Joint Stock Company ”Kurzemes ciltslietu un mākslīgās apsēklošanas stacija”

(Unified registration number 40003017085)

ANNUAL REPORT

FOR THE PERIOD

01 JANUARY 2015 - 31 DECEMBER 2015

JAUNPILS DISTRICT

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General Information

Name of the Company	Joint stock company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija"
Legal status of the Company	Public joint stock company
Registration number, place, date	000301708 Riga, 6.August, 1991
Re-registered in the Commercial Register	40003017085 Riga, 7 April, 2004
Address	Jaunpils, Jaunpils parish, Jaunpils region, LV-3145
Core Business Activities of the Company	NACE 01.50 Mixed farming (crops and animal)
Names and positions of the Board members:	
Chairman of the Board	GATIS KAĶIS
Member of the Board	SIGITA LUKAŽE
Member of the Board	DAIGA LIELPINKA
Names and positions of the Council members	duration in accordance with data from the Register of Enterprises
Chairman of the Council	JĀNIS LEIMANIS
Member of the Council	INĀRA KANSKA
Member of the Council	MAIJA BRUNOVSKA
Member of the Council	HARALDS MOZGIRS
Member of the Council	PĒTERIS AUGUSTOVS
Reporting year	01 January 2015 – 31 December 2015
Name and address of the auditor	Marija Jansone Sworn auditor (LACA Certificate No.25) SIA NEXIA AUDIT ADVICE Sworn auditors company's licence No.134 Riga, Grecinieku Street 9-3, Latvia, LV-1050

Management report

Types of activities

JSC „Kurzemes ciltslietu un mākslīgā apsēklošanas stacija" (hereinafter – the Company) principal activities are producing and sale of the semen from high-quality breeding animals (boars, bulls) , animal breeding and artificial insemination related services, collection of milk control samples, as well as grain cultivation.

Company activity during reporting year

The company's turnover in 2015 amounted to EUR 943948 which is 10.4% less than in 2014. The main reasons for turnover decrease are grain purchase price downslide comparing to the previous year, client's desire for cheaper animal bioproduct, decrease in use of oast and other services provided by the company. Company's after-tax earnings amounted to EUR 112683. Earnings per share (EPS) are EUR 0.129.

During the reporting year, the company has received EUR 36287 as national and EU subsidies. The subsidies have been received for the maintenance of breeding animals and as EU area payments.

In 2015 the joint stock company has acquired fixed assets totalling EUR 63292, including the price of grain processor EUR 54800, the cost of vehicle for the delivery of bioproduct EUR 3800, inventory for EUR 492 and designing of building project documentation for garage-workshop building's rebuild EUR 4200. Garage-workshop building's rebuild project submission and realisation is intended to be done in 2016 using the resources of EU structural fond.

From the European Union Structural Funds co-financing by the 2015, the EUR 18707 revenue.

Research and development activities

Non

Branches and representative offices abroad

Non

Financial risk management

Company activity is subject to a variety of financial risks including credit risk, foreign exchange rate and interest rate fluctuation risks. Company management seeks to minimize adverse effect of potential financial risks on Company's financial position.

The Company is exposed to foreign exchange rate fluctuation risk arising from differences in currencies. As with 1 January 2005 lat rate was pegged to euro rate, the lat/euro fluctuations would be limited and a significant influence on financial results in future periods is not expected. Company management considers possibility to apply hedging instruments to reduce the influence of U.S. dollar exchange rate fluctuations.

Financial resources which potentially expose Company to a certain concentration of credit risk are primarily cash and trade receivables. At the end of of reporting of reporting period the Company was not subjected to significant degree of concentration of credit risk, because no customer debt exceeded 5% of total amount of trade receivables. The Company has established and respect credit policy by selling goods on credit only to customers with good credit history and within the credit amount specified for each customer. Trade receivables are specified in recoverable value. Company's partners in cash transactions are local financial institutions with an appropriate credit history.

The Company follows the prudent liquidity risk management, ensuring that the appropriate credit resources are available to meet obligations within specified time. Company's management believes that the Company will have sufficient cash resources so its liquidity is would not be jeopardized.

Financial results

Total liquidity ratio = 7.92
Current liquidity ratio = 3.42
Quick liquidity ratio = 2.53
Specific weight of liabilities in the balance sheet = 5.96 %
Debt/Equity Ratio = 0.07
Inventory turnover ratio = 1.1
Asset turnover ratio = 0.54
Profit on sales (%) = 11.94
Return on equity (%) = 7.0

Circumstances and events after the end of reporting year

In the time period since last day of the reporting year up to signing of the present report there have been no significant events which considerably affect the result of reporting year.

Distribution of profit proposed by the Board

Company's after-tax earnings amounted to EUR 112683

Future prospects

1. As far as possible to maintain the existing and continuing to attract new customers.
2. Optimize production and sales costs.
3. Buy or rent agricultural land for the needs of the cereals sector.
4.Look trough the possible ways to attract the resources of fonds of EU for the company's grain oasts reconstruction and rebuild of garage-workshop building.

Chairman of the Board_____ G.Kaķis
Member of the Board_____ S.Lukaže
Member of the Board_____ D.Lielpinka

March 16, 2016

STATEMENT ABOUT MANAGEMENT LIABILITY

The Management of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" is responsible for the preparation of the Company's Annual Report.

The Management of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" in accordance with information available confirms that the Annual Report for the financial year 2014 has been prepared in accordance with the requirements of the applicable laws and regulatons and gives a true and fair view on the JSC "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" assets, liabilities, financial position and loss. The Management Report provides true review of JSC "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" growth and performance results.

