JSC |A/S| "Rīgas juvelierizstrādājumu rūpnīca"
Single reg.№ 40003044420
Adress: Terēzes iela 1, Rīga, LV-1012

Types of basic activities:
processing of precious metals

Unit: LVL

# *AUDITED ANNUAL ACCOUNT*

***for the year 2010***

State Revenue Service territorial office: Latgale suburb department

Date submitted:_____

Date received:_____

# INDEPENDENT AUDITORS' REPORT

**To the Shareholders "Rīgas juvelierizstrādājumu rūpnīca " Ltd**

***Report on the Financial Statements***

We have audited the accompanying financial statements on pages 6 to 24 of "Rīgas juvelierizstrādājumu rūpnīca" Ltd, which comprise the balance sheet as of 31 December 2010 and the related calculation of profit or loss, statement of the capital 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***

Our responsibility is to express an opinion on these financial statements based on our audit. Except as mentioned in the paragraph . We conducted our audit in accordance with International Standards on Auditing as adopted by the Latvian Association of certified auditors. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the accompanying financial statements give a true and fair view of the financial position of "Rīgas juvelierizstrādājumu rūpnīca" Ltd, on December, 31, 2010, and its operations 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***

We have read the Management Report set out on page 4 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for 2010.

Certified auditors' company SIA "Finansists"
Audit company licence No. 61

SABIEDRĪBA AR IEROBEŽOTU ATBILDĪBU "AUDITORU FIRMA "FINANSISTS"" LATVIJAS REPUBLIKA

Nelli Jermoļicka
Certified auditor
Certificate No. 102
Chairman of the Board

Rīga, Latvija
29.03.2011.

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## *CONTENT*

| | Page |
|---|---|
| Information on the Company | 3 |
| Management report | 4 |
| Statement on the Company management responsibility | 5 |
| Profit or loss statement | 6 |
| Balance sheet | |
| assets | 7 |
| liabilities | 8 |
| Accounts or changes in equity capital | 9 |
| Account on cash flow | 10 |
| Appendix to the annual account: | |
| 1. Accounting policy and methods applied | 11.-12 |
| 2. Explanatory notes to the profit or loss statement items | 13.-14 |
| 3. Explanatory notes to the balance sheet items | 15.-17 |

## *INFORMATION ON THE COMPANY*

| | |
|---|---|
| **Company name** | JSC |AS| "Rīgas juvelierizstrādājumu rūpnīca" |
| **Company legal status** | Joint-Stock Company |
| **Single identification №, place and date of incorporation** | 40003044420, 10 December 1991 |
| **Legal address** | Terēzes iela 1, Rīga, LV-1012, tel 7272790 |
| **Mailing adress** | Terēzes iela 1, Rīga, LV-1012 |
| **Type of activity** | Processing precious metals |
| **Name, address. Tel.of Unit of Business Activities** | workshop: Terēzes iela 1, Rīga, LV-1012<br>pawnshop: Terēzes iela 1, Rīga, LV-1012 |
| **Member composition of the JSC Council** | Vidis Zaķis<br>Igors Istomins<br>Eļena Vasuļa<br>Jurijs Čerņecovs<br>Tatjana Rezņigska |
| **Member composition of the JSC Board of Directors** | Vladimirs Cadovičs<br>Aleftīna Struļeviča<br>Aleksandrs Ančevskis |
| **Bank account**<br>**JSC "SEB BANKA"** | LV62UNLA0001000243901 |
| **Chief Accountant** | Natalja Beļšova |
| **Account for the period** | from 01.01.2010 to 31.12.2010 |
| **Auditor** | LLC |SIA| "Auditoru firma "Finansists""<br>Tālavas gatve 11-4, Rīga, LV-1029<br>ID.№ LV40002046180<br><br>Nelli Jermoļicka<br>Qualified Auditor<br>(Latvian Association of Qualified Auditors cert |
| **Average number of employees** | 16 persons |

## *Management report*

**Information about company**

JSC„Rīgas juvelierizstrādājumu rūpnīca" legal address Terezes iela 1, Riga, LV-1012.

