

Stock company

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

FINANCIAL REPORT
Year 2011
On September 30, 2011

Jaunpils parish, Jaunpils district

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Information about company

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| Name of the company | “Kurzemes ciltslietu un mākslīgās apsēklošanas stacija” |
| Legal status | Stock company |
| Registration No., place, date | 000301708 Rīga, 1991. gada 6.augustā Made in the Commercial register of 7 April 2004, with a single registration number 40003017085 |
| Share capital | Jaunpils Jaunpils parish Jaunpils district LV-3145 Latvija On 30 September 2011 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 shareholders to current shareholders general meeting on 27 April 2011. | Latvijas šķirnes dzīvnieku audzētāju savienība, SIA (37,25 %) JL INDEX SIA (13.66 %) Pēteris Augustovs (10.14 %) |
| Names and positions of Board members until 27 April 2011. | Gatis Kaķis – Chairman of the Board Haralds Mozgirs – Member of the Board Sigita Lukaže – Member of the Board |
| Names and positions of Board members from 27 April 2011. | Gatis Kaķis – Chairman of the Board Sigita Lukaže – Member of the Board Daiga Lielpinka – 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. |

AS „KURZEMES CMAS” FINANCIAL REPORT on September 30,2011.

| | |
|---|--|
| Names and positions of Council members until 27 April 2011. | 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 |
| Names and positions of Council members from 27 April 2011. | Indra Martinsone –Chairman of the Council Maija Brunovska – Member of the Council Ināra Kanska – Member of the Council Haralds Mozgirs – Member of the Council Jānis Leimanis – Member of the Council |
| Annual year | January 1st –September 30st, 2011 |
| Name and address of the sworn auditor | Aivars Rutkis Zvērināta revidenta sertifikāts Nr. 18 Dainu iela 5 - 9, Dobele, Dobele district LV-3701, Latvija |

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. Collection of supervisory milk's standart;
4. Cultivation of grain and utility of agroservice.

Companie's work in year of account.

Netto turnover on 30 of September 2011 is LVL 509246 (EUR 724592). Stock companie's profit after paying taxes is LVL 77004 (EUR 109567).

Enterprise from state and EU subsidie's there were receive LVL 15637 (EUR 22249) in year of account. Subsidie's have received for breed material in foreign countries, breed animals maintenance and payments for EU area.

In May 2011. The company transferred into service jaunuzcelto BREEDING boars' coop. Of the total construction costs of the project 40 % covered by the Structural Funds of the European Union.

March month if you qualify for co-financing by the Structural Funds of the European Union were submitted 2 new projects for a total amount of LVL 75650 no 19 (EUR 107641), I. See. LVL 47149. 30 (EUR 67087) breeding bulls goathouse reconstruction (confirmed 27. 05. 2011) and LVL 28500. 89 (EUR 40553) new machinery (deferred for a year due to insufficient public funding) - a tractor trailer and drive kultivatora the purchase of grain needs. Projects to be financed on the means, without the bank loans.

Has been partly biroju building's internal repair.

June 2011. In the cereals sector development needs a land purchase contract LVL 40 000 00 (EUR 56915) value will be bought 20 hectares of farmland in the area.

September 2011. In the cereals sector development needs a land purchase contract LVL 21 000 00 (EUR 29880) value will be bought 10 hectares of farmland in the area.

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 debts are arise in retrievable value. Company'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 enough 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. With the financing of structural funds of the European Union it is planned to acquire new agriculture machinery for the grain sector needs and carry out partial breeding bull facility reconstruction.
2. To perform partial indoor repairs of the office building.
3. To increase product and service sales by making price policy improvements and attraction of new customers.
4. To buy or lease agricultural land for the grain sector needs.

