

Stock company

**„KURZEMES CILTSLIETU UN
MĀKSLĪGĀS APSĒKLOŠANAS STACIJA”
Reg.No. 40003017085**

***ANNUAL REPORT
Year 2007
On December 31, 2007***

Jaunpils parish, Tukums district

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Kurzemes ciltslietu un
mākslīgās apsēklošanas stacija A/S

Report on the Financial Statements

We have audited the accompanying financial statements on pages 1 to 20 of Kurzemes ciltslietu un mākslīgās apsēklošanas stacija A/S which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Latvian Association of certified auditors. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Kurzemes ciltslietu un mākslīgās apsēklošanas stacija A/S as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia.

Report on the Management Report

We have read the Management Report set out from pages 4 to 5 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for 2007.

Certified auditors' company
Revidentu serviss SIA
Audit company licence No. 15



Mag.sc.soc., Aivars Rutkis
Certified auditor, Certificate No. 18
Chairperson of the Board

Dobele, Latvia, 22.02.2008

11.09.2008, N 4.1.- SL

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Information about company

Name of the company	“Kurzemes ciltslietu un mākslīgās apsēklošanas stacija” a/s
Legal status	Stock company
Registration No., place, date	000301708 Rīga, 1991. gada 6.augustā Veikta pārreģistrācija Komercreģistrā 2004 gada 7. aprīlis ar vienoto reģistrācijas numuru 40003017085
Address	Jaunpils Tukuma rajons LV-3145 Latvija
Share capital	On 31 December 2007 LVL 438000 (EUR 623218) Nominal value of one share LVL 1.00 (EUR 1.42) Total number of shares 438000 All shares are registered shares with equal voting rights in shareholders’ meetings and giving the right to receive dividends and liquidation quota. There are restrictions for the change of shareholders and do not exist any requirement for approval from the other shareholders of such change. There are no restrictions for voting rights and do not exist any similar restrictions.
Major share holders	Latvian Animal Breed Association SIA (37%) Gunārs Veska (10%) State Social Insurance Agency/ VAS (5%)
Names and positions of Board members	Gatis Kaķis – Chairman of the Board Haralds Mozgirs – Member of the Board Sigita Lukaže – Member of the Board There are no special regulations for the election of the members of the board, for changes in the membership of the board and for making amendments to the articles of incorporation. The chairman of the board rerepresents the company individually. There is no agreement between the company and the members of the board about any kind of compensations.
Names and positions of council members	Gunārs Veska –Chairman of the Council Indra Martinsons – Member of the Council Guna Seska – Member of the Council Nora Vildberga – Member of the Council Vilma Maļinovska – Member of the Council Guntis Ķigulis – Member of the Council Rihards Stumburs – Member of the Council
Annual year	January 1st –December 31st, 2007
Name and address of the sworn auditor	SIA „Revidentu serviss” (LV48503004370) Krasta iela 4-39 Dobele, LV-3701 Latvija Responsible sworn auditor: Aivars Rutkis Sworn auditor certificate Nr. 18

ADMINISTRATION REPORT

Aspects:

1. Production and realization of high quality bioproduct of getters (boars and bulls);
2. Rendering of services connecting with pedigree work of animals and artificial insemination;
3. Growing and realization of pedigree horses;
4. Collection of supervisory milk's standart;
5. Cultivation of grain and utility of agroservice.

Companie's work in year of account.

Netto turnover on 31 of December 2007 is LVL 734565 (EUR 1045192), it is about 15.8 % more than in year 2006. Stock companie's profit after paying taxes is LVL 96919 (EUR 137903), it is about LVL 23060 (EUR 32812) or 23.8 % lesser than in last year of account. Profit on 1 stock is LVL 0.221 (in 2006.- LVL 0.274).

Enterprise from state and EU subsidie's there were receive LVL 51896 (EUR 73841) in year of account. Subsidie's have received for breed material in foreign countries, breed animals maintenance and payments for EU area.

