

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

**INTERIM STATEMENT**  
**for 6 months of 2009**

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## ***Information on the Company***

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Company's name	<i>SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA</i>
Company's legal status	<i>Joint stock company</i>
Registration number, place and date	<i>40003013295, Riga, 26 July 1991</i> <i>Registration in the Commercial Register on 19 June 2004</i>
Legal address	<i>„Kalnabeites”8, Sigulda rural parish, Sigulda area, LV-2150</i>
Shareholders holding more than 5% of the total number of voting shares	<i>SIA „Siguldas mākslīgās apsēklošanas stacija” (49.8%), registration No. 40003311954</i>
Members of the Board	<i>Nils Ivars Feodorovs, Chairman of the Board</i> <i>Māra Buka, Member of the Board until 30.06.2009.</i> <i>Valda Mālniece, Member of the Board</i> <i>Sarmīte Arcimoviča, Member of the Board from 20.07.2009.</i>
Members of the Council	<i>Inīta Bedrīte, Chairman of the Council</i> <i>Maija Beča, Deputy Chairman of the Council</i> <i>Ērika Everte, Member of the Council</i> <i>Solvita Arcimoviča, Member of the Council</i> <i>Renia Beķere, Member of the Council</i>
Reporting year	<i>01.01.2009 – 30.06.2009</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>

## ***Interim Management Report***

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Company's basic area of business has invariably been production and realization of breeding bulls' semen which comprises 50% of company's net turnover and milk analyses and data processing services comprising 33% of its net turnover.

Despite the backdrop of overall economic crisis the results of company's economic activity over the first six month in 2009 are satisfying, even though – the net turnover showed a slight decrease by only 13% against the same period in 2008 and the profit has decreased by 42% accordingly.

The drop of the net turnover was caused by the amendments in the regulation of the order of allocation of state's aid to milk analysis laboratories for the provision of milk analyses and data processing services of registered cows and goats under milk monitoring. The net turnover results were also affected by company's price policy.

Company's commercial profitability over the first six month in 2009 was 19%, in comparison to 26% in 2008.

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Nils Ivars Feodorovs  
*Chairman of the Board*

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Sarmīte Arcimoviča  
*Member of the Board*

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Valda Mālniece  
*Member of the Board*

26 August 2009

***Profit or loss account for the period ended 30 June 2009***

	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Net sales	3	358 631	410 661	510 287	584 319
Changes in stock of ready-made goods and unfinished products	4	74 365	63 158	105 812	89 865
Other operating income	5	3 796	8 663	5 401	12 327
Costs of materials:		(132 767)	(168 951)	(188 911)	(240 396)
a) raw materials and auxiliary costs of materials		(103 716)	(133 271)	(147 575)	(189 628)
b) other external costs		(29 051)	(35 680)	(41 336)	(50 768)
Personnel costs:	6	(176 966)	(151 739)	(251 800)	(215 905)
a) salaries for work		(135 602)	(118 829)	(192 945)	(169 078)
b) state social insurance compulsory contributions		(32 266)	(28 360)	(45 910)	(40 353)
c) other social insurance costs		(9 098)	(4 550)	(12 945)	(6 474)
Write-off of assets and values:		(42 415)	(35 092)	(60 352)	(49 932)
a) depreciation of fixed assets and amortization of intangible assets		(35 024)	(34 877)	(49 835)	(49 625)
b) write-off of value of current assets above the normal deductions		(7 391)	(215 )	(10 517)	(307)
Other operating costs	7	(18 482)	(22 423)	(26 298)	(31 904)
Other interest income and similar income	8	2 298	6 295	3 270	8 956
Interest payments and similar costs	9	(1 992)	(2 733)	(2 834)	(3 888)
<b>Profit or losses before taxes</b>		<b>66 468</b>	<b>107 839</b>	<b>94 575</b>	<b>153 442</b>
Enterprise income tax for the reporting year		(8 278)	(9 234)	(11 778)	(13 139)
Other taxes	10	(1 091)	-	(1 552)	-
<b>The profit or loss for the year</b>		<b>57 099</b>	<b>98 605</b>	<b>81 245</b>	<b>140 303</b>
<b>Equity per 1 share (EPS)</b>	20	<b>0.135</b>	<b>0.233</b>	<b>0.192</b>	<b>0.332</b>

