

**Joint stock company  
SIGULDAS CILTS LIETU UN  
MĀKSLĪGĀS APSĒKLOŠANAS  
STACIJA**

**INTERIM STATEMENT  
for 12 months of 2009**

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## ***Information on the Company***

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Company's name	<i>SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSEKĻOŠANAS STACIJA</i>
Company's legal status	<i>Joint stock company</i>
Registration number, place and date	<i>40003013295, Riga, 26 July 1991</i> <i>Registration in the Commercial Register on 19 June 2004</i>
Legal address	<i>„Kalnabeites”8, Sigulda rural parish, Sigulda area, LV-2150</i>
Shareholders holding more than 5% of the total number of voting shares	<i>SIA „Siguldas mākslīgās apsēklošanas stacija” (49.8%), registration No. 40003311954</i>
Members of the Board	<i>Nils Ivars Feodorovs, Chairman of the Board</i> <i>Sarmīte Arcimoviča, Member of the Board from 20.07.2009</i> <i>Valda Mālniece, Member of the Board</i> <i>Māra Buka, Member of the Board until 30.06.2009</i>
Members of the Council	<i>Inita Bedrīte, Chairman of the Council</i> <i>Maija Beča, Deputy Chairman of the Council</i> <i>Ērika Everte, Member of the Council</i> <i>Solvita Arcimoviča, Member of the Council</i> <i>Renia Beķere, Member of the Council</i>
Reporting year	<i>01.01.2009 – 31.12.2009</i>
Auditors	<i>Anita Sondore</i> <i>Sworn Auditor</i> <i>Certificate No. 129</i>  <i>AUDITS A.S., SIA</i> <i>„Pīlādži”, Līgatne rural parish,</i> <i>Cēsu district, LV-4108, Latvia</i> <i>Sworn Auditors' Commercial Company's license No. 27</i>

## **Management Report**

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### **Type of Operations**

JSC „Siguldas ciltslietu un mākslīgās apsēklošanas stacija” (hereinafter referred to as the Company) is one of the largest high-quality breeding animals’ semen producers and suppliers in Latvia. The second largest Company’s basic area of business is making of milk analyses. In addition, the Company performs other related services – evaluation of cow exterior, artificial insemination of cows, immune-genetic investigation of origin for cattle, milk recording data processing.

### **Brief Description of Company’s Activities in the Reporting Year and Financial Condition**

The Company’s turnover in 2009 was 715 thous. lats, which is by 106 thous. lats or 12.9% less than in 2008. The decrease of net turnover was mainly caused by the amendments in the regulation of allocation of state’s support for milk laboratories monitoring the quality of cow and goat milk from livestock under their supervision as well as for the date processing services of these data and the implemented price policy of the stock company.

Compared to 2008, the profit before taxes for the year of account has increased by 40 thous. lats and comprise 135 thous. lats. The major share of it (104 thous. lats) is from the increase of value of investment properties after revaluation.

The Company’s commercial profitability in 2009 was 18.9%, which is an increase of 7.3% points against the profitability of 2008.

### **Future Prospects and Further Development**

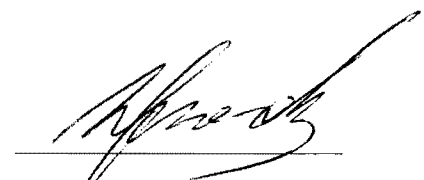
By increasing the Company’s operational efficiency, the Company will continue to work in order to expand the scope of its products and the range of provided services.

### **Post-balance Sheet Events**

During the time after the closing of the balance sheet and the day of signing this Report there were no major events or extraordinary conditions, which influence the result for the year and the Company’s financial condition.

### **Branches and representative offices abroad**

The Company has no branches, nor representative offices abroad.



Mils Ivars Feodorovs  
Chairman of the Board



Sarmīte Arcimoviča  
Member of the Board



Valda Mālniece  
Member of the Board

25 February 2010

***Profit or loss account for the period ended 31 December 2009***

	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Net sales	3	715 477	821 463	1 018 032	1 168 836
Changes in stock of ready-made goods and unfinished products	4	27 110	22 135	38 574	31 496
Other operating income	5	5 944	23 919	8 458	34 033
Costs of materials:		(258 985)	(342 436)	(368 503)	(487 243)
a) raw materials and auxiliary costs of materials		(192 852)	(235 920)	(274 404)	(335 684)
b) other external costs		(66 133)	(106 516)	(94 099)	(151 559)
Personnel costs:	6	(342 759)	(316 280)	(487 703)	(450 025)
a) salaries for work		(268 228)	(250 814)	(381 655)	(356 876)
b) state social insurance compulsory contributions		(64 181)	(60 368)	(91 321)	(85 896)
c) other social insurance costs		(10 350)	(5 098)	(14 727)	(7 253)
Write-off of assets and values:		(81 068)	(72 593)	(115 348)	(103 291)
a) depreciation of fixed assets and amortization of intangible assets		(69 578)	(72 166)	(99 000)	(102 682)
b) write-off of value of current assets above the normal deductions		(11 490)	(427)	(16 348)	(609)
Other operating costs	7	(30 931)	(36 381)	(44 012)	(51 765)
Other interest income and similar income	8	108 927	8 237	154 989	11 720
Interest payments and similar costs	9	(8 569)	(12 991)	(12 193)	(18 484)
<b>Profit or losses before taxes</b>		<b>135 146</b>	<b>95 073</b>	<b>192 294</b>	<b>135 277</b>
Enterprise income tax for the reporting year		(9 208)	(14 388)	(13 102)	(20 472)
Deferred tax costs	22	4 249	3 106	6 047	4 419
Other taxes	10	(1 091)	(913)	(1 552)	(1 299)
<b>The profit or loss for the year</b>		<b>129 096</b>	<b>82 878</b>	<b>183 687</b>	<b>117 925</b>
<b>Equity per 1 share (EPS)</b>	21	<b>0.306</b>	<b>0.196</b>	<b>0.435</b>	<b>0.279</b>

