

Joint stock company
SIGULDAS CILTSLIETU UN
MĀKSLĪGĀS APSEĶĻOŠANAS
STACIJA

ANNUAL REPORT
for 2009

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Information on the Company

Company's name	<i>SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKĻOŠANAS 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 area, LV-2150</i>
Shareholders holding more than 5% of the total number of voting shares	<i>SIA „Siguldas mākslīgās apsēkļošanas stacija” (49.8%), registration No. 40003311954</i>
Members of the Board	<i>Nils Ivars Feodorovs, Chairman of the Board, holding 400 shares</i> <i>Sarmīte Arcimoviča, Member of the Board from 20.07.2009, holding 3 824 shares</i> <i>Valda Mālniece, Member of the Board, holding 14 260 shares</i> <i>Māra Buka, Member of the Board until 30.06.2009, holding 12 249 shares</i>
Members of the Council	<i>Inīta Bedrīte, Chairman of the Council, holding 1 084 shares</i> <i>Maija Beča, Deputy Chairman of the Council, holding 3 066 shares</i> <i>Ērika Everte, Member of the Council, holding 2 208 shares</i> <i>Solvīta Arcimoviča, Member of the Council, holding 430 shares</i> <i>Renīa Beķere, Member of the Council, holding 4 136 shares</i>
Reporting year	<i>01.01.2009 – 31.12.2009</i>
Auditors	<i>Anita Sondore</i> <i>Sworn Auditor</i> <i>Certificate No. 129</i> <i>AUDITS A.S., SIA</i> <i>„Pīlādži”, Līgatne parish,</i> <i>Līgatne area, LV-4108, Latvia</i> <i>Sworn Auditors' Commercial Company's license No. 27</i>

Management Report

Type of Operations

JSC „Siguldas ciltslietu un mākslīgās apsēklošanas stacija” (hereinafter referred to as the Company) is one of the largest high-quality breeding animals’ semen producers and suppliers in Latvia. The second largest Company’s basic area of business is making of milk analyses. In addition, the Company performs other related services – evaluation of cow exterior, artificial insemination of cows, immune-genetic investigation of origin for cattle, milk recording data processing.

Brief Description of Company’s Activities in the Reporting Year and Financial Condition

The Company’s turnover in 2009 was 715 thous. lats, which is by 106 thous. lats or 12.9% less than in 2008. The decrease of net turnover was mainly caused by the amendments in the regulation of allocation of state’s support for milk laboratories monitoring the quality of cow and goat milk from livestock under their supervision as well as for the date processing services of these data and the implemented price policy of the stock company.

Compared to 2008, the profit before taxes for the year of account has increased by 40 thous. lats and comprise 135 thous. lats. The major share of it (104 thous. lats) is from the increase of value of investment properties after revaluation.

The Company’s commercial profitability in 2009 was 18.9%, which is an increase of 7.3% points against the profitability of 2008.

Future Prospects and Further Development

By increasing the Company’s operational efficiency, the Company will continue to work in order to expand the scope of its products and the range of provided services.

Post-balance Sheet Events

During the time after the closing of the balance sheet and the day of signing this Report there were no major events or extraordinary conditions, which influence the result for the year and the Company’s financial condition.

Branches and representative offices abroad

The Company has no branches, nor representative offices abroad.

Proposals regarding the use of the Company’s profit or losses

The Board has a proposal to pay dividends from the profit for the year in the amount of 33 795 lats, which is 0.08 lats per share.



