

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

(Unified registration number 40003017085)

ANNUAL REPORT
FOR THE PERIOD
01 JANUARY 2015 -
31 DECEMBER 2015

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
Member of the Council	INĀRA KANSKA
Member of the Council	MAIJA BRUNOVSKA
Member of the Council	HARALDS MOZGIRS
Member of the Council	PĒTERIS AUGUSTOVŠ
Reporting year	01 January 2015 – 31 December 2015
Name and address of the auditor	Marija Jansone Sworn auditor (LACA Certificate No.25) SIA NEXIA 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 2015 amounted to EUR 943948 which is 10.4% less than in 2014. The main reasons for turnover decrease are grain purchase price downslide comparing to the previous year, client's desire for cheaper animal bioproduct, decrease in use of oast and other services provided by the company. Company's after-tax earnings amounted to EUR 112683. Earnings per share (EPS) are EUR 0.129.

During the reporting year, the company has received EUR 36287 as national and EU subsidies. The subsidies have been received for the maintenance of breeding animals and as EU area payments.

In 2015 the joint stock company has acquired fixed assets totalling EUR 63292, including the price of grain processor EUR 54800, the cost of vehicle for the delivery of bioproduct EUR 3800, inventory for EUR 492 and designing of building project documentation for garage-workshop building's rebuild EUR 4200. Garage-workshop building's rebuild project submission and realisation is intended to be done in 2016 using the resources of EU structural fond.

From the European Union Structural Funds co-financing by the 2015, the EUR 18707 revenue.

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.

Financial results

Total liquidity ratio = 7.92
Current liquidity ratio = 3.42
Quick liquidity ratio = 2.53
Specific weight of liabilities in the balance sheet = 5.96 %
Debt/Equity Ratio = 0.07
Inventory turnover ratio = 1.1
Asset turnover ratio = 0.54
Profit on sales (%) = 11.94
Return on equity (%) = 7.0

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

Company's after-tax earnings amounted to EUR 112683

Future prospects

1. As far as possible to maintain the existing and continuing to attract new customers.
2. Optimize production and sales costs.
3. Buy or rent agricultural land for the needs of the cereals sector.
4. Look through the possible ways to attract the resources of funds of EU for the company's grain oasts reconstruction and rebuild of garage-workshop building.

Chairman of the Board _____

G.Kaķis

Member of the Board _____

S.Lukaže

Member of the Board _____

D.Lielpinka

March 16, 2016

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

March 16, 2016

BALANCE SHEET

ASSETS	Notes	31.12.15. EUR	31.12.14. EUR
Non-current assets			
I Intangible assets			
Concessions, patents, licences, trade marks and similar rights		872	1 325
Total intangible assets		872	1 325
II Tangible assets			
Land, building and construction		773 608	783 038
Equipment and machinery		109 911	77 013
Other fixed assets and equipment		8 273	11 204
Construction in progress		4 200	
Total tangible assets		895 992	871 255
III Biological assets			
Breeding bulls		30 380	25 184
Breeding boars		12 716	9 880
Forest stand		413	413
Total biological assets		43 509	35 477
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		943 902	911 586
Current assets			
I Inventories			
Raw materials and consumables	7	92 259	60 007
Unfinished production	8	38 121	35 262
Finished production and goods for sale	9	323 029	338 595
Total inventories		453 409	433 864
II Receivables			
Trade receivables	10	80 307	81 743
Other receivables	11	479	10 487
Prepaid expenses	12	8 966	6 623
Total receivables		89 752	98 853
III Cash (total)			
Total current assets		798 587	758 143
Total assets		1 742 489	1 669 729

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

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

GATIS KAČIS
 SIGITA LUKAŽE
 DAIGA LIELPINKA

March 16, 2016

BALANCE SHEET (continued)

