

Stock company

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

**ANNUAL REPORT**  
*Year 2010*  
*On December 31, 2010*

Jaunpils, Jaunpils parish, district Jaunpils

## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Stock Company Kurzemes ciltslietu un mākslīgās apsēklošanas stacija

#### Report on the Financial Statements

We have audited the accompanying financial statements on pages 7 to 20 of Stock Company Kurzemes ciltslietu un mākslīgās apsēklošanas stacija which comprise the balance sheet as of 31 December 2010 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.

#### Statement

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stock Company Kurzemes ciltslietu un mākslīgās apsēklošanas stacija as of 31 December 2010, 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 on pages 5 to 6 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for 2010.

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



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

21.03.2011.

Dobeles, Dobeles novads, Krasta 4-39, Latvia

## STATEMENT ABOUT MANAGEMENT LIABILITY

According to our information financial report of 2010 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

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## Information about company

Name of the company	“Kurzemes ciltslietu un mākslīgās apsēklošanas stacija”
Legal status	Stock company
Registration No., place, date	<b>000301708</b> Rīga, 1991. gada 6.augustā Veikta pārreģistrācija Komercreģistrā 2004 gada 7. aprīlis ar vienoto reģistrācijas numuru 40003017085
Address	Jaunpils District Jaunpils LV-3145 Latvija
Share capital	On 31 December 2010 LVL 438000 (EUR 623218) Nominal value of one share LVL 1.00 (EUR 1.42) Total number of shares 438000 All shares are ordinary bearer shares with voting rights, giving equal rights to receive dividends, liquidation and voting rights at shareholders' meetings. There are no 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 shareholders on 09.02.2011	Latvian Animal Breed Association SIA (37,25%) SIA JL INDEX (10,39%) Pēteris Augustovs (10.09%) Gunārs Veska (6.13%)
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 members of the board rerepresents the company individually. There is no agreement between the company and the members of the board about any kind of cempensations.
Names and positions of Council members	Indra Martinsone –Chairman of the Council Daiga Lielpinka – Member of the Council Ināra Kanska – Member of the Council Marita Spundiņa – Member of the Council Jānis Leimanis – Member of the Council

AS „KURZEMES CMAS” ANNUAL REPORT Year 2010

Audit Committee

Vaira Šķibele, SIA „Auditorfirma Padoms”  
(commercial licenses 68) auditor  
Sworn auditor  
certificate Nr. 24

Annual year

January 1st –December 31st, 2010

Name and address of the sworn  
auditor

SIA „Revidentu serviss” (LV48503004370)  
Krasta iela 4-39  
Dobele, LV-3701  
Latvija

## Management report

### Types of activities

JSC „Kurzemes ciltslietu un mākslīgā apsēklošanas stacija” (hereinafter – the Company) principal activities are producing and sale of the semen from high-quality breeding animals (boars, bulls), animal breeding and artificial insemination related services, collection of milk control samples, as well as grain cultivation.

### Company activity during reporting year

In 2010 the Company turnover amounts to LVL 687467 (EUR 978177), that is by 6.4 % higher than in 2009. Company earnings after taxes is LVL 114029 (EUR 162249), that is by about 11 % higher than in previous reporting year. Earnings per share EPS LVL - LVL 0.260 (EUR 0.37).

In reporting year the Company has received state and EU subsidies in amount LVL 28106.65 (EUR 39992.16). Subsidies received for the keeping of breeding animals and EU area payments. In 2010 Joint Stock Company has purchased fixed assets for a total amount LVL 23350.97. Fixed assets were sold for LVL 116396.45 vērtībā (EUR 165617.23).

In 2010 the company started breeding boars shed Jaunpils capital reconstruction. Total project cost is EUR 100 000.00, of which 40% of the EU Structural Funds financing, which will be repaid by the project in 2011. The project is financed on the company's products without the use of bank loans.

Twice per year under review the need for the stock market trends and inappropriate (self-produced), bio-based products is written off. Bio, whose genetic quality is high, and can be stored long-term market for several years. Write-down of own-produced bio-production cost is taken into account in making sale of the existing bio-product prices, so stocks of bio-based products do not damage the company.

### Research and development activities

Non

### Branches and representative offices abroad

Non

### Financial risk management

Company activity is subject to a variety of financial risks including credit risk, foreign exchange rate and interest rate fluctuation risks. Company management seeks to minimize adverse effect of potential financial risks on Company's financial position.