Internal risk control procedures are effective, risk management and internal control during the reporting year were performed in accordance with internal control procedures.

The Management of Joint Stock Company "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" is responsible for the compliance with the requirements of laws and regulations of the Republic of Latvia.

Chairman of the Board_____ GATIS KAĶIS

Member of the Board_____ SIGITA LUKAŽE

Member of the Board_____ DAIGA LIELPINKA

March 16, 2016

BALANCE SHEET

	ASSETS	Notes	31.12.15. EUR	31.12.14. EUR
Non-current assets				
I	***Intangible assets***			
	Concessions, patents, licences, trade marks and similar rights		872	1 325
	Total intangible assets	3	**872**	**1 325**
II	***Tangible assets***			
	Land, building and construction		773 608	783 038
	Equipment and machinery		109 911	77 013
	Other fixed assets and equipment		8 273	11 204
	Construction in progress		4 200	
	Total tangible assets	4	**895 992**	**871 255**
III	***Biological assets***			
	Breeding bulls		30 380	25 184
	Breeding boars		12 716	9 880
	Forest stand		413	413
	Total biological assets	5	**43 509**	**35 477**
IV	***Long-term financial investments***			
	Other loans and long-term receivables		3529	3 529
	Total long-term financial investments	6	**3 529**	**3 529**
	Total non-current assets		**943 902**	**911 586**
Current assets				
I	***Inventories***			
	Raw materials and consumables	7	92 259	60 007
	Unfinished production	8	38 121	35 262
	Finished production and goods for sale	9	323 029	338 595
	Total inventories		**453 409**	**433 864**
II	***Receivables***			
	Trade receivables	10	80 307	81 743
	Other receivables	11	479	10 487
	Prepaid expenses	12	8 966	6 623
	Total receivables		**89 752**	**98 853**
III	***Cash (total)***	13	**255 426**	**225 426**
	Total current assets		**798 587**	**758 143**
	Total assets		**1 742 489**	**1 669 729**

The accompanying notes from 12 to 25 page form an integral part of these financial statements.

Chairman of the Board_____ GATIS KAĶIS

Member of the Board_____ SIGITA LUKAŽE

Member of the Board_____ DAIGA LIELPINKA

March 16, 2016

BALANCE SHEET (continued)

	PASĪVS	Notes	31.12.15. EUR	31.12.14. EUR
I	***Equity***			
	Share capital (equity)	14	613 200	623 218
	Reserves:			
	a) other reserves		1 258	
	Total reserves		1 258	0
	Retained earnings			
	a) retained earnings for the previous year		889 416	987 505
	b) retained earnings for the reporting year		112 683	-98 089
	Total retained earnings		1 002 099	889 416
	Total equity		**1 616 557**	**1 512 634**
II	***Provisions***			
	Other provisions	15	21 977	17 993
	Total provisions		**21 977**	**17 993**
III	***Liabilities***			
I	***Long-term liabilities***			
	Deferred income		3 170	21 877
	Total long-term liabilities		**3 170**	**21 877**
II	***Short-term liabilities***			
	Advances from customers			
	Trade payables		11 881	52 752
	Taxes and state social insurance payables	16	42 063	27 276
	Other payables	17	17 603	17 040
	Deferred income		18 707	18 707
	Accrued liabilities	18	10 531	1 450
	Total short-term liabilities		**100 785**	**117 225**
	Total liabilities		**103 955**	**139 102**
	Total equity and liabilities		**1 742 489**	**1 669 729**

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Chairman of the Board_____ GATIS KAĶIS

Member of the Board_____ SIGITA LUKAŽE

Member of the Board_____ DAIGA LIELPINKA

March 16, 2016

INCOME STATEMENT

	Notes	2015 EUR	2014 EUR
Net turnover	19	943 948	1 053 462
Cost of sales	20	500 105	573 233
Gross profit or loss		**443 843**	**480 229**
Sales expenses	21	175 678	432 773
Administrative expenses	22	206 093	208 530
Other operating income	23	61 035	70 011
Other operating expenses	24	0	1 768
Profit or loss from operations		**123 107**	**-92 831**
Interest payable and similar expenses	25	746	127
Profit or loss before extraordinary items and taxes		**122 361**	**-92 958**
Extraordinary income			
Profit or loss before taxes		**122 361**	**-92 958**
Corporate income tax		4 657	
Other taxes	26	5 021	5 131
Profit or loss of the reporting year		**112 683**	**-98 089**
Earnings (loss) per share (EPS)		**0.129**	**-0.112**

The accompanying notes from 12 to 25 page form an integral part of these financial statements.

Chairman of the Board_____ GATIS KAĶIS

Member of the Board_____ SIGITA LUKAŽE

Member of the Board_____ DAIGA LIELPINKA

March 16, 2016

CASH FLOW STATEMENT (indirect method)

