

**Joint Stock Company "Kurzemes ciltslietu un  
mākslīgās apsēklošanas stacija"**

(Unified registration number 40003017085)

**ANNUAL REPORT**

**FOR THE PERIOD**

**01 JANUARY 2013 -**

**31 DECEMBER 2013**

The items of the financial statements were converted to EUR according to the exchange rate defined by the Bank of Latvia

as at 31 December 2013: LVL 1 = EUR 0.702804

as at 31 December 2012: LVL 1 = EUR 0.702804

and it is only for informative purposes.

JAUNPILS DISTRICT

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### **General Information**

Name of the Company	Joint stock company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija"
Legal status of the Company	Public joint stock company
Registration number, place, date	000301708 Riga, 6.August, 1991
Re-registered in the Commercial Register	40003017085 Riga, 7 April, 2004
Address	Jaunpils, Jaunpils parish, Jaunpils region, LV-3145
Names and legal addresses of related and associated companies (indicating the Company's percentual share in the equity of these companies)	Not applicable
Core Business Activities of the Company	NACE 01.50 Mixed farming (crops and animal)
Names and positions of the Board members:	
Chairman of the Board	GATIS KAČIS
Member of the Board	SIGITA LUKAŽE
Member of the Board	DAIGA LIELPINKA
Names and positions of the Council members	duration in accordance with data from the Register of Enterprises
Chairman of the Council	INDRA MARTINSONE
Member of the Council	JĀNIS LEIMANIS
Member of the Council	INĀRA KANSKA
Member of the Council	MAIJA BRUNOVSKA
Member of the Council	HARALDS MOZGIRS
Reporting year	01 January 2013 – 31 December 2013
Name and address of the auditor	Marija Jansone Sworn auditor (LACA Certificate No.25)  SIA AUDIT ADVICE Sworn auditors company's licence No.134 Riga, Grecinieku Street 9-3, Latvia, LV-1050

## **Management report**

### **Types of activities**

JSC „Kurzemes ciltslietu un mākslīgā apsēklošanas stacija” (hereinafter – the Company) principal activities are producing and sale of the semen from high-quality breeding animals (boars, bulls) , animal breeding and artificial insemination related services, collection of milk control samples, as well as grain cultivation.

### **Company activity during reporting year**

The company's turnover in 2013 amounted to LVL 766706 (EUR 1090924 ), which is 5.0 % higher than in 2012. Company's after-tax earnings amounted to LVL 77870 (EUR 110799), which is 83.5 % higher than in the previous reporting year. Earnings per share (EPS) are LVL 0.156 (EUR 0.222 ).

During the reporting year, the company has received LVL 35950 (EUR 51152 ) as national and EU subsidies. The subsidies have been received for the maintenance of breeding animals and as EU area payments.

In 2013, the joint stock company has acquired fixed assets totalling LVL 32799 (EUR 46669) including 5.98 ha of agricultural land for LVL 10872 LVL (EUR 15469 ) to be used for grain cultivation.

From the European Union Structural Funds co-financing by the 2013, the LVL 13147 (EUR 18706) revenue.

In 2013, the company continue sale of feed additives to herd owners.

Twice a year, a review of the need for existing stocks in accordance with current market trends is carried out and surplus (self-produced) bio products are written off. The bio products with a high genetic quality can be stored and marketed for several years. The production cost of the written-off bio products is taken into account in pricing of the current products for sale.

### **Research and development activities**

Non

### **Branches and representative offices abroad**

Non

### **Financial risk management**

Company activity is subject to a variety of financial risks including credit risk, foreign exchange rate and interest rate fluctuation risks. Company management seeks to minimize adverse effect of potential financial risks on Company's financial position.

The Company is exposed to foreign exchange rate fluctuation risk arising from differences in currencies. As with 1 January 2005 lat rate was pegged to euro rate, the lat/euro fluctuations would be limited and a significant influence on financial results in future periods is not expected. Company management considers possibility to apply hedging instruments to reduce the influence of U.S. dollar exchange rate fluctuations.

Financial resources which potentially expose Company to a certain concentration of credit risk are primarily cash and trade receivables. At the end of reporting period the Company was not subjected to significant degree of concentration of credit risk, because no customer debt exceeded 5% of total amount of trade receivables. The Company has established and respect credit policy by selling goods on credit only to customers with good credit history and within the credit amount specified for each customer. Trade receivables are specified in recoverable value. Company's partners in cash transactions are local financial institutions with an appropriate credit history.

The Company follows the prudent liquidity risk management, ensuring that the appropriate credit resources are available to meet obligations within specified time. Company's management believes that the Company will have sufficient cash resources so its liquidity is would not be jeopardized.

### **Circumstances and events after the end of reporting year**

In the time period since last day of the reporting year up to signing of the present report there have been no significant events which considerably affect the result of reporting year.

### **Distribution of profit proposed by the Board**

The Board of the Company has a proposal to pay LVL 77870 (EUR 110799) from the profit of year 2013 in dividends to the shareholders of the Company in the amount of LVL 0.05 ( five santimes) per one share, the rest of profit switching for development requirements of the Company

### **Future prospects**

1. Complete the on going breeding boars barn reconstruction project after the project to sell the old an unnecessary building.
2. With the European Union structural funds will be buying a new agricultural technique of grain industry needs, a semen processing laboratory equipment technologic and modernization of housing bulls internal conversion.
3. Take office building partial interior renovation.
4. Improve product and service sales by pricing improvements and new attraction.
5. Purchase or lease of agricultural land in grain production industry.

Chairman of the Board \_\_\_\_\_

Member of the Board \_\_\_\_\_

Member of the Board \_\_\_\_\_

G.Kaķis

S.Lukaže

D.Lielpinka

March 21, 2014

### **STATEMENT ABOUT MANAGEMENT LIABILITY**

The Management of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" is responsible for the preparation of the Company's Annual Report.

The Management of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" in accordance with information available confirms that the Annual Report for the financial year 2013 has been prepared in accordance with the requirements of the applicable laws and regulations and gives a true and fair view on the JSC "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" assets, liabilities, financial position and loss. The Management Report provides true review of JSC "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" growth and performance results.

Internal risk control procedures are effective, risk management and internal control during the reporting year were performed in accordance with internal control procedures.

The Management of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" is responsible for the compliance with the requirements of laws and regulations of the Republic of Latvia.

