

Akciju sabiedrības

*„KURZEMES CILTS LIETU UN MĀKSLĪGĀS
APSEĒKĻOŠANAS STACIJA”*

Reģ.Nr. 40003017085

*NEREVIDĒTS
FINANŠU PĀRSKATS
2006.gada 31.decembrī
par 2006.gadu*

Tukuma rajona Jaunpils pagasts

Information about the company

Name of the company **“Kurzeme Pedigree and Artificial Insemination Station”**

Legal status **Stock company**

Registration No. **40003017085**

Date of registration in Companies` Register **August 6th, 1991**

Date of registration in Commercial Register **April 7th, 2004**

Place of registration **Rīga**

Legal address **Jaunpils, Tukums District, LV-3145**

Activities : **-agriculture production – high quality bioproduct (sperm) production and realization for promotion of animals` selection work in the republic, pedigree activities accordingly signed agreements, growing and realization of breed horses, organization of artificial insemination work, export - import operations, development of external economical relations, sales and meditation in sales, agriculture services, production of feed, any other activities accordingly Stock companie`s “Kurzeme CMAS” activities, targets and goals, if they are not acting against the Legislation of the Republic of Latvia.**

Council: **Chairman: Gunārs Veska**
Members: INDRA MARTINSONE,
GUNA SESKA, NORA VILDBERGA,
JURIS KALITA, HARALDS MOZGIRS,
RIHARDS STUMBURS

Board: **Chairman: GATIS KAČIS**
Members: GUNTIS KĪGULIS,
VILMA MAĻINOVSKA

Annual year: **01.01.2006.-31.12.2006.**

Auditors: **Sworn auditor EDĪTE SONČIKA (License No.1)**

STATEMENT ABOUT MANAGEMENT LIABILITY

According to our information financial report for the 12 months of 2006 has been prepared according to the existing legislative requirements and gives a real and clear idea about joint stock company's „Kurzemes ciltslietu un mākslīgās apsēklošanas stacija” assets, liabilities, financial situation and profits.

The information that has been included in the management report is veritable.

The board of stock company „Kurzemes ciltslietu un mākslīgās apsēklošanas stacija”:

Chairman of the board GATIS KAĶIS

Member of the board VILMA MAĻINOVSKA

Member of the board GUNTIS ĶIGULIS

ADMINISTRATION REPORT

The main activities of the company are production and realization of high quality bioproduct of getters (boars and bulls), services of pedigree work, growing of breed horses, cereal growing.

Financial results

Netto turnover in year 2006 is Ls 634342 (EUR 902592), profit after paying taxes is Ls 119979 (EUR 170716).

During the annual year the company has been granted with state subsidies in amount of Ls 61280 (EUR 87194). Subsidies are received for purchasing of breed materials abroad , keeping of breed cattle and EU areas payments.

Investments

In year 2006 company has purchased fixed assets for total amount Ls 42651, including transport means - Ls 29546, technological equipment for modernatization of laboratories – Ls 3611, agriculture machinery and tools – Ls 8386, office equipment – Ls 1108.

Planned development activities

It is planned for year 2007:

To continue the technological improvements of laboratories.

To repair office, laboratory and production rooms.

In connection with fulfilling planned activities on optimatization of boars` bioproduct production where is planned to keep all breed boars in one place, is necessary to make reconstruction works or build a new stall with production facilities using and attracting financial means from EU Structural Funds as much as possible.

To apply for state subsidies for partly covering of costs of keeping high quality breed bulls, and other costs mentioned in subsidy regulations.

After the end of the financial year there have not been any events or actions that could influence the information given in this financial report.

Chairmen of the board:

G.Kaķis

FINANCIAL REPORT
BALANCE SHEET from 2006.01.01 to 2006.31.12

ASSETS	No of remarks	Code of line	2006-year LVL	2005-year LVL	2006-year LVL	2005-year LVL
1	2	3	4	5	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	959	959	1364	1364
I. TOTAL	1.	050	959	959	1364	1364
II. FIXED ASSETS						
1. Pieces of land, buildings, constructions and perennials		060	109355	110950	155598	157868
2. Technological equipment and machines		070	99384	89343	141411	127124
3. The rest of fixed assets and stock		080	7307	6795	10397	9668
4. Advance for fixed assets		090	40000		56915	
II. TOTAL	2.	100	256046	207088	364321	294660
III. LONG-TERM FISCAL INVESTMENTS		110				
1. The rest of securities			2480	2480	3529	3529
III. TOTAL		190	2480	2480	3529	3529
IV. Biological assets		191	96049	90193	136665	128332
1. total amount per the part		200	355534	300720	505879	427885
II. CURRENT ASSETS						
I. RESERVES						
1. Supplies and auxiliary materials		210	17885	14362	25448	20435
2. Unfinished production		220	1362	1362	1938	1938
3. Finished production and goods for sale		230	136859	89716	194733	127654
4. Unaccomplished orders		240				
5. Advance payments for goods		250				
6. Work animals and productive animals		260	22438	19087	31927	27159
I. TOTAL		270	178544	124527	254046	177186
II. DEBTORS						
1. Buyers' and customers' debts		280	29028	26286	41303	37402
2. Subsidiary companies' debts		290				
3. Affiliated companies' debts		300				
4. Other debtors		310	220	5044	313	7177
5. Unpaid company's shares		320				
6. Short-term loans to shareholders of the enterprise and directorate		330				
7. Next period payments		340				
II. TOTAL	3.	350	29248	31330	41616	44579
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	300948	307207	428210	437116
Total amount of the 2nd part		410	508740	463064	723872	658881
BALANCE		420	864274	763784	1229751	1086766

LIABILITIES	No of remarks	Code of line	2006-year LVL	2005-year LVL	2006-year EUR	2005-year EUR
1	2	3	4	5	4	5
1. EQUITY						
1. Equity or share capital, fixed capital		430	438000	438000	623218	623218
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	188582	188582	268328	268328
4. TOTAL		500	188582	188582	268328	268328
5. Retained earnings:						
a) prior year retained earnings		510	57300		81530	
b) retained earnings of year of account		520	119979	86423	170715	122969
Total amount of 1st part		530	803861	713005	1143791	1014515
2. ACCRUALS						
1. Accruals for pension and the like liabilities		540				
2. Accruals subject to taxes		550				
3. Other accruals		560				
Total amount of 2nd part		570				
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	3346	6203	4761	8826
6. Payable bills		700				
7. Loans to subsidiary companies		710				
8. Loans to affiliated companies		720				
9. Profits tax		730	2037		2899	
10. Other creditors, including taxes and social insurance payments		740	34931	22208	49702	31599
11. Next period earnings		750	5808	11203	8264	15940
12. Dividends of the year of account		760				
13. Accounting liabilities		770	14291	11165	20334	15886
II. TOTAL	4.	780	60413	50779	85960	72251
Total amount of 3rd part		790	40413	50779	85960	72251
BALANCE		800	864274	763784	1229751	1086766

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**

2006-year PROFIT & LOSS CALCULATION

No.	Title of indices	No of remarks	Code of line	2006-year LVL	2005-year LVL	2006-year EUR	2005-year EUR
1	Net turnover	5.	010	634342	542805	902587	772342
2	Sold production operating costs	6.	020	(408488)	(397452)	(581226)	(565523)
	Gross profit & loss (from		030				
3	turnover)			225854	145353	321361	206819
4	Selling costs		040	(73036)	(60655)	(103921)	(86304)
5	Administrative costs		050	(96134)	(85933)	(136786)	(122272)
	Proceeds generated by other						
6	business activities of the	7.	060	72974	88768	103832	126305
	enterprise						
	The rest of enterprise's business						
7	activities costs	8.	070	(2765)	(32)	(3934)	(45)
	Proceeds resulted from						
8	shareholding in subsidiaries and		080				
	affiliated companies						
	Proceeds generated by securities						
9	and loans, which form long-term		090				
	investments						
	The rest of interest and the like						
10	proceedings		100	679	806	966	1147
	Long-term fiscal investments and						
11	short-term securities value		110				
	writing – off						
	Interest payments and the like						
12	payments		120				
	Profit & loss prior to						
13	extraordinary items and taxes		130	127572	88307	181518	125650
14	Extraordinary proceeds		140				
15	Extraordinary payments		150				
16	Profit & losses prior to taxes		160				
	Profits tax for the accounting						
17	period		170	(6892)	(1073)	(9806)	(1527)
18	The rest of taxes	9.	180	(701)	(811)	(997)	(1154)
	Year of account profit & loss						
19	after taxes (proceeds as well)		190	119979	86423	170715	122969
20	EPS		200	0.274	0.197	0.390	0.281