		Notes	2015 EUR	2014 EUR
I	***Cash flow from operating activities***			
1	Profit or loss before extraordinary items and taxes		**122 361**	**-92 958**
	Adjustments:			
a)	depreciation costs of tangible assets;	4	38 474	37 621
b)	write-offs of intangible assets;	3	453	505
c)	disposals of tangible assets;	4	-4 572	-3 289
d)	accruals (other than accruals for doubtful debts);	16	3 984	-2 835
e)	profit or loss from foreign currency exchange rate fluctuations;	28	93	-1 049
f)	subsidies, grants, endowments, donations;	27	-54 994	-53 671
g)	other interest receivable and similar income;	29		0
h)	interest payable and similar expenses.	30	746	127
2	Profit or loss before corrections of changes in the balances of current assets and short-term liabilities		**106 545**	**-115 549**
	Adjustments:			
a)	(increase)/decrease in long-term financial investments;			
b)	(increase)/decrease in biological assets;		-8 032	4 259
c)	(increase)/decrease in receivables balances;		-978	-5 683
d)	(increase)/decrease in inventories balances;		-19 545	260 001
e)	increase/(decrease) in suppliers, contractors and other creditors payables balances.		-29 725	16 017
3	**Gross cash flow from operating activities**		**48 265**	**159 045**
4	Interest payable	30	-746	-127
5	Immovable property tax expenses	32	-5 021	-5 131
6	**Cash flow before extraordinary items**		**42 498**	**153 787**
7	Cash flow from extraordinary items	31		
8	**Net cash flow from operating activities**		**42 498**	**153 787**
II.	***Cash flow from investing activities***			
1	Acquisitions of fixed assets	3,4	-63 292	-111 981
2	Proceeds obtained from fixed assets	4	4 653	3 662
3	Interest receivable and similar income	29		
6	**Cash flow from investing activities**		**-58 639**	**-108 319**
III.	***Cash flow from financing activities***			
1	Loans received			
2	Subsidies, grants, endowments and donations received	27	54 994	53 671
3	Decrease of fixed capital in the result of denomination		-8 760	-52 560
7	**Net cash flow from financing activities**		**46 234**	**1 111**
IV.	***Result of foreign currency exchange rate fluctuation***		-93	1 049
V.	***Net cash flow in the reporting year***		**30 000**	**47 628**
VI.	***Cash and its equivalents at the beginning of the reporting year***		**225 426**	**177 798**
VII.	**Cash and its equivalents at the end of the reporting year**	**13**	**255 426**	**225 426**

The accompanying notes from 12 to 25 page form an integral part of these financial statements.

Chairman of the Board_____ GATIS KAĶIS

Member of the Board_____ SIGITA LUKAŽE

Member of the Board_____ DAIGA LIELPINKA

March 16, 2016

STATEMENT OF CHANGES IN EQUITY

	2015.gads EUR	2014.gads EUR
I. Share capital (equity)		
1. Amount in the balance sheet of the previous year	**623218**	**623218**
2. Paid to shareholders	**8760**	
3. Transferred reserves	**1258**	
4. Amount in the balance sheet at the end of the reporting year	**613200**	**623218**
V. Reserves		
1. Amount in the balance sheet of the previous year	**0**	**0**
2. Transferred reserves of share capital	**1258**	**0**
4. Amount in the balance sheet at the end of the reporting year	**1258**	**0**
VI. Retained earnings		
1. Amount in the balance sheet of the previous year	**889416**	**1040065**
2. Increase/decrease in retained earnings	112683	-98089
3. Dividends paid		52560
4. Amount in the balance sheet at the end of the reporting year	**1002099**	**889416**
VII. Equity		
1. Amount in the balance sheet of the previous year	**1512634**	**1663283**
3. Amount in the balance sheet at the end of the reporting year	**1616557**	**1512634**

The accompanying notes from 12 to 25 page form an integral part of these financial statements.

Chairman of the Board_____ GATIS KAĶIS

Member of the Board_____ SIGITA LUKAŽE

Member of the Board_____ DAIGA LIELPINKA

March 16, 2016

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICY

I. General Principles

The financial statements of the Company have been prepared in accordance with the Law of the Republic of Latvia on Annual Reports, Regulations No.488 issued by the Cabinet of Ministers of the Republic of Latvia "Law on annual reports enforcement policies", Regulations No.481 issued by the Cabinet of Ministers of the Republic of Latvia "Regulations on the cash flow statement and statement of changes in equity content and preparation procedures".

Income statement has been prepared by turnover cost method.

Cash flow statement has been prepared using indirect method to calculate cash flow from operating activities.

Accounting policy, accounting and evaluation methods used by the Company have not been changed comparing with the previous reporting year, comparative indicators ar accordingly reclassified.

Financial reporting year is 12 month and it is equal to calendar year.

Accounting principles used

Items of the financial statements have been evaluated according to the following accounting principles:

1. Assumption, that a Company is a going concern.

2. The same evaluation methods are used as in the previous reporting year.

3. Evaluation is made with proper precaution, taking into account the folowing conditions:

- the report includes profit, that was acquired till the date of the balance sheet;
- all foreseeable risk amounts and losses that incurred during the reporting year or in the previous years have been taken into account even if they have been found out in the period between the date of balance sheet and the date, when annual report was signed;
- any value decrease and depreciated amounts have been calculated and taken into account regardless of whether the reporting year is finished with profit or loss.

4. Income and expenses related to the reporting year are taken into account regardless of the date of payment and the date of invoice receipt or issue. Expenses are reconciled with incomes in the reporting year.

5. Elements of the assets and liabilities items are evaluated separately.

6. Opening balances of the reporting year match closing balances of the previous year except the adjusted

7. All the items, that significantly affect evaluation and decision-making of the annual report users, are disclosed, non-significant items have been combined and the details are disclosed in the notes.

8. Business transactions are disclosed in the annual report, taking into account its economic contents and nature rather than legal form.