PASĪVS	Notes	31.12.15. EUR	31.12.14. EUR
I Equity			
Share capital (equity)	14	613 200	623 218
Reserves:			
a) other reserves		1 258	
<i>Total reserves</i>		1 258	0
Retained earnings			
a) retained earnings for the previous year		889 416	987 505
b) retained earnings for the reporting year		112 683	-98 089
<i>Total retained earnings</i>		1 002 099	889 416
<i>Total equity</i>		1 616 557	1 512 634
II Provisions			
Other provisions	15	21 977	17 993
<i>Total provisions</i>		21 977	17 993
III Liabilities			
I Long-term liabilities			
Deferred income		3 170	21 877
<i>Total long-term liabilities</i>		3 170	21 877
II Short-term liabilities			
Advances from customers			
Trade payables		11 881	52 752
Taxes and state social insurance payables	16	42 063	27 276
Other payables	17	17 603	17 040
Deferred income		18 707	18 707
Accrued liabilities	18	10 531	1 450
<i>Total short-term liabilities</i>		100 785	117 225
<i>Total liabilities</i>		103 955	139 102
<i>Total equity and liabilities</i>		1 742 489	1 669 729

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GATIS KAČIS
 SIGITA LUKAŽE
 DAIGA LIELPINKA

March 16, 2016

INCOME STATEMENT

	Notes	2015 EUR	2014 EUR
Net turnover	19	943 948	1 053 462
Cost of sales	20	500 105	573 233
Gross profit or loss		443 843	480 229
Sales expenses	21	175 678	432 773
Administrative expenses	22	206 093	208 530
Other operating income	23	61 035	70 011
Other operating expenses	24	0	1 768
Profit or loss from operations		123 107	-92 831
Interest payable and similar expenses	25	746	127
Profit or loss before extraordinary items and taxes		122 361	-92 958
Extraordinary income			
Profit or loss before taxes		122 361	-92 958
Corporate income tax		4 657	
Other taxes	26	5 021	5 131
Profit or loss of the reporting year		112 683	-98 089
Earnings (loss) per share (EPS)		0.129	-0.112

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GATIS KAČIS
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 DAIGA LIELPINKA

March 16, 2016

CASH FLOW STATEMENT (indirect method)

	Notes	2015 EUR	2014 EUR
I Cash flow from operating activities			
1	Profit or loss before extraordinary items and taxes	122 361	-92 958
	<i>Adjustments:</i>		
a)	depreciation costs of tangible assets;	38 474	37 621
b)	write-offs of intangible assets;	453	505
c)	disposals of tangible assets;	-4 572	-3 289
d)	accruals (other than accruals for doubtful debts);	3 984	-2 835
e)	profit or loss from foreign currency exchange rate fluctuations;	93	-1 049
f)	subsidies, grants, endowments, donations;	-54 994	-53 671
g)	other interest receivable and similar income;		0
h)	interest payable and similar expenses.	746	127
2	Profit or loss before corrections of changes in the balances of current assets and short-term liabilities	106 545	-115 549
	<i>Adjustments:</i>		
a)	(increase)/decrease in long-term financial investments;		
b)	(increase)/decrease in biological assets;	-8 032	4 259
c)	(increase)/decrease in receivables balances;	-978	-5 683
d)	(increase)/decrease in inventories balances;	-19 545	260 001
e)	increase/(decrease) in suppliers, contractors and other creditors payables balances.	-29 725	16 017
3	Gross cash flow from operating activities	48 265	159 045
4	Interest payable	-746	-127
5	Immovable property tax expenses	-5 021	-5 131
6	Cash flow before extraordinary items	42 498	153 787
7	Cash flow from extraordinary items		
8	Net cash flow from operating activities	42 498	153 787
II. Cash flow from investing activities			
1	Acquisitions of fixed assets	-63 292	-111 981
2	Proceeds obtained from fixed assets	4 653	3 662
3	Interest receivable and similar income		
6	Cash flow from investing activities	-58 639	-108 319
III. Cash flow from financing activities			
1	Loans received		
2	Subsidies, grants, endowments and donations received	54 994	53 671
3	Decrease of fixed capital in the result of denomination	-8 760	-52 560
7	Net cash flow from financing activities	46 234	1 111
IV. Result of foreign currency exchange rate fluctuation			
		-93	1 049
V. Net cash flow in the reporting year			
		30 000	47 628
VI. Cash and its equivalents at the beginning of the reporting year			
		225 426	177 798
VII. Cash and its equivalents at the end of the reporting year			
	13	255 426	225 426