President of the Board of Directors

G.Kaķis

CASH FLOW OVERVIEW

Nr. p. k	Cash income and costs	For Year 2006 LVL	For Year 2005 LVL	For Year 2006 EUR	For Year 2005 EUR
1.	Cash flow of company`s operations				
	<u>1.1. Profit or loss before extraordinary items and taxes</u>	127572	88307	181519	125649
	Corrections:				
	a) depreciation of fixed assets	30211	26956	42986	38355
	b) loss from calculated changes of currency exchange rates	-827	-1568	-1177	-2231
	<u>1.2. Profit of the operations of the financial year</u>	156956	113695	223328	161773
	Corrections:				
	a) increase of the left – over of debtors` debts	-2082	-1624	-2962	-2311
	b) decrease of stock left -over	-54017	16772	-76859	23865
	c) decrease of creditors` debtd left -over	-9634	14438	-13708	20543
	<u>1.3. Income from company`s operations over costs</u>	91223	143281	129799	203870
	<u>1.4. Expenses for taxes</u>	-35173	-38011	-50047	-54086
	<u>1.5. Cash flow before extraordinary items</u>	56050	105270	79752	149786
	<u>1.6. Income from extraordinary items</u>				
	<u>1.7. After – tax earnings from operation</u>	56050	105270	79752	149786
2.	Investment operations cash flow				
	2.1. Costs for purchasing fixed assets	-42651	-43492	-60687	-61884
	2.2. Income from sales of fixed assets	1563	61752	2224	87865
	2.3. Interest income	679	806	966	1147
	<u>2.4. After –tax expenses of investment operations</u>	-40409	19066	-57497	27128
3.	Financial operation cash flow				
	3.1. Expenses for withdrawing dividends	-21900	-43800	-31161	-62322
	<u>3.2. After –tax expenses of financial operations</u>	-21900	-43800	-31161	-62322
4.	Increase or decrease of cash net	-6259	80536	-8906	114592
5.	Cash left - over at the beginning of the financial year	307207	226671	437116	322524
6.	Cash left – over at the end of financial year	300948	307	4282	437116

OVERVIEW OF CHANGES OF EQUITY CAPITAL

Item	Stock capital LVL	Reserve LVL	Undrawn profit LVL	TOTAL LVL	Stock capital EUR	Reserve EUR	Undrawn profit EUR	TOTAL EUR
Left –over 31.12.2004.	438000	144379	92783	675162	623218	205433	132018	960669
2005. year profit			86423	86423			122969	122969
2004.year undrawn profit		92783	(92783)			132018	(132018)	
2004.gada dividends		(43800)		(43800)		(62322)		(65708)
Gifts and grants		(4780)		(4780)		(6801)		
Left –over 31.12.2005.	438000	188582	86423	713005	623218	268328	122969	1014515
Left –over 31.12.2005.	438000	188582	86423	713005	623218	268328	122969	1014515
2006. year profit			119979	119979			170715	170715
2005.year dividends			(21900)	(21900)			(31161)	(31161)
Gifts and grants			(7223)	(7223)			(10278)	(10278)
Left –over 31.12.2006.	438000	188582	177279	803861	623218	268328	252245	1143791

APPENDIX TO FINANCIAL REPORT

I Book –keeping policy

1. General principles

Annual report is made accordingly Latvian book –keeping principles.

Profit or loss statement is made accordingly turnover costs model.

Cash flow overview is made stating main operation cash flow using the indirect method.

Comparing to the previous financial year accounting and evaluation methods have not been changed.

Computer program “OFFICE LINE 2000” is used in accounting and book -keeping.

Financial report items are evaluated accordingly such principles:

1) taking into consideration that company is continuing its operations;

2) using the same evaluation methods as in the previous year;

3) evaluation is made with adequate circumspection:

- only by the balance date gained profit is included in the report,

- all estimated risk and loss amounts that can appear during the

financial year or years before, also then if they appear during the

period between the balance date and financial report day have

been

taken into consideration,

- all value decreasing and depreciation amounts are taken into

consideration independently if the financial year ends with profit or loss .

4) profit and loss statement includes all income or expenses not taking into consideration their dates of payment, receiving of invoice or invoice issue date. Costs and income are balanced with financial periods.

5) items of parts of assets and liabilities are evaluated separately;

6) balance of the beginning of this financial year is equal with balance of the end of last year;

7) there are stated all items that might influence the evaluation of users or making conclusions;

8) all company's activities are booked and shown in the financial report, taking into consideration the economical content and essential, not only the legal form.

2. Admission of income and net turnover

Net turnover consists of income from main activities, except VAT. Income and expenses are accounted at the moment of their appearance or when legal rights on them appear.