Subsequent events

Favorable or adverse events after the balance sheet date of the reporting year are disclosed in the financial statements by reflecting the adjustments in the amounts of the items or by adding new items. If by the time of the preparation of financial statements there has been adverse event that does not relate to the reporting year, but may significantly impact the financial statement users' assessment of Company's assets, liabilities, financial position, profit or loss and cash flow or decision-making in the future, the Management provides information about such events in the Management Report, disclosing the estimated financial impact of the event or informing that it can not be estimated.

Changes in accounting policies, accounting estimates, correction of errors and its disclosure in the financial statements

Accounting policies are changed only if the regulatory framework has changed or if the existing accounting policy no longer meets the true and fair view requirements of the law due to changed circumstances. If a change in accounting policy is caused by normative framework, the impact is disclosed in the financial statements in accordance with established transitional procedures. If the transitional procedures have not been established, the impact of change in accounting policy is evaluated to all respective items of the financial statements of the previous period. Changes in accounting policies are explained in the notes to the financial statements.
Information about the change in accounting estimates is provided in the notes to the financial statements.
Accounting estimates are changed only when subsequent events will change the circumstances that gave rise to the estimate so far, or if there is new information.

Error occurred and discovered during the reporting year or by the time of preparation of annual report is corrected before the financial statements are authorised for issue, adjusting the corresponding financial statement's items.

II. Recognition of revenues and net turnover

Net turnover is the total value of the goods sold and services provided within the year, subtracting discounts,value added tax and other taxes directly related to sales. Revenue from the product sale is recognized when the buyer has accepted the goods according to the terms and conditions of the goods delivery. Revenue from services provided is recognized at the time services are provided.
Other revenues are recognized as following:
- revenue from rent - at the time it occurs;
- revenues from fines and penalty payments - at the receipt time;
- revenues from insurance compensation - at the receipt time;
- revenues from dividends - when legal right appears;
- revenues from interest - on accrual basis of accounting.

In accordance with principle of accrual basis of accounting expences are recognizes in the period, in which they occur regardless of invoice payment date. Loan costs, which are assoicieted with loans are written-off in the period to which they relate and are shown in the caption "Interest payable and similar expenses".

III. Intangible and tangible assets

Intangible and tangible assets are recorded at purchase value less accumulated depreciation. The purchase value includes expenses, which are directly related to the purchase of the intangible or tangible asset. The purchase value of software licence includes costs of licence purchase and costs, that appeared by the time of implementing it in use. The value of intangible assets is expected to be included in the expenses within five years.

Land is not an object of depreciation. In respect of other assets the depreciation is calculated on a straight-line basis over the estimated useful life of the relevant intangible or tangible asset, in order to write-off the purchase value or the revaluation value of the intangible or tangible asset until its estimated residual value at the end of the useful life using the following rates defined by the Management:

	Depreciation % per year
Buildings and constructions	1.7%-8.5%
Technilogical equipment	14.3%-25%
Other equipment and facilities, motor vehicles	10%-25%

The initial value of construction in progress is increased by other direct costs incurred in relation to the object until the new object is put into operation. The initial value of the respective asset is not increased by the interest of the loans used for creation of the new asset in the periods when active development work regarding the construction in progress is not carried out. At the end of the reporting year the construction in progress is evaluated for impairment.

Subsequent costs are included in the balance sheet asset value or recognized as a separate asset only when there is a high probability that future economic benefits, related to this item, will flow to the Company and the costs of this item can be determined credibly. Such costs are written off during the remaining useful life of the tangible asset. When capitalizing the established costs of spare parts, the residual value of the replaced parts is written off in the income statement.

Current repair and maintenance costs of the tangible asset are recorded in the income statement in the period they appeared.

Profit or loss on tangible assets disposals are calculated as the difference between the book value and sales income, and the incomes from the respective tangible asset revaluation reserve written-off, these are recorded in the income statement in the period they appeared.

IV. Stocks

Raw materials the company evaluate accordingly purchase value. Production in progress is evaluated accordingly cost price. Finished goods are evaluated accordingly cost price. To evaluate the stock value, average weight value method is used (FIFO method). Old, slow turnover or faulty stock value decrease is written off in costs of the annual report.

V. Trade receivables

Trade receivables are recorded in the balance sheet in the net value, initial costs less an allowance for any doubtful or uncollectible amounts. The allowance for any doubtful or uncollectible amounts is made in the cases, when the Management supposes, that the collection of these amounts is problematic.

VI. Prepaid expenses

Expenses, which occurred after reporting date, but are related to subsequent years, shall be shown in the balance-sheet item "Prepaid expenses"

VII. Foreign Currency Revaluation to Lats

The accounting in the Company is made in Latvian lats. All transactions in the foreign currency are revaluated to lats according to the official exchange rate defined by the Bank of Latvia at the date of transaction.

Assets and liabilities in the foreign currency are revaluated to lats according to the official exchange rate defined by the Bank of Latvia at the last day of the reporting year. The profit or loss, that derive from the foreign currency exchange rate fluctuations, are disclosed in the income statement in the corresponding

	31.12.2015. (EUR)	**31.12.2014.** (EUR)	
1 USA dollar	**1.087**	**1.214**	(USD)

VIII. Cash and Cash Equivalents

Cash and cash equivalents for the cash flow statement’s purpose consist of the current accounts balances and short-term deposits with initial term up to 90 days.

IX. Financial Risk Management

The Company's principal financial instrument is cash. The main purpose of this financial instrument is to ensure financing for the Company's operations. The Company has various other financial instruments such as consumers and customers debts and other debtors, debts to suppliers and contractors and other creditors, which arise directly from its operations. The company may grant short-term loans to the Management and employees.

Financial risks

The main financial risks arising from the Company's financial instruments are liquidity risk and credit risk.

