

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

**INTERIM STATEMENT  
for 12 months of 2010**

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

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Company's name	<i>SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSEĶĻOŠANAS 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 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</i> <i>Valda Mālniece, Member of the Board</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>01.01.2010 – 31.12.2010</i>
Auditors	<i>Anita Sondore</i> <i>Sworn Auditor</i> <i>Certificate No. 129</i>  <i>AUDITS A.S., SIA</i> <i>„Pīlādži”, Līgatne parish,</i> <i>Līgatne area, LV-4108, Latvia</i> <i>Sworn Auditors' Commercial Company's license No. 27</i>

## **Interim 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 2010 was 751 thous. lats, which is by 35 thous. lats or 4.9% more than in 2009. The increase of net turnover was mainly due to the sales growth.

Compared to 2009, the profit before taxes for the year of account has decreased by 90 thous. lats comprising 45 thous. lats. The major share of the profit in 2009 (104 thous. lats) was from the increase of value of investment properties after revaluation. Accordingly the revaluation created 25 thous. lats loss in 2010.

The Company’s commercial profitability in 2010 was 5.9% comprising a decrease of 13.0% points against the 2009 year’s profitability.

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

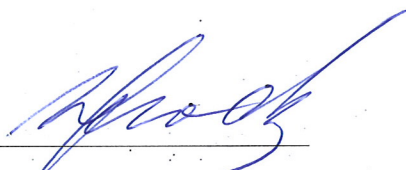
By increasing the Company’s operational efficiency, the Company will continue to work in order to expand the scope of its products and the range of provided services.

### **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**

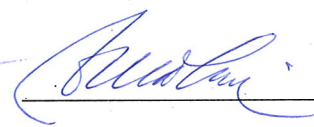
The Company has no branches, nor representative offices abroad.



Nils Ivars Feodorovs  
Chairman of the Board



Sarmīte Arcimoviča  
Member of the Board



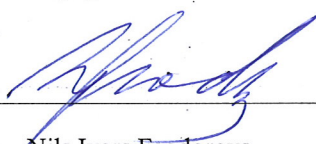
Valda Mālniece  
Member of the Board

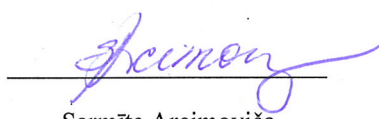
25 February 2011

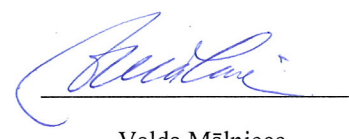
***Profit or loss account for the period ended 31 December 2010***

	Note	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Net sales	3	750 571	715 477	1 067 967	1 018 032
Changes in stock of ready-made goods and unfinished products	4	30 116	27 110	42 852	38 574
Other operating income	5	11 931	5 944	16 976	8 458
Costs of materials:		(287 708)	(258 985)	(409 372)	(368 503)
a) raw materials and auxiliary costs of materials		(221 974)	(192 852)	(315 842)	(274 404)
b) other external costs		(65 734)	(66 133)	(93 530)	(94 099)
Personnel costs:	6	(332 609)	(342 759)	(473 261)	(487 703)
a) salaries for work		(261 749)	(268 228)	(372 436)	(381 655)
b) state social insurance compulsory contributions		(62 467)	(64 181)	(88 882)	(91 321)
c) other social insurance costs		(8 393)	(10 350)	(11 943)	(14 727)
Write-off of assets and values:		(72 824)	(81 068)	(103 619)	(115 348)
a) depreciation of fixed assets and amortization of intangible assets		(65 725)	(69 578)	(93 518)	(99 000)
b) write-off of value of current assets above the normal deductions		(7 099)	(11 490)	(10 101)	(16 348)
Other operating costs	7	(27 121)	(30 931)	(38 589)	(44 012)
Other interest income and similar income	8	5 134	108 927	7 305	154 989
Interest payments and similar costs	9	(32 887)	(8 569)	(46 794)	(12 193)
<b>Profit or losses before taxes</b>		<b>44 603</b>	<b>135 146</b>	<b>63 465</b>	<b>192 294</b>
Enterprise income tax for the reporting year		(13 338)	(9 208)	(18 978)	(13 102)
Deferred tax costs	23	4 394	4 249	6 252	6 047
Other taxes	10	(1 107)	(1 091)	(1 575)	(1 552)
<b>The profit or loss for the year</b>		<b>34 552</b>	<b>129 096</b>	<b>49 164</b>	<b>183 687</b>
<b>Equity per 1 share (EPS)</b>	22	<b>0.082</b>	<b>0.306</b>	<b>0.116</b>	<b>0.435</b>

Notes on pages 10 to 23 form an integral part of these financial statements.