Notes on pages 9 to 22 form an integral part of these financial statements.

  
Mils Ivars Feodorovs  
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Valda Mālniece  
Member of the Board

25 February 2010

## Balance sheet as at 31 December 2009


Assets	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
<b>Long-term investments</b>					
<b>Intangible assets</b>					
Concessions, patents, licenses, trade marks and similar rights		2	22	2	31
<b>Intangible assets total</b>	11	<b>2</b>	<b>22</b>	<b>2</b>	<b>31</b>
<b>Fixed assets</b>					
Land parcels, buildings and constructions and perennial plantings		155 767	169 845	221 637	241 669
Equipment and machinery		62 059	106 862	88 302	152 051
Other fixed assets and inventory		15 509	13 425	22 067	19 103
Prepayments for fixed assets		-	149	-	211
<b>Fixed assets total</b>	12	<b>233 335</b>	<b>290 281</b>	<b>332 006</b>	<b>413 034</b>
<b>Investment properties</b>	13	<b>120 000</b>	<b>16 245</b>	<b>170 745</b>	<b>23 114</b>
<b>Biological assets</b>		<b>40 729</b>	<b>42 704</b>	<b>57 952</b>	<b>60 762</b>
<b>Long-term financial investments</b>					
Other securities and investments	14	3 480	3 480	4 952	4 952
<b>Long-term financial investments total</b>		<b>3 480</b>	<b>3 480</b>	<b>4 952</b>	<b>4 952</b>
<b>Long-term investments total</b>		<b>397 546</b>	<b>352 732</b>	<b>565 657</b>	<b>501 893</b>
<b>Current assets</b>					
<b>Stock</b>					
Raw materials, basic materials and auxiliary materials		11 773	17 422	16 752	24 789
Ready-made goods and goods for sale	15	299 798	265 421	426 574	377 661
Prepayments for goods		397	1 314	565	1 869
<b>Stock total</b>		<b>311 968</b>	<b>284 157</b>	<b>443 891</b>	<b>404 319</b>
<b>Receivables</b>					
Trade receivables	16	82 704	79 076	117 677	112 515
Other receivables	17	8 194	3 970	11 659	5 649
Prepaid expenses	18	6 072	5 897	8 639	8 390
<b>Receivables total</b>		<b>96 970</b>	<b>88 943</b>	<b>137 975</b>	<b>126 554</b>
<b>Short-term financial investments</b>					
Other securities and shareholding in capitals	19	21 100	5 026	30 023	7 151
<b>Short-term financial investments total</b>		<b>21 100</b>	<b>5 026</b>	<b>30 023</b>	<b>7 151</b>
<b>Cash</b>	20	<b>168 116</b>	<b>171 725</b>	<b>239 208</b>	<b>244 342</b>
<b>Current assets total</b>		<b>598 154</b>	<b>549 851</b>	<b>851 097</b>	<b>782 366</b>
<b>Assets total</b>		<b>995 700</b>	<b>902 583</b>	<b>1 416 754</b>	<b>1 284 259</b>


**Balance sheet as at 31 December 2009**

Shareholders' equity and liabilities	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
<b>Shareholders' equity</b>					
Share capital	21	422 440	422 440	601 078	601 078
Retained earnings:					
Retained earnings carried forward from previous years		359 638	310 555	511 719	441 880
Retained earnings of the reporting year		129 096	82 878	183 687	117 925
<b>Shareholders' equity total</b>		<b>911 174</b>	<b>815 873</b>	<b>1 296 484</b>	<b>1 160 883</b>
<b>Payables</b>					
<b>Long-term payables</b>					
Deferred tax liabilities	22	5 712	9 961	8 127	14 174
<b>Long-term payables total</b>		<b>5 712</b>	<b>9 961</b>	<b>8 127</b>	<b>14 174</b>
<b>Short-term payables</b>					
Prepayment received from customers		421	573	599	815
Trade payables		30 887	23 182	43 949	32 985
Taxes and social insurance payments	23	15 505	18 979	22 062	27 004
Other payables		10 201	11 906	14 514	16 940
Accrued liabilities	24	21 800	22 109	31 019	31 458
<b>Short-term payables total</b>		<b>78 814</b>	<b>76 749</b>	<b>112 143</b>	<b>109 202</b>
<b>Payables total</b>		<b>84 526</b>	<b>86 710</b>	<b>120 270</b>	<b>123 376</b>
<b>Shareholders' equity and liabilities total</b>		<b>995 700</b>	<b>902 583</b>	<b>1 416 754</b>	<b>1 284 259</b>

Notes on pages 9 to 22 form an integral part of these financial statements.

