



**Joint stock company
SIGULDAS CILTSLIETU UN
MĀKSLĪGĀS APSEKLOŠANAS
STACIJA**

**ANNUAL REPORT
for 2012**

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Information on the Company

Company's name	<i>SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSĒKLOŠANAS 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, holding 400 shares</i> <i>Sarmīte Arcimoviča, Member of the Board, holding 4 124 shares</i> <i>Valda Mālniece, Member of the Board, holding 14 260 shares</i>
Members of the Council	<i>Inita Bedrīte, Chairman of the Council, holding 1 084 shares</i> <i>Maija Beča, Deputy Chairman of the Council, holding 3 066 shares</i> <i>Ērika Everte, Member of the Council, holding 2 208 shares</i> <i>Solvita Arcimoviča, Member of the Council, holding 430 shares</i> <i>Jekaterina Kreise, Member of the Council, holding 3 683 shares</i>
Reporting year	<i>01.01.2012 – 31.12.2012</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>

Management Report

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 provides other related services – consultations on issues of cattle breeding, feeding and keeping, evaluation of cow exterior, artificial insemination of cows, milk recording data processing.

Since 1st of April 2012 due to technical reasons the Stock Company doesn't provide the inspection of immune-genetic origin of cattle service any more.

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

This was the 55th anniversary of Company being in business, continuing its interminable growth since its foundation in 1957.

The Company’s net turnover in 2012 was 774 thousand lats (1 102 thousand euro), which is 9 thousand lats (13 thousand euro) or 1.1% less than in 2011.

The proportion of income from Company’s basic economic activities in comparison to year 2011 has not changed substantially - the income from the sale of bull semen comprise 52% of its net turnover while milk analyzing and data processing services, taken together, comprise 35%.

Compared to 2011, the profit before taxes for the year of account has decreased by 10 thousand lats (14 thousand euro) comprising 70 thousand lats (99 thousand euro). In 2012 the revaluation of the investment properties into the real value resulted in loss of 10 thousand lats (14 thousand euro).

The Company’s commercial profitability in 2012 was 9.0% comprising a decrease of 1.2% points against the 2011 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.

Proposals regarding the use of the Company’s profit or losses

The Board has a proposal to retain the profit of the reporting year and to pay dividends from the profit of the previous years for the amount of 42 244 lats (60 108 euro), which is 0.10 lats (0.14 euro) per share.

Nils Ivars Feodorovs
Chairman of the Board

Sarmīte Arcimoviča
Member of the Board

Valda Mālniece
Member of the Board

11 April 2013

Profit or loss account for the period ended 31 December 2012

	Note	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Net sales	3	774 436	783 406	1 101 924	1 114 687
Changes in stock of ready-made goods and unfinished products	4	4 201	7 425	5 978	10 565
Other operating income	5	8 754	17 092	12 456	24 320
Costs of materials:		(325 041)	(346 100)	(462 492)	(492 456)
a) raw materials and auxiliary costs of materials		(249 960)	(268 773)	(355 661)	(382 430)
b) other external costs		(75 081)	(77 327)	(106 831)	(110 026)
Personnel costs:	6	(300 674)	(306 769)	(427 820)	(436 493)
a) salaries for work		(238 096)	(241 543)	(338 780)	(343 684)
b) state social insurance compulsory contributions		(55 685)	(57 630)	(79 232)	(82 001)
c) other social insurance costs		(6 893)	(7 596)	(9 808)	(10 808)
Write-off of assets and values:		(44 959)	(43 582)	(63 972)	(62 012)
a) depreciation of fixed assets and amortization of intangible assets		(41 468)	(40 778)	(59 004)	(58 022)
b) write-off of value of current assets above the normal deductions		(3 491)	(2 804)	(4 968)	(3 990)
Other operating costs	7	(30 046)	(27 346)	(42 751)	(38 910)
Other interest income and similar income	8	2 889	3 252	4 110	4 627
Interest payments and similar costs	9	(19 969)	(7 765)	(28 413)	(11 049)
Profit or losses before taxes		69 591	79 613	99 020	113 279
Enterprise income tax for the reporting year		(11 258)	(8 584)	(16 018)	(12 214)
Deferred tax	24	266	(2 007)	378	(2 856)
Other taxes	10	(1 119)	(1 111)	(1 593)	(1 581)
The profit or loss for the year		57 480	67 911	81 787	96 628
Equity per 1 share (EPS)	22	0.136	0.161	0.194	0.229

