

Stock company

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

***ANNUAL REPORT***  
***Year 2012***  
***On December 31, 2012***

Jaunpils, Jaunpils parish, district Jaunpils

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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
NACE 2 kod Address	<b>01.50 Mixed agriculture (crop and animal production)</b> Jaunpils District Jaunpils LV-3145 Latvija
Share capital	On 31 December 2012 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 31.12.2012	Latvian Animal Breed Association SIA (37,25%) SIA JL INDEX (11.79%) Pēteris Augustovs (11.53%)
Names and positions of Board members	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 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

**Audit Committee**

**The functions of the Auditing Commission are performed by the Supervisory Board of the company**

Annual year

**January 1st –December 31st, 2012**

Name and address of the sworn auditor

**Aivars Rutkis  
Zvērināta revidenta sertifikāts Nr. 18  
Dainu iela 5 - 9, Dobeles, Dobeles district  
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

The company's turnover in 2012 amounted to LVL 730163 (EUR 1038928), which is 3.9 % higher than in 2011. Company's after-tax earnings amounted to LVL 41733 (EUR 59381), which is 40 % lower than in the previous reporting year. Earnings per share (EPS) are LVL 0.095 (EUR 0.136).

During the reporting year, the company has received LVL 13004 (EUR 18503) as national and EU subsidies. The subsidies have been received for the maintenance of breeding animals and as EU area payments.

In 2012, the joint stock company has acquired fixed assets totalling LVL 84182 (EUR 119781) including 22.57 ha of agricultural land for LVL 40400 LVL (EUR 57484) to be used for grain cultivation.

The company completed internal reconstruction of breeding bull's cattle-shed amounting to LVL 47949 (EUR 68226) and new machinery purchase for grain industry needs amounting to LVL 26392 (EUR 37553). The project has been implemented with the co-financing of the European Union's structural funds.

In 2012, the company continue sale of feed additives to herd owners.

Twice a year, a review of the need for existing stocks in accordance with current market trends is carried out and surplus (self-produced) bio products are written off. The bio products with a high genetic quality can be stored and marketed for several years. The production cost of the written-off bio products is taken into account in pricing of the current products for sale.

### 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 on going 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.

  
\_\_\_\_\_  
Gatis Kaķis  
Chairman of the board

  
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Sigita Lukaze  
Member of the Board

  
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Daiga Lielpinka  
Member of the board

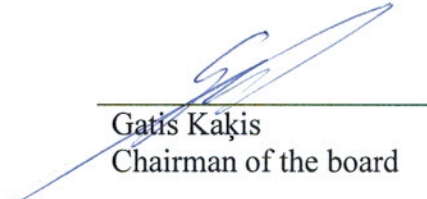
March 20th, 2013

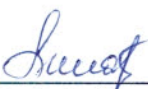
Annual report approved by participant assemblage 2013.year \_\_\_\_\_

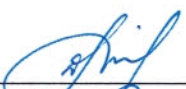
Chairman of participant assemblage \_\_\_\_\_

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

No	Item	No. of app ..	On December 31 2012 LVL	On December 31 2011 LVL	On December 31 2012 EUR	On December 31 2011 EUR
1.	Net turnover	1.	730163	702991	1038928	1000266
2.	Selling costs of finished goods	2.	(386040)	(345113)	(549285)	(491052)
3.	Gross profit or loss		344123	357878	489643	509214
4.	Selling costs	3.	(166549)	(178512)	(236978)	(254000)
5.	Administration costs	4.	(163760)	(175441)	(233009)	(249630)
6.	Other operating income	5.	31511	73903	44836	105155
7.	Other operating costs	6.	(1007)	(1871)	(1433)	(2662)
8.	Other interests receivable and similar income					
9.	Profit or loss before extraordinary items and taxes		44318	75957	63059	108077
10	Tax on profit for the financial year			(4503)		(6407)
11	Other taxes	7.	(2585)	(1984)	(3678)	(2823)
12	Profit or loss for the financial year after taxes		41733	69470	59381	98847
13	Profit on 1 share EPS		0.095	0.159	0.136	0.226