  
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25 February 2010

## Cash flow statement for the period ended 31 December 2009

	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
<b>Cash flow from operating activities</b>					
Income from sale of goods and provision of services		853 290	926 110	1 214 122	1 317 735
Payments to suppliers, employees, other expenses arising from basic operations		(790 627)	(836 506)	(1 124 961)	(1 190 241)
Other Company's basic income or expenses		9 449	30 044	13 445	42 749
<b>Gross cash flow from basic operations</b>		<b>72 112</b>	<b>119 648</b>	<b>102 606</b>	<b>170 243</b>
Expenses for tax payments		(14 163)	(13 489)	(20 152)	(19 193)
<b>Net cash flow from operating activities</b>		<b>57 949</b>	<b>106 159</b>	<b>82 454</b>	<b>151 050</b>
<b>Cash flow from investing activities</b>					
Purchase of fixed assets and intangible investments		(12 611)	(31 980)	(17 944)	(45 504)
Income from sale of fixed assets		-	6 123	-	8 712
Dividends received		440	-	626	-
Purchase of securities		(15 000)	(5 000)	(21 343)	(7 114)
Income from the sales of securities		-	25 280	-	35 970
<b>Net cash flow from investing activities</b>		<b>(27 171)</b>	<b>(5 577)</b>	<b>(38 661)</b>	<b>(7 936)</b>
<b>Cash flow from financing activities</b>					
Expenses for purchase of a leased fixed asset		-	(25 162)	-	(35 802)
Dividends paid		(33 795)	(42 244)	(48 086)	(60 108)
<b>Net cash flow from financing activities</b>		<b>(33 795)</b>	<b>(67 406)</b>	<b>(48 086)</b>	<b>(95 910)</b>
<b>Result of foreign exchange rate fluctuations</b>		<b>(592)</b>	<b>(743)</b>	<b>(841)</b>	<b>(1 057)</b>
<b>Increase/decrease of cash and its equivalents</b>		<b>(3 609)</b>	<b>32 433</b>	<b>(5 134)</b>	<b>46 147</b>
<b>Cash and its equivalents at the beginning of the period</b>		<b>171 725</b>	<b>139 292</b>	<b>244 342</b>	<b>198 195</b>
<b>Cash and its equivalents at the end of the period</b>	20	<b>168 116</b>	<b>171 725</b>	<b>239 208</b>	<b>244 342</b>

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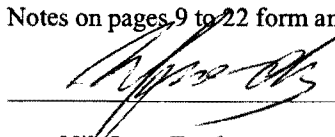


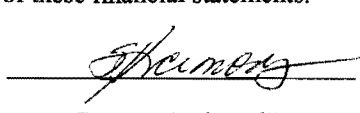
**Statement on changes in shareholders' equity for the period ending  
31 December 2009**


	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	LVL	LVL	LVL	LVL
<b>31.12.2007</b>	<b>422 440</b>	<b>278 728</b>	<b>74 071</b>	<b>775 239</b>
Profit for 2007 transferred to retained earnings of previous years	-	74 071	(74 071)	-
Dividends for 2007	-	(42 244)	-	(42 244)
Retained earnings for the reporting year	-	-	82 878	82 878
<b>31.12.2008</b>	<b>422 440</b>	<b>310 555</b>	<b>82 878</b>	<b>815 873</b>
Profit for 2008 transferred to retained earnings of previous years	-	82 878	(82 878)	-
Dividends for 2008	-	(33 795)	-	(33 795)
Retained earnings for the reporting year	-	-	129 096	129 096
<b>31.12.2009</b>	<b>422 440</b>	<b>359 638</b>	<b>129 096</b>	<b>911 174</b>

	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR
<b>31.12.2007</b>	<b>601 078</b>	<b>396 594</b>	<b>105 393</b>	<b>1 103 065</b>
Profit for 2007 transferred to retained earnings of previous years	-	105 393	(105 393)	-
Dividends for 2007	-	(60 108)	-	(60 108)
Retained earnings for the reporting year	-	-	117 925	117 925
<b>31.12.2008</b>	<b>601 078</b>	<b>441 880</b>	<b>117 925</b>	<b>1 160 883</b>
Profit for 2008 transferred to retained earnings of previous years	-	117 925	(117 925)	-
Dividends for 2008	-	(48 086)	-	(48 086)
Retained earnings for the reporting year	-	-	183 687	183 687
<b>31.12.2009</b>	<b>601 078</b>	<b>511 719</b>	<b>183 687</b>	<b>1 296 484</b>

Notes on pages 9 to 22 form an integral part of these financial statements.

  
Nils Ivars Feodorovs  
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25 February 2010

## ***Notes to the Financial Statements***

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### **(1) General information on the Company**

AS „Siguldas ciltslietu un mākslīgās apsēklošanas stacija” (hereinafter - the Company) was registered in the Register of Enterprises of the Republic of Latvia on 26 July 1991 and was reregistered in the Commercial Register of the Republic of Latvia on 19 June 2004.

