payable or written off during the year, are recognized in short-term items.

Leasing transactions

Financial leasing

In cases when fixed assets are purchased on the conditions of financial leasing and the related risks and return are taken over, these fixed assets are recognized in the value, for which they could be purchased with immediate payment. Leasing interest payments and similar payments are included in the profit or loss account of that period when they occurred.

Notes to the Financial Statements

Intangible assets and fixed assets

In the balance sheet, all intangible assets and fixed assets are reflected at their purchase prices, less depreciation. Depreciation is calculated from the first date of the next month after their commissioning and finished on the first date of the subsequent month after it is excluded from fixed assets. Depreciation is calculated according to the straight line method and is written off during the useful life time of respective fixed assets by choosing the following annual depreciation rates as fixed by the management:

Intangible assets:

Licenses	5 years
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Fixed assets:

Buildings and constructions	10, 20, 25, 40 and 59 years
Equipment and machinery	5, 6 and 7 years
Computer hardware and communication equipment	5 years
Inventory and tools	3 and 5 years
Other fixed assets	2 and 3 years

Balances of fixed assets have been counted in the annual count of fixed assets.

Investment properties

Investment properties – land in possession of the stock company, which market value is expected to grow. Investment properties have been filed according to their purchase value. No later than at the end of the year of account the investments properties are being revalued according to their real market value considering any other activities related to particular property. The revaluation is performed by a certified evaluator. Any changes in the market value of the investments properties are being shown in the profit and loss account.

Biological assets

Biological assets are assets, which are characterized by regeneration and changes in value as a result of growth. The Company in biological assets includes breeding animals – breeding bulls which are kept for getting agricultural products for sale. Biological assets are recognized in the purchase value.

Stock

Stock is recognized in the lowest cost or net sales value. All stock is assessed by using the average weighted method.

Net sales value is the sales price of stock fixed during normal Company's operations, less the stock completion and selling costs. In cases when the stock net selling value is lower than their cost price, provisions are made for these stocks for decrease of their value down to the net sales value.

All direct costs, which are related to production of breeding animals - bull semen, during the year are booked in the profit or loss account and are adjusted at the end of the year when evaluating stocks according to the lowest sales value or cost price and including them in stocks as "Ready-made goods and goods for sale".

Notes to the Financial Statements

Trade receivables and other receivables

In the balance sheet receivables are recognized in the recoverable value, provisions for doubtful and bad receivables having been deducted. Provisions for doubtful and bad debts are made in cases when there is objective evidence to the fact that the Company will not be able to receive the debts in full value according to the initially fixed repayment dates. Provisions for doubtful and bad debts are the difference between the amortized purchase value of receivables and the recoverable value. The recoverable value of receivables is the current value of planned cash flow.

Provisions

Provisions are recognized when the Company has liabilities (legal or substantial) due to some past event and there is a probability that the performance of these liabilities will require outflow of economic resources from the Company, and the amount of liabilities can be fairly assessed.

Corporate income tax

Corporate income tax for the reporting period consists of the tax calculated for the reporting period and deferred tax. Corporate income tax is recognized in the profit or loss account.

Calculated tax

The tax calculated for the reporting period has been calculated in compliance with the requirements of the Law "On Corporate Income Tax" by fixing the taxable income and applying the statutory rate of 15%.

Deferred tax

Deferred corporate income tax is calculated for temporary time differences, which are caused due to differences in the value of assets and liabilities in the financial statements (book-keeping) and its value for tax purposes. The mentioned differences are mainly due to different fixed assets depreciation rates applied in tax and financial accounting, provisions made and losses transferred according to the Company's income tax declaration. Deferred tax is calculated by applying the statutory tax rate 15%.

Subsidies

Amounts, which are received as a state support for agricultural, i.e., for covering of expenses for maintaining high-quality breed bulls, are included in the income of that reporting period when they are received.

Use of assumptions

When preparing the financial statements, the Company's management has to make calculations and assumptions, which impact recognition of assets and liabilities included in the financial statements as at the day of preparing the financial statements, as well as the income and expenses recognized in the specific reporting period. Management has made profit or loss assessment and considers that the financial statements reflect the true financial condition based on all currently available information.

Notes to the Financial Statements

(3) Net sales

Sales include income gained during the year from the Company's basic activities – sales of products and provision of services without value added tax and less discounts.