Chairman of the Board \_\_\_\_\_

GATIS KAČIS

Member of the Board \_\_\_\_\_

SIGITA LUKAŽE

Member of the Board \_\_\_\_\_

DAIGA LIELPINKA

March 21, 2014

**BALANCE SHEET**

ASSETS	Notes	31.12.13. LVL	31.12.13. EUR	31.12.12. LVL	31.12.12. EUR
<b>Non-current assets</b>					
<b>I Intangible assets</b>					
Concessions, patents, licences, trade marks and similar rights		483	687	779	1 108
<b>Total intangible assets</b>	3	<b>483</b>	<b>687</b>	<b>779</b>	<b>1 108</b>
<b>II Tangible assets</b>					
Land, building and construction		501 582	713 687	504 280	717 526
Equipment and machinery		49 874	70 964	50 824	72 316
Other fixed assets and equipment		9 668	13 756	8 050	11 454
Construction in progress			0		
<b>Total tangible assets</b>	4	<b>561 124</b>	<b>798 408</b>	<b>563 154</b>	<b>801 296</b>
<b>III Biological assets</b>					
Breeding animals		20 062	28 546	26 413	37 582
Advance payments for breeding animals		7 865	11 191	6 768	9 630
<b>Total biological assets</b>	5	<b>27 927</b>	<b>39 737</b>	<b>33 181</b>	<b>47 212</b>
<b>IV Long-term financial investments</b>					
Other loans and long-term receivables		2 480	3 529	2 480	3 529
<b>Total long-term financial investments</b>	6	<b>2 480</b>	<b>3 529</b>	<b>2 480</b>	<b>3 529</b>
<b>Total non-current assets</b>		<b>592 014</b>	<b>842 360</b>	<b>599 594</b>	<b>853 145</b>
<b>Current assets</b>					
<b>I Inventories</b>					
Raw materials and consumables	7	62 198	88 500	46 483	66 139
Unfinished production	8	19 369	27 560	6 060	8 623
Finished production and goods for sale	9	406 084	577 805	386 844	550 429
<b>Total inventories</b>		<b>487 651</b>	<b>693 865</b>	<b>439 387</b>	<b>625 191</b>
<b>II Receivables</b>					
Trade receivables	10	55 754	79 331	66 112	94 069
Other receivables	11	5 614	7 988	4 361	6 205
Prepaid expenses	12	4 112	5 851	1 075	1 530
<b>Total receivables</b>		<b>65 480</b>	<b>93 170</b>	<b>71 548</b>	<b>101 804</b>
<b>III Cash (total)</b>					
	13	<b>124 957</b>	<b>177 798</b>	<b>114 438</b>	<b>162 831</b>
<b>Total current assets</b>		<b>678 088</b>	<b>964 832</b>	<b>625 373</b>	<b>889 826</b>
<b>Total assets</b>		<b>1 270 102</b>	<b>1 807 192</b>	<b>1 224 967</b>	<b>1 742 971</b>

The accompanying notes from 12 to 26 page form an integral part of these financial statements.

Chairman of the Board \_\_\_\_\_

GATIS KAČIS

Member of the Board \_\_\_\_\_

SIGITA LUKAŽE

Member of the Board \_\_\_\_\_

DAIGA LIELPINKA

March 21, 2014

**BALANCE SHEET (continued)**

PASĪVS	Notes	31.12.13. LVL	31.12.13. EUR	31.12.12. LVL	31.12.12. EUR
<b>I Equity</b>					
Share capital (equity)	14	438 000	623 218	438 000	623 218
Retained earnings					0
a) retained earnings for the previous year		653 092	929 266	637 634	907 271
b) retained earnings for the reporting year		77 870	110 799	41 733	59 381
<i>Total retained earnings</i>		730 962	1 040 065	679 367	966 652
<b>Total equity</b>		<b>1 168 962</b>	<b>1 663 283</b>	<b>1 117 367</b>	<b>1 589 870</b>
<b>II Provisions</b>					
Other provisions	15	14 638	20 828	15 883	22 599
<b>Total provisions</b>		<b>14 638</b>	<b>20 828</b>	<b>15 883</b>	<b>22 599</b>
<b>III Liabilities</b>					
<b>I Long-term liabilities</b>					
Deferred income		41 670	59 291	54 817	77 998
<b>Total long-term liabilities</b>		<b>41 670</b>	<b>59 291</b>	<b>54 817</b>	<b>77 998</b>
<b>II Short-term liabilities</b>					
Advances from customers					
Trade payables		8 501	12 096	5 023	7 147
Taxes and state social insurance payables	16	17 723	25 218	17 031	24 233
Other payables	17	10 946	15 575	10 867	15 462
Accrued liabilities	18	7 662	10 902	3 979	5 662
<b>Total short-term liabilities</b>		<b>44 832</b>	<b>63 790</b>	<b>36 900</b>	<b>52 504</b>
<b>Total liabilities</b>		<b>86 502</b>	<b>123 081</b>	<b>91 717</b>	<b>130 502</b>
<b>Total equity and liabilities</b>		<b>1 270 102</b>	<b>1 807 192</b>	<b>1 224 967</b>	<b>1 742 971</b>

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DAIGA LIELPINKA

March 21, 2014



**INCOME STATEMENT**

	Notes	2013.gads	2013.gads	2012.gads	2012.gads
		LVL	EUR	LVL	EUR
Net turnover	19	766 706	1 090 924	730 163	1 038 928
Cost of sales	20	414 633	589 970	386 040	549 285
<b>Gross profit or loss</b>		<b>352 073</b>	<b>500 955</b>	<b>344 123</b>	<b>489 643</b>
Sales expenses	21	155 996	221 962	166 549	236 978
Administrative expenses	22	162 752	231 575	163 760	233 009
Other operating income	23	55 289	78 669	31 511	44 836
Other operating expenses	24	7 576	10 780	205	292
<b>Profit or loss from operations</b>		<b>81 038</b>	<b>115 307</b>	<b>45 120</b>	<b>64 200</b>
Other interest receivable and similar income					
Interest payable and similar expenses		119	169	802	1 141
<b>Profit or loss before extraordinary items and taxes</b>		<b>80 919</b>	<b>115 137</b>	<b>44 318</b>	<b>63 059</b>
Extraordinary income					
<b>Profit or loss before taxes</b>		<b>80 919</b>	<b>115 137</b>	<b>44 318</b>	<b>63 059</b>
Corporate income tax		74	105		0
Other taxes	25	2 975	4 233	2 585	3 678
<b>Profit or loss of the reporting year</b>		<b>77 870</b>	<b>110 799</b>	<b>44 318</b>	<b>63 059</b>
<b>Earnings (loss) per share (EPS)</b>		<b>0.156</b>	<b>0.222</b>	<b>0.089</b>	<b>0.126</b>