The Company's basic activities are agriculture and the types of business are as follows:

- Production and sale of agricultural products – high-quality breeding animals semen,
- making of milk analyses,
- evaluation of cow exterior,
- artificial insemination of cows,
- inspection of immune-genetic origin of cattle,
- milk recording data processing,
- animals breeding organization.

### **(2) Significant accounting principles**

#### ***Underlying principles of preparation of the Financial Statements***

The Company's Financial Statements have been prepared according to the Law *On Annual Reports* of the Republic of Latvia and the obligatory applicable Latvian Accounting Standards. The Profit or Loss Account was prepared based on the period costs method. The Cash Flow Statement was prepared according to the direct method.

#### ***Accounting principles used***

The items of the Financial Statements have been evaluated according to the following accounting principles:

- It is assumed that the Company will be a going concern;
- The same evaluation methods have been used, which were used in the previous year;
- Evaluation was done with sufficient prudence:
  - The Financial Statements include solely the profit gained until the balance sheet date,
  - All expected risk amounts and losses have been taken into account, which occurred during the reporting year or in previous years, also if they were known during a certain period of time between the balance sheets date and the day of preparing the Financial Statements,
  - All value decreasing and depreciation amounts have been taken into account irrespective whether the reporting year was closed with profit or loss;
- reporting year related income and costs were recognized irrespective of the payment date and the date of receipt or issuance of invoice. Costs have been agreed with the income in the reporting period;
- components of asset and liabilities items have been recognized separately;
- the opening balance of the reporting year agrees with the closing balance of the previous year;
- all items have been recognized, which materially influence assessment or decision-making process of the users of the annual report, insignificant items are merged and they are detailed in the Appendix;
- operating transactions in the reporting year have been recognized in the Financial Statements by taking into account their economic substance and contents, rather than legal form.

#### ***Financial instruments***

##### ***Fair value of financial assets and liabilities***

Fair value of financial assets and liabilities reflect the amount, for which it is possible to exchange assets or perform liabilities in a deal between well informed, interested and financially independent persons. If in the Company's management opinion, fair value of financial assets and liabilities materially differs from the value recognized in the balance sheet, then the fair value of these assets and liabilities is recognized in the Notes to the Financial Statements.

## ***Notes to the Financial Statements***

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### ***Financial risks management***

#### ***Credit risk***

The Company's management has developed credit policy, which is constantly controlled. Client evaluation is done for all customers above a fixed amount. The Company cooperates with clients who have proper credit assessment.

#### ***Currency risk***

Based on the current structure of Company's financial assets and liabilities held in foreign currencies, the currency risk is not material.

### ***Reporting period***

The reporting period is 12 months from 1 January to 31 December 2009.

### ***Revaluation of foreign currencies***

The Company's functional currency and the currency used in the Financial Statements is the Republic of Latvia national currency Lat (LVL). All transactions in foreign currencies are translated to Lats according to the exchange rate set by the Central Bank of Latvia on the day of making the respective transaction.

Monetary assets and liabilities, which are expressed in foreign currency, are translated to Lats to the exchange rate set by the Central Bank of Latvia on the last day of the reporting year.

	<b>31.12.2009</b>	<b>31.12.2008</b>
EUR	0.702804	0.702804
USD	0.489	0.495

Currency exchange rate differences arising from settlements in currencies or when recognizing assets and liabilities using currency exchange rates, which differ from the initial currency exchange rates used for accounting of transactions, are recognized in the profit or loss account in net value.

### ***Recognition of income***

Income is recognized according to the conviction about the Company's possibility to gain economic benefit and in the amount, in which it is possible to state it, less value added tax and sales-related discounts. When recognizing income, also the following provisions are taken into account.

#### ***Sale of goods***

Income is recognized when the Company has transferred to the purchaser major risks and indemnities related to the title of goods.

#### ***Provision of services***

Income from services is recognized in the period when the services are provided.

#### ***Penalty and delay charges***

Income from penalty and delay charges is recognized at the moment of their receipt.

#### ***Interest***

Income is recognized according to the respective period of time.

### ***Long-term and short-term items***

Long-term items include amounts whose receipt, payments or write-off terms are due later after the end of the respective reporting year. Amounts, which are receivable, payable or written off during the year, are recognized in short-term items.

## **Notes to the Financial Statements**

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### **Leasing transactions**

#### **Financial leasing**

In cases when fixed assets are purchased on the conditions of financial leasing and the related risks and return are taken over, these fixed assets are recognized in the value, for which they could be purchased with immediate payment. Leasing interest payments and similar payments are included in the profit or loss account of that period when they occurred.

### **Intangible assets and fixed assets**

In the balance sheet, all intangible assets and fixed assets are reflected at their purchase prices, less depreciation. Depreciation is calculated from the first date of the next month after their commissioning and finished on the first date of the subsequent month after it is excluded from fixed assets. Depreciation is calculated according to the straight line method and is written off during the useful life time of respective fixed assets by choosing the following annual depreciation rates as fixed by the management:

#### **Intangible assets:**

Licenses	5 years
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#### **Fixed assets:**

Buildings and constructions	20 years
Equipment and machinery	5, 6 and 7 years
Computer hardware and communication equipment	5 years
Inventory and tools	3 and 5 years
Other fixed assets	2 and 3 years

Balances of fixed assets have been counted in the annual count of fixed assets.

