



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

**INTERIM REPORT  
for Nine Months of 2015**

## **Index of Contents**

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	<b>Page</b>
<b>Information on the Company</b>	<b>3</b>
<b>Management Report</b>	<b>4</b>
<b>Profit or Loss Account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Cash flow statement</b>	<b>8</b>
<b>Statement on changes in shareholders' equity</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10</b>
<b>Report on Management Liability</b>	<b>24</b>

## **Information on the Company**

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Company's name	<i>SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA</i>
Company's legal status	<i>Joint stock company</i>
Registration number, place and date	<i>40003013295, Riga, 26 July 1991</i> <i>Registration in the Commercial Register on 19 June 2004</i>
Legal address	<i>'Kalnabeites' 8, Sigulda parish, Sigulda municipality, LV-2150</i>
Shareholders holding more than 5% of the total number of voting shares	<i>'Siguldas mākslīgās apsēklošanas stacija' Ltd. (49.92%), registration No. 40003311954</i> <i>Oļegs Radčenko (5.18%)</i>
Members of the Board	<i>Nils Ivars Feodorovs, Chairman of the Management Board</i> <i>Sarmīte Arcimoviča, Member of the Management Board</i> <i>Valda Mālniece, Member of the Management Board</i>
Members of the Council	<i>Inīta Bedrīte, Chairman of the Supervisory Board</i> <i>Maija Beča, Deputy Chairman of the Supervisory Board</i> <i>Ērika Everte, Member of the Supervisory Board</i> <i>Solvīta Arcimoviča, Member of the Supervisory Board</i> <i>Jekaterina Kreise, Member of the Supervisory Board</i>
Reporting period	<i>01.01.2015 – 30.09.2015</i>
Previous reporting period	<i>01.01.2014 – 30.09.2014</i>
Auditors	<i>Vija Dzene</i> <i>Sworn Auditor</i> <i>Certificate No. 108</i>  <i>V. Dzenes Audits Ltd.</i> <i>Hospitalu street 8</i> <i>Riga, LV-1013, Latvia</i> <i>Sworn Auditors' Commercial Company's license No. 120</i>

## **Management Report**

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The basic economic activity of the Joint Stock Company invariably is the production and sale of bull semen, comprising 52.3% of its net turnover in the accounting period, as well as the milk testing and data processing services, which collectively comprise 36.1% of the Company's net turnover. The proportion of the Company's basic activities, if compared to the first nine months of 2014, does not show any significant changes.

Company's net turnover in the first nine months of 2015 was 842.9 thousand EUR, showing a decrease of 3.7% against the corresponding period in 2014, while Company's profit of 103.9 thousand EUR of the first nine months of 2015 shows a decrease of 30.3% against the corresponding period in 2014.

The decrease of the net turnover and the increase of the trade receivables was effected both by the shrinking of the sales market in Russia, due to the sanctions imposed by Russia, and the lifting of quotas on milk production by the European Union in 2015, directly influencing both the milk price and the market conjuncture resulting in lowering of the farmers purchasing power.

The commercial profitability in the first nine months of 2015 was 14.7%, compared to 18.5% in 2014.

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Nils Ivars Feodorovs  
*Chairman of the Management  
Board*

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Sarmīte Arcimoviča  
*Member of the Management  
Board*

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Valda Mālniece  
*Member of the Management  
Board*

25 November 2015

**Profit or loss account for the period ended 30 September 2015**

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	Note	2015 EUR	2014 EUR
Net sales	3	842 942	875 193
Changes in stock of ready-made goods and unfinished products	4	24 778	37 355
Other operating income	5	8 057	6 673
Costs of materials:		(339 360)	(342 834)
a) raw materials and auxiliary costs of materials		(254 511)	(258 131)
b) other external costs		(84 849)	(84 703)
Personnel costs:	6	(344 625)	(347 286)
a) salaries for work		(274 081)	(275 926)
b) state social insurance compulsory contributions		(61 717)	(62 161)
c) other social insurance costs		(8 827)	(9 199)
Write-off of assets and values:		(34 686)	(33 934)
a) depreciation of fixed assets and amortization of intangible assets		(34 686)	(33 934)
Other operating costs	7	(30 803)	(31 636)
Other interest income and similar income	8	4 306	2 989
Interest payments and similar costs	9	(6 588)	(4 232)
<b>Profit or losses before taxes</b>		<b>124 021</b>	<b>162 288</b>
Enterprise income tax for the reporting year		(18 287)	(11 544)
Other taxes	10	(1 854)	(1 635)
<b>The profit or loss for the year</b>		<b>103 880</b>	<b>149 109</b>
<b>Equity per 1 share (EPS)</b>	22	<b>0.246</b>	<b>0.353</b>