Nils Ivars Feodorovs
Chairman of the Board



Sarmīte Arcimoviča
Member of the Board



Valda Mālniece
Member of the Board

7 April 2010

Profit or loss account for the period ended 31 December 2009

	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Net sales	3	715 477	821 463	1 018 032	1 168 836
Changes in stock of ready-made goods and unfinished products	4	27 110	22 135	38 574	31 496
Other operating income	5	5 944	23 919	8 458	34 033
Costs of materials:		(258 985)	(342 436)	(368 503)	(487 243)
a) raw materials and auxiliary costs of materials		(192 852)	(235 920)	(274 404)	(335 684)
b) other external costs		(66 133)	(106 516)	(94 099)	(151 559)
Personnel costs:	6	(342 759)	(316 280)	(487 703)	(450 025)
a) salaries for work		(268 228)	(250 814)	(381 655)	(356 876)
b) state social insurance compulsory contributions		(64 181)	(60 368)	(91 321)	(85 896)
c) other social insurance costs		(10 350)	(5 098)	(14 727)	(7 253)
Write-off of assets and values:		(81 068)	(72 593)	(115 348)	(103 291)
a) depreciation of fixed assets and amortization of intangible assets		(69 578)	(72 166)	(99 000)	(102 682)
b) write-off of value of current assets above the normal deductions		(11 490)	(427)	(16 348)	(609)
Other operating costs	7	(30 931)	(36 381)	(44 012)	(51 765)
Other interest income and similar income	8	108 927	8 237	154 989	11 720
Interest payments and similar costs	9	(8 569)	(12 991)	(12 193)	(18 484)
Profit or losses before taxes		135 146	95 073	192 294	135 277
Enterprise income tax for the reporting year		(9 208)	(14 388)	(13 102)	(20 472)
Deferred tax costs	22	4 249	3 106	6 047	4 419
Other taxes	10	(1 091)	(913)	(1 552)	(1 299)
The profit or loss for the year		129 096	82 878	183 687	117 925
Equity per 1 share (EPS)	21	0.306	0.196	0.435	0.279

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



Nils Ivars Feodorovs
Chairman of the Board



Sarmīte Arcimoviča
Member of the Board



Valda Mālniece
Member of the Board

7 April 2010

Balance sheet as at 31 December 2009

Assets	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Long-term investments					
Intangible assets					
Concessions, patents, licenses, trade marks and similar rights		2	22	2	31
Intangible assets total	11	2	22	2	31
Fixed assets					
Land parcels, buildings and constructions and perennial plantings		155 767	169 845	221 637	241 669
Equipment and machinery		62 059	106 862	88 302	152 051
Other fixed assets and inventory		15 509	13 425	22 067	19 103
Prepayments for fixed assets		-	149	-	211
Fixed assets total	12	233 335	290 281	332 006	413 034
Investment properties	13	120 000	16 245	170 745	23 114
Biological assets		40 729	42 704	57 952	60 762
Long-term financial investments					
Other securities and investments	14	3 480	3 480	4 952	4 952
Long-term financial investments total		3 480	3 480	4 952	4 952
Long-term investments total		397 546	352 732	565 657	501 893
Current assets					
Stock					
Raw materials, basic materials and auxiliary materials		11 773	17 422	16 752	24 789
Ready-made goods and goods for sale	15	299 798	265 421	426 574	377 661
Prepayments for goods		397	1 314	565	1 869
Stock total		311 968	284 157	443 891	404 319
Receivables					
Trade receivables	16	82 704	79 076	117 677	112 515
Other receivables	17	8 194	3 970	11 659	5 649
Prepaid expenses	18	6 072	5 897	8 639	8 390
Receivables total		96 970	88 943	137 975	126 554
Short-term financial investments					
Other securities and shareholding in capitals	19	21 100	5 026	30 023	7 151
Short-term financial investments total		21 100	5 026	30 023	7 151
Cash	20	168 116	171 725	239 208	244 342
Current assets total		598 154	549 851	851 097	782 366
Assets total		995 700	902 583	1 416 754	1 284 259

Balance sheet as at 31 December 2009

Shareholders' equity and liabilities	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Shareholders' equity					
Share capital	21	422 440	422 440	601 078	601 078
Retained earnings:					
Retained earnings carried forward from previous years		359 638	310 555	511 719	441 880
Retained earnings of the reporting year		129 096	82 878	183 687	117 925
Shareholders' equity total		911 174	815 873	1 296 484	1 160 883
Payables					
Long-term payables					
Deferred tax liabilities	22	5 712	9 961	8 127	14 174
Long-term payables total		5 712	9 961	8 127	14 174
Short-term payables					
Prepayment received from customers		421	573	599	815
Trade payables		30 887	23 182	43 949	32 985
Taxes and social insurance payments	23	15 505	18 979	22 062	27 004
Other payables		10 201	11 906	14 514	16 940
Accrued liabilities	24	21 800	22 109	31 019	31 458
Short-term payables total		78 814	76 749	112 143	109 202
Payables total		84 526	86 710	120 270	123 376
Shareholders' equity and liabilities total		995 700	902 583	1 416 754	1 284 259