The Company is exposed to foreign exchange rate fluctuation risk arising from differences in currencies. As with 1 January 2005 lat rate was pegged to euro rate, the lat/euro fluctuations would be limited and a significant influence on financial results in future periods is not expected. Company management considers possibility to apply hedging instruments to reduce the influence of U.S. dollar exchange rate fluctuations.

Financial resources which potentially expose Company to a certain concentration of credit risk are primarily cash and trade receivables. At the end of of reporting of reporting period the Company was not subjected to significant degree of concentration of credit risk, because no customer debt exceeded 5% of total amount of trade receivables. The Company has established and respect credit policy by selling goods on credit only to customers with good credit history and within the credit amount specified for each customer. Trade receivables are specified in recoverable value. Company's partners in cash transactions are local financial institutions with an appropriate credit history.

The Company follows the prudent liquidity risk management, ensuring that the appropriate credit resources are available to meet obligations within specified time. Company's management

believes that the Company will have sufficient cash resources so its liquidity is would not be jeopardized.

**Circumstances and events after the end of reporting year**

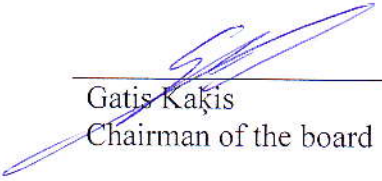
In the time period since last day of the reporting year up to signing of the present report there have been no significant events which considerably affect the result of reporting year.


**Distribution of profit proposed by the Board**

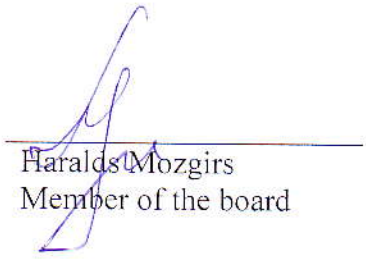
Profit is to be distributed during general meeting of Company shareholders.

**Future prospects**

1. Complete the ongoing breeding boars barn reconstruction project after the project to sell the old an unnecessary building.
2. With the European Union structural funds will be buying a new agricultural technique of grain industry needs, a semen processing laboratory equipment technologic and modernization of housing bulls internal conversion.
3. Take office building partial interior renovation.
4. Improve product and service sales by pricing improvements and new attraction.
5. Purchase or lease of agricultural land in grain production industry.

  
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Gatis Kaķis  
Chairman of the board

  
\_\_\_\_\_  
Sigita Lukaže  
Member of the Board

  
\_\_\_\_\_  
Haralds Mozgirs  
Member of the board

March 21st, 2011


Annual report approved by participant assemblage 2011. year \_\_\_\_\_


Chairman of participant assemblage \_\_\_\_\_

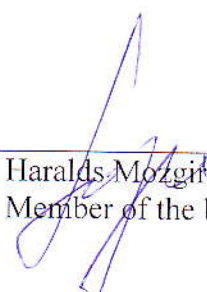


**PROFIT OR LOSS STATEMENT**  
(on turnover cost method)

No	Item	No. of app ..	On December 31 2010 LVL	On December 31 2009 LVL	On December 31 2010 EUR	On December 31 2009 EUR
1.	Net turnover	1.	687467	646057	978177	919256
2.	Selling costs of finished goods	2.	(407665)	(321580)	(580055)	(457567)
3.	Gross profit or loss		279802	324477	398122	461689
4.	Selling costs	3.	(131635)	(92121)	(187300)	(131076)
5.	Administration costs	4.	(156173)	(143843)	(222214)	(204670)
6.	Other operating income	5.	141787	31273	201745	44497
7.	Other operating costs	6.	(1356)	(600)	(1929)	(853)
8.	Other interests receivable and similar income		118	262	168	372
9.	Profit or loss before extraordinary items and taxes		132543	119448	188592	169959
10.	Tax on profit for the financial year		(16380)	(14777)	(23307)	(21026)
11.	Other taxes	7.	(2134)	(1925)	(3036)	(2739)
12.	Profit or loss for the financial year after taxes		114029	102746	162249	146194
13.	Profit on 1 share EPS		0.260	0.235	0.370	0.334

  
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Appendixes on pages 12 to 20 is a part of the financial report.