Interest rate risk

The Company's policy is to ensure that the majority of its borrowings are at fixed rate.

Credit risk

The Company is exposed to credit risk through its trade receivables, other receivables, as well as cash. The Company manages its credit risk by continuously assessing the credit history of customers and assigning credit terms on individual basis. In addition, receivable balances are monitored on an ongoing basis to ensure that the Company's exposure to bad debts is minimised.

The partners in cash transactions are home and foreign financial institutions with a respective credit history.

Liquidity risk

The Company manages its liquidity risk by maintaining an appropriate financing.

X. Subsidies

Subsidies received for specific types of capital investment are recognized as deferred income, which is gradually included in the revenues during the useful life of the tangible assets received or purchased with the subsidy. Subsidy to cover expenses is recognized in revenues in the same period when the relevant expenditure appeared, provided all the terms and conditions in respect of receiving the subsidy are fulfilled.

XI. Taxes

The Corporate income tax costs of the reporting year are included in the financial statements basing on the Management's calculations in accordance with the laws and regulations on taxes of the Republic of Latvia.

Deferred tax is calculated using the liability method on all temporary differences between assets and liabilities in the financial statements and its values for the tax calculation purposes. Deferred tax is calculated using the tax rates, that are in force at the date of the balance sheet, which are expected during the periods, when temporary differencies smooth out. Temporary differences primarily arise from the use of different rates of depreciation of the fixed assets, as well as tax losses that are transfered to subsequent tax periods. A diferred tax asset is recognized if there is a high probability, that a taxable profit will be acquired, which will be object to the deductible temporary differencies.

XII. Provisions

Provisions are recognized if the Company has present legal or practice obligation that was a result of past events, there is a high probability, that for the completion of the obligation economic benefits outflow will be necessary and the amount may be credibly estimated.

Provisions for unused annual leaves and state social insurance payments for unused leaves are calculated as total provisions for all employees taking into account each employee's average daily salary and accumulated leave days at the end of the reporting period.

XIII. Related parties

Related parties are considered to be participants of the Company, members of the Board, members of the Council, their close relatives and the companies, in which mentioned persons have control or significant influence.

XIV. Biological assets

Biological assets of the company are getter animals belonging to the company (getter bulls, boars), that are kept to get agriculture products for sale. Biological assets are recorded accordingly purchase cost.

XV. Accrued liabilities, contingencies

Accrued liabilities are certain amounts payable to suppliers and contructors for goods or services received in the reporting year which at the balance sheet date has not yet been billed according to supply, sales or business contracts or other reasons. These obligations amounts are calculated on the basis of the contract price and the supporting documents of actual receipt of goods or services. A contingent liability disclosures are provided in the notes to the financial statements and - where appropriate - in the Management report. The likely financial impact is indicated where possible and if any expected.
Contingent assets which may arise in connection with certain past events (eg, intention to conclude a contract or option), are not included in the balance sheet. If it is expected that the Company receives future economic benefits from contingent assets, the information is provided in the Management report.

XVI. Earnings per share

Earnings per share are determined by dividing the net profit or loss attributable to company shareholders by the weighted average number of shares during the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL NOTES

	2 015	2 014
1. Average number of employees in the reporting year		
Average number of employees	36	36
	EUR	**EUR**
2. Total personnel expenses	**416 748**	**399 624**
- salaries	338 357	324 633
- state social insurance payments	78 391	74 991
- including:		
Remuneration of employees engaged in production (core activity)		
- salaries	219 771	211 585
- state social insurance payments	50 986	48 886
- total	**270 757**	**260 471**
Renumeration of administration		
- salaries	118 586	113 048
- state social insurance payments	27 405	26 105
- total	**145 991**	**139 153**
including Reward to the Council		
- reward	16 320	14 069
- state social insurance payments	3 516	3 083
- total	**19 836**	**17 152**
including Reward to the Board		
- salary for the board member duties	36 499	32 203
- salary for the proffesional duties	38 594	33 720
- state social insurance payments	17 743	15 520
- total	**92 836**	**81 443**

3. Statement of intangible assets flow

	Company's development expenses	Concessions, patents, licences, trade marks and similar rights, incl.		Other intangible assets	Goodwill	Advance payments	Total intangible assets
			computer software				
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Purchase value as at 31.12.2013.			3 282				**3 282**
Purchase (+)			1 139				**1 139**
Disposal (-)							**0**
Purchase value as at 31.12.2014.	0	0	4 421	0	0	0	**4 421**
Depreciation as at 31.12.2013.			2 595				**2 595**
Calculated (+)			505				**505**
Written off (-)			4				**4**
Depreciation as at 31.12.2014.	0	0	3 096	0	0	0	**3 096**
Net carrying amount as at 31.12.2013.		**0**	**687**	**0**	**0**	**0**	**687**
Net carrying amount as at 31.12.2014.		**0**	**1 325**	**0**	**0**	**0**	**1 325**

	Company's development expenses	Concessions, patents, licences, trade marks and similar rights, incl.		Other intangible assets	Goodwill	Advance payments	Total intangible assets
			computer software				
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Purchase value as at 31.12.2014.			4 421				**4 421**
Purchase (+)							**0**
Disposal (-)							**0**
Purchase value as at 31.12.2015.	0	0	4 421	0	0	0	**4 421**
Depreciation as at 31.12.2014.			3 096				**3 096**
Calculated (+)			453				**453**
Written off (-)							**0**
Depreciation as at 31.12.2015.	0	0	3 549	0	0	0	**3 549**
Net carrying amount as at 31.12.2014.		**0**	**1 325**	**0**	**0**	**0**	**1 325**
Net carrying amount as at 31.12.2015.		**0**	**872**	**0**	**0**	**0**	**872**

