

**Joint Stock Company "Kurzemes ciltslietu un
mākslīgās apsēklošanas stacija"**

(Unified registration number 40003017085)

ANNUAL REPORT
FOR THE PERIOD
01 JANUARY 2014 -
30 JUNE 2014

The items of the financial statements were converted to EUR according to the exchange rate defined by the Bank of Latvia
as at 30 June 2013: LVL 1 = EUR 0.702804

and it is only for informative purposes.

JAUNPILS DISTRICT

Contents

	Pages
General Information	3
Management Report	4
Statement of Management's Responsibility	6
Balance Sheet	7
Income Statement	9
Cash Flow Statement	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

General Information

Name of the Company	Joint stock company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija"
Legal status of the Company	Public joint stock company
Registration number, place, date	000301708 Riga, 6.August, 1991
Re-registered in the Commercial Register	40003017085 Riga, 7 April, 2004
Address	Jaunpils, Jaunpils parish, Jaunpils region, LV-3145
Names and legal addresses of related and associated companies (indicating the Company's percentual share in the equity of these companies)	Not applicable
Core Business Activities of the Company	NACE 01.50 Mixed farming (crops and animal)
Names and positions of the Board members:	
Chairman of the Board	GATIS KAČIS
Member of the Board	SIGITA LUKAŽE
Member of the Board	DAIGA LIELPINKA
Names and positions of the Council members	duration in accordance with data from the Register of Enterprises
Chairman of the Council	INDRA MARTINSONE to 28.04.2014
Chairman of the Council	JĀNIS LEIMANIS from 29.04.2014
Member of the Council	INĀRA KANSKA
Member of the Council	MAIJA BRUNOVSKA
Member of the Council	HARALDS MOZGIRS
Member of the Council	PĒTERIS AUGUSTOVŠ from 29.04.2014
Reporting year	01 January 2014 – 30 June 2014
Name and address of the auditor	Marija Jansone Sworn auditor (LACA Certificate No.25)
	SIA AUDIT ADVICE Sworn auditors company's licence No.134 Riga, Grecinieku Street 9-3, Latvia, LV-1050

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

Turnover of the company in first 6 months of 2014 comprises EUR 504040, what is 6.9 % lower than in first 6 months of 2013. Profit of the company after taxations is EUR 165. Profit per 1 share EPS EUR 0.0004. Decrease of profit is related with: additional expenses, related with re-seeding of winter crops; reduction of grain yield and sales prices; decrease of received subsidies.

During the reporting period the company has received LVL EUR 6691 as national and EU subsidies. The subsidies have been received for the maintenance of breeding animals.

In six months 2014, the joint stock company has acquired fixed assets totalling EUR 37862 including 5.72 ha of agricultural land for EUR 24139 to be used for grain cultivation and car for EUR 7885.

From the European Union Structural Funds co-financing by the 2013, the LVL 13147 (EUR 18706) revenue.

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 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.

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.

Chairman of the Board _____

G.Kaķis

Member of the Board _____

S.Lukaže

Member of the Board _____

D.Lielpinka

July 30, 2014

STATEMENT ABOUT MANAGEMENT LIABILITY

The Management of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" is responsible for the preparation of the Company's Financial Report for the period from 01.01.2014. to 30.06.2014.

The Management of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" in accordance with information available confirms that the Annual Report for the financial period from 01.01.2014. to 30.06.2014. has been prepared in accordance with the requirements of the applicable laws and regulations and gives a true and fair view on the JSC "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" assets, liabilities, financial position and loss. The Management Report provides true review of JSC "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" growth and performance results.

Internal risk control procedures are effective, risk management and internal control during the reporting year were performed in accordance with internal control procedures.

The Management of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" is responsible for the compliance with the requirements of laws and regulations of the Republic of Latvia.