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

Nils Ivars Feodorovs  
*Chairman of the Board*

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Valda Mālniece  
*Member of the Board*

26 August 2009

## Balance sheet as at 30 June 2009

Assets	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
<b>Long-term investments</b>					
<b>Intangible assets</b>					
Concessions, patents, licenses, trade marks and similar rights		12	32	17	45
<b>Intangible assets total</b>	11	<b>12</b>	<b>32</b>	<b>17</b>	<b>45</b>
<b>Fixed assets</b>					
Land parcels, buildings and constructions and perennial plantings		162 811	176 881	231 659	251 679
Long-term investments in leased fixed assets		-	2 824	-	4 018
Equipment and machinery		85 907	120 854	122 235	171 959
Other fixed assets and inventory		13 343	16 703	18 986	23 767
<b>Fixed assets total</b>	12	<b>262 061</b>	<b>317 262</b>	<b>372 880</b>	<b>451 423</b>
<b>Investment properties</b>		<b>16 245</b>	<b>16 245</b>	<b>23 114</b>	<b>23 114</b>
<b>Biological assets</b>		<b>32 461</b>	<b>55 049</b>	<b>46 188</b>	<b>78 328</b>
<b>Long-term financial investments</b>					
Other securities and investments	13	3 480	3 480	4 952	4 952
<b>Long-term financial investments total</b>		<b>3 480</b>	<b>3 480</b>	<b>4 952</b>	<b>4 952</b>
<b>Long-term investments total</b>		<b>314 259</b>	<b>392 068</b>	<b>447 151</b>	<b>557 862</b>
<b>Current assets</b>					
<b>Stock</b>					
Raw materials, basic materials and auxiliary materials		11 028	8 157	15 691	11 606
Ready-made goods and goods for sale	14	347 337	290 100	494 216	412 775
Prepayments for goods		1 414	1 930	2 012	2 747
<b>Stock total</b>		<b>359 779</b>	<b>300 187</b>	<b>511 919</b>	<b>427 128</b>
<b>Receivables</b>					
Trade receivables	15	89 186	81 980	126 900	116 646
Other receivables	16	2 410	4 460	3 429	6 346
Prepaid expenses	17	3 658	2 833	5 205	4 031
<b>Receivables total</b>		<b>95 254</b>	<b>89 273</b>	<b>135 534</b>	<b>127 023</b>
<b>Short-term financial investments</b>					
Other securities and shareholding in capitals	18	5 201	-	7 400	-
<b>Short-term financial investments total</b>		<b>5 201</b>	<b>-</b>	<b>7 400</b>	<b>-</b>
<b>Cash</b>	19	<b>155 049</b>	<b>139 347</b>	<b>220 615</b>	<b>198 274</b>
<b>Current assets total</b>		<b>615 283</b>	<b>528 807</b>	<b>875 468</b>	<b>752 425</b>
<b>Assets total</b>		<b>929 542</b>	<b>920 875</b>	<b>1 322 619</b>	<b>1 310 287</b>

## ***Balance sheet as at 30 June 2009***

<b>Shareholders' equity and liabilities</b>	<b>Note</b>	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
<b>Shareholders' equity</b>					
Share capital	20	422 440	422 440	601 078	601 078
Retained earnings:					
Retained earnings carried forward from previous years		359 638	310 555	511 719	441 879
Retained earnings of the reporting year		57 099	98 605	81 245	140 303
<b>Shareholders' equity total</b>		<b>839 177</b>	<b>831 600</b>	<b>1 194 042</b>	<b>1 183 260</b>
<b>Payables</b>					
<b>Long-term payables</b>					
Deferred tax liabilities	21	9 961	13 067	14 174	18 593
<b>Long-term payables total</b>		<b>9 961</b>	<b>13 067</b>	<b>14 174</b>	<b>18 593</b>
<b>Short-term payables</b>					
Other loans	22	-	168	-	239
Trade payables		18 265	21 267	25 988	30 260
Taxes and social insurance payments	23	30 124	27 555	42 863	39 207
Other payables		9 906	8 127	14 094	11 564
Accrued liabilities	24	22 109	19 091	31 458	27 164
<b>Short-term payables total</b>		<b>80 404</b>	<b>76 208</b>	<b>114 403</b>	<b>108 434</b>
<b>Payables total</b>		<b>90 365</b>	<b>89 275</b>	<b>128 577</b>	<b>127 027</b>
<b>Shareholders' equity and liabilities total</b>		<b>929 542</b>	<b>920 875</b>	<b>1 322 619</b>	<b>1 310 287</b>