4. Statement of tangible assets and investment property flow

	Land, building and construction (EUR)	Long-term investm. in rented fixed assets (EUR)	Equipment and machinery (EUR)	Other fixed assets and equipment (EUR)	Construction in progress (EUR)	Advance payments for fixed assets (EUR)	Total (EUR)
Purchase or revaluated value as at 31.12.2013.	757 747	0	538 079	41 310		0	**1 337 136**
Purchased in the reporting year (+)	79 194		30 918	1 143			**111 255**
Reclassified (+/-)			40 650	1 772			**42 422**
Disposed in the reporting year (+/-)	-413						**-413**
Purchase or revaluated value as at 31.12.2014.	836 528	0	528 347	40 681	0	0	**1 405 556**
Accumulated depreciation as at 31.12.2013.	44 060	0	467 115	27 554	0	0	**538 729**
Calculated in the reporting year (+)	9 430		24 498	3 693			**37 621**
Reclassified (+/-)			40 279	1 770			**42 049**
Disposed in the reporting year (-)							**0**
Accumulated depreciation as at 31.12.2014.	53 490	0	451 334	29 477	0	0	**534 301**
Net carrying amount as at 31.12.2013.	**713 687**	**0**	**70 964**	**13 756**	**0**	**0**	**798 407**
Net carrying amount as at 31.12.2014.	**783 038**	**0**	**77 013**	**11 204**	**0**	**0**	**871 255**

	Land, building and construction (EUR)	Long-term investm. in rented fixed assets (EUR)	Equipment and machinery (EUR)	Other fixed assets and equipment (EUR)	Construction in progress (EUR)	Advance payments for fixed assets (EUR)	Total (EUR)
Purchase or revaluated value as at 31.12.2014.	836 528	0	528 347	40 681	0	0	**1 405 556**
Purchased in the reporting year (+)			58 803	289	4 200		**63 292**
Reclassified (+/-)			33 792	715			**34 507**
Disposed in the reporting year (+/-)							**0**
Purchase or revaluated value as at 31.12.2015.	836 528	0	553 358	40 255	4 200	0	**1 434 341**
Accumulated depreciation as at 31.12.2014.	53 490	0	451 334	29 477	0	0	**534 301**
Calculated in the reporting year (+)	9 430		25 905	3 139			**38 474**
Reclassified (+/-)			33 792	634			**34 426**
Disposed in the reporting year (-)							**0**
Accumulated depreciation as at 31.12.2015.	62 920	0	443 447	31 982	0	0	**538 349**
Net carrying amount as at 31.12.2014.	**783 038**	**0**	**77 013**	**11 204**	**0**	**0**	**871 255**
Net carrying amount as at 31.12.2015.	**773 608**	**0**	**109 911**	**8 273**	**4 200**	**0**	**895 992**

4. Statement of tangible assets and investment property flow (continued)

Property	Cadastre No.	Cadastral value EUR	Book value EUR
Land	(EUR)	295 656	455 289
Building and construction	(EUR)	45 270	318 319

Result of written-off, eliminated and disposed tangible assets:

	31.12.2015. EUR	31.12.2014. EUR
Purchase value	34 507	42 422
Accumulated depreciation (-)	34 426	42 049
Net carrying amount	81	373
Spare parts, materials and proceeds obtained from disposal of fixed assets (+)	4 653	3 662
Profit (+) or loss (-) form disposal of fixed assets	4 572	3 289

Depreciation of fixed assets and write-off of intangible assets value for tax purposes (Law on Enterprise Income Tax, Section 13)

	Residual value as at 31.12.2014.	Purchased in 2015	Residual value of disposed fixed asset	Value for depreciation calculation	Rate	Depreciation	Residual value as at 31.12.2015.
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Intangible assets	359	0	0	359	70%	251	108
Group I - excluded	0		0	0		0	0
Group I - other	205 692		0	205 692	10%	20569	185 123
Group III	571	289	0	860	70%	602	258
Group IV	44 235	58 803	81	102 957	40%	41183	61 774
Group IV	0		0	0	30%	0	0
Lands	455 289	0		455 289	0%	0	455 289
Total	**706 146**	**59 092**	**81**	**765 157**		**62 605**	**702 552**

5. Biological assets

	31.12.2015. EUR	31.12.2014. EUR
Residual value at the beginning of the year	**25 184**	**28 545**
Purchased breeding bulls	12 800	19 584
Sold to breeding animals (-)	7 604	22 945
Advance payments for breeding animals		0
Residual value at the end of the year	**30 380**	**25 184**

	31.12.2015. EUR	31.12.2014. EUR
Residual value at the beginning of the year	**9 880**	**11 191**
Purchased breeding boars	5 240	995
Sold to breeding animals (-)	2 404	2 306
Advance payments for breeding animals		0
Residual value at the end of the year	**12 716**	**9 880**

	31.12.2015. EUR	31.12.2014. EUR
Residual value at the beginning of the year	413	**0**
Purchased forest stand	0	0
Sales of forest stand	0	0
In reference year moved from fixed assets	0	413
Residual value at the end of the year	**413**	**413**

6. Long-term financial investments

Item	31.12.2015.		31.12.2014.	
	Amount	EUR	Amount	EUR
Share SIA Latvijas šķ.dzīvn.audz.savienībā	2 000	2 846	2 000	2 846
Share SIA Piensaimnieku laboratorija	16	683	16	683
Total	**2 016**	**3 529**	**2 016**	**3 529**