Notes on pages 10 to 23 form an integral part of these financial statements.

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*Member of the Management  
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Valda Mālniece  
*Member of the Management  
Board*

25 November 2015

**Balance sheet as at 30 September 2015**

Assets	Note	2015 EUR	2014 EUR
<b>Long-term investments</b>			
<b>Fixed assets</b>			
Land parcels, buildings and constructions and perennial plantings		129 385	144 861
Equipment and machinery		49 431	59 757
Other fixed assets and inventory		11 629	11 681
<b>Fixed assets total</b>	12	<b>190 445</b>	<b>216 299</b>
<b>Investment properties</b>	13	<b>112 000</b>	<b>86 795</b>
<b>Biological assets</b>		<b>69 310</b>	<b>78 276</b>
<b>Long-term financial investments</b>			
Investments in capital of associated companies	14	83 954	83 954
Other securities and investments	15	683	683
<b>Long-term financial investments total</b>		<b>84 637</b>	<b>84 637</b>
<b>Long-term investments total</b>		<b>456 392</b>	<b>466 007</b>
<b>Current assets</b>			
<b>Stock</b>			
Raw materials, basic materials and auxiliary materials		18 488	21 763
Ready-made goods and goods for sale	16	579 134	544 602
Prepayments for goods		3 106	275
<b>Stock total</b>		<b>600 728</b>	<b>566 640</b>
<b>Receivables</b>			
Trade receivables	17	243 577	203 319
Other receivables	18	4 907	539
Prepaid expenses	19	4 310	4 081
<b>Receivables total</b>		<b>252 794</b>	<b>207 939</b>
<b>Short-term financial investments</b>			
Other securities and shareholding in capitals	20	-	31 148
<b>Short-term financial investments total</b>		<b>-</b>	<b>31 148</b>
<b>Cash</b>	21	<b>291 183</b>	<b>266 365</b>
<b>Current assets total</b>		<b>1 144 705</b>	<b>1 072 092</b>
<b>Assets total</b>		<b>1 601 097</b>	<b>1 538 099</b>

**Balance sheet as at 30 September 2015**

<b>Shareholders' equity and liabilities</b>	<b>Note</b>	<b>2015 EUR</b>	<b>2014 EUR</b>
<b>Shareholders' equity</b>			
Share capital	22	591 416	601 078
Other reserves	23	1 213	-
Retained earnings:			
Retained earnings carried forward from previous years		816 761	711 538
Retained earnings of the reporting year		103 880	149 109
<b>Shareholders' equity total</b>		<b>1 513 270</b>	<b>1 461 725</b>
<b>Provisions</b>			
Other provisions	24	7 483	6 926
<b>Provisions total</b>		<b>7 483</b>	<b>6 926</b>
<b>Payables</b>			
<b>Long-term payables</b>			
Deferred tax liabilities	25	3 840	4 550
<b>Long-term payables total</b>		<b>3 840</b>	<b>4 550</b>
<b>Short-term payables</b>			
Prepayment received from customers		254	492
Trade payables		28 640	15 073
Taxes and social insurance payments	26	32 725	36 558
Other payables		14 885	12 775
<b>Short-term payables total</b>		<b>76 504</b>	<b>64 898</b>
<b>Payables total</b>		<b>80 344</b>	<b>69 448</b>
<b>Shareholders' equity and liabilities total</b>		<b>1 601 097</b>	<b>1 538 099</b>

Notes on pages 10 to 23 form an integral part of these financial statements.