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

Nils Ivars Feodorovs  
*Chairman of the Board*

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Valda Mālniece  
*Member of the Board*

26 August 2009

## ***Cash flow statement for the period ended 30 June 2009***

	Note	2009 LVL	2008 LVL	2009 EUR	2008 EUR
<b>Cash flow from operating activities</b>					
Income from sale of goods and provision of services		422 853	437 234	601 666	622 128
Payments to suppliers, employees, other expenses arising from basic operations		(397 680)	(385 393)	(565 848)	(548 365)
Other Company's basic income or expenses		5 776	40 018	8 219	56 940
<b>Gross cash flow from basic operations</b>		<b>30 949</b>	<b>91 859</b>	<b>44 037</b>	<b>130 703</b>
Expenses for tax payments		(6 828)	(7 904)	(9 715)	(11 246)
<b>Net cash flow from operating activities</b>		<b>24 121</b>	<b>83 955</b>	<b>34 322</b>	<b>119 457</b>
<b>Cash flow from investing activities</b>					
Purchase of fixed assets and intangible investments		(6 794)	(22 849)	(9 667)	(32 510)
Income from sale of fixed assets		-	5 913	-	8 413
<b>Net cash flow from investing activities</b>		<b>(6 794)</b>	<b>(16 936)</b>	<b>(9 667)</b>	<b>(24 097)</b>
<b>Cash flow from financing activities</b>					
Expenses for purchase of a leased fixed asset		-	(24 993)	-	(35 561)
Dividends paid		(33 795)	(42 244)	(48 086)	(60 108)
<b>Net cash flow from financing activities</b>		<b>(33 795)</b>	<b>(67 237)</b>	<b>(48 086)</b>	<b>(95 669)</b>
<b>Result of foreign exchange rate fluctuations</b>		<b>(208)</b>	<b>273</b>	<b>(296)</b>	<b>388</b>
<b>Increase/decrease of cash and its equivalents</b>		<b>(16 676)</b>	<b>55</b>	<b>(23 727)</b>	<b>79</b>
<b>Cash and its equivalents at the beginning of the period</b>		<b>171 725</b>	<b>139 292</b>	<b>244 342</b>	<b>198 195</b>
<b>Cash and its equivalents at the end of the period</b>	19	<b>155 049</b>	<b>139 347</b>	<b>220 615</b>	<b>198 274</b>

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26 August 2009



***Statement on changes in shareholders' equity for the period ending 30 June 2009***

	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	LVL	LVL	LVL	LVL
<b>31.12.2007</b>	<b>422 440</b>	<b>278 728</b>	<b>74 071</b>	<b>775 239</b>
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	-	-	98 605	98 605
<b>30.06.2008</b>	<b>422 440</b>	<b>310 555</b>	<b>98 605</b>	<b>831 600</b>
<b>31.12.2008</b>	<b>422 440</b>	<b>310 555</b>	<b>82 878</b>	<b>815 873</b>
Profit for 2008 transferred to retained earnings of previous years	-	82 878	(82 878)	-
Dividends for 2008	-	(33 795)	-	(33 795)
Retained earnings for the reporting year	-	-	57 099	57 099
<b>30.06.2009</b>	<b>422 440</b>	<b>359 638</b>	<b>57 099</b>	<b>839 177</b>