Notes on pages 10 to 22 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

11 April 2013

Balance sheet as at 31 December 2012

Assets	Note	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Long-term investments					
Fixed assets					
Land parcels, buildings and constructions and perennial plantings		123 726	125 463	176 046	178 517
Equipment and machinery		40 476	61 091	57 592	86 925
Other fixed assets and inventory		6 355	5 989	9 043	8 522
Fixed assets total	12	170 557	192 543	242 681	273 964
Investment properties	13	85 000	95 000	120 944	135 173
Biological assets		42 973	49 617	61 144	70 598
Long-term financial investments					
Investments in capital of associated companies	14	58 615	56 603	83 402	80 539
Other securities and investments	15	480	480	683	683
Long-term financial investments total		59 095	57 083	84 085	81 222
Long-term investments total		357 625	394 243	508 854	560 957
Current assets					
Stock					
Raw materials, basic materials and auxiliary materials		11 031	9 025	15 695	12 842
Ready-made goods and goods for sale	16	335 167	331 628	476 900	471 864
Prepayments for goods		218	172	310	245
Stock total		346 416	340 825	492 905	484 951
Receivables					
Trade receivables	17	78 758	95 473	112 064	135 846
Other receivables	18	1 274	6 873	1 812	9 779
Prepaid expenses	19	5 570	5 701	7 925	8 111
Receivables total		85 602	108 047	121 801	153 736
Short-term financial investments					
Other securities and shareholding in capitals	20	21 832	21 688	31 065	30 860
Short-term financial investments total		21 832	21 688	31 065	30 860
Cash	21	209 692	155 007	298 365	220 555
Current assets total		663 542	625 567	944 136	890 102
Assets total		1 021 167	1 019 810	1 452 990	1 451 059

Balance sheet as at 31 December 2012

Shareholders' equity and liabilities	Note	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Shareholders' equity					
Share capital	22	422 440	422 440	601 078	601 078
Retained earnings:					
Retained earnings carried forward from previous years		477 138	451 471	678 906	642 386
Retained earnings of the reporting year		57 480	67 911	81 787	96 628
Shareholders' equity total		957 058	941 822	1 361 771	1 340 092
Provisions					
Other provisions	23	5 746	8 823	8 176	12 555
Provisions total		5 746	8 823	8 176	12 555
Payables					
Long-term payables					
Deferred tax liabilities	24	3 059	3 325	4 353	4 731
Long-term payables total		3 059	3 325	4 353	4 731
Short-term payables					
Prepayment received from customers		621	899	885	1 278
Trade payables		25 922	36 300	36 883	51 651
Taxes and social insurance payments	25	19 266	19 472	27 413	27 706
Other payables		9 495	9 169	13 509	13 046
Short-term payables total		55 304	65 840	78 690	93 681
Payables total		58 363	69 165	83 043	98 412
Shareholders' equity and liabilities total		1 021 167	1 019 810	1 452 990	1 451 059

