



**Joint Stock Company  
SIGULDAS CILTSLIETU UN  
MĀKSLĪGĀS APSEKLOŠANAS  
STACIJA**

**ANNUAL REPORT  
for 2015**

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## **Information on the Company**

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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 municipality, LV-2150</i>
Shareholders holding more than 5% of the total number of voting shares	<i>'Siguldass mākslīgās apsēklošanas stacija' Ltd. (49.92%), registration No. 40003311954</i> <i>Oļegs Radčenko (5.18%)</i>
Members of the Management Board	<i>Nils Ivars Feodorovs, Chairman of the Management Board, holding 400 shares</i> <i>Sarmīte Arcimoviča, Member of the Management Board, holding 4 124 shares</i> <i>Valda Mālniece, Member of the Management Board, holding 14 260 shares</i>
Members of the Supervisory Board	<i>Inīta Bedrīte, Chairman of the Supervisory Board, holding 1 084 shares</i> <i>Maija Beča, Deputy Chairman of the Supervisory Board, holding 3 066 shares</i> <i>Ērika Everte, Member of the Supervisory Board, holding 2 208 shares</i> <i>Solvīta Arcimoviča, Member of the Supervisory Board, holding 430 shares</i> <i>Jekaterina Kreise, Member of the Supervisory Board, holding 3 683 shares</i>
Reporting period	<i>01.01.2015 – 31.12.2015</i>
Previous reporting period	<i>01.01.2014 – 31.12.2014</i>
Auditors	<i>Vija Dzene</i> <i>Sworn Auditor</i> <i>Certificate No. 108</i>  <i>V. Dzenes Audits Ltd.</i> <i>Hospitalu street 8</i> <i>Riga, LV-1013, Latvia</i> <i>Sworn Auditors' Commercial Company's license No. 120</i>

## Management Report

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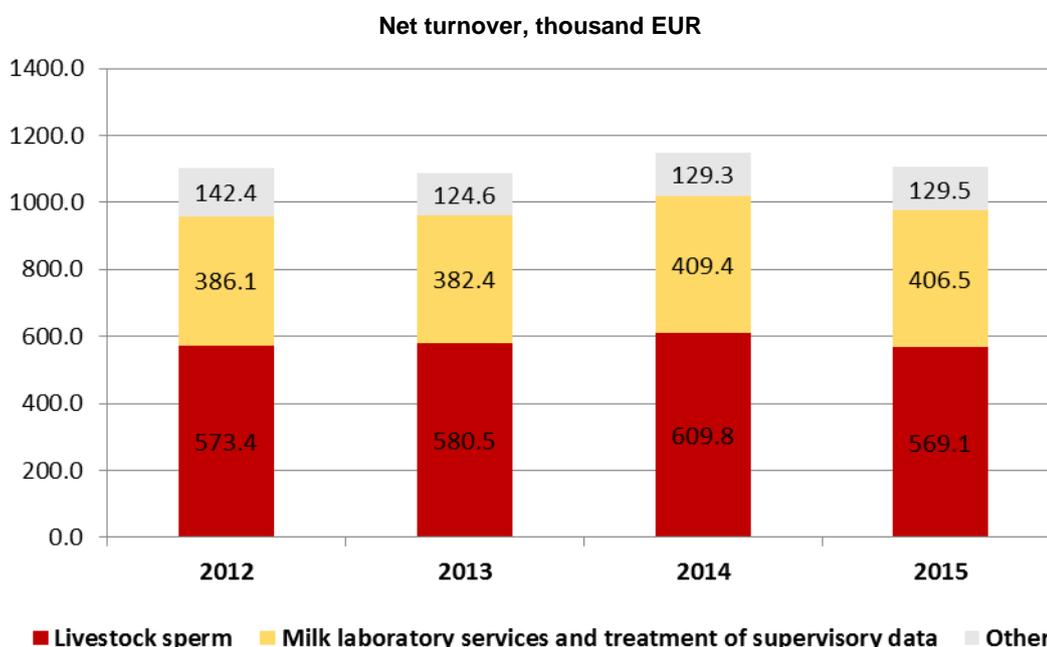
### Types of Operations

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 supervisory data.