3. Fixed assets

Fixed assets of Stock company “Kurzemes CMAS” are evaluated on their purchasing price, excluding depreciation. Investments that operation period exceeds one year and their value exceeds Ls 50.00 are included into fixed assets.

Depreciation in stock company “Kurzemes CMAS” are calculated accordingly confirmed parameters:

buildings	20 un 50 years
technological equipment , machinery	5; 6 un 7 years
inventory	5 un 10 years
accounting equipment, etc..	5 years

4. Debtors and creditors

Debtors` debts in balance are stated in net value ,deducting special accumulations for doubtful debt. Special accumulation for doubtful debts are arranged in cases when administration considers that the recovering of those debts are doubtful. All amounts of debtors` debts in balance are expected to be received during one year after the date of balance.

Stated hopeless debtors` debts are written – off in loss of the financial year, or, if there was accumulation before, then decreasing accumulation.

All creditors` debts have to be paid during one year. All tax debts in budget balance are for the currant month.

5. Stocks

All values of raw materials a/s “Kurzemes CMAS” are evaluated accordingly their purchasing prices. Production in progress is evaluated accordingly the real production costs. . The finished goods are evaluated accordingly the production costs. For calculation of stock value the average weight method is used (FIFO method). Old stock, slow turnover or second choice depreciation is written down in financial period costs

6. Income tax of the company

Costs of the income tax of the financial year are calculated accordingly the regulations of the republic of Latvia.

The company is operating with agriculture production. A big part of the profit consists of the state and EU finances, that don` t pay income tax (UIN 6.panta 4.d.2.p.), as well as get easements for land used for agriculture needs (UIN 18.p). There are not estimated incomes with VAT in coming years, so the deferred income tax has not been calculated.

7. Conversing of foreign currency into Lats

Latvian Lat is the currency unit and united value that is used in the financial report and book –keeping.

All deals in foreign currency are booked accordingly the currency rate of the Bank of Latvia at the date of the deal. All foreign cash means at the end of the year are evaluated accordingly the exchange rate of the Latvian bank on the last day of the financial year.

Currency	31.12.2006.	31.12.2005
USD	0.536	0.593
EUR	0.702804	0.702804

Profit or loss gained as the result of changes of the currency exchange is shown in profit or loss statement.

8. Cash and its equivalent

Cash and its equivalent consists of cash money and left –over in bank accounts

9. Subsidies, dotations, EU funds

Received means of SAPARD are accounted as income in progress that are gradually included into income for SAPARD purchased fixed assets during the useful period of usage.

II Explanations to the balance on December 31st, 2006
Intangible assets movement overview (Note No. 1)

<i>Index</i>	<i>Computer programs</i>
<u>Start value</u>	
31.12.2005.	959
Purchased 2006.	
Liquidation 2006.	
31.12.2006	959
<u>Depreciation</u>	
31.12.2005.	
Calculated 2006.	
Excluded 2006.	
31.12.2006.	
Balance value on 31.12.2005	959
Balance value on 31.12.2006.	959

Fixed assets movement overview (Note No. 2)

<i>Index</i>	<i>Plots of land</i>	<i>Buildings</i>	<i>Technological equipment</i>	<i>Other fixed assets</i>	<i>TOTAL</i>
<u>Start value</u>					
31.12.2005.	34375	90404	255540	21271	401590
Purchased 2006.			39236	3415	42651
Liquidated 2006.			12139		12139
Re – classified 2006.					
Re –valuated 2006.					
31.12.2006	34375	90404	282637	24686	432102
<u>Depreciation</u>					
31.12.2005		13829	166197	14476	194502
Calculated 2006.		1595	25713	2903	30211
Excluded 2006.			8657		8657
Re –classified 2006.					
31.12.2006		15425	183253	17379	216057

Balance value on 31.12.2005	34375	76575	89343	6795	207088
Balance value on 31.12.2006.	34375	74979	99384	7307	216045