### **Investment properties**

Investment properties – land in possession of the stock company, which market value is expected to grow. Investment properties have been filed according to their purchase value. No later than on the end of the year of account the investments properties are being revalued according to their real market value considering any other activities related to particular property. Any changes in the market value of the investments properties are being shown in the profit and loss account.

### **Biological assets**

Biological assets are assets, which are characterized by regeneration and changes in value as a result of growth. The Company in biological assets includes breeding animals – bulls, which are kept for getting agricultural products for sale. Biological assets are recognized in the purchase value.

### **Stock**

Stock is recognized in the lowest cost or net sales value. All stock is assessed by using the average weighted method.

Net sales value is the sales price of stock fixed during normal Company's operations, less the stock completion and selling costs. In cases when the stock net selling value is lower than their cost price, provisions are made for these stocks for decrease of their value down to the net sales value.

All direct costs, which are related to production of breeding animals - bull semen, during the year are booked in the profit or loss account and are adjusted at the end of the year when evaluating stocks according to the lowest sales value or cost price and including them in stocks as "Ready-made goods and goods for sale".

## ***Notes to the Financial Statements***

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### ***Trade receivables and other receivables***

Receivables are recognized in the balance sheet in the amortized value, less provisions for doubtful and bad debts. Provisions for doubtful and bad debts are made in cases when there is objective evidence to the fact that the Company will not be able to receive the debts in full value according to the initially fixed repayment dates. Provisions for doubtful and bad debts are the difference between the amortized purchase value of receivables and the recoverable value. The recoverable value of receivables is the current value of planned cash flow.

### ***Provisions***

Provisions are recognized when the Company has liabilities (legal or substantial) due to some past event and there is a probability that the performance of these liabilities will require outflow of economic resources from the Company, and the amount of liabilities can be fairly assessed.

### ***Corporate income tax***

Corporate income tax for the reporting period consists of the tax calculated for the reporting period and deferred tax. Corporate income tax is recognized in the profit or loss account.

### ***Calculated tax***

The tax calculated for the reporting period has been calculated in compliance with the requirements of the Law “On Corporate Income Tax” by fixing the taxable income and applying the statutory rate of 15%.

### ***Deferred tax***

Deferred corporate income tax is calculated for temporary time differences, which are caused due to differences in the value of assets and liabilities in the financial statements (book-keeping) and its value for tax purposes. The mentioned differences are mainly due to different fixed assets depreciation rates applied in tax and financial accounting, provisions made and losses transferred according to the Company’s income tax declaration. Deferred tax is calculated by applying the statutory tax rate 15%.

### ***Subsidies***

Amounts, which are received as a state support for agricultural, i.e., for covering of expenses for maintaining high-quality breed bulls, are included in the income of that reporting period when they are received.

### ***Use of assumptions***

When preparing the financial statements, the Company’s management has to make calculations and assumptions, which impact recognition of assets and liabilities included in the financial statements as at the day of preparing the financial statements, as well as the income and expenses recognized in the specific reporting period. Management has made profit or loss assessment and considers that the financial statements reflect the true financial condition based on all currently available information.

## Notes to the Financial Statements

### (3) Net sales

Sales include income gained during the year from the Company's basic activities – sales of products and provision of services without value added tax and less discounts.

Type of operations	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Livestock sperm	360 943	398 316	513 576	566 753
Milk laboratory services	192 912	233 559	274 489	332 324
Treatment of supervisory data	55 561	69 362	79 056	98 693
Inspection of cows	29 409	27 663	41 845	39 361
Artificial insemination of livestock	22 962	25 243	32 672	35 917
Immune-genetic laboratory services	6 771	11 041	9 634	15 710
Other income	46 919	56 279	66 760	80 078
	<b>715 477</b>	<b>821 463</b>	<b>1 018 032</b>	<b>1 168 836</b>

Distribution of net sales according to the geographical markets:

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Latvia	714 982	821 463	1 017 327	1 168 836
Estonia	495	-	705	-
	<b>715 477</b>	<b>821 463</b>	<b>1 018 032</b>	<b>1 168 836</b>

### (4) Changes in stock of ready-made goods and unfinished products

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Changes in sperm stock value	41 179	67 070	58 592	95 432
Written-off sperm	(12 094)	(40 825)	(17 208)	(58 088)
Changes in stud bull herd value	(1 975)	(4 110)	(2 810)	(5 848)
	<b>27 110</b>	<b>22 135</b>	<b>38 574</b>	<b>31 496</b>

### (5) Other operating income

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
State support for agricultural	5 944	23 919	8 458	34 033
	<b>5 944</b>	<b>23 919</b>	<b>8 458</b>	<b>34 033</b>