	Share capital	Retained earnings	Retained earnings for the reporting year	Shareholders' equity total
	EUR	EUR	EUR	EUR
<b>31.12.2007</b>	<b>601 078</b>	<b>396 594</b>	<b>105 393</b>	<b>1 103 065</b>
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	-	-	140 303	140 303
<b>30.06.2008</b>	<b>601 078</b>	<b>441 879</b>	<b>140 303</b>	<b>1 183 260</b>
<b>31.12.2008</b>	<b>601 078</b>	<b>441 880</b>	<b>117 925</b>	<b>1 160 883</b>
Profit for 2008 transferred to retained earnings of previous years	-	117 925	(117 925)	-
Dividends for 2008	-	(48 086)	-	(48 086)
Retained earnings for the reporting year	-	-	81 245	81 245
<b>30.06.2009</b>	<b>601 078</b>	<b>511 719</b>	<b>81 245</b>	<b>1 194 042</b>

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

Nils Ivars Feodorovs  
Chairman of the Board

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26 August 2009

## ***Report on Management Liability***

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### **(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.

## ***Report on Management Liability***

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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 3 months from 1 January to 30 June 2009.

### ***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.

	<b>30.06.2009</b>	<b>30.06.2008</b>
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.

## ***Report on Management Liability***

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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	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.

## ***Report on Management Liability***

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### ***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.

## ***Report on Management Liability***

### **(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	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Livestock sperm	179 232	197 844	255 024	281 507
Milk laboratory services	92 962	116 068	132 273	165 150
Treatment of supervisory data	26 673	34 454	37 952	49 024
Inspection of cows	14 121	10 932	20 093	15 555
Artificial insemination of livestock	11 811	11 915	16 806	16 953
Immune-genetic laboratory services	3 172	6 417	4 514	9 131
Other income	30 660	33 031	43 625	46 999
	<b>358 631</b>	<b>410 661</b>	<b>510 287</b>	<b>584 319</b>

Distribution of net sales according to the geographical markets:

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Latvia	358 136	410 661	509 583	584 319
Estonia	495	-	704	-
	<b>358 631</b>	<b>410 661</b>	<b>510 287</b>	<b>584 319</b>

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

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Changes in sperm stock value	84 607	80 302	120 385	114 258
Written-off sperm	-	(25 379)	-	(36 111)
Changes in stud bull herd value	(10 242)	8 235	(14 573)	11 718
	<b>74 365</b>	<b>63 158</b>	<b>105 812</b>	<b>89 865</b>

### **(5) Other operating income**

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
State support for agricultural	3 796	10 042	5 401	14 289
Other income	-	(1 379)	-	(1 962)
	<b>3 796</b>	<b>8 663</b>	<b>5 401</b>	<b>12 327</b>

## ***Report on Management Liability***

### **(6) Personnel costs**

	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
Salaries for work	135 602	118 829	192 945	169 078
State social insurance contributions	32 266	28 360	45 910	40 353
Health insurance	7 278	3 438	10 355	4 892
Other costs	1 820	1 112	2 590	1 582
	<b>176 966</b>	<b>151 739</b>	<b>251 800</b>	<b>215 905</b>

### **(7) Other operating expenses**

	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
Insurance payments	1 092	1 736	1 554	2 470
Business trip expenses	733	2 437	1 043	3 468
Selling expenses	3 073	3 804	4 372	5 412
Company's management and administrative expenses	8 699	9 239	12 377	13 145
Audit of the financial statement	1 570	950	2 234	1 352
Other costs	3 315	4 257	4 718	6 057
	<b>18 482</b>	<b>22 423</b>	<b>26 298</b>	<b>31 904</b>

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

	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
Income from securities	175	24	249	34
Interest income	1 981	4 696	2 819	6 682
Contractual penalties from clients	125	483	178	687
Recovered doubtful and bad debts	15	819	21	1 165
Income from foreign currency exchange rate fluctuations	-	273	-	388
Other income	2	-	3	-
	<b>2 298</b>	<b>6 295</b>	<b>3 270</b>	<b>8 956</b>

