

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

(Unified registration number 40003017085)

ANNUAL REPORT
FOR THE PERIOD
01 JANUARY 2014 -
31 DECEMBER 2014

JAUNPILS DISTRICT

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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	
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	JĀNIS LEIMANIS	from 29.04.2014.
Chairman of the Council	INDRA MARTINSONE	to 28.04.2014.
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 – 31 December 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

The company's turnover in 2014 amounted to EUR1053462, which is 3.4 % less than in 2013. The Company's loss after tax is EUR 98089 Loses per 1 share (EPS) are EUR 0.196

During the reporting year, the company has received EUR 34964 as national and EU subsidies. The subsidies have been received for the maintenance of breeding animals and as EU area payments.

In 2014, the joint stock company has acquired fixed assets totalling EUR 112394 including 20.8 ha of agricultural land for EUR 79194 to be used for grain cultivation.

From the European Union Structural Funds co-financing by the 2014, the EUR 18707 revenue.

Losses incurred by the decision recommended by the Board and approved by Council on own-produced breeding bull bioproduct inventory write-downs. The reasons for bioproduct inventory revaluation are market trends in recent years, as a result Company's sales of imported breeding bull bioproduct increased. Sales opportunities in future years of current breeding bull bioproduct inventory over the age of 5 years were assessed. Breeding bull bioproduct in the amount of EUR 254857 was written-off as result of revaluation.

Losses incurred by the Company in connection with inventory write-downs do not affect the Company's cash flow and future economic activity. In the coming years, a similar amount of bioproduct inventory write-downs are not intended.

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.

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

The losses are covered with the previous year retained profits.

Future prospects

1. As far as possible to maintain the existing and continuing to attract new customers.
2. Increase of breeding conected service amounts.
3. Optimize production and sales costs.
4. Buy or rent agricultural land for the needs of the cereals sector.
5. Consider the possibilities of EU funds to the grain dryers reconstruction purposes.

Chairman of the Board _____

G.Kaķis

Member of the Board _____

S.Lukaže

Member of the Board _____

D.Lielpinka

February 27, 2015

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 Annual Report.

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 year 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 KAĶIS

Member of the Board _____

SIGITA LUKAŽE

Member of the Board _____

DAIGA LIELPINKA

February 27, 2015

BALANCE SHEET

ASSETS	Notes	31.12.14. EUR	31.12.13. EUR
Non-current assets			
I Intangible assets			
Concessions, patents, licences, trade marks and similar rights		1 325	687
Total intangible assets	3	1 325	687
II Tangible assets			
Land, building and construction		783 038	713 687
Equipment and machinery		77 013	70 964
Other fixed assets and equipment		11 204	13 756
Total tangible assets	4	871 255	798 407
III Biological assets			
Breeding bulls		25 184	28 545
Breeding boars		9 880	11 191
Forest stand		413	0
Total biological assets	5	35 477	39 736
IV Long-term financial investments			
Other loans and long-term receivables		3529	3 529
Total long-term financial investments	6	3 529	3 529
Total non-current assets		911 586	842 359
Current assets			
I Inventories			
Raw materials and consumables	7	60 007	88 500
Unfinished production	8	35 262	27 560
Finished production and goods for sale	9	338 595	577 805
Total inventories		433 864	693 865
II Receivables			
Trade receivables	10	81 743	79 331
Other receivables	11	10 487	7 988
Prepaid expenses	12	6 623	5 851
Total receivables		98 853	93 170
III Cash (total)			
Total current assets	13	225 426	177 798
Total assets		1 669 729	1 807 192

The accompanying notes from 12 to 25 page form an integral part of these financial statements.

Chairman of the Board _____

GATIS KAČIS

Member of the Board _____

SIGITA LUKAŽE

Member of the Board _____

DAIGA LIELPINKA

February 27, 2015.