Chairman of the Board _____

GATIS KAČIS

Member of the Board _____

SIGITA LUKAŽE

Member of the Board _____

DAIGA LIELPINKA

July 30, 2014

BALANCE SHEET

ASSETS	Notes	30.06.2014. EUR	30.06.2013. EUR
Non-current assets			
I Intangible assets			
Concessions, patents, licences, trade marks and similar rights		1 571	1 831
Total intangible assets		1 571	1 831
II Tangible assets			
Land, building and construction		733 111	732 995
Equipment and machinery		67 892	83 425
Other fixed assets and equipment		13 075	13 948
Construction in progress			
Total tangible assets		814 078	830 368
III Biological assets			
Breeding bulls		27 595	42 064
Breeding boars		11 391	10 487
Total biological assets		38 986	52 551
IV Long-term financial investments			
Other loans and long-term receivables		3 529	3 529
Total long-term financial investments		3 529	3 529
Total non-current assets		858 164	888 279
Current assets			
I Inventories			
Raw materials and consumables	7	24 766	29 710
Unfinished production	8	27 560	8 622
Finished production and goods for sale	9	616 863	590 367
Total inventories		669 189	628 699
II Receivables			
Trade receivables	10	117 562	155 363
Other receivables	11	8 043	8 373
Prepaid expenses	12	5 851	0
Total receivables		131 456	163 736
III Cash (total)			
Total current assets		910 815	918 896
Total assets		1 768 979	1 807 175

The accompanying notes from 12 to 23 page form an integral part of these financial statements.

Chairman of the Board _____

GATIS KAČIS

Member of the Board _____

SIGITA LUKAŽE

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DAIGA LIELPINKA

July 30, 2014

BALANCE SHEET (continued)

PASĪVS	Notes	30.06.2014. EUR	30.06.2013. EUR
I Equity			
Share capital (equity)	14	623 218	623 218
Retained earnings			
a) retained earnings for the previous year		987 505	929 259
b) retained earnings for the reporting year		165	37 858
<i>Total retained earnings</i>		987 670	967 117
<i>Total equity</i>		1 610 888	1 590 335
II Provisions			
Other provisions	15	20 828	22 599
<i>Total provisions</i>		20 828	22 599
III Liabilities			
I Long-term liabilities			
Deferred income		59 291	77 998
<i>Total long-term liabilities</i>		59 291	77 998
II Short-term liabilities			
Advances from customers		39 733	77 188
Trade payables			
Taxes and state social insurance payables	16	22 590	24 204
Other payables	17	15 649	14 851
<i>Total short-term liabilities</i>		77 972	116 243
<i>Total liabilities</i>		137 263	194 241
<i>Total equity and liabilities</i>		1 768 979	1 807 175

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DAIGA LIELPINKA

July 30, 2014

INCOME STATEMENT

	Notes	30.06.2014. EUR	30.06.2013. EUR
Net turnover	19	504 040	541 410
Cost of sales	20	312 811	320 725
Gross profit or loss		191 229	220 685
Sales expenses	21	86 846	91 659
Administrative expenses	22	109 393	109 802
Other operating income	23	10 516	23 846
Other operating expenses	24	210	979
Profit or loss from operations		5 296	42 091
Other interest receivable and similar income			
Interest payable and similar expenses		0	0
Profit or loss before extraordinary items and taxes		5 296	42 091
Extraordinary income			
Profit or loss before taxes		5 296	42 091
Corporate income tax		0	0
Other taxes	25	5 131	4 233
Profit or loss of the reporting year		165	37 858
Earnings (loss) per share (EPS)		0.000	0.135

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Member of the Board _____

DAIGA LIELPINKA

July 30, 2014

CASH FLOW STATEMENT (indirect method)

	Notes	30.06.2014. EUR	30.06.2013. EUR
I Cash flow from operating activities			
1 Profit or loss before extraordinary items and taxes		5 296	42 091
<i>Adjustments:</i>			
a) depreciation costs of tangible assets;	4	20 936	0
b) write-offs of intangible assets;	3	0	0
c) disposals of tangible assets;	4	0	0
d) accruals (other than accruals for doubtful debts);	16	0	0
e) profit or loss from foreign currency exchange rate fluctuations;	28	114	-730
f) subsidies, grants, endowments, donations;	27	6 991	0
g) other interest receivable and similar income;	29	0	0
h) interest payable and similar expenses.	30	0	0
2 Profit or loss before corrections of changes in the balances of current assets and short-term liabilities		33 337	41 361
<i>Adjustments:</i>			
a) (increase)/decrease in long-term financial investments;		0	0
b) (increase)/decrease in biological assets;		-13 565	0
c) (increase)/decrease in receivables balances;		22 280	22 366
d) (increase)/decrease in inventories balances;		34 236	26 022
e) increase/(decrease) in suppliers, contractors and other creditors payables balances.		-56 978	39 523
3 Gross cash flow from operating activities		19 310	129 272
4 Interest payable	30		
5 Immovable property tax expenses	32	-5 131	-98 524
6 Cash flow before extraordinary items		-5 131	-98 524
7 Cash flow from extraordinary items	31		
8 Net cash flow from operating activities		14 179	30 748
II. Cash flow from investing activities			
1 Acquisitions of fixed assets	3,4	-37 862	-29 796
2 Proceeds obtained from fixed assets	4	1 791	71
3 Interest receivable and similar income	29		
6 Cash flow from investing activities		-36 071	-29 725
III. Cash flow from financing activities			
1 Loans received			
2 Subsidies, grants, endowments and donations received	27	6 991	0
3 Dividends paid		0	-37 393
7 Net cash flow from financing activities		6 991	-37 393
IV. Result of foreign currency exchange rate fluctuation			
		114	
V. Net cash flow in the reporting year			
		-14 787	-36 370
VI. Cash and its equivalents at the beginning of the reporting year			
		124 957	162 831
VII. Cash and its equivalents at the end of the reporting year			
	13	110 170	126 461