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Chairman of the Board _____

GATIS KAČIS

Member of the Board _____

SIGITA LUKAŽE

Member of the Board _____

DAIGA LIELPINKA

STATEMENT OF CHANGES IN EQUITY

	2015.gads EUR	2014.gads EUR
I. Share capital (equity)		
1. Amount in the balance sheet of the previous year	623218	623218
2. Paid to shareholders	8760	
3. Transferred reserves	1258	
4. Amount in the balance sheet at the end of the reporting year	613200	623218
V. Reserves		
1. Amount in the balance sheet of the previous year	0	0
2. Transferred reserves of share capital	1258	0
4. Amount in the balance sheet at the end of the reporting year	1258	0
VI. Retained earnings		
1. Amount in the balance sheet of the previous year	889416	1040065
2. Increase/decrease in retained earnings	112683	-98089
3. Dividends paid		52560
4. Amount in the balance sheet at the end of the reporting year	1002099	889416
VII. Equity		
1. Amount in the balance sheet of the previous year	1512634	1663283
3. Amount in the balance sheet at the end of the reporting year	1616557	1512634

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Member of the Board _____

DAIGA LIELPINKA

March 16, 2016

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.

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

	31.12.2015.	31.12.2014.	
	(EUR)	(EUR)	
1 USA dollar	1.087	1.214	(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 5	2 0 1 4				
1. Average number of employees in the reporting year						
Average number of employees	36	36				
	EUR	EUR				
2. Total personnel expenses	416 748	399 624				
- salaries	338 357	324 633				
- state social insurance payments	78 391	74 991				
- including:						
Remuneration of employees engaged in production (core activity)						
- salaries	219 771	211 585				
- state social insurance payments	50 986	48 886				
- total	270 757	260 471				
Remuneration of administration						
- salaries	118 586	113 048				
- state social insurance payments	27 405	26 105				
- total	145 991	139 153				
including Reward to the Council						
- reward	16 320	14 069				
- state social insurance payments	3 516	3 083				
- total	19 836	17 152				
including Reward to the Board						
- salary for the board member duties	36 499	32 203				
- salary for the professional duties	38 594	33 720				
- state social insurance payments	17 743	15 520				
- total	92 836	81 443				
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 31.12.2013.			3 282			3 282
Purchase (+)			1 139			1 139
Disposal (-)						0
Purchase value as at 31.12.2014.	0	0	4 421	0	0	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	3 096
Net carrying amount as at 31.12.2013.		0	687	0	0	687
Net carrying amount as at 31.12.2014.		0	1 325	0	0	1 325

	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 31.12.2014.			4 421				4 421
Purchase (+)							0
Disposal (-)							0
Purchase value as at 31.12.2015.	0	0	4 421	0	0	0	4 421
Depreciation as at 31.12.2014.			3 096				3 096
Calculated (+)			453				453
Written off (-)							0
Depreciation as at 31.12.2015.	0	0	3 549	0	0	0	3 549
Net carrying amount as at 31.12.2014.		0	1 325	0	0	0	1 325
Net carrying amount as at 31.12.2015.		0	872	0	0	0	872

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 31.12.2013.	757 747	0	538 079	41 310		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						-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
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