In 2007 stock company has purchased fixed assets for total amount LVL 136608 , including lands (company for using cultivation of grain development has buy out land, before used for rent, in area 28-th ha and extra has buy land in area 12-th ha) for LVL 80000, motor transport for LVL 40872, sidecar for LVL 10095, technological equipment for modernization of laboratories- LVL 677, agriculture machinery and tools- LVL 2856, Office equipment- LVL 2108.

Exploratory and developmental measures.

Are not.

Branches and agencies in abroad.

Are not.

Management of finansial risk.

Activity of the company is subordinate different financial risks, including credit risk, foreign Exchange rate and interest rate vibrations risks. Public leadership trying to minimize negative effect of potencial risk on financial situation.

Company is subordinated foreign Exchange vibration risk, that arise from different currency. As it was LVL rate attached to EUR rate from 1-st of January 2005, will be limited LVL/EUR exchange fluctuations and not foreseeable its relevant effect on deffered financial results. Leadership of company considering possibility to accommodate instruments of risk limit for slow down USA dollar rate vibrations effect.

Financial resources, who potential subordinate company known concentration degree of credit risk, mostly are funds and buyer's and customer's debts. At the ending of accounting period the company there were no subordinate notable % from general buyer's and customer's debt quantity. The company is introducē and notice

credit policy, realizing goods on credit only for clients with good credit history and not overdrawing and fixed credit quantity (amount) for each client. Buyer's and customer's debts arise in retrievable value. Company's partners in funds dealings are local financial institution with accordant credit history.

Company notice providing liquidity risk leading, providing accordant credit resources are available in determined time. The leadership of company consider that company will have enough cash resources let to his liquidity not to be endangered.

Status and developments after year of account ending.

There were no any notable developments in period of time since year of account last day to signing of this report that materially influence result of year account.

Recommended profit sharing by company.

	2007 Ls
Distributable year of account rake-off	96919
Recommended profit sharing:	
Calculate divvy for field	21900
To count in reserves determined by statutes	
To leave undistributed	75019
	<hr/> 96919

Perspective of future.

1. To continue the technological improvements of laboratories.
2. To repair office, laboratory and production rooms.
3. Continue to develop grain industry, int.al., extra buy farmland for development of grain industry, rendering of services.
4. Continue to develop with family work involving assemblage.
5. To apply for state subsidies for partly covering of costs of keeping high quality breed bulls, and other costs mentioned in subsidy regulations.

Gatis Kaķis
Chairman of the board

Sigita Lukaže
Member of the Board

Haralds Mozgirs
Member of the board

February 22 nd, 2008

Annual report approved by participant assemblage 2008. year _____.

Chairman of participant assemblage _____

PROFIT OR LOSS STATEMENT
(on turnover cost method)

No	Item	No. of app ..	On December 31 2007 LVL	On December 31 2006 LVL	On December 31 2007 EUR	On December 31 2006 EUR
1.	Net turnover	1.	734565	634342	1045192	902587
2.	Selling costs of finished goods	2.	(435497)	(408488)	(619657)	(581226)
3.	Gross profit or loss		299068	225854	425535	321361
4.	Selling costs		(101854)	(73036)	(144925)	(103921)
5.	Administration costs		(154387)	(96134)	(219673)	(136786)
6.	Other operating income	3.	63793	72974	90769	103832
7.	Other operating costs	4.	(3723)	(2765)	(5297)	(3934)
8.	Other interests receivable and similar income		400	679	569	966
9.	Profit or loss before extraordinary items and taxes		103297	127572	146978	181518
10	Tax on profit for the financial year		(5051)	(6892)	(7187)	(9806)
11	Other taxes	5.	(1327)	(701)	(1888)	(997)
12	Profit or loss for the financial year after taxes		96919	119979	137903	170715
13	Profit on 1 share EPS		0.221	0.274	0.315	0.390

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Appendixes on pages 11 to 20 is a part of the financial report.

