

Name of the enterprise **Kurzemes CMAS JSC** as per
UUK

ID No. **40003017085**

Address **LV-3145 Jaunpils Tukums region** as per ATK

Telephone **3107104** Telefax **3181241**

Governing body

as per VPIIK

Financial inspection **Tukums**

Line of activity **agriculture** as per ISIC

unit: **Ls**

BALANCE SHEET

on 2004

Date of issue

Date of receipt

ASSETS	No of remarks	Code of line	2004-year	As at the beginning of year
1	2	3	4	5
I. LONG-TERM INVESTMENTS				
I. Intangible Investments				
1. Research work and enterprise's development costs		010		
2. Concessions, patents, licenses, trademarks and the like rights		020		
3. Enterprise's intangible value		030		
4. Advance payments for intangible investments		040		
I. TOTAL		050		
II. FIXED ASSETS				
1. Pieces of land, buildings, constructions and perennials		060	137434	140354
2. Technological equipment and machines		070	72500	29633
3. The rest of fixed assets and stock		080	7972	8862
4. Fixed assets formation and unfinished construction object costs		090		
II. TOTAL	1	100	217906	178849
III. LONG-TERM FISCAL INVESTMENTS				
1. Shareholding in subsidiary companies		110		
2. Loans to subsidiary companies		120		
3. Shareholding in affiliated companies		130		
4. Loans to affiliated companies		140		
5. The rest of securities		150	2480	2275
6. The rest of loans and claims		160		
7. Equities and shares		170		
8. Loans to shareholders of the enterprise and directorate		180		
III. TOTAL	2	190	2480	2275
I. total amount per the part				
		200	220386	181124
II. CURRENT ASSETS				
I. RESERVES				
1. Supplies and auxiliary materials		210	13781	16945
2. Unfinished production		220	1362	1362
3. Finished production and goods for sale		230	121448	141857
4. Unaccomplished orders		240		
5. Advance payments for goods		250		
6. Work animals and productive animals		260	94901	83499
I. TOTAL		270	231492	243663
II. DEBTORS				
1. Buyers' and customers' debts		280	29445	55848
2. Subsidiary companies' debts		290		
3. Affiliated companies' debts		300		
4. Other debtors		310	2414	391
5. Unpaid company's shares		320	1095	
6. Short-term loans to shareholders of the enterprise and directorate		330		1421
7. Next period payments		340		
II. TOTAL		350	32954	57660
III. SECURITIES AND INTEREST				
1. Shareholding in a subsidiary		360		
2. Equity and shares		370		
3. The rest of securities and interest		380		
III. TOTAL		390		
IV. MONEY (TOTAL)				
		400	226671	179875
Total amount of the 2nd part				
	3	410	491117	481198

BALANCE		420	711503	662322
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LIABILITIES	No of remarks	Code of line	2004-year	As at the beginning of year
I	2	3	4	5
I. EQUITY				
1. Equity or share capital, fixed capital		430	438000	438000
2. Equity emission quotation		440		
3. Long-term investment revaluation		450		
4. Reserves:				
a) statutory reserve		460		
b) reserve for equities or shares		470		
c) reserve prescribed by articles of the enterprise		480		
d) the rest of reserves		490	144379	98999
4. TOTAL		500	144379	98999
5. Retained earnings:				
a) prior year retained earnings		510		
b) retained earnings of year of account		520	92783	88977
Total amount of 1st part	4	530	675162	625976
2. ACCRUALS				
1. Accruals for pension and the like liabilities		540		
2. Accruals subject to taxes		550		
3. Other accruals		560		6084
Total amount of 2nd part	5	570		6084
3. CREDITORS				
I. LONG-TERM DEBTS				
1. Loans against bonds		580		
2. Loans convertible into shares		590		
3. Loans from credit institutions		600		
4. Debts to subsidiary companies		610		
5. Debts to affiliated companies		620		
6. The rest of creditors		630		
I. TOTAL		640		
II. SHORT-TERM DEBTS				
1. Loans against bonds		650		
2. Loans convertible into shares		660		
3. Loans from credit institutions		670		
4. Advance payments received from buyers		680		
5. Debts to suppliers and contractors		690	5405	2399
6. Payable bills		700		
7. Loans to subsidiary companies		710		
8. Loans to affiliated companies		720		
9. Profits tax		730		8432
10. Other creditors, including taxes and social insurance payments		740	17036	19431
11. Next period earnings		750	13900	
12. Dividends of the year of account		760		
13. Prior year unpaid dividends		770		
II. TOTAL		780	36341	30262
Total amount of 3rd part	6	790	36341	30262
BALANCE		800	711503	662322