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

The Company's net turnover in 2015 was 1.1 million euros, which is by 43 thousand euros or 3.8% less than in 2014.

The proportion of the revenue from the Company's basic economic activities, if compared to year 2014, had not changed substantially – the revenue from the sales of the bull semen comprised 51.5% of the net turnover, whereas the milk laboratory services and treatment of supervisory data services, taken together, accounted for 36.8% of the net turnover.



In 2015 the revaluation of the investment properties into the actual value resulted in loss of 18 thousand euros, whereas in 2014 it accounted for earnings of 25 thousand euros.

Compared to 2014, the profit before taxes in the reporting year had decreased by 86 thousand euros, and was 97 thousand euros.

The Company's commercial profitability in 2015 was 8.7%, 7.2% points down if compared to 2014.

The decrease of the net turnover and the increase of the trade receivables was effected both by the shrinking of the sales market in Russia, due to the sanctions imposed by Russia, and the lifting of quotas on milk production by the European Union in 2015, directly influencing both the milk prices and the market conjuncture, which consequently – due to the lowering of the farmers purchasing power – made the Company revise its price policy.

### 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.

## **Management Report**

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### **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 42 244.00 euro, which is 0.10 euro per share.

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Nils Ivars Feodorovs  
*Chairman of the Management  
Board*

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Sarmīte Arcimoviča  
*Member of the Management  
Board*

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Valda Mālniece  
*Member of the Management  
Board*

21 March 2016

**Profit or loss account for the period ended 31 December 2015**

	Note	2015 EUR	2014 EUR
Net sales	3	1 105 143	1 148 420
Changes in stock of ready-made goods and unfinished products	4	17 309	23 855
Other operating income	5	10 258	11 641
Costs of materials:		(443 564)	(448 525)
a) raw materials and auxiliary costs of materials		(329 681)	(332 379)
b) other external costs		(113 883)	(116 146)
Personnel costs:	6	(460 609)	(464 261)
a) salaries for work		(367 444)	(370 349)
b) state social insurance compulsory contributions		(83 677)	(84 417)
c) other social insurance costs		(9 488)	(9 495)
Write-off of assets and values:		(65 057)	(62 394)
a) depreciation of fixed assets and amortization of intangible assets		(45 616)	(45 850)
b) write-off of value of current assets above the normal deductions		(19 441)	(16 544)
Other operating costs	7	(41 171)	(43 565)
Other interest income and similar income	8	4 910	28 874
Interest payments and similar costs	9	(30 697)	(11 040)
<b>Profit or losses before taxes</b>		<b>96 522</b>	<b>183 005</b>
Enterprise income tax for the reporting year		(20 111)	(26 164)
Deferred tax	24	1 111	710
Other taxes	10	(1 854)	(1 635)
<b>The profit or loss for the year</b>		<b>75 668</b>	<b>155 916</b>
<b>Equity per 1 share (EPS)</b>	21	<b>0.179</b>	<b>0.369</b>

Notes on pages 11 to 24 form an integral part of these financial statements.

Nils Ivars Feodorovs  
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Sarmīte Arcimoviča  
*Member of the Management  
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Valda Mālniece  
*Member of the Management  
Board*