**BALANCE on December 31, 2010**

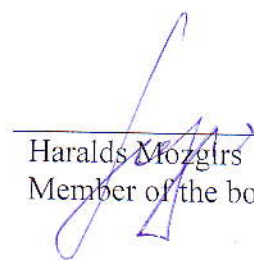
ASSETS	NO .of app	31.12. 2010. LVL	31.12. 2009. LVL	31.12. 2010. EUR	31.12. 2009. EUR
<b>1.Long term assets</b>					
I Intangible assets:					
1.Concessions, patents, licences, trade marks and others		712	938	1013	1335
<b>I TOTAL</b>	8.	712	938	1013	1335
II Tangible assets:					
1. Land and buildings, perennial plants		219688	227336	312588	323470
2. Equipment and machinery		55740	89036	79311	126687
3. Other fixtures and fittings, tools and equipment		7341	5424	10445	7717
4. Advance payment for assets		103931		147881	
<b>II TOTAL</b>	9.	386700	321796	550225	457874
III Long term financial assets					
1. Other securities and capital participation		2480	2480	3529	3529
<b>III TOTAL</b>	10.	2480	2480	3529	3529
IV Biological assets					
1. Getter animals		42694	36255	60748	51586
<b>IV TOTAL</b>	11.	42694	36255	60748	51586
<b>Long term assets total</b>		<b>432586</b>	<b>361469</b>	<b>615515</b>	<b>514324</b>
<b>2.Current assets</b>					
I Stocks:					
1. Raw materials and consumables	12.	52802	43246	75130	61534
2. Work in progress	13.	4836	4836	6881	6881
3.Finished goods and goods for resale	14.	407392	415727	579667	591526
<b>I TOTAL</b>		465030	463809	661678	659941
II Long-term investments held for sale	15.	21947	9117	31228	12972
III Debtors:					
1. Trade debtors		120182	64303	171004	91495
2. Other debtors		572	5533	814	7873
3. Next period costs		3477	5323	4947	7574
<b>III TOTAL</b>	16.	124231	75159	176765	106942
IV Cash funds		94496	126833	134455	180467
<b>Current assets total</b>		<b>705704</b>	<b>674918</b>	<b>1004126</b>	<b>960322</b>
<b>BALANCE</b>		<b>1138290</b>	<b>1036387</b>	<b>1619641</b>	<b>1474646</b>

Appendixes on pages 12 to 20 is a part of the annual report

LIABILITIES	No. of app	31.12. 2010. LVL	31.12. 2009. LVL	31.12. 2010. EUR	31.12. 2009. EUR
<b>1.EQUITY CAPITAL</b>					
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		318326	246240	452937	350368
b) brought forward from profit and loss account for the current annual year		114029	102746	162249	146194
<b>Provision for liabilities and charges total</b>		<b>1058937</b>	<b>975568</b>	<b>1506732</b>	<b>1388108</b>
<b>2.Creditors</b>					
I Short term creditors:					
1. Suppliers of goods and services		20949	4063	29808	5781
2. Company income tax			2681		3815
3. Taxes and social security payments		18547	16143	26390	22970
4. Other creditors		13087	11729	18621	16689
5. Paid in advance			6000		8537
6. Next period income					
7. Accumulated liabilities		26770	20203	38090	28746
II TOTAL	17.	79353	60819	112909	86538
<b>BALANCE</b>		<b>1138290</b>	<b>1036387</b>	<b>1619641</b>	<b>1474646</b>

  
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March 21st, 2011


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**OVERVIEW OF OWN CAPITAL CHANGES**

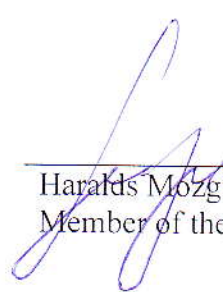
Item	Share capital LVL	Reserves LVL	Not distributed profit LVL	TOTAL LVL	Share capital EUR	Reserves EUR	Not distributed profit EUR	TOTAL EUR
<b>Left –over 31.12.2008.</b>	438000	188582	259380	885962	623218	268328	369064	1260610
2009-profit			102746	102746			146194	146194
Dividendes 2008.			(13140)	(13140)			(18696)	(18696)
<b>Left -over 31.12.2009.</b>	438000	188582	348986	975568	623218	268328	496562	1388108
<b>Left –over 31.12.2009.</b>	438000	188582	348986	975568	623218	268328	496562	1388108
2010-profit			114029	114029			162249	162249
Dividendes 2009			(30660)	(30660)			(43625)	(43625)
<b>Left –over 31.12.2010.</b>	438000	188582	432355	1058937	623218	268328	615186	1506732