Company is registered in Commercial register with a single registration number 40003044420. Share capital of the company is 4 742 980 LVL, which consists of 4742980 shares having nominal value LVL 1.

Chairman of the Board of the company is Vladimirs Cadovičs, other Members of the Board are: Aleftīna Struļeviča un Aleksandrs Ančevskis.

Auditor of the Company is certified controller Nelli Jermoļicka (certificate No.102).

Largest share holders of the Company are:

Vladimirs Cadovics – 531 785 shares

Olegs Perežilo – 380 000 shares

Igors Istomins – 1 160 000 shares

Marija Ančevska – 1 160 000 shares

**Operation of the Company during the year of account**

Field of operation of JSC „Rīgas juvelierizstrādājumu rūpnīca" is processing of precious metals, production and repair of jewellery.

Name, address, telephone of the structural unit of operation:

workshop: Terezes iela 1, Riga, LV-1012, tel.: 67277365

pawnshop: Terezes iela 1, Riga, LV-1012, tel.: 67277365

AS „Rīgas juvelierizstrādājumu rūpnīca" does not have parent and subsidiary companies.

The Company closed the financial year with the following results:

Annual result before extraordinary items and taxes is: -16 177 LVL

Nett result: -20 086 LVL

The recession of general economy in the state has led to recession of demand for products of our company in 2010.

Manufacture of jewels is not renewed.

The Company has begun advertising of the trade mark and made production in Latvia and other Baltic and European Union countries.

The Company continues work on attraction of investors in 2010.

The company has begun active cooperation with the companies from Russia and Lithuania in 2010.

It is planned to begin work with the Spanish manufacturer in 2011.

**Development activities of the Company**

The Company further development: taking into account world financial crisis conditions Company plans to develop new business possibilities, research of the local and external market, executing an increase of products sale enterprises.

It is planned to develop a homepage on which production assortment is exposed.

The Company plans to involve partners from Russia and the countries of the European Union for manufacturing of new models of jewels. Also to expand possibilities of cooperation with wholesale dealers of Latvia and to involve small consumers.

For assortment increase in 2011 the Company plans to begin cooperation with the Spanish firm ARAGOM CARMONA.

Has been made the analysis of solvency of clients. Production stands out by results of the analysis and repayment terms are in certain cases regulated.

For commodity market expansion are necessary considerable investments which the Company can't make without attraction of additional means. Efforts of Board and Council to involve investors haven't given positive results yet.

In 2011 it is necessary to increase volume of services in a workshop.

One of the main tasks for 2011 is to develop new advertizing the company for recognition of the products of the Company in the market of Latvia.

**Proposals to decrease losses**

It is provided to search for additional commodity markets.

The company plans to increase goods turn, offering new models of jewels. Also to reduce production cost price.

| | |
|---|---|
| Chairman of the Board | Vladimirs Cadovičs |
| Member of the Board | Aleftīna Struļeviča |
| Member of the Board | Aleksandrs Ančevskis |

***Statement on the Company management responsibility***

The Company management shall be held responsible for development of financial statements, based on the initial bookkeeping records concering each accounting period, which is true and impartial reflection of financial condition of the Company at the 31.12.2010.

Hereby it is confirmed by the Company managers that upon drawing the present report for period, expiring on 31 December 2010, appropriate accounting methods were used, the same were applied on consistent basis, and reasonable and cautious decisions are made.

The Company management shall be held responsible for conducting of appropriate bookkeeping accounts, for maintenance of the Company funds, as well as for prevention of fraudulent activities and other on other ignominies.