21 March 2016

**Balance sheet as at 31 December 2015**

<b>Assets</b>	<b>Note</b>	<b>2015 EUR</b>	<b>2014 EUR</b>
<b>Long-term investments</b>			
<b>Intangible assets</b>			
Concessions, patents, licenses, trademarks and similar rights		1 672	-
<b>Intangible assets total</b>	11	<b>1 672</b>	<b>-</b>
<b>Fixed assets</b>			
Land parcels, buildings and constructions and perennial plantings		125 567	140 892
Equipment and machinery		46 781	52 979
Other fixed assets and inventory		10 177	10 493
<b>Fixed assets total</b>	12	<b>182 525</b>	<b>204 364</b>
<b>Investment properties</b>	13	<b>94 000</b>	<b>112 000</b>
<b>Biological assets</b>		<b>61 779</b>	<b>73 475</b>
<b>Long-term financial investments</b>			
Investments in capital of associated companies	14	83 954	83 954
Other securities and investments	15	683	683
<b>Long-term financial investments total</b>		<b>84 637</b>	<b>84 637</b>
<b>Long-term investments total</b>		<b>424 613</b>	<b>474 476</b>
<b>Current assets</b>			
<b>Stock</b>			
Raw materials, basic materials and auxiliary materials		19 100	23 112
Ready-made goods and goods for sale	16	587 213	542 671
Prepayments for goods		1 024	519
<b>Stock total</b>		<b>607 337</b>	<b>566 302</b>
<b>Receivables</b>			
Trade receivables	17	167 892	148 702
Other receivables	18	7 136	919
Prepaid expenses	19	9 566	6 984
<b>Receivables total</b>		<b>184 594</b>	<b>156 605</b>
<b>Cash</b>	20	<b>350 009</b>	<b>367 140</b>
<b>Current assets total</b>		<b>1 141 940</b>	<b>1 090 047</b>
<b>Assets total</b>		<b>1 566 553</b>	<b>1 564 523</b>

**Balance sheet as at 31 December 2015**

<b>Shareholders' equity and liabilities</b>	<b>Note</b>	<b>2015 EUR</b>	<b>2014 EUR</b>
<b>Shareholders' equity</b>			
Share capital	21	591 416	601 078
Other reserves	23	1 213	-
Retained earnings:			
Retained earnings carried forward from previous years		816 761	711 538
Retained earnings of the reporting year		75 668	155 916
<b>Shareholders' equity total</b>		<b>1 485 058</b>	<b>1 468 532</b>
<b>Provisions</b>			
Other provisions	23	7 399	7 483
<b>Provisions total</b>		<b>7 399</b>	<b>7 483</b>
<b>Payables</b>			
<b>Long-term payables</b>			
Deferred tax liabilities	24	2 729	3 840
<b>Long-term payables total</b>		<b>2 729</b>	<b>3 840</b>
<b>Short-term payables</b>			
Prepayment received from customers		656	182
Trade payables		20 388	22 533
Taxes and social insurance payments	25	32 936	45 353
Other payables		17 387	16 600
<b>Short-term payables total</b>		<b>71 367</b>	<b>84 668</b>
<b>Payables total</b>		<b>74 096</b>	<b>88 508</b>
<b>Shareholders' equity and liabilities total</b>		<b>1 566 553</b>	<b>1 564 523</b>

Notes on pages 11 to 24 form an integral part of these financial statements.

\_\_\_\_\_  
Nils Ivars Feodorovs  
*Chairman of the Management  
Board*

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*Member of the Management  
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21 March 2016

**Cash flow statement for the period ended 31 December 2015**

	Note	2015 EUR	2014 EUR
<b>Cash flow from operating activities</b>			
Income from sale of goods and provision of services		1 304 685	1 371 056
Payments to suppliers, employees, other expenses arising from basic operations		(1 210 168)	(1 216 706)
<b>Gross cash flow from basic operations</b>		<b>94 517</b>	<b>154 350</b>
Expenses for enterprise income tax payments		(37 164)	(14 217)
<b>Net cash flow from operating activities</b>		<b>57 353</b>	<b>140 133</b>
<b>Cash flow from investing activities</b>			
Purchase of fixed assets and intangible investments		(25 449)	(22 048)
Income from exclusion of fixed assets		996	2 727
Earnings from investment denomination		11	-
Income from the sales of securities		-	31 153
<b>Net cash flow from investing activities</b>		<b>(24 442)</b>	<b>11 832</b>
<b>Cash flow from financing activities</b>			
Subsidies received as a state support		9 262	9 092
Dividends paid		(50 693)	(59 142)
The difference of the share value – resulting from the denomination of the Company's shares – paid		(8 449)	-
<b>Net cash flow from financing activities</b>		<b>(49 880)</b>	<b>(50 050)</b>
<b>Result of foreign exchange rate fluctuations</b>		<b>(162)</b>	<b>(679)</b>
<b>Increase/ decrease of cash and its equivalents</b>		<b>(17 131)</b>	<b>101 236</b>
<b>Cash and its equivalents at the beginning of the period</b>		<b>367 140</b>	<b>265 904</b>
<b>Cash and its equivalents at the end of the period</b>	20	<b>350 009</b>	<b>367 140</b>

Notes on pages 11 to 24 form an integral part of these financial statements.