  
Nils Ivars Feodorovs  
Chairman of the Board

  
Sarmīte Arcimoviča  
Member of the Board

  
Valda Mālniece  
Member of the Board

25 February 2011

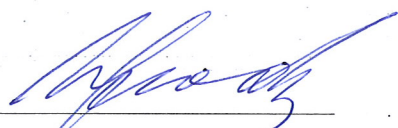
## Balance sheet as at 31 December 2010

Assets	Note	2010 LVL	2009 LVL	2010 EUR	2009 EUR
<b>Long-term investments</b>					
<b>Intangible assets</b>					
Concessions, patents, licenses, trade marks and similar rights		-	2	-	2
<i>Intangible assets total</i>	11	-	2	-	2
<b>Fixed assets</b>					
Land parcels, buildings and constructions and perennial plantings		141 046	155 767	200 691	221 637
Equipment and machinery		21 272	62 059	30 267	88 302
Other fixed assets and inventory		10 863	15 509	15 456	22 067
<i>Fixed assets total</i>	12	173 181	233 335	246 414	332 006
<b>Investment properties</b>	13	95 000	120 000	135 173	170 745
<b>Biological assets</b>		46 969	40 729	66 831	57 952
<b>Long-term financial investments</b>					
Investments in capital of associated companies	14	47 372	3 000	67 404	4 269
Other securities and investments	15	480	480	683	683
<i>Long-term financial investments total</i>		47 852	3 480	68 087	4 952
<b>Long-term investments total</b>		363 002	397 546	516 505	565 657
<b>Current assets</b>					
<b>Stock</b>					
Raw materials, basic materials and auxiliary materials		12 874	11 773	18 318	16 752
Ready-made goods and goods for sale	16	311 642	299 798	443 426	426 574
Prepayments for goods		2 000	397	2 846	565
<i>Stock total</i>		326 516	311 968	464 590	443 891
<b>Receivables</b>					
Trade receivables	17	67 924	82 704	96 647	117 677
Other receivables	18	1 877	8 194	2 671	11 659
Prepaid expenses	19	5 561	6 072	7 913	8 639
<i>Receivables total</i>		75 362	96 970	107 231	137 975
<b>Short-term financial investments</b>					
Other securities and shareholding in capitals	20	21 552	21 100	30 666	30 023
<i>Short-term financial investments total</i>		21 552	21 100	30 666	30 023
<b>Cash</b>	21	208 220	168 116	296 270	239 208
<b>Current assets total</b>		631 650	598 154	898 757	851 097
<b>Assets total</b>		994 652	995 700	1 415 262	1 416 754