  
Gatis Kaķis  
Chairman of the board

  
Sigita Lukāze  
Member of the Board

  
Daiga-Lielpiņka  
Member of the board

March 20th, 2013

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

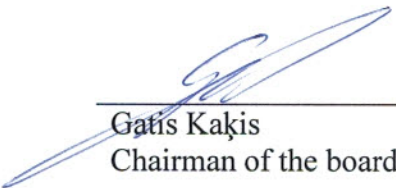
**BALANCE on December 31, 2012**

ASSETS	NO .of app	31.12. 2012. LVL	31.12. 2011. LVL	31.12. 2012. EUR	31.12. 2011. EUR
<b>1.Long term assets</b>					
I Intangible assets:					
1.Concessions, patents, licences, trade marks and others		779	883	1108	1256
<b>I TOTAL</b>	<b>8.</b>	<b>779</b>	<b>883</b>	<b>1108</b>	<b>1256</b>
II Tangible assets:					
1. Land and buildings, perennial plants		504280	470735	717526	669796
2. Equipment and machinery		50824	31183	72316	44369
3. Other fixtures and fittings, tools and equipment		8050	6768	11454	9630
4. Advance payment for assets					
<b>II TOTAL</b>	<b>9.</b>	<b>563154</b>	<b>508686</b>	<b>801296</b>	<b>723795</b>
III Long term financial assets					
1. Other securities and capital participation		2480	2480	3529	3529
<b>III TOTAL</b>	<b>10.</b>	<b>2480</b>	<b>2480</b>	<b>3529</b>	<b>3529</b>
IV Biological assets					
1. Getter animals		33181	38740	47212	55122
<b>IV TOTAL</b>	<b>11.</b>	<b>33181</b>	<b>38740</b>	<b>47212</b>	<b>55122</b>
<b>Long term assets total</b>		<b>599594</b>	<b>550789</b>	<b>853145</b>	<b>783702</b>
<b>2.Current assets</b>					
I Stocks:					
1. Raw materials and consumables	12.	46483	52036	66139	74040
2. Work in progress	13.	6060	4836	8623	6881
3.Finished goods and goods for resale	14.	386844	424078	550429	603409
<b>I TOTAL</b>		<b>439387</b>	<b>480950</b>	<b>625191</b>	<b>684330</b>
III Debtors:					
1. Trade debtors		66112	107792	94069	153374
2. Other debtors		4361	12724	6205	18105
3. Next period costs		1075	2673	1530	3803
<b>III TOTAL</b>	<b>15.</b>	<b>71548</b>	<b>123189</b>	<b>101804</b>	<b>175282</b>
IV Cash funds		114438	85186	162831	121209
<b>Current assets total</b>		<b>625373</b>	<b>689325</b>	<b>889826</b>	<b>980821</b>
<b>BALANCE</b>		<b>1224967</b>	<b>1240114</b>	<b>1742971</b>	<b>1764523</b>

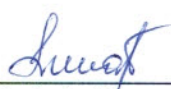
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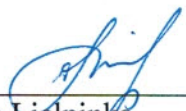
LIABILITIES	No. of app	31.12. 2012. LVL	31.12. 2011. LVL	31.12. 2012. EUR	31.12. 2011. EUR
<b>1.EQUITY CAPITAL</b>					
1. Company capital (share capital)		438000	438000	623218	623218
2. Retained earnings:					
a) brought forward to 2005 year		188582	188582	268328	268328
b) brought forward from 2006 year		449052	401482	638943	571257
c) brought forward from profit and loss account for the current annual year		41733	69470	59381	98847
<b>Provision for liabilities and charges total</b>		<b>1117367</b>	<b>1097534</b>	<b>1589870</b>	<b>1561650</b>
<b>2.Creditors</b>					
I Short term creditors:					
1. Suppliers of goods and services		5023	50969	7147	72522
2. Company income tax					
3. Taxes and social security payments		17031	20470	24233	29126
4. Other creditors		10867	11043	15462	15713
5. Paid in advance					
6. Next period income		54817	36000	77998	51224
7. Accumulated liabilities		19862	24098	28261	34288
II TOTAL	16.	107600	142580	153101	202873
<b>BALANCE</b>		<b>1224967</b>	<b>1240114</b>	<b>1742971</b>	<b>1764523</b>