Stock capital

Nominated name stocks 438 000 with value 1 LVL , total amount 438000 LVL

Nr. p. k.		31.12.06. LVL	31.12.05. LVL	31.12.06 EUR	31.12.05 EUR
3.	Debtors				
	3.1. Value of trade debts	30897	28152	43962	40057
	Accumulation for doubtful debts	1869	1866	2659	2655
	Balance of trade debts	29028	26286	41303	37402
	3.2. Income tax over -paid		4855		6908
	3.3. Accounts for in advance used amounts	220	189	313	269
	TOTAL	29248	31330	41616	44579
4.	Short term creditors				
	4.1. Suppliers of goods and services	3346	6203	4761	8826
	4.2. Norēķini ar budžetu par UIN	2037		2898	
	4.3. Accounts with budgeted for VAT	2197	2413	3126	3433
	4.4. Accounts with budget for income tax	8763	5027	12469	7153
	4.5. Accounts with budget for social security	13152	7882	18714	11215
	4.6. Norēķini ar budžetu par DRN	42		60	
	4.7. Norēķini ar budžetu par riska nodevu	14		20	
	4.8. Accounts with advance cash	558	83	794	118
	4.9. Accounts with salaries	10205	6803	14520	9680
	4.10. SAPARD means	5808	11203	8264	15940
	4.11. Accumulation for vacation liabilities	14291	11165	20334	15886
	TOTAL	60413	50779	85960	72251

III Explanation to „Profit and loss statement”

Nr. p. k.	Index	For Year 2006 LVL	For Year 2005. LVL	For Year 2006 EUR	For Year 2005. EUR
5	Net turnover:				
	5.1. Animals` sperm	442259	394036	629278	560663
	5.2. Artificial insemination services	67056	47068	95412	66972
	5.3. Cattle and other production	14021	12933	19950	18402
	5.4. Others	111006	88768	157947	126305

	TOTAL	634342	542805	902587	772342
6	Sales costs of sold production				
	6.1. Salaries	203204	152080	289133	216391
	6.2. Social insurance	47649	35685	67798	50775
	6.3. Feed costs	18503	18406	26327	26189
	6.4. Fuel costs	40036	36966	56966	52598
	6.5. Electricity costs	4515	5130	6424	7299
	6.6. Telecommunication costs	5957	6479	8476	9219
	6.7. Repair work costs	33276	39431	47348	56105
	6.8. Other costs	55348	103275	78754	146947
	TOTAL	408488	397452	581226	565523
7	Other income of operations				
	7.1. Realization of fixed assets		33052		47029
	7.2. Akc. tax for l/s used DD	3912	4579	5566	6515
	7.3. ZM subsidies	61280	49569	87194	70530
	7.4. Currency exchange rate changes		1568		2231
	7.5. Income from deals with certificates	3248		4621	
	7.6. Apdrošināšanas atlīdzība	4434		6309	
	7.7. Dividendes no Latvijas šķirnes dzīvnieku audz. Sav.	100		142	
	TOTAL	72974	88768	103832	126305
8	Other operation expenses				
	8.1. Left –over value of fixed assets	1919		2730	
	8.2. Changes in currency exchange rate	827		1177	
	8.3. Other costs	19	32	27	45
	TOTAL	2765	32	3934	45
9	Other taxes				
	9.1. Nature resource tax		111		158
	9.2. Real estate tax	701	700		996
	TOTAL	701	811	997	1154

IV General information

In year 2006 in stock company “Kurzemes CMAS” there were employed in average 51 employees, earning total amount of salaries Ls 203204. Social tax from this amount is calculated Ls 65556.

In year 2006. the company has paid taxes:

LVL

<i>Tax</i>	<i>Left – over on 31.12.2005</i>	<i>Calculated In 2006</i>	<i>Paid in 2006</i>	<i>Left –over on 31.12.2006</i>
Company income tax	- 4854.59	6891.70		2037.11
Value added tax	2413.52	61985.19	62201.25	2197.46

Social tax	7882.35	65555.58	60285.96	13151.97
Inhabitants` income tax	5026.53	40382.66	36646.01	8763.18
Nature resource tax		60.57	18.89	41.68
Property tax		701.00	701.00	
Risk tax		216.95	202.70	14.25
TOTAL	10467.81	175793.65	160055.81	26205.65

EUR

<i>Tax</i>	<i>Left – over on 31.12.2005</i>	<i>Calculated In 2006</i>	<i>Paid in 2006</i>	<i>Left –over on 31.12.2006</i>
Company income tax	- 6907.46	9806.01		2898.55
Value added tax	3434.13	88196.98	88504.41	3126.70
Social tax	11215.57	93277.19	85779.19	18713.57
Inhabitants` income tax	7152.11	57459.35	52142.58	12468.88
Nature resource tax		86.18	26.88	59.30
Property tax		997.43	997.43	
Risk tax		308.69	288.42	20.27
TOTAL	14894.35	250131.83	227738.91	37287.27

Monthly payment that consists of minimum salary is stated for council and board members.

Company has no deals with associated parts. Company has not issued guarantees, warrantees and mortgages.

Board chairman:

Gatis Kaķis

Board members:

Guntis Ķigulis

Vilma Maļinovska