Hereby it is confirmed by the Company management that data and explanations requisite for the audit have been provided thereby.

| Chairman of the Board | Member ot the Board | Member ot the Board |
|---|---|---|
| *Vladimirs Cadovičs* | *Aleftīna Struļeviča* | *Aleksandrs Ančevskis* |

## *Profits or loss statements for the period from*

### *01.01.2010 to 31.12.2010 and 01.01.2009 to 31.12.2009*

| Parameter designation | Appendi-ces | 2010 LVL | 2009 LVL | 2010 EUR | 2009 EUR |
|---|---|---|---|---|---|
| Net turnover | 1 | 245 825 | 258 870 | 349 777 | 368 339 |
| Manufacturing expenditures of sold products | 2 | -197 193 | -249 920 | -280 580 | -355 604 |
| **Gross profit or loss** | | **48 632** | **8 950** | **69 197** | **12 735** |
| Selling costs | 3 | -102 527 | -13 445 | -145 883 | -19 131 |
| Administrative expenses | 4 | -72 480 | -89 678 | -103 130 | -127 600 |
| Other revenue of the Company business operations | 5 | 127 365 | 41 133 | 181 224 | 58 527 |
| Other expenses of the Company business operations | 6 | -17 194 | -372 | -24 465 | -529 |
| Other interests income and similar | 7 | 104 | 102 | 148 | 145 |
| Other interest and similar expenditures | 8 | -78 | -30 | -111 | -43 |
| **Profit or loss before extraordinary items and taxations** | | **-16 177** | **-53 340** | **-23 018** | **-75 896** |
| **Profit or loss before taxation and minoity interest** | | **-16 177** | **-53 340** | **-23 018** | **-75 896** |
| Different corporate income tax | | | | | |
| Other taxes | 9 | -3 909 | -4 495 | -5 562 | -6 396 |
| **Loss for the year of account (net income)** | | **-20 086** | **-57 835** | **-28 580** | **-82 292** |
| | | | | | |
| **Profit or loss for ONE stock, anual** | | -0,002 | -0,011 | -0,003 | -0,016 |
| **Profit or loss for ONE stock as from commencement of operations** | | -0,804 | 0,800 | -1,144 | 1,139 |

Appendix from Page 9 to 13 shall constitute an integral part to the present financia statement

## *Balance sheet at 31 december 2010 and 2009*

| ASSETS | Appen-dices | 2010 LVL | 2009 LVL | 2010 EUR | 2009 EUR |
|---|---|---|---|---|---|
| ***1. Long-term investments*** | | | | | |
| ***I Fixed assets*** | | | | | |
| Land, building, constructions and perenial plantations | | 112 097 | 121 116 | 159 500 | 172 333 |
| Equipment and machinery | | 305 | 584 | 434 | 831 |
| Other fixed assets and inventory | | 6 456 | 10 042 | 9 186 | 14 288 |
| ***Total fixed assets*** | | **118 858** | **131 742** | **169 120** | **187 452** |
| ***II*** Investments property | | 36 198 | 39 134 | 51 505 | 55 683 |
| ***Total investments property*** | | **36 198** | **39 134** | **51 505** | **55 683** |
| ***Total long-term investments*** | 1 | **155 056** | **170 876** | **220 625** | **243 135** |
| ***2. Current assets*** | | | | | |
| ***III Inventory*** | | | | | |
| Raw materials, direct materials and auxiliary materials | 2 | 258 444 | 187 496 | 367 733 | 266 783 |
| Unfinished products | 3 | 115 333 | 90 692 | 164 104 | 129 043 |
| Finished goods and goods for sale | 4 | 212 370 | 140 278 | 302 175 | 199 598 |
| Advance payment for goods | 5 | 340 | 26 | 484 | 37 |
| ***Total inventory*** | | **586 487** | **418 492** | **834 496** | **595 460** |
| ***IV Debitors' indebtedness*** | | | | | |
| Indebtedness of customers and clients | 6 | 279 205 | 399 976 | 397 273 | 569 115 |
| Other debtors | 7 | 11 | 11 | 16 | 16 |
| Expenses of subsequent perios | 8 | 628 | 7 672 | 894 | 10 916 |
| Accumulate income | 9 | 0 | 3 757 | 0 | 5 346 |
| ***Total debtors*** | | **279 844** | **411 416** | **398 182** | **585 392** |
| ***V Shot-term financial investments*** | | | | | |
| Other securities | | 0 | 0 | 0 | 0 |
| ***Total shot-term financial investments*** | | **0** | **0** | **0** | **0** |
| ***Funds (total)*** | 10 | **73 514** | **83 906** | **104 601** | **119 387** |
| ***Total current assets*** | | **939 845** | **913 814** | **1 337 279** | **1 300 240** |
| ***Assets grand total*** | | **1 094 901** | **1 084 690** | **1 557 904** | **1 543 375** |