## ***Report on Management Liability***

### **(9) Interest payments and similar costs**

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
Interest payments	-	924	-	1 314
Losses from foreign currency exchange rate fluctuations	446	-	635	-
Contractual penalties and fines	-	10	-	14
Employees' leisure and other costs not connected with operating activities	1 546	1 799	2 199	2 560
	<b>1 992</b>	<b>2 733</b>	<b>2 834</b>	<b>3 888</b>

### **(10) Other taxes**

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
Real estate tax	1 091	-	1 552	-
	<b>1 091</b>	<b>-</b>	<b>1 552</b>	<b>-</b>

### **(11) Intangible assets**

	<b>Concessions, patents, licenses, trade marks and similar rights</b>	<b>Total</b>	<b>Concessions, patents, licenses, trade marks and similar rights</b>	<b>Total</b>
	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
<b>Initial value</b>				
<b>31.12.2008</b>	<b>720</b>	<b>720</b>	<b>1 024</b>	<b>1 024</b>
Purchased	-	-	-	-
Disposed	-	-	-	-
<b>30.06.2009</b>	<b>720</b>	<b>720</b>	<b>1 024</b>	<b>1 024</b>
<b>Accrued depreciation</b>				
<b>31.12.2008</b>	<b>698</b>	<b>698</b>	<b>993</b>	<b>993</b>
Calculated depreciation	10	10	14	14
Depreciation of excluded investments	-	-	-	-
<b>30.06.2009</b>	<b>708</b>	<b>708</b>	<b>1 007</b>	<b>1 007</b>
<b>Book value as at 31.12.2008</b>	<b>22</b>	<b>22</b>	<b>31</b>	<b>31</b>
<b>Book value as at 30.06.2009</b>	<b>12</b>	<b>12</b>	<b>17</b>	<b>17</b>



## Report on Management Liability

### (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
<b>Initial value</b>						
<b>31.12.2008</b>	<b>255 107</b>	-	<b>354 427</b>	<b>77 152</b>	<b>149</b>	<b>686 835</b>
Purchased	-	-	2 885	3 909	-	6 794
Transferred	-	-	-	149	(149)	-
Disposed	-	-	-	(20)	-	(20)
<b>30.06.2009</b>	<b>255 107</b>	-	<b>357 312</b>	<b>81 190</b>	-	<b>693 609</b>
<b>Accrued depreciation</b>						
<b>31.12.2008</b>	<b>85 262</b>	-	<b>247 565</b>	<b>63 727</b>	-	<b>396 554</b>
Calculated depreciation	7 034	-	23 840	4 140	-	35 014
Depreciation of excluded fixed assets	-	-	-	(20)	-	(20)
<b>30.06.2009</b>	<b>92 296</b>	-	<b>271 405</b>	<b>67 847</b>	-	<b>431 548</b>
<b>Book value as at 31.12.2008</b>	<b>169 845</b>	-	<b>106 862</b>	<b>13 425</b>	<b>149</b>	<b>290 281</b>
<b>Book value as at 30.06.2009</b>	<b>162 811</b>	-	<b>85 907</b>	<b>13 343</b>	-	<b>262 061</b>

As at 30 June 2008, the cadastral value of **real estate – land and constructions** - was LVL 230 216

As at 30 June 2009, the cadastral value of **real estate – land and constructions** - was LVL 245 152

	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
<b>Initial value</b>						
<b>31.12.2008</b>	<b>362 985</b>	-	<b>504 304</b>	<b>109 778</b>	<b>211</b>	<b>977 278</b>
Purchased	-	-	4 105	5 562	-	9 667
Transferred	-	-	-	211	(211)	-
Disposed	-	-	-	(28)	-	(28)
<b>30.06.2009</b>	<b>362 985</b>	-	<b>508 409</b>	<b>115 523</b>	-	<b>986 917</b>
<b>Accrued depreciation</b>						
<b>31.12.2008</b>	<b>121 316</b>	-	<b>352 253</b>	<b>90 675</b>	-	<b>564 244</b>
Calculated depreciation	10 010	-	33 921	5 890	-	49 821
Depreciation of excluded fixed assets	-	-	-	(28)	-	(28)
<b>30.06.2009</b>	<b>131 326</b>	-	<b>386 174</b>	<b>96 537</b>	-	<b>614 037</b>
<b>Book value as at 31.12.2008</b>	<b>241 669</b>	-	<b>152 051</b>	<b>19 103</b>	<b>211</b>	<b>413 034</b>
<b>Book value as at 30.06.2009</b>	<b>231 659</b>	-	<b>122 235</b>	<b>18 986</b>	-	<b>372 880</b>