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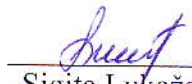
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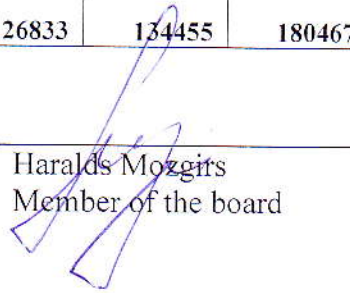
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**CASH FLOW OVERVIEW**

No	Items of incomes and costs	On December 31, 2010 LVL	On December 31, 2009 LVL	On December 31, 2010 EUR	On December 31, 2009 EUR
<b>1.</b>	<b>Cash flow from operating activities</b>				
	1.1 Profit or loss before extraordinary posts and taxes	132543	119457	188592	169972
	Corrections:				
	a) depreciation of fixed assets	40317	43208	57366	61479
	b) Loss from changes of foreign currency exchange rate	(1773)	(436)	(2523)	(620)
	1.2. Profit from operating activities of the annual year	171087	162229	243435	230831
	Corrections:				
	a) increase of left –overs of debtors debts	(49072)	32182	(69823)	45791
	b) decrease of stock	(1221)	(104729)	(1737)	(149016)
	c) decrease of creditors debts	(18534)	(617)	(26372)	(878)
	1.3. Income from operating activities exceed over expenses	102260	89065	145503	126728
	1.4. Cash paid for taxes	(93169)	(51008)	(132569)	(72578)
	1.5. Cash flow before extraordinary posts	9091	38057	12934	54150
	1.6. Income from extraordinary posts				
	1.7. Net income from operating activities	9091	38057	12934	54150
<b>2.</b>	<b>Investments cash flow</b>				
	2.1. Costs for fixed assets	(127282)	(93228)	(181106)	(132652)
	2.2. Income from sold fixed assets	116396	3202	165617	4556
	2.3. Income from interest	118	262	168	373
	2.4. Net costs of investment activities	(10768)	(89764)	(15321)	(127723)
<b>3.</b>	<b>Financial activity cash flow</b>				
	3.1. Costs for dividends	(30660)	(13140)	(43625)	(18696)
	3.2. Net costs of financial activities	(30660)	(13140)	(43625)	(18696)
<b>4.</b>	<b>Increase or decrease of net cash</b>	(32337)	(64847)	(46012)	(92269)
<b>5.</b>	<b>Left –over in the beginning of annual year</b>	126833	191680	180467	272736
<b>6.</b>	<b>Left –over in the end of annual year</b>	94496	126833	134455	180467

  
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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>31.12.2010</i>	<i>31.12.2009</i>
<i>USD</i>	0.535	0.489
<i>EUR</i>	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 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 explanation.

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. Fixed assets held for sale

Fixed asset is to be considered as assets held for sale when it is prepared for immediate sale, the Company's management has decide to sell the assets and has initiated dynamic implementation of this decision. Fixed assets held for sale are

included in balance sheet as current assets. Held for sale assets are evaluated at the lower of balance sheet value and fair value deducting expenses which will be needed to sell the asset.

If the decision is made not to sell asset previously specified as held for sale, it shall be immediately reclassified back to a proper long-term investment item. Such long-term investment is evaluated at the lower of balance sheet value of this asset before the transfer to held for sale assets and recoverable value of this asset on the moment of decision not to sell it.

## *6. 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

## *7. 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.

## *8. Subsidies, dotations*

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.