\_\_\_\_\_  
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*Chairman of the Management  
Board*

\_\_\_\_\_  
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*Member of the Management  
Board*

25 November 2015

**Cash flow statement for the period ended 30 September 2015**

	Note	2015 EUR	2014 EUR
<b>Cash flow from operating activities</b>			
Income from sale of goods and provision of services		928 875	1 000 891
Payments to suppliers, employees, other expenses arising from basic operations		(903 702)	(915 073)
<b>Gross cash flow from basic operations</b>		<b>25 173</b>	<b>85 818</b>
Expenses for enterprise income tax payments		(29 235)	(10 545)
<b>Net cash flow from operating activities</b>		<b>(4 062)</b>	<b>75 273</b>
<b>Cash flow from investing activities</b>			
Purchase of fixed assets and intangible investments		(20 767)	(21 889)
Income from exclusion of fixed assets		996	-
Earnings from investment denomination		11	-
<b>Net cash flow from investing activities</b>		<b>(19 760)</b>	<b>(21 889)</b>
<b>Cash flow from financing activities</b>			
Subsidies received as a state support		7 061	6 673
Dividends paid		(50 693)	(59 142)
The difference of the share value – resulting from the denomination of the Company's shares – paid		(8 449)	-
<b>Net cash flow from financing activities</b>		<b>(52 081)</b>	<b>(52 469)</b>
<b>Result of foreign exchange rate fluctuations</b>		<b>(54)</b>	<b>(454)</b>
<b>Increase/ decrease of cash and its equivalents</b>		<b>(75 957)</b>	<b>461</b>
<b>Cash and its equivalents at the beginning of the period</b>		<b>367 140</b>	<b>265 904</b>
<b>Cash and its equivalents at the end of the period</b>	21	<b>291 183</b>	<b>266 365</b>

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*Chairman of the Management Board*

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*Member of the Management Board*

25 November 2015



**Statement on changes in shareholders' equity for the period ended  
30 September 2015**

	Share capital	Other reserves	Retained earnings carried forward from previous years	Retained earnings for the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR	EUR
<b>31.12.2013</b>	<b>601 078</b>	<b>-</b>	<b>700 585</b>	<b>70 095</b>	<b>1 371 758</b>
Profit for 2013 transferred to retained earnings of previous years	-	-	70 095	(70 095)	-
Dividends for 2013	-	-	(59 142)	-	(59 142)
Retained earnings for the reporting year	-	-	-	149 109	149 109
<b>30.09.2014</b>	<b>601 078</b>	<b>-</b>	<b>711 538</b>	<b>149 109</b>	<b>1 461 725</b>
<b>31.12.2014</b>	<b>601 078</b>	<b>-</b>	<b>711 538</b>	<b>155 916</b>	<b>1 468 532</b>
Profit for 2014 transferred to retained earnings of previous years	-	-	155 916	(155 916)	-
Dividends for 2014	-	-	(50 693)	-	(50 693)
The denomination of the Company's shares from lats to euro	(9 662)	1 213	-	-	(8 449)
Retained earnings for the reporting year	-	-	-	103 880	103 880
<b>30.09.2015</b>	<b>591 416</b>	<b>1 213</b>	<b>816 761</b>	<b>103 880</b>	<b>1 513 270</b>

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25 November 2015

## **Notes to the Financial Statements**

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### **(1) General information on the Company**

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

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

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

### **(2) Significant accounting principles**

#### ***Underlying principles of preparation of the Financial Statements***

The Company's Financial Statements have been prepared according to the Law *On Annual Reports* of the Republic of Latvia. 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**

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### **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 nine months from 1 January to 30 September 2015.

### **Revaluation of foreign currencies**

The Company's functional currency and the currency used in the Financial Statements is euro (EUR) – the sole legal mean of payment in the Republic of Latvia since January 1, 2014. All transactions in foreign currencies are converted into euro according to the euro foreign exchange reference rate published by the European Central Bank on the day of particular transaction being performed.