Gatis Kaķis  
Chairman of the board



Sigita Lukaže  
Member of the Board



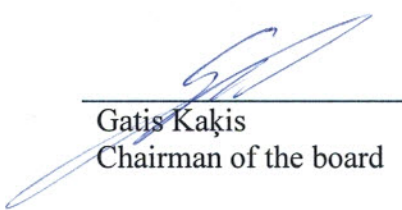
Daiga Lielpinka  
Member of the board

March 20th, 2013


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**OVERVIEW OF OWN CAPITAL CHANGES**


Item	Share capital LVL	Not distributed profit to 2005 LVL	Not distributed profit from 2006 LVL	TOTAL LVL	Share capital EUR	Not distributed profit to 2005 EUR	Not distributed profit from 2006 EUR	TOTAL EUR
<b>Left –over 31.12.2010.</b>	438000	188582	432357	1058937	623218	268328	615186	1506732
2011-profit			69470	69470			98847	98847
Dividendes 2010.			(30660)	(30660)			(43625)	(43625)
<b>Left –over 31.12.2011.</b>	438000	188582	470952	1097534	623218	268328	670104	1561650
<b>Left –over 31.12.2011.</b>	438000	188582	470952	1097534	623218	268328	670104	1561650
2012-profit			41733	41733			59381	59381
Dividendes 2011			(21900)	(21900)			(31161)	(31161)
<b>Left –over 31.12.2012.</b>	438000	188582	490785	1117367	623218	268328	698324	1589870



Gatis Kakis  
Chairman of the board



Sigita Lukaze  
Member of the Board



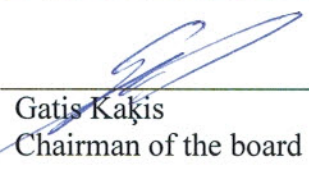
Daiga Lielpinka  
Member of the board

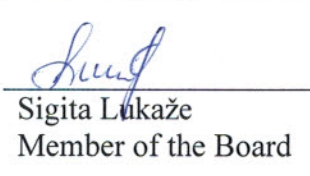
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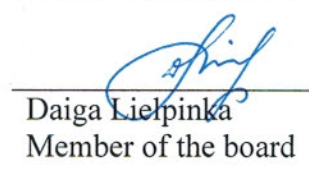
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**CASH FLOW OVERVIEW**

