

AS KURZEMES CMAS NEREVIDĒTS 2007.GADA PĀRSKATS

Stock company

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

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

Jaunpils parish, Tukums district

AS KURZEMES CMAS NEREVIDĒTS 2007.GADA PĀRSKATS

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Information about company

Name of the company	“Kurzemes ciltlietu 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
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
Names and positions of council members	Gunārs Veska –Chairman of the Council Indra Martinsone – 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

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 on 31 December 2007 is LVL 734565 (EUR 1045192), profit after paying taxes is LVL 96919 (EUR 137903).

During the annual year the company has been granted with state subsidies in amount of LVL 51896 (EUR 73841). Subsidies are received for keeping of breed cattle and EU areas payments.

Investments

On 31 September 2007 company has purchased fixed assets for total amount LVL 136608, including lands – LVL 80000, transport means - LVL 40872, piekabe - LVL 10095, technological equipment for modernatization of laboratories – LVL 677, agriculture machinery and tools – LVL 2856, office equipment – LVL 2108.

Planned development activities

It is planned for year 2007:

1. To continue the technological improvements of laboratories.
2. To repair office, laboratory and production rooms.
3. 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.

Gatis Kaķis
Chairman of the board

Sigita Lukaže
Member of the Board

Haralds Mozgirs
Member of the board

February 26 th,2008

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 10 to 15 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 10 to 15 is a part of the annual report

AS KURZEMES CMAS NEREVIDĒTS 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”.

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 evaluating methods 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 evaluation methods 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;
- 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.

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Currency	31.12.2007	31.12.2006
USD	0.484	0.536
EUR	0.702804	0.702804

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

4. Fixed assets

Fixed assets are recorded with the start cost, decreasing depreciation and accumulated decrease of value. Purchase value includes direct cost of the fixed assets. Purchased computer programmes licence value is included in costs that arise to put it into exploitation.

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

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 deferred enterprise income tax is not calculated.

9. Accumulated liabilities for vacations

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

10. Cash and its equivalents

In cash flow statement cash and its equivalents 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

AS KURZEMES CMAS NEREVIDĒTS 2007.GADA PĀRSKATS

	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

AS KURZEMES CMAS NEREVIDĒTS 2007.GADA PĀRSKATS

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				
	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. Building materials	11207	5950	15946	8466
	10.6. Animal feed	39090	17885	55620	25448
	TOTAL				
11.	Production in progress	1362	1362	1938	1938
	11.1. Winter crops	1362	1362	1938	1938
	TOTAL				
12.	Finished goods and goods for resale	227409	136804	323574	194655
	12.1. Frozen bulls sperm		38		54
	12.2. Boars sperm	17	17	24	24
	12.3. Frozen stallions sperm	227426	136859	323598	194733
	TOTAL				
13.	Productive animals	30909	22438	43980	31927
	13.1. Colts and young horses	30909	22438	43980	31927
	TOTAL				
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
	15.8. Accounts par avansā izdotām summām		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	73450	46197	104510	65732

IV General information

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

				<i>EUR</i>
Kind of tax	Left –over on 31.12.2006	Calculated in 2007	Paid in 2007	Left –over on 31.12.2007
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.

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