



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

**ANNUAL REPORT
for 2014**

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Information on the Company

Company's name	<i>SIGULDAS CILTSLIETU 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” (49.92%), registration No. 40003311954</i> <i>Oļegs Radčenko (5.18%)</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>Inīta 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>Solvīta Arcimoviča, Member of the Council, holding 430 shares</i> <i>Jekaterina Kreise, Member of the Council, holding 3 683 shares</i>
Reporting year	<i>01.01.2014 – 31.12.2014</i>
Auditors	<i>Anīta 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

Types of Operations

JSC „Siguldas ciltslietu un mākslīgās apsēklošanas stacija” (hereinafter referred to as the Company) is one of the largest high-quality breeding bull semen producers and suppliers in Latvia. The second largest field of the Company’s basic economic activities is the milk testing services. The Company also provides other breeding related services – consultations on issues of cattle breeding, feeding and keeping, evaluation of cow exterior, artificial insemination of cows, initial processing of the monitoring data.

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

The Company’s net turnover in 2014 was 1.1 million euros, which is by 61 thousand euros or 5.6% more than in 2013. The proportion of the revenue from the Company’s basic economic activities, if compared to year 2013, had not changed substantially – the revenue from the sales of the bull semen comprised 53.1% of the net turnover, whereas the milk testing and monitoring data processing services, taken together, accounted for 35.6% of the net turnover.

Compared to 2013, the profit before taxes for the reporting year had increased by 96 thousand euros, comprising 183 thousand euros. In 2014 the revaluation of the investment properties into the actual value resulted in earnings of 25 thousand euros.

The Company’s commercial profitability in 2014 was 15.9%, comprising an increase of 8% points if compared to 2013. By expanding Company’s market share in Latvia, the revenue from the sales of the bull semen had gone up by 5%. The purchase of a modern production equipment and good deals on the purchase of bulls from abroad in the preceding reporting year had resulted in an increase of the proportion of the Company’s home-produced bull semen, comprising 80% of the total dosages sold.

Future Prospects and Development

By increasing the operational efficiency of its business, the Company will continue to work on the expansion of its marketed product and service volume.

Post-Balance-Sheet Events

During the period of time in between the closing of the balance sheet and the day the report is being signed by the Board, there have been no significant events or extraordinary circumstances taking place that may influence the results of the reporting year and the Company’s financial condition.

Branches and Representative Offices Abroad

The Company has no branch offices, nor any 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 50 692.80 euro, which is 0.12 euro per share.

Nils Ivars Feodorovs
Chairman of the Board

Sarmīte Arcimoviča
Member of the Board

Valda Mālniece
Member of the Board

20 March 2015

Profit or loss account for the period ended 31 December 2014

	Note	2014 EUR	2013 EUR
Net sales	3	1 148 420	1 087 470
Changes in stock of ready-made goods and unfinished products	4	23 855	18 203
Other operating income	5	11 641	7 366
Costs of materials:		(448 525)	(462 412)
a) raw materials and auxiliary costs of materials		(332 379)	(351 381)
b) other external costs		(116 146)	(111 031)
Personnel costs:	6	(464 261)	(428 229)
a) salaries for work		(370 349)	(338 466)
b) state social insurance compulsory contributions		(84 417)	(78 909)
c) other social insurance costs		(9 495)	(10 854)
Write-off of assets and values:		(62 394)	(54 439)
a) depreciation of fixed assets and amortization of intangible assets		(45 850)	(48 016)
b) write-off of value of current assets above the normal deductions		(16 544)	(6 423)
Other operating costs	7	(43 565)	(41 309)
Other interest income and similar income	8	28 874	3 550
Interest payments and similar costs	9	(11 040)	(43 017)
Profit or losses before taxes		183 005	87 183
Enterprise income tax for the reporting year		(26 164)	(15 279)
Deferred tax	24	710	(197)
Other taxes	10	(1 635)	(1 612)
The profit or loss for the year		155 916	70 095
Equity per 1 share (EPS)	22	0.369	0.166