Type of operations	30.06.2017 EUR	30.06.2016 EUR
Livestock sperm	282 884	265 610
Milk laboratory services	145 445	140 785
Treatment of supervisory data	54 763	56 807
Artificial insemination of livestock	20 621	19 911
Other income	34 555	39 729
	538 268	522 842

Distribution of net sales according to the geographical markets:

	30.06.2017 EUR	30.06.2016 EUR
Latvia	538 268	522 842
	538 268	522 842

(4) Changes in stock of ready-made goods and unfinished products

	30.06.2017 EUR	30.06.2016 EUR
Changes in sperm stock value	18 979	9 353
Breeding bulls herd value changes	(9 152)	10 100
	9 827	19 453

(5) Other operating income

	30.06.2017 EUR	30.06.2016 EUR
Profit from dispossession of capital shares of associated company	8 896	-
Profit from dispossession of fixed assets	5 000	826
Profit from foreign currency exchange rate fluctuations	803	-
State support for agricultural	5 410	4 691
Recovered doubtful and bad debts	5 339	10 312
Other income	154	2
	25 602	15 831

Notes to the Financial Statements

(6) Personnel costs

	30.06.2017	30.06.2016
	EUR	EUR
Salaries for work	166 918	165 210
Life insurance with cash value accrual	8 786	7 112
State social insurance contributions	38 772	38 191
Health insurance	7 601	7 583
Other costs	1 018	1 157
	223 095	219 253

(7) Other operating expenses

	30.06.2017	30.06.2016
	EUR	EUR
Insurance payments	3 678	3 808
Business trip expenses	4 155	2 817
Selling expenses	1 543	1 641
The costs of accreditation and employee training	1 781	1 003
The costs of security services	645	635
Taxes applied on the vehicles	810	166
Company's management and administrative expenses	5 064	6 987
Regulated securities market expenses	5 095	4 945
Loss from foreign currency exchange rate fluctuations	-	10
Employees' leisure and similar costs	2 850	2 301
Real estate tax	1 849	1 845
Other costs	4 158	4 084
	31 628	30 242

Notes to the Financial Statements

(8) Intangible assets

	Concessions, patents, licenses, trademarks and similar rights EUR
Initial value	
31.12.2016	2 725
Purchased	-
Disposed	-
30.06.2017	2 725
Accrued depreciation adjustments	
31.12.2016	1 393
Annual write-off of the value	170
Adjustments to accrued depreciation of excluded intangible assets	-
30.06.2017	1 563
Book value as at 31.12.2016	1 332
Book value as at 30.06.2017	1 162

	Concessions, patents, licenses, trademarks and similar rights EUR
Initial value	
31.12.2015	2 725
Purchased	-
Disposed	-
30.06.2016	2 725
Accrued depreciation adjustments	
31.12.2015	1 053
Annual write-off of the value	170
Adjustments to accrued depreciation of excluded intangible assets	-
30.06.2016	1 223
Book value as on 31.12.2015	1 672
Book value as on 30.06.2016	1 502

Notes to the Financial Statements

(9) Report on movement of fixed assets

	Land, buildings and constructions	Perennial plantings	Technological equipment and machinery	Other fixed assets and inventory	Total
	EUR	EUR	EUR	EUR	EUR
Initial value					
31.12.2016	362 641	15 376	324 376	295 103	997 496
Purchased	-	-	-	4 355	4 355
Dispossessed or liquidated	-	-	(2 499)	(21 597)	(24 096)
30.06.2017	362 641	15 376	321 877	277 861	977 755
Accrued depreciation adjustments					
31.12.2016	252 344	15 376	314 526	251 099	833 345
Calculated depreciation	7 635	-	2 893	12 969	23 497
Depreciation of dispossessed or liquidated fixed assets	-	-	(2 499)	(10 047)	(12 546)
30.06.2017	259 979	15 376	314 920	254 021	844 296
Book value as on 31.12.2016	110 297	-	9 850	44 004	164 151
Book value as on 30.06.2017	102 662	-	6 957	23 840	133 459

As on 30 June 2017, the cadastral value of **real estate – land and constructions** – was **EUR 158 087**.

	Land, buildings and constructions	Perennial plantings	Technological equipment and machinery	Other fixed assets and inventory	Total
	EUR	EUR	EUR	EUR	EUR
Initial value					
31.12.2015	362 641	15 376	324 376	276 408	978 801
Purchased	-	-	-	7 236	7 236
Dispossessed or liquidated	-	-	-	(6 897)	(6 897)
30.06.2016	362 641	15 376	324 376	276 747	979 140
Accrued depreciation adjustments					
31.12.2015	237 074	15 376	308 740	235 086	796 276
Calculated depreciation	7 635	-	2 893	12 260	22 788
Depreciation of dispossessed or liquidated fixed assets	-	-	-	(6 897)	(6 897)
30.06.2016	244 709	15 376	311 633	240 449	812 167
Book value as on 31.12.2015	125 567	-	15 636	41 322	182 525
Book value as on 30.06.2016	117 932	-	12 743	36 298	166 973

As on 30 June 2016, the cadastral value of **real estate – land and constructions** – was **EUR 158 087**.