7. Raw materials and consumables

	31.12.2015. EUR	31.12.2014. EUR
Materials	18 919	23 384
Feed additives	176	194
Mineral fertilizers and chemicals	9 440	4 089
Grain and seedcorn	58 061	25 632
Fuel and lubricants	3 134	3 997
Spare parts	191	191
Animal feed	2 338	2 520
Total	**92 259**	**60 007**

8. Unfinished production

	31.12.2015. EUR	31.12.2014. EUR
Winter crops	38 121	35 262
Total	**38 121**	**35 262**

9. Finished production and goods for sale

	31.12.2015. EUR	31.12.2014. EUR
Frozen bulls sperm	323 029	338 577
Frozen stallions sperm	0	18
Total	**323 029**	**338 595**

10. Trade receivables

	31.12.2015. EUR	31.12.2014. EUR
Carrying amount of trade receivables	91 056	89 808
Allowance for doubtful receivables	10 749	8 065
Net trade receivables	**80 307**	**81 743**

11. Other receivables

	31.12.2015. EUR	31.12.2014. EUR
Incom tax	14	10 092
Advance person's debt settlement	0	395
Accounts payable overpayment	465	0
Total	**479**	**10 487**

12. Prepaid expenses

	31.12.2015. EUR	31.12.2014. EUR
Mission expenses	3 230	
Insurance	5 736	6 623
Total	**8 966**	**6 623**

13. Cash

	31.12.2015. EUR	31.12.2014. EUR
Cash on hand	1 818	886
Cash in bank	253 608	224 540
Total	**255 426**	**225 426**

14. Information on the Company's own shares

The issued and fully paid Company's equity consists of 438 000 shares with the par value LVL 1.00 per share.
On the 31th of December 2014 438 000 bearer's shares were publicly traded.

Capital structure

Class of shares	31.12.2015 % of equity	Number of shares	EUR	31.12.2014 % of equity	Number of shares	EUR
Bearer's shares with voting rights - publicly traded	100%	876 000	613 200	100%	438 000	623 218
Bearer's shares without voting rights	0%	0	0	0%	0	0
	100%	**876 000**	**613 200**	100%	**438 000**	**623 218**

List of shareholders and their position held in the Company on the 31th of December 2015

Shareholders	Position held in the Company	% from share capital
SIA Latvijas šķ.dzīvn.audz.sav.	shareholder	37.25%
SIA JL INDEX	shareholder	11.85%
Pēteris Augustovs	shareholder	11.61%
Other shareholder	x	39.29%
Kopā:	**x**	**100.00%**

Information about limitations concerning share expropriation rights

Restrictions for expropriation of shares or specific consemt receiption for shares disposal have not been set.

Shareholders' rights and agreements

Regulated by laws and regulations of the Republic of Latvia, the Company's Statutes does not define any special limitations or regulations related to the voting right.

Company does not possess any information about agreements between shareholders.

Powers of the Board Members and special agreements

According to the Statutes of the JSC "Kurzemes ciltslietu un mākslīgās apsēklošanas stacija" each Board member has

the right to represent the Company alone.

There is no agreement between the Company and the Board members concerning the compensation of resignation.

Regulations of Board members elections and Satute amendments

Regulated by laws and regulations of the Republic of Latvia, the Company's Statutes does not define any special limitations or regulations related to the elections of Board members and Statute amendments.

15. Provisions

	31.12.2015. EUR	31.12.2014. EUR
Provisions for leaves in the begining of the year	17 993	20 828
Increase/(decrease)	3 984	-2 835
Provisions for leaves in the end of the year	**21 977**	**17 993**

16. Taxes and state social insurance payables

	31.12.2015. EUR	31.12.2014. EUR
State social insurance payments	10 884	9 950
Personal income tax	5 732	3 746
Unemployment risk duty	4 657	0
Value added tax	20 315	13 084
Natural resources tax	475	496
Total	**42 063**	**27 276**

Tax and duty obligations flow in 2014

	Balance as at 31.12.2014.	Calculated in 2015	Penalty un 2015	Paid in 2015	Repaid in 2015	Deflection to other taxes	Balance as at 31.12.2015.
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
State social insurance payments	9 950	110 600		109 666			10 884
Personal income tax	3 746	58 309		56 323			5 732
Value added tax	13 084	105 801		98 570			20 315
Immovable property tax		5 021		5 021			0
Company income tax	-10 079	4 657				10 079	4 657
Natural resources tax	496	608		629			475
Company car tax	0	1 537		1 537			0
Unemployment risk duty	-13	185		186			-14
Total	**17 184**	**286 718**		**271 932**			31 970
including:							
Taxes receivable (-)	**-10 092**						**-14**
Taxes payable (+)	**27 276**						**42 063**

Taxes receivable as at 31.12.2015. in the amount of EUR 14 are shown in the item "Other receivables"

17. Other payables

	31.12.2015. EUR	31.12.2014. EUR
Wages and salaries	17 091	16 398
Advance person's debt settlement	140	89
Debtor overpayment	372	553
Total	**17 603**	**17 040**

18. Accrued liabilities

	31.12.2015. EUR	31.12.2014. EUR

Fees for sworn auditors company for audit of annual report	725	1 450
The Board and the Council Incentives	9 806	
Total	**10 531**	**1 450**