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Member of the Board _____

SIGITA LUKAŽE

Member of the Board _____

DAIGA LIELPINKA

July 30, 2014

STATEMENT OF CHANGES IN EQUITY

	01.01.-30.06. 2014 EUR	01.01.-30.06. 2013 EUR
I. Share capital (equity)		
1. Amount in the balance sheet of the previous year	623218	623218
4. Amount in the balance sheet at the end of the reporting year	623218	623218
V. Reserves		
1. Amount in the balance sheet of the previous year	0	0
4. Amount in the balance sheet at the end of the reporting year	0	0
VI. Retained earnings		
1. Amount in the balance sheet of the previous year	1040065	966652
2. Increase/decrease in retained earnings	165	37858
3. Dividends paid	52560	37393
4. Amount in the balance sheet at the end of the reporting year	987670	967117
VII. Equity		
1. Amount in the balance sheet of the previous year	1663283	1589870
3. Amount in the balance sheet at the end of the reporting year	1610888	1590335

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Chairman of the Board _____
Member of the Board _____
Member of the Board _____

GATIS KAĶIS
SIGITA LUKAŽE
DAIGA LIELPINKA

July 30, 2014

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICY

I. General Principles

The financial statements of the Company have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports, Regulations No.488 issued by the Cabinet of Ministers of the Republic of Latvia "Law on annual reports enforcement policies", Regulations No.481 issued by the Cabinet of Ministers of the Republic of Latvia "Regulations on the cash flow statement and statement of changes in equity content and preparation procedures".

Income statement has been prepared by turnover cost method.

Cash flow statement has been prepared using indirect method to calculate cash flow from operating activities.

Accounting policy, accounting and evaluation methods used by the Company have not been changed comparing with the previous reporting year, comparative indicators are accordingly reclassified.

In order to improve comparability of the data, comparative indicators of Income Statement and complementing comment's classification in annual report section Notes to the Financial Statements have been changed.

Classification have been changed in the following captions:

Financial information	Initially shown in caption	Reclassified to the caption	Amount, LVL
Balance	Accrued liabilities (leave reserve)	Other provisions (leave reserve)	22599

Financial reporting year is 12 month and it is equal to calendar year.

Accounting principles used

Items of the financial statements have been evaluated according to the following accounting principles:

1. Assumption, that a Company is a going concern.
2. The same evaluation methods are used as in the previous reporting year.
3. Evaluation is made with proper precaution, taking into account the following conditions:
 - the report includes profit, that was acquired till the date of the balance sheet;
 - all foreseeable risk amounts and losses that incurred during the reporting year or in the previous years have been taken into account even if they have been found out in the period between the date of balance sheet and the date, when annual report was signed;
 - any value decrease and depreciated amounts have been calculated and taken into account regardless of whether the reporting year is finished with profit or loss.
4. Income and expenses related to the reporting year are taken into account regardless of the date of payment and the date of invoice receipt or issue. Expenses are reconciled with incomes in the reporting year.
5. Elements of the assets and liabilities items are evaluated separately.
6. Opening balances of the reporting year match closing balances of the previous year except the adjusted
7. All the items, that significantly affect evaluation and decision-making of the annual report users, are disclosed, non-significant items have been combined and the details are disclosed in the notes.
8. Business transactions are disclosed in the annual report, taking into account its economic contents and nature rather than legal form.

Subsequent events

Favorable or adverse events after the balance sheet date of the reporting year are disclosed in the financial statements by reflecting the adjustments in the amounts of the items or by adding new items. If by the time of the preparation of financial statements there has been adverse event that does not relate to the reporting year, but may significantly impact the financial statement users' assessment of Company's assets, liabilities, financial position, profit or loss and cash flow or decision-making in the future, the Management provides information about such events in the Management Report, disclosing the estimated financial impact of the event or informing that it can not be estimated.