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21 March 2016

**Statement on changes in shareholders' equity for the period ended  
31 December 2015**

	Share capital	Other reserves	Retained earnings carried forward from previous years	Retained earnings for the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR	EUR
<b>31.12.2013</b>	<b>601 078</b>	<b>-</b>	<b>700 585</b>	<b>70 095</b>	<b>1 371 758</b>
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
<b>31.12.2014</b>	<b>601 078</b>	<b>-</b>	<b>711 538</b>	<b>155 916</b>	<b>1 468 532</b>
Profit for 2014 transferred to retained earnings of previous years	-	-	155 916	(155 916)	-
Dividends for 2014	-	-	(50 693)	-	(50 693)
The denomination of the Company's shares from lats to euro	(9 662)	1 213	-	-	(8 449)
Retained earnings for the reporting year	-	-	-	75 668	75 668
<b>31.12.2015</b>	<b>591 416</b>	<b>1 213</b>	<b>816 761</b>	<b>75 668</b>	<b>1 485 058</b>

Notes on pages 11 to 24 form an integral part of these financial statements.

\_\_\_\_\_  
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*Chairman of the Management Board*

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*Member of the Management Board*

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Valda Mālniece  
*Member of the Management Board*

21 March 2016

## **Notes to the Financial Statements**

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

JSC '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**

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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 twelve months from 1 January to 31 December 2015.

### **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.

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.

	<b>31.12.2015</b>	<b>31.12.2014</b>
USD	1.08870	1.21410

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**

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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	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**

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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	2015 EUR	2014 EUR
Livestock sperm	569 115	609 809
Milk laboratory services	289 340	291 562
Treatment of supervisory data	117 193	117 796
Cow exterior appraisal	4 935	6 654
Artificial insemination of livestock	43 806	44 688
Other income	80 754	77 911
	<b>1 105 143</b>	<b>1 148 420</b>

Distribution of net sales according to the geographical markets:

	2015 EUR	2014 EUR
Latvia	1 105 143	1 148 420
	<b>1 105 143</b>	<b>1 148 420</b>

Earnings from agricultural activities represented in net sales:

	2015 EUR	2014 EUR
Earnings from agricultural activities	1 105 143	1 148 420
	<b>1 105 143</b>	<b>1 148 420</b>

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

	2015 EUR	2014 EUR
Changes in sperm stock value	47 297	40 641
Written-off sperm	(18 292)	(19 037)
Changes in stud bull herd value	(11 696)	2 251
	<b>17 309</b>	<b>23 855</b>

### (5) Other operating income

	2015 EUR	2014 EUR
Revenue from exclusion of fixed assets	996	2 549
State support for agricultural	9 262	9 092
	<b>10 258</b>	<b>11 641</b>

## Notes to the Financial Statements

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### (6) Personnel costs

	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
Salaries for work	354 885	357 601
Life insurance with cash value accrual	12 628	12 268
State social insurance contributions	83 691	84 340
Changes in provisions for vacation reserve	(84)	557
Health insurance	7 410	7 562
Other costs	2 079	1 933
	<b>460 609</b>	<b>464 261</b>

### (7) Other operating expenses

	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
Insurance payments	1 966	1 663
Business trip expenses	1 740	5 318
Selling expenses	1 792	1 615
The costs of accreditation and employee training	1 566	1 523
The costs of security services	1 270	1 270
Taxes applied on the vehicles	1 335	1 830
Company's management and administrative expenses	11 768	9 305
Regulated securities market expenses	9 648	9 549
Audit of the financial statement	1 600	1 600
Other costs	8 486	9 892
	<b>41 171</b>	<b>43 565</b>