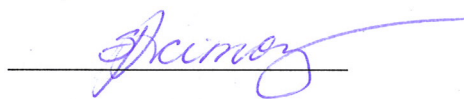
## Balance sheet as at 31 December 2010

Shareholders' equity and liabilities	Note	2010 LVL	2009 LVL	2010 EUR	2009 EUR
<b>Shareholders' equity</b>					
Share capital	22	422 440	422 440	601 078	601 078
Retained earnings:					
Retained earnings carried forward from previous years		454 939	359 638	647 320	511 719
Retained earnings of the reporting year		34 552	129 096	49 164	183 687
<b>Shareholders' equity total</b>		<b>911 931</b>	<b>911 174</b>	<b>1 297 562</b>	<b>1 296 484</b>
<b>Payables</b>					
<b>Long-term payables</b>					
Deferred tax liabilities	23	1 318	5 712	1 875	8 127
<b>Long-term payables total</b>		<b>1 318</b>	<b>5 712</b>	<b>1 875</b>	<b>8 127</b>
<b>Short-term payables</b>					
Prepayment received from customers		6 238	421	8 876	599
Trade payables		19 374	30 887	27 566	43 949
Taxes and social insurance payments	24	26 604	15 505	37 854	22 062
Other payables		12 279	10 201	17 471	14 514
Accrued liabilities	25	16 908	21 800	24 058	31 019
<b>Short-term payables total</b>		<b>81 403</b>	<b>78 814</b>	<b>115 825</b>	<b>112 143</b>
<b>Payables total</b>		<b>82 721</b>	<b>84 526</b>	<b>117 700</b>	<b>120 270</b>
<b>Shareholders' equity and liabilities total</b>		<b>994 652</b>	<b>995 700</b>	<b>1 415 262</b>	<b>1 416 754</b>

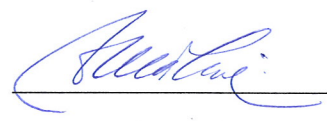
Notes on pages 10 to 23 form an integral part of these financial statements.



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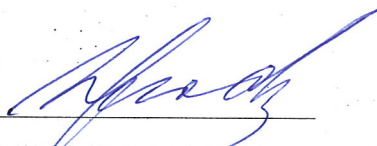
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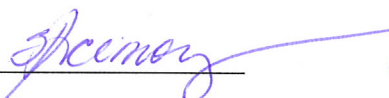
## ***Cash flow statement for the period ended 31 December 2010***

	Note	2010 LVL	2009 LVL	2010 EUR	2009 EUR
<b>Cash flow from operating activities</b>					
Income from sale of goods and provision of services		936 767	853 290	1 332 899	1 214 122
Payments to suppliers, employees, other expenses arising from basic operations		(820 735)	(790 627)	(1 167 801)	(1 124 961)
Other Company's basic income or expenses		13 361	9 449	19 011	13 445
<b>Gross cash flow from basic operations</b>		<b>129 393</b>	<b>72 112</b>	<b>184 109</b>	<b>102 606</b>
Expenses for tax payments		(6 407)	(14 163)	(9 116)	(20 152)
<b>Net cash flow from operating activities</b>		<b>122 986</b>	<b>57 949</b>	<b>174 993</b>	<b>82 454</b>
<b>Cash flow from investing activities</b>					
Purchase of fixed assets and intangible investments		(5 101)	(12 611)	(7 258)	(17 944)
Purchase of capital shares of other company		(44 371)	-	(63 134)	-
Dividends received		1 360	440	1 935	626
Purchase of securities		-	(15 000)	-	(21 343)
<b>Net cash flow from investing activities</b>		<b>(48 112)</b>	<b>(27 171)</b>	<b>(68 457)</b>	<b>(38 661)</b>
<b>Cash flow from financing activities</b>					
Dividends paid		(33 795)	(33 795)	(48 086)	(48 086)
<b>Net cash flow from financing activities</b>		<b>(33 795)</b>	<b>(33 795)</b>	<b>(48 086)</b>	<b>(48 086)</b>
<b>Result of foreign exchange rate fluctuations</b>		<b>(975)</b>	<b>(592)</b>	<b>(1 388)</b>	<b>(841)</b>
<b>Increase/ decrease of cash and its equivalents</b>		<b>40 104</b>	<b>(3 609)</b>	<b>57 062</b>	<b>(5 134)</b>
<b>Cash and its equivalents at the beginning of the period</b>		<b>168 116</b>	<b>171 725</b>	<b>239 208</b>	<b>244 342</b>
<b>Cash and its equivalents at the end of the period</b>	21	<b>208 220</b>	<b>168 116</b>	<b>296 270</b>	<b>239 208</b>

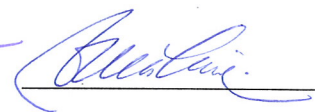
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25 February 2011

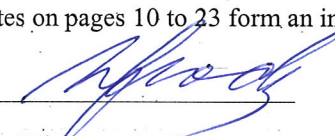


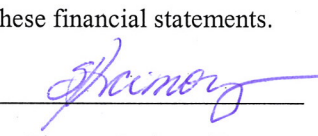
**Statement on changes in shareholders' equity for the period ending  
31 December 2010**