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DAIGA LIELPINKA

March 21, 2014

**CASH FLOW STATEMENT (indirect method)**

	Notes	2013.gads LVL	2013.gads EUR	2012.gads LVL	2012.gads EUR
<b>I Cash flow from operating activities</b>					
1 Profit or loss before extraordinary items and taxes		80 919	115 137	44 318	63 059
<i>Adjustments:</i>					
a) depreciation costs of tangible assets;	4	27 989	39 825	29 647	42 184
b) write-offs of intangible assets;	3	296	421	-361	-514
c) disposals of tangible assets;	4	6 493	9 239	-250	-356
d) accruals (other than accruals for doubtful debts);	16	-1 245	-1 771	1 636	2 328
e) profit or loss from foreign currency exchange rate fluctuations;	28	-878	-1 249	-189	-269
f) subsidies, grants, endowments, donations;	27	-54 204	-77 125	-28 983	-41 239
g) other interest receivable and similar income;	29		0		0
h) interest payable and similar expenses.	30		0		0
2 Profit or loss before corrections of changes in the balances of current assets and short-term liabilities		59 370	84 476	45 818	65 193
<i>Adjustments:</i>					
a) (increase)/decrease in long-term financial investments;			0	54 364	77 353
b) (increase)/decrease in biological assets;		5 254	7 476	5 559	7 910
c) (increase)/decrease in receivables balances;		7 395	10 522	51 641	73 479
d) (increase)/decrease in inventories balances;		-48 264	-68 673	-17 327	-24 654
e) increase/(decrease) in suppliers, contractors and other creditors payables balances.		-5 215	-7 420	-34 980	-49 772
<b>3 Gross cash flow from operating activities</b>		<b>18 540</b>	<b>26 380</b>	<b>105 075</b>	<b>149 508</b>
4 Interest payable	30				
5 Immovable property tax expenses	32	-4 376	-6 226		
<b>6 Cash flow before extraordinary items</b>		<b>14 164</b>	<b>20 154</b>	<b>105 075</b>	<b>149 508</b>
7 Cash flow from extraordinary items	31				
<b>8 Net cash flow from operating activities</b>		<b>14 164</b>	<b>20 154</b>	<b>105 075</b>	<b>149 508</b>
<b>II. Cash flow from investing activities</b>					
1 Acquisitions of fixed assets	3,4	-32 799	-46 669	-84 182	-119 780
2 Proceeds obtained from fixed assets	4	347	494	1 276	1 816
3 Interest receivable and similar income	29				
<b>6 Cash flow from investing activities</b>		<b>-32 452</b>	<b>-46 175</b>	<b>-82 906</b>	<b>-117 965</b>
<b>III. Cash flow from financing activities</b>					
1 Loans received					
2 Subsidies, grants, endowments and donations received	27	54 204	77 125	28 983	41 239
3 Dividends paid		-26 275	-37 386	-21 900	-31 161
<b>7 Net cash flow from financing activities</b>		<b>27 929</b>	<b>39 739</b>	<b>7 083</b>	<b>10 078</b>
<b>IV. Result of foreign currency exchange rate fluctuation</b>					
		878	1 249		
<b>V. Net cash flow in the reporting year</b>					
		<b>10 519</b>	<b>14 967</b>	<b>29 252</b>	<b>41 622</b>
<b>VI. Cash and its equivalents at the beginning of the reporting year</b>					
		<b>114 438</b>	<b>162 831</b>	<b>85 186</b>	<b>121 209</b>
<b>VII. Cash and its equivalents at the end of the reporting year</b>					
	13	<b>124 957</b>	<b>177 798</b>	<b>114 438</b>	<b>162 831</b>

The accompanying notes from 12 to 26 page form an integral part of these financial statements.

Chairman of the Board \_\_\_\_\_  
Member of the Board \_\_\_\_\_  
Member of the Board \_\_\_\_\_

GATIS KAČIS  
SIGITA LUKAŽE  
DAIGA LIELPINKA

March 21, 2014

**STATEMENT OF CHANGES IN EQUITY**

	2013.gads LVL	2013.gads EUR	2012.gads LVL	2012.gads EUR
<b>I. Share capital (equity)</b>				
1. Amount in the balance sheet of the previous year	438000	623218	438000	623218
4. Amount in the balance sheet at the end of the reporting year	438000	623218	438000	623218
<b>V. Reserves</b>				
1. Amount in the balance sheet of the previous year	0	0	0	0
4. Amount in the balance sheet at the end of the reporting year	0	0	0	0
<b>VI. Retained earnings</b>				
1. Amount in the balance sheet of the previous year	679367	966652	659534	938432
2. Increase/decrease in retained earnings	77 870	110799	41733	59381
3. Dividends paid	26 275	37386	21 900	31161
4. Amount in the balance sheet at the end of the reporting year	730 962	1040065	679 367	966652
<b>VII. Equity</b>				
1. Amount in the balance sheet of the previous year	1117367	1589870	1097534	1561650
3. Amount in the balance sheet at the end of the reporting year	1168962	1663283	1117367	1589870

The accompanying notes from 12 to 26 page form an integral part of these financial statements.

Chairman of the Board \_\_\_\_\_

Member of the Board \_\_\_\_\_

Member of the Board \_\_\_\_\_

GATIS KAĶIS

SIGITA LUKAŽE

DAIGA LIELPINKA

March 21, 2014

## NOTES TO THE FINANCIAL STATEMENTS

### ACCOUNTING POLICY

#### I. General Principles

The financial statements of the Company have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports, Regulations No.488 issued by the Cabinet of Ministers of the Republic of Latvia "Law on annual reports enforcement policies", Regulations No.481 issued by the Cabinet of Ministers of the Republic of Latvia "Regulations on the cash flow statement and statement of changes in equity content and preparation procedures".

Income statement has been prepared by turnover cost method.

Cash flow statement has been prepared using indirect method to calculate cash flow from operating activities.

Accounting policy, accounting and evaluation methods used by the Company have not been changed comparing with the previous reporting year, comparative indicators are accordingly reclassified.

In order to improve comparability of the data, comparative indicators of Income Statement and complementing comment's classification in annual report section Notes to the Financial Statements have been changed.

Classification have been changed in the following captions:

Financial information	Initially shown in caption	Reclassified to the caption	Amount, LVL
Balance	Accrued liabilities (leave reserve)	Other provisions (leave reserve)	15883

Financial reporting year is 12 month and it is equal to calendar year.

#### Accounting principles used

Items of the financial statements have been evaluated according to the following accounting principles:

1. Assumption, that a Company is a going concern.
2. The same evaluation methods are used as in the previous reporting year.
3. Evaluation is made with proper precaution, taking into account the following conditions:
  - the report includes profit, that was acquired till the date of the balance sheet;
  - all foreseeable risk amounts and losses that incurred during the reporting year or in the previous years have been taken into account even if they have been found out in the period between the date of balance sheet and the date, when annual report was signed;
  - any value decrease and depreciated amounts have been calculated and taken into account regardless of whether the reporting year is finished with profit or loss.
4. Income and expenses related to the reporting year are taken into account regardless of the date of payment and the date of invoice receipt or issue. Expenses are reconciled with incomes in the reporting year.
5. Elements of the assets and liabilities items are evaluated separately.
6. Opening balances of the reporting year match closing balances of the previous year except the adjusted
7. All the items, that significantly affect evaluation and decision-making of the annual report users, are disclosed, non-significant items have been combined and the details are disclosed in the notes.
8. Business transactions are disclosed in the annual report, taking into account its economic contents and nature rather than legal form.

#### Subsequent events

Favorable or adverse events after the balance sheet date of the reporting year are disclosed in the financial statements by reflecting the adjustments in the amounts of the items or by adding new items. If by the time of the preparation of financial statements there has been adverse event that does not relate to the reporting year, but may significantly impact the financial statement users' assessment of Company's assets, liabilities, financial position, profit or loss and cash flow or decision-making in the future, the Management provides information about such events in the Management Report, disclosing the estimated financial impact of the event or informing that it can not be estimated.

### **Changes in accounting policies, accounting estimates, correction of errors and its disclosure in the financial statements**

Accounting policies are changed only if the regulatory framework has changed or if the existing accounting policy no longer meets the true and fair view requirements of the law due to changed circumstances. If a change in accounting policy is caused by normative framework, the impact is disclosed in the financial statements in accordance with established transitional procedures. If the transitional procedures have not been established, the impact of change in accounting policy is evaluated to all respective items of the financial statements of the previous period. Changes in accounting policies are explained in the notes to the financial statements.

Information about the change in accounting estimates is provided in the notes to the financial statements.

Accounting estimates are changed only when subsequent events will change the circumstances that gave rise to the estimate so far, or if there is new information.

Error occurred and discovered during the reporting year or by the time of preparation of annual report is corrected before the financial statements are authorised for issue, adjusting the corresponding financial statement's items.

### **II. Recognition of revenues and net turnover**

Net turnover is the total value of the goods sold and services provided within the year, subtracting discounts, value added tax and other taxes directly related to sales. Revenue from the product sale is recognized when the buyer has accepted the goods according to the terms and conditions of the goods delivery. Revenue from services provided is recognized at the time services are provided.