Gatis Kaķis
Chairman of the board

Sigita Lukaže
Member of the Board

Daiga Lielpinka
Member of the board

October 28 th, 2011

PROFIT OR LOSS STATEMENT
(on turnover cost method)

| No | Item | No. of app. | On September 30 2011 LVL | On September 30 2010 LVL | On September 30 2011 EUR | On September 30 2010 EUR |
|----|---|-------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. | Net turnover | 1. | 509246 | 507410 | 724592 | 721979 |
| 2. | Selling costs of finished goods | 2. | (286639) | (296262) | (407851) | (421543) |
| 3. | Gross profit or loss | | 222607 | 211148 | 316741 | 300436 |
| 4. | Selling costs | 3. | (91730) | (89685) | (130520) | (127610) |
| 5. | Administration costs | 4. | (103818) | (108297) | (147720) | (154093) |
| 6. | Other operating income | 5. | 59521 | 128533 | 84691 | 182886 |
| 7. | Other operating costs | 6. | (1592) | (690) | (2265) | (982) |
| 8. | Other interests receivable and similar income | | | 118 | | 168 |
| 9. | Profit or loss before extraordinary items and taxes | | 84988 | 141127 | 120927 | 200805 |
| 10 | Tax on profit for the financial year | | (6000) | (7720) | (8537) | (10984) |
| 11 | Other taxes | 7. | (1984) | (1945) | (2823) | (2767) |
| 12 | Profit or loss for the financial year after taxes | | 77004 | 131462 | 109567 | 187054 |
| 13 | Profit on 1 share EPS | | 0.176 | 0.300 | 0.250 | 0.427 |

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Appendixes on pages 12 to 18 is a part of the financial report.

BALANCE on September 30, 2011

| ASSETS | NO. of app | 30.09. 2011. LVL | 30.09. 2010. LVL | 30.09. 2011. EUR | 30.09. 2010. EUR |
|---|------------------|------------------------|------------------------|------------------------|------------------------|
| 1.Long term assets | | | | | |
| I Intangible assets: | | 1280 | 1042 | 1821 | 1483 |
| 1. Concessions, patents, licences, trade marks and others | | | | | |
| I TOTAL | 8. | 1280 | 1042 | 1821 | 1483 |
| II Tangible assets: | | 389323 | 245166 | 553957 | 348840 |
| 1. Land and buildings, perennial plants | | | | | |
| 2. Equipment and machinery | | 57646 | 89533 | 82023 | 127394 |
| 3. Other fixtures and fittings, tools and equipment | | 8850 | 9986 | 12592 | 14208 |
| 4. Advance payment for assets | | 30393 | 39381 | 43245 | 56034 |
| II TOTAL | 9. | 486212 | 384066 | 691817 | 546476 |
| III Long term financial assets | | 2480 | 2480 | 3529 | 3529 |
| 1. Other securities and capital participation | | | | | |
| III TOTAL | 10. | 2480 | 2480 | 3529 | 3529 |
| IV Biological assets | | 51763 | 48232 | 73652 | 68628 |
| 1. Getter animals | | | | | |
| IV TOTAL | 11. | 51763 | 48232 | 73652 | 68628 |
| Long term assets total | | 541735 | 435820 | 770819 | 620116 |
| 2.Current assets | | | | | |
| I Stocks: | | 42932 | 47771 | 61087 | 67972 |
| 1. Raw materials and consumables | 12. | | | | |
| 2. Work in progress | 13. | 4837 | 4837 | 6882 | 6882 |
| 3. Finished goods and goods for resale | 14. | 428208 | 391465 | 609285 | 557005 |
| I TOTAL | | 475977 | 444073 | 677254 | 631859 |
| II Debtors: | | 100921 | 190517 | 143598 | 271081 |
| 1. Trade debtors | | | | | |
| 2. Other debtors | | 11420 | 12701 | 16249 | 18072 |
| 3. Next period costs | | | | | |
| II TOTAL | 15. | 112341 | 203218 | 159847 | 289153 |
| III Cash funds | | 81205 | 63585 | 115544 | 90473 |
| Current assets total | | 669523 | 710876 | 952645 | 1011485 |
| BALANCE | | 1211258 | 1146696 | 1723464 | 1631601 |