Changes in accounting policies, accounting estimates, correction of errors and its disclosure in the financial statements

Accounting policies are changed only if the regulatory framework has changed or if the existing accounting policy no longer meets the true and fair view requirements of the law due to changed circumstances. If a change in accounting policy is caused by normative framework, the impact is disclosed in the financial statements in accordance with established transitional procedures. If the transitional procedures have not been established, the impact of change in accounting policy is evaluated to all respective items of the financial statements of the previous period. Changes in accounting policies are explained in the notes to the financial statements.

Information about the change in accounting estimates is provided in the notes to the financial statements.

Accounting estimates are changed only when subsequent events will change the circumstances that gave rise to the estimate so far, or if there is new information.

Error occurred and discovered during the reporting year or by the time of preparation of annual report is corrected before the financial statements are authorised for issue, adjusting the corresponding financial statement's items.

II. Recognition of revenues and net turnover

Net turnover is the total value of the goods sold and services provided within the year, subtracting discounts, value added tax and other taxes directly related to sales. Revenue from the product sale is recognized when the buyer has accepted the goods according to the terms and conditions of the goods delivery. Revenue from services provided is recognized at the time services are provided.

Other revenues are recognized as following:

- revenue from rent - at the time it occurs;
- revenues from fines and penalty payments - at the receipt time;
- revenues from insurance compensation - at the receipt time;
- revenues from dividends - when legal right appears;
- revenues from interest - on accrual basis of accounting.

In accordance with principle of accrual basis of accounting expenses are recognized in the period, in which they occur regardless of invoice payment date. Loan costs, which are associated with loans are written-off in the period to which they relate and are shown in the caption "Interest payable and similar expenses".

III. Intangible and tangible assets

Intangible and tangible assets are recorded at purchase value less accumulated depreciation. The purchase value includes expenses, which are directly related to the purchase of the intangible or tangible asset. The purchase value of software licence includes costs of licence purchase and costs, that appeared by the time of implementing it in use. The value of intangible assets is expected to be included in the expenses within five years.

Land is not an object of depreciation. In respect of other assets the depreciation is calculated on a straight-line basis over the estimated useful life of the relevant intangible or tangible asset, in order to write-off the purchase value or the revaluation value of the intangible or tangible asset until its estimated residual value at the end of the useful life using the following rates defined by the Management:

Depreciation % per year

Buildings and constructions	1.7%-8.5%
Technological equipment	14.3%-25%
Other equipment and facilities, motor vehicles	10%-25%

The initial value of construction in progress is increased by other direct costs incurred in relation to the object until the new object is put into operation. The initial value of the respective asset is not increased by the interest of the loans used for creation of the new asset in the periods when active development work regarding the construction in progress is not carried out. At the end of the reporting year the construction in progress is evaluated for impairment.

Subsequent costs are included in the balance sheet asset value or recognized as a separate asset only when there is a high probability that future economic benefits, related to this item, will flow to the Company and the costs of this item can be determined credibly. Such costs are written off during the remaining useful life of the tangible asset. When capitalizing the established costs of spare parts, the residual value of the replaced parts is written off in the income statement.

Current repair and maintenance costs of the tangible asset are recorded in the income statement in the period they appeared.

Profit or loss on tangible assets disposals are calculated as the difference between the book value and sales income, and the incomes from the respective tangible asset revaluation reserve written-off, these are recorded in the income statement in the period they appeared.

IV. Stocks

Raw materials the company 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.

V. Trade receivables

Trade receivables are recorded in the balance sheet in the net value, initial costs less an allowance for any doubtful or uncollectible amounts. The allowance for any doubtful or uncollectible amounts is made in the cases, when the Management supposes, that the collection of these amounts is problematic.

VI. Prepaid expenses

Expenses, which occurred after reporting date, but are related to subsequent years, shall be shown in the balance-sheet item "Prepaid expenses"

VII. Foreign Currency Revaluation to Lats

The accounting in the Company is made in Latvian lats. All transactions in the foreign currency are revaluated to lats according to the official exchange rate defined by the Bank of Latvia at the date of transaction.