## Notes to the Financial Statements

### (6) Personnel costs

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
Salaries for work	268 502	248 372	382 044	353 401
State social insurance contributions	64 216	59 792	91 371	85 076
Changes in provisions for vacation reserve	(309)	3 018	(439)	4 294
Health insurance	7 327	3 318	10 425	4 721
Other costs	3 023	1 780	4 302	2 533
	<b>342 759</b>	<b>316 280</b>	<b>487 703</b>	<b>450 025</b>

### (7) Other operating expenses

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
Insurance payments	1 195	1 863	1 701	2 651
Business trip expenses	785	3 250	1 117	4 624
Selling expenses	4 365	6 278	6 211	8 933
Company's management and administrative expenses	17 703	17 379	25 189	24 728
Audit of the financial statement	1 500	1 500	2 134	2 134
Other costs	5 383	6 111	7 660	8 695
	<b>30 931</b>	<b>36 381</b>	<b>44 012</b>	<b>51 765</b>

### (8) Other interest income and similar income

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
Income from shareholding in the company capitals	440	-	626	-
Income from securities	1 074	50	1 529	71
Income from investment property revaluation	103 755	-	147 631	-
Interest income	3 505	6 125	4 987	8 715
Contractual penalties from clients	132	1 097	187	1 561
Recovered doubtful and bad debts	15	964	21	1 372
Other income	6	1	8	1
	<b>108 927</b>	<b>8 237</b>	<b>154 989</b>	<b>11 720</b>

## Notes to the Financial Statements

### (9) Interest payments and similar costs

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Interest payments	-	925	-	1 316
Losses from foreign currency exchange rate fluctuations	680	1 078	968	1 534
Contractual penalties and fines	-	10	-	14
Employees' leisure and other costs not connected with operating activities	7 889	10 978	11 225	15 620
	<b>8 569</b>	<b>12 991</b>	<b>12 193</b>	<b>18 484</b>

### (10) Other taxes

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Real estate tax	1 091	913	1 552	1 299
	<b>1 091</b>	<b>913</b>	<b>1 552</b>	<b>1 299</b>

### (11) Intangible assets

	Concessions, patents, licenses, trade marks and similar rights LVL	Total LVL	Concessions, patents, licenses, trade marks and similar rights EUR	Total EUR
<b>Initial value</b>				
31.12.2008	720	720	1 024	1 024
Purchased	-	-	-	-
Disposed	-	-	-	-
31.12.2009	720	720	1 024	1 024
<b>Accrued depreciation</b>				
31.12.2008	698	698	993	993
Calculated depreciation	20	20	29	29
Depreciation of excluded investments	-	-	-	-
31.12.2009	718	718	1 022	1 022
<b>Book value as at 31.12.2008</b>	<b>22</b>	<b>22</b>	<b>31</b>	<b>31</b>
<b>Book value as at 31.12.2009</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>



## Notes to the Financial Statements

### (12) Report on movement of fixed assets

	Land, buildings and constructions	Technological equipment and machinery	Other fixed assets	Prepayments for fixed assets	Total
	LVL	LVL	LVL	LVL	LVL
<b>Initial value</b>					
<b>31.12.2008</b>	<b>255 107</b>	<b>354 427</b>	<b>77 152</b>	<b>149</b>	<b>686 835</b>
Purchased	-	2 884	9 727	-	12 611
Transferred	-	-	149	(149)	-
Disposed	-	-	(1 077)	-	(1 077)
<b>31.12.2009</b>	<b>255 107</b>	<b>357 311</b>	<b>85 951</b>	<b>-</b>	<b>698 369</b>
<b>Accrued depreciation</b>					
<b>31.12.2008</b>	<b>85 262</b>	<b>247 565</b>	<b>63 727</b>	<b>-</b>	<b>396 554</b>
Calculated depreciation	14 078	47 687	7 792	-	69 557
Depreciation of excluded fixed assets	-	-	(1 077)	-	(1 077)
<b>31.12.2009</b>	<b>99 340</b>	<b>295 252</b>	<b>70 442</b>	<b>-</b>	<b>465 034</b>
<b>Book value as at 31.12.2008</b>	<b>169 845</b>	<b>106 862</b>	<b>13 425</b>	<b>149</b>	<b>290 281</b>
<b>Book value as at 31.12.2009</b>	<b>155 767</b>	<b>62 059</b>	<b>15 509</b>	<b>-</b>	<b>233 335</b>

As at 31 December 2008, the cadastral value of real estate – land and constructions - was LVL 230 216

As at 31 December 2009, the cadastral value of real estate – land and constructions - was LVL 113 994

	Land, buildings and constructions	Technological equipment and machinery	Other fixed assets	Prepayments for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR
<b>Initial value</b>					
<b>31.12.2008</b>	<b>362 985</b>	<b>504 304</b>	<b>109 778</b>	<b>211</b>	<b>977 278</b>
Purchased	-	4 104	13 840	-	17 944
Transferred	-	-	211	(211)	-
Disposed	-	-	(1 532)	-	(1 532)
<b>31.12.2009</b>	<b>362 985</b>	<b>508 408</b>	<b>122 297</b>	<b>-</b>	<b>993 690</b>
<b>Accrued depreciation</b>					
<b>31.12.2008</b>	<b>121 316</b>	<b>352 253</b>	<b>90 675</b>	<b>-</b>	<b>564 244</b>
Calculated depreciation	20 032	67 853	11 087	-	98 972
Depreciation of excluded fixed assets	-	-	(1 532)	-	(1 532)
<b>31.12.2009</b>	<b>141 348</b>	<b>420 106</b>	<b>100 230</b>	<b>-</b>	<b>661 684</b>
<b>Book value as at 31.12.2008</b>	<b>241 669</b>	<b>152 051</b>	<b>19 103</b>	<b>211</b>	<b>413 034</b>
<b>Book value as at 31.12.2009</b>	<b>221 637</b>	<b>88 302</b>	<b>22 067</b>	<b>-</b>	<b>332 006</b>