Appendixes on pages 12 to 18 is a part of the annual report

AS „KURZEMES CMAS” FINANCIAL REPORT on September 30,2011.

| LIABILITIES | No. of app | 30.09. 2011. LVL | 30.09. 2010. LVL | 30.09. 2011. EUR | 30.09. 2010. EUR |
|--|------------------|------------------------|------------------------|------------------------|------------------------|
| 1.EQUITY CAPITAL | | 438000 | 438000 | 623218 | 623218 |
| 1. Company capital (share capital) | | | | | |
| 2. Reserves: | | 188582 | 188582 | 268328 | 268328 |
| a) Other reserves | | | | | |
| 3. Retained earnings: | | 401695 | 318326 | 571560 | 452937 |
| a) brought forward from previous years | | | | | |
| b) brought forward from profit and loss account for the current annual year | | 77004 | 131462 | 109567 | 187054 |
| Provision for liabilities and charges total | | 1105281 | 1076370 | 1572673 | 1531537 |
| 2.Creditors | | | | | |
| I Short term creditors: | | | | | |
| 1. Suppliers of goods and services | | 21924 | 26333 | 31195 | 37468 |
| 2. Company income tax | | | | | |
| 3. Taxes and social security payments | | 19111 | 18500 | 27193 | 26323 |
| 4. Other creditors | | 12235 | 10928 | 17408 | 15549 |
| 5. Next period income | | 38000 | | 54069 | |
| 6. Accumulated liabilities | | 14707 | 14565 | 20926 | 20724 |
| II TOTAL | 16. | 105977 | 70326 | 150791 | 100064 |
| BALANCE | | 1211258 | 1146696 | 1723464 | 1631601 |

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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 31.12.2009. | 438000 | 188582 | 348986 | 75568 | 623218 | 268328 | 496563 | 1388109 |
| 2010-profit | | | 131462 | 131462 | | | 187054 | 187054 |
| Costs for dividends | | | (30660) | (30660) | | | (43626) | (43626) |
| Left -over 30.09.2010. | 438000 | 188582 | 449788 | 1076370 | 623218 | 268328 | 639991 | 1531537 |
| Left –over 31.12.2010. | 438000 | 188582 | 432355 | 1058937 | 623218 | 268328 | 615186 | 1506732 |
| 2011-profit | | | 77004 | 77004 | | | 109567 | 109567 |
| Costs for dividends | | | (30660) | (30660) | | | (43626) | (43626) |
| Left –over 30.09.2011. | 438000 | 188582 | 478699 | 1105281 | 623218 | 268328 | 681127 | 1572673 |

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CASH FLOW OVERVIEW

| No | Items of incomes and costs | On September 30 2011 LVL | On September 30 2010 LVL | On September 30 2011 EUR | On September 30 2010 EUR |
|-----------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 1. | Cash flow from operating activities | | | | |
| | <u>1.1 Profit or loss before extraordinary posts and taxes</u> | 84988 | 141127 | 120927 | 200805 |
| | Corrections: | | | | |
| | a) depreciation of fixed assets | | | | |
| | b) Loss from changes of foreign currency exchange rate | (1257) | (490) | (1789) | (697) |
| | <u>1.2. Profit from operating activities of the annual year</u> | 83731 | 140637 | 119138 | 200108 |
| | Corrections: | 70877 | (128059) | 100849 | (182212) |
| | a) increase of left –overs of debtors debts | | | | |
| | b) secrease of stock | (31904) | (19736) | (45395) | (28081) |
| | c) decrease of creditors debts | (35651) | 9507 | (50727) | 13527 |
| | <u>1.3. Income from operating activities exceed over expenses</u> | 87053 | 2349 | 123865 | 3342 |
| | <u>1.4. Cash paid for taxes</u> | (85297) | (89181) | (121367) | (126893) |
| | <u>1.5. Cash flow before extraordinary posts</u> | 1756 | (86832) | 2498 | (123551) |
| | <u>1.6. Income from extraordinary posts</u> | | | | |
| | <u>1.7. Net income from operating activities</u> | 1756 | (86832) | 2498 | (123551) |
| 2. | Investments cash flow | | | | |
| | 2.1. Costs for fixed assets | (44637) | (62270) | (63513) | (88603) |
| | 2.2. Income from sold fixed assets | 60250 | 116396 | 85729 | 165617 |
| | 2.3. Income from interest | | 118 | | 168 |
| | <u>2.4. Net costs of investment activities</u> | 15613 | 54244 | 22216 | 77182 |
| 3. | Financial activity cash flow | | | | |
| | 3.1. Costs for dividends | (30660) | (30660) | (43626) | (43626) |
| | <u>3.2. Net costs of financial activities</u> | (30660) | (30660) | (43626) | (43626) |
| 4. | Increase or decrease of net cash | (13291) | (63248) | (18912) | (89995) |
| 5. | Left –over in the beginning of annual year | 94496 | 126833 | 134456 | 180468 |
| 6. | Left –over in the end of annual year | 81205 | 63585 | 115544 | 90473 |