Other revenues are recognized as following:

- revenue from rent - at the time it occurs;
- revenues from fines and penalty payments - at the receipt time;
- revenues from insurance compensation - at the receipt time;
- revenues from dividends - when legal right appears;
- revenues from interest - on accrual basis of accounting.

In accordance with principle of accrual basis of accounting expenses are recognizes in the period, in which they occur regardless of invoice payment date. Loan costs, which are associated with loans are written-off in the period to which they relate and are shown in the caption "Interest payable and similar expenses".

### **III. Intangible and tangible assets**

Intangible and tangible assets are recorded at purchase value less accumulated depreciation. The purchase value includes expenses, which are directly related to the purchase of the intangible or tangible asset. The purchase value of software licence includes costs of licence purchase and costs, that appeared by the time of implementing it in use. The value of intangible assets is expected to be included in the expenses within five years.

Land is not an object of depreciation. In respect of other assets the depreciation is calculated on a straight-line basis over the estimated useful life of the relevant intangible or tangible asset, in order to write-off the purchase value or the revaluation value of the intangible or tangible asset until its estimated residual value at the end of the useful life using the following rates defined by the Management:

	<b>Depreciation % per year</b>
Buildings and constructions	1.7%-8.5%
Technological equipment	14.3%-25%
Other equipment and facilities, motor vehicles	10%-25%

The initial value of construction in progress is increased by other direct costs incurred in relation to the object until the new object is put into operation. The initial value of the respective asset is not increased by the interest of the loans used for creation of the new asset in the periods when active development work regarding the construction in progress is not carried out. At the end of the reporting year the construction in progress is evaluated for impairment.

Subsequent costs are included in the balance sheet asset value or recognized as a separate asset only when there is a high probability that future economic benefits, related to this item, will flow to the Company and the costs of this item can be determined credibly. Such costs are written off during the remaining useful life of the tangible asset. When capitalizing the established costs of spare parts, the residual value of the replaced parts is written off in the income statement.

Current repair and maintenance costs of the tangible asset are recorded in the income statement in the period they appeared.

Profit or loss on tangible assets disposals are calculated as the difference between the book value and sales income, and the incomes from the respective tangible asset revaluation reserve written-off, these are recorded in the income statement in the period they appeared.

#### **IV. Stocks**

Raw materials the company evaluate accordingly purchase value. Production in progress is evaluated accordingly cost price. Finished goods are evaluated accordingly cost price. To evaluate the stock value, average weight value method is used (FIFO method). Old, slow turnover or faulty stock value decrease is written off in costs of the annual report.

#### **V. Trade receivables**

Trade receivables are recorded in the balance sheet in the net value, initial costs less an allowance for any doubtful or uncollectible amounts. The allowance for any doubtful or uncollectible amounts is made in the cases, when the Management supposes, that the collection of these amounts is problematic.

#### **VI. Prepaid expenses**

Expenses, which occurred after reporting date, but are related to subsequent years, shall be shown in the balance-sheet item "Prepaid expenses"

#### **VII. Foreign Currency Revaluation to Lats**

The accounting in the Company is made in Latvian lats. All transactions in the foreign currency are revaluated to lats according to the official exchange rate defined by the Bank of Latvia at the date of transaction.

Assets and liabilities in the foreign currency are revaluated to lats according to the official exchange rate defined by the Bank of Latvia at the last day of the reporting year. The profit or loss, that derive from the foreign currency exchange rate fluctuations, are disclosed in the income statement in the corresponding

	<b>31.12.2013.</b>	<b>31.12.2012.</b>	
	(latos)	(latos)	
1 USA dollar	<b>0.515</b>	<b>0.531</b>	(USD)
1 Euro	<b>0.702804</b>	<b>0.702804</b>	(EUR)

#### **VIII. Cash and Cash Equivalents**

Cash and cash equivalents for the cash flow statement's purpose consist of the current accounts balances and short-term deposits with initial term up to 90 days.

## **IX. Financial Risk Management**

The Company's principal financial instrument is cash. The main purpose of this financial instrument is to ensure financing for the Company's operations. The Company has various other financial instruments such as consumers and customers debts and other debtors, debts to suppliers and contractors and other creditors, which arise directly from its operations. The company may grant short-term loans to the Management and employees.

### **Financial risks**

The main financial risks arising from the Company's financial instruments are liquidity risk and credit risk.

### **Interest rate risk**

The Company's policy is to ensure that the majority of its borrowings are at fixed rate.

### **Credit risk**

The Company is exposed to credit risk through its trade receivables, other receivables, as well as cash. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimised.

The partners in cash transactions are home and foreign financial institutions with a respective credit history.

### **Liquidity risk**

The Company manages its liquidity risk by maintaining an appropriate financing.

## **X. Subsidies**

Subsidies received for specific types of capital investment are recognized as deferred income, which is gradually included in the revenues during the useful life of the tangible assets received or purchased with the subsidy. Subsidy to cover expenses is recognized in revenues in the same period when the relevant expenditure appeared, provided all the terms and conditions in respect of receiving the subsidy are fulfilled.

## **XI. Taxes**

The Corporate income tax costs of the reporting year are included in the financial statements basing on the Management's calculations in accordance with the laws and regulations on taxes of the Republic of Latvia.

Deferred tax is calculated using the liability method on all temporary differences between assets and liabilities in the financial statements and its values for the tax calculation purposes. Deferred tax is calculated using the tax rates, that are in force at the date of the balance sheet, which are expected during the periods, when temporary differences smooth out. Temporary differences primarily arise from the use of different rates of depreciation of the fixed assets, as well as tax losses that are transferred to subsequent tax periods. A deferred tax asset is recognized if there is a high probability, that a taxable profit will be acquired, which will be object to the deductible temporary differences.

## **XII. Provisions**

Provisions are recognized if the Company has present legal or practice obligation that was a result of past events, there is a high probability, that for the completion of the obligation economic benefits outflow will be necessary and the amount may be credibly estimated.

Provisions for unused annual leaves and state social insurance payments for unused leaves are calculated as total provisions for all employees taking into account each employee's average daily salary and accumulated leave days at the end of the reporting period.

### **XIII. Related parties**

Related parties are considered to be participants of the Company, members of the Board, members of the Council, their close relatives and the companies, in which mentioned persons have control or significant influence.

### **XIV. Biological assets**

Biological assets of the company are getter animals belonging to the company (getter bulls, boars), that are kept to get agriculture products for sale. Biological assets are recorded accordingly purchase cost.

### **XV. Investment properties**

The Company has no investment property.

### **XVI. Accrued liabilities, contingencies**

Accrued liabilities are certain amounts payable to suppliers and contractors for goods or services received in the reporting year which at the balance sheet date has not yet been billed according to supply, sales or business contracts or other reasons. These obligations amounts are calculated on the basis of the contract price and the supporting documents of actual receipt of goods or services. A contingent liability disclosures are provided in the notes to the financial statements and - where appropriate - in the Management report. The likely financial impact is indicated where possible and if any expected.

Contingent assets which may arise in connection with certain past events (eg, intention to conclude a contract or option), are not included in the balance sheet. If it is expected that the Company receives future economic benefits from contingent assets, the information is provided in the Management report.

### **XVII. Earnings per share**

Earnings per share are determined by dividing the net profit or loss attributable to company shareholders by the weighted average number of shares during the reporting year.