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

	<b>30.09.2015</b>	<b>30.09.2014</b>
USD	1.12030	1.25830

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

### **Recognition of income**

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

#### *Sale of goods*

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

#### *Provision of services*

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

#### *Penalty and delay charges*

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

#### *Interest*

Income is recognized according to the respective period of time.

### **Long-term and short-term items**

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

## **Notes to the Financial Statements**

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

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

### **Investment properties**

Investment properties – land in possession of the stock company, which market value is expected to grow. Investment properties have been filed according to their purchase value. No later than 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**

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### **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	2015 EUR	2014 EUR
Livestock sperm	440 672	469 972
Milk laboratory services	216 545	216 281
Treatment of supervisory data	88 166	88 009
Cow exterior appraisal	4 565	4 919
Artificial insemination of livestock	32 705	32 727
Other income	60 289	63 285
	<b>842 942</b>	<b>875 193</b>

Distribution of net sales according to the geographical markets:

	2015 EUR	2014 EUR
Latvia	842 942	875 193
	<b>842 942</b>	<b>875 193</b>

Earnings from agricultural activities represented in net sales:

	2015 EUR	2014 EUR
Earnings from agricultural activities	842 942	875 193
	<b>842 942</b>	<b>875 193</b>

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

	2015 EUR	2014 EUR
Changes in sperm stock value	28 943	30 305
Changes in stud bull herd value	(4 165)	7 050
	<b>24 778</b>	<b>37 355</b>

### (5) Other operating income

	2015 EUR	2014 EUR
Revenue from exclusion of fixed assets	996	-
State support for agricultural	7 061	6 673
	<b>8 057</b>	<b>6 673</b>

## Notes to the Financial Statements

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### (6) Personnel costs

	<b>2015 EUR</b>	<b>2014 EUR</b>
Salaries for work	264 285	266 368
Life insurance with cash value accrual	9 796	9 558
State social insurance contributions	61 717	62 161
Health insurance	7 432	7 562
Other costs	1 395	1 637
	<b>344 625</b>	<b>347 286</b>

### (7) Other operating expenses

	<b>2015 EUR</b>	<b>2014 EUR</b>
Insurance payments	1 507	1 469
Business trip expenses	1 740	2 900
Selling expenses	1 451	1 498
The costs of accreditation and employee training	1 307	1 261
The costs of security services	952	952
Taxes applied on the vehicles	505	1 239
Company's management and administrative expenses	8 515	7 158
Regulated securities market expenses	8 459	8 210
Other costs	6 367	6 949
	<b>30 803</b>	<b>31 636</b>

### (8) Other interest income and similar income

	<b>2015 EUR</b>	<b>2014 EUR</b>
Income from securities	-	32
Income from foreign currency exchange rate fluctuations	1 193	-
Recovered doubtful and bad debts	3 102	2 954
Other income	11	3
	<b>4 306</b>	<b>2 989</b>

## Notes to the Financial Statements

### (9) Interest payments and similar costs

	2015 EUR	2014 EUR
Loses from foreign currency exchange rate fluctuations	-	1 162
Employees' leisure and other costs not connected with operating activities	6 588	3 070
	<b>6 588</b>	<b>4 232</b>

### (10) Other taxes

	2015 EUR	2014 EUR
Real estate tax	1 854	1 635
	<b>1 854</b>	<b>1 635</b>

### (11) Intangible assets

	Concessions, patents, licenses, trademarks and similar rights EUR	Total EUR
<b>Initial value</b>		
<b>31.12.2014</b>	<b>1 025</b>	<b>1 025</b>
Purchased	-	-
Disposed	-	-
<b>30.09.2015</b>	<b>1 025</b>	<b>1 025</b>
<b>Accrued depreciation</b>		
<b>31.12.2014</b>	<b>1 025</b>	<b>1 025</b>
Calculated depreciation	-	-
Depreciation of excluded investments	-	-
<b>30.09.2015</b>	<b>1 025</b>	<b>1 025</b>
<b>Book value as at 31.12.2014</b>	<b>-</b>	<b>-</b>
<b>Book value as at 30.09.2015</b>	<b>-</b>	<b>-</b>