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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> | 30.09.2011 | 30.09.2010 |
|-----------------|-------------------|-------------------|
| <i>USD</i> | 0.516 | 0.517 |
| <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 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. 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 immediatly 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 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.

8. Subsidies, dotations, EU funds

Means that have got from EU funds to purchase fixed assets are recorded as next period income that are included in incomes of fixed assets bought for EU funds 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.

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 equivalentents

In cash flow statement cash and its equivalentents 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 | 30.09.11. LVL | 30.09.10. LVL | 30.09.11. EUR | 30.09.10. EUR |
|-----------|---|------------------|------------------|------------------|------------------|
| 1. | Net turnover: | | | | |
| | 1.1. Animal semen | 299317 | 316143 | 425890 | 449831 |
| | 1.2. Artificial insemination services | 46809 | 43452 | 66603 | 61827 |
| | 1.3. Livestock and other production | 4061 | 4848 | 5778 | 6898 |
| | 1.4. Grain sale | 65969 | 68220 | 93866 | 97068 |
| | 1.5. Linear evaluation of cows | 31499 | 18184 | 44819 | 25874 |
| | 1.6. Milk sample collection | 30747 | 30977 | 43749 | 44076 |
| | 1.7. Grain kiln services | 871 | | 1239 | |
| | 1.8. Other | 29973 | 25586 | 42648 | 36405 |
| | IN TOTAL | 509246 | 507410 | 724592 | 721979 |
| 2. | Productional expenses for sol production | | | | |
| | 2.1. Labour costs | 71981 | 69069 | 102420 | 98276 |
| | 2.2. Social insurance payments | 16829 | 16815 | 23946 | 23926 |
| | 2.3. Depreciation deductions | | | | |
| | 2.4. Fodder costs | 6562 | 9843 | 9337 | 14005 |
| | 2.5. Fuel costs | 34331 | 31456 | 48849 | 44758 |
| | 2.6. Electricity costs | 5172 | 4775 | 7359 | 6794 |
| | 2.7. Telecommunication services | 2202 | 2361 | 3133 | 3359 |
| | 2.8. Repair services | 7822 | 7002 | 11130 | 9963 |
| | 2.9. Gas costs | 7747 | 7710 | 11023 | 10970 |
| | 2.10. Fertilizer and chemical costs | 40525 | 29462 | 57662 | 41921 |
| | 2.11. Materials and spare parts | 52661 | 70864 | 74930 | 100830 |
| | 2.12. Various services | 17822 | 16793 | 25358 | 23894 |
| | 2.13. Other expenses | 22985 | 30112 | 32705 | 42846 |
| | IN TOTAL | 286639 | 296262 | 407851 | 421543 |
| 3. | Selling costs | | | | |
| | 3.1. Labour costs | 55591 | 62515 | 79099 | 88951 |
| | 3.2. Social insurance payments | 13282 | 12789 | 18899 | 18197 |
| | 3.3. Transport costs | 19039 | 9168 | 27090 | 13045 |
| | 3.4. Other expenses | 3818 | 5213 | 5432 | 7417 |
| | IN TOTAL | 91730 | 89685 | 130520 | 127610 |
| 4. | Administrative expenses | | | | |
| | 4.1. Labour costs | 55491 | 54002 | 78957 | 76838 |
| | 4.2. Social insurance payments | 13242 | 14253 | 18842 | 20280 |
| | 4.3. Depreciation deductions | | | | |
| | 4.4. Transport costs | 7399 | 11283 | 10528 | 16054 |
| | 4.5. Office expenses | 10882 | 12171 | 15484 | 17318 |
| | 4.6. Other expenses | 16804 | 16588 | 23909 | 23603 |
| | IN TOTAL | 103818 | 108297 | 147720 | 154093 |
| 5. | Other operating income | | | | |
| | 5.1. Realization of fixed assets | 38078 | 107279 | 54180 | 152644 |
| | 5.2. Excise tax for diesel fuel used in agric. | 3606 | 4699 | 5132 | 6686 |
| | 5.3. Subsidies from Agriculture Ministry | 15637 | 16350 | 22249 | 23264 |
| | 5.4. EU funds | 2000 | | 2846 | |
| | 5.5. Dividends of SIA Latvijas šķirnes dzīvnieku audzētāju savienības | 100 | 100 | 142 | 142 |
| | 5.6. Other income | 100 | 105 | 142 | 150 |