BALANCE on December 31, 2007

ASSETS	NO .of app	31.12. 2007. LVL	31.12. 2006. LVL	31.12. 2007. EUR	31.12. 2006. EUR
1.Long term assets					
I Intangible assets:					
1. Concessions, patents, licences, trade marks and others		767	959	1091	1364
I TOTAL	6.	767	959	1091	1364
II Tangible assets:					
1. Land and buildings, perennial plants		187758	109355	267156	155598
2. Equipment and machinery		117427	99384	167084	141411
3. Other fixtures and fittings, tools and equipment		6778	7307	9644	10397
4. Advance payment for assets			40000		56915
II TOTAL	7.	311963	256046	443884	364321
III Long term financial assets					
1. Other securities and capital participation		2480	2480	3529	3529
III TOTAL	8.	2480	2480	3529	3529
IV Biological assets					
1. Getter animals		94414	96049	134339	136665
IV TOTAL	9.	94414	96049	134339	136665
Long term assets total		409624	355534	582843	505879
2.Current assets					
I Stocks:					
1. Raw materials and consumables	10.	39090	17885	55620	25448
2. Work in progress	11.	1362	1362	1938	1938
3. Finished goods and goods for resale	12.	227426	136859	323598	194733
4. Productive animals	13.	30909	22438	43980	31927
I TOTAL		298787	178544	425136	254046
II Debtors:					
1. Trade debtors		58088	29028	82652	41303
2. Other debtors		5189	220	7382	313
3. Next period costs		750		1067	
II TOTAL	14.	64027	29248	91101	41616
III Cash funds		141251	300948	200982	428210
Current assets total		504065	508740	717219	723872
BALANCE		913689	864274	1300062	1229751

Appendixes on pages 11 to 20 is a part of the annual report

AS KURZEMES CMAS 2007.GADA PĀRSKATS

LIABILITIES	No. of app	31.12. 2007. LVL	31.12. 2006. LVL	31.12. 2007. EUR	31.12. 2006. EUR
1.EQUITY CAPITAL					
1. Company capital (share capital)		438000	438000	623218	623218
2. Reserves:					
a) Other reserves		188582	188582	268328	268328
3. Retained earnings:					
a) brought forward from previous years		125634	57300	178761	81530
b) brought forward from profit and loss account for the current annual year		96919	119979	137903	170715
Provision for liabilities and charges total		849135	803861	1208210	1143791
2.Creditors					
I Short term creditors:					
1.Suppliers of goods and services		4692	3346	6676	4761
2.Company income tax			2037		2899
3.Taxes and social security payments		27887	24169	39680	34389
4. Other creditors		14782	10762	21033	15313
5. Next period income			5808		8264
6. Accumulated liabilities		17193	14291	24463	20334
II TOTAL	15.	64554	60413	91852	85960
BALANCE		913689	864274	1300062	1229751

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OVERVIEW OF OWN CAPITAL CHANGES

Item	Share capital LVL	Reserves LVL	Not distributed profit LVL	TOTAL LVL	Share capital EUR	Reserves EUR	Not distributed profit EUR	TOTAL EUR
Left –over 31.12.2005.	438000	188582	86423	713005	623218	268328	122969	1014515
2006-profit			119979	119979			170715	170715
Dividendes			(21900)	(21900)			(31161)	(31161)
Gifts and benefits			(7223)	(7223)			(10278)	(10278)
Left –over 31.12.2006.	438000	188582	177279	803861	623218	268328	252245	1143791
Left –over 31.12.2006.	438000	188582	177279	803861	623218	268328	252245	1143791
2007-profit			96919	96919			137903	137903
Dividendes			(43800)	(43800)			(62322)	(62322)
Gifts and benefits			(7845)	(7845)			(11162)	(11162)
Left –over 31.12.2007.	438000	188582	222553	849135	623218	268328	316664	1208210