## Notes to the Financial Statements

	Concessions, patents, licenses, trademarks and similar rights EUR	Total EUR
<b>Initial value</b>		
<b>31.12.2013</b>	<b>1 025</b>	<b>1 025</b>
Purchased	-	-
Disposed	-	-
<b>30.09.2014</b>	<b>1 025</b>	<b>1 025</b>
<b>Accrued depreciation</b>		
<b>31.12.2013</b>	<b>1 025</b>	<b>1 025</b>
Calculated depreciation	-	-
Depreciation of excluded investments	-	-
<b>30.09.2014</b>	<b>1 025</b>	<b>1 025</b>
<b>Book value as at 31.12.2013</b>	<b>-</b>	<b>-</b>
<b>Book value as at 30.09.2014</b>	<b>-</b>	<b>-</b>

### (12) Report on movement of fixed assets

	Land, buildings and constructions EUR	Technological equipment and machinery EUR	Other fixed assets EUR	Total EUR
<b>Initial value</b>				
<b>31.12.2014</b>	<b>378 017</b>	<b>458 136</b>	<b>121 028</b>	<b>957 181</b>
Purchased	-	15 186	5 581	20 767
Disposed	-	-	(1 590)	(1 590)
<b>30.09.2015</b>	<b>378 017</b>	<b>473 322</b>	<b>125 019</b>	<b>976 358</b>
<b>Accrued depreciation</b>				
<b>31.12.2014</b>	<b>237 125</b>	<b>405 157</b>	<b>110 535</b>	<b>752 817</b>
Calculated depreciation	11 507	18 734	4 445	34 686
Depreciation of excluded fixed assets	-	-	(1 590)	(1 590)
<b>30.09.2015</b>	<b>248 632</b>	<b>423 891</b>	<b>113 390</b>	<b>785 913</b>
<b>Book value as at 31.12.2014</b>	<b>140 892</b>	<b>52 979</b>	<b>10 493</b>	<b>204 364</b>
<b>Book value as at 30.09.2015</b>	<b>129 385</b>	<b>49 431</b>	<b>11 629</b>	<b>190 445</b>

As at 30 September 2015, the cadastral value of **real estate – land and constructions** - was EUR 158 004

## Notes to the Financial Statements

	Land, buildings and constructions	Technological equipment and machinery	Other fixed assets	Total
	EUR	EUR	EUR	EUR
<b>Initial value</b>				
<b>31.12.2013</b>	<b>378 017</b>	<b>479 524</b>	<b>122 811</b>	<b>980 352</b>
Purchased	-	16 409	5 480	21 889
Disposed	-	(33 529)	(1 577)	(35 106)
<b>30.09.2014</b>	<b>378 017</b>	<b>462 404</b>	<b>126 714</b>	<b>967 135</b>
<b>Accrued depreciation</b>				
<b>31.12.2013</b>	<b>221 249</b>	<b>418 303</b>	<b>112 456</b>	<b>752 008</b>
Calculated depreciation	11 907	17 873	4 154	33 934
Depreciation of excluded fixed assets	-	(33 529)	(1 577)	(35 106)
<b>30.09.2014</b>	<b>233 156</b>	<b>402 647</b>	<b>115 033</b>	<b>750 836</b>
<b>Book value as at 31.12.2013</b>	<b>156 768</b>	<b>61 221</b>	<b>10 355</b>	<b>228 344</b>
<b>Book value as at 30.09.2014</b>	<b>144 861</b>	<b>59 757</b>	<b>11 681</b>	<b>216 299</b>

As at 30 September 2014, the cadastral value of **real estate – land and constructions** - was EUR **158 004**

### (13) Investment properties

	Land EUR	Total EUR
<b>Book value as at 31.12.2013</b>	<b>86 795</b>	<b>86 795</b>
Increase/decrease of value due to revaluation	-	-
<b>Book value as at 30.09.2014</b>	<b>86 795</b>	<b>86 795</b>
<b>Book value as at 31.12.2014</b>	<b>112 000</b>	<b>112 000</b>
Increase/decrease of value due to revaluation	-	-
<b>Book value as at 30.09.2015</b>	<b>112 000</b>	<b>112 000</b>