Notes on pages 10 to 22 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

11 April 2013

Cash flow statement for the period ended 31 December 2012

	Note	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Cash flow from operating activities					
Income from sale of goods and provision of services		956 826	933 193	1 361 441	1 327 814
Payments to suppliers, employees, other expenses arising from basic operations		(844 070)	(880 621)	(1 201 003)	(1 253 011)
Gross cash flow from basic operations		112 756	52 572	160 438	74 803
Expenses for enterprise income tax payments		(4 556)	(15 020)	(6 483)	(21 372)
Net cash flow from operating activities		108 200	37 552	153 955	53 431
Cash flow from investing activities					
Purchase of capital shares of associated company		(2 012)	(9 231)	(2 863)	(13 135)
Purchase of fixed assets and intangible investments		(19 482)	(75 707)	(27 720)	(107 721)
Income from exclusion of fixed assets		3 118	25 729	4 437	36 609
Dividends received		1 292	1 593	1 838	2 267
Net cash flow from investing activities		(17 084)	(57 616)	(24 308)	(81 980)
Cash flow from financing activities					
Subsidies received as a state support		5 636	6 928	8 019	9 858
Dividends paid		(42 244)	(38 020)	(60 108)	(54 098)
Net cash flow from financing activities		(36 608)	(31 092)	(52 089)	(44 240)
Result of foreign exchange rate fluctuations		177	(2 057)	252	(2 926)
Increase/ decrease of cash and its equivalents		54 685	(53 213)	77 810	(75 715)
Cash and its equivalents at the beginning of the period		155 007	208 220	220 555	296 270
Cash and its equivalents at the end of the period	21	209 692	155 007	298 365	220 555

Notes on pages 10 to 22 form an integral part of these financial statements.

Nils Ivars Feodorovs
Chairman of the Board

Sarmīte Arcimoviča
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11 April 2013

Statement on changes in shareholders' equity for the period ending 31 December 2012

	Share capital	Retained earnings carried forward from previous years	Retained earnings for the reporting year	Shareholders' equity total
	LVL	LVL	LVL	LVL
31.12.2010	422 440	454 939	34 552	911 931
Profit for 2010 transferred to retained earnings of previous years	-	34 552	(34 552)	-
Dividends for 2010	-	(38 020)	-	(38 020)
Retained earnings for the reporting year	-	-	67 911	67 911
31.12.2011	422 440	451 471	67 911	941 822
Profit for 2011 transferred to retained earnings of previous years	-	67 911	(67 911)	-
Dividends for 2011	-	(42 244)	-	(42 244)
Retained earnings for the reporting year	-	-	57 480	57 480
31.12.2012	422 440	477 138	57 480	957 058

	Share capital	Retained earnings carried forward from previous years	Retained earnings for the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR
31.12.2010	601 078	647 320	49 164	1 297 562
Profit for 2010 transferred to retained earnings of previous years	-	49 164	(49 164)	-
Dividends for 2010	-	(54 098)	-	(54 098)
Retained earnings for the reporting year	-	-	96 628	96 628
31.12.2011	601 078	642 386	96 628	1 340 092
Profit for 2011 transferred to retained earnings of previous years	-	96 628	(96 628)	-
Dividends for 2011	-	(60 108)	-	(60 108)
Retained earnings for the reporting year	-	-	81 787	81 787
31.12.2012	601 078	678 906	81 787	1 361 771

Notes on pages 10 to 22 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

11 April 2013

Notes to the Financial Statements

(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,
- 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. 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

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 2012.

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.

	31.12.2012	31.12.2011
EUR	0.702804	0.702804
USD	0.531	0.544

Currency exchange rate differences arising from settlements in currencies or when recognizing assets and liabilities by 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

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

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	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Livestock sperm	402 998	389 609	573 414	554 364
Milk laboratory services	197 068	197 133	280 402	280 495
Treatment of supervisory data	74 272	74 654	105 679	106 223
Cow exterior appraisal	3 849	17 588	5 476	25 026
Artificial insemination of livestock	28 736	25 777	40 888	36 677
Immune-genetic laboratory services	1 092	14 630	1 554	20 817
Other income	66 421	64 015	94 511	91 085
	774 436	783 406	1 101 924	1 114 687

Distribution of net sales according to the geographical markets:

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Latvia	774 436	783 406	1 101 924	1 114 687
	774 436	783 406	1 101 924	1 114 687

Earnings from agricultural activities represented in net sales:

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Earnings from agricultural activities	774 436	783 406	1 101 924	1 114 687
	774 436	783 406	1 101 924	1 114 687

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

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Changes in sperm stock value	21 740	23 638	30 934	33 634
Written-off sperm	(10 895)	(18 861)	(15 503)	(26 837)
Changes in stud bull herd value	(6 644)	2 648	(9 453)	3 768
	4 201	7 425	5 978	10 565