Assets and liabilities in the foreign currency are revaluated to lats according to the official exchange rate defined by the the European Central Bank at the last day of the reporting period. The profit or loss, that derive from the foreign currency exchange rate fluctuations, are disclosed in the income statement in the

	30.06.2014.	30.06.2013.	
	EUR	EUR	
1 USA dollar	1.3658	1.3039	(USD)

VIII. Cash and Cash Equivalents

Cash and cash equivalents for the cash flow statement's purpose consist of the current accounts balances and short-term deposits with initial term up to 90 days.

IX. Financial Risk Management

The Company's principal financial instrument is cash. The main purpose of this financial instrument is to ensure financing for the Company's operations. The Company has various other financial instruments such as consumers and customers debts and other debtors, debts to suppliers and contractors and other creditors, which arise directly from its operations. The company may grant short-term loans to the Management and employees.

Financial risks

The main financial risks arising from the Company's financial instruments are liquidity risk and credit risk.

Interest rate risk

The Company's policy is to ensure that the majority of its borrowings are at fixed rate.

Credit risk

The Company is exposed to credit risk through its trade receivables, other receivables, as well as cash. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimised.

The partners in cash transactions are home and foreign financial institutions with a respective credit history.

Liquidity risk

The Company manages its liquidity risk by maintaining an appropriate financing.

X. Subsidies

Subsidies received for specific types of capital investment are recognized as deferred income, which is gradually included in the revenues during the useful life of the tangible assets received or purchased with the subsidy. Subsidy to cover expenses is recognized in revenues in the same period when the relevant expenditure appeared, provided all the terms and conditions in respect of receiving the subsidy are fulfilled.

XI. Taxes

The Corporate income tax costs of the reporting year are included in the financial statements basing on the Management's calculations in accordance with the laws and regulations on taxes of the Republic of Latvia.

Deferred tax is calculated using the liability method on all temporary differences between assets and liabilities in the financial statements and its values for the tax calculation purposes. Deferred tax is calculated using the tax rates, that are in force at the date of the balance sheet, which are expected during the periods, when temporary differences smooth out. Temporary differences primarily arise from the use of different rates of depreciation of the fixed assets, as well as tax losses that are transferred to subsequent tax periods. A deferred tax asset is recognized if there is a high probability, that a taxable profit will be acquired, which will be object to the deductible temporary differences.

XII. Provisions

Provisions are recognized if the Company has present legal or practice obligation that was a result of past events, there is a high probability, that for the completion of the obligation economic benefits outflow will be necessary and the amount may be credibly estimated.

Provisions for unused annual leaves and state social insurance payments for unused leaves are calculated as total provisions for all employees taking into account each employee's average daily salary and accumulated leave days at the end of the reporting period.

XIII. Related parties

Related parties are considered to be participants of the Company, members of the Board, members of the Council, their close relatives and the companies, in which mentioned persons have control or significant influence.

XIV. 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.

XV. Investment properties

The Company has no investment property.

XVI. Accrued liabilities, contingencies

Accrued liabilities are certain amounts payable to suppliers and contractors for goods or services received in the reporting year which at the balance sheet date has not yet been billed according to supply, sales or business contracts or other reasons. These obligations amounts are calculated on the basis of the contract price and the supporting documents of actual receipt of goods or services. A contingent liability disclosures are provided in the notes to the financial statements and - where appropriate - in the Management report. The likely financial impact is indicated where possible and if any expected.

Contingent assets which may arise in connection with certain past events (eg, intention to conclude a contract or option), are not included in the balance sheet. If it is expected that the Company receives future economic benefits from contingent assets, the information is provided in the Management report.

XVII. Earnings per share

Earnings per share are determined by dividing the net profit or loss attributable to company shareholders by the weighted average number of shares during the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL NOTES

	30.06.2014.	30.06.2013.
1. Average number of employees in the reporting year		
Average number of employees	<u>36</u>	<u>36</u>
	EUR	EUR
2. Total personnel expenses	180 820	191 475
- salaries	146 916	154 912
- state social insurance payments	33 904	36 563
- including:		
Remuneration of employees engaged in production (core activity)		
- salaries	94 035	99 058
- state social insurance payments	21 700	23 274
- total	115 735	122 332
Remuneration of administration		
- salaries	52 881	55 854
- state social insurance payments	12 204	13 289
- total	65 085	69 143
including Reward to the Council		
- reward	6 947	6 898
- state social insurance payments	1 538	1 578
- total	8 485	8 476
including Reward to the Board		
- salary for the board member duties	14 043	15 703
- salary for the professional duties	14 565	15 228
- state social insurance payments	6 749	7 412
- total	35 357	38 343