Notes on pages 10 to 21 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

20 March 2015

Balance sheet as at 31 December 2014

Assets	Note	2014 EUR	2013 EUR
Long-term investments			
Fixed assets			
Land parcels, buildings and constructions and perennial plantings		140 892	156 768
Equipment and machinery		52 979	61 221
Other fixed assets and inventory		10 493	10 355
Fixed assets total	12	204 364	228 344
Investment properties	13	112 000	86 795
Biological assets		73 475	71 225
Long-term financial investments			
Investments in capital of associated companies	14	83 954	83 954
Other securities and investments	15	683	683
Long-term financial investments total		84 637	84 637
Long-term investments total		474 476	471 001
Current assets			
Stock			
Raw materials, basic materials and auxiliary materials		23 112	16 035
Ready-made goods and goods for sale	16	542 671	497 382
Prepayments for goods		519	691
Stock total		566 302	514 108
Receivables			
Trade receivables	17	148 702	142 614
Other receivables	18	919	2 683
Prepaid expenses	19	6 984	7 646
Receivables total		156 605	152 943
Short-term financial investments			
Other securities and shareholding in capitals	20	-	31 117
Short-term financial investments total		-	31 117
Cash	21	367 140	265 904
Current assets total		1 090 047	964 072
Assets total		1 564 523	1 435 073

Balance sheet as at 31 December 2014

Shareholders' equity and liabilities	Note	2014 EUR	2013 EUR
Shareholders' equity			
Share capital	22	601 078	601 078
Retained earnings:			
Retained earnings carried forward from previous years		711 538	700 585
Retained earnings of the reporting year		155 916	70 095
Shareholders' equity total		1 468 532	1 371 758
Provisions			
Other provisions	23	7 483	6 926
Provisions total		7 483	6 926
Payables			
Long-term payables			
Deferred tax liabilities	24	3 840	4 550
Long-term payables total		3 840	4 550
Short-term payables			
Prepayment received from customers		182	618
Trade payables		22 533	38 117
Taxes and social insurance payments	25	45 353	13 104
Other payables		16 600	-
Short-term payables total		84 668	51 839
Payables total		88 508	56 389
Shareholders' equity and liabilities total		1 564 523	1 435 073

Notes on pages 10 to 21 form an integral part of these financial statements.

Nils Ivars Feodorovs
Chairman of the Board

Sarmīte Arcimoviča
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Valda Mālniece
Member of the Board

20 March 2015

Cash flow statement for the period ended 31 December 2014

	Note	2014 EUR	2013 EUR
Cash flow from operating activities			
Income from sale of goods and provision of services		1 371 056	1 280 967
Payments to suppliers, employees, other expenses arising from basic operations		(1 216 706)	(1 209 190)
Gross cash flow from basic operations		154 350	71 777
Expenses for enterprise income tax payments		(14 217)	(18 574)
Net cash flow from operating activities		140 133	53 203
Cash flow from investing activities			
Purchase of capital shares of associated company		-	(552)
Purchase of fixed assets and intangible investments		(22 048)	(33 679)
Income from exclusion of fixed assets		2 727	-
Dividends received		-	1 839
Income from the sales of securities		31 153	-
Net cash flow from investing activities		11 832	(32 392)
Cash flow from financing activities			
Subsidies received as a state support		9 092	7 366
Dividends paid		(59 142)	(60 108)
Net cash flow from financing activities		(50 050)	(52 742)
Result of foreign exchange rate fluctuations			
		(679)	(530)
Increase/ decrease of cash and its equivalents			
		101 236	(32 461)
Cash and its equivalents at the beginning of the period			
		265 904	298 365
Cash and its equivalents at the end of the period			
	21	367 140	265 904

Notes on pages 10 to 21 form an integral part of these financial statements.

Nils Ivars Feodorovs
Chairman of the Board

Sarmīte Arcimoviča
Member of the Board

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Member of the Board

20 March 2015

**Statement on changes in shareholders' equity for the period ending
31 December 2014**

	Share capital	Retained earnings carried forward from previous years	Retained earnings for the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR
31.12.2012	601 078	678 906	81 787	1 361 771
Profit for 2012 transferred to retained earnings of previous years	-	81 787	(81 787)	-
Dividends for 2012	-	(60 108)	-	(60 108)
Retained earnings for the reporting year	-	-	70 095	70 095
31.12.2013	601 078	700 585	70 095	1 371 758
Profit for 2013 transferred to retained earnings of previous years	-	70 095	(70 095)	-
Dividends for 2013	-	(59 142)	-	(59 142)
Retained earnings for the reporting year	-	-	155 916	155 916
31.12.2014	601 078	711 538	155 916	1 468 532

Notes on pages 10 to 21 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

20 March 2015

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 twelve months from 1 January to 31 December 2014.

Revaluation of foreign currencies

The Company's functional currency and the currency used in the Financial Statements is euro (EUR) – the sole legal mean of payment in the Republic of Latvia since January 1, 2014. All transactions in foreign currencies are converted into euro according to the euro foreign exchange reference rate published by the European Central Bank on the day of particular transaction being performed.