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

	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
Income from securities	-	36
Income from foreign currency exchange rate fluctuations	843	-
Recovered doubtful and bad debts	4 056	3 629
Income from investment property revaluation	-	25 205
Other income	11	4
	<b>4 910</b>	<b>28 874</b>

## Notes to the Financial Statements

### (9) Interest payments and similar costs

	2015 EUR	2014 EUR
Loses from foreign currency exchange rate fluctuations	-	1 671
Loses from investment property revaluation	18 000	-
Employees' leisure and other costs not connected with operating activities	12 697	9 369
	<b>30 697</b>	<b>11 040</b>

### (10) Other taxes

	2015 EUR	2014 EUR
Real estate tax	1 854	1 635
	<b>1 854</b>	<b>1 635</b>

### (11) Intangible assets

	Concessions, patents, licenses, trademarks and similar rights EUR	Total EUR
<b>Initial value</b>		
<b>31.12.2014</b>	<b>1 025</b>	<b>1 025</b>
Purchased	1 700	1 700
Disposed	-	-
<b>31.12.2015</b>	<b>2 725</b>	<b>2 725</b>
<b>Accrued depreciation</b>		
<b>31.12.2014</b>	<b>1 025</b>	<b>1 025</b>
Calculated depreciation	28	28
Depreciation of excluded investments	-	-
<b>31.12.2015</b>	<b>1 053</b>	<b>1 053</b>
<b>Book value as at 31.12.2014</b>	<b>-</b>	<b>-</b>
<b>Book value as at 31.12.2015</b>	<b>1 672</b>	<b>1 672</b>

## Notes to the Financial Statements

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

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

	Land, buildings and constructions EUR	Technological equipment and machinery EUR	Other fixed assets EUR	Total EUR
<b>Initial value</b>				
<b>31.12.2014</b>	<b>378 017</b>	<b>458 136</b>	<b>121 028</b>	<b>957 181</b>
Purchased	-	18 071	5 678	23 749
Disposed	-	-	(2 129)	(2 129)
<b>31.12.2015</b>	<b>378 017</b>	<b>476 207</b>	<b>124 577</b>	<b>978 801</b>
<b>Accrued depreciation</b>				
<b>31.12.2014</b>	<b>237 125</b>	<b>405 157</b>	<b>110 535</b>	<b>752 817</b>
Calculated depreciation	15 325	24 269	5 994	45 588
Depreciation of excluded fixed assets	-	-	(2 129)	(2 129)
<b>31.12.2015</b>	<b>252 450</b>	<b>429 426</b>	<b>114 400</b>	<b>796 276</b>
<b>Book value as at 31.12.2014</b>	<b>140 892</b>	<b>52 979</b>	<b>10 493</b>	<b>204 364</b>
<b>Book value as at 31.12.2015</b>	<b>125 567</b>	<b>46 781</b>	<b>10 177</b>	<b>182 525</b>

As at 31 December 2015, the cadastral value of **real estate – land and constructions** - was EUR 158 087

## Notes to the Financial Statements

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

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
<b>Book value as at 31.12.2013</b>	<b>86 795</b>	<b>86 795</b>
Increase/decrease of value due to revaluation	25 205	25 205
<b>Book value as at 31.12.2014</b>	<b>112 000</b>	<b>112 000</b>
Increase/decrease of value due to revaluation	(18 000)	(18 000)
<b>Book value as at 31.12.2015</b>	<b>94 000</b>	<b>94 000</b>

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

	2015 % from total share capital	EUR	2014 % from total share capital	EUR
'Animal Breeders Association of Latvia' Ltd. (SIA „Latvijas šķirnes dzīvnieku audzētāju savienība” ) Legal address: Republikas laukums 2, Rīga, LV-1010, Latvia	36.3	83 954	36.3	83 954
		<b>83 954</b>		<b>83 954</b>