As at 30 June 2008, the cadastral value of **real estate – land and constructions** - was EUR 327 568

As at 30 June 2009, the cadastral value of **real estate – land and constructions** - was EUR 348 820

## ***Report on Management Liability***

### **(13) Other securities and investments**

	<b>LVL</b>	<b>EUR</b>
Purchase value as at 30.06.2008	3 480	4 952
<b>Book value as at 30.06.2008</b>	<b>3 480</b>	<b>4 952</b>
Purchase value as at 30.06.2009	3 480	4 952
<b>Book value as at 30.06.2009</b>	<b>3 480</b>	<b>4 952</b>

### **(14) Ready-made products and goods for sale**

	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
Bull semen	343 311	280 345	488 488	398 895
Other goods for sale	4 026	9 755	5 728	13 880
	<b>347 337</b>	<b>290 100</b>	<b>494 216</b>	<b>412 775</b>

### **(15) Trade receivables**

	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
Accounting value of trade receivables	89 207	82 379	126 930	117 214
Provisions for doubtful trade receivables	(21)	(399)	(30)	(568)
	<b>89 186</b>	<b>81 980</b>	<b>126 900</b>	<b>116 646</b>

### **(16) Other receivables**

	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
VAT for received goods and services	867	657	1 234	935
Overpayment of taxes	286	3 310	407	4 710
Other receivables	1 257	493	1 788	701
	<b>2 410</b>	<b>4 460</b>	<b>3 429</b>	<b>6 346</b>

### **(17) Prepaid expenses**

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

	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
Advertising costs	152	233	216	332
Insurance	3 493	2 600	4 970	3 699
Press subscription	13	-	19	-
	<b>3 658</b>	<b>2 833</b>	<b>5 205</b>	<b>4 031</b>

## Report on Management Liability

### (18) Other securities and shareholding in capitals

	2009			2008		
	Number	Market price	Amount LVL	Number	Market price	Amount LVL
SEB Lats reserve fund	3 885	1.33879	5 201	-	-	-
			<u>5 201</u>			<u>-</u>

	2009			2008		
	Number	Market price	Amount EUR	Number	Market price	Amount EUR
SEB Lats reserve fund	3 885	1.90493	7 400	-	-	-
			<u>7 400</u>			<u>-</u>

Money market fund shares have no guaranteed interest rate. In 2009, the profitability was about 7 %. 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:

	2009		2008	
	Currency	LVL	Currency	LVL
Cash in hand	LVL	-	-	4 821
Cash in bank	LVL	-	-	134 526
Cash in bank	EUR	21 288	-	-
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	-	-	-
		<u>155 049</u>		<u>139 347</u>

#### Break-down of cash according to currencies:

	2009		2008	
	Currency	EUR	Currency	EUR
Cash in hand	LVL	3 217	4 821	6 860
Cash in bank	LVL	95 062	134 526	191 414
Cash in bank	EUR	-	-	-
Deposits in credit institutions (with due dates not exceeding 90 days)	LVL	41 809	-	-
		<u>220 615</u>		<u>198 274</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.

	2009 LVL	2008 LVL	2009 EUR	2008 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>

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.

## Report on Management Liability

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.