| ***LIABILITIES*** | **Appendices** | **2010 LVL** | **2009 LVL** | **2010 EUR** | **2009 EUR** |
|---|---|---|---|---|---|
| ***I Equity capital*** | | | | | |
| Stock or share capital (fixed capital) | 11 | 4 742 980 | 4 742 980 | 6 748 653 | 6 748 653 |
| Revaluation reserve of long-term investments | | 113 956 | 119 954 | 162 145 | 170 679 |
| *Retained earnings* | | | | 0 | 0 |
| a) retained earnings from previous year | | *-3 796 160* | *-3 738 325* | -5 401 449 | -5 319 157 |
| b) retained earnings for the year of account | | *-20 086* | *-57 835* | -28 580 | -82 292 |
| *Total retained earnings* | | *-3 816 246* | *-3 796 160* | *-5 430 029* | *-5 401 449* |
| ***Total equity capital*** | | **1 040 690** | **1 066 774** | **1 480 768** | **1 517 883** |
| ***III Creditors*** | | | | | |
| ***2. Short-term debts*** | | | | | |
| Indebtedness to suppliers and contractors | 12 | 30 241 | 184 | 43 029 | 262 |
| Taxes and social security liabilities | 13 | 11 598 | 7 916 | 16 502 | 11 263 |
| Other creditors | 14 | 3 031 | 3 326 | 4 313 | 4 732 |
| Accured liabilities | 15 | 9 341 | 6490* | 13 291 | 9 234 |
| ***Total short-term debts*** | | **54 211** | **17 916** | **77 135** | **25 492** |
| ***Total creditors*** | | **54 211** | **17 916** | **77 135** | **25 492** |
| ***Liabilities grand total*** | | **1 094 901** | **1 084 690** | **1 557 904** | **1 543 375** |

*Marked positions are classified
Data from 31.12.2009 Liabilities

| | Before | After |
|---|---|---|
| Other accumulations | | 2 555 |
| Accumulated obligations | 2 555 | |

Appendix from Page 9 to 13 shall constitute an integral part to the present financial statement

| Chairman of the Board | Member ot the Board | Member ot the Board |
|---|---|---|
| *Vladimirs Cadovičs* | *Aleftīna Struļeviča* | *Aleksandrs Ančevskis* |

# *Account on changes in equity capital, year 2009 and 2010*

| | Stock or share capital (fixed) | Revaluation reserve of long-term investments | Retained earnings from previous year | Profit for the year of account | Total equity capital |
|---|---|---|---|---|---|
| | LVL | LVL | LVL | LVL | LVL |
| **Remaining amount on 31 December 2008** | **4 742 980** | **126 267** | **-3 715 292** | **-23 033** | **1 130 922** |
| Transferred losses | | | -23 033 | 23 033 | **0** |
| Losses in year of account | | | | -57 835 | **-57 835** |
| Reserve reduction | | -6 313 | | | **-6 313** |
| **Remaining amount on 31 December 2009** | **4 742 980** | **119 954** | **-3 738 325** | **-57 835** | **1 066 774** |
| Transferred losses | | | -57 835 | 57 835 | **0** |
| Losses in year of account | | | | -20 086 | **-20 086** |
| Reserve reduction | | -5 998 | | | **-5 998** |
| **Remaining amount on 31 December 2010** | **4 742 980** | **113 956** | **-3 796 160** | **-20 086** | **1 040 690** |