No	Items of incomes and costs	On December 31, 2012 LVL	On December 31, 2011 LVL	On December 31, 2012 EUR	On December 31, 2011 EUR
<b>1.</b>	<b>Cash flow from operating activities</b>				
	<u>1.1 Profit or loss before extraordinary posts and taxes</u>	<b>44318</b>	<b>75957</b>	<b>63059</b>	<b>108077</b>
	Corrections:				
	a) depreciation of fixed assets	<b>29647</b>	<b>34413</b>	<b>42184</b>	<b>48965</b>
	b) Loss from changes of foreign currency exchange rate	<b>(189)</b>	<b>(1554)</b>	<b>(269)</b>	<b>(2211)</b>
	<u>1.2. Profit from operating activities of the annual year</u>	<b>73776</b>	<b>108816</b>	<b>104974</b>	<b>154831</b>
	Corrections:				
	a) increase of left –overs of debtors debts	<b>51641</b>	<b>(1042)</b>	<b>73478</b>	<b>(1482)</b>
	b) decrease of stock	<b>41563</b>	<b>15920</b>	<b>59139</b>	<b>22652</b>
	c) decrease of creditors debts	<b>34980</b>	<b>63227</b>	<b>49772</b>	<b>89964</b>
	<u>1.3. Income from operating activities exceed over expenses</u>	<b>201960</b>	<b>186921</b>	<b>287363</b>	<b>265965</b>
	<u>1.4. Cash paid for taxes</u>	<b>(67902)</b>	<b>(66082)</b>	<b>(96616)</b>	<b>(94026)</b>
	<u>1.5. Cash flow before extraordinary posts</u>	<b>134058</b>	<b>120839</b>	<b>190747</b>	<b>171939</b>
	<u>1.6. Income from extraordinary posts</u>				
	<u>1.7. Net income from operating activities</u>	<b>134058</b>	<b>120839</b>	<b>190747</b>	<b>171939</b>
<b>2.</b>	<b>Investments cash flow</b>				
	2.1. Costs for fixed assets	<b>(84182)</b>	<b>(160143)</b>	<b>(119780)</b>	<b>(227863)</b>
	2.2. Income from sold fixed assets	<b>1276</b>	<b>60654</b>	<b>1816</b>	<b>86303</b>
	2.3. Income from interest				
	<u>2.4. Net costs of investment activities</u>	<b>(82906)</b>	<b>(99489)</b>	<b>(117964)</b>	<b>(141560)</b>
<b>3.</b>	<b>Financial activity cash flow</b>				
	3.1. Costs for dividends	<b>(21900)</b>	<b>(30660)</b>	<b>(31161)</b>	<b>(43625)</b>
	<u>3.2. Net costs of financial activities</u>	<b>(21900)</b>	<b>(30660)</b>	<b>(31161)</b>	<b>(43625)</b>
<b>4.</b>	<b>Increase or decrease of net cash</b>	<b>29252</b>	<b>(9310)</b>	<b>41622</b>	<b>(13246)</b>
<b>5.</b>	<b>Left –over in the beginning of annual year</b>	<b>85186</b>	<b>94496</b>	<b>121209</b>	<b>134455</b>
<b>6.</b>	<b>Left –over in the end of annual year</b>	<b>114438</b>	<b>85186</b>	<b>162831</b>	<b>121209</b>

  
Gatis Kaķis  
Chairman of the board

  
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Member of the Board

  
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Member of the board

March 20th, 2012

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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 in conformity with the Republic of Latvia Cabinet of Ministers Regulations No. 481 and No. 488 adopted on 21.06.2011 and in effect from 01.07.2011.

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>31.12.2012</i>	<i>31.12.2011</i>
<i>USD</i>	0.531	0.544
<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.

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, EU funding*

EU grant funds are accounted for as deferred income and gradually reversed and credited to the statement of income. Subsidies to cover expenses are recorded in incomes in the same period when the costs were registered, if all regulations meet the requirements regarding receiving dotations.