3. Statement of intangible assets flow

	Company's development expenses	Concessions, patents, licences, trade marks and similar rights, incl. computer software	Other intangible assets	Goodwill	Advance payments	Total intangible assets
	EUR	EUR	EUR	EUR	EUR	EUR
Purchase value as at 31.12.2012.			4 203			4 203
Purchase (+)						0
Disposal (-)						0
Purchase value as at 30.06.2013.	0	0	4 203	0	0	4 203
Depreciation as at 31.12.2012.			2 372			2 372
Calculated (+)						0
Written off (-)						0
Depreciation as at 30.06.2013.	0	0	2 372	0	0	2 372
Net carrying amount as at 31.12.2012.		0	1 831	0	0	1 831
Net carrying amount as at 30.06.2013.		0	1 831	0	0	1 831

	Company's development expenses	Concessions, patents, licences, trade marks and similar rights, incl.	computer software	Other intangible assets	Goodwill	Advance payments	Total intangible assets
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Purchase value as at 31.12.2013.			3 283				3 283
Purchase (+)			1 139				1 139
Disposal (-)							0
Purchase value as at 30.06.2014.	0	0	4 422	0	0	0	4 422
Depreciation as at 31.12.2013.			2 596				2 596
Calculated (+)			255				255
Written off (-)							0
Depreciation as at 30.06.2014.	0		2 851	0	0		2 851
Net carrying amount as at 31.12.2013.	0	0	687	0	0	0	687
Net carrying amount as at 30.06.2014.	0	0	1 571	0	0	0	1 571

4. Statement of tangible assets and investment property flow

	Land, building and construction (EUR)	Long-term investm. in rented fixed assets (EUR)	Equipment and machinery (EUR)	Other fixed assets and equipment (EUR)	Construction in progress (EUR)	Advance payments for fixed assets (EUR)	Total (EUR)
Purchase or revaluated value as at 31.12.2012.	757 225	0	533 339	41 431		0	1 331 995
Purchased in the reporting year (+)	15 469		11 109	2 493			29 071
Reclassified (+/-)							0
Disposed in the reporting year (+/-)							0
Purchase or revaluated value as at 30.06.2013.	772 694	0	544 448	43 924	0	0	1 361 066
Accumulated depreciation as at 31.12.2012.	39 699	0	461 023	29 976	0	0	530 698
Calculated in the reporting year (+)							0
Reclassified (+/-)							0
Disposed in the reporting year (-)							0
Accumulated depreciation as at 30.06.2013.	39 699	0	461 023	29 976	0	0	530 698
Net carrying amount as at 31.12.2012.	717 526	0	72 316	11 455	0	0	801 297
Net carrying amount as at 30.06.2013.	732 995	0	83 425	13 948	0	0	830 368

4. Statement of tangible assets and investment property flow (continued)

	Land, building and construction (EUR)	Long-term investm. in rented fixed assets (EUR)	Equipment and machinery (EUR)	Other fixed assets and equipment (EUR)	Construction in progress (EUR)	Advance payments for fixed assets (EUR)	Total (EUR)
Purchase or revaluated value as at 31.12.2013.	757 747	0	538 079	41 310		0	1 337 136
Purchased in the reporting year (+)	24 139		11 441	1 143			36 723
Disposed in the reporting year (+/-)			21 582	1 050			22 632
Purchase or revaluated value as at 30.06.2014.	781 886	0	527 938	41 403	0	0	1 351 227
Accumulated depreciation as at 31.12.2013.	44 060	0	467 115	27 555	0	0	538 730
Calculated in the reporting year (+)	4 715		14 142	1 823			20 680
Disposed in the reporting year (-)			21 211	1 050			22 261
Accumulated depreciation as at 30.06.2014.	48 775	0	460 046	28 328	0	0	537 149
Net carrying amount as at 31.12.2013.	713 687	0	70 964	13 755	0	0	798 406
Net carrying amount as at 30.06.2014.	733 111	0	67 892	13 075	0	0	814 078

4. Statement of tangible assets and investment property flow (continued)

Property	Cadastral No.	Cadastral value LVL/EUR	Book value LVL/EUR
<i>Land</i>	(EUR)	284 203	400 233
<i>Building and construction</i>	(EUR)	104 100	332 878

Result of written-off, eliminated and disposed tangible assets:

	30.06.2014. EUR	30.06.2013 EUR
Purchase value	37 862	29 071
Accumulated depreciation (-)	20 936	0
Net carrying amount	16 926	29 071
Spare parts, materials and proceeds obtained from disposal of fixed assets (+)	2 162	71
Profit (+) or loss (-) form disposal of fixed assets	-14 764	-29 000

5. Biological assets

	30.06.2014. EUR	30.06.2013 EUR
Residual value at the beginning of the year	28 545	37 582
Purchased breeding bulls	19 280	11 199
Sold to breeding animals (-)	20 230	6 717
Advance payments for breeding animals	0	0
Residual value at the end of the year	27 595	42 064

	30.06.2014.	30.06.2013
	EUR	EUR
Residual value at the beginning of the year	11 191	9 630
Purchased breeding boars	995	2 867
Sold to breeding animals (-)	795	2 010
Advance payments for breeding animals	0	0
Residual value at the end of the year	11 391	10 487

6. Long-term financial investments

Item	30.06.2014.		30.06.2013.	
	Amount	LVL	Amount	LVL
Share SIA Latvijas šķ. dzīv. audz. savienībā	2 000	2 846	2 000	2 846
Share SIA Piensaimnieku laboratorija	16	683	16	683
Total	2 016	3 529	2 016	3 529

7. Raw materials and consumables

	30.06.2014.	30.06.2013
	EUR	EUR
Materials	14 502	16 074
Feed additives	389	350
Mineral fertilizers and chemicals	2 566	1 621
Grain and seedcorn	723	2 346
Fuel and lubricants	1 865	4 917
Spare parts	191	1 234
Animal feed	4 530	3 168
Total	24 766	29 710

8. Unfinished production

	30.06.2014.	30.06.2013
	EUR	EUR
Winter crops	27 560	8 622
Total	27 560	8 622

9. Finished production and goods for sale

	30.06.2014.	30.06.2013
	EUR	EUR
Frozen bulls sperm	616 825	590 343
Boar sperm	20	0
Frozen stallions sperm	18	24
Total	616 863	590 367

10. Trade receivables

	30.06.2014.	30.06.2013
	EUR	EUR
Carrying amount of trade receivables	125 627	162 093
Allowance for doubtful receivables	8 065	6 730
Net trade receivables	117 562	155 363

11. Other receivables

	30.06.2014.	30.06.2013
	EUR	EUR
Incom tax	7 965	8 191
Advance person's debt settlement	78	182
Total	8 043	8 373

12. Prepaid expenses

	30.06.2014.	30.06.2013
	EUR	EUR
Insurance	5 851	0
Total	5 851	0

13. Cash

	30.06.2014.	30.06.2013
	EUR	EUR
Cash on hand	4 808	7 697
Cash in bank	105 362	118 764
Total	110 170	126 461

14. Information on the Company's own shares

The issued and fully paid Company's equity consists of 438 000 shares with the par value LVL 1.00 per share.

On the 30th of June 2014 438 000 bearer's shares were publicly traded.

Class of shares	30.06.2014.			30.06.2013.		
	% of equity	Number of shares	EUR	% of equity	Number of shares	EUR
Bearer's shares with voting rights - publicly traded	100%	438 000	623218	100%	438 000	623 218
Bearer's shares without voting rights	0%	0	0	0%	0	0
	100%	438 000	623218	100%	438 000	623 218

List of shareholders and their position held in the Company on the 16th of April 2014

Shareholders	Position held in the Company	% from share capital
SIA Latvijas šķ. dzīv. audz. sav.	shareholder	37.25%
SIA JL INDEX	shareholder	11.79%
Pēteris Augustovs	shareholder	11.42%
Other shareholder	x	39.54%
Kopā:	x	100.00%

Information about limitations concerning share expropriation rights

Restrictions for expropriation of shares or specific consent reception for shares disposal have not been set.

Shareholders' rights and agreements

Regulated by laws and regulations of the Republic of Latvia, the Company's Statutes does not define any special limitations or regulations related to the voting right.

Company does not possess any information about agreements between shareholders.

Powers of the Board Members and special agreements

According to the Statutes of the JSC "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" each Board member has the right to represent the Company alone.

There is no agreement between the Company and the Board members concerning the compensation of resignation.

Regulations of Board members elections and Statute amendments

Regulated by laws and regulations of the Republic of Latvia, the Company's Statutes does not define any special limitations or regulations related to the elections of Board members and Statute amendments.

