

Stock company

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

ANNUAL REPORT
Year 2009
On March 31, 2009

Jaunpils parish, Tukums district

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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%) JL INDEX SIA (5%) Gunārs Veska (6%) Pēteris Augustovs (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 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 –March 31st, 2008
Name and address of the sworn auditor	SIA „Revidentu serviss” (LV48503004370) Krasta iela 4-39 Dobele, LV-3701 Latvija Responsible sworn auditor: Kaspars Rutkis Sworn auditor certificate Nr. 171

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 March 2009 is LVL 160221 (EUR 227974). Stock companie's profit after paying taxes is LVL 15653 (EUR 22272).

Enterprise from state and EU subsidie's there were receive LVL 9485 (EUR 13496) in year of account. Subsidie's have received for breed material in foreign countries, breed animals maintenance and payments for EU area.

In 2009 stock company has purchased fixed assets for total amount LVL 5564 (EUR 7917).

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, realizeing goods on credit only for clients with good credithistory and not overdrawing and fixed credit quantity (amount) for each client. Buyer's and customer's debtsare arise in retrievable value. Companie's partners in fundsdealings are local financial institution with accordant credit history.

Company notice provident liquidity risk leading, provideing accordant credit resourses are available in determined time. The leadership of company consider that company will have enought cash resourses let to his liquidity not to be endangared.

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.

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

April 29 st,2009

PROFIT OR LOSS STATEMENT
(on turnover cost method)

No	Item	No. of app ..	On March 31 2009 LVL	On March 31 2008 LVL	On March 31 2009 EUR	On March 31 2008 EUR
1.	Net turnover	1.	160221	172404	227974	245309
2.	Selling costs of finished goods	2.	(81050)	(77261)	(115324)	(109933)
3.	Gross profit or loss		79171	95143	112650	135376
4.	Selling costs		(29234)	(29099)	(41596)	(41404)
5.	Administration costs		(42912)	(43031)	(61058)	(61228)
6.	Other operating income	3.	9923	12320	14119	17530
7.	Other operating costs	4.		(1325)		(1885)
8.	Other interests receivable and similar income		111	79	158	112
9.	Profit or loss before extraordinary items and taxes		17059	34087	24273	48501
10	Tax on profit for the financial year					
11	Other taxes	5.	(1406)	(1033)	(2001)	(1470)
12	Profit or loss for the financial year after taxes		15653	33054	22272	47031
13	Profit on 1 share EPS		0.036	0.075	0.051	0.107

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BALANCE on March 31, 2009

ASSETS	NO .of app	31.03. 2009. LVL	31.03. 2008. LVL	31.03. 2009. EUR	31.03. 2008. EUR
1.Long term assets					
I Intangible assets:					
1.Concessions, patents, licences, trade marks and others		740	767	1053	1091
I TOTAL	6.	740	767	1053	1091
II Tangible assets:					
1. Land and buildings, perennial plants		193663	187758	275558	267156
2. Equipment and machinery		85122	117427	121118	167083
3. Other fixtures and fittings, tools and equipment		7360	7955	10472	11319
4. Advance payment for assets					
II TOTAL	7.	286145	313140	407148	445558
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		46102	99779	65597	141973
IV TOTAL	9.	46102	99779	65597	141973
Long term assets total		335467	416166	477327	592151
2.Current assets					
I Stocks:					
1. Raw materials and consumables	10.	33692	31159	47939	44335
2. Work in progress	11.	1369	1362	1948	1938
3.Finished goods and goods for resale	12.	342952	270789	487977	385298
4. Productive animals	13.		24009		34162
I TOTAL		378013	327319	537864	465733
II Debtors:					
1. Trade debtors		62830	59382	89399	84493
2. Other debtors		460	7739	654	11012
3. Next period costs			750		1067
II TOTAL	14.	63290	67871	90053	96572
III Cash funds		199890	156777	284418	223074
Current assets total		641193	551967	912335	785379
BALANCE		976660	968133	1389662	1377530