BALANCE SHEET (continued)

PASĪVS	Notes	31.12.14. EUR	31.12.13. EUR
I Equity			
Share capital (equity)	14	623 218	623 218
Retained earnings			
a) retained earnings for the previous year		987 505	929 266
b) retained earnings for the reporting year		-98 089	110 799
<i>Total retained earnings</i>		889 416	1 040 065
<i>Total equity</i>		1 512 634	1 663 283
II Provisions			
Other provisions	15	17 993	20 828
<i>Total provisions</i>		17 993	20 828
III Liabilities			
I Long-term liabilities			
Deferred income		21 877	40 584
<i>Total long-term liabilities</i>		21 877	40 584
II Short-term liabilities			
Advances from customers			
Trade payables		52 752	12 095
Taxes and state social insurance payables	16	27 276	25 219
Other payables	17	17 040	15 575
Deferred income		18 707	18 707
Accrued liabilities	18	1 450	10 901
<i>Total short-term liabilities</i>		117 225	82 497
<i>Total liabilities</i>		139 102	123 081
<i>Total equity and liabilities</i>		1 669 729	1 807 192

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DAIGA LIELPINKA

February 27, 2015

INCOME STATEMENT

	Notes	2014.gads EUR	2013.gads EUR
Net turnover	19	1 053 462	1 090 924
Cost of sales	20	573 233	589 970
Gross profit or loss		480 229	500 954
Sales expenses	21	432 773	221 962
Administrative expenses	22	208 530	231 575
Other operating income	23	70 011	78 669
Other operating expenses	24	1 768	10 949
Profit or loss from operations		-92 831	115 137
Interest payable and similar expenses	25	127	
Profit or loss before extraordinary items and taxes		-92 958	115 137
Extraordinary income			
Profit or loss before taxes		-92 958	115 137
Corporate income tax			105
Other taxes	26	5 131	4 233
Profit or loss of the reporting year		-98 089	110 799
Earnings (loss) per share (EPS)		-0.196	0.253

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DAIGA LIELPINKA

February 27,2015

CASH FLOW STATEMENT (indirect method)

	Notes	2014.gads EUR	2013.gads EUR
I Cash flow from operating activities			
1 Profit or loss before extraordinary items and taxes		-92 958	115 137
<i>Adjustments:</i>			
a) depreciation costs of tangible assets;	4	37 621	39 825
b) write-offs of intangible assets;	3	505	421
c) disposals of tangible assets;	4	-3 289	9 239
d) accruals (other than accruals for doubtful debts);	16	-2 835	-1 771
e) profit or loss from foreign currency exchange rate fluctuations;	28	-1 049	-1 249
f) subsidies, grants, endowments, donations;	27	-53 671	-77 125
g) other interest receivable and similar income;	29	0	
h) interest payable and similar expenses.	30	127	
2 Profit or loss before corrections of changes in the balances of current assets and short-term liabilities		-115 549	84 477
<i>Adjustments:</i>			
a) (increase)/decrease in long-term financial investments;			
b) (increase)/decrease in biological assets;		4 259	7 474
c) (increase)/decrease in receivables balances;		-5 683	10 522
d) (increase)/decrease in inventories balances;		260 001	-68 673
e) increase/(decrease) in suppliers, contractors and other creditors payables balances.		16 017	-7 420
3 Gross cash flow from operating activities		159 045	26 380
4 Interest payable	30	-127	
5 Immovable property tax expenses	32	-5 131	-6 226
6 Cash flow before extraordinary items		153 787	20 154
7 Cash flow from extraordinary items	31		
8 Net cash flow from operating activities		153 787	20 154
II. Cash flow from investing activities			
1 Acquisitions of fixed assets	3,4	-111 981	-46 669
2 Proceeds obtained from fixed assets	4	3 662	494
3 Interest receivable and similar income	29		
6 Cash flow from investing activities		-108 319	-46 175
III. Cash flow from financing activities			
1 Loans received			
2 Subsidies, grants, endowments and donations received	27	53 671	77 125
3 Dividends paid		-52 560	-37 386
7 Net cash flow from financing activities		1 111	39 739
IV. Result of foreign currency exchange rate fluctuation		1 049	1 249
V. Net cash flow in the reporting year		47 628	14 967
VI. Cash and its equivalents at the beginning of the reporting year		177 798	162 831
VII. Cash and its equivalents at the end of the reporting year		225 426	177 798

The accompanying notes from 12 to 25 page form an integral part of these financial statements.