19. Net turnover

	31.12.2015. EUR	31.12.2014. EUR
Revenue from animal semen	518 500	559 126
Revenue from artifical insemination services	75 736	81 602
Revenue from livestock and other production	2 405	11 451
Revenue from grain sale	174 876	196 148
Revenue from linear evaluation of cows	63 929	74 657
Revenue from milk sample collection	57 270	58 668
Revenue from grain kiln service	2 924	17 822
Other	48 308	53 988
Total	**943 948**	**1 053 462**

19a. Net turnover by geographical segments

Latvia	943 948	1 053 462
Total	**943 948**	**1 053 462**

20. Cost of sales

	31.12.2015. EUR	31.12.2014. EUR
Forage	9 156	8 998
Medication	941	522
Wages and salaries	146 280	140 341
State social insurance payments, unemployment risk duty	34 657	32 282
Depreciation	34 966	33 561
Electricity costs	8 390	8 625
Security costs	150	256
Insurance costs	4 053	4 121
Materials and spare parts	51 186	93 225
Utilization and other expenses	314	322
Dry waste	368	325
Natural resources tax	608	654
Fuel costs	36 873	64 022
Gas costs	3 538	16 728
Current repair services	14 685	15 275
Miscellaneous services (transport, etc.)	47 361	49 152
Fertilizers, seeds and chemicals.	92 282	78 921
Other	14 297	25 903
Total	**500 105**	**573 233**

21. Sales expenses

	31.12.2015. EUR	31.12.2014. EUR
Wages and salaries	73 491	71 244
State social insurance payments, unemployment risk duty	16 329	16 708
Transport costs	62 125	67 774
Writte-off of breeding bull' bio product	2 641	254 857
Advertising costs	5 868	3 914
Other	15 224	18 276
Total	**175 678**	**432 773**

22. Administrative expenses

	31.12.2015. EUR	31.12.2014. EUR
Communication expenses	1 761	1 014
Office maintenance expenses	4 677	4 564
Annual report expenses	9 043	7 583
Bank sevices	868	1 010
Administration salaries	118 586	113 048
State social insurance payments, unemployment risk duty	27 406	26 157
Depreciation	3 961	4 565

Transport costs	12 584	12 592
Business trip expenses	359	3 912
Miscellaneous services	25 549	32 640
Legal services	1 299	1 445
Total	**206 093**	**208 530**

23. Other operating income

	31.12.2015. EUR	31.12.2014. EUR
Revenue from the sale of fixed asset	3 517	3 291
Excise tax for diesel fuel used in agriculture	546	7 547
Subsidies from Agriculture Ministry	36 287	34 964
EU financing for reconstruction and modernisation of boars'cattle-shed	10 245	10 245
EU financing for reconstruction and modernisation of bulls'cattle-shed	5 458	5 458
EU financing for new machinery purchase for grain industry	3 004	3 004
Income from foreign currency exchange rate fluctuations	93	0
Others income	1 885	5 502
Total	**61 035**	**70 011**

24. Other operating expenses

	31.12.2015. EUR	31.12.2014. EUR
Losses from foreign currency exchange rate fluctuations	0	1 049
Others expenses	0	719
Total	**0**	**1 768**

25. Interest paid and similar expenses

	31.12.2015. EUR	31.12.2014. EUR
Interest and similar expenses	746	127
Kopā	**746**	**127**

Deferred tax income or expenses

	31.12.2015. EUR	31.12.2014. EUR
Temporary difference in provisions for annual leave	-21 977	-17 993
Temporary difference in tangible assets depriciation	-265 636	-377 984
Temporary differences of the loss amounts, that reduce the taxable income		
Deferred tax liabilities (+), assets (-)	**-43 142**	**-59 397**

Deferred tax calculated for the year 2015 and 2014 is tax asset that in accordance with the precautionary principle is not recognized.

26. Other taxes

	31.12.2015. EUR	31.12.2014. EUR
Immovable property tax in the reporting year	5 021	5 131
Total	**5 021**	**5 131**

OTHER NOTES TO FINANCIAL STATEMENTS

27. Fees for sworn auditors company

	31.12.2015. EUR	31.12.2014. EUR
Audit of annual report	1 450	1 450
Total	**1 450**	**1 450**

28. Guarantees and off-balance-sheet liabilities

Guarantees are not issued

There is non Off-balanc-sheet liabilities

29. Received financial assistance and other forms of financial support

During the reporting year the Company has received Government subsidies granted by the Ministry of Agriculture boar breeding industry EUR 3991 bull breeding industry EUR 3376, area payments to EUR 28920.

Share of EU funding attributable to the reporting period and recognized in 2015: boar cattle-shed reconstruction of EUR 10245, bull cattle-shed reconstruction of EUR 5458, purchase of the trailer and equipment of EUR 3004.

For the funds received in previous years all fund providers' requirements have been met.

The Company did not have a refundable amount related to the non-fulfilment of fund providers' requirements.

During the reporting year the Company has not received any State or local government guarantees or investment in share capital.

During the reporting year the Company has not received any gifts or donations.

30. Transactions with related parties

Not transaction.

31. Lease Contracts

During the reporting year the Company has entered into three lease agreements for land lease in Kuldiga region for three years.

32. Liabilities to former employees

The Company has not obligations to former employees.

33 Subsequent events

Other financial transactions or events that result in the adjustments in the financial statements or that should be explained in the financial statements, did not occur.

The financial statements have been signed from page 1 to page 25.

Chairman of the Board_____ GATIS KAĶIS

Member of the Board_____ SIGITA LUKAŽE

Member of the Board_____ DAIGA LIELPINKA

March 16, 2016