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CASH FLOW OVERVIEW

No	Items of incomes and costs	On December 31, 2007 LVL	On December 31, 2006 LVL	On December 31, 2007 EUR	On December 31, 2006 EUR
1.	Cash flow from operating activities				
	<u>1.1 Profit or loss before extraordinary posts and taxes</u>	103297	127572	146978	181519
	Corrections:				
	a) depreciation of fixed assets	36631	30211	52121	42986
	b) Loss from changes of foreign currency exchange rate	-592	-827	-842	-1177
	<u>1.2. Profit from operating activities of the annual year</u>	139336	156956	198257	223328
	Corrections:				
	a) increase of left –overs of debtors debts	34678	-2082	49342	-2962
	b) decrease of stock	-120243	-54017	-171090	-76859
	c) decrease of creditors debts	4141	-9634	5892	-13708
	<u>1.3. Income from operating activities exceed over expenses</u>	57912	91223	82401	129799
	<u>1.4. Cash paid for taxes</u>	-38759	-35173	55148	-50047
	<u>1.5. Cash flow before extraordinary posts</u>	19153	56050	27253	79752
	<u>1.6. Income from extraordinary posts</u>				
	<u>1.7. Net income from operating activities</u>	19153	56050	27253	79752
2.	Investments cash flow				
	2.1. Costs for fixed assets	-136608	-42651	-194376	-60687
	2.2. Income from sold fixed assets	1158	1563	1648	2224
	2.3. Income from interest	400	679	569	966
	<u>2.4. Net costs of investment activities</u>	-135050	-40409	-192159	-57497
3.	Financial activity cash flow				
	3.1. Costs for dividends	-43800	-21900	-62322	-31161
	<u>3.2. Net costs of financial activities</u>	-43800	-21900	-62322	-31161
4.	Increase or decrease of net cash	-159697	-6259	-227228	-8906
5.	Left –over in the beginning of annual year	300948	307207	428210	437116
6.	Left –over in the end of annual year	141251	300948	200982	428210

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APPENDIX TO THE ANNUAL REPORT

I Book –keeping policy

1.General principles

Annual report is made accordingly the laws of the Republic of Latvia “About book -keeping” and “About annual reports of companies”, and accordingly Latvian book –keeping standards. Following Latvian book –keeping standards have been taken into consideration when preparing this annual report: 1. „Basic statements of preparing annual reports”, 2. “Cash flow overview”, 3.“Events and activities after balance date”, 4. “Change of bookkeeping politics calculation of bookkeeping changes and mistakes of previous periods”, 5. “Incomes”, 6. “Fixed assets”, 7. “Reserves, probable liabilities and inferred assets”.

Profit or loss statement has been prepared accordingly turnover cost scheme.

Cash flow overview was prepared stating operating cash flow after indirect method.

Comparing to the last year accounting and principles of valuation have not been changed.

Computer program “OFFICE LINE 2000” has been used for accounting in book -keeping.

Posts of the financial report are evaluated accordingly following principles:

- 1) taking into consideration that company will continue its activities;
- 2) using the same principles of valuation as in the previous year;
- 3) evaluation was made taking into consideration several terms:
 - profit included into report was gained by the balance date,
 - all foreseen risk amounts and loss that arised during the annual year or in previous years were taken into consideratio, as well as if they appear between balance date and preparation of annual report,
 - all value decrease and depreciation amounts were taken into consideration seperately from the year results with profit or loss.
- 4) all incomes and costs are included in profit or loss statement independently of purchase, invoice date. Expenses are integrated with incomes in accordant accounting period.
- 5) assets and liabilities were evaluated seperately;
- 6) the start balance of the annual year corresponds the end balance of the previous year;
- 7) all posts that might significantly impact evaluation or making conclusions of the annual report, are included;

8) all operating activities are recorded in the books and included in the annual report, taking into consideration not only the legal form but also economical content and idea.

2. Income recognition and net turnover

Net turnover is total amount of sold production and services during the year, deducting discounts and VAT. Incomes from sold goods are recognized when customer has accepted the goods accordingly the terms of delivery. Incomes from services are recognized when they are provided. Incomes from dividends are recognized when legal rights arise.

3. Foreign currency exchange into lats

Latvian lat is a monetary unit used in book –keeping and annual report.

Activities and deals made in foreign currency are recorded accordingly exchange rate stated by the Latvian Bank at the moment of the deal. At the end of the year foreign currency cash is evaluated accordingly exchange rate stated by the Latvian Bank on the last day of the annual period.