## *9. 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.

## *10. 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.



*11. Cash and its equivalents*

In cash flow statement cash and its equivalents consists of cash money and left-overs of running bank accounts

*12. Biological assets*

Biological assets of the company are getter animals belonging to the company (getter bulls, boars), 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	31.12.10. LVL	31.12.09. LVL	31.12.10. EUR	31.12.09. EUR
<b>1.</b>	<b>Net turnover:</b>				
	1.1. Animal semen	419567	438852	596990	624430
	1.2. Artificial insemination services	57946	52550	82450	74772
	1.3. Livestock and other production	7102	10904	10105	15515
	1.4. Grain sale	101331	38847	144181	55274
	1.5. Linear evaluation of cows	23782	24897	33838	35425
	1.6. Milk sample collection	42040	42793	59818	60889
	1.7. Grain kiln services	1410	6929	2006	9859
	1.8. Other	34289	30285	48789	43092
	<b>IN TOTAL</b>	<b>687467</b>	<b>646057</b>	<b>978177</b>	<b>919256</b>
<b>2.</b>	<b>Productional expenses for sol production</b>				
	2.1. Labour costs	109518	104086	155830	148101
	2.2. Social insurance payments	25695	24421	36561	34748
	2.3. Depreciation deductions	36692	40628	52208	57808
	2.4. Fodder costs	12529	11528	17827	16403
	2.5. Fuel costs	40115	33354	57078	47458
	2.6. Electricity costs	6794	5839	9667	8308
	2.7. Telecommunication services	3092	3016	4400	4292
	2.8. Repair services	9491	8885	13504	12642
	2.9. Gas costs	9152	11843	13022	16851
	2.10. Fertilizer and chemical costs	7993	6246	11373	8888
	2.11. Materials and spare parts	33513	24424	47685	34752
	2.12. Various services	24037	17149	34202	24401
	2.13. Other expenses	89044	30161	126698	42915
	<b>IN TOTAL</b>	<b>407665</b>	<b>321580</b>	<b>580055</b>	<b>457567</b>
<b>3.</b>	<b>Selling costs</b>				
	3.1. Labour costs	65085	60460	92608	86027
	3.2. Social insurance payments	14199	14404	20203	20495
	3.3. Transport costs	13758	11807	19576	16800

	3.4. Other expenses	38593	5450	54913	7754
	<b>IN TOTAL</b>	<b>131635</b>	<b>92121</b>	<b>187300</b>	<b>131076</b>
<b>4.</b>	<b>Administrative expenses</b>				
	4.1. Labour costs	82192	80072	116949	113932
	4.2. Social insurance payments	20853	18414	29671	26201
	4.3. Depreciation deductions	3625	2580	5158	3671
	4.4. Transport costs	12633	10003	17975	14233
	4.5. Office expenses	15179	14055	21598	19998
	4.6. Other expenses	21691	18719	30863	26635
	<b>IN TOTAL</b>	<b>156173</b>	<b>143843</b>	<b>222214</b>	<b>204670</b>
<b>5.</b>	<b>Other operating income</b>				
	5.1. Realization of fixed assets	106821	3093	151993	4401
	5.2. Excise tax for diesel fuel used in agric.	6554	5171	9325	7358
	5.3. Subsidies from Agriculture Ministry	28107	22866	39993	32535
	5.4. Changes of currency exchange rate		5		7
	5.5. Dividends of SIA Latvijas šķirnes dzīvnieku audzētāju savienības	100	100	142	142
	5.6. Other income	205	38	292	54
	<b>TOTAL</b>	<b>141787</b>	<b>31273</b>	<b>201745</b>	<b>44497</b>
<b>6.</b>	<b>Other operating costs</b>				
	6.1. Changes of currency exchange rate	956		1360	
	6.2. Other expenses	400	600	569	853
	<b>TOTAL</b>	<b>1356</b>	<b>600</b>	<b>1929</b>	<b>853</b>
<b>7.</b>	<b>Other taxes</b>				
	7.1. Nature resource tax		450		640
	7.2. Property tax	2134	1475	3036	2099
	<b>TOTAL</b>	<b>2134</b>	<b>1925</b>	<b>3036</b>	<b>2739</b>

### III Information on balance on December 31, 2010

Nr. p. k.		Start value LVL	Depreciation LVL	Current value LVL	Start value EUR	Depreciation EUR	Current value EUR
<b>8.</b>	<b>Intangible investments</b>						
	8.1. Computer programmes	1621.52	909.68	711.84	2307.22	1294.36	1012.86
	<b>Total</b>	<b>1621.52</b>	<b>909.68</b>	<b>711.84</b>	<b>2307.22</b>	<b>1294.36</b>	<b>1012.86</b>

