

Joint stock company
SIGULDAS CILTS LIETU UN
MĀKSLĪGĀS APSEKLOŠANAS
STACIJA

ANNUAL REPORT
for 2008

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Information on the Company

Company's name	<i>SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSEKĻOŠANAS 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 rural parish, Sigulda area, Riga district, LV-2150</i>
Shareholders holding more than 5% of the total number of voting shares	<i>SIA „Siguldus mākslīgās apsēklošanas stacija” (49.8%), registration No. 40003311954</i>
Members of the Board	<i>Nils Ivars Feodorovs, Chairman of the Board, holding 400 shares</i> <i>Māra Buka, Member of the Board, holding 12249 shares</i> <i>Valda Mālniece, Member of the Board, holding 14260 shares</i>
Members of the Council	<i>Inita Bedrīte, Chairman of the Council, holding 1084 shares</i> <i>Maija Beča, Deputy Chairman of the Council, holding 3066 shares</i> <i>Erika Everte, Member of the Council, holding 2208 shares</i> <i>Solvita Arcimoviča, Member of the Council from 25.04.2008, holding 430 shares</i> <i>Renia Beķere, Member of the Council from 25.04.2008, holding 4136 shares</i> <i>Irēna Ritmane, Member of the Council until 25.04.2008, holding 6751 shares</i>
Reporting year	<i>01.01.2008 – 31.12.2008</i>
Auditors	<i>Anita Sondore</i> <i>Sworn Auditor</i> <i>Certificate No. 129</i> <i>AUDITS A.S., SIA</i> <i>„Pīlādži”, Līgatne rural parish,</i> <i>Cēsu district, LV-4108, Latvia</i> <i>Sworn Auditors' Commercial Company's license No. 27</i>

Management Report

Type of Operations

JSC „Siguldas ciltslītu un mākslīgās apsēklošanas stacija” (hereinafter referred to as the Company) is one of the largest high-quality breeding animals’ semen producers and suppliers in Latvia. The second largest Company’s basic area of business is making of milk analyses. In addition, the Company performs other related services – evaluation of cow exterior, artificial insemination of cows, immune-genetic investigation of origin for cattle, milk recording data processing.

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

The Company’s turnover in 2008 reached 822 thous. lats, which is by 21 thous. lats or 2.6% more than in 2007. Compared to 2007, the profit for the year before taxes has decreased by 8 thous. lats and is 95 thous. lats.

The Company’s commercial profitability in 2008 was 11.6%, which is a decrease of 1.3% against the profitability of 2007.

During the reporting year, the Company bought milk analyzer for UREA testing, as well as continued making improvements in the production premises.

Future Prospects and Further Development

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

At the moment of signing the annual report, the Company has started providing milker measuring inspection services to farmers and farming companies.

Post-balance Sheet Events


During the time after the closing of the balance sheet and the day of signing this Report there were no major events or extraordinary conditions, which influence the result for the year and the Company’s financial condition.

Branches and representative offices abroad

The Company has no branches, nor representative offices abroad.

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

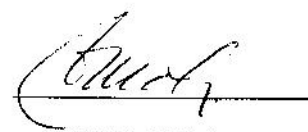
The Board has a proposal to pay dividends from the profit for the year in the amount of 21 122 lats, which is 0.05 lats per share.



Nils Ivars Feodorovs
Chairman of the Board



Māra Buka
Member of the Board




Valda Mālniece
Member of the Board

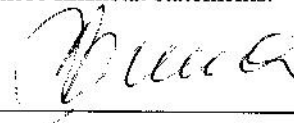
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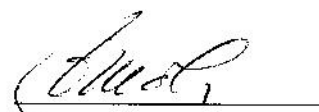
Profit or loss account for the period ended 31 December 2008