## Notes to the Financial Statements

### (15) Other securities and investments

	EUR
Purchase value as at 31.12.2014	683
<b>Book value as at 31.12.2014</b>	<b>683</b>
Purchase value as at 31.12.2015	683
<b>Book value as at 31.12.2015</b>	<b>683</b>

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

	2015 EUR	2014 EUR
Bull semen	572 387	528 727
Other goods for sale	14 826	13 944
	<b>587 213</b>	<b>542 671</b>

### (17) Trade receivables

	2015 EUR	2014 EUR
Accounting value of trade receivables	203 555	169 603
Provisions for doubtful trade receivables	(35 663)	(20 901)
	<b>167 892</b>	<b>148 702</b>

### (18) Other receivables

	2015 EUR	2014 EUR
VAT for received goods and services	531	802
Overpayment of taxes	6 105	-
Other receivables	500	117
	<b>7 136</b>	<b>919</b>

### (19) Prepaid expenses

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

	2015 EUR	2014 EUR
Advertising costs	191	188
Insurance	7 219	4 933
Press and legislation updates' subscription	1 207	1 115
Server maintenance and similar costs	574	344
Other prepaid expenses	375	404
	<b>9 566</b>	<b>6 984</b>

## Notes to the Financial Statements

### (20) Cash in EUR and foreign currencies according to the European Central Bank's foreign exchange reference rates

Break-down of cash according to currencies:		2015		2014	
		Currency	EUR	Currency	EUR
Cash in hand	EUR	-	8 203	-	1 270
Cash in bank	EUR	-	341 806	-	365 870
			<b>350 009</b>		<b>367 140</b>

### (21) Share capital

Since 21 May 2007 Company's shares are quoted on the Second List of NASDAQ OMX Riga Stock Exchange (ISIN code: LV0000100600). The Company's share capital has been formed of shareholders' investments.

The total number of shares as per 31.12.2015 is 422 440, the nominal value of one share is 1.40 euro.

The total number of shares as per 31.12.2014 was 422 440, the nominal value of one share – 1 lats (1.422872 euro).

	2015 EUR	2014 EUR
Bearer shares with voting rights	590 016	599 655
Shares owned by the Board without voting rights	1 400	1 423
	<b>591 416</b>	<b>601 078</b>

421 440 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.

Owners of 421 440 bearer shares according to the latest full shareholders list requested from the Latvian Central Depository.

	16.04.2015. %	15.04.2014. %
'Siguldas mākslīgās apsēklošanas stacija' Ltd	49.92	49.92
Oļegs Radčenko	5.18	5.18
Inita Bedrīte, Chairman of the Supervisory Board	0.26	0.26
Maija Beča, Deputy Chairman of the Supervisory Board	0.73	0.73
Ērika Everte, Member of the Supervisory Board	0.52	0.52
Solvita Arcimoviča, Member of the Supervisory Board	0.10	0.10
Jekaterina Kreise, Member of the Supervisory Board	0.87	0.87
Sarmīte Arcimoviča, Member of the Management Board	0.91	0.91
Valda Mālniece, Member of the Management Board	3.31	3.31
Other shareholders	38.20	38.20
	<b>100.00</b>	<b>100.00</b>

1 000 shares or 0.24% 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.

Owners of the Company's personnel registered shares according to the Company's carried shareholders registry.

	31.12.2015 number	31.12.2014 number
Nils Ivars Feodorovs, Chairman of the Management Board	400	400
Sarmīte Arcimoviča, Member of the Management Board	300	300
Valda Mālniece, Member of the Management Board	300	300
	<b>1 000</b>	<b>1 000</b>

## Notes to the Financial Statements

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.