## NOTES TO THE FINANCIAL STATEMENTS

### GENERAL NOTES

	2 0 1 3		2 0 1 2	
	LVL	EUR	LVL	EUR
<b>1. Average number of employees in the reporting year</b>				
Average number of employees	36		36	
<b>2. Total personnel expenses</b>	<b>289 808</b>	<b>412 360</b>	<b>277 677</b>	<b>395 099</b>
- salaries	236 262	336 171	222 369	316 403
- state social insurance payments	53 546	76 189	55 308	78 696
- including:				
Remuneration of employees engaged in production (core activity)				
- salaries	149 649	212 931	149 038	212 062
- state social insurance payments	33 101	47 098	37 817	53 809
- total	<b>182 750</b>	<b>260 030</b>	<b>186 855</b>	<b>265 871</b>
Remuneration of administration				
- salaries	86 613	123 239	73 331	104 341
- state social insurance payments	20 445	29 091	17 491	24 887
- total	<b>107 058</b>	<b>152 330</b>	<b>90 822</b>	<b>129 228</b>
including Reward to the Council				
- reward	12 290	17 487	10 829	15 408
- state social insurance payments	2 890	4 112	2 599	3 698
- total	<b>15 180</b>	<b>21 599</b>	<b>13 428</b>	<b>19 106</b>
including Reward to the Board				
- salary for the board member duties	26 703	37 995	24 199	34 432
- salary for the professional duties	23 367	33 248	21 024	29 914
- state social insurance payments	12 044	17 137	10 894	15 501
- total	<b>62 114</b>	<b>88 380</b>	<b>56 117</b>	<b>79 847</b>

### 3. Statement of intangible assets flow

	Company's development expenses	Concessions, patents, licences, trade marks and similar rights, incl. computer software	Other intangible assets	Goodwill	Advance payments	Total intangible assets
	LVL	LVL	LVL	LVL	LVL	LVL
Purchase value as at 31.12.2011.			2 189			2 189
Purchase (+)			257			257
Disposal (-)						0
Purchase value as at 31.12.2012.	0	0	2 446	0	0	2 446
Depreciation as at 31.12.2011.			1 306			1 306
Calculated (+)			361			361
Written off (-)						0
Depreciation as at 31.12.2012.	0	0	1 667	0	0	1 667
Net carrying amount as at 31.12.2011.		0	883	0	0	883
Net carrying amount as at 31.12.2012.		0	779	0	0	779

	Company's development expenses	Concessions, patents, licences, trade marks and similar rights, incl.	Other intangible assets	Goodwill	Advance payments	Total intangible assets
<b>computer software</b>						
	EUR	EUR	EUR	EUR	EUR	EUR
Purchase value as at 31.12.2011.			3 115			3 115
Purchase (+)			366			366
Disposal (-)			0			0
Purchase value as at 31.12.2012.	0	0	3 480	0	0	3 480
Depreciation as at 31.12.2011.			1 858			1 858
Calculated (+)			514			514
Written off (-)			0			0
Depreciation as at 31.12.2012.	0	0	2 372	0	0	2 372
Net carrying amount as at 31.12.2011.		0	1 256	0	0	1 256
Net carrying amount as at 31.12.2012.		0	1 108	0	0	1 108
	Company's development expenses	Concessions, patents, licences, trade marks and similar rights, incl.	Other intangible assets	Goodwill	Advance payments	Total intangible assets
<b>computer software</b>						
	LVL	LVL	LVL	LVL	LVL	LVL
Purchase value as at 31.12.2012.			2 446			2 446
Purchase (+)						0
Disposal (-)			139			139
Purchase value as at 31.12.2013.	0	0	2 307	0	0	2 307
Depreciation as at 31.12.2012.			1 667			1 667
Calculated (+)			296			296
Written off (-)			139			139
Depreciation as at 31.12.2013.	0		1 824	0	0	1 824
Net carrying amount as at 31.12.2012.	0	0	779	0	0	779
Net carrying amount as at 31.12.2013.	0	0	483	0	0	483
	Company's development expenses	Concessions, patents, licences, trade marks and similar rights, incl.	Other intangible assets	Goodwill	Advance payments	Total intangible assets
<b>computer software</b>						
	EUR	EUR	EUR	EUR	EUR	EUR
Purchase value as at 31.12.2012.		0	3 480			3 480
Purchase (+)		0	0			0
Disposal (-)		0	198			198
Purchase value as at 31.12.2013.	0	0	3 283	0	0	3 283
Depreciation as at 31.12.2012.		0	2 372			2 372
Calculated (+)		0	421			421
Written off (-)		0	198			198
Depreciation as at 31.12.2013.	0	0	2 595	0	0	2 595
Net carrying amount as at 31.12.2012.	0	0	1 108	0	0	1 108
Net carrying amount as at 31.12.2013.	0	0	687	0	0	687

**4. Statement of tangible assets and investment property flow**

	Land, building and construction (LVL)	Long-term investm. in rented fixed assets (LVL)	Equipment and machinery (LVL)	Other fixed assets and equipment (LVL)	Construction in progress (LVL)	Advance payments for fixed assets (LVL)	Total (LVL)
<b>Purchase or revaluated value as at 31.12.2011.</b>	491 781	0	345 252	25 218		0	862 251
Purchased in the reporting year (+)	40 400		40 653	4 042			85 095
Reclassified (+/-)			1 169				1 169
Disposed in the reporting year (+/-)			9 903	142			10 045
<b>Purchase or revaluated value as at 31.12.2012.</b>	532 181	0	374 833	29 118	0	0	936 132
<b>Accumulated depreciation as at 31.12.2011.</b>	21 046	0	314 068	18 450	0	0	353 564
Calculated in the reporting year (+)	6 855		19 672	2 760			29 287
Reclassified (+/-)			78				78
Disposed in the reporting year (- )			9 653	142			9 795
<b>Accumulated depreciation as at 31.12.2012.</b>	27 901	0	324 009	21 068	0	0	372 978
<b>Net carrying amount as at 31.12.2011.</b>	470 735	0	31 184	6 768	0	0	508 687
<b>Net carrying amount as at 31.12.2012.</b>	504 280	0	50 824	8 050	0	0	563 154
	Land, building and construction (LVL)	Long-term investm. in rented fixed assets (LVL)	Equipment and machinery (LVL)	Other fixed assets and equipment (LVL)	Construction in progress (LVL)	Advance payments for fixed assets (LVL)	Total (LVL)
<b>Purchase or revaluated value as at 31.12.2011.</b>	699 741	0	491 249	35 882	0	0	1 226 873
Purchased in the reporting year (+)	57 484		57 844	5 751			121 079
Reclassified (+/-)			1 663	0			1 663
Disposed in the reporting year (+/-)			14 091	202			14 293
<b>Purchase or revaluated value as at 31.12.2012.</b>	757 225	0	533 339	41 431	0	0	1 331 996
<b>Accumulated depreciation as at 31.12.2011.</b>	29 946	0	446 879	26 252	0	0	503 076
Calculated in the reporting year (+)	9 754		27 991	3 927			41 672
Reclassified (+/-)	0		111	0			111
Disposed in the reporting year (- )	0		13 735	202			13 937
<b>Accumulated depreciation as at 31.12.2012.</b>	39 700	0	461 023	29 977	0	0	530 700
<b>Net carrying amount as at 31.12.2011.</b>	669 796	0	44 371	9 630	0	0	723 796
<b>Net carrying amount as at 31.12.2012.</b>	717 526	0	72 316	11 454	0	0	801 296