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Member of the Board _____

DAIGA LIELPINKA

STATEMENT OF CHANGES IN EQUITY

	2014.gads EUR		2013.gads 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				
4. Amount in the balance sheet at the end of the reporting year				
VI. Retained earnings				
1. Amount in the balance sheet of the previous year	1040065		966652	
2. Increase/decrease in retained earnings	-98089		110799	
3. Dividends paid	52560		37386	
4. Amount in the balance sheet at the end of the reporting year	0	889 416	0	1 040 065
VII. Equity				
1. Amount in the balance sheet of the previous year	0	1663283	0	1589870
3. Amount in the balance sheet at the end of the reporting year	0	1512634	0	1663283

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Member of the Board _____

DAIGA LIELPINKA

February 27,2015

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	Long-term liabilities	Short-term liabilities	18707
	Deferred income	Deferred income	

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 Bank of Latvia at the last day of the reporting year. The profit or loss, that derive from the foreign currency exchange rate fluctuations, are disclosed in the income statement in the corresponding

	31.12.2014.	31.12.2013.	
	(EUR)	(EUR)	
1 USA dollar	1.214	1.379	(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. 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.

XVI. 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

	2 0 1 4	2 0 1 3
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	399 624	412 360
- salaries	324 633	336 170
- state social insurance payments	74 991	76 190
- including:		
Remuneration of employees engaged in production (core activity)		
- salaries	211 585	212 931
- state social insurance payments	48 886	47 098
- total	260 471	260 029
Remuneration of administration		
- salaries	113 048	123 239
- state social insurance payments	26 105	29 092
- total	139 153	152 331
including Reward to the Council		
- reward	14 069	17 487
- state social insurance payments	3 083	4 112
- total	17 152	21 599
including Reward to the Board		
- salary for the board member duties	32 203	37 995
- salary for the professional duties	33 720	33 248
- state social insurance payments	15 520	17 137
- total	81 443	88 380

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.			3 480			3 480
Purchase (+)						0
Disposal (-)			198			198
Purchase value as at 31.12.2013.	0	0	3 282	0	0	3 282
Depreciation as at 31.12.2012.			2 372			2 372
Calculated (+)			421			421
Written off (-)			198			198
Depreciation as at 31.12.2013.	0	0	2 595	0	0	2 595
Net carrying amount as at 31.12.2012.		0	1 108	0	0	1 108
Net carrying amount as at 31.12.2013.		0	687	0	0	687

	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.			3 282				3 282
Purchase (+)			1 139				1 139
Disposal (-)							0
Purchase value as at 31.12.2014.	0	0	4 421	0	0	0	4 421
Depreciation as at 31.12.2013.			2 595				2 595
Calculated (+)			505				505
Written off (-)			4				4
Depreciation as at 31.12.2014.	0	0	3 096	0	0	0	3 096
Net carrying amount as at 31.12.2013.		0	687	0	0	0	687
Net carrying amount as at 31.12.2014.		0	1 325	0	0	0	1 325

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		25 230	5 969			46 668
Reclassified (+/-)	14 947		20 490	6 090			41 527
Disposed in the reporting year (+/-)							0
Purchase or revaluated value as at 31.12.2013.	757 747	0	538 079	41 310	0	0	1 337 136
Accumulated depreciation as at 31.12.2012.	39 700	0	461 023	29 977	0	0	530 700
Calculated in the reporting year (+)	9 754		26 582	3 489			39 825
Reclassified (+/-)	5 394		20 490	5 912			31 796
Disposed in the reporting year (-)							0
Accumulated depreciation as at 31.12.2013.	44 060	0	467 115	27 554	0	0	538 729
Net carrying amount as at 31.12.2012.	717 525	0	72 316	11 454	0	0	801 295
Net carrying amount as at 31.12.2013.	713 687	0	70 964	13 756	0	0	798 407