## *8. Taxes*

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

## *9. Accumulated liabilities for non-used holidays expenses*

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

## *10. Cash and its equivalentents*

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

## *11. Biological assets*

Biological assets of the company are getter animals belonging to the company (getter bulls, boars), 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	31.12.12. LVL	31.12.11. LVL	31.12.12. EUR	31.12.11. EUR
<b>1.</b>	<b>Net turnover (In Latvia):</b>				
	1.1. Animal semen	406088	397802	577811	566021
	1.2. Artificial insemination services	66861	61766	95134	87885
	1.3. Livestock and other production	9294	6631	13224	9435
	1.4. Grain sale	101737	103780	144759	147666
	1.5. Linear evaluation of cows	45051	44594	64102	63452
	1.6. Milk sample collection	43694	41492	62171	59038
	1.7. Grain kiln services	4876	871	6938	1239
	1.8. Other	52562	46055	74789	65530
	<b>IN TOTAL</b>	<b>730163</b>	<b>702991</b>	<b>1038928</b>	<b>1000266</b>
<b>2.</b>	<b>Productional expenses for sol production</b>				
	2.1. Labour costs	111341	114112	158424	162367
	2.2. Social insurance payments	28790	26870	40964	38233
	2.3. Depreciation deductions	26349	30947	37491	44034
	2.4. Fodder costs	7608	8778	10825	12490
	2.5. Fuel costs	45838	40741	65222	57969
	2.6. Electricity costs	6946	5869	9883	8351
	2.7. Telecommunication services	2541	3864	3615	5498
	2.8. Repair services	15006	13594	21352	19343
	2.9. Gas costs	11922	7747	16963	11023
	2.10. Fertilizer and chemical costs	44522	25663	63349	36515
	2.11. Materials and spare parts	18754	18458	26685	26263
	2.12. Various services	35482	27846	50486	39621
	2.13. Other expenses	30941	20624	44025	29345
	<b>IN TOTAL</b>	<b>386040</b>	<b>345113</b>	<b>549285</b>	<b>491052</b>
<b>3.</b>	<b>Selling costs</b>				
	3.1. Labour costs	37697	50875	53638	72389
	3.2. Social insurance payments	9027	12089	12844	17201
	3.3. Transport costs	44921	26713	63917	38009
	3.4. Write-off of ageing and slow-turnover breeding bulls' bio product.	51452	51202	73210	72854
	3.5. Other expenses	23452	37633	33369	53547
	<b>IN TOTAL</b>	<b>166549</b>	<b>178512</b>	<b>236978</b>	<b>254000</b>
<b>4.</b>	<b>Administrative expenses</b>				
	4.1. Labour costs	73331	72625	104341	103336
	4.2. Social insurance payments	17491	17178	24887	24442
	4.3. Depreciation deductions	3298	3466	4692	4932
	4.4. Transport costs	13907	13245	19788	18846
	4.5. Office expenses	14519	18399	20659	26179
	4.6. Repair of office premises.	5988	16980	8520	24160
	4.7. Other expenses	35226	33548	50122	47735
	<b>IN TOTAL</b>	<b>163760</b>	<b>175441</b>	<b>233009</b>	<b>249630</b>

<b>5. Other operating income</b>				
5.1. Realization of fixed assets	1027	38497	1462	54777
5.2. Excise tax for diesel fuel used in agric.	5059	3606	7198	5131
5.3. Subsidies from Agriculture Ministry	13004	27550	18503	39200
5.4. EU financing for reconstruction and modernisation of boars' cattle-shed.	7200	4000	10245	5692
5.5. EU financing for reconstruction and modernisation of bulls' cattle-shed.	3192		4542	
5.6. EU financing for new machinery purchase for grain industry	528		751	
5.7. Changes of currency exchange rate	1441		2050	
5.8. Dividends of SIA Latvijas šķirnes dzīvnieku audzētāju savienības	60	100	85	142
5.9. Other income		150		213
<b>TOTAL</b>	<b>31511</b>	<b>73903</b>	<b>44836</b>	<b>105155</b>
<b>6. Other operating costs</b>				
6.1. Interest paid and they cut expenses	802		1141	
6.2. Other expenses		1445		2056
<b>TOTAL</b>	<b>205</b>	<b>426</b>	<b>292</b>	<b>606</b>
<b>7. Other taxes</b>	<b>1007</b>	<b>1871</b>	<b>1433</b>	<b>2662</b>
7.1. Nature resource tax				
7.2. Property tax				
<b>TOTAL</b>	<b>2585</b>	<b>1984</b>	<b>3678</b>	<b>2823</b>

### III Information on balance on December 31, 2012

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	2446	1667	779	3475	2368	1107
	<b>Total</b>	<b>2446</b>	<b>1667</b>	<b>779</b>	<b>3475</b>	<b>2368</b>	<b>1107</b>



Nr. p. k.		Land, buildings, perennial plants	Tehnological equipment and machinery	Other fixed assets and inventory	Total LVL
9.	<b>The initial value of 31.12.2011</b>	491780	345252	25217	862249
	Acquired or created in 2012	40400	40653	4042	85095
	Excluded in 2012		9903	141	10044
	Transferred to another item		1169		1169
	<b>The initial value of 31.12.2012</b>	532180	374833	29118	936131
	<b>Depreciation 31.12.2011.</b>	21045	314069	18450	353564
	Calculated in 2012	6855	19671	2759	29285
	Excluded in 2012		9731	141	9872
	Transferred to another item				
	<b>Depreciation 31.12.2012.</b>	27900	324009	21068	372977
	<b>Book value 31.12.2011</b>	<b>470735</b>	<b>31183</b>	<b>6768</b>	<b>508686</b>
	<b>Book value 31.12.2012</b>	<b>504280</b>	<b>50824</b>	<b>8050</b>	<b>563154</b>