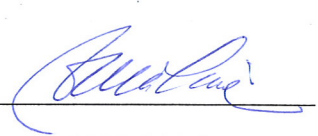
	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	LVL	LVL	LVL	LVL
<b>31.12.2008</b>	<b>422 440</b>	<b>310 555</b>	<b>82 878</b>	<b>815 873</b>
Profit for 2008 transferred to retained earnings of previous years	-	82 878	(82 878)	-
Dividends for 2008	-	(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>
Profit for 2009 transferred to retained earnings of previous years	-	129 096	(129 096)	-
Dividends for 2009	-	(33 795)	-	(33 795)
Retained earnings for the reporting year	-	-	34 552	34 552
<b>31.12.2010</b>	<b>422 440</b>	<b>454 939</b>	<b>34 552</b>	<b>911 931</b>

	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR
<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>
Profit for 2009 transferred to retained earnings of previous years	-	183 687	(183 687)	-
Dividends for 2009	-	(48 086)	-	(48 086)
Retained earnings for the reporting year	-	-	49 164	49 164
<b>31.12.2010</b>	<b>601 078</b>	<b>647 320</b>	<b>49 164</b>	<b>1 297 562</b>

Notes on pages 10 to 23 form an integral part of these financial statements.

  
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Chairman of the Board

  
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Member of the Board

  
Valda Mālniece  
Member of the Board

25 February 2011

## ***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 2010.

### ***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.

	31.12.2010	31.12.2009
EUR	0.702804	0.702804
USD	0.535	0.489

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	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Livestock sperm	372 924	360 943	530 623	513 576
Milk laboratory services	192 119	192 912	273 361	274 489
Treatment of supervisory data	67 490	55 561	96 030	79 056
Inspection of cows	26 089	29 409	37 121	41 845
Artificial insemination of livestock	24 123	22 962	34 324	32 672
Immune-genetic laboratory services	13 737	6 771	19 546	9 634
Other income	54 089	46 919	76 962	66 760
	<b>750 571</b>	<b>715 477</b>	<b>1 067 967</b>	<b>1 018 032</b>

Distribution of net sales according to the geographical markets:

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Latvia	750 571	714 982	1 067 967	1 017 327
Estonia	-	495	-	705
	<b>750 571</b>	<b>715 477</b>	<b>1 067 967</b>	<b>1 018 032</b>

Earnings from agricultural activities represented in net sales:

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Earnings from agricultural activities	750 571	715 477	1 067 967	1 018 032
	<b>750 571</b>	<b>715 477</b>	<b>1 067 967</b>	<b>1 018 032</b>

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

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Changes in sperm stock value	24 126	41 179	34 329	58 592
Written-off sperm	(250)	(12 094)	(356)	(17 208)
Changes in stud bull herd value	6 240	(1 975)	8 879	(2 810)
	<b>30 116</b>	<b>27 110</b>	<b>42 852</b>	<b>38 574</b>

### (5) Other operating income

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
State support for agricultural	11 931	5 944	16 976	8 458
	<b>11 931</b>	<b>5 944</b>	<b>16 976</b>	<b>8 458</b>



## Notes to the Financial Statements

### (6) Personnel costs

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Salaries for work	265 636	268 502	377 966	382 044
State social insurance contributions	63 473	64 216	90 313	91 371
Changes in provisions for vacation reserve	(4 893)	(309)	(6 961)	(439)
Health insurance	7 176	7 327	10 211	10 425
Other costs	1 217	3 023	1 732	4 302
	<b>332 609</b>	<b>342 759</b>	<b>473 261</b>	<b>487 703</b>

### (7) Other operating expenses

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Insurance payments	745	1 195	1 060	1 701
Business trip expenses	1 367	785	1 946	1 117
Selling expenses	2 119	4 365	3 015	6 211
Company's management and administrative expenses	15 869	17 703	22 579	25 189
Audit of the financial statement	1 600	1 500	2 277	2 134
Other costs	5 421	5 383	7 712	7 660
	<b>27 121</b>	<b>30 931</b>	<b>38 589</b>	<b>44 012</b>