President of the Board of Directors

G. Kaķis

Chairman of Council

G. Veska

Name of the enterprise **Kurzemes CMAS JSC** as per UUK

ID No **40003017058**

Address **LV-3145 Jaunpils Tukums region** as per ATK

Telephone **3107104** Telefax **3181241**

Governing body as per VPIIK

Financial inspection **Tukums**

Line of activity **agriculture** as per ISIC

Unit: **Ls**

2004-year PROFIT & LOSS CALCULATION

No.	Title of indices	No of remarks	Code of line	Period of account	2003
1	Net turnover	7	010	518787	527680
2	Sold production operating costs	8	020	351666	361527
3	Gross profit & loss (from turnover)		030	167121	166153
4	Selling costs		040	44853	45304
5	Administrative costs		050	76800	63311
6	Proceeds generated by other business activities of the enterprise	9	060	61508	42298
7	The rest of enterprise's business activities costs	10	070	6856	1807
8	Proceeds resulted from shareholding in subsidiaries and affiliated companies		080		
9	Proceeds generated by securities and loans, which form long-term investments		090		
10	The rest of interest and the like proceedings		100	440	342
11	Long-term fiscal investments and short-term securities value writing - off		110		
12	Interest payments and the like payments		120		
13	Profit & loss prior to extraordinary items and taxes		130	100560	98371
14	Extraordinary proceeds		140		
15	Extraordinary payments		150		
16	Profit & losses prior to taxes		160		
17	Profits tax for the accounting period		170	6754	8432
18	The rest of taxes	11	180	1023	962
19	Year of account profit & loss after taxes (proceeds as well)		190	92783	88977

President of the Board of Directors

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Chairman of Council

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Remark No.4

"Kurzemes CMAS" JSC

ID No. 40003017085

Equity changes report

unit: LVL

<i>Indices</i>	<i>2004</i>	<i>2003</i>
1. Share capital		
Balance as at the beginning of the year	438000	438000
Balance as at the end of the year	438000	438000
2. The rest of reserves		
Balance as at the beginning of the year	98999	94419
Prior year balance profit	50369	9995
Grants to relatives in a case of death	-450	-600
Presents to employees	-4439	-3915
Charity	-100	-900
Balance as at the end of the year	144379	98999
3. Retained earnings		
Balance as at the beginning of the year	88977	22161
Current year retained earnings	92783	88977
Paid up dividends	-29710	-10074
Paid up Board of Directors and Council remunerations	-8898	-2092
The other reserves transferred	-50369	-9995
Balance as at the end of the year	92783	88977
4. Equity total		
Balance as at the beginning of the year	625976	554580
Balance as at the end of the year	675162	625976