	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 31.12.2014.	836 528	0	528 347	40 681	0	0	1 405 556
Purchased in the reporting year (+)			58 803	289	4 200		63 292
Reclassified (+/-)			33 792	715			34 507
Disposed in the reporting year (+/-)							0
Purchase or revaluated value as at 31.12.2015.	836 528	0	553 358	40 255	4 200	0	1 434 341
Accumulated depreciation as at 31.12.2014.	53 490	0	451 334	29 477	0	0	534 301
Calculated in the reporting year (+)	9 430		25 905	3 139			38 474
Reclassified (+/-)			33 792	634			34 426
Disposed in the reporting year (-)							0
Accumulated depreciation as at 31.12.2015.	62 920	0	443 447	31 982	0	0	538 349
Net carrying amount as at 31.12.2014.	783 038	0	77 013	11 204	0	0	871 255
Net carrying amount as at 31.12.2015.	773 608	0	109 911	8 273	4 200	0	895 992

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	318 319

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

	31.12.2015. EUR	31.12.2014. EUR
Purchase value	34 507	42 422
Accumulated depreciation (-)	34 426	42 049
Net carrying amount	81	373
Spare parts, materials and proceeds obtained from disposal of fixed assets (+)	4 653	3 662
Profit (+) or loss (-) from disposal of fixed assets	4 572	3 289

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 31.12.2014.	Purchased in 2015	Residual value of disposed fixed asset	Value for depreciation calculation	Rate	Depreciation	Residual value as at 31.12.2015.
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Intangible assets	359	0	0	359	70%	251	108
Group I - excluded	0		0	0		0	0
Group I - other	205 692		0	205 692	10%	20569	185 123
Group III	571	289	0	860	70%	602	258
Group IV	44 235	58 803	81	102 957	40%	41183	61 774
Group IV	0		0	0	30%	0	0
Lands	455 289	0		455 289	0%	0	455 289
Total	706 146	59 092	81	765 157		62 605	702 552

5. Biological assets

	31.12.2015. EUR	31.12.2014. EUR
Residual value at the beginning of the year	25 184	28 545
Purchased breeding bulls	12 800	19 584
Sold to breeding animals (-)	7 604	22 945
Advance payments for breeding animals		0
Residual value at the end of the year	30 380	25 184

	31.12.2015. EUR	31.12.2014. EUR
Residual value at the beginning of the year	9 880	11 191
Purchased breeding boars	5 240	995
Sold to breeding animals (-)	2 404	2 306
Advance payments for breeding animals		0
Residual value at the end of the year	12 716	9 880

	31.12.2015. EUR	31.12.2014. EUR
Residual value at the beginning of the year	413	0
Purchased forest stand	0	0
Sales of forest stand	0	0
In reference year moved from fixed assets	0	413
Residual value at the end of the year	413	413

6. Long-term financial investments

Item	31.12.2015.		31.12.2014.	
	Amount	EUR	Amount	EUR
Share SIA Latvijas šķ.dzīv.n.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

	31.12.2015. EUR	31.12.2014. EUR
Materials	18 919	23 384
Feed additives	176	194
Mineral fertilizers and chemicals	9 440	4 089
Grain and seedcorn	58 061	25 632
Fuel and lubricants	3 134	3 997
Spare parts	191	191
Animal feed	2 338	2 520
Total	92 259	60 007