(5) Other operating income

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Revenue from exclusion of fixed assets	3 119	6 559	4 437	9 333
State support for agricultural	5 635	6 928	8 019	9 858
Insurance reimbursement	-	3 605	-	5 129
	8 754	17 092	12 456	24 320

Notes to the Financial Statements

(6) Personnel costs

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Salaries for work	231 155	247 687	328 905	352 426
Life insurance with cash value accrual	9 441	428	13 433	609
State social insurance contributions	56 262	59 143	80 053	84 153
Changes in provisions for vacation reserve	(3 077)	(8 085)	(4 379)	(11 503)
Health insurance	5 640	5 851	8 024	8 325
Other costs	1 253	1 745	1 784	2 483
	300 674	306 769	427 820	436 493

(7) Other operating expenses

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Insurance payments	1 428	1 335	2 032	1 899
Business trip expenses	2 157	1 754	3 070	2 496
Selling expenses	2 196	2 247	3 125	3 198
The costs of accreditation and employee training	1 409	1 199	2 005	1 705
The costs of security services	776	770	1 103	1 096
Taxes applied on the vehicles	870	1 003	1 238	1 427
Company's management and administrative expenses	15 198	14 489	21 624	20 615
Audit of the financial statement	1 300	1 400	1 850	1 992
Other costs	4 712	3 149	6 704	4 482
	30 046	27 346	42 751	38 910

(8) Other interest income and similar income

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Income from shareholding in the company capitals	1 292	1 593	1 838	2 267
Income from securities	144	136	205	194
Recovered doubtful and bad debts	1 402	1 513	1 995	2 152
Other income	51	10	72	14
	2 889	3 252	4 110	4 627

Notes to the Financial Statements

(9) Interest payments and similar costs

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Losses from foreign currency exchange rate fluctuations	418	1 460	594	2 078
Losses from investment property revaluation	10 000	-	14 229	-
Contractual penalties and fines	136	10	194	14
Employees' leisure and other costs not connected with operating activities	9 415	6 295	13 396	8 957
	19 969	7 765	28 413	11 049

(10) Other taxes

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Real estate tax	1 119	1 111	1 593	1 581
	1 119	1 111	1 593	1 581

(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
Initial value				
31.12.2011	720	720	1 024	1 024
Purchased	-	-	-	-
Disposed	-	-	-	-
31.12.2012	720	720	1 024	1 024
Accrued depreciation				
31.12.2011	718	718	1 022	1 022
Calculated depreciation	-	-	-	-
Depreciation of excluded investments	-	-	-	-
31.12.2012	720	720	1 024	1 024
Book value as at 31.12.2011	-	-	-	-
Book value as at 31.12.2012	-	-	-	-

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
Initial value				
31.12.2011	255 107	383 176	83 668	721 951
Purchased	11 500	3 776	4 206	19 482
Disposed	-	(21 900)	(1 190)	(23 090)
31.12.2012	266 607	365 052	86 684	718 343
Accrued depreciation				
31.12.2011	129 644	322 085	77 679	529 408
Calculated depreciation	13 237	24 391	3 840	41 468
Depreciation of excluded fixed assets	-	(21 900)	(1 190)	(23 090)
31.12.2012	142 881	324 576	80 329	547 786
Book value as at 31.12.2011	125 463	61 091	5 989	192 543
Book value as at 31.12.2012	123 726	40 476	6 355	170 557

As at 31 December 2011, the cadastral value of **real estate – land and constructions** - was LVL 113 853

As at 31 December 2012, the cadastral value of **real estate – land and constructions** - was LVL 110 968

	Land, buildings and constructions	Technological equipment and machinery	Other fixed assets	Total
	EUR	EUR	EUR	EUR
Initial value				
31.12.2011	362 985	545 210	119 049	1 027 244
Purchased	16 363	5 373	5 985	27 721
Disposed	-	(31 161)	(1 693)	(32 854)
31.12.2012	379 348	519 422	123 341	1 022 111
Accrued depreciation				
31.12.2011	184 468	458 285	110 527	753 280
Calculated depreciation	18 834	34 706	5 464	59 004
Depreciation of excluded fixed assets	-	(31 161)	(1 693)	(32 854)
31.12.2012	203 302	461 830	114 298	779 430
Book value as at 31.12.2011	178 517	86 925	8 522	273 964
Book value as at 31.12.2012	176 046	57 592	9 043	242 681