| | Stock or share capital (fixed) | Revaluation reserve of long-term investments | Retained earnings from previous year | Profit for the year of account | Total equity capital |
|---|---|---|---|---|---|
| | EUR | EUR | EUR | EUR | EUR |
| **Remaining amount on 31 December 2008** | **6 748 653** | **179 662** | **-5 286 384** | **-32 773** | **1 609 157** |
| Transferred losses | | | **-32 773** | **32 773** | **0** |
| Losses in year of account | | | | **-82 292** | **-82 292** |
| Reserve reduction | | **-8 983** | | | **-8 983** |
| **Remaining amount on 31 December 2009** | **6 748 653** | **170 679** | **-5 319 157** | **-82 292** | **1 517 883** |
| Transferred losses | | | **-82 292** | **82 292** | **0** |
| Losses in year of account | | | | **-28 580** | **-28 580** |
| Reserve reduction | | **-8 534** | | | **-8 534** |
| **Remaining amount on 31 December 2009** | **6 748 653** | **162 145** | **-5 401 449** | **-28 580** | **1 480 768** |

Chairman of the Board
*Vladimirs Cadovičs*

Member ot the Board
*Aleftīna Struļeviča*

Member ot the Board
*Aleksandrs Ančevskis*

"Rīgas juvelierizstrāda'jumu rūpnīca" JSC /AS/ single ID 40003044420
Account for the period from 01.01.2010 to 31.12.2010

***ACCOUNT ON CASH FLOW for the PERIOD having EXPIRED***
on 31 december 2010 (by direkt method)

| | 2010 LVL | 2009 LVL | 2010 EUR | 2009 EUR |
|---|---|---|---|---|
| **I. Cash flow from basic activities** | | | | |
| Proceeds from no product selling and provision of services | 174577 | 328 480 | 248 401 | 467 385 |
| Payments to suppliers, staff, other expenditures of basic activities | -261641 | -379 632 | -372 282 | -540 168 |
| Receipts and expenditures from other basic activities ot the Company | 81040 | 58 230 | 115 310 | 82 854 |
| ***Gross basic activities cash flow*** | **-6 024** | **7 078** | **-8 571** | **10 071** |
| Expenditures for percentage payments | 0 | -30 | 0 | -43 |
| Expenditures for real property tax payments (-) | -3909 | -4 495 | -5 562 | -6 396 |
| ***Cash flow before extraordinary items*** | **-9 933** | **2 553** | **-14 133** | **3 633** |
| **Net basic activities cash flow** | **-9 933** | **2 553** | **-14 133** | **3 633** |
| **II. Cash flow of investment operations** | | | | |
| Acquisition of fixed assets and intangible investments (-) | -563 | -306 | -801 | -435 |
| Acquisition/sale of securities (+) | 0 | 22 457 | 0 | 31 953 |
| Interest received (+) | 104 | 102 | 148 | 145 |
| **Net cash flow of investment operations** | **-459** | **22 253** | **-653** | **31 663** |
| | | | | |
| **V. Net cash flow for the yer of account** | **-10 392** | **24 806** | **-14 786** | **35 296** |
| **VI. Cash and equivalents thereof at the begininig of period** | **83 906** | **59 100** | **119 387** | **84 092** |
| **VII. Cash and equivalents thereof at the end of period** | **73 514** | **83 906** | **104 601** | **119 387** |

Chairman of the Board
*Vladimirs Cadovičs*

Member ot the Board
*Aleftīna Struļeviča*

Member ot the Board
*Aleksandrs Ančevskis*

# Appendices to the annual account

***1. Accounting policy and methods applied***

**General principles**

Annual account is developed in accordance with the laws of the Republic of Latvia "On Accounting" and "On Annual Accounts of Enterprices" and corresponding to the Latvian accountancy standarts. The following Latvian accountancy standarts (LGS) are applied in development of the present annual account: 1.LGS , 2.LGS, 3. LGS ", 4. LGS ", 5. LGS, 6.LGS, 7.LGS, 8.LGS, 9.LGS.

Profit or loss statement has been developed in correspondence with the turnover expenditures method.

Cash flow statement has been developed according to the direct method.
Finansial statement is providing true and clear representation of the Company funds, liabilities, financial condition and profits or losses.