### (14) Investments in capital of associated companies

	2015 % from total share capital	EUR	2014 % from total share capital	EUR
'Animal Breeders Association of Latvia' Ltd. (SIA „Latvijas šķirnes dzīvnieku audzētāju savienība” ) Legal address: Republikas laukums 2, Rīga, LV-1010, Latvia	36.3	83 954	36.3	83 954
		<b>83 954</b>		<b>83 954</b>

## Notes to the Financial Statements

### (15) Other securities and investments

	EUR
Purchase value as at 30.09.2014	683
<b>Book value as at 30.09.2014</b>	<b>683</b>
Purchase value as at 30.09.2015	683
<b>Book value as at 30.09.2015</b>	<b>683</b>

### (16) Ready-made products and goods for sale

	2015 EUR	2014 EUR
Bull semen	566 884	534 614
Other goods for sale	12 250	9 988
	<b>579 134</b>	<b>544 602</b>

### (17) Trade receivables

	2015 EUR	2014 EUR
Accounting value of trade receivables	261 376	210 837
Provisions for doubtful trade receivables	(17 799)	(7 518)
	<b>243 577</b>	<b>203 319</b>

### (18) Other receivables

	2015 EUR	2014 EUR
VAT for received goods and services	2 839	254
Other receivables	2 068	285
	<b>4 907</b>	<b>539</b>

### (19) Prepaid expenses

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

	2015 EUR	2014 EUR
Advertising costs	122	129
Insurance	3 303	3 236
Press and legislation updates' subscription	716	625
Other prepaid expenses	169	91
	<b>4 310</b>	<b>4 081</b>

## Notes to the Financial Statements

### (20) Other securities and shareholding in capitals

	2015			2014		
	Number	Market price	Amount EUR	Number	Market price	Amount EUR
SEB Euro reserve fund	-	-	-	15 044	2.07046	31 148
			-			<u>31 148</u>

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

#### Break-down of cash according to currencies:

	2015		2014	
	Currency	EUR	Currency	EUR
Cash in hand	EUR	- 19 498	-	6 651
Cash in bank	EUR	- 271 685	-	259 714
		<u>291 183</u>		<u>266 365</u>

### (22) Share capital

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

The total number of shares as per 30.09.2015 is 422 440, the nominal value of one share is 1.40 euro.

The total number of shares as per 30.09.2014 was 422 440, the nominal value of one share – 1 lats (1.422872 euro).

	2015 EUR	2014 EUR
Bearer shares with voting rights	590 016	599 655
Shares owned by the Board without voting rights	1 400	1 423
	<u>591 416</u>	<u>601 078</u>

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

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

	16.04.2015. %	15.04.2014. %
'Siguldas mākslīgās apsēklošanas stacija' Ltd	49.92	49.92
Oļegs Radčenko	5.18	5.18
Inīta Bedrīte, Chairman of the Supervisory Board	0.26	0.26
Maija Beča, Deputy Chairman of the Supervisory Board	0.73	0.73
Ērika Everte, Member of the Supervisory Board	0.52	0.52
Solvīta Arcimoviča, Member of the Supervisory Board	0.10	0.10
Jekaterīna Kreise, Member of the Supervisory Board	0.87	0.87
Sarmīte Arcimoviča, Member of the Management Board	0.91	0.91
Valda Mālniece, Member of the Management Board	3.31	3.31
Other shareholders	38.20	38.20
	<u>100.00</u>	<u>100.00</u>

## Notes to the Financial Statements

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

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

	<b>30.09.2015</b> <b>number</b>	<b>30.09.2014</b> <b>number</b>
Nils Ivars Feodorovs, Chairman of the Management Board	400	400
Sarmīte Arcimoviča, Member of the Management Board	300	300
Valda Mālniece, Member of the Management Board	300	300
	<b>1 000</b>	<b>1 000</b>

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.