As at 31 December 2011, the cadastral value of **real estate – land and constructions** - was EUR 161 998

As at 31 December 2012, the cadastral value of **real estate – land and constructions** - was EUR 157 893

Notes to the Financial Statements

(13) Investment properties

	Land LVL	Total LVL	Land EUR	Total EUR
Book value as at 31.12.2010	95 000	95 000	135 173	135 173
Increase/decrease of value due to revaluation	-	-	-	-
Book value as at 31.12.2011	95 000	95 000	135 173	135 173
Increase/decrease of value due to revaluation	(10 000)	(10 000)	(14 229)	(14 229)
Book value as at 31.12.2012	85 000	85 000	120 944	120 944

(14) Investments in capital of associated companies

	2012			2011		
	% from total share capital	LVL	EUR	% from total share capital	LVL	EUR
Ltd “Animal Breeders Association of Latvia” (SIA „Latvijas šķirnes dzīvnieku audzētāju savienība”)						
Legal address: Republikas laukums 2, Rīga, LV-1010, Latvia	36.0	58 615	83 402	34.3	56 603	80 539
		58 615	83 402		56 603	80 539

(15) Other securities and investments

	LVL	EUR
Purchase value as at 31.12.2011	480	683
Book value as at 31.12.2011	480	683
Purchase value as at 31.12.2012	480	683
Book value as at 31.12.2012	480	683

(16) Ready-made products and goods for sale

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Bull semen	329 184	323 514	468 387	460 319
Other goods for sale	5 983	8 114	8 513	11 545
	335 167	331 628	476 900	471 864

(17) Trade receivables

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Accounting value of trade receivables	83 144	99 019	118 304	140 891
Provisions for doubtful trade receivables	(4 386)	(3 546)	(6 240)	(5 045)
	78 758	95 473	112 064	135 846

Notes to the Financial Statements

(18) Other receivables

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
VAT for received goods and services	423	1 203	601	1 711
Overpayment of taxes	-	5 088	-	7 240
Other receivables	851	582	1 211	828
	1 274	6 873	1 812	9 779

(19) Prepaid expenses

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

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Advertising costs	577	392	821	558
Insurance	3 282	3 877	4 670	5 516
Press and legislation updates' subscription	812	768	1 155	1 093
Server maintenance and similar costs	433	300	616	427
Other prepaid expenses	466	364	663	517
	5 570	5 701	7 925	8 111

(20) Other securities and shareholding in capitals

	Number	2012 Market price	Amount LVL	Number	2011 Market price	Amount LVL
SEB Lats reserve fund	15 044	1.45122	21 832	15 044	1.44164	21 688
			21 832			21 688

	Number	2012 Market price	Amount EUR	Number	2011 Market price	Amount EUR
SEB Lats reserve fund	15 044	2.06490	31 065	15 044	2.05127	30 860
			31 065			30 860

Money market fund shares have no guaranteed interest rate. In 2012 the profitability was 0.67 %. 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:

		2012		2011	
		Currency	LVL	Currency	LVL
Cash in hand	LVL	-	2 503	-	3 775
Cash in bank	LVL	-	206 883	-	150 384
Cash in bank	EUR	435	306	1 206	848
			209 692		155 007

Break-down of cash according to currencies:

		2012		2011	
		Currency	EUR	Currency	EUR
Cash in hand	LVL	2 503	3 562	3 775	5 372
Cash in bank	LVL	206 883	294 368	150 384	213 977
Cash in bank	EUR	-	435	-	1 206
			298 365		220 555

(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.

	2012 LVL	2011 LVL	2012 EUR	2011 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
	422 440	422 440	601 078	601 078

421440 shares or 99.8% of the share capital are bearer shares, 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 registered 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.