<i>Currency</i>	<i>31.12.2007</i>	<i>31.12.2006</i>
<i>USD</i>	<i>0.484</i>	<i>0.536</i>
<i>EUR</i>	<i>0.702804</i>	<i>0.702804</i>

Profit or loss coming from currency exchange changes are shown in Profit or loss statement

4. *Fixed assets*

Fixed assets are recorded with the purchase cost, decreasing depreciation and accumulated decrease of value. Purchase value includes direct cost of the fixed assets. Purchased computer programmes licence value includes costs from licence purchase and costs that arise to put it into explanation.

Depreciation is not calculated for land. Depreciation for other assets is calculated using linear method, during the usage length of the assets. Management states following standard limits for the length of usage:

Buildings and constructions	20 and 50 years
Technological equipment and machinery	5; 6 un 7 years
Inventory	5 un 10 years
Accounting equipment ,etc..	5 years

Depreciation is calculated from 1-st date in next month after putting into operation. If liquidation value isn't essential (unequalled 5 % from middle turnover in 3 years), then it not to care for depreciation determination.

Further costs are included in active balance value or is stated separately as asset because of high possibility that wealth from this post will give income to the company and costs of this post can be evaluated. Such costs are written off during the usage period of the asset. When capitalizing costs of the reserve part, value of changed part will be written off in profit or loss statement.

Regular repair or maintenance costs are included in the profit or loss statement of that period. .

Profit or loss from fixed assets exclusion are calculated as difference between the balance value of the fixed asset and sales income, and are included in that period profit or loss statement.

5. *Stocks*

Raw materials a/s "Kurzemes CMAS" 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

6. *Debtors and creditors*

Debtors' debts in balance are shown in amortized purchase value, decreasing accumulation for value decreasing. Accumulation for decreasing debts are made in cases when there are objective improvements that Company will not get debts refunded

in full amount accordingly stated terms . Accumulation amount is difference between the amount of the debt and refunded amount.

All creditor debts have to be refunded during one year. All tax debts in budget are for the current month.

7. Subsidies, dotations, EU funds

Means that have got from SAPARD to purchase fixed assets are recorded as next period income that are included in incomes of fixed assets bought for SAPARD cash during the period of usage.

Subsidies to cover expenses are recorded in incomes in the same period when the costs were registered, if all regulations meet the requirements regarding receiving dotations.

8. Taxes

All income tax costs of the annual period are calculated accordingly regulations of the Republic of Latvia. Company's activities are agriculture production. A big part of profit is made by state and EU funds, that are not taxed with Enterprise income tax. (EIT 6.chapter 4.p.2.p.), and also easements for the land used in agriculture(EIT 18.p). Company is not planning taxed incomes in coming years, therefore deffered enterprise income tax is not calculated.

9. Accumulated liabilities for non-used holidays expenses

Accumulated non-used holidays expenses cost amount is calculated multiplying average salary/ per day during last six month with number of not used holidays.

10. Cash and its equivalentents

In cash flow statement cash and its equivalentents consists of cash money and left –overs of running bank accounts

11. Biological assets

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

II INFORMATION for „Profit or loss statement”

No.	Items	31.12.07. LVL	31.12.06. LVL	31.12.07. EUR	31.12.06. EUR
1.	Net turnover:				
	1.1. Domestic animals` sperm	465530	442259	662390	629278
	1.2. Artificial insemination services	77710	67056	110571	95412
	1.3. Cattle and production	18477	14021	26290	19950
	1.4. Other	172848	111006	245941	157947
	TOTAL	734565	634342	1045192	902587
2.	Purchase costs for sold goods				
	2.1. Salaries	277657	203204	395070	289133
	2.2. social insurance tax	65362	47649	93002	67798
	2.3. Animal feed costs	19622	18503	27920	26327
	2.4. Fuel costs	41496	40036	59043	56966
	2.5. Electricity costs	4819	4515	6857	6424
	2.6. Telephones, communications	5550	5957	7897	8476
	2.7. Repair works	9487	33276	13499	47348
	2.8. Other costs	11504	55348	16369	78754
	TOTAL	435497	408488	619657	581226
3.	Other operating income				
	3.1. Realization of fixed assets				
	3.2. Excise tax for diesel fuel used in agric.	4264	3912	6067	5566
	3.3. Subsidies from Agriculture Ministry	51896	61280	73841	87194
	3.4. Changes of currency exchange rate				
	3.5. Income from sold certificates		3248		4621
	3.6. Insurance refund	6833	4434	9723	6309
	3.7. Dividends of SIA Latvijas šķirnes dzīvnieku audzētāju savienības	100	100	142	142
	3.8. Other income	700		996	
	TOTAL	63793	72974	90769	103832
4.	Other operating costs				
	4.1. Left value of fixed assets	3092	1919	4400	2730
	4.2. Changes of currency exchange rate	592	827	842	1177
	4.3. Other expenses	39	19	55	27
	TOTAL	3723	2765	5297	3934
5.	Other taxes				
	5.1. Nature resource tax	83		118	
	5.2. Property tax	1244	701	1770	997
	TOTAL	1327	701	1888	997