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

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Income from shareholding in the company capitals	1 360	440	1 935	626
Income from securities	452	1 074	643	1 529
Income from investment property revaluation	-	103 755	-	147 631
Interest income	1 431	3 505	2 036	4 987
Contractual penalties from clients	137	132	195	187
Recovered doubtful and bad debts	1 463	15	2 082	21
Other income	291	6	414	8
	<b>5 134</b>	<b>108 927</b>	<b>7 305</b>	<b>154 989</b>

## Notes to the Financial Statements

### (9) Interest payments and similar costs

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Losses from foreign currency exchange rate fluctuations	1 342	680	1 909	968
Losses from investment property revaluation	25 000	-	35 572	-
Contractual penalties and fines	11	-	16	-
Employees' leisure and other costs not connected with operating activities	6 534	7 889	9 297	11 225
Other costs	-	-	-	-
	<b>32 887</b>	<b>8 569</b>	<b>46 794</b>	<b>12 193</b>

### (10) Other taxes

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Real estate tax	1 107	1 091	1 575	1 552
	<b>1 107</b>	<b>1 091</b>	<b>1 575</b>	<b>1 552</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>				
31.12.2009	720	720	1 024	1 024
Purchased	-	-	-	-
Disposed	-	-	-	-
31.12.2010	720	720	1 024	1 024
<b>Accrued depreciation</b>				
31.12.2009	718	718	1 022	1 022
Calculated depreciation	2	2	2	2
Depreciation of excluded investments	-	-	-	-
31.12.2010	720	720	1 024	1 024
<b>Book value as at 31.12.2009</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Book value as at 31.12.2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements

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

	Land, buildings and constructions	Technological equipment and machinery	Other fixed assets	Total
	LVL	LVL	LVL	LVL
<b>Initial value</b>				
<b>31.12.2009</b>	<b>255 107</b>	<b>357 311</b>	<b>85 951</b>	<b>698 369</b>
Purchased	-	2 498	3 071	5 569
Disposed	-	-	(3 117)	(3 117)
<b>31.12.2010</b>	<b>255 107</b>	<b>359 809</b>	<b>85 905</b>	<b>700 821</b>
<b>Accrued depreciation</b>				
<b>31.12.2009</b>	<b>99 340</b>	<b>295 252</b>	<b>70 442</b>	<b>465 034</b>
Calculated depreciation	14 721	43 285	7 717	65 723
Depreciation of excluded fixed assets	-	-	(3 117)	(3 117)
<b>31.12.2010</b>	<b>114 061</b>	<b>338 537</b>	<b>75 042</b>	<b>527 640</b>
<b>Book value as at 31.12.2009</b>	<b>155 767</b>	<b>62 059</b>	<b>15 509</b>	<b>233 335</b>
<b>Book value as at 31.12.2010</b>	<b>141 046</b>	<b>21 272</b>	<b>10 863</b>	<b>173 181</b>

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

As at 31 December 2010, the cadastral value of real estate – land and constructions - was LVL 113 853

	Land, buildings and constructions	Technological equipment and machinery	Other fixed assets	Total
	EUR	EUR	EUR	EUR
<b>Initial value</b>				
<b>31.12.2009</b>	<b>362 985</b>	<b>508 408</b>	<b>122 297</b>	<b>993 690</b>
Purchased	-	3 554	4 370	7 924
Disposed	-	-	(4 435)	(4 435)
<b>31.12.2010</b>	<b>362 985</b>	<b>511 962</b>	<b>122 232</b>	<b>997 179</b>
<b>Accrued depreciation</b>				
<b>31.12.2009</b>	<b>141 348</b>	<b>420 106</b>	<b>100 230</b>	<b>661 684</b>
Calculated depreciation	20 946	61 589	10 981	93 516
Depreciation of excluded fixed assets	-	-	(4 435)	(4 435)
<b>31.12.2010</b>	<b>162 294</b>	<b>481 695</b>	<b>106 776</b>	<b>750 765</b>
<b>Book value as at 31.12.2009</b>	<b>221 637</b>	<b>88 302</b>	<b>22 067</b>	<b>332 006</b>
<b>Book value as at 31.12.2010</b>	<b>200 691</b>	<b>30 267</b>	<b>15 456</b>	<b>246 414</b>