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Profit of the reporting period	57 480	67 911	81 787	96 628
Average weighted number of shares during the year	422 440	422 440	422 440	422 440
	0.136	0.161	0.194	0.229

Notes to the Financial Statements

(23) Other Provisions

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Provisions for vacations	5 746	8 823	8 176	12 555
	5 746	8 823	8 176	12 555

(24) Provisions for deferred tax

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Temporary differences in fixed assets depreciation	26 141	30 992	37 195	44 098
Provisions for vacations	(5 746)	(8 823)	(8 176)	(12 555)
Total temporary differences	20 395	22 169	29 019	31 543
Deferred tax provisions at the beginning of the period	3 325	1 318	4 731	1 875
Increase or decrease	(266)	2 007	(378)	2 856
Deferred tax provisions at the end of the period	3 059	3 325	4 353	4 731

(25) Taxes and social insurance payments

Tax type	Balance as at 31.12.2011 LVL	Calculated in 2012 LVL	Paid in 2012 LVL	Balance as at 31.12.2012 LVL
Corporate income tax	(5 088)	11 258	(4 556)	1 614
Value added tax	5 031	113 856	(114 855)	4 032
Social insurance contributions	9 017	83 832	(84 347)	8 502
Personal income tax	5 382	48 952	(49 255)	5 079
Real estate tax	-	1 119	(1 119)	-
Nature resource tax	33	119	(122)	30
Business risk duty	9	107	(107)	9
Tax for the exploitation of the vehicles	-	510	(510)	-
Tax applied on company owned motorcars	-	360	(360)	-
	14 384	260 113	(255 231)	19 266

Including:	2011 LVL	2012 LVL
Tax overpaid	(5 088)	-
Tax due	19 472	19 266

Notes to the Financial Statements

Tax type	Balance as at 31.12.2011 EUR	Calculated in 2012 EUR	Paid in 2012 EUR	Balance as at 31.12.2012 EUR
Corporate income tax	(7 240)	16 018	(6 482)	2 296
Value added tax	7 158	162 003	(163 424)	5 737
Social insurance contributions	12 830	119 282	(120 015)	12 097
Personal income tax	7 658	69 653	(70 084)	7 227
Real estate tax	-	1 593	(1 593)	-
Nature resource tax	47	169	(173)	43
Business risk duty	13	152	(152)	13
Tax for the exploitation of the vehicles	-	726	(726)	-
Tax applied on company owned motorcars	-	512	(512)	-
	20 466	370 108	(363 161)	27 413

Including:	2011 EUR	2012 EUR
Tax overpaid	(7 240)	-
Tax due	27 706	27 413
Tax overpaid declared in position “Other receivables”		

(26) Number of persons employed by the Company

	2012	2011
Average number of persons employed during the reporting year	35	37

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

	2012 LVL	2011 LVL	2012 EUR	2011 EUR
Council Members’ salaries for work, including state social insurance contributions	7 366	7 116	10 481	10 125
Board Members’ salaries for work, including state social insurance contributions	29 235	29 594	41 597	42 109
Total remuneration to management members	36 601	36 710	52 078	52 234

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.



SIA "AUDITS A.S."

Vienotais reģ. Nr. 44103022356
PVN maksātāja Nr. LV 44103022356

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of AS SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA

Translation from Latvian

Report on the Financial Statements

We have audited the accompanying financial statements of AS SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA set out on pages 5 to 22 of the accompanying annual report, which comprise the balance sheet as of 31 December 2012 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.

Auditors' 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 AS SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA as of 31 December 2012, 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 2012 set out on page 4 of the accompanying annual report for 2012 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2012.

SIA AUDITS A.S.
License No. 27

Anita Sondore
Certified auditor of Latvia
Certificate No. 129
Board Member

Līgatne, Latvia
April 11, 2013

Report on Management Liability

According to the information being at our disposal, the Annual Report for 2012 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.

The Management Report contains true information.

Nils Ivars Feodorovs

Chairman of the Board

Sarmīte Arcimoviča

*Member of the Board, Head
of Production and
Marketing Department*

Valda Mālniece

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

11 April 2013