Notes to the Financial Statements

(10) Investment properties

	Land EUR
Book value as on 31.12.2015	94 000
Increase/decrease of value due to revaluation	-
Book value as on 30.06.2016	94 000
Book value as on 31.12.2016	87 000
Increase/decrease of value due to revaluation	-
Book value as on 30.06.2017	87 000

(11) Biological assets

	Breeding bulls EUR
Book value as on 31.12.2015	61 779
Purchased	24 900
Dispossessed	(14 800)
Book value as on 30.06.2016	71 879
Book value as on 31.12.2016	58 786
Purchased	248
Dispossessed	(9 400)
Book value as on 30.06.2017	49 634

(12) Investments in capital of associated companies

	30.06.2017	31.12.2016
	% from total share capital	% from total share capital
	EUR	EUR
'Animal Breeders Association of Latvia' Ltd. (SIA „Latvijas šķirnes dzīvnieku audzētāju savienība”) Legal address: Republikas laukums 2, Rīga, LV-1010, Latvia	-	36,4
	-	84 053
	-	84 053

(13) Other securities and investments

	EUR
Purchase value as on 31.12.2016	683
Book value as on 31.12.2016	683
Purchase value as on 30.06.2017	684
Book value as on 30.06.2017	684

Notes to the Financial Statements

(14) Ready-made products and goods for sale

	30.06.2017 EUR	31.12.2016 EUR
Bull semen	667 677	625 570
Other goods for sale	11 959	8 943
	679 636	634 513

(15) Trade receivables

	30.06.2017 EUR	31.12.2016 EUR
Accounting value of trade receivables	292 009	219 815
Provisions for doubtful trade receivables	(31 168)	(36 507)
	260 841	183 308

(16) Other receivables

	30.06.2017 EUR	31.12.2016 EUR
VAT for received goods and services	275	664
Overpayment of enterprise income tax	-	1 918
Other receivables	1 120	15
	1 395	2 597

(17) Prepaid expenses

The item recognizes the costs made during the reporting year, but referring to the next reporting periods.

	30.06.2017 EUR	31.12.2016 EUR
Advertising costs	90	454
Insurance	3 156	8 193
Press and legislation updates' subscription	19	1 003
Server maintenance and similar costs	-	568
Other prepaid expenses	-	366
	3 265	10 584

(18) Cash in EUR and foreign currencies according to the European Central Bank's foreign exchange reference rates

Break-down of cash according to currencies:

		30.06.2017		31.12.2016	
		Currency	EUR	Currency	EUR
Cash in hand	EUR	-	3 564	-	1 961
Cash in bank	EUR	-	367 199	-	362 614
			370 763		364 575

Notes to the Financial Statements

(19) Share capital

Since 21 May 2007 Company's shares are quoted on the Second List of Nasdaq Riga Stock Exchange (ISIN code: LV0000100600). The Company's share capital has been formed of shareholders' investments.

The total number of shares as per 30.06.2017 is 422 440, the nominal value of one share is 1.40 euro.

The total number of shares as per 31.12.2016 was 422 440, the nominal value of one share – 1.40 euro.

	30.06.2017	31.12.2016
	EUR	EUR
Bearer shares with voting rights	590 016	590 016
Shares owned by the Board without voting rights	1 400	1 400
	591 416	591 416

421 440 shares or 99.8% of the share capital are bearer shares, which give equal rights to receive dividends, receipt of liquidation quota and voting rights in the Shareholders' Meeting.

Owners of 421 440 bearer shares according to the latest available full shareholders list requested from the Latvian Central Depository.