III Information on balance on December 31, 2007

Nr. p. k.		Start value LVL	Depreciation LVL	Current value LVL	Start value EUR	Depreciation EUR	Current value EUR
6.	Intangible investments						
	6.1.Computer programmes	959	192	767	1364	273	1091
	Total	959	192	767	1364	273	1091
7.	Tangible assets						
	7.1. Land, buildings, perennial plants	204779	17021	187758	291374	24218	267156
	Including land	114375		114375	162741		162741
	7.2. Technological equipment and machinery	322087	204660	117427	458289	291205	167084
	7.3. Other fixed assets and inventory	26700	19922	6778	37991	28347	9644
	Total	553566	241603	311963	787654	343770	443884

Nr. p. k.		31.12.07. LVL	31.12.06. LVL	31.12.07. EUR	31.12.06. EUR
8.	Long term financial assets				
	8.1. Financial assets	2480	2480	3529	3529
	TOTAL	2480	2480	3529	3529
9.	Biological assets				
	9.1. Getter bulls	52566	56107	74795	79833
	9.2. Getter boars	10181	9687	14486	13783
	9.3. Getter stallions	16802	16802	23907	23907
	9.4. Getter mares	14865	13453	21151	19142
	TOTAL	94414	96049	134339	136665
10.	Raw materials and consumables				

AS KURZEMES CMAS 2007.GADA PĀRSKATS

	10.1. Materials	10888	9110	15492	12962
	10.2. Mineral fertilizers and chemicals	11975		17039	
	10.3. Fuel and lubricants	4440	2351	6318	3345
	10.4. Wood	580	474	825	675
	10.5. Animal feed	11207	5950	15946	8466
	TOTAL	39090	17885	55620	25448
11.	Production in progress				
	11.1. Winter crops	1362	1362	1938	1938
	TOTAL	1362	1362	1938	1938
12.	Finished goods and goods for resale				
	12.1. Frozen bulls sperm	227409	136804	323574	194655
	12.2. Boars sperm		38		54
	12.3. Frozen stallions sperm	17	17	24	24
	TOTAL	227426	136859	323598	194733
13.	Productive animals				
	13.1. Colts and young horses	30909	22438	43980	31927
	TOTAL	30909	22438	43980	31927
14.	Debtors				
	14.1.1. Trade debtors	60395	30897	85934	43962
	14.1.2. Accumulation for debts	2307	1869	3282	2659
	14.1.3. Balance value of trade debts	58088	29028	82652	41303
	14.2. Overpaid company income tax	4860		6914	
	14.3. Payments for advance amounts	329	220	468	313
	14.4. Advance payment for biedru naudas	750		1067	
	TOTAL	64027	29248	91101	41616
15.	Short term liabilities				
	15.1. Suppliers of goods and services	4692	3346	6676	4761
	15.2. Accounts with budget for income tax		2037		2898
	15.3. Accounts with budget for VAT	4369	2197	6217	3126
	15.4. Accounts with budget for inhab. income tax	9257	8763	13172	12469
	15.5. Accounts with budget for social insurance tax	14189	13152	20189	18714
	15.6. Accounts with budget for DR tax	58	42	82	60
	15.7. Accounts with in advance paid amounts	14	14	20	20