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Profit of the reporting period	57 099	98 605	81 245	140 303
Average weighted number of shares during the year	422 440	422 440	422 440	422 440
	<b>0.135</b>	<b>0.233</b>	<b>0.192</b>	<b>0.332</b>

### (21) Provisions for deferred tax

	2009 LVL	2008 LVL	2009 EUR	2008 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)
<b>Total temporary differences</b>	<b>66 409</b>	<b>87 114</b>	<b>94 492</b>	<b>123 952</b>
<b>Deferred tax provisions at the beginning of the period</b>	<b>9 961</b>	<b>13 067</b>	<b>14 174</b>	<b>18 593</b>
Increase or decrease	-	-	-	-
<b>Deferred tax provisions at the end of the period</b>	<b>9 961</b>	<b>13 067</b>	<b>14 174</b>	<b>18 593</b>

### (22) Other loans

		2009		2008	
Short-term part		Currency	LVL	Currency	LVL
Financial leasing from SIA „SEB leasing”	LVL	-	-	-	168
<b>Other loans total</b>			<b>-</b>		<b>168</b>

  

		2008		2007	
Short-term part		Currency	EUR	Currency	EUR
Financial leasing from SIA „SEB leasing”	LVL	-	-	168	239
<b>Other loans total</b>			<b>-</b>		<b>239</b>

## ***Report on Management Liability***

### **(23) Taxes and social insurance payments**

<b>Tax type</b>	<b>Balance as at 31.12.2008 LVL</b>	<b>Calculated in 2009 LVL</b>	<b>Paid in 2008 LVL</b>	<b>Balance as at 30.06.2009 LVL</b>
Corporate income tax	(2 826)	8 278	(5 738)	(286)
Value added tax	8 090	53 131	(45 421)	15 800
Social insurance contributions	6 954	44 321	(42 032)	9 243
Personal income tax	3 903	22 779	(21 630)	5 052
Real estate tax	-	1 091	(1 091)	-
Nature resource tax	21	44	(47)	18
Business risk duty	11	64	(64)	11
	<b>16 153</b>	<b>129 708</b>	<b>(116 023)</b>	<b>29 838</b>

<b>Including:</b>	<b>2008 LVL</b>	<b>2009 LVL</b>
Tax overpaid	(2 826)	(286)
Tax due	18 979	30 124

<b>Tax type</b>	<b>Balance as at 31.12.2008 EUR</b>	<b>Calculated in 2009 EUR</b>	<b>Paid in 2009 EUR</b>	<b>Balance as at 30.06.2009 EUR</b>
Corporate income tax	(4 021)	11 778	(8 164)	(407)
Value added tax	11 511	75 598	(64 628)	22 481
Social insurance contributions	9 895	63 063	(59 806)	13 152
Personal income tax	5 552	32 412	(30 776)	7 188
Real estate tax	-	1 552	(1 552)	-
Nature resource tax	30	63	(67)	26
Business risk duty	16	91	(91)	16
	<b>22 983</b>	<b>184 557</b>	<b>(165 084)</b>	<b>42 456</b>

<b>Including:</b>	<b>2008 EUR</b>	<b>2009 EUR</b>
Tax overpaid	(4 021)	(407)
Tax due	27 004	42 863

### **(24) Accrued liabilities**

	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
Vacation reserve	22 109	19 091	31 458	27 164
	<b>22 109</b>	<b>19 091</b>	<b>31 458</b>	<b>27 164</b>

## ***Report on Management Liability***

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

	<b>2009</b>	<b>2008</b>
Average number of persons employed during the reporting year	<u>42</u>	<u>44</u>

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

	<b>2009 LVL</b>	<b>2008 LVL</b>	<b>2009 EUR</b>	<b>2008 EUR</b>
Council Members' salaries for work, including state social insurance contributions	3 005	2 624	4 276	3 734
Board Members' salaries for work, including state social insurance contributions	13 426	11 979	19 103	17 044
<b>Total remuneration to management members</b>	<b><u>16 431</u></b>	<b><u>14 603</u></b>	<b><u>23 379</u></b>	<b><u>20 778</u></b>

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.

## ***Report on Management Liability***

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According to the information being at our disposal, the Financial Statements for six months of the year 2009 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.

Interim financial statements for 6 months of 2009 have not been audited by Sworn Auditor.

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Nils Ivars Feodorovs

*Chairman of the Board*

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Sarmīte Arcimoviča

*Member of the Board, Head  
of Production and  
Marketing Department in  
branch of Laboratory*

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Valda Mālniece

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

26 August 2009