LVL

Nr. p. k.		Land, buildings, perennial plants	Tehnological equipment and machinery	Other fixed assets and inventory	Total
9.	<b>The initial value of 31.12.2009</b>	244425.54	348285.76	27437.42	620148.72
	Acquired or created in 2010	17830.00	913.46	4607.51	23350.97
	Excluded in 2010	26380.00	4258.57	6147.80	36786.37
	Transferred to another item				
	<b>The initial value of 31.12.2010</b>	235875.54	344940.65	25897.13	606713.32
	<b>Depreciation 31.12.2009.</b>	17089.12	259250.20	22013.80	298353.12
	Calculated in 2010	3431.59	33940.64	2629.64	40001.87
	Excluded in 2010	4332.88	3990.52	6087.50	14410.90
	Transferred to another item				
	<b>Depreciation 31.12.2010.</b>	16187.83	289200.32	18555.94	323944.09
	<b>Book value 31.12.2009</b>	<b>227336.42</b>	<b>89035.56</b>	<b>5423.62</b>	<b>321795.60</b>
	<b>Book value 31.12.2010</b>	<b>219687.71</b>	<b>55740.33</b>	<b>7341.19</b>	<b>282769.23</b>

EUR

Nr. p. k.		Land, buildings, perennial plants	Tehnological equipment and machinery	Other fixed assets and inventory	Total
9.	<b>The initial value of 31.12.2009</b>	347786.21	495565.99	39039.93	882392.13
	Acquired or created in 2010	25369.80	1299.74	6555.90	33225.44
	Excluded in 2010	37535.36	6059.40	8747.53	52342.29
	Transferred to another item				
	<b>The initial value of 31.12.2010</b>	335620.65	490806.33	36848.30	863275.28
	<b>Depreciation 31.12.2009.</b>	24315.63	368879.80	31322.81	424518.24
	Calculated in 2010	4882.71	48293.18	3741.64	56917.53
	Excluded in 2010	6165.13	5678.00	8661.73	20504.86
	Transferred to another item				
	<b>Depreciation 31.12.2010.</b>	23033.21	411494.98	26402.72	460930.91
	<b>Book value 31.12.2009</b>	<b>323470.58</b>	<b>126686.19</b>	<b>7717.12</b>	<b>457873.89</b>
	<b>Book value 31.12.2010</b>	<b>312587.44</b>	<b>79311.35</b>	<b>10445.58</b>	<b>402344.37</b>

Nr. p. k.		31.12.10. LVL	31.12.09. LVL	31.12.10. EUR	31.12.09. EUR
<b>10.</b>	<b>Long term financial assets</b>				
	10.1. Shares in SIA Latvijas šķirnes dzīvnieku audzētāju savienība	2000	2000	2846	2846
	10.2. Shares in SIA Piensaimnieku laboratorija	480	480	683	683
	<b>TOTAL</b>	<b>2480</b>	<b>2480</b>	<b>3529</b>	<b>3529</b>
<b>11.</b>	<b>Biological assets</b>				
	11.1. Getter bulls	36735	29050	52269	41334
	11.2. Getter boars	5959	7205	8479	10252
	<b>TOTAL</b>	<b>42694</b>	<b>36255</b>	<b>60748</b>	<b>51586</b>
<b>12.</b>	<b>Raw materials and consumables</b>				
	12.1. Materials	8456	9182	12032	13065
	12.2. Mineral fertilizers and chemicals	19475	1077	27710	1532
	12.3. Grain and seedcorn	17265	24300	24566	34576
	12.4. Fuel and lubricants	2552	2110	3631	3002
	12.5. Wood	616	948	876	1349