15. Provisions

	30.06.2014. EUR	30.06.2013 EUR
Provisions for leaves in the beginning of the year	20 828	22 599
Increase/(decrease)	0	0
Provisions for leaves in the end of the year	20 828	22 599

16. Taxes and state social insurance payables

	30.06.2014. EUR	30.06.2013 EUR
State social insurance payments	8 321	8 849
Personal income tax	4 433	4 912
Unemployment risk duty	13	0
Value added tax	9 817	10 326
Natural resources tax	6	117
Total	22 590	24 204

	30.06.2014.	30.06.2013
	EUR	EUR
17. Other payables		
Wages and salaries	15 347	14 348
Advance person's debt settlement	302	503
Total	15 649	14 851
18. Net turnover		
Revenue from bull semen	232 022	236 664
Revenue from boar semen	41 211	44 951
Revenue from artificial insemination services	39 420	41 809
Revenue from livestock and other production	8 693	4 168
Revenue from grain sale	92 379	126 872
Revenue from linear evaluation of cows	36 060	36 231
Revenue from milk sample collection	28 395	23 296
Revenue from grain kiln service	0	0
Other	25 860	27 419
Total	504 040	541 410
18a. Net turnover by geographical segments		
Latvia	504 040	541 410
Total	504 040	541 410
19. Cost of sales		
Forage	5 010	5 216
Medication	323	394
Wages and salaries	50 050	58 335
State social insurance payments, unemployment risk duty	11 617	13 709
Depreciation	17 556	0
Electricity costs	4 085	4 253
Insurance costs	2 794	3 101
Materials and spare parts	26 750	51 750
Utilization and other expenses	174	252
Dry waste	149	169
Natural resources tax	155	175
Fuel costs	28 742	27 819
Gas costs	8 303	9 022
Current repair services	9 540	9 140
Miscellaneous services (transport, etc.)	28 373	29 832
Fertilizers, seeds and chemicals.	59 858	51 787
Other	59 332	55 771
Total	312 811	320 725
20. Sales expenses		
Wages and salaries	43 985	50 474
State social insurance payments, unemployment risk duty	10 135	12 040
Transport costs	25 952	22 796
Writte-off of ageing and slow-turnover breeding bull' bio product	0	0
Advertising costs	2 908	2 479
Other	3 866	3 870
Total	86 846	91 659
21. Administrative expenses		
Communication expenses	610	712
Office maintenance expenses	3 828	3 293
Annual report expenses	5 805	5 729

Bank services	552	547
Administration salaries	52 881	55 854
State social insurance payments, unemployment risk duty	12 230	13 289
Depreciation	2 263	0
Transport costs	11 123	9 317
Business trip expenses	1 623	5 077
Miscellaneous services	17 305	14 518
Legal services	1 173	1 466
Total	109 393	109 802
22. Other operating income	30.06.2014.	30.06.2013
	EUR	EUR
Revenue from the sale of fixed asset	1 791	71
Excise tax for diesel fuel used in agriculture	1 211	1 113
Subsidies from Agriculture Ministry	6 991	22 018
Income from foreign currency exchange rate fluctuations	114	0
Others income	409	644
Total	10 516	23 846
23. Other operating expenses	30.06.2014.	30.06.2013
	EUR	EUR
Losses from foreign currency exchange rate fluctuations	0	687
Others expenses	210	292
Total	210	979
24. Other taxes	30.06.2014.	30.06.2013
	EUR	EUR
Immovable property tax in the reporting year	5 131	4 233
Total	5 131	4 233

OTHER NOTES TO FINANCIAL STATEMENTS

25. Guarantees and off-balance-sheet liabilities

Guarantees are not issued

There is non Off-balance-sheet liabilities

26. Received financial assistance and other forms of financial support

During the reporting year the Company has received Government subsidies granted by the Ministry of Agriculture boar breeding industry EUR 2510, bull breeding industry EUR 1997, single area payments EUR 2483.

For the funds received in previous years all fund providers' requirements have been met.

The Company did not have a refundable amount related to the non-fulfilment of fund providers' requirements.

During the reporting year the Company has not received any State or local government guarantees or investment in share capital.

During the reporting year the Company has not received any gifts or donations.

27. Transactions with related parties

Not transaction.

28. Lease Contracts

During the reporting year the Company has entered into three lease agreements for land lease in Kuldīga region for three years.

29. Liabilities to former employees

The Company has not obligations to former employees.

The financial statements have been signed from page 1 to page 23.

Chairman of the Board _____

GATIS KAČIS

Member of the Board _____

SIGITA LUKAŽE

Member of the Board _____

DAIGA LIELPINKA

July 30, 2014