Nr. p. k.		Land, buildings, perennial plants	Tehnological equipment and machinery	Other fixed assets and inventory	Total EUR
9.	<b>The initial value of 31.12.2011</b>	699741	491249	35881	1226871
	Acquired or created in 2012	57483	57844	5751	121078
	Excluded in 2012		14091	201	14292
	Transferred to another item		1663		1663
	<b>The initial value of 31.12.2012</b>	757224	533339	41431	1331994
	<b>Depreciation 31.12.2011.</b>	29945	446879	26252	503076
	Calculated in 2012	9753	27989	3926	41668
	Excluded in 2012		13845	201	14046
	Transferred to another item				
	<b>Depreciation 31.12.2012.</b>	39698	461023	29977	530698
	<b>Book value 31.12.2011</b>	<b>669796</b>	<b>44370</b>	<b>9629</b>	<b>723795</b>
	<b>Book value 31.12.2012</b>	<b>717526</b>	<b>72316</b>	<b>11454</b>	<b>801296</b>

Nr. p. k.		31.12.12. LVL	31.12.11. LVL	31.12.12. EUR	31.12.11. 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	26413	31551	37582	44893
	11.2. Getter boars	6768	7189	9630	10229
	<b>TOTAL</b>	<b>33181</b>	<b>38740</b>	<b>47212</b>	<b>55122</b>

<b>12.</b>	<b>Raw materials and consumables</b>				
	12.1. Materials	14216	11823	20227	16823
	12.2. Mineral fertilizers and chemicals	3145	24268	4475	34530
	12.3. Grain and seedcorn	24688	10799	35128	15365
	12.4. Fuel and lubricants	342	1145	487	1629
	12.5. Wood, spare parts	1045	1045	1487	1487
	12.6. Animal feed	3047	2956	4335	4206
	<b>TOTAL</b>	<b>46483</b>	<b>52036</b>	<b>66139</b>	<b>74040</b>
<b>13.</b>	<b>Production in progress</b>				
	13.1. Winter crops	6060	4836	8623	6881
	<b>TOTAL</b>	<b>6060</b>	<b>4836</b>	<b>8623</b>	<b>6881</b>
<b>14.</b>	<b>Finished goods and goods for resale</b>				
	14.1. Frozen bulls sperm	386827	424061	550405	603385
	14.2. Frozen stallions sperm	17	17	24	24
	<b>TOTAL</b>	<b>386844</b>	<b>424078</b>	<b>550429</b>	<b>603409</b>
<b>15.</b>	<b>Debtors</b>				
	15.1.1. Trade debtors	70842	112522	100799	160104
	15.1.2. Accumulation for debts	4730	4730	6730	6730
	15.1.3. Balance value of trade debts	<b>66112</b>	<b>107792</b>	<b>94069</b>	<b>153374</b>
	15.2. Payments for advance amounts	164	146	233	208
	15.3. Income tax	4197	12578	5972	17897
	15.4. Prepaid expenses	1075	2673	1530	3803
	<b>TOTAL</b>	<b>71548</b>	<b>123189</b>	<b>101804</b>	<b>175282</b>
<b>16.</b>	<b>Short term liabilities</b>				
	16.1. Suppliers of goods and services	5023	50969	7147	72522
	16.2. Accounts with budget for VAT	5339	8349	7597	11880
	16.3. Accounts with budget for inhab. income tax	4261	4302	6063	6121
	16.4. Accounts with budget for social insurance tax	7299	7561	10385	10758
	16.5. Accounts with budget for DR tax	118	243	168	346
	16.6. Accounts with in advance paid amounts	14	15	20	21
	16.7. Amounts expended for advance		28		40
	16.8. Accounts with salaries	10867	11015	15462	15673
	16.9. Deferred income from EU financing for the reconstruction and				