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



Nils Ivars Feodorovs
Chairman of the Board



Sarmīte Arcimoviča
Member of the Board



Valda Mālniece
Member of the Board

7 April 2010

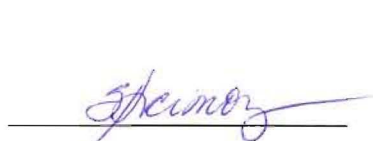
Cash flow statement for the period ended 31 December 2009

Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Cash flow from operating activities				
Income from sale of goods and provision of services	853 290	926 110	1 214 122	1 317 735
Payments to suppliers, employees, other expenses arising from basic operations	(790 627)	(836 506)	(1 124 961)	(1 190 241)
Other Company's basic income or expenses	9 449	30 044	13 445	42 749
Gross cash flow from basic operations	72 112	119 648	102 606	170 243
Expenses for tax payments	(14 163)	(13 489)	(20 152)	(19 193)
Net cash flow from operating activities	57 949	106 159	82 454	151 050
Cash flow from investing activities				
Purchase of fixed assets and intangible investments	(12 611)	(31 980)	(17 944)	(45 504)
Income from sale of fixed assets	-	6 123	-	8 712
Dividends received	440	-	626	-
Purchase of securities	(15 000)	(5 000)	(21 343)	(7 114)
Income from the sales of securities	-	25 280	-	35 970
Net cash flow from investing activities	(27 171)	(5 577)	(38 661)	(7 936)
Cash flow from financing activities				
Expenses for purchase of a leased fixed asset	-	(25 162)	-	(35 802)
Dividends paid	(33 795)	(42 244)	(48 086)	(60 108)
Net cash flow from financing activities	(33 795)	(67 406)	(48 086)	(95 910)
Result of foreign exchange rate fluctuations	(592)	(743)	(841)	(1 057)
Increase/decrease of cash and its equivalents	(3 609)	32 433	(5 134)	46 147
Cash and its equivalents at the beginning of the period	171 725	139 292	244 342	198 195
Cash and its equivalents at the end of the period	168 116	171 725	239 208	244 342

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



Nils Ivars Feodorovs
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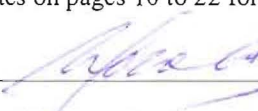
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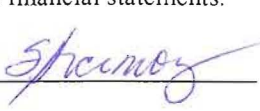
**Statement on changes in shareholders' equity for the period ending
31 December 2009**

	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	LVL	LVL	LVL	LVL
31.12.2007	422 440	278 728	74 071	775 239
Profit for 2007 transferred to retained earnings of previous years	-	74 071	(74 071)	-
Dividends for 2007	-	(42 244)	-	(42 244)
Retained earnings for the reporting year	-	-	82 878	82 878
31.12.2008	422 440	310 555	82 878	815 873
Profit for 2008 transferred to retained earnings of previous years	-	82 878	(82 878)	-
Dividends for 2008	-	(33 795)	-	(33 795)
Retained earnings for the reporting year	-	-	129 096	129 096
31.12.2009	422 440	359 638	129 096	911 174

	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR
31.12.2007	601 078	396 594	105 393	1 103 065
Profit for 2007 transferred to retained earnings of previous years	-	105 393	(105 393)	-
Dividends for 2007	-	(60 108)	-	(60 108)
Retained earnings for the reporting year	-	-	117 925	117 925
31.12.2008	601 078	441 880	117 925	1 160 883
Profit for 2008 transferred to retained earnings of previous years	-	117 925	(117 925)	-
Dividends for 2008	-	(48 086)	-	(48 086)
Retained earnings for the reporting year	-	-	183 687	183 687
31.12.2009	601 078	511 719	183 687	1 296 484