Appendixes on pages 11 to 17 is a part of the annual report

LIABILITIES	No. of app	31.03. 2009. LVL	31.03. 2008. LVL	31.03. 2009. EUR	31.03. 2008. 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		259380	222553	369064	316665
b) brought forward from profit and loss account for the current annual year		15653	33054	22272	47031
Provision for liabilities and charges total		901615	882189	1282882	1255242
2.Creditors					
I Short term creditors:					
1.Suppliers of goods and services		27055	35076	38496	49909
2.Company income tax		3615		5144	
3.Taxes and social security payments		15430	20351	21955	28958
4. Other creditors		12436	13324	17695	18958
5. Next period income					
6. Accumulated liabilities		16509	17193	23490	24463
II TOTAL	15.	75045	85944	106780	122288
BALANCE		976660	968133	1389662	1377530

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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 31.12.2007.	438000	188582	222553	849135	623218	268328	316664	1208210
2008- profit			33054	33054			47032	47032
Left –over 31.03.2008.	438000	188582	255607	882189	623218	268328	363696	1255242
Left –over 31.12.2008.	438000	188582	259380	885962	623218	268328	369064	1260610
2009- profit			15653	15653			22272	22272
Left –over 31.03.2009.	438000	188582	275033	901615	623218	268328	391336	1282882

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CASH FLOW OVERVIEW

No	Items of incomes and costs	On March 31 2009 LVL	On March 31 2008 LVL	On March 31 2009 EUR	On March 31 2008 EUR
1.	Cash flow from operating activities				
	<u>1.1 Profit or loss before extraordinary posts and taxes</u>	17059	34087	24273	48501
	Corrections:				
	a) depreciation of fixed assets				
	b) Loss from changes of foreign currency exchange rate	(313)	1325	(446)	1885
	<u>1.2. Profit from operating activities of the annual year</u>	16746	35412	23827	50386
	Corrections:				
	a) increase of left –overs of debtors debts	(1196)	14268	(1702)	20302
	b) decrease of stock	18933	(89358)	26939	(127145)
	c) decrease of creditors debts	14843	12322	21120	17533
	<u>1.3. Income from operating activities exceed over expenses</u>	49326	(27356)	70184	(38924)
	<u>1.4. Cash paid for taxes</u>	(35663)	(21836)	50744	(31070)
	<u>1.5. Cash flow before extraordinary posts</u>	13663	(49192)	19440	(69994)
	<u>1.6. Income from extraordinary posts</u>				
	<u>1.7. Net income from operating activities</u>	13663	(49192)	19440	(69994)
2.	Investments cash flow				
	2.1. Costs for fixed assets	(5564)	(1177)	(7916)	(1675)
	2.2. Income from sold fixed assets				
	2.3. Income from interest	111	79	158	112
	<u>2.4. Net costs of investment activities</u>	(5453)	(1098)	(7758)	(1563)
3.	Financial activity cash flow				
	3.1. Costs for dividends				
	<u>3.2. Net costs of financial activities</u>				
4.	Increase or decrease of net cash	8210	(50290)	11682	(71557)
5.	Left –over in the beginning of annual year	191680	207067	272736	294630
6.	Left –over in the end of annual year	199890	156777	284418	223073

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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>31.03.2009</i>	<i>31.03.2008</i>
<i>USD</i>	<i>0532</i>	<i>0.445</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 is includes costs from licence purchase and costs that arise to put it into expluaction.

Depreciation is nor 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 actives balance value or is stated separately as asset because of high possibility that welth 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 of 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 diference between the balance value of the fixed asset and sells 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 provements 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 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	31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. EUR
1.	Net turnover:				
	1.1. Domestic animals' sperm	98618	122239	140321	173930
	1.2. Artificial insemination services	9326	10363	13270	14745
	1.3. Cattle and production	5112	9071	7274	12907
	1.4. Other	47165	30731	67109	43727
	TOTAL	160221	172404	227974	245309
2.	Purchase costs for sold goods				
	2.1. Salaries	52995	45340	75405	64513
	2.2. social insurance tax	12759	11648	18154	16574
	2.3. Animal feed costs	2325	2682	3308	3814
	2.4. Fuel costs	6407	8897	9116	12659
	2.5. Electricity costs	1056	1647	1503	2344
	2.6. Telephones, communications	574	1326	817	1887
	2.7. Repair works	2667	3531	3795	5024
	2.8. Other costs	2267	2190	3226	3116
	TOTAL	81050	77261	115324	109933
3.	Other operating income				
	3.1. Realization of fixed assets	115		164	
	3.2. Excise tax for diesel fuel used in agric.				
	3.3. Subsidies from Agriculture Ministry	9485	11174	13496	15899
	3.4. Changes of currency exchange rate	313		445	
	3.5. Income from sold certificates				
	3.6. Insurance refund				