Accounting policy ensures that financial statements is providing information, which:
1. Is appropriate for users of the finansial statements in order to make decisions
2. Is credible to such extent that statements:

*are properly revealing the Company results and financial condition - revealing not only the legal form of transactions, but also economic substance thereof, are neutral ones, i.e. Are unbiased, are cautious;

*are perfect in any significant aspects.

**Principles of accounting applied**

Items of the annual account are assessed in accordance with the following accountancy principles:

a) It is assumed that the Company will proceed with its operations even further.

b) The same methods of assessment are applied as for the preceding year of account.

c) Assessment of items is performed with proper caution, in compliance with conditions as follows:

* the account includes exclusively the profits earned until the date when balance sheet is drawn;

consideration, also when the same have become known within the time period from the date of balance sheet to the date when the annual account is drawn;

date of payment and the date when bill is received or invoice. Expenditures are attuned to income within the relevant accounting periods.

e) Components for the items of assets and liabilities are assessed separately.

f) Opening balance for the year of account corespond to closing balance of the preceding year.

g) All the items are specified, which exert significant impact on evaluation and decision-making of users of the annual account.

g) Business transactions are reflected in the annual account, taking into consideration their economic content and substance rather than legal form.

**Accounting period** from January 2010 to December 2010

**Money value and revaluation of foreign currency**

Indices reflected by these financial statements are expressed in national currency of Latvia - lats (LVL).

Items of any monetary assets and liabilities are recalculated to lats according to currency rate fixet by the Bank of Latvia on the last day of the year of account.

Foreign currency rates at the end of accounting period during the last two years were as follows:

| 2010.12.31 | | 2009.12.31 | |
|---|---|---|---|
| RUR | 0,0176 | RUR | 0,0164 |
| EUR | 0.702804 | EUR | 0.702804 |

relevant period.

**Long-term and short-term items**

In the short-term assets the asset amounts are indicated:

* which are intended to be sold or consumed within the normal cycle of business operations;

tne dae of balance;

* it is cash or equivalent thereof having unlimited capacities o be used.

Other assets are classified as long-term ones.

As short-term liabilities the amounts of liabolities are indicated:

*whereto settlements are envisages the normal cycle of business operations;

*which should be settled not later than within twelve months after the date of balance.

Other liabilities are classified as long-term ones.

**Cash and cash equivalents**

Cash and cash equivalents are composed of cash and balances of blank current accounts.

**Depreciation of intangible investmrnts and fixed assets**

depreciation.

Depreciation is calculated by the linear method, taking as basis the following depreciation norms:

*Fixed assets:*

| | |
|---|---|
| *Buildings and constructions | 5% |
| *Technological equipment | 20% |
| *Means of transport | 20% |
| *Othes fixed assets | 20% |
| *Furniture | 20% |
| *Computers and data storage facilities | 35% |

*Depreciation for land is not calculated.

**Inventory assessment**

In the inventory assessment method of direct expenditures ir used. In the balance sheet the inventories are specified by prime cost for acquisition thereof. Value of the obsolete, slow turnover or damaged inventories is written-off. Inventory residues are examined in the annual stocktaking.

**Debtors' indebtedness**

Debtors' indebtedness in the balance sheet are indicated as net (asquisition) value, by deducation from the initial value of special accruals for doubtful and bad debtors' indebtedness. Accruals for doubtful and bad debtors' indebtedness are developed in cases when the management considers recovery of said debtors' indebtedness to be questionable.

**Taxes**

Expenditures of the corporate income tax for the year of account are included in the financial statement, based on calculations performed by the management in accordance with tax laws of the Republic of Latvia.

**Related parties**

As related parties are deemed to be the Company shareholders, members of the Board of Directors, their close members of family and companies where the said entities are having cintrol or significant impact.

**Application of assessments**

Requirements of the Latvian laws are providing that upon development of financial statements, management of the enterprise shall assess and assumptions having impact on assets and liabilities specified by accounts and off-balance as the day for development af annual account, as well as the specified receipts and expenditures of the accounting period. Actual results may be different from these estimates.

**Classification**

In 2010, according to changes in a law and decision of management, classification of data was changed as compared to 2009.