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


Nils Ivars Feodorovs
Chairman of the Board


Sarmīte Arcimoviča
Member of the Board


Valda Mālniece
Member of the Board

7 April 2010

Notes to the Financial Statements

(1) General information on the Company

AS „Siguldas ciltslīetu un mākslīgās apsēkļošanas 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,
- inspection of immune-genetic origin of cattle,
- 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* of the Republic of Latvia and the obligatory applicable Latvian Accounting Standards. The Profit or Loss Account was prepared based on the period costs method. The Cash Flow Statement was prepared according to the direct method.

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 12 months from 1 January to 31 December 2009.

Revaluation of foreign currencies

The Company's functional currency and the currency used in the Financial Statements is the Republic of Latvia national currency Lat (LVL). All transactions in foreign currencies are translated to Lats according to the exchange rate set by the Central Bank of Latvia on the day of making the respective transaction.

Monetary assets and liabilities, which are expressed in foreign currency, are translated to Lats to the exchange rate set by the Central Bank of Latvia on the last day of the reporting year.

	31.12.2009	31.12.2008
EUR	0.702804	0.702804
USD	0.489	0.495

Currency exchange rate differences arising from settlements in currencies or when recognizing assets and liabilities 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.

Notes to the Financial Statements

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.

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	20 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 on 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. 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 – 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

Receivables are recognized in the balance sheet in the amortized value, less provisions for doubtful and bad debts. 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	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Livestock sperm	360 943	398 316	513 576	566 753
Milk laboratory services	192 912	233 559	274 489	332 324
Treatment of supervisory data	55 561	69 362	79 056	98 693
Inspection of cows	29 409	27 663	41 845	39 361
Artificial insemination of livestock	22 962	25 243	32 672	35 917
Immune-genetic laboratory services	6 771	11 041	9 634	15 710
Other income	46 919	56 279	66 760	80 078
	715 477	821 463	1 018 032	1 168 836

Distribution of net sales according to the geographical markets:

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Latvia	714 982	821 463	1 017 327	1 168 836
Estonia	495	-	705	-
	715 477	821 463	1 018 032	1 168 836

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

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Changes in sperm stock value	41 179	67 070	58 592	95 432
Written-off sperm	(12 094)	(40 825)	(17 208)	(58 088)
Changes in stud bull herd value	(1 975)	(4 110)	(2 810)	(5 848)
	27 110	22 135	38 574	31 496

(5) Other operating income

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
State support for agricultural	5 944	23 919	8 458	34 033
	5 944	23 919	8 458	34 033

Notes to the Financial Statements

(6) Personnel costs

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Salaries for work	268 502	248 372	382 044	353 401
State social insurance contributions	64 216	59 792	91 371	85 076
Changes in provisions for vacation reserve	(309)	3 018	(439)	4 294
Health insurance	7 327	3 318	10 425	4 721
Other costs	3 023	1 780	4 302	2 533
	342 759	316 280	487 703	450 025

(7) Other operating expenses

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Insurance payments	1 195	1 863	1 701	2 651
Business trip expenses	785	3 250	1 117	4 624
Selling expenses	4 365	6 278	6 211	8 933
Company's management and administrative expenses	17 703	17 379	25 189	24 728
Audit of the financial statement	1 500	1 500	2 134	2 134
Other costs	5 383	6 111	7 660	8 695
	30 931	36 381	44 012	51 765

(8) Other interest income and similar income

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Income from shareholding in the company capitals	440	-	626	-
Income from securities	1 074	50	1 529	71
Income from investment property revaluation	103 755	-	147 631	-
Interest income	3 505	6 125	4 987	8 715
Contractual penalties from clients	132	1 097	187	1 561
Recovered doubtful and bad debts	15	964	21	1 372
Other income	6	1	8	1
	108 927	8 237	154 989	11 720

Notes to the Financial Statements

(9) Interest payments and similar costs

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Interest payments	-	925	-	1 316
Losses from foreign currency exchange rate fluctuations	680	1 078	968	1 534
Contractual penalties and fines	-	10	-	14
Employees' leisure and other costs not connected with operating activities	7 889	10 978	11 225	15 620
	8 569	12 991	12 193	18 484