President of the Board of Directors

G.Kakis

Chairman of Council

G.Veska

"Kurzemes CMAS" JSC

ID No. LV40003017085

2004 –year MONEY FLOW REPORT

Indices	Sum LVL	
	2004	2003
1. Business activities money flow		
1.1. Profit & loss prior to extraordinary items and taxes	100560	98371
Corrections:		
A) wear and tear of fixed assets	22737	20949
B) losses due to calculated foreign currency exchange rate fluctuation	-2423	256
C) proceeds from securities and loans that form long-term investments		0
D) interest payments and the like payments		0
1.2. Profit generated by business activities in the year of account	120874	119576
Corrections:		
A) debtors' debts balance increase	-14050	11226
B) reserves balance decrease	12171	-28546
C) creditors' debts balance decrease	-6079	-1657
1.3. Prevailing of business activities cash proceeds over losses	112916	100599
1.4. Money outgoings for interest payments		0
1.5. Money outgoings for taxes payments	-29148	-27465
1.6. Money flow prior to extraordinary items	83768	73134
1.7. Cash proceeds generated by extraordinary items		0
1.8. Business activities net proceeds	83768	73134
2. Investment activity money flow		
2.1. Net cash outgoings due to purchase of the enterprise subject to privatization	0	0
2.2. Cash outgoings for purchase of fixed assets	-18495	-8706
2.3. Cash proceeds from selling of fixed assets	10793	0
2.4. Cash proceeds from interests	440	342
2.5. Cash proceeds from dividends	0	0
2.6. Investment activity net cash outgoings	-7262	-8364
3. Fiscal activity money flow		
3.1. Cash proceeds from additional investments into shareholding	0	0
3.2. Cash proceeds from long-term investments	0	0
3.3. Cash outgoings for loan repayments	0	0
3.4. Cash outgoings for dividend payments	-29710	-10049
3.5. Fiscal activity net cash outgoings	-29710	-10049
4. Prevailing of cash proceeds over cash outgoings	46796	54721
5. Money and its equivalents balance as at the beginning of the accounting period	179875	125154
6. Money and its equivalents balance as at the end of the accounting period	226671	179875

President of the Board of Directors

G.Kaķis

Chairman of Council

G.Veska

Jaunpils
14.03.2005

DIRECTORATE'S MESSAGE

Main lines of the enterprise's activities are of high-value breeders (boars, bulls) bioproducts output and selling, rendering of pedigree services, pedigree horses breeding, cultivation of croppers.

Financial indices

Enterprise's net turnover in 2004 made up Ls 518787, profit after payment of taxes was Ls 92804, that is Ls 3827 or 4 % more than in prior year of account.

In the year of account the enterprise received state subsidies in amount of 42448 lats. The subsidies were received to procure the breed material abroad, breed animals alimentation and payments within EU.

Investments

In 2004 the enterprise procured fixed assets for a total amount of Ls 64157, including realized European Union SAPARD Program Project for purchase of tractors - Ls 32304, there was procured motor transport for Ls 22894, technological equipment for updating of laboratories for Ls 5993, agricultural machines and tools for Ls 1512, office facilities for Ls 1454.

Planned development arrangements

Arrangements as follow are being planned for 2005:

1. To continue technological updating of laboratories.
2. To make necessary refurbishment of offices, laboratories, and production premises. With connection to implementation of the planned arrangements on optimisation of boars' bioproduct output that envisages putting the breed boars in one place, reconstructing the existing or building a new site with production premises, using means of the EU Structural Funds as far as possible.
3. To apply for state subsidies to cover partially expenditures on alimentation of high-quality breed bulls and for other payments subject to subsidies regulations.

President of the Board of Directors

G.Kaķis

Chairman of Council

G.Veska

Auditor's opinion

To the Joint-Stock Company "Kurzemes pedigree and artificial insemination station" shareholders

We have audited the Joint-Stock Company "Kurzemes pedigree and artificial insemination station" (hereinafter in the text referred to as – the company), ID No. 40003017085, 2004th annual fiscal report, presented on pages 4 through 16. Audited fiscal reports include the company's balance sheet as of 31 December 2004, 2004-year profit & loss calculation, equity changes report, money flow report and annexes. The Company's Directorate is fully liable for these reports. We are liable for delivery of the opinion on these fiscal reports that is expressed proceeding from the executed audit.

The audit has been conducted in compliance with International auditing standards. These standards require that an audit be planned and executed in such a way any significant errors in the fiscal reports can be identified with a reasonable degree of certainty. The audit includes investigations of sums shown in the fiscal reports and explanations and the bookkeeping documents justifying thereof on the basis of spot checks. The audit includes also assessment of application of accounting principles used and principal decisions made by the company's directorate. We believe that our audit provides a reasonable basis for our opinion.

According to our assessment the fiscal reports submitted for the audit give a true and fair view of the financial position as at 31 December 2004 and the results of operations and the money flow in 2004 in accordance with requirements of the Latvian Republic law "On Enterprises' Annual Reports".

We also have been acquainted with the message of the company's directorate shown on page 3 and we haven't found essential discrepancy between the aforementioned message and information furnished in the audited 2004th fiscal report.

30 March 2005

/signature/

Edite Soncika, personal code 180560-12867
Sworn Auditor, certificate No. 1

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