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

As at 31 December 2010, the cadastral value of real estate – land and constructions - was EUR 161 998

## Notes to the Financial Statements

### (13) Investment properties

	Land	Total	Land	Total
	LVL	LVL	EUR	EUR
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
Increase/decrease of value due to revaluation	(25 000)	(25 000)	(35 572)	(35 572)
Book value as at 31.12.2010	95 000	95 000	135 173	135 173

### (14) Investments in capital of associated companies

	2010		2009	
	% from total share capital		% from total share capital	
		LVL		LVL
		EUR		EUR
Ltd “Animal Breeders Association of Latvia” (SIA „Latvijas šķirnes dzīvnieku audzētāju savienība”)				
Legal address: Republikas laukums 2, Rīga, LV-1010, Latvia	26.6	47 372	67 404	7.4
		47 372	67 404	3 000
				4 269

### (15) Other securities and investments

	LVL	EUR
Purchase value as at 31.12.2009	480	683
Book value as at 31.12.2009	480	683
Purchase value as at 31.12.2010	480	683
Book value as at 31.12.2010	480	683

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

	2010	2009	2010	2009
	LVL	LVL	EUR	EUR
Bull semen	304 816	295 995	433 714	421 163
Other goods for sale	6 826	3 803	9 712	5 411
	311 642	299 798	443 426	426 574

### (17) Trade receivables

	2010	2009	2010	2009
	LVL	LVL	EUR	EUR
Accounting value of trade receivables	74 540	86 679	106 061	123 333
Provisions for doubtful trade receivables	(6 616)	(3 975)	(9 414)	(5 656)
	67 924	82 704	96 647	117 677

## Notes to the Financial Statements

### (18) Other receivables

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
VAT for received goods and services	1 283	1 298	1 826	1 847
Overpayment of taxes	-	6 690	-	9 519
Other receivables	594	206	845	293
	<b>1 877</b>	<b>8 194</b>	<b>2 671</b>	<b>11 659</b>

### (19) Prepaid expenses

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

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Advertising costs	451	672	642	956
Insurance	3 660	3 670	5 208	5 222
Press subscription	385	360	548	512
Other prepaid expenses	1 065	1 370	1 515	1 949
	<b>5 561</b>	<b>6 072</b>	<b>7 913</b>	<b>8 639</b>

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

	Number	2010 Market price	Amount LVL	Number	2009 Market price	Amount LVL
SEB Lats reserve fund	15 044	1.43257	21 552	15 044	1.40256	21 100
			<b>21 552</b>			<b>21 100</b>

	Number	2010 Market price	Amount EUR	Number	2009 Market price	Amount EUR
SEB Lats reserve fund	15 044	2.03836	30 666	15 044	1.99566	30 023
			<b>30 666</b>			<b>30 023</b>

Money market fund shares have no guaranteed interest rate. In 2010, the profitability was about 2.12 %. Exclusion of money market fund shares is carried out at the Company's request.

## Notes to the Financial Statements

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

Break-down of cash according to currencies:		2010		2009	
		Currency	LVL	Currency	LVL
Cash in hand	LVL	-	1 714	-	2 612
Cash in bank	LVL	-	204 883	-	47 141
Cash in bank	EUR	2 310	1 623	11 700	8 223
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	-	-	-	75 000
Deposits in credit institutions (with due dates not exceeding 90 days)	EUR	-	-	50 000	35 140
			<b>208 220</b>		<b>168 116</b>

Break-down of cash according to currencies:		2010		2009	
		Currency	EUR	Currency	EUR
Cash in hand	LVL	1 714	2 439	2 612	3 717
Cash in bank	LVL	204 883	291 521	47 141	67 076
Cash in bank	EUR	-	2 310	-	11 700
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	-	-	75 000	106 715
Deposits in credit institutions (with due dates not exceeding 90 days)	EUR	-	-	-	50 000
			<b>296 270</b>		<b>239 208</b>