	12.6. Animal feed	4438	5629	6315	8010
	<b>TOTAL</b>	<b>52802</b>	<b>43246</b>	<b>75130</b>	<b>61534</b>
<b>13.</b>	<b>Production in progress</b>				
	13.1. Winter crops	4836	4836	6881	6881
	<b>TOTAL</b>	<b>4836</b>	<b>4836</b>	<b>6881</b>	<b>6881</b>
<b>14.</b>	<b>Finished goods and goods for resale</b>				
	14.1. Frozen bulls sperm	407375	415710	579643	591502
	14.2. Boars sperm				
	14.3. Frozen stallions sperm	17	17	24	24
	<b>TOTAL</b>	<b>407392</b>	<b>415727</b>	<b>579667</b>	<b>591526</b>
<b>15.</b>	<b>Long-term investments held for sale</b>				
	15.1. Kandava chapter houses for sale	21947	9117	31228	12972
	<b>TOTAL</b>	<b>21947</b>	<b>9117</b>	<b>31228</b>	<b>12972</b>
<b>16.</b>	<b>Debtors</b>				
	16.1.1. Trade debtors	123833	66559	176198	94705
	16.1.2. Accumulation for debts	3651	2256	5194	3210
	16.1.3. Balance value of trade debts	<b>120182</b>	<b>64303</b>	<b>171004</b>	<b>91495</b>
	16.2. Excise tax reimbursement of agricultural activity		5171		7358
	16.3. Payments for advance amounts	168	362	239	515
	16.4. Income tax	404		575	
	16.5. Prepaid expenses	3477	5323	4947	7574
	<b>TOTAL</b>	<b>124231</b>	<b>75159</b>	<b>176765</b>	<b>106942</b>
<b>17.</b>	<b>Short term liabilities</b>				
	17.1. Suppliers of goods and services	20949	4063	29808	5781
	17.2. Accounts with budget for income tax		2681		3815
	17.3. Accounts with budget for VAT	4413	4657	6279	6626
	17.4. Accounts with budget for inhab. income tax	5522	4127	7857	5872
	17.5. Accounts with budget for social insurance tax	8332	7156	11855	10182
	17.6. Accounts with budget for DR tax	264	193	376	275
	17.7. Accounts with in advance paid amounts	16	10	23	14
	17.8. Amounts expended for advance	7	9	10	13

17.9. Accounts with salaries	13080	11719	18611	16675
17.10. Received an advance on the buildings in Kuldiga		6000		8537
17.11. Accrued liabilities to suppliers	12063	5639	17164	8024
17.12. Accumulation for vacation	14707	14565	20926	20724
<b>TOTAL</b>	<b>79353</b>	<b>60819</b>	<b>112909</b>	<b>86538</b>

#### IV General information

Average number of employees in a/s “Kurzemes CMAS” on 31st of December 2010 was 40, receiving salaries in total amount of 247589 LVL ( 352287 EUR). Calculated social tax 80382 LVL ( 114373 EUR). Following taxes were paid in 2010:

Kind of tax	LVL			
	Left-over on 31.12.2009	Calculated in 2010	Paid in 2010	Left over on 31.12.2010
Company income tax	2680.60	16380.00	19464.60	- 404.00
Value added tax	4657.20	77505.62	77750.20	4412.62
Social tax	7155.98	80381.63	79205.72	8331.89
Inhabitants income tax	4126.87	52015.29	50619.88	5522.28
Nature resource tax	192.92	264.25	192.92	264.25
Property tax		2133.71	2133.71	
Risk duty	9.75	37.25	31.50	15.50
<b>TOTAL</b>	<b>18823.32</b>	<b>228717.75</b>	<b>229398.53</b>	<b>18142.54</b>

Kind of tax	EUR			
	Left-over on 31.12.2009	Calculated in 2010	Paid in 2010	Left-over on 31.12.2010
Company income tax	3814.15	23306.64	27695.63	-574.84
Value added tax	6626.60	110280.56	110628.57	6278.59
Social tax	10182.04	114372.76	112699.59	11855.21
Inhabitants income tax	5872.00	74011.09	72025.60	7857.49
Nature resource tax	274.50	375.99	274.50	375.99
Property tax		3035.99	3035.99	
Risk duty	13.87	53.00	44.82	22.05
<b>TOTAL</b>	<b>26783.16</b>	<b>325436.03</b>	<b>326404.70</b>	<b>25814.49</b>

Members of the Board receive monthly reimbursement for execution of functions in the amount of minimum salary. Members of the Council receive monthly reimbursement for execution of functions in amount of LVL 100.00 per month after taxes. President of the Council receives monthly reimbursement for execution of functions in amount of LVL 150.00 per month after taxes. In 2010, the Board paid 27127.90 LVL (38599.52 EUR), Council paid 12684.16 LVL (18047.93 EUR).

The company has no transactions with related persons. The company has not granted any guarantees, warranties and pledges, nor is there any legal action.

In 2010, sworn auditor services reimbursed 650 LVL (924.87 EUR) without VAT.