	2015 EUR	2014 EUR
Profit of the reporting period	75 668	155 916
Average weighted number of shares during the year	422 440	422 440
	<b>0.179</b>	<b>0.369</b>

### (22) Other Reserves

	2015 EUR	2014 EUR
The difference of the share value resulting from the denomination of the Company's shares from lats to euro	1 213	-
	<b>1 213</b>	<b>-</b>

### (23) Other Provisions

	2015 EUR	2014 EUR
Provisions for vacations	7 399	7 483
	<b>7 399</b>	<b>7 483</b>

### (24) Provisions for deferred tax

	2015 EUR	2014 EUR
Temporary differences in fixed assets depreciation	25 594	33 083
Provisions for vacations	(7 399)	(7 483)
<b>Total temporary differences</b>	18 195	25 600
<b>Deferred tax provisions at the beginning of the period</b>	<b>3 840</b>	<b>4 550</b>
Increase or decrease	(1 111)	(710)
<b>Deferred tax provisions at the end of the period</b>	<b>2 729</b>	<b>3 840</b>

## Notes to the Financial Statements

### (25) Taxes and social insurance payments

Tax type	Balance as at 31.12.2014 EUR	Calculated in 2015 EUR	Paid in 2015 EUR	Balance as at 31.12.2015 EUR
Corporate income tax	10 948	20 111	(37 164)	(6 105)
Value added tax	13 597	164 006	(165 209)	12 394
Social insurance contributions	13 052	120 943	(120 867)	13 128
Personal income tax	7 666	66 951	(67 279)	7 338
Real estate tax	-	1 854	(1 854)	-
Nature resource tax	77	250	(264)	63
Business risk duty	13	161	(161)	13
Tax for the exploitation of the vehicles	-	1 292	(1 292)	-
Tax applied on company owned motorcars	-	43	(43)	-
	<b>45 353</b>	<b>375 611</b>	<b>(394 133)</b>	<b>26 831</b>
<b>Including:</b>	<b>2014</b>			<b>2015</b>
	<b>EUR</b>			<b>EUR</b>
Tax overpaid	-			(6 105)
Tax due	45 353			32 936

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)	-
	<b>12 105</b>	<b>391 250</b>	<b>(358 002)</b>	<b>45 353</b>
<b>Including:</b>	<b>2013</b>			<b>2014</b>
	<b>EUR</b>			<b>EUR</b>
Tax overpaid	(999)			-
Tax due	13 104			45 353

Tax overpaid declared in position 'Other receivables'

## Notes to the Financial Statements

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

	<b>2015</b>	<b>2014</b>
Average number of persons employed during the reporting year	<u><b>36</b></u>	<u><b>36</b></u>

**(27) Information on remuneration of the Supervisory Board and Management Board members**

	<b>2015 EUR</b>	<b>2014 EUR</b>
Supervisory Board members' salaries for work, including state social insurance contributions	10 989	10 366
Management Board members' salaries for work, including state social insurance contributions	<u>44 145</u>	<u>45 371</u>
<b>Total remuneration to the management members</b>	<u><b>55 134</b></u>	<u><b>55 737</b></u>

There are no special regulations put in place to regulate the election of the Management Board members, the change of the composition of the Management Board and amendments to the Articles of Association.

All Management Board members have equal Company's representation rights. The chairman of the Management Board represents the Company separately, but other Management Board members may represent the Company only collectively.

There is no agreement signed between the Company and the Management Board members ensuring any kind of compensation.

## **To the Shareholders of „SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA” AS**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of AS „SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA” set out on pages 6 to 24 of the accompanying annual report, which comprise the balance sheet as of 31 December 2015 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 „SIGULDAS CILTSLIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA” AS as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Reports.

### **Report on Other Legal and Regulatory Requirements**

We have read the Management Report for 2015 set out on page 4-5 accompanying annual report for 2015 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for 2015.



## **Report on Management Liability**

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According to the information being at our disposal, the Annual Report for 2015 has been prepared according to the effective requirements of legislative enactments and provide a true and fair view of the joint stock company's 'Siguldas ciltslietu un mākslīgās apsēklošanas stacija' assets, liabilities, financial condition and profit.

The Management Report contains true information.

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Nils Ivars Feodorovs

*Chairman of the Management  
Board*

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Sarmīte Arcimoviča

*Member of the Management  
Board, Manager of the  
Production and Marketing  
department*

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Valda Mālniece

*Member of the Management  
Board, Manager of the  
Financial and Accounting  
department*

21 March 2016