	modernisation of boar barn.	28800	36000	40979	51223
	16.10. Deferred income from EU financing for the reconstruction and modernisation of bull barn.	15988		22749	
	16.11. Deferred income from EU financing for new machinery purchase for grain industry	10029		14270	
	16.12. Accrued liabilities to suppliers	3979	6579	5662	9361
	16.13. Accumulation for vacation	15883	17519	22599	24927
	<b>TOTAL</b>	<b>107600</b>	<b>142580</b>	<b>153101</b>	<b>202873</b>

#### IV General information

Average number of employees in a/s “Kurzemes CMAS” on 31st of December 2012 was 36, receiving salaries in total amount of 222369 LVL ( 316403 EUR). Calculated social tax 55308 LVL ( 78696 EUR).  
Following taxes were paid in 2012:

<i>Kind of tax</i>	<i>Left –over on 31.12.2011 LVL</i>	<i>Calculated in 2012 LVL</i>	<i>Paid in 2012 LVL</i>	<i>Left over on 31.12.2012 LVL</i>
<i>Company income tax</i>	-12579	0	-8382	-4197
<i>Value added tax</i>	8349	98092	101102	5339
<i>Social tax</i>	7561	76923	77186	7298
<i>Inhabitants income tax</i>	4302	43055	43096	4261
<i>Nature resource tax</i>	243	118	243	118
<i>Property tax</i>		2585	2585	
<i>Risk duty</i>	15	127	128	14
<b>TOTAL</b>	<b>7891</b>	<b>220900</b>	<b>215958</b>	<b>12833</b>

<i>Kind of tax</i>	<i>Left –over on 31.12.2011 EUR</i>	<i>Calculated in 2012 EUR</i>	<i>Paid in 2012 EUR</i>	<i>Left –over on 31.12.2012 EUR</i>
<i>Company income tax</i>	-17897	0	-11925	-5972
<i>Value added tax</i>	11880	139572	143855	7597
<i>Social tax</i>	10758	109452	109826	10384
<i>Inhabitants income tax</i>	6122	61261	61320	6063

<i>Nature resource tax</i>	346	168	346	168
<i>Property tax</i>		3678	3678	
<i>Risk duty</i>	21	181	182	20
<b><i>TOTAL</i></b>	<b>11230</b>	<b>314312</b>	<b>307282</b>	<b>18260</b>

Members of the Board receive monthly reimbursement for execution of functions in the amount of LVL 180 per month before tax. 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 2012, the Board paid 24403 LVL (34722 EUR), Council paid 11466 LVL (16314 EUR).

The cadastral value of company-owned land is LVL 74680 (EUR 106260), the cadastral value of buildings is LVL 45270 LVL (EUR 64413).The company has no transactions with related persons.

The company has not granted any guarantees, warranties and pledges, nor is there any legal action.

Balance sheet “Other reserves” has been renamed “Brought forward to 2005 year”

In 2012, sworn auditor services reimbursed 650 LVL (925 EUR) without VAT.

# INDEPENDENT AUDITORS' REPORT

To the Shareholders of AS „Kurzemes ciltslietu un mākslīgās apsēklošanas stacija”

## Report on the Financial Statements

We have audited the accompanying financial statements of AS „Kurzemes ciltslietu un mākslīgās apsēklošanas stacija” set out on pages 3. to 4.; 7. to 20. of the accompanying annual report, which comprise the balance sheet as of 31 December 2012 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' 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. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AS „Kurzemes ciltslietu un mākslīgās apsēklošanas stacija” as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Reports.

## Report on Other Legal and Regulatory Requirements

We have read the management report for 2012 set out on pages 5. to 6. of the accompanying annual report for 2012 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2012.



  
Aivars Rutkis  
Certified auditor of Latvia, Certificate No.18

Dainu iela 5-9, Dobeles nov., LV-3701  
20.03.2013.