4. Statement of tangible assets and investment property flow (continued)

	Land, building and construction (LVL)	Long-term investm. in rented fixed assets (LVL)	Equipment and machinery (LVL)	Other fixed assets and equipment (LVL)	Construction in progress (LVL)	Advance payments for fixed assets (LVL)	Total (LVL)
<b>Purchase or revaluated value as at 31.12.2012.</b>	532 181	0	374 833	29 118		0	936 132
Purchased in the reporting year (+)	10 872		17 732	4 195			32 799
Disposed in the reporting year (+/-)	10 505		14 401	4 280			29 186
<b>Purchase or revaluated value as at 31.12.2013.</b>	532 548	0	378 164	29 033	0	0	939 745
<b>Accumulated depreciation as at 31.12.2012.</b>	27 901	0	324 009	21 068	0	0	372 978
Calculated in the reporting year (+)	6 855		18 682	2 452			27 989
Disposed in the reporting year (-)	3 790		14 401	4 155			22 346
<b>Accumulated depreciation as at 31.12.2013.</b>	30 966	0	328 290	19 365	0	0	378 621
<b>Net carrying amount as at 31.12.2012.</b>	<b>504 280</b>	<b>0</b>	<b>50 824</b>	<b>8 050</b>	<b>0</b>	<b>0</b>	<b>563 154</b>
<b>Net carrying amount as at 31.12.2013.</b>	<b>501 582</b>	<b>0</b>	<b>49 874</b>	<b>9 668</b>	<b>0</b>	<b>0</b>	<b>561 124</b>
	Land, building and construction (LVL)	Long-term investm. in rented fixed assets (LVL)	Equipment and machinery (LVL)	Other fixed assets and equipment (LVL)	Construction in progress (LVL)	Advance payments for fixed assets (LVL)	Total (LVL)
<b>Purchase or revaluated value as at 31.12.2012.</b>	757 225	0	533 339	41 431	0	0	1 331 996
Purchased in the reporting year (+)	15 469		25 230	5 969	0		46 669
Disposed in the reporting year (+/-)	14 947		20 491	6 090	0		41 528
<b>Purchase or revaluated value as at 31.12.2013.</b>	757 748	0	538 079	41 310	0	0	1 337 137
<b>Accumulated depreciation as at 31.12.2012.</b>	39 700	0	461 023	29 977	0	0	530 700
Calculated in the reporting year (+)	9 754		26 582	3 489			39 825
Disposed in the reporting year (-)	5 393		20 491	5 912			31 795
<b>Accumulated depreciation as at 31.12.2013.</b>	44 061	0	467 115	27 554	0	0	538 729
<b>Net carrying amount as at 31.12.2012.</b>	<b>717 526</b>	<b>0</b>	<b>72 316</b>	<b>11 454</b>	<b>0</b>	<b>0</b>	<b>801 296</b>
<b>Net carrying amount as at 31.12.2013.</b>	<b>713 687</b>	<b>0</b>	<b>70 964</b>	<b>13 756</b>	<b>0</b>	<b>0</b>	<b>798 408</b>

**4. Statement of tangible assets and investment property flow (continued)**

Property	Cadastre No.	Cadastral value LVL/EUR	Book value LVL/EUR
Land	(LVL)	195 512	264 321
	(EUR)	278 189	376 095
Building and construction	(LVL)	72 122	237 261
	(EUR)	102 620	337 592

**Result of written-off, eliminated and disposed tangible assets:**

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Purchase value	29 325	41 726	10 045	14 293
Accumulated depreciation (-)	22 485	31 993	9 795	13 937
Net carrying amount	6 840	9 732	250	356
Spare parts, materials and proceeds obtained from disposal of fixed assets (+)	347	494	1 276	1 816
Profit (+) or loss (-) from disposal of fixed assets	-6 493	-9 239	1 026	1 460

**Depreciation of fixed assets and write-off of intangible assets value for tax purposes (Law on Enterprise Income Tax, Section 13)**

	Residual value as at 31.12.2012. LVL	Purchased in 2013 LVL	Residual value of disposed fixed asset LVL	Value for depreciation calculation LVL	Rate LVL	Depreciation LVL	Residual value as at 31.12.2013. LVL
Intangible assets	137		0	137	70%	96	41
Group I - excluded	3 271		6 701	-3 430		0	0
Group I - other	178 471		0	178 471	10%	17847	160 624
Group III	223	1 683	125	1 781	70%	1247	534
Group IV	30 334	20 244	0	50 578	40%	20231	30 347
Group IV			0	0	30%	0	0
Lands	253 449	10 872		264 321	0%	0	264 321
<b>Total</b>	<b>465 885</b>	<b>32 799</b>	<b>6 826</b>	<b>491 858</b>		<b>39 421</b>	<b>455 867</b>

	Residual value as at 31.12.2012. EUR	Purchased in 2013 EUR	Residual value of disposed fixed asset EUR	Value for depreciation calculation EUR	Rate EUR	Depreciation EUR	Residual value as at 31.12.2013. EUR
Intangible assets	195	0	0	195	70%	136	58
Group I - excluded	4 654	0	9 535	-4 880	10%	0	0
Group I - other	253 941	0	0	253 941	10%	25394	228 547
Group III	317	2 395	178	2 534	70%	1774	760
Group IV	43 161	28 805	0	71 966	40%	28786	43 180
Group IV	0	0	0	0	30%	0	0
Lands	360 625	15 469	0	376 095	0%	0	376 095
<b>Total</b>	<b>662 895</b>	<b>46 669</b>	<b>9 713</b>	<b>699 851</b>		<b>56 091</b>	<b>648 640</b>

**5. Biological assets**

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
<b>Residual value at the beginning of the year</b>	<b>26 413</b>	<b>37 582</b>	<b>31 551</b>	<b>44 893</b>
Purchased breeding bulls	7 871	11 199	12 861	18 300
Sold to breeding animals (-)	14 222	20 236	17 999	25 610
Advance payments for breeding animals	0	0		0
<b>Residual value at the end of the year</b>	<b>20 062</b>	<b>28 546</b>	<b>26 413</b>	<b>37 582</b>
	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
<b>Residual value at the beginning of the year</b>	<b>6 768</b>	<b>9 630</b>	<b>7 188</b>	<b>10 228</b>

Purchased breeding boars	3 395	4 831	1 390	1 978
Sold to breeding animals (-)	2 298	3 270	1 810	2 575
Advance payments for breeding animals	0	0		0
<b>Residual value at the end of the year</b>	<b>7 865</b>	<b>11 191</b>	<b>6 768</b>	<b>9 630</b>

#### 6. Long-term financial investments

Item	31.12.2013.			31.12.2012.		
	Amount	LVL	EUR	Amount	LVL	EUR
Share SIA Latvijas šķ. dzīv. audz. savienībā	2 000	2 000	2 846	2 000	2 000	2 846
Share SIA Piensaimnieku laboratorija	16	480	683	16	480	683
<b>Total</b>	<b>2 016</b>	<b>2 480</b>	<b>3 529</b>	<b>2 016</b>	<b>2 480</b>	<b>3 529</b>

#### 7. Raw materials and consumables

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Materials	13 329	18 965	13 172	18 742
Feed additives	674	959	1 044	1 485
Mineral fertilizers and chemicals	21 411	30 465	3 145	4 475
Grain and seedcorn	21 660	30 819	24 688	35 128
Fuel and lubricants	1 265	1 800	342	487
Spare parts	867	1 234	1 045	1 487
Animal feed	2 992	4 257	3 047	4 335
<b>Total</b>	<b>62 198</b>	<b>88 500</b>	<b>46 483</b>	<b>66 139</b>

#### 8. Unfinished production

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Winter crops	19 369	27 560	6 060	8 623
<b>Total</b>	<b>19 369</b>	<b>27 560</b>	<b>6 060</b>	<b>8 623</b>

#### 9. Finished production and goods for sale

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Frozen bulls sperm	406 067	577 781	386 827	550 405
Frozen stallions sperm	17	24	17	24
<b>Total</b>	<b>406 084</b>	<b>577 805</b>	<b>386 844</b>	<b>550 429</b>

#### 10. Trade receivables

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Carrying amount of trade receivables	61 422	87 396	70 841	100 798
Allowance for doubtful receivables	5 668	8 065	4 729	6 729
<b>Net trade receivables</b>	<b>55 754</b>	<b>79 331</b>	<b>66 112</b>	<b>94 069</b>

In the reference year is created provisions for doubtful receivables 939 LVL and not written off bad receivables in previous accounting years which were created for 100%.