	2017	2016
	11.04.2017	31.10.2016
	%	%
'Siguldas mākslīgās apsēklošanas stacija' Ltd	49,92	49,92
Oļegs Radčenko	5,20	5,20
Swedbank AS Clients account	5,07	5,07
Inita Bedrīte, chairman of the Supervisory Board	0,26	0,26
Maija Beča, deputy chairman of the Supervisory Board	0,73	0,73
Jekaterina Kreise, member of the Supervisory Board	0,87	0,87
Maruta Niedrīte, member of the Supervisory Board from 21.04.2017	1,97	1,97
Ērika Everte, member of the Supervisory Board till 21.04.2017	0,52	0,52
Solvita Arcimoviča, member of the Supervisory Board till 21.04.2017	0,10	0,10
Sarmīte Arcimoviča, member of the Management Board	0,91	0,91
Valda Mālniece, member of the Management Board	3,31	3,31
Other shareholders	31,14	31,14
	100,00	100,00

1 000 shares or 0.24% of the share capital, which are not included in the regulated market, are personnel registered shares, which may be obtained only by Members of the Board, and they give equal rights only to receipt of dividend and liquidation quota.

Owners of the Company's personnel registered shares according to the Company's carried shareholders registry.

	30.06.2017	31.12.2016
	number	number
Nils Ivars Feodorovs, chairman of the Management Board	400	400
Sarmīte Arcimoviča, member of the Management Board	300	300
Valda Mālniece, member of the Management Board	300	300
	1 000	1 000

There are no share alienation restrictions, nor the necessity to receive the Company's or other shareholders' consent for alienation of shares.

There are no restrictions on voting rights, nor any other similar restrictions.

Notes to the Financial Statements

Profit per share

Profit per one share is calculated by dividing the profit of the reporting period with the average weighted number of shares during the year.

	30.06.2017 EUR	30.06.2016 EUR
Profit of the reporting period	51 861	39 458
Average weighted number of shares during the year	422 440	422 440
	0.123	0.093

(20) Other Reserves

	30.06.2017 EUR	31.12.2016 EUR
The difference of the share value resulting from the denomination of the Company's shares from lats to euro	1 213	1 213
	1 213	1 213

(21) Deferred tax liabilities

	30.06.2017 EUR	31.12.2016 EUR
Temporary differences in fixed assets depreciation	17 796	17 796
Calculated liabilities to personnel for unused vacation	(6 323)	(6 323)
Total temporary differences	11 473	11 473
Deferred tax liabilities at the beginning of the period	1 721	2 729
Increase or decrease	-	(1 008)
Deferred tax liabilities at the end of the period	1 721	1 721

(22) Taxes and social insurance payments

Tax type	30.06.2017 EUR	31.12.2016 EUR
Value added tax	14 789	12 703
Personal income tax	5 971	8 014
Social insurance payments	10 459	13 742
Nature resource tax	54	51
Business risk state fee	13	13
	31 286	34 523

Tax overpaid declared in position 'Other receivables'

Notes to the Financial Statements

(23) Accrued liabilities

	30.06.2017 EUR	31.12.2016 EUR
Calculated liabilities to personnel for unused vacation	6 323	6 323
	<u>6 323</u>	<u>6 323</u>

(24) Information on the number of management members and remuneration

	30.06.2017 EUR	30.06.2016 EUR
Remuneration to five Supervisory Board members for execution of functions, including social insurance payments	5 454	5 495
Remuneration to three Management Board members for execution of functions, including social insurance payments	21 356	21 356
Total remuneration to the management members	<u>26 810</u>	<u>26 851</u>

There are no special regulations put in place to regulate the election of the Management Board members, the change of the composition of the Management Board and amendments to the Articles of Association.

All Management Board members have equal Company's representation rights. The chairman of the Management Board represents the Company separately, but other Management Board members may represent the Company only collectively.

There is no agreement signed between the Company and the Management Board members ensuring any kind of compensation.

(25) Average number of employees

	30.06.2017	31.12.2016
Supervisory Board members (all employees perform the functions of the Supervisory Board member as an extra work in addition to principal work duties)	3	4
Management Board members (two employees perform the functions of the Management Board member as an extra work in addition to principal work duties)	3	3
Other employees	28	28
Total average number of employees	<u>34</u>	<u>35</u>

Report on Management Liability

Based on information at the Management Board's possession the interim report for the first six months of the year 2017 has been prepared according to the effective requirements of legislative enactments and provide a true and fair view of the joint stock company's 'Siguldas ciltslietu un mākslīgās apsēklošanas stacija' assets, liabilities, financial condition and profit, and the management report contains true information.

Interim report is prepared in accordance with the same item recognition and assessment principles which were used in the preparation of the annual report.

Interim report for the first six months of the year 2017 has not been audited by a sworn auditor.

Nils Ivars Feodorovs

*Chairman of the Management
Board*

Sarmīte Arcimoviča

*Member of the Management
Board, Manager of the
Production and Marketing
department*

Valda Mālniece

*Member of the Management
Board, Manager of the
Financial and Accounting
department*

16 August 2017