	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	0	1 337 136
Purchased in the reporting year (+)	79 194		30 918	1 143			111 255
Reclassified (+/-)			40 650	1 772			42 422
Disposed in the reporting year (+/-)	-413		0	0			-413
Purchase or revaluated value as at 31.12.2014.	836 528	0	528 347	40 681	0	0	1 405 556
Accumulated depreciation as at 31.12.2013.	44 060	0	467 115	27 554	0	0	538 729
Calculated in the reporting year (+)	9 430		24 498	3 693			37 621
Reclassified (+/-)			40 279	1 770			42 049
Disposed in the reporting year (-)			0	0			0
Accumulated depreciation as at 31.12.2014.	53 490	0	451 334	29 477	0	0	534 301
Net carrying amount as at 31.12.2013	713 687	0	70 964	13 756	0	0	798 407
Net carrying amount as at 31.12.2014.	783 038	0	77 013	11 204	0	0	871 255

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

Property	Cadastre No.	Cadastral value EUR	Book value EUR
<i>Land</i>	(EUR)	295 656	455 289
<i>Building and construction</i>	(EUR)	45 270	327 749

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

	31.12.2014. EUR	31.12.2013. EUR
Purchase value	42 422	41 726
Accumulated depreciation (-)	42 049	31 993
Net carrying amount	373	9 733
Spare parts, materials and proceeds obtained from disposal of fixed assets (+)	3 662	494
Profit (+) or loss (-) from disposal of fixed assets	3 289	-9 239

Depreciation of fixed assets and write-off of intangible assets value for tax purposes (Law on Enterprise Income Tax, Section 13)

	Residual value as at 31.12.2013.	Purchased in 2014	Residual value of disposed fixed asset	Value for depreciation calculation	Rate	Depreciation	Residual value as at 31.12.2014.
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Intangible assets	58	1 139	0	1 197	70%	838	359
Group I - excluded			0	0		0	0
Group I - other	228 547		0	228 547	10%	22855	205 692
Group III	760	1 143	0	1 903	70%	1332	571
Group IV	43 180	30 918	373	73 725	40%	29490	44 235
Group IV			0	0	30%	0	0
Lands	376 095	79 194		455 289	0%	0	455 289
Total	648 640	112 394	373	760 661		54 515	706 146

5. Biological assets

	31.12.2014. EUR	31.12.2013. EUR
Residual value at the beginning of the year	28 545	37 582
Purchased breeding bulls	19 584	11 199
Sold to breeding animals (-)	22 945	20 236
Advance payments for breeding animals	0	
Residual value at the end of the year	25 184	28 545

	31.12.2014. EUR	31.12.2013. EUR
Residual value at the beginning of the year	11 191	9 630
Purchased breeding boars	995	4 831
Sold to breeding animals (-)	2 306	3 270
Advance payments for breeding animals	0	
Residual value at the end of the year	9 880	11 191

	31.12.2014. EUR	31.12.2013. EUR
Residual value at the beginning of the year	0	0
Purchased forest stand	0	0
Sales of forest stand	0	0
In reference year moved from fixed assets	413	0
Residual value at the end of the year	413	0

6. Long-term financial investments

Item	31.12.2014.		31.12.2013.	
	Amount	EUR	Amount	EUR
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

	31.12.2014. EUR	31.12.2013. EUR
Materials	23 384	18 966
Feed additives	194	959
Mineral fertilizers and chemicals	4 089	30 465
Grain and seedcorn	25 632	30 819
Fuel and lubricants	3 997	1 800
Spare parts	191	1 234
Animal feed	2 520	4 257
Total	60 007	88 500

8. Unfinished production

Winter crops

Total

31.12.2014. EUR	31.12.2013. EUR
35 262	27 560
35 262	27 560

9. Finished production and goods for sale

Frozen bulls sperm

Frozen stallions sperm

Total

31.12.2014. EUR	31.12.2013. EUR
338 577	577 781
18	24
338 595	577 805

10. Trade receivables

Carrying amount of trade receivables

Allowance for doubtful receivables

Net trade receivables

31.12.2014. EUR	31.12.2013. EUR
89 808	87 396
8 065	8 065
81 743	79 331

In the reference year is created provisions for doubtful receivables 939 LVL and not written off bad receivables in previous accounting years which were created for 100%.

11. Other receivables

Incom tax

Advance person's debt settlement

Total

31.12.2014. EUR	31.12.2013. EUR
10 092	7 860
395	128
10 487	7 988

12. Prepaid expenses

Insurance

Total

31.12.2014. EUR	31.12.2013. EUR
6 623	5 851
6 623	5 851

13. Cash

Cash on hand

Cash in bank

Total

31.12.2014. EUR	31.12.2013. EUR
886	6 045
224 540	171 753
225 426	177 798

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 31th of December 2014 438 000 bearer's shares were publicly traded.