As at 31 December 2008, the cadastral value of real estate – land and constructions - was EUR 327 568

As at 31 December 2009, the cadastral value of real estate – land and constructions - was EUR 162 199

## Notes to the Financial Statements

### (13) Investment properties

	Land LVL	Total LVL	Land EUR	Total EUR
Book value as at 31.12.2007	16 245	16 245	23 114	23 114
Increase/decrease of value due to revaluation	-	-	-	-
Book value as at 31.12.2008	16 245	16 245	23 114	23 114
Increase/decrease of value due to revaluation	103 755	103 755	147 631	147 631
Book value as at 31.12.2009	120 000	120 000	170 745	170 745

### (14) Other securities and investments

	LVL	EUR
Purchase value as at 31.12.2008	3 480	4 952
Book value as at 31.12.2008	3 480	4 952
Purchase value as at 31.12.2009	3 480	4 952
Book value as at 31.12.2009	3 480	4 952

### (15) Ready-made products and goods for sale

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Bull semen	295 995	255 730	421 163	363 871
Other goods for sale	3 803	9 691	5 411	13 790
	299 798	265 421	426 574	377 661

### (16) Trade receivables

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Accounting value of trade receivables	86 679	79 097	123 333	112 545
Provisions for doubtful trade receivables	(3 975)	(21)	(5 656)	(30)
	82 704	79 076	117 677	112 515

### (17) Other receivables

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
VAT for received goods and services	1 298	927	1 847	1 319
Overpayment of taxes	6 690	2 826	9 519	4 021
Other receivables	206	217	293	309
	8 194	3 970	11 659	5 649

## Notes to the Financial Statements

### (18) Prepaid expenses

The item recognizes the costs made during the reporting year, but referring to the next reporting periods.

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Advertising costs	672	757	956	1 077
Insurance	3 670	3 141	5 222	4 469
Press subscription	360	383	512	545
Other prepaid expenses	1 370	1 616	1 949	2 299
	<b>6 072</b>	<b>5 897</b>	<b>8 639</b>	<b>8 390</b>

### (19) Other securities and shareholding in capitals

		2009			2008	
	Number	Market price	Amount LVL	Number	Market price	Amount LVL
SEB Lats reserve fund	15 044	1.40256	21 100	3 885	1.29369	5 026
			21 100			5 026

		2009			2008	
	Number	Market price	Amount EUR	Number	Market price	Amount EUR
SEB Lats reserve fund	15 044	1.99566	30 023	3 885	1.84075	7 151
			30 023			7 151

Money market fund shares have no guaranteed interest rate. In 2009, the profitability was about 8.4 %. Exclusion of money market fund shares is carried out at the Company's request.

### (20) Cash in LVL and foreign currencies according to the LCB exchange rate

#### Break-down of cash according to currencies:

		2009		2008	
	Currency	LVL	Currency	LVL	
Cash in hand	LVL	-	-	3 198	
Cash in bank	LVL	-	-	55 646	
Cash in bank	EUR	11 700	8 223	61 015	42 881
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	-	75 000	-	70 000
Deposits in credit institutions (with due dates not exceeding 90 days)	EUR	50 000	35 140	-	-
		<b>168 116</b>		<b>171 725</b>	

## Notes to the Financial Statements

### Break-down of cash according to currencies:

		2009		2008	
		Currency	EUR	Currency	EUR
Cash in hand	LVL	2 612	3 717	3 198	4 550
Cash in bank	LVL	47 141	67 076	55 646	79 176
Cash in bank	EUR	-	11 700	-	61 015
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	75 000	106 715	70 000	99 601
Deposits in credit institutions (with due dates not exceeding 90 days)	EUR	-	50 000	-	-
			<b>239 208</b>		<b>244 342</b>

### (21) Share capital

The Company's shares are quoted on NASDAQ OMX Riga Stock Exchange's second listing. The Company's share capital consists of shareholders' investments. The total number of shares is 422 440, the nominal value per share is 1 Lat.

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Ordinary common shares with voting rights	421 440	421 440	599 655	599 655
Shares owned by the Board without voting rights	1 000	1 000	1 423	1 423
	<b>422 440</b>	<b>422 440</b>	<b>601 078</b>	<b>601 078</b>

421440 shares or 99.8% of the share capital are ordinary common shares with voting rights, which give equal rights to receive dividends, receipt of liquidation quota and voting rights in the Shareholders' Meeting.