### (22) 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.

	2010 LVL	2009 LVL	2010 EUR	2009 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.



## Notes to the Financial Statements

### 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.

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Profit of the reporting period	34 552	129 096	49 164	183 687
Average weighted number of shares during the year	422 440	422 440	422 440	422 440
	<b>0.082</b>	<b>0.306</b>	<b>0.116</b>	<b>0.435</b>

### (23) Provisions for deferred tax

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Temporary differences in fixed assets depreciation	25 694	59 881	36 559	85 203
Provisions for vacations	(16 908)	(21 800)	(24 058)	(31 019)
<b>Total temporary differences</b>	<b>8 786</b>	<b>38 081</b>	<b>12 501</b>	<b>54 184</b>
<b>Deferred tax provisions at the beginning of the period</b>	<b>5 712</b>	<b>9 961</b>	<b>8 127</b>	<b>14 174</b>
Increase or decrease	(4 394)	(4 249)	(6 252)	(6 047)
<b>Deferred tax provisions at the end of the period</b>	<b>1 318</b>	<b>5 712</b>	<b>1 875</b>	<b>8 127</b>

## Notes to the Financial Statements

### (24) Taxes and social insurance payments

Tax type	Balance as at 31.12.2009 LVL	Calculated in 2010 LVL	Paid in 2010 LVL	Balance as at 31.12.2010 LVL
Corporate income tax	(6 690)	13 338	(5 300)	1 348
Value added tax	5 251	111 662	(107 592)	9 321
Social insurance contributions	6 553	87 189	(84 328)	9 414
Personal income tax	3 673	57 746	(54 937)	6 482
Real estate tax	-	1 107	(1 107)	-
Nature resource tax	18	113	(103)	28
Business risk duty	10	129	(128)	11
	<b>8 815</b>	<b>271 284</b>	<b>(253 495)</b>	<b>26 604</b>
<b>Including:</b>	<b>2009</b>			<b>2010</b>
	<b>LVL</b>			<b>LVL</b>
Tax overpaid	(6 690)			-
Tax due	15 505			26 604

Tax type	Balance as at 31.12.2009 EUR	Calculated in 2010 EUR	Paid in 2010 EUR	Balance as at 31.12.2010 EUR
Corporate income tax	(9 519)	18 978	(7 541)	1 918
Value added tax	7 472	158 880	(153 090)	13 262
Social insurance contributions	9 324	124 059	(119 988)	13 395
Personal income tax	5 226	82 165	(78 168)	9 223
Real estate tax	-	1 575	(1 575)	-
Nature resource tax	26	161	(147)	40
Business risk duty	14	184	(182)	16
	<b>12 543</b>	<b>386 002</b>	<b>(360 691)</b>	<b>37 854</b>
<b>Including:</b>	<b>2009</b>			<b>2010</b>
	<b>EUR</b>			<b>EUR</b>
Tax overpaid	(9 519)			-
Tax due	22 062			37 854

Tax overpaid declared in position “Other receivables”

## Notes to the Financial Statements

### (25) Accrued liabilities

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Vacation reserve	16 908	21 800	24 058	31 019
	<b>16 908</b>	<b>21 800</b>	<b>24 058</b>	<b>31 019</b>

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

	2010	2009
Average number of persons employed during the reporting year	<b>41</b>	<b>42</b>

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

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Council Members' salaries for work, including state social insurance contributions	6 588	6 666	9 374	9 485
Board Members' salaries for work, including state social insurance contributions	30 034	29 438	42 734	41 886
<b>Total remuneration to management members</b>	<b>36 622</b>	<b>36 104</b>	<b>52 108</b>	<b>51 371</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.

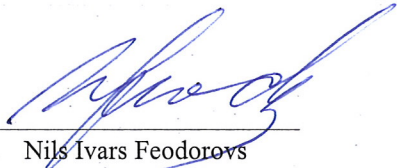
There is no agreement signed between the Company and the Board Members, which provides any compensation.

## **Report on Management Liability**

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According to the information being at our disposal, the Financial Statement for twelve months of the 2010 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.

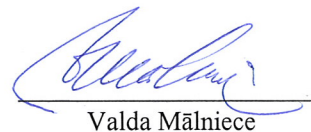
Interim statements for twelve months of 2010 have not been audited by Sworn Auditor.



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 2011