#### 11. Other receivables

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Incom tax	5 524	7 860	4 197	5 972
Advance person's debt settlement	90	128	164	233
<b>Total</b>	<b>5 614</b>	<b>7 988</b>	<b>4 361</b>	<b>6 205</b>

#### 12. Prepaid expenses

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Insurance	4 112	5 851	1 075	1 530
<b>Total</b>	<b>4 112</b>	<b>5 851</b>	<b>1 075</b>	<b>1 530</b>

#### 13. Cash

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Cash on hand	4 248	6 044	5 827	8 291
Cash in bank	120 709	171 753	108 611	154 540
<b>Total</b>	<b>124 957</b>	<b>177 798</b>	<b>114 438</b>	<b>162 831</b>

#### 14. Information on the Company's own shares

The issued and fully paid Company's equity consists of 438 000 shares with the par value LVL 1.00 per share. On the 31th of December 2013 438 000 bearer's shares were publicly traded.

Capital structure	Class of shares	31.12.2013			31.12.2012		
		% of equity	Number of shares		% of equity	Number of shares	
			LVL	EUR		LVL	EUR
Bearer's shares with voting rights - publicly traded	100%	438 000	623 218	100%	438 000	623 218	
Bearer's shares without voting rights	0%	0	0	0%	0	0	
	100%	438 000	623 218	100%	438 000	623 218	

**List of shareholders and their position held in the Company on the 31th of December 2013**

Shareholders	Position held in the Company	% from share capital
SIA Latvijas šķ. dzīv. audz. sav.	shareholder	37.25%
SIA JL INDEX	shareholder	11.79%
Pēteris Augustovs	shareholder	11.37%
Other shareholder	x	39.59%
<b>Kopā:</b>	<b>x</b>	<b>100.00%</b>

**Information about limitations concerning share expropriation rights**

Restrictions for expropriation of shares or specific consent reception for shares disposal have not been set.

**Shareholders' rights and agreements**

Regulated by laws and regulations of the Republic of Latvia, the Company's Statutes does not define any special limitations or regulations related to the voting right.

Company does not possess any information about agreements between shareholders.

**Powers of the Board Members and special agreements**

According to the Statutes of the JSC "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" each Board member has the right to represent the Company alone.

There is no agreement between the Company and the Board members concerning the compensation of resignation.

**Regulations of Board members elections and Statute amendments**

Regulated by laws and regulations of the Republic of Latvia, the Company's Statutes does not define any special limitations or regulations related to the elections of Board members and Statute amendments.

15. Provisions	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Provisions for leaves in the beginning of the year	15 883	22 599	17 519	24 927
Increase/(decrease)	-1 245	-1 771	-1 636	-2 328
Provisions for leaves in the end of the year	14 638	20 828	15 883	22 599

16. Taxes and state social insurance payables	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
State social insurance payments	7 143	10 164	7 299	10 386
Personal income tax	4 123	5 867	4 261	6 063
Unemployment risk duty	14	20	14	20
Value added tax	6 216	8 845	5 339	7 597
Natural resources tax	227	323	118	168
<b>Total</b>	<b>17 723</b>	<b>25 218</b>	<b>17 031</b>	<b>24 233</b>

**Tax and duty obligations flow in 2013**

	Balance as at 31.12.2012. LVL	Calculated in 2013 LVL	Penalty un 2013 LVL	Paid in 2013 LVL	Repaid in 2013 LVL	Deflection to other taxes LVL	Balance as at 31.12.2013. LVL
State social insurance payments	7 299	79 668	0	79 824			7 143

Personal income tax	4 261	43 515	0	43 653			4 123
Value added tax	5 339	93 267	0	92 390			6 216
Immovable property tax		2 975	0	2 975			0
Natural resources tax	118	320	0	211			227
Company income tax	-4 197	74	0	1 401			-5 524
Company car tax		1 939	0	1 939			0
Unemployment risk duty	14	117	0	117			14
<b>Total</b>	<b>12 834</b>	<b>221 875</b>	<b>0</b>	<b>222 510</b>	<b>0</b>	<b>0</b>	<b>12 199</b>

including:

<b>Taxes receivable (-)</b>	<b>-4 197</b>						<b>-5 524</b>
<b>Taxes payable (+)</b>	<b>17 031</b>						<b>17 723</b>

Taxes receivable as at 31.12.2013. in the amount of LVL 5524 are shown in the item "Other receivables"

	Balance as at 31.12.2012.	Calculated in 2013	Penalty un 2013	Paid in 2013	Repaid in 2013	Deflection to other taxes	Balance as at 31.12.2013.
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
State social insurance payments	10 386	113 357	0	113 579	0	0	10 164
Personal income tax	6 063	61 916	0	62 113	0	0	5 867
Value added tax	7 597	132 707	0	131 459	0	0	8 845
Immovable property tax	0	4 233	0	4 233	0	0	0
Company income tax	-5 972	105	0	1 993	0	0	-7 860
Natural resources tax	168	455	0	300	0	0	323
Company car tax	0	2 759	0	2 759	0	0	0
Unemployment risk duty	20	166	0	166	0	0	20
Unemployment risk duty							
<b>Total</b>	<b>18 261</b>	<b>315 700</b>	<b>0</b>	<b>316 603</b>	<b>0</b>	<b>0</b>	<b>17 358</b>

including:

<b>Taxes receivable (-)</b>	<b>-5 972</b>						<b>-7 860</b>
<b>Taxes payable (+)</b>	<b>24 233</b>						<b>25 218</b>

Taxes receivable as at 31.12.2013. in the amount of EUR 7860 are shown in the item "Other receivables"

#### 17. Other payables

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Wages and salaries	10 851	15 440	10 867	15 462
Advance person's debt settlement	95	135		0
<b>Total</b>	<b>10 946</b>	<b>15 575</b>	<b>10 867</b>	<b>15 462</b>

#### 18. Accrued liabilities

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Fees for sworn auditors company for audit of annual report	1 000	1 423	650	925
The Board and the Council Incentives	6 662	9 479	3 329	4 737
<b>Total</b>	<b>7 662</b>	<b>10 902</b>	<b>3 979</b>	<b>5 662</b>