Capital structure

Class of shares	31.12.2014			31.12.2013		
	% of equity	Number of shares		% of equity	Number of shares	
		LVL	EUR		LVL	EUR
Bearer's shares with voting rights - publicly traded	100%	438 000	623 218	100%	438 000	623 218
Bearer's shares without voting rights	0%	0	0	0%	0	0
	100%	438 000	623 218	100%	438 000	623 218

List of shareholders and their position held in the Company on the 31th of December 2014

Shareholders	Position held in the Company	% from share capital
SIA Latvijas šķ.dzīv.n.audz.sav.	shareholder	37.25%
SIA JL INDEX	shareholder	11.72%
Pēteris Augustovs	shareholder	11.50%
Other shareholder	x	39.53%
Kopā:	x	100.00%

During the reporting period calculated and paid dividends EUR 52560.

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 apsūklošanas 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

	31.12.2014. EUR	31.12.2013. EUR
Provisions for leaves in the beginning of the year	20 828	22 599
Increase/(decrease)	-2 835	-1 771
Provisions for leaves in the end of the year	17 993	20 828

16. Taxes and state social insurance payables

	31.12.2014. EUR	31.12.2013. EUR
State social insurance payments	9 950	10 164
Personal income tax	3 746	5 866
Unemployment risk duty	0	20
Value added tax	13 084	8 845
Natural resources tax	496	323
Total	27 276	25 218

Tax and duty obligations flow in 2014

	Balance as at 31.12.2013. EUR	Calculated in 2014 EUR	Penalty un 2014 EUR	Paid in 2014 EUR	Repaid in 2014 EUR	Deflection to other taxes EUR	Balance as at 31.12.2014. EUR
State social insurance payments	10 164	111 084		111 298			9 950
Personal income tax	5 867	60 365		62 486			3 746
Value added tax	8 845	140 410		136 171			13 084
Immovable property tax		5 131		5 131			0
Natural resources tax	323	654		481			496
Company income tax	-7 860	-2 219					-10 079
Company car tax		2 672		2 672			0
Unemployment risk duty	20	168		201			-13
Total	17 359	318 265		318 440			17 184

including:

Taxes receivable (-)	-7 860						-10 092
Taxes payable (+)	25 219						27 276

Taxes receivable as at 31.12.2014. in the amount of EUR 7860 are shown in the item "Other receivables"

17. Other payables

	31.12.2014. EUR	31.12.2013. EUR
Wages and salaries	16 398	15 440
Advance person's debt settlement	89	135
Debtor overpayment	553	0
Total	17 040	15 575

18. Accrued liabilities

Fees for sworn auditors company for audit of annual report
 The Board and the Council Incentives

Total

31.12.2014. EUR	31.12.2013. EUR
1 450	1 423
	9 479
1 450	10 902

19. Net turnover

Revenue from animal semen
 Revenue from artificial insemination services
 Revenue from livestock and other production
 Revenue from grain sale
 Revenue from linear evaluation of cows
 Revenue from milk sample collection
 Revenue from grain kiln service
 Other

Total

31.12.2014. EUR	31.12.2013. EUR
559 126	588 527
81 602	86 966
11 451	8 290
196 148	194 606
74 657	72 179
58 668	57 292
17 822	18 403
53 988	64 661
1 053 462	1 090 924

19a. Net turnover by geographical segments

Latvia

Total

1 053 462	1 090 924
1 053 462	1 090 924

20. Cost of sales

Forage
 Medication
 Wages and salaries
 State social insurance payments, unemployment risk duty
 Depreciation
 Electricity costs
 Security costs
 Insurance costs
 Materials and spare parts
 Utilization and other expenses
 Dry waste
 Natural resources tax
 Fuel costs
 Gas costs
 Current repair services
 Miscellaneous services (transport, etc.)
 Fertilizers, seeds and chemicals.
 Other