	3.7. Dividends of SIA Latvijas šķirnes dzīvnieku audzētāju savienības				
	3.8. Other income	10	1146	14	1631
	TOTAL	9923	12320	14119	17530
4.	Other operating costs				
	4.1. Left value of fixed assets				
	4.2. Changes of currency exchange rate		1325		1885
	4.3. Other expenses				
	TOTAL		1325		1885
5.	Other taxes				
	5.1. Nature resource tax				
	5.2. Property tax	1406	1033	2001	1470
	TOTAL	1406	1033	2001	1470

III Information on balance on March 31, 2009

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	1123	383	740	1598	545	1053
	Total	1123	383	740	1598	545	1053
7.	Tangible assets						
	7.1. Land, buildings, perennial plants	212279	18616	193663	302046	26488	275558
	Including land	121875		121875	173413		173413
	7.2. Technological equipment and machinery	311959	226837	85122	443878	322760	121118
	7.3. Other fixed assets and inventory	28508	21148	7360	40563	30091	10472
	Total	552746	266601	286145	786487	379339	407148

Nr. p. k.		31.03.09. LVL	31.03.08. LVL	31.03.09. EUR	31.03.08. 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	38521	60218	54810	85683
	9.2. Getter boars	7581	9259	10787	13174
	9.3. Getter stallions		16802		23907
	9.4. Getter mares		13500		19209
	TOTAL	46102	99779	65597	141973
10.	Raw materials and consumables				
	10.1. Materials	12142	9136	17277	12999
	10.2. Mineral fertilizers and chemicals	15140	11975	21542	17039
	10.3. Fuel and lubricants	2202	3518	3133	5006
	10.4. Wood	88	109	125	155
	10.5. Grain and seedcorn	1889		2688	
	10.6. Animal feed	2231	6421	3174	9136
	TOTAL	33692	31159	47939	44335
11.	Production in progress				
	11.1. Winter crops	1369	1362	1948	1938
	TOTAL	1369	1362	1948	1938
12.	Finished goods and goods for resale				
	12.1. Frozen bulls sperm	342935	270729	487953	385213
	12.2. Boars sperm		43		61
	12.3. Frozen stallions sperm	17	17	24	24
	TOTAL	342952	270789	487977	385298
13.	Productive animals				
	13.1. Colts and young horses		24009		34162
	TOTAL		24009		34162
14.	Debtors				
	14.1.1. Trade debtors	65269	61688	92869	87774
	14.1.2. Accumulation for debts	2439	2306	3470	3281
	14.1.3. Balance value of trade debts	62830	59382	89399	84493
	14.2. Overpaid company income tax		7338		10441
	14.3. Payments for advance amounts	460	401	645	571

	14.4. Advance payment for biedru naudas		750		1067
	TOTAL	63290	67871	90053	96572
15.	Short term liabilities				
	15.1. Suppliers of goods and services	27055	35076	38496	49909
	15.2. Accounts with budget for income tax	3615		5144	
	15.3. Accounts with budget for VAT	6160	7977	8765	11350
	15.4. Accounts with budget for inhab. income tax	3095	4487	4404	6385
	15.5. Accounts with budget for social insurance tax	6176	7886	8788	11221
	15.6. Accounts with budget for DR tax				
	15.7. Accounts with in advance paid amounts				
	15.8. Amounts expended for advance	70	19	100	27
	15.9. Accounts with salaries	12366	13306	17595	18933
	15.10. SAPARD means				
	15.11. Accumulation for vacation	16508	17193	23488	24463
	TOTAL	75045	85944	106780	122288

IV General information

Average number of employees in a/s “Kurzemes CMAS” on 31st of March 2009 was 47, receiving salaries in total amount of 58895 LVL (83800 EUR). Calculated social 13789 LVL (19620 EUR).

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 3 months of 2009 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