1000 shares or 0.2% of the share capital, which are not included in the regulated market, are personnel shares, which may be obtained only by Members of the Board, and they give equal rights only to receipt of dividend and liquidation quota.

There are no share alienation restrictions, nor the necessity to receive the Company's or other shareholders' consent for alienation of shares.

There are no restrictions on voting rights, nor any other similar restrictions.

### Profit per share

Profit per one share is calculated by dividing the profit of the reporting period with the average weighted number of shares during the year.

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Profit of the reporting period	129 096	82 878	183 687	117 925
Average weighted number of shares during the year	422 440	422 440	422 440	422 440
	<b>0.306</b>	<b>0.196</b>	<b>0.435</b>	<b>0.279</b>

## Notes to the Financial Statements

### (22) Provisions for deferred tax

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Temporary differences in fixed assets depreciation	59 881	88 518	85 203	125 950
Provisions for vacations	(21 800)	(22 109)	(31 019)	(31 458)
<b>Total temporary differences</b>	<b>38 081</b>	<b>66 409</b>	<b>54 184</b>	<b>94 492</b>
<b>Deferred tax provisions at the beginning of the period</b>	<b>9 961</b>	<b>13 067</b>	<b>14 174</b>	<b>18 593</b>
Increase or decrease	(4 249)	(3 106)	(6 047)	(4 419)
<b>Deferred tax provisions at the end of the period</b>	<b>5 712</b>	<b>9 961</b>	<b>8 127</b>	<b>14 174</b>

### (23) Taxes and social insurance payments

Tax type	Balance as at 31.12.2008 LVL	Calculated in 2009 LVL	Paid in 2008 LVL	Balance as at 31.12.2009 LVL
Corporate income tax	(2 826)	9 208	(13 072)	(6 690)
Value added tax	8 090	98 575	(101 414)	5 251
Social insurance contributions	6 954	88 207	(88 608)	6 553
Personal income tax	3 903	47 639	(47 869)	3 673
Real estate tax	-	1 091	(1 091)	-
Nature resource tax	21	82	(85)	18
Business risk duty	11	129	(130)	10
	<b>16 153</b>	<b>244 931</b>	<b>(252 269)</b>	<b>8 815</b>

<b>Including:</b>	<b>2008 LVL</b>	<b>2009 LVL</b>
Tax overpaid	(2 826)	(6 690)
Tax due	18 979	15 505

Tax type	Balance as at 31.12.2008 EUR	Calculated in 2009 EUR	Paid in 2009 EUR	Balance as at 31.12.2009 EUR
Corporate income tax	(4 021)	13 102	(18 600)	(9 519)
Value added tax	11 511	140 260	(144 299)	7 472
Social insurance contributions	9 895	125 507	(126 078)	9 324
Personal income tax	5 552	67 785	(68 111)	5 226
Real estate tax	-	1 552	(1 552)	-
Nature resource tax	30	117	(121)	26
Business risk duty	16	183	(185)	14
	<b>22 983</b>	<b>348 506</b>	<b>(358 946)</b>	<b>12 543</b>

<b>Including:</b>	<b>2008 EUR</b>	<b>2009 EUR</b>
Tax overpaid	(4 021)	(9 519)
Tax due	27 004	22 062

## Notes to the Financial Statements

### (24) Accrued liabilities

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Vacation reserve	21 800	22 109	31 019	31 458
	<b>21 800</b>	<b>22 109</b>	<b>31 019</b>	<b>31 458</b>

### (25) Number of persons employed by the Company

	2009	2008
Average number of persons employed during the reporting year	42	44

### (26) Information on remuneration to Council, Board and Managements Members

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Council Members' salaries for work, including state social insurance contributions	6 666	5 541	9 485	7 884
Board Members' salaries for work, including state social insurance contributions	29 438	26 165	41 886	37 229
<b>Total remuneration to management members</b>	<b>36 104</b>	<b>31 706</b>	<b>51 371</b>	<b>45 113</b>

There are no special regulations worked out, which would regulate election of Board Members, changes in the composition of the Board and amending of the Articles of Association.

All Board Members have equal Company's representation rights. The Chairman of the Board represents the Company separately, but other Board Members can represent the Company only both together.

There is no agreement signed between the Company and the Board Members, which provides any compensations.

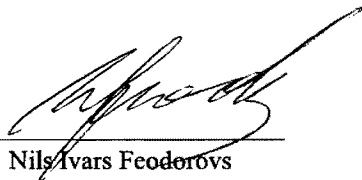
## ***Report on Management Liability***

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According to the information being at our disposal, the Financial Statement for twelve months of the 2009 have been prepared according to the effective requirements of legislative enactments and provide a true and fair view about the joint stock company's "Siguldas ciltslietu un mākslīgās apsēklošanas stacija" assets, liabilities, financial condition and profit.

No interim management report enclosed since there have been no significant changes against the former interim management report.

Interim statements for 12 months of 2009 have not been audited by Sworn Auditor.



Nils Ivars Feodorovs

*Chairman of the Board*



Sarmīte Arcimoviča

*Member of the Board, Head  
of Production and  
Marketing Department in  
branch of Laboratory*



Valda Mālniece

*Member of the Board, Head  
of Financial and  
Accounting Department*

25 February 2010