8. Unfinished production

Winter crops

Total

31.12.2015. EUR	31.12.2014. EUR
38 121	35 262
38 121	35 262

9. Finished production and goods for sale

Frozen bulls sperm

Frozen stallions sperm

Total

31.12.2015. EUR	31.12.2014. EUR
323 029	338 577
0	18
323 029	338 595

10. Trade receivables

Carrying amount of trade receivables

Allowance for doubtful receivables

Net trade receivables

31.12.2015. EUR	31.12.2014. EUR
91 056	89 808
10 749	8 065
80 307	81 743

11. Other receivables

Incom tax

Advance person's debt settlement

Accounts payable overpayment

Total

31.12.2015. EUR	31.12.2014. EUR
14	10 092
0	395
465	0
479	10 487

12. Prepaid expenses

Mission expenses

Insurance

Total

31.12.2015. EUR	31.12.2014. EUR
3 230	
5 736	6 623
8 966	6 623

13. Cash

Cash on hand

Cash in bank

Total

31.12.2015. EUR	31.12.2014. EUR
1 818	886
253 608	224 540
255 426	225 426

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	% of equity	31.12.2015		31.12.2014		
		Number of shares	EUR	% of equity	Number of shares	EUR
Bearer's shares with voting rights - publicly traded	100%	876 000	613 200	100%	438 000	623 218
Bearer's shares without voting rights	0%	0	0	0%	0	0
	100%	876 000	613 200	100%	438 000	623 218

List of shareholders and their position held in the Company on the 31th of December 2015

Shareholders	Position held in the Company	% from share capital
SIA Latvijas šķ.dzīvn.audz.sav.	shareholder	37.25%
SIA JL INDEX	shareholder	11.85%
Pēteris Augustovs	shareholder	11.61%
Other shareholder	x	39.29%
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

	31.12.2015. EUR	31.12.2014. EUR
Provisions for leaves in the beginning of the year	17 993	20 828
Increase/(decrease)	3 984	-2 835
Provisions for leaves in the end of the year	21 977	17 993

16. Taxes and state social insurance payables

	31.12.2015. EUR	31.12.2014. EUR
State social insurance payments	10 884	9 950
Personal income tax	5 732	3 746
Unemployment risk duty	4 657	0
Value added tax	20 315	13 084
Natural resources tax	475	496
Total	42 063	27 276

Tax and duty obligations flow in 2014

	Balance as at 31.12.2014. EUR	Calculated in 2015 EUR	Penalty un 2015 EUR	Paid in 2015 EUR	Repaid in 2015 EUR	Deflection to other taxes EUR	Balance as at 31.12.2015. EUR
State social insurance payments	9 950	110 600		109 666			10 884
Personal income tax	3 746	58 309		56 323			5 732
Value added tax	13 084	105 801		98 570			20 315
Immovable property tax		5 021		5 021			0
Company income tax	-10 079	4 657				10 079	4 657
Natural resources tax	496	608		629			475
Company car tax	0	1 537		1 537			0
Unemployment risk duty	-13	185		186			-14
Total	17 184	286 718		271 932			31 970

including:

Taxes receivable (-)	-10 092						-14
Taxes payable (+)	27 276						42 063

Taxes receivable as at 31.12.2015. in the amount of EUR 14 are shown in the item "Other receivables"

17. Other payables

	31.12.2015. EUR	31.12.2014. EUR
Wages and salaries	17 091	16 398
Advance person's debt settlement	140	89
Debtor overpayment	372	553
Total	17 603	17 040