(10) Other taxes

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Real estate tax	1 091	913	1 552	1 299
	1 091	913	1 552	1 299

(11) Intangible assets

	Concessions, patents, licenses, trade marks and similar rights LVL	Total LVL	Concessions, patents, licenses, trade marks and similar rights EUR	Total EUR
Initial value				
31.12.2008	720	720	1 024	1 024
Purchased	-	-	-	-
Disposed	-	-	-	-
31.12.2009	720	720	1 024	1 024
Accrued depreciation				
31.12.2008	698	698	993	993
Calculated depreciation	20	20	29	29
Depreciation of excluded investments	-	-	-	-
31.12.2009	718	718	1 022	1 022
Book value as at 31.12.2008	22	22	31	31
Book value as at 31.12.2009	2	2	2	2

Notes to the Financial Statements

(12) Report on movement of fixed assets

	Land, buildings and constructions	Technological equipment and machinery	Other fixed assets	Prepayments for fixed assets	Total
	LVL	LVL	LVL	LVL	LVL
Initial value					
31.12.2008	255 107	354 427	77 152	149	686 835
Purchased	-	2 884	9 727	-	12 611
Transferred	-	-	149	(149)	-
Disposed	-	-	(1 077)	-	(1 077)
31.12.2009	255 107	357 311	85 951	-	698 369
Accrued depreciation					
31.12.2008	85 262	247 565	63 727	-	396 554
Calculated depreciation	14 078	47 687	7 792	-	69 557
Depreciation of excluded fixed assets	-	-	(1 077)	-	(1 077)
31.12.2009	99 340	295 252	70 442	-	465 034
Book value as at 31.12.2008	169 845	106 862	13 425	149	290 281
Book value as at 31.12.2009	155 767	62 059	15 509	-	233 335

As at 31 December 2008, the cadastral value of real estate – land and constructions - was LVL 230 216

As at 31 December 2009, the cadastral value of real estate – land and constructions - was LVL 113 994

	Land, buildings and constructions	Technological equipment and machinery	Other fixed assets	Prepayments for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR
Initial value					
31.12.2008	362 985	504 304	109 778	211	977 278
Purchased	-	4 104	13 840	-	17 944
Transferred	-	-	211	(211)	-
Disposed	-	-	(1 532)	-	(1 532)
31.12.2009	362 985	508 408	122 297	-	993 690
Accrued depreciation					
31.12.2008	121 316	352 253	90 675	-	564 244
Calculated depreciation	20 032	67 853	11 087	-	98 972
Depreciation of excluded fixed assets	-	-	(1 532)	-	(1 532)
31.12.2009	141 348	420 106	100 230	-	661 684
Book value as at 31.12.2008	241 669	152 051	19 103	211	413 034
Book value as at 31.12.2009	221 637	88 302	22 067	-	332 006

As at 31 December 2008, the cadastral value of real estate – land and constructions - was EUR 327 568

As at 31 December 2009, the cadastral value of real estate – land and constructions - was EUR 162 199

Notes to the Financial Statements

(13) Investment properties

	Land	Total	Land	Total
	LVL	LVL	EUR	EUR
Book value as at 31.12.2007	16 245	16 245	23 114	23 114
Increase/decrease of value due to revaluation	-	-	-	-
Book value as at 31.12.2008	16 245	16 245	23 114	23 114
Increase/decrease of value due to revaluation	103 755	103 755	147 631	147 631
Book value as at 31.12.2009	120 000	120 000	170 745	170 745

(14) Other securities and investments

	LVL	EUR
Purchase value as at 31.12.2008	3 480	4 952
Book value as at 31.12.2008	3 480	4 952
Purchase value as at 31.12.2009	3 480	4 952
Book value as at 31.12.2009	3 480	4 952

(15) Ready-made products and goods for sale

	2009	2008	2009	2008
	LVL	LVL	EUR	EUR
Bull semen	295 995	255 730	421 163	363 871
Other goods for sale	3 803	9 691	5 411	13 790
	299 798	265 421	426 574	377 661