All showings of the year 2013 have been converted into euro according to the fixed foreign exchange rate for converting lats into euro (1 EUR = 0.702804 LVL) determined by the Council of the European Union.

Monetary assets and liabilities, which are shown in foreign currencies, are converted into euro according to the fixed euro foreign exchange reference rate published by the European Central Bank on the last day of the reporting period.

	31.12.2014	31.12.2013
USD	1.21410	1.36467

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	10, 20, 25, 40 and 59 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	2014 EUR	2013 EUR
Livestock sperm	609 809	580 509
Milk laboratory services	291 562	277 358
Treatment of supervisory data	117 796	105 044
Cow exterior appraisal	6 654	5 027
Artificial insemination of livestock	44 688	42 625
Other income	77 911	76 907
	1 148 420	1 087 470

Distribution of net sales according to the geographical markets:

	2014 EUR	2013 EUR
Latvia	1 148 420	1 087 470
	1 148 420	1 087 470

Earnings from agricultural activities represented in net sales:

	2014 EUR	2013 EUR
Earnings from agricultural activities	1 148 420	1 087 470
	1 148 420	1 087 470

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

	2014 EUR	2013 EUR
Changes in sperm stock value	40 641	22 293
Written-off sperm	(19 037)	(14 170)
Changes in stud bull herd value	2 251	10 080
	23 855	18 203

(5) Other operating income

	2014 EUR	2013 EUR
Revenue from exclusion of fixed assets	2 549	-
State support for agricultural	9 092	7 366
	11 641	7 366

Notes to the Financial Statements

(6) Personnel costs

	2014	2013
	EUR	EUR
Salaries for work	357 601	326 400
Life insurance with cash value accrual	12 268	13 064
State social insurance contributions	84 340	79 161
Changes in provisions for vacation reserve	557	(1 250)
Health insurance	7 562	7 427
Other costs	1 933	3 427
	464 261	428 229

(7) Other operating expenses

	2014	2013
	EUR	EUR
Insurance payments	1 663	1 529
Business trip expenses	5 318	2 593
Selling expenses	1 615	2 571
The costs of accreditation and employee training	1 523	2 646
The costs of security services	1 270	1 270
Taxes applied on the vehicles	1 830	1 734
Company's management and administrative expenses	9 305	10 815
Regulated securities market expenses	9 549	8 992
Audit of the financial statement	1 600	1 707
Other costs	9 892	7 452
	43 565	41 309

(8) Other interest income and similar income

	2014	2013
	EUR	EUR
Income from shareholding in the company capitals	-	1 839
Income from securities	36	52
Recovered doubtful and bad debts	3 629	1 502
Income from investment property revaluation	25 205	-
Other income	4	157
	28 874	3 550

Notes to the Financial Statements

(9) Interest payments and similar costs

	2014 EUR	2013 EUR
Losses from foreign currency exchange rate fluctuations	1 671	84
Losses from investment property revaluation	-	34 149
Employees' leisure and other costs not connected with operating activities	9 369	8 784
	11 040	43 017

(10) Other taxes

	2014 EUR	2013 EUR
Real estate tax	1 635	1 612
	1 635	1 612

(11) Intangible assets

	Concessions, patents, licenses, trade marks and similar rights EUR	Total EUR
Initial value		
31.12.2013	1 025	1 025
Purchased	-	-
Disposed	-	-
31.12.2014	1 025	1 025
Accrued depreciation		
31.12.2013	1 025	1 025
Calculated depreciation	-	-
Depreciation of excluded investments	-	-
31.12.2014	1 025	1 025
Book value as at 31.12.2013	-	-
Book value as at 31.12.2014	-	-

Notes to the Financial Statements

(12) Report on movement of fixed assets

	Land, buildings and constructions	Technological equipment and machinery	Other fixed assets	Total
	EUR	EUR	EUR	EUR
Initial value				
31.12.2013	378 017	479 524	122 811	980 352
Purchased	-	16 409	5 639	22 048
Disposed	-	(37 797)	(7 422)	(45 219)
31.12.2014	378 017	458 136	121 028	957 181
Accrued depreciation				
31.12.2013	221 249	418 303	112 456	752 008
Calculated depreciation	15 876	24 473	5 488	45 837
Depreciation of excluded fixed assets	-	(37 619)	(7 409)	(45 028)
31.12.2014	237 125	405 157	110 535	752 817
Book value as at 31.12.2013	156 768	61 221	10 355	228 344
Book value as at 31.12.2014	140 892	52 979	10 493	204 364

As at 31 December 2013, the cadastral value of **real estate – land and constructions** - was EUR 158 004