| | | | | | |
|-----------|--|--------------|---------------|--------------|---------------|
| | TOTAL | 59521 | 128533 | 84691 | 182886 |
| 6. | Other operating costs | | | | |
| | 6.1. Changes of currency exchange rate | 1186 | 490 | 1688 | 697 |
| | 6.2. Other expenses | 406 | 200 | 577 | 285 |
| | TOTAL | 1592 | 690 | 2265 | 982 |
| 7. | Other taxes | | | | |
| | 7.1. Nature resource tax | | | | |
| | 7.2. Property tax | 1984 | 1945 | 2823 | 2767 |
| | TOTAL | 1984 | 1945 | 2823 | 2767 |

III Information on balance on September 30, 2011

| Nr. p. k. | | Start value LVL | Depreciation LVL | Current value LVL | Start value EUR | Depreciation EUR | Current value EUR |
|-----------|--|-----------------|------------------|-------------------|-----------------|------------------|-------------------|
| 8. | Intangible investments | | | | | | |
| | 8.1. Computer programmes | 2190 | 910 | 1280 | 3116 | 1295 | 1821 |
| | Total | 2190 | 910 | 1280 | 3116 | 1295 | 1821 |
| 9. | Tangible assets | | | | | | |
| | 9.1. Land, buildings, perennial plants | 405511 | 16188 | 389323 | 576990 | 23033 | 553957 |
| | Including land | 174729 | | 174729 | 248617 | | 248617 |
| | 9.2. Technological equipment and machinery | 346596 | 288950 | 57646 | 493162 | 411139 | 82023 |
| | 9.3. Other fixed assets and inventory | 27406 | 18556 | 8850 | 38995 | 26403 | 12592 |
| | 9.4. Advance payment for assets | 30393 | | 30393 | 43245 | | 43245 |
| | Total | 809906 | 323694 | 486212 | 1152392 | 460575 | 691817 |

| Nr. p. k. | | 30.09.11. LVL | 30.09.10. LVL | 30.09.11. EUR | 30.09.10. EUR |
|------------|--|---------------|---------------|---------------|---------------|
| 10. | Long term financial assets | | | | |
| | 10.1. 2000 shares in SIA “Latvijas šķirnes dzīvnieku audzētāju savienība” with value LVL 1.00 or 1.67 % of fixed capital | 2000 | 2000 | 2846 | 2846 |
| | 10.2. 16 shares in SIA “Piensaimnieku laboratorija” with value LVL 30.00 or 7.41 % of fixed capital | 480 | 480 | 683 | 683 |
| | TOTAL | 2480 | 2480 | 2418 | 3529 |