(16) Trade receivables

	2009	2008	2009	2008
	LVL	LVL	EUR	EUR
Accounting value of trade receivables	86 679	79 097	123 333	112 545
Provisions for doubtful trade receivables	(3 975)	(21)	(5 656)	(30)
	82 704	79 076	117 677	112 515

(17) Other receivables

	2009	2008	2009	2008
	LVL	LVL	EUR	EUR
VAT for received goods and services	1 298	927	1 847	1 319
Overpayment of taxes	6 690	2 826	9 519	4 021
Other receivables	206	217	293	309
	8 194	3 970	11 659	5 649

Notes to the Financial Statements

(18) Prepaid expenses

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

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Advertising costs	672	757	956	1 077
Insurance	3 670	3 141	5 222	4 469
Press subscription	360	383	512	545
Other prepaid expenses	1 370	1 616	1 949	2 299
	6 072	5 897	8 639	8 390

(19) Other securities and shareholding in capitals

	Number	2009 Market price LVL	Amount LVL	Number	2008 Market price LVL	Amount LVL
SEB Lats reserve fund	15 044	1.40256	21 100	3 885	1.29369	5 026
			21 100			5 026

	Number	2009 Market price EUR	Amount EUR	Number	2008 Market price EUR	Amount EUR
SEB Lats reserve fund	15 044	1.99566	30 023	3 885	1.84075	7 151
			30 023			7 151

Money market fund shares have no guaranteed interest rate. In 2009, the profitability was about 8.4 %. Exclusion of money market fund shares is carried out at the Company's request.

(20) Cash in LVL and foreign currencies according to the LCB exchange rate

Break-down of cash according to currencies:

		2009		2008	
	Currency	LVL	LVL	Currency	LVL
Cash in hand	LVL	-	2 612	-	3 198
Cash in bank	LVL	-	47 141	-	55 646
Cash in bank	EUR	11 700	8 223	61 015	42 881
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	-	75 000	-	70 000
Deposits in credit institutions (with due dates not exceeding 90 days)	EUR	50 000	35 140	-	-
			168 116		171 725

Notes to the Financial Statements

Break-down of cash according to currencies:		2009		2008	
		Currency	EUR	Currency	EUR
Cash in hand	LVL	2 612	3 717	3 198	4 550
Cash in bank	LVL	47 141	67 076	55 646	79 176
Cash in bank	EUR	-	11 700	-	61 015
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	75 000	106 715	70 000	99 601
Deposits in credit institutions (with due dates not exceeding 90 days)	EUR	-	50 000	-	-
			239 208		244 342

(21) Share capital

The Company's shares are quoted on NASDAQ OMX Riga Stock Exchange's second listing. The Company's share capital consists of shareholders' investments. The total number of shares is 422 440, the nominal value per share is 1 Lat.

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Ordinary common shares with voting rights	421 440	421 440	599 655	599 655
Shares owned by the Board without voting rights	1 000	1 000	1 423	1 423
	422 440	422 440	601 078	601 078

421440 shares or 99.8% of the share capital are ordinary common shares with voting rights, which give equal rights to receive dividends, receipt of liquidation quota and voting rights in the Shareholders' Meeting.

1000 shares or 0.2% of the share capital, which are not included in the regulated market, are personnel shares, which may be obtained only by Members of the Board, and they give equal rights only to receipt of dividend and liquidation quota.

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.

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.