	<b>2015</b> <b>EUR</b>	<b>2014</b> <b>EUR</b>
Profit of the reporting period	103 880	149 109
Average weighted number of shares during the year	422 440	422 440
	<b>0.246</b>	<b>0.353</b>

### (23) Other Reserves

	<b>2015</b> <b>EUR</b>	<b>2014</b> <b>EUR</b>
The difference of the share value resulting from the denomination of the Company's shares from lats to euro	1 213	-
	<b>1 213</b>	<b>-</b>

### (24) Other Provisions

	<b>2015</b> <b>EUR</b>	<b>2014</b> <b>EUR</b>
Provisions for vacations	7 483	6 926
	<b>7 483</b>	<b>6 926</b>

### (25) Provisions for deferred tax

	<b>2015</b> <b>EUR</b>	<b>2014</b> <b>EUR</b>
Temporary differences in fixed assets depreciation	33 083	37 263
Provisions for vacations	(7 483)	(6 926)
<b>Total temporary differences</b>	<b>25 600</b>	<b>30 337</b>
<b>Deferred tax provisions at the beginning of the period</b>	<b>3 840</b>	<b>4 550</b>
Increase or decrease	-	-
<b>Deferred tax provisions at the end of the period</b>	<b>3 840</b>	<b>4 550</b>

## Notes to the Financial Statements

### (26) Taxes and social insurance payments

Tax type	Balance as at 31.12.2014 EUR	Calculated in 2015 EUR	Paid in 2015 EUR	Balance as at 30.09.2015 EUR
Corporate income tax	10 948	18 287	(29 235)	-
Value added tax	13 597	127 389	(123 353)	17 633
Social insurance contributions	13 052	89 187	(92 549)	9 690
Personal income tax	7 666	49 321	(51 642)	5 345
Real estate tax	-	1 854	(1 854)	-
Nature resource tax	77	147	(181)	43
Business risk duty	13	120	(119)	14
Tax for the exploitation of the vehicles	-	462	(462)	-
Tax applied on company owned motorcars	-	43	(43)	-
	<b>45 353</b>	<b>286 810</b>	<b>(299 438)</b>	<b>32 725</b>

Including:	2014 EUR	2015 EUR
Tax due	45 353	32 725

Tax type	Balance as at 31.12.2013 EUR	Calculated in 2014 EUR	Paid in 2014 EUR	Balance as at 30.09.2014 EUR
Corporate income tax	(999)	11 544	(10 545)	-
Value added tax	13 076	130 975	(123 713)	20 338
Social insurance contributions	-	89 825	(79 511)	10 314
Personal income tax	-	51 181	(45 335)	5 846
Real estate tax	-	1 635	(1 635)	-
Nature resource tax	28	154	(136)	46
Business risk duty	-	118	(104)	14
Tax for the exploitation of the vehicles	-	494	(494)	-
Tax applied on company owned motorcars	-	745	(745)	-
	<b>12 105</b>	<b>286 671</b>	<b>(262 218)</b>	<b>36 558</b>

Including:	2013 EUR	2014 EUR
Tax overpaid	(999)	-
Tax due	13 104	36 558

Tax overpaid declared in position 'Other receivables'

## Notes to the Financial Statements

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**(27) Number of persons employed by the Company**

	<b>2015</b>	<b>2014</b>
Average number of persons employed during the reporting year	<u><b>36</b></u>	<u><b>36</b></u>

**(28) Information on remuneration of the Supervisory Board and Management Board members**

	<b>2015 EUR</b>	<b>2014 EUR</b>
Supervisory Board members' salaries for work, including state social insurance contributions	8 242	7 481
Management Board members' salaries for work, including state social insurance contributions	<u>31 089</u>	<u>33 921</u>
<b>Total remuneration to the management members</b>	<u><b>39 331</b></u>	<u><b>41 402</b></u>

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

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

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

## ***Report on Management Liability***

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According to the information that is at our disposal, the Interim Report for Nine Months of 2015 has 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 apsēklošanas stacija' assets, liabilities, financial condition and profit.

Interim Report for Nine Months of 2015 has not been audited by a sworn auditor.

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Nils Ivars Feodorovs

*Chairman of the Management  
Board*

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Sarmīte Arcimoviča

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

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Valda Mālniece

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

25 November 2015