Data from 31.12.2009 Liabilities

| | Before | After |
|---|---|---|
| Other accumulations | | 2 555 |
| Accumulated obligations | 2 555 | |

***Appendices to the account***

## 2. Explanatory notes to items of the profit or loss calculation

| **1. Net turnover** | **2010 LVL** | **2009 LVL** | **2010 EUR** | **2009 EUR** |
|---|---|---|---|---|
| Jewelry sale | 175 198 | 183 492 | 249 284 | 261 086 |
| Worcshop (jewelry repairs) | 48 354 | 54 507 | 68 802 | 77 556 |
| Pawnshops (jewelry) | 3 169 | 3 723 | 4 509 | 5 297 |
| Production ot thermal energy | 19 104 | 17 148 | 27 183 | 24 399 |
| **Total** | **245 825** | **258 870** | **349 777** | **368 339** |
| **2. Manufacturing expenditures of sold products** | | | | |
| Salary of workers | 0 | 87 287 | 0 | 124 198 |
| Obligatory social payments of workers | 0 | 20 453 | 0 | 29 102 |
| Purchasing expenses of the sold jewels | 42 065 | 0 | 59 853 | 0 |
| Expenses for manufacturing of jewels | 7 156 | 0 | 10 182 | 0 |
| Lease payments for the production facilities | 0 | 9 315 | 0 | 13 254 |
| Utilities | 0 | 33 717 | 0 | 47 975 |
| Direct materials | 255 | 74 667 | 363 | 106 242 |
| Assaying of jewelry at State Assay Supervision Inspeection | 1 314 | 3 642 | 1 870 | 5 182 |
| Low-grade inventory, and tools | 360 | 1 303 | 512 | 1 854 |
| Auxiliary materials | 4 | 1 106 | 6 | 1 574 |
| Depreciation of fixed assets | 0 | 289 | 0 | 411 |
| Current repairs (equipment, facilities) | 0 | 739 | 0 | 1 052 |
| Long-term investments' writing-off in the leased fixed assets | 0 | 0 | 0 | 0 |
| Ghanges in stock and value of the unfinished products | -3 708 | 2 844 | -5 276 | 4 047 |
| Ghanges in stock and value of the finished products | 149 548 | 14 483 | 212 788 | 20 607 |
| Tax undeducted part | 23 | 14 | 33 | 20 |
| Tax of nature resources | 79 | 62 | 112 | 88 |
| Goods insurance | 97 | 0 | 138 | 0 |
| **Total** | **197 192** | **249 921** | **280 580** | **355 606** |
| **3. Selling costs** | | | | |
| Salary of workers | 34 461 | 6 584 | 49 034 | 9 368 |
| Obligatory social payments of workers | 8 160 | 1 586 | 11 611 | 2 257 |
| Utilities | 33 848 | 0 | 48 161 | 0 |
| Accumulations for vacations | 625 | 1 102 | 889 | 1 568 |
| Expenses on advertizing | 2 312 | 3 095 | 3 290 | 4 404 |
| Rent of the earth and premises | 13 857 | 0 | 19 717 | 0 |
| Depreciation of fixed assets | 6 794 | 0 | 9 667 | 0 |
| Goods write-off | 2 459 | 0 | 3 499 | 0 |
| Other selling costs | 11 | 1 078 | 16 | 1 534 |
| **Total** | **102 527** | **13 445** | **145 883** | **19 131** |
| **4. Administration expenditures** | | | | |
| Salary of workers | 34 138 | 36 270 | 48 574 | 51 608 |
| Obligatory social payments of workers | 8 224 | 8 668 | 11 702 | 12 333 |
| Accumulations for vacations | 39 | 1 454 | 55 | 2 069 |
| Business activity risk duty | 49 | 99 | 70 | 141 |
| Communication expenditures | 2 491 | 2 546 | 3 544 | 3 623 |
| Annual account expenditures | 700 | 850 | 996 | 1 209 |
| Lawyer services | 3 977 | 300 | 5 659 | 427 |
| Bank services | 242 | 194 | 344 | 276 |