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Profit of the reporting period	129 096	82 878	183 687	117 925
Average weighted number of shares during the year	422 440	422 440	422 440	422 440
	0.306	0.196	0.435	0.279

Notes to the Financial Statements

(22) Provisions for deferred tax

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Temporary differences in fixed assets depreciation	59 881	88 518	85 203	125 950
Provisions for vacations	(21 800)	(22 109)	(31 019)	(31 458)
Total temporary differences	38 081	66 409	54 184	94 492
Deferred tax provisions at the beginning of the period	9 961	13 067	14 174	18 593
Increase or decrease	(4 249)	(3 106)	(6 047)	(4 419)
Deferred tax provisions at the end of the period	5 712	9 961	8 127	14 174

(23) Taxes and social insurance payments

Tax type	Balance as at 31.12.2008 LVL	Calculated in 2009 LVL	Paid in 2008 LVL	Balance as at 31.12.2009 LVL
Corporate income tax	(2 826)	9 208	(13 072)	(6 690)
Value added tax	8 090	98 575	(101 414)	5 251
Social insurance contributions	6 954	88 207	(88 608)	6 553
Personal income tax	3 903	47 639	(47 869)	3 673
Real estate tax	-	1 091	(1 091)	-
Nature resource tax	21	82	(85)	18
Business risk duty	11	129	(130)	10
	16 153	244 931	(252 269)	8 815

Including:	2008 LVL	2009 LVL
Tax overpaid	(2 826)	(6 690)
Tax due	18 979	15 505

Tax type	Balance as at 31.12.2008 EUR	Calculated in 2009 EUR	Paid in 2009 EUR	Balance as at 31.12.2009 EUR
Corporate income tax	(4 021)	13 102	(18 600)	(9 519)
Value added tax	11 511	140 260	(144 299)	7 472
Social insurance contributions	9 895	125 507	(126 078)	9 324
Personal income tax	5 552	67 785	(68 111)	5 226
Real estate tax	-	1 552	(1 552)	-
Nature resource tax	30	117	(121)	26
Business risk duty	16	183	(185)	14
	22 983	348 506	(358 946)	12 543

Including:	2008 EUR	2009 EUR
Tax overpaid	(4 021)	(9 519)
Tax due	27 004	22 062

Notes to the Financial Statements

(24) Accrued liabilities

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Vacation reserve	21 800	22 109	31 019	31 458
	<u>21 800</u>	<u>22 109</u>	<u>31 019</u>	<u>31 458</u>

(25) Number of persons employed by the Company

	2009	2008
Average number of persons employed during the reporting year	<u>42</u>	<u>44</u>

(26) Information on remuneration to Council, Board and Managements Members

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Council Members' salaries for work, including state social insurance contributions	6 666	5 541	9 485	7 884
Board Members' salaries for work, including state social insurance contributions	29 438	26 165	41 886	37 229
Total remuneration to management members	<u>36 104</u>	<u>31 706</u>	<u>51 371</u>	<u>45 113</u>

There are no special regulations worked out, which would regulate election of Board Members, changes in the composition of the Board and amending of the Articles of Association.

All Board Members have equal Company's representation rights. The Chairman of the Board represents the Company separately, but other Board Members can represent the Company only both together.

There is no agreement signed between the Company and the Board Members, which provides any compensations.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AS SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA

Report on the Financial Statements

I have audited the accompanying financial statements on pages 5 to 22 of AS SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA, which comprise the balance sheet as of 31 December 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing acknowledged in Latvia. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements give a true and fair view of the financial position of AS SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia.

Report on the Management Report

I have also read the Management Report for the year 2009, which is set out on page 4 and I did not identify any material inconsistencies between the financial information contained in this Management Report and that contained in the financial statements for 2009.

SIA „AUDITS A.S.”
Certified Auditors' Commercial Company
License No. 27


Anita Sondore
Certified Auditor
Certificate No. 129
Board Member

Līgatne, Latvia
April 7, 2010

Report on Management Liability

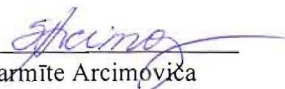
According to the information being at our disposal, the Annual Report for 2009 have been prepared according to the effective requirements of legislative enactments and provide a true and fair view about the joint stock company’s “Siguldas ciltslietu un mākslīgās apsēkļošanas stacija” assets, liabilities, financial condition and profit.

The Management Report contains true information.



Nils Ivars Feodorovs

Chairman of the Board



Sarmīte Arcimoviča

*Member of the Board, Head
of Production and
Marketing Department in
branch of Laboratory*



Valda Mālniece

*Member of the Board, Head
of Financial and
Accounting Department*

7 April 2010