AS KURZEMES CMAS 2007.GADA PĀRSKATS

15.8. Amounts expended for advance		558		794
15.9. Accounts with salaries	14782	10205	21033	14520
15.10. SAPARD means		5808		8264
15.11. Accumulation for vacation	17193	14291	24463	20334
TOTAL	64554	60413	91852	85960

IV General information

Average number of employees in a/s "Kurzemes CMAS" on 31st of December 2007 was 51, receiving salaries in total amount of 277657 LVL (395070 EUR). Calculated social tax 89772 LVL (127735 EUR).

Following taxes were paid in 2007:

<i>Kind of tax</i>	<i>Left –over on 31.12.2006</i>	<i>Calculated in 2007</i>	<i>Paid in 2007</i>	<i>Left over on 31.12.2007</i>
<i>Company income tax</i>	<i>2037.11</i>	<i>5050.90</i>	<i>11948.39</i>	<i>- 4860.38</i>
<i>Value added tax</i>	<i>2197.46</i>	<i>151884.94</i>	<i>149713.07</i>	<i>4369.33</i>
<i>Social tax</i>	<i>13151.97</i>	<i>89772.46</i>	<i>88735.78</i>	<i>14188.65</i>
<i>Inhabitants income tax</i>	<i>8763.18</i>	<i>54364.06</i>	<i>53870.63</i>	<i>9256.61</i>
<i>Nature resource tax</i>	<i>41.68</i>	<i>58.08</i>	<i>41.68</i>	<i>58.08</i>
<i>Property tax</i>		<i>1243.64</i>	<i>1243.64</i>	
<i>Risk duty</i>	<i>14.25</i>	<i>173.75</i>	<i>173.50</i>	<i>14.50</i>
<i>TOTAL</i>	<i>26205.65</i>	<i>302547.83</i>	<i>305726.69</i>	<i>23026.79</i>

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<i>Kind of tax</i>	<i>EUR</i>			
	<i>Left –over on 31.12.2006</i>	<i>Calculated in 2007</i>	<i>Paid in 2007</i>	<i>Left –over on 31.12.2007</i>
Company income tax	2898.55	7186.78	17001.03	- 6915.70
Value added tax	3126.70	216112.80	213022.50	6217.00
Social tax	18713.57	127734.70	126259.64	20188.63
Inhabitants income tax	12468.88	77353.09	76651.00	13170.97
Nature resource tax	59.30	82.64	59.30	82.64
Property tax		1769.54	1769.54	
Risk duty	20.27	247.22	246.86	20.63
TOTAL	37287.27	430486.77	435009.87	32764.17

Board and council members receive monthly payment -one minimum salary – for fulfilling functions. For the Chairman of the Board –two minimum salaries.

Company is free from any deals with bounded parties. Company has not issued any guaranties, warranties and pledges.

There were paid LVL 885.00 (EUR 1259) for certified auditor's services.

INDEPENDENT AUDITORS' REPORT

**To the Shareholders of Kurzemes ciltslietu un
mākslīgās apsēklošanas stacija A/S**

Report on the Financial Statements

We have audited the accompanying financial statements on pages 1 to 20 of Kurzemes ciltslietu un mākslīgās apsēklošanas stacija A/S which comprise the balance sheet as of 31 December 2007 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Latvian Association of certified auditors. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Kurzemes ciltslietu un mākslīgās apsēklošanas stacija A/S as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia.

Report on the Management Report

We have read the Management Report set out from pages 4 to 5 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for 2007.

Certified auditors' company
Revidentu serviss SIA
Audit company licence No. 15

Mag.sc.soc., Aivars Rutkis
Certified auditor, Certificate No. 18
Chairperson of the Board

Dobele, Latvia, 22.02.2008

11.03.2008, N 4.1.-82.

STATEMENT ABOUT MANAGEMENT LIABILITY

According to our information financial report for the 12 months of 2007 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 SIGITA LUKAŽE

Member of the board HARALDS MOZGIRS