AS „KURZEMES CMAS” FINANCIAL REPORT on September 30,2011.

| | | | | | |
|------------|---|---------------|---------------|---------------|---------------|
| 11. | Biological assets | | | | |
| | 11.1. Getter bulls | 45577 | 41673 | 64850 | 59295 |
| | 11.2. Getter boars | 6186 | 6559 | 8802 | 9333 |
| | TOTAL | 51763 | 48232 | 73652 | 68628 |
| 12. | Raw materials and consumables | | | | |
| | 12.1. Materials | 11154 | 9638 | 15871 | 13714 |
| | 12.2. Mineral fertilizers and chemicals | 525 | 3112 | 747 | 4428 |
| | 12.3. Fuel and lubricants | 22924 | 29019 | 32618 | 41290 |
| | 12.4. Wood | 3186 | 493 | 4533 | 701 |
| | 12.5. Grain and seedcorn | 1045 | 515 | 1487 | 733 |
| | 12.6. Animal feed | 4098 | 4994 | 5831 | 7106 |
| | TOTAL | 42932 | 47771 | 61087 | 67972 |
| 13. | Production in progress | | | | |
| | 13.1. Winter crops | 4837 | 4837 | 6882 | 6882 |
| | TOTAL | 4837 | 4837 | 6882 | 6882 |
| 14. | Finished goods and goods for resale | | | | |
| | 14.1. Frozen bulls sperm | 428191 | 391448 | 609261 | 556981 |
| | 14.2. Boars sperm | | | | |
| | 14.3. Frozen stallions sperm | 17 | 17 | 24 | 24 |
| | TOTAL | 428208 | 391465 | 609285 | 557005 |
| 15. | Debtors | | | | |
| | 15.1.1. Trade debtors | 104572 | 192773 | 148793 | 274291 |
| | 15.1.2. Accumulation for debts | 3651 | 2256 | 5195 | 3210 |
| | 15.1.3. Balance value of trade debts | 100921 | 190517 | 143598 | 271081 |
| | 15.2. Overpaid company income tax | 10810 | 12002 | 15381 | 17077 |
| | 15.3. Payments for advance amounts | 610 | 699 | 868 | 995 |
| | TOTAL | 112341 | 203218 | 159847 | 289153 |
| 16. | Short term liabilities | | | | |
| | 16.1. Suppliers of goods and services | 21924 | 26333 | 31195 | 37468 |
| | 16.2. Accounts with budget for income tax | | | | |
| | 16.3. Accounts with budget for VAT | 7831 | 7669 | 11143 | 10912 |
| | 16.4. Accounts with budget for inhab. income tax | 4065 | 4218 | 5784 | 6002 |
| | 16.5. Accounts with budget for social insurance tax | 7215 | 6613 | 10266 | 9409 |
| | 16.6. Accounts with budget for DR tax | 160 | | 227 | |
| | 16.7. Accounts with in advance paid amounts | | 28 | | 40 |

| | | | | |
|---|---------------|--------------|---------------|---------------|
| 16.8. EU funds | 38000 | | 54069 | |
| 16.9. Accounts with salaries | 12075 | 10900 | 17181 | 15509 |
| 16.10. Accrued liabilities to suppliers | | | | |
| 16.11. Accumulation for vacation | 14707 | 14565 | 20926 | 20724 |
| TOTAL | 105977 | 70326 | 150791 | 100064 |

IV General information

Average number of employees in a/s “Kurzemes CMAS” on 30 of September 2011 was 40, receiving salaries in total amount of 192268 LVL (273573 EUR). Calculated social 45601 LVL (64884 EUR).

Members of the Board receive monthly reimbursement for execution of functions in the amount of LVL 180.00 per month before taxes. 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.

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

STATEMENT ABOUT MANAGEMENT LIABILITY

According to our information financial report for the 9 months of 2011 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 DAIGA LIELPINKA