18. Accrued liabilities

	31.12.2015. EUR	31.12.2014. EUR
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Fees for sworn auditors company for audit of annual report	725	1 450
The Board and the Council Incentives	9 806	
Total	10 531	1 450
19. Net turnover	31.12.2015.	31.12.2014.
	EUR	EUR
Revenue from animal semen	518 500	559 126
Revenue from artificial insemination services	75 736	81 602
Revenue from livestock and other production	2 405	11 451
Revenue from grain sale	174 876	196 148
Revenue from linear evaluation of cows	63 929	74 657
Revenue from milk sample collection	57 270	58 668
Revenue from grain kiln service	2 924	17 822
Other	48 308	53 988
Total	943 948	1 053 462
19a. Net turnover by geographical segments		
Latvia	943 948	1 053 462
Total	943 948	1 053 462
20. Cost of sales	31.12.2015.	31.12.2014.
	EUR	EUR
Forage	9 156	8 998
Medication	941	522
Wages and salaries	146 280	140 341
State social insurance payments, unemployment risk duty	34 657	32 282
Depreciation	34 966	33 561
Electricity costs	8 390	8 625
Security costs	150	256
Insurance costs	4 053	4 121
Materials and spare parts	51 186	93 225
Utilization and other expenses	314	322
Dry waste	368	325
Natural resources tax	608	654
Fuel costs	36 873	64 022
Gas costs	3 538	16 728
Current repair services	14 685	15 275
Miscellaneous services (transport, etc.)	47 361	49 152
Fertilizers, seeds and chemicals.	92 282	78 921
Other	14 297	25 903
Total	500 105	573 233
21. Sales expenses	31.12.2015.	31.12.2014.
	EUR	EUR
Wages and salaries	73 491	71 244
State social insurance payments, unemployment risk duty	16 329	16 708
Transport costs	62 125	67 774
Writte-off of breeding bull' bio product	2 641	254 857
Advertising costs	5 868	3 914
Other	15 224	18 276
Total	175 678	432 773
22. Administrative expenses	31.12.2015.	31.12.2014.
	EUR	EUR
Communication expenses	1 761	1 014
Office maintenance expenses	4 677	4 564
Annual report expenses	9 043	7 583
Bank services	868	1 010
Administration salaries	118 586	113 048
State social insurance payments, unemployment risk duty	27 406	26 157
Depreciation	3 961	4 565

Transport costs	12 584	12 592
Business trip expenses	359	3 912
Miscellaneous services	25 549	32 640
Legal services	1 299	1 445
Total	206 093	208 530

23. Other operating income

	31.12.2015. EUR	31.12.2014. EUR
Revenue from the sale of fixed asset	3 517	3 291
Excise tax for diesel fuel used in agriculture	546	7 547
Subsidies from Agriculture Ministry	36 287	34 964
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	93	0
Others income	1 885	5 502
Total	61 035	70 011

24. Other operating expenses

	31.12.2015. EUR	31.12.2014. EUR
Losses from foreign currency exchange rate fluctuations	0	1 049
Others expenses	0	719
Total	0	1 768

25. Interest paid and similar expenses

	31.12.2015. EUR	31.12.2014. EUR
Interest and similar expenses	746	127
Kopā	746	127

Deferred tax income or expenses

	31.12.2015. EUR	31.12.2014. EUR
Temporary difference in provisions for annual leave	-21 977	-17 993
Temporary difference in tangible assets depreciation	-265 636	-377 984
Temporary differences of the loss amounts, that reduce the taxable income		
Deferred tax liabilities (+), assets (-)	-43 142	-59 397

Deferred tax calculated for the year 2015 and 2014 is tax asset that in accordance with the precautionary principle is not recognized.

26. Other taxes

	31.12.2015. EUR	31.12.2014. EUR
Immovable property tax in the reporting year	5 021	5 131
Total	5 021	5 131

OTHER NOTES TO FINANCIAL STATEMENTS

27. Fees for sworn auditors company

	31.12.2015. EUR	31.12.2014. EUR
Audit of annual report	1 450	1 450
Total	1 450	1 450

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 3991 bull breeding industry EUR 3376, area payments to EUR 28920.

Share of EU funding attributable to the reporting period and recognized in 2015: 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 Kuldīga 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 KAĶIS

Member of the Board _____

SIGITA LUKAŽE

Member of the Board _____

DAIGA LIELPINKA

March 16, 2016

To the Shareholder of
Joint Stock Company
"Kurzemes ciltslietu un mākslīgās apsēklošanas stacija"
Reg.No. 40003017085

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" set out on pages 7 to 25 of the accompanying annual report, which comprise the balance sheet as of 31 December 2015 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" as of 31 December 2015, 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 2015 set out on pages 4 to 5 of the accompanying annual report for 2015 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2015.

SIA „Nexia Audit Advice”
The Firm of Sworn Auditors, Licence No. 134

Marija Jansone 
Member of the Board,
Responsible Sworn Auditor, Certificate No. 25

16 March 2016
Riga, Latvia