As at 31 December 2014, the cadastral value of **real estate – land and constructions** - was EUR 158 004

(13) Investment properties

	Land EUR	Total EUR
Book value as at 31.12.2012	120 944	120 944
Increase/decrease of value due to revaluation	(34 149)	(34 149)
Book value as at 31.12.2013	86 795	86 795
Increase/decrease of value due to revaluation	25 205	25 205
Book value as at 31.12.2014	112 000	112 000

(14) Investments in capital of associated companies

	2014 % from total share capital EUR	2013 % from total share capital EUR
Ltd “Animal Breeders Association of Latvia” (SIA „Latvijas šķirnes dzīvnieku audzētāju savienība”) Legal address: Republikas laukums 2, Rīga, LV-1010, Latvia	36.3 83 954	36.3 83 954
	83 954	83 954

Notes to the Financial Statements

(15) Other securities and investments

	EUR
Purchase value as at 31.12.2013	683
Book value as at 31.12.2013	683
Purchase value as at 31.12.2014	683
Book value as at 31.12.2014	683

(16) Ready-made products and goods for sale

	2014 EUR	2013 EUR
Bull semen	528 727	488 787
Other goods for sale	13 944	8 595
	542 671	497 382

(17) Trade receivables

	2014 EUR	2013 EUR
Accounting value of trade receivables	169 603	153 074
Provisions for doubtful trade receivables	(20 901)	(10 460)
	148 702	142 614

(18) Other receivables

	2014 EUR	2013 EUR
VAT for received goods and services	802	688
Overpayment of taxes	-	999
Other receivables	117	996
	919	2 683

(19) Prepaid expenses

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

	2014 EUR	2013 EUR
Advertising costs	188	678
Insurance	4 933	4 881
Press and legislation updates' subscription	1 115	1 142
Server maintenance and similar costs	344	344
Other prepaid expenses	404	601
	6 984	7 646

Notes to the Financial Statements

(23) Other Provisions

	2014 EUR	2013 EUR
Provisions for vacations	7 483	6 926
	7 483	6 926

(24) Provisions for deferred tax

	2014 EUR	2013 EUR
Temporary differences in fixed assets depreciation	33 083	37 263
Provisions for vacations	(7 483)	(6 926)
Total temporary differences	25 600	30 337
Deferred tax provisions at the beginning of the period	4 550	4 353
Increase or decrease	(710)	197
Deferred tax provisions at the end of the period	3 840	4 550

(25) Taxes and social insurance payments

Tax type	Balance as at 31.12.2013 EUR	Calculated in 2014 EUR	Paid in 2014 EUR	Balance as at 31.12.2014 EUR
Corporate income tax	(999)	26 164	(14 217)	10 948
Value added tax	13 076	169 589	(169 068)	13 597
Social insurance contributions	-	121 873	(108 821)	13 052
Personal income tax	-	69 771	(62 105)	7 666
Real estate tax	-	1 635	(1 635)	-
Nature resource tax	28	231	(182)	77
Business risk duty	-	157	(144)	13
Tax for the exploitation of the vehicles	-	709	(709)	-
Tax applied on company owned motorcars	-	1 121	(1 121)	-
	12 105	391 250	(358 002)	45 353

Including:	2013 EUR	2014 EUR
Tax overpaid	(999)	-
Tax due	13 104	45 353
Tax overpaid declared in position "Other receivables"		

Notes to the Financial Statements

(26) Number of persons employed by the Company

	2014	2013
Average number of persons employed during the reporting year	<u>36</u>	<u>35</u>

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

	2014 EUR	2013 EUR
Council Members' salaries for work, including state social insurance contributions	10 366	10 238
Board Members' salaries for work, including state social insurance contributions	<u>45 371</u>	<u>38 364</u>
Total remuneration to management members	<u>55 737</u>	<u>48 602</u>

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

"Pīlādži", Līgatnes pagasts,
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of AS SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA

Translation from Latvian

Report on the Financial Statements

We have audited the accompanying financial statements of AS SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA set out on pages 5 to 21 of the accompanying annual report, which comprise the balance sheet as of 31 December 2014 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.

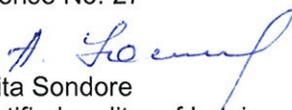
Opinion

In our opinion, the financial statements give a true and fair view of the financial position of AS SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA as of 31 December 2014, 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 2014 set out on page 4 of the accompanying annual report for 2014 and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2014.

SIA AUDITS A.S.
License No. 27


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

Līgatne, Latvia
March 20, 2015

Report on Management Liability

According to the information being at our disposal, the Annual Report for 2014 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*

20 March 2015