#### 19. Net turnover

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Revenue from bull semen	350 300	498 432	345 347	491 385
Revenue from boar semen	63 319	90 095	60 741	86 427
Revenue from artificial insemination services	61 120	86 966	66 861	95 135
Revenue from livestock and other production	5 826	8 290	9 294	13 224
Revenue from grain sale	136 770	194 606	101 737	144 759
Revenue from linear evaluation of cows	50 728	72 179	45 051	64 102
Revenue from milk sample collection	40 265	57 292	43 694	62 171
Revenue from grain kiln service	12 934	18 403	4 876	6 938
Other	45 444	64 661	52 562	74 789
<b>Total</b>	<b>766 706</b>	<b>1 090 924</b>	<b>730 163</b>	<b>1 038 928</b>

#### 19a. Net turnover by geographical segments

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Latvia	766 706	1 090 924	730 163	1 038 928
<b>Total</b>	<b>766 706</b>	<b>1 090 924</b>	<b>730 163</b>	<b>1 038 928</b>

#### 20. Cost of sales

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Forage	7 003	9 964	7 608	10 825



Medication	356	507	852	1 212
Wages and salaries	111 058	158 021	111 341	158 424
State social insurance payments, unemployment risk duty	26 273	37 383	28 790	40 964
Depreciation	25 215	35 878	26 349	37 491
Electricity costs	5 794	8 244	6 946	9 883
Security costs	180	256	180	256
Insurance costs	1 944	2 766	1 406	2 001
Materials and spare parts	71 748	102 088	18 754	26 685
Utilization and other expenses	344	489	284	404
Dry waste	184	262	205	292
Natural resources tax	321	457	118	168
Fuel costs	44 150	62 820	45 838	65 222
Gas costs	10 685	15 203	11 922	16 963
Current repair services	12 776	18 179	15 006	21 352
Miscellaneous services (transport, etc.)	33 341	47 440	35 482	50 486
Fertilizers, seeds and chemicals.	49 185	69 984	44 522	63 349
Other	14 081	20 035	30 437	43 308
<b>Total</b>	<b>414 638</b>	<b>589 977</b>	<b>386 040</b>	<b>549 285</b>

### 21. Sales expenses

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Wages and salaries	38 591	54 909	37 697	53 638
State social insurance payments, unemployment risk duty	6 828	9 715	9 027	12 844
Transport costs	46 017	65 476	44 921	63 917
Write-off of ageing and slow-turnover breeding bull' bio product	43 461	61 839	51 452	73 210
Advertising costs	2 240	3 187	2 155	3 066
Other	18 859	26 834	21 297	30 303
<b>Total</b>	<b>155 996</b>	<b>221 962</b>	<b>166 549</b>	<b>236 978</b>

### 22. Administrative expenses

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Communication expenses	945	1 345	917	1 305
Office maintenance expenses	2 885	4 105	2 975	4 233
Annual report expenses	6 776	9 641	5 000	7 114
Bank services	786	1 118	792	1 127
Administration salaries	86 613	123 239	73 331	104 341
State social insurance payments, unemployment risk duty	20 445	29 091	17 491	24 887
Depreciation	3 072	4 371	3 298	4 693
Transport costs	10 250	14 584	13 907	19 788
Business trip expenses	4 474	6 366	3 622	5 154
Miscellaneous services	25 306	36 007	39 878	56 741
Legal services	1 200	1 707	2 549	3 627
<b>Total</b>	<b>162 752</b>	<b>231 575</b>	<b>163 760</b>	<b>233 009</b>

### 23. Other operating income

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Revenue from the sale of fixed asset	0	0	1 027	1 461
Excise tax for diesel fuel used in agriculture	5 107	7 267	5 059	7 198
Subsidies from Agriculture Ministry	35 950	51 152	13 004	18 503
EU financing for reconstruction and modernisation of boars'cattle-shed	7 200	10 245	7 200	10 245
EU financing for reconstruction and modernisation of bulls'cattle-shed	3 836	5 458	3 192	4 542
EU financing for new machinery purchase for grain industry	2 111	3 004	528	751
Income from foreign currency exchange rate fluctuations	0	0	1 441	2 050
Dividends of SIA Latvijas šķirnes dzīv.n.audz.sav.	60	85	60	85
Others income	1 025	1 458	0	0
<b>Total</b>	<b>55 289</b>	<b>78 669</b>	<b>31 511</b>	<b>44 836</b>

### 24. Other operating expenses

	31.12.2013. LVL	31.12.2013. EUR	31.12.2012. LVL	31.12.2012. EUR
Losses from foreign currency exchange rate fluctuations	878	1 249	0	0

Losses on disposal of fixed assets	6 493	9 239	0	0
Others expenses	205	292	205	292
<b>Total</b>	<b>7 576</b>	<b>10 780</b>	<b>205</b>	<b>292</b>

**25. Interest paid and similar expenses**

Interest paid and similar expenses	119	169	802	1 141
<b>Total</b>	<b>119</b>	<b>169</b>	<b>802</b>	<b>1 141</b>

**Deferred tax income or expenses**

Temporary difference in provisions for annual leave	-14 638	-20 828	-15 883	-22 599
Temporary difference in tangible assets depreciation	-155 494	-221 248	-156 180	-222 224
Temporary differences of the loss amounts, that reduce the taxable income		0		0
<b>Deferred tax liabilities (+), assets (-)</b>	<b>-25 520</b>	<b>-36 311</b>	<b>-25 809</b>	<b>-36 724</b>

Deferred tax calculated for the year 2013 and 2012 is tax asset that in accordance with the precautionary principle is not recognized.

**26. Other taxes**

Immovable property tax in the reporting year	2 975	4 233	2 585	3 678
<b>Total</b>	<b>2 975</b>	<b>4 233</b>	<b>2 585</b>	<b>3 678</b>

**OTHER NOTES TO FINANCIAL STATEMENTS**

**27. Fees for sworn auditors company**

Audit of annual report	1 000	1 423	650	925
Translation of annual report		0	0	0
<b>Total</b>	<b>1 000</b>	<b>1 423</b>	<b>650</b>	<b>925</b>

**28. Guarantees and off-balance-sheet liabilities**

Guarantees are not issued

There is non Off-balance-sheet liabilities

**29. Received financial assistance and other forms of financial support**

During the reporting year the Company has received Government subsidies granted by the Ministry of Agriculture boar breeding industry LVL 3473 (EUR 4942), bull breeding industry LVL 3853 (EUR 5482), area payments to LVL 28624 (EUR 40728).

Share of EU funding attributable to the reporting period and recognized in 2013: boar cattle-shed reconstruction of LVL 7200 (EUR 10245), bull cattle-shed reconstruction of LVL 3836 (EUR 5458), purchase of the trailer and equipment of LVL 2111 (EUR 3004).

For the funds received in previous years all fund providers' requirements have been met.

The Company did not have a refundable amount related to the non-fulfilment of fund providers' requirements.

During the reporting year the Company has not received any State or local government guarantees or investment in share capital.

During the reporting year the Company has not received any gifts or donations.

**30. Transactions with related parties**

Not transaction.

**31. Lease Contracts**

During the reporting year the Company has entered into three lease agreements for land lease in Kuldiga region for three years.

**32. Liabilities to former employees**

The Company has not obligations to former employees.

**33. Subsequent events**

Other financial transactions or events that result in the adjustments in the financial statements or that should be explained in the financial statements, did not occur.

The financial statements have been signed from page 1 to page 26.

Chairman of the Board \_\_\_\_\_

Member of the Board \_\_\_\_\_

Member of the Board \_\_\_\_\_

March 21, 2014

GATIS KAČIS

SIGITA LUKAŽE

DAIGA LIELPINKA