Total

31.12.2014. EUR	31.12.2013. EUR
8 998	9 964
522	507
140 341	158 021
32 282	37 383
33 561	35 878
8 625	8 244
256	256
4 121	2 766
93 225	102 081
322	489
325	262
654	457
64 022	62 820
16 728	15 203
15 275	18 179
49 152	47 440
78 921	69 984
25 903	20 036
573 233	589 970

21. Sales expenses

Wages and salaries
 State social insurance payments, unemployment risk duty
 Transport costs
 Write-off of breeding bull' bio product
 Advertising costs
 Other

Total

31.12.2014. EUR	31.12.2013. EUR
71 244	54 909
16 708	9 715
67 774	65 476
254 857	61 839
3 914	3 187
18 276	26 836
432 773	221 962

22. Administrative expenses

Communication expenses
 Office maintenance expenses
 Annual report expenses
 Bank services
 Administration salaries

31.12.2014. EUR	31.12.2013. EUR
1 014	1 345
4 564	4 105
7 583	9 641
1 010	1 118
113 048	123 239

State social insurance payments, unemployment risk duty	26 157	29 091
Depreciation	4 565	4 371
Transport costs	12 592	14 584
Business trip expenses	3 912	6 366
Miscellaneous services	32 640	36 008
Legal services	1 445	1 707
Total	208 530	231 575

23. Other operating income

	31.12.2014. EUR	31.12.2013. EUR
Revenue from the sale of fixed asset	3 291	0
Excise tax for diesel fuel used in agriculture	7 547	7 267
Subsidies from Agriculture Ministry	34 964	51 152
EU financing for reconstruction and modernisation of boars'cattle-shed	10 245	10 245
EU financing for reconstruction and modernisation of bulls'cattle-shed	5 458	5 458
EU financing for new machinery purchase for grain industry	3 004	3 004
Income from foreign currency exchange rate fluctuations	0	0
Dividends of SIA Latvijas šķirnes dzīv.audz.sav.	0	85
Others income	5 502	1 458
Total	70 011	78 669

24. Other operating expenses

	31.12.2014. EUR	31.12.2013. EUR
Losses from foreign currency exchange rate fluctuations	1 049	1 249
Losses on disposal of fixed assets	0	9 239
Others expenses	719	292
Total	1 768	10 780

25. Interest paid and similar expenses

	31.12.2014. EUR	31.12.2013. EUR
Interest and similar expenses	127	169
Kopā	127	169

Deferred tax income or expenses

	31.12.2014. EUR	31.12.2013. EUR
Temporary difference in provisions for annual leave	-17 993	-20 828
Temporary difference in tangible assets depreciation	-377 984	-221 248
Temporary differences of the loss amounts, that reduce the taxable income		
Deferred tax liabilities (+), assets (-)	-59 397	-36 311

Deferred tax calculated for the year 2014 and 2013 is tax asset that in accordance with the precautionary principle is not recognized.

26. Other taxes

	31.12.2014. EUR	31.12.2013. EUR
Immovable property tax in the reporting year	5 131	4 233
Total	5 131	4 233

OTHER NOTES TO FINANCIAL STATEMENTS

27. Fees for sworn auditors company

	31.12.2014. EUR	31.12.2013. EUR
Audit of annual report	1 450	1 423
Translation of annual report		0
Total	1 450	1 423

28. Guarantees and off-balance-sheet liabilities

Guarantees are not issued

There is non Off-balance-sheet liabilities

29. 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 5135, bull breeding industry EUR3644, area payments to EUR 26185.

Share of EU funding attributable to the reporting period and recognized in 2014: boar cattle-shed reconstruction of EUR 10245, bull cattle-shed reconstruction of EUR 5458, purchase of the trailer and equipment of EUR 3004.

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.

30. Transactions with related parties

Not transaction.

31. Lease Contracts

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

32. Liabilities to former employees

The Company has not obligations to former employees.

33 Subsequent events

Other financial transactions or events that result in the adjustments in the financial statements or that should be explained in the financial statements, did not occur.

The financial statements have been signed from page 1 to page 25.

Chairman of the Board _____

GATIS KAČIS

Member of the Board _____

SIGITA LUKAŽE

Member of the Board _____

DAIGA LIELPINKA

February 27, 2015