***Appendices to the profit or loss calculation (contunued)***

| | 2010 LVL | 2009 LVL | 2010 EUR | 2009 EUR |
|---|---|---|---|---|
| Office costs | 1 302 | 1 288 | 1 853 | 1 833 |
| Computer, printer, telefax, cash register servicing costs | 0 | 553 | 0 | 787 |
| Expenditures of statutory regulary | 0 | 416 | 0 | 592 |
| To "NASDAQ OMO Riga" | 5 000 | 4 989 | 7 114 | 7 099 |
| Expenditures for organization of annual general meeting and amendments to Articles of Association | 205 | 516 | 292 | 734 |
| Traveling allowances | 1 170 | 320 | 1 665 | 455 |
| Depreciation of fixed assets | 3 280 | 9 905 | 4 667 | 14 094 |
| Carpet replacement (workshop) | 120 | 49 | 171 | 70 |
| Electric energy | 0 | 5 054 | 0 | 7 191 |
| Water | 4 | 14 | 6 | 20 |
| Lease of land | 0 | 4 895 | 0 | 6 965 |
| Waste disposal | 300 | 232 | 427 | 330 |
| Deratization costs | 0 | 50 | 0 | 71 |
| Security services | 6 356 | 5 606 | 9 044 | 7 977 |
| Expenditors for insurance of motor transport | 325 | 601 | 462 | 855 |
| Motor transport expenditures for administration | 3 968 | 3 358 | 5 646 | 4 778 |
| Expenditors for representation | 338 | 35 | 481 | 50 |
| Other administration expenditures | 252 | 1 416 | 359 | 2 015 |
| **Total** | **72 480** | **89 678** | **103 130** | **127 600** |

**5. Other income from the Company business activities**

| | | | | |
|---|---|---|---|---|
| Revolution reserve of long-term investments reduction | 5 998 | 6 313 | 8 534 | 8 983 |
| Income from revalution of finished goods | 94 991 | 1 069 | | 1 521 |
| Leasing out premises | 26 247 | 32 340 | 37 346 | 46 016 |
| Result of a course change of currencies | 83 | 0 | 118 | 0 |
| Addition of value of securities | 0 | 1 411 | 0 | 2 008 |
| Other | 46 | 0 | 65 | 0 |
| **Total** | **127 365** | **41 133** | **46 064** | **58 527** |

**6. Other expenditures from the Company business activities**

| | | | | |
|---|---|---|---|---|
| Currency purchases or sale net result | 249 | 32 | 354 | 46 |
| Gifts and support | 100 | 340 | 142 | 484 |
| Building pulling down project | 6 356 | 0 | 9 044 | 0 |
| Write-off of hopeless debtors | 2 024 | 0 | 2 880 | 0 |
| Formation of accumulation of doubtful debtors | 2 791 | 0 | 3 971 | 0 |
| Other expenditures | 5 674 | 0 | 8 073 | 0 |
| **Total** | **17 194** | **372** | **24 465** | **529** |

**7. Other interest and similar income**

| | | | | |
|---|---|---|---|---|
| Bank interest income | 104 | 102 | 148 | 145 |
| **Total** | **104** | **102** | **148** | **145** |

**8. Other interest and similar expenditures**

| | | | | |
|---|---|---|---|---|
| Penalties | 78 | 30 | 111 | 43 |
| **Total** | **78** | **30** | **111** | **43** |

| | | | | |
|---|---|---|---|---|
| **9. Real property tax** | 3 909 | 4 495 | 5 562 | 6 396 |
| **Total** | **3 909** | **4 495** | **5 562** | **6 396** |

**Appendices to the annual account**

***3. Explanatory notes to the balance sheet items***

**1. Fixed assets**

| | | Investment property | Lands, buildings construction | Long-term investments leased fixed | Equipment and machinery | Other fixed assets | Total | |
|---|---|---|---|---|---|---|---|---|
| | | LVL | LVL | LVL | LVL | LVL | LVL | EUR |
| Initial Value 31.12.2009. | | 58 700 | 180 