	Note	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Net sales	3	821 463	800 494	1 168 836	1 139 001
Changes in stock of ready-made goods and unfinished products	4	22 135	(24 921)	31 496	(35 460)
Other operating income	5	23 919	26 213	34 033	37 297
Costs of materials:		(342 436)	(298 430)	(487 243)	(424 628)
a) raw materials and auxiliary costs of materials		(235 920)	(231 189)	(335 684)	(328 952)
b) other external costs		(106 516)	(67 241)	(151 559)	(95 676)
Personnel costs:	6	(316 280)	(272 951)	(450 025)	(388 374)
a) salaries for work		(250 814)	(213 306)	(356 876)	(303 507)
c) state social insurance compulsory contributions		(60 368)	(54 225)	(85 896)	(77 155)
d) other social insurance costs		(5 098)	(5 420)	(7 253)	(7 712)
Write-off of assets and values:		(72 593)	(70 848)	(103 291)	(100 807)
a) depreciation of fixed assets and amortization of intangible assets		(72 166)	(68 816)	(102 682)	(97 916)
c) write-off of value of current assets above the normal deductions		(427)	(2 032)	(609)	(2 891)
Other operating costs	7	(36 381)	(35 631)	(51 765)	(50 699)
Other interest income and similar income	8	8 237	1 790	11 720	2 547
Interest payments and similar costs	9	(12 991)	(22 662)	(18 484)	(32 245)
Profit or losses before taxes		95 073	103 054	135 277	146 632
Enterprise income tax for the reporting year		(14 388)	(15 086)	(20 472)	(21 465)
Deferred tax costs	21	3 106	(13 067)	4 419	(18 593)
Other taxes	10	(913)	(830)	(1 299)	(1 181)
The profit or loss for the year		82 878	74 071	117 925	105 393
Equity per 1 share (EPS)	20	0.196	0.175	0.279	0.249

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


Nils Ivars Feodorovs
Chairman of the Board


Māra Buka
Member of the Board


Valda Mālniece
Member of the Board

7 April 2009

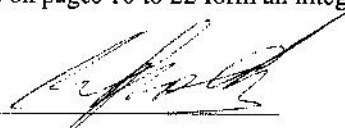
Balance sheet as at 31 December 2008

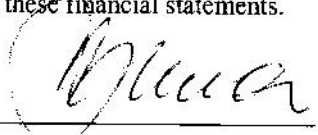
Assets	Note	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Long-term investments					
Intangible assets					
Concessions, patents, licenses, trade marks and similar rights		22	42	31	59
<i>Intangible assets total</i>	11	22	42	31	59
Fixed assets					
Land parcels, buildings and constructions and perennial plantings		169 845	183 082	241 669	260 503
Long-term investments in leased fixed assets		-	91 625	-	130 370
Equipment and machinery		106 862	41 412	152 051	58 924
Other fixed assets and inventory		13 425	19 641	19 103	27 947
Prepayments for fixed assets		149	-	211	-
<i>Fixed assets total</i>	12	290 281	335 760	413 034	477 744
Investment properties		16 245	16 245	23 114	23 114
Biological assets		42 704	46 814	60 762	66 610
Long-term financial investments					
Other securities and investments	13	3 480	3 480	4 952	4 952
<i>Long-term financial investments total</i>		3 480	3 480	4 952	4 952
Long-term investments total		352 732	402 341	501 893	572 479
Current assets					
Stock					
Raw materials, basic materials and auxiliary materials		17 422	15 431	24 789	21 957
Ready-made goods and goods for sale	14	265 421	241 936	377 661	344 244
Prepayments for goods		1 314	468	1 869	666
<i>Stock total</i>		284 157	257 835	404 319	366 867
Receivables					
Trade receivables	15	79 076	33 886	112 515	48 215
Other receivables	16	3 970	6 197	5 649	8 817
Prepaid expenses	17	5 897	3 860	8 390	5 493
<i>Receivables total</i>		88 943	43 943	126 554	62 525
Short-term financial investments					
Other securities and shareholding in capitals	18	5 026	25 256	7 151	35 936
<i>Short-term financial investments total</i>		5 026	25 256	7 151	35 936
Cash	19	171 725	139 292	244 342	198 195
Current assets total		549 851	466 326	782 366	663 523
Assets total		902 583	868 667	1 284 259	1 236 002

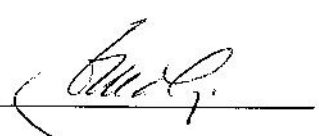
Balance sheet as at 31 December 2008

Shareholders' equity and liabilities	Note	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Shareholders' equity					
Share capital	20	422 440	422 440	601 078	601 078
Retained earnings:					
Retained earnings carried forward from previous years		310 555	278 728	441 880	396 594
Retained earnings of the reporting year		82 878	74 071	117 925	105 393
Shareholders' equity total		815 873	775 239	1 160 883	1 103 065
Payables					
Long-term payables					
Deferred tax liabilities	21	9 961	13 067	14 174	18 593
Long-term payables total		9 961	13 067	14 174	18 593
Short-term payables					
Other loans	22	-	24 237	-	34 486
Prepayments received from customers		573	479	815	682
Trade payables		23 182	14 374	32 985	20 452
Taxes and social insurance payments	23	18 979	13 186	27 004	18 762
Other payables		11 906	8 994	16 940	12 798
Accrued liabilities	24	22 109	19 091	31 458	27 164
Short-term payables total		76 749	80 361	109 202	114 344
Payables total		86 710	93 428	123 376	132 937
Shareholders' equity and liabilities total		902 583	868 667	1 284 259	1 236 002

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


Nils Ivars Feodorovs
Chairman of the Board


Māra Buka
Member of the Board

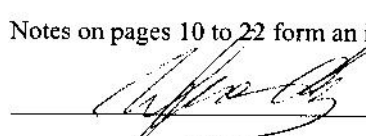

Valda Mālniece
Member of the Board

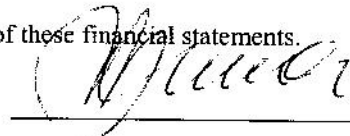
7 April 2009


Cash flow statement for the period ended 31 December 2008

	Note	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Cash flow from operating activities					
Income from sale of goods and provision of services		926 110	961 483	1 317 735	1 368 067
Payments to suppliers, employees, other expenses arising from basic operations		(836 506)	(771 553)	(1 190 241)	(1 097 821)
Other Company's basic income or expenses		30 044	26 421	42 749	37 594
Gross cash flow from basic operations		119 648	216 351	170 243	307 840
Expenses for tax payments		(13 489)	(25 818)	(19 193)	(36 736)
Net cash flow from operating activities		106 159	190 533	151 050	271 104
Cash flow from investing activities					
Purchase of fixed assets and intangible investments		(31 980)	(58 876)	(45 504)	(83 773)
Income from sale of fixed assets		6 123	-	8 712	-
Dividends received		-	440	-	626
Purchase of securities		(5 000)	(25 000)	(7 114)	(35 572)
Income from the sale of securities		25 280	-	35 970	-
Net cash flow from investing activities		(5 577)	(83 436)	(7 936)	(118 719)
Cash flow from financing activities					
Expenses for purchase of a leased fixed asset		(25 162)	(57 958)	(35 802)	(82 466)
Dividends paid		(42 244)	(42 244)	(60 108)	(60 108)
Net cash flow from financing activities		(67 406)	(100 202)	(95 910)	(142 574)
Result of foreign exchange rate fluctuations		(743)	165	(1 057)	235
Increase/decrease of cash and its equivalents		32 433	7 060	46 147	10 046
Cash and its equivalents at the beginning of the period		139 292	132 232	198 195	188 149
Cash and its equivalents at the end of the period	19	171 725	139 292	244 342	198 195

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


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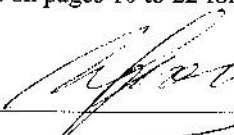
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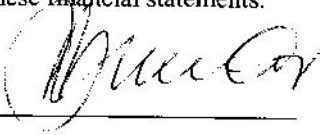
Statement on changes in shareholders' equity for the period ending 31 December 2008

	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	LVL	LVL	LVL	LVL
31.12.2006	422 440	187 735	133 237	743 412
Profit for 2006 transferred to retained earnings of previous years	-	133 237	(133 237)	-
Dividends for 2006	-	(42 244)	-	(42 244)
Retained earnings for the reporting year	-	-	74 071	74 071
31.12.2007	422 440	278 728	74 071	775 239
Profit for 2007 transferred to retained earnings of previous years	-	74 071	(74 071)	-
Dividends for 2007	-	(42 244)	-	(42 244)
Retained earnings for the reporting year	-	-	82 878	82 878
31.12.2008	422 440	310 555	82 878	815 873

	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR
31.12.2006	601 078	267 123	189 579	1 057 780
Profit for 2006 transferred to retained earnings of previous years	-	189 579	(189 579)	-
Dividends for 2006	-	(60 108)	-	(60 108)
Retained earnings for the reporting year	-	-	105 393	105 393
31.12.2007	601 078	396 594	105 393	1 103 065
Profit for 2007 transferred to retained earnings of previous years	-	105 393	(105 393)	-
Dividends for 2007	-	(60 108)	-	(60 108)
Retained earnings for the reporting year	-	-	117 925	117 925
31.12.2008	601 078	441 880	117 925	1 160 883

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


Nils Ivars Feodorovs
Chairman of the Board


Māra Buka
Member of the Board


Valda Mālniece
Member of the Board

7 April 2009

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,
- inspection of immune-genetic origin of cattle,
- milk recording data processing,
- animals breeding organization.

(2) Significant accounting principles

Underlying principles of preparation of the Financial Statements

The Company's Financial Statements have been prepared according to the Law *On Annual Reports* of the Republic of Latvia and the obligatory applicable Latvian Accounting Standards. The Profit or Loss Account was prepared based on the period costs method. The Cash Flow Statement was prepared according to the direct method.

Accounting principles used

The items of the Financial Statements have been evaluated according to the following accounting principles:

- It is assumed that the Company will be a going concern;
- The same evaluation methods have been used, which were used in the previous year;
- Evaluation was done with sufficient prudence:
 - The Financial Statements include solely the profit gained until the balance sheet date,
 - All expected risk amounts and losses have been taken into account, which occurred during the reporting year or in previous years, also if they were known during a certain period of time between the balance sheets date and the day of preparing the Financial Statements,
 - All value decreasing and depreciation amounts have been taken into account irrespective whether the reporting year was closed with profit or loss;
- reporting year related income and costs were recognized irrespective of the payment date and the date of receipt or issuance of invoice. Costs have been agreed with the income in the reporting period;
- components of asset and liabilities items have been recognized separately;
- the opening balance of the reporting year agrees with the closing balance of the previous year;
- all items have been recognized, which materially influence assessment or decision-making process of the users of the annual report, insignificant items are merged and they are detailed in the Appendix;
- operating transactions in the reporting year have been recognized in the Financial Statements by taking into account their economic substance and contents, rather than legal form.

Financial instruments

Fair value of financial assets and liabilities

Fair value of financial assets and liabilities reflect the amount, for which it is possible to exchange assets or perform liabilities in a deal between well informed, interested and financially independent persons. If in the Company's management opinion, fair value of financial assets and liabilities materially differs from the value recognized in the balance sheet, then the fair value of these assets and liabilities is recognized in the Notes to the Financial Statements.

Notes to the Financial Statements

Financial risks management

Credit risk

The Company's management has developed credit policy, which is constantly controlled. Client evaluation is done for all customers above a fixed amount. The Company cooperates with clients who have proper credit assessment.

Currency risk

Based on the current structure of Company's financial assets and liabilities held in foreign currencies, the currency risk is not material.

Reporting period

The reporting period is 12 months from 1 January to 31 December 2008.

Revaluation of foreign currencies

The Company's functional currency and the currency used in the Financial Statements is the Republic of Latvia national currency Lat (LVL). All transactions in foreign currencies are translated to Lats according to the exchange rate set by the Central Bank of Latvia on the day of making the respective transaction.

Monetary assets and liabilities, which are expressed in foreign currency, are translated to Lats to the exchange rate set by the Central Bank of Latvia on the last day of the reporting year.

	31.12.2008	31.12.2007
EUR	0.702804	0.702804

Currency exchange rate differences arising from settlements in currencies or when recognizing assets and liabilities using currency exchange rates, which differ from the initial currency exchange rates used for accounting of transactions, are recognized in the profit or loss account in net value.

Recognition of income

Income is recognized according to the conviction about the Company's possibility to gain economic benefit and in the amount, in which it is possible to state it, less value added tax and sales-related discounts. When recognizing income, also the following provisions are taken into account.

Sale of goods

Income is recognized when the Company has transferred to the purchaser major risks and indemnities related to the title of goods.

Provision of services

Income from services is recognized in the period when the services are provided.

Penalty and delay charges

Income from penalty and delay charges is recognized at the moment of their receipt.

Interest

Income is recognized according to the respective period of time.

Long-term and short-term items

Long-term items include amounts whose receipt, payments or write-off terms are due later after the end of the respective reporting year. Amounts, which are receivable, payable or written off during the year, are recognized in short-term items.

Notes to the Financial Statements

Leasing transactions

Financial leasing

In cases when fixed assets are purchased on the conditions of financial leasing and the related risks and return are taken over, these fixed assets are recognized in the value, for which they could be purchased with immediate payment. Leasing interest payments and similar payments are included in the profit or loss account of that period when they occurred.

Intangible assets and fixed assets

In the balance sheet, all intangible assets and fixed assets are reflected at their purchase prices, less depreciation. Depreciation is calculated from the first date of the next month after their commissioning and finished on the first date of the subsequent month after it is excluded from fixed assets. Depreciation is calculated according to the straight line method and is written off during the useful life time of respective fixed assets by choosing the following annual depreciation rates as fixed by the management:

Intangible assets:

Licenses	5 years
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Fixed assets:

Buildings and constructions	20 years
Equipment and machinery	5, 6 and 7 years
Computer hardware and communication equipment	5 years
Inventory and tools	3 and 5 years
Other fixed assets	2 and 3 years

Balances of fixed assets have been counted in the annual count of fixed assets.

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".

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.

Notes to the Financial Statements

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	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Livestock sperm	398 316	398 206	566 753	566 596
Milk laboratory services	233 559	234 316	332 324	333 402
Treatment of supervisory data	69 362	69 275	98 693	98 570
Inspection of cows	27 663	6 016	39 361	8 560
Artificial insemination of livestock	25 243	21 064	35 917	29 971
Immune-genetic laboratory services	11 041	11 639	15 710	16 561
Other income	56 279	59 978	80 078	85 341
	821 463	800 494	1 168 836	1 139 001

Distribution of net sales according to the geographical markets:

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Latvia	821 463	800 494	1 168 836	1 139 001

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

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Changes in sperm stock value	67 070	36 245	95 432	51 571
Written-off sperm	(40 825)	(53 236)	(58 088)	(75 748)
Changes in stud bull herd value	(4 110)	(7 930)	(5 848)	(11 283)
	22 135	(24 921)	31 496	(35 460)

(5) Other operating income

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
State support for agricultural	23 919	24 717	34 033	35 169
Other income	-	1 496	-	2 128
	23 919	26 213	34 033	37 297

Notes to the Financial Statements

(6) Personnel costs

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Salaries for work	248 372	208 780	353 401	297 067
State social insurance contributions	59 792	50 573	85 076	71 959
Changes in provisions for vacation reserve	3 018	8 178	4 294	11 636
Health insurance	3 318	4 430	4 721	6 303
Other costs	1 780	990	2 533	1 409
	316 280	272 951	450 025	388 374

(7) Other operating expenses

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Insurance payments	1 863	2 449	2 651	3 485
Business trip expenses	3 250	2 820	4 624	4 012
Selling expenses	6 278	2 688	8 933	3 825
Company's management and administrative expenses	17 379	14 471	24 728	20 590
Audit of the financial statement	1 500	590	2 134	840
Other costs	6 111	12 613	8 695	17 947
	36 381	35 631	51 765	50 699

(8) Other interest income and similar income

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Income from shareholding in the company capitals	-	440	-	626
Income from securities	50	257	71	366
Interest income	6 125	241	8 715	343
Contractual penalties from clients	1 097	776	1 561	1 104
Recovered doubtful and bad debts	964	72	1 372	102
Other income	1	4	1	6
	8 237	1 790	11 720	2 547

Notes to the Financial Statements

(9) Interest payments and similar costs

	2008	2007	2008	2007
	LVL	LVL	EUR	EUR
Interest payments	925	5 385	1 316	7 662
Losses from foreign currency exchange rate fluctuations	1 078	25	1 534	36
Contractual penalties and fines	10	12	14	17
Employees' leisure and other costs not connected with operating activities	10 978	17 240	15 620	24 530
	12 991	22 662	18 484	32 245

(10) Other taxes

	2008	2007	2008	2007
	LVL	LVL	EUR	EUR
Real estate tax	913	830	1 299	1 181
	913	830	1 299	1 181

(11) Intangible assets

	Concessions, patents, licenses, trade marks and similar rights	Total	Concessions, patents, licenses, trade marks and similar rights	Total
	LVL	LVL	EUR	EUR
Initial value				
31.12.2007	720	720	1 024	1 024
Purchased	-	-	-	-
Disposed	-	-	-	-
31.12.2008	720	720	1 024	1 024
Accrued depreciation				
31.12.2007	678	678	965	965
Calculated depreciation	20	20	28	28
Depreciation of excluded investments	-	-	-	-
31.12.2008	698	698	993	993
Book value as at 31.12.2007	42	42	59	59
Book value as at 31.12.2008	22	22	31	31

Notes to the Financial Statements

(12) Report on movement of fixed assets

	Land, buildings and constructions	Long-term investments in leased fixed assets	Technological equipment and machinery	Other fixed assets	Prepayments for fixed assets	Total
	LVL	LVL	LVL	LVL	LVL	LVL
Initial value						
31.12.2007	255 668	160 296	176 485	72 972	-	665 421
Purchased	7 693	-	19 311	4 827	149	31 980
Transferred	-	(160 296)	160 296	-	-	-
Disposed	(8 254)	-	(1 665)	(647)	-	(10 566)
31.12.2008	255 107	-	354 427	77 152	149	686 835
Accrued depreciation						
31.12.2007	72 586	68 671	135 073	53 331	-	329 661
Calculated depreciation	14 449	11 792	33 694	11 028	-	70 963
Depreciation of transferred fixed assets	-	(80 463)	80 463	-	-	-
Depreciation of excluded fixed assets	(1 773)	-	(1 665)	(632)	-	(4 070)
31.12.2008	85 262	-	247 565	63 727	-	396 554
Book value as at 31.12.2007	183 082	91 625	41 412	19 641	-	335 760
Book value as at 31.12.2008	169 845	-	106 862	13 425	149	290 281

As at 31 December 2007, the cadastral value of real estate – land and constructions - was LVL 230 216

As at 31 December 2008, the cadastral value of real estate – land and constructions - was LVL 230 216

	Land, buildings and constructions	Long-term investments in leased fixed assets	Technological equipment and machinery	Other fixed assets	Prepayments for fixed assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Initial value						
31.12.2007	363 783	228 081	251 115	103 830	-	946 809
Purchased	10 946	-	27 477	6 868	211	45 502
Transferred	-	(228 081)	228 081	-	-	-
Disposed	(11 744)	-	(2 369)	(920)	-	(15 033)
31.12.2008	362 985	-	504 304	109 778	211	977 278
Accrued depreciation						
31.12.2007	103 280	97 711	192 191	75 883	-	469 065
Calculated depreciation	20 559	16 778	47 942	15 691	-	100 970
Depreciation of transferred fixed assets	-	(114 489)	114 489	-	-	-
Depreciation of excluded fixed assets	(2 523)	-	(2 369)	(899)	-	(5 791)
31.12.2008	121 316	-	352 253	90 675	-	564 244
Book value as at 31.12.2007	260 503	130 370	58 924	27 947	-	477 744
Book value as at 31.12.2008	241 669	-	152 051	19 103	211	413 034

As at 31 December 2007, the cadastral value of real estate – land and constructions - was EUR 327 568

As at 31 December 2008, the cadastral value of real estate – land and constructions - was EUR 327 568

Notes to the Financial Statements

(13) Other securities and investments

	LVL	EUR
Purchase value as at 31.12.2007	3 480	4 952
Book value as at 31.12.2007	3 480	4 952
Purchase value as at 31.12.2008	3 480	4 952
Book value as at 31.12.2008	3 480	4 952

(14) Ready-made products and goods for sale

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Bull semen	255 730	231 540	363 871	329 452
Other goods for sale	9 691	10 396	13 790	14 792
	265 421	241 936	377 661	344 244

(15) Trade receivables

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Accounting value of trade receivables	79 097	34 563	112 545	49 178
Provisions for doubtful trade receivables	(21)	(677)	(30)	(963)
	79 076	33 886	112 515	48 215

(16) Other receivables

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
VAT for received goods and services	927	881	1 319	1 253
Overpayment of taxes	2 826	4 640	4 021	6 602
Other receivables	217	676	309	962
	3 970	6 197	5 649	8 817

(17) Prepaid expenses

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

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Advertising costs	757	657	1 077	935
Insurance	3 141	1 105	4 469	1 572
Press subscription	383	455	545	648
Other prepaid expenses	1 616	1 643	2 299	2 338
	5 897	3 860	8 390	5 493

Notes to the Financial Statements

(18) Other securities and shareholding in capitals

	Number	2008		Number	2007	
		Market price	Amount LVL		Market price	Amount LVL
SEB Lats reserve fund	3 885	1.29369	5 026	20 869	1.21025	25 256
			<u>5 026</u>			<u>25 256</u>

	Number	2008		Number	2007	
		Market price	Amount EUR		Market price	Amount EUR
SEB Lats reserve fund	3 885	1.84075	7 151	20 869	1.72203	35 936
			<u>7 151</u>			<u>35 936</u>

Money market fund shares have no guaranteed interest rate. In 2008, the profitability was about 6 %. Exclusion of money market fund shares is carried out at the Company's request.

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

Break-down of cash according to currencies:

	Currency	2008		Currency	2007	
		LVL	LVL		LVL	LVL
Cash in hand	LVL	-	3 198	-	-	4 385
Cash in bank	LVL	-	55 646	-	-	14 907
Cash in bank	EUR	61 015	42 881	-	-	-
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	-	70 000	-	-	120 000
			<u>171 725</u>			<u>139 292</u>

Break-down of cash according to currencies:

	Currency	2008		Currency	2007	
		EUR	EUR		EUR	EUR
Cash in hand	LVL	3 198	4 550	4 385	6 239	
Cash in bank	LVL	55 646	79 176	14 907	21 211	
Cash in bank	EUR	-	61 015	-	-	
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	70 000	99 601	120 000	170 745	
			<u>244 342</u>		<u>198 195</u>	

(20) Share capital

The Company's shares are quoted on NASDAQ OMX Riga Stock Exchange's second listing. The Company's share capital consists of shareholders' investments. The total number of shares is 422 440, the nominal value per share is 1 Lat.

	2008		2007	
	LVL	LVL	EUR	EUR
Ordinary common shares with voting rights	421 440	421 440	599 655	599 655
Shares owned by the Board without voting rights	1 000	1 000	1 423	1 423
	<u>422 440</u>	<u>422 440</u>	<u>601 078</u>	<u>601 078</u>

Notes to the Financial Statements

421440 shares or 99.8% of the share capital are ordinary common shares with voting rights, which give equal rights to receive dividends, receipt of liquidation quota and voting rights in the Shareholders' Meeting.

1000 shares or 0.2% of the share capital, which are not included in the regulated market, are personnel shares, which may be obtained only by Members of the Board, and they give equal rights only to receipt of dividend and liquidation quota.

There are no share alienation restrictions, nor the necessity to receive the Company's or other shareholders' consent for alienation of shares.

There are no restrictions on voting rights, nor any other similar restrictions.

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.

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Profit of the reporting period	82 878	74 071	117 925	105 393
Average weighted number of shares during the year	422 440	422 440	422 440	422 440
	0.196	0.175	0.279	0.249

(21) Provisions for deferred tax

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Temporary differences in fixed assets depreciation	88 518	106 205	125 950	151 116
Provisions for vacations	(22 109)	(19 091)	(31 458)	(27 164)
Total temporary differences	66 409	87 114	94 492	123 952
Deferred tax provisions at the beginning of the period	13 067	-	18 593	-
Increase or decrease	(3 106)	13 067	(4 419)	18 593
Deferred tax provisions at the end of the period	9 961	13 067	14 174	18 593

(22) Other loans

		2008		2007	
Short-term part		Currency	LVL	Currency	LVL
Financial leasing from SIA „SEB leasing”	LVL	-	-	-	24 237
Other loans total			-		24 237

		2008		2007	
Short-term part		Currency	EUR	Currency	EUR
Financial leasing from SIA „SEB leasing”	LVL	-	-	24237	34 486
Other loans total			-		34 486

Notes to the Financial Statements

(23) Taxes and social insurance payments

Tax type	Balance as at 31.12.2007 LVL	Calculated in 2008 LVL	Paid in 2008 LVL	Balance as at 31.12.2008 LVL
Corporate income tax	(4 638)	14 388	(12 576)	(2 826)
Value added tax	2 011	93 829	(87 750)	8 090
Social insurance contributions	6 868	82 133	(82 047)	6 954
Personal income tax	4 282	46 215	(46 594)	3 903
Real estate tax	(2)	913	(911)	-
Nature resource tax	14	84	(77)	21
Business risk duty	11	135	(135)	11
	8 546	237 697	(230 090)	16 153

Including:	2007 LVL	2008 LVL
Tax overpaid	(4 640)	(2 826)
Tax due	13 186	18 979

Tax type	Balance as at 31.12.2007 EUR	Calculated in 2008 EUR	Paid in 2008 EUR	Balance as at 31.12.2008 EUR
Corporate income tax	(6 599)	20 472	(17 894)	(4 021)
Value added tax	2 861	133 507	(124 857)	11 511
Social insurance contributions	9 772	116 865	(116 742)	9 895
Personal income tax	6 093	65 757	(66 298)	5 552
Real estate tax	(3)	1 299	(1 296)	-
Nature resource tax	20	120	(110)	30
Business risk duty	16	192	(192)	16
	12 160	338 212	(327 389)	22 983

Including:	2007 EUR	2008 EUR
Tax overpaid	(6 602)	(4 021)
Tax due	18 762	27 004

(24) Accrued liabilities

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Vacation reserve	22 109	19 091	31 458	27 164
	22 109	19 091	31 458	27 164

(25) Number of persons employed by the Company

	2008	2007
Average number of persons employed during the reporting year	44	45

Notes to the Financial Statements

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

	2008	2007	2008	2007
	LVL	LVL	EUR	EUR
Council Members' salaries for work, including state social insurance contributions	5 541	4 862	7 884	6 918
Board Members' salaries for work, including state social insurance contributions	26 165	23 039	37 229	32 782
Total remuneration to management members	31 706	27 901	45 113	39 700

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 compensations.

INDEPENDENT AUDITOR'S REPORT**To the Shareholders of AS SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA****Report on the Financial Statements**

I have audited the accompanying financial statements on pages 5 to 22 of AS SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA, which comprise the balance sheet as of 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing acknowledged in Latvia. Those Standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the accompanying financial statements give a true and fair view of the financial position of AS SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the Annual Accounts Act of the Republic of Latvia.

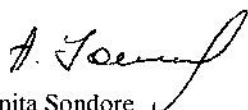
Report on the Management Report

I have also read the Management Report for the year 2008, which is set out on page 4 and I did not identify any material inconsistencies between the financial information contained in this Management Report and that contained in the financial statements for 2008.

SIA „AUDITS A.S.”

Certified Auditors' Commercial Company

License No. 27



Anita Sondore

Certified Auditor

Certificate No. 129

Board Member

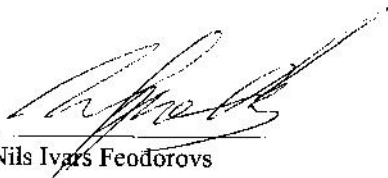
Līgatne, Latvia

April 7, 2009

Report on Management Liability

According to the information being at our disposal, the Annual Report for 2008 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 interim management report contains true information.



Nils Ivars Feodorovs

Chairman of the Board



Māra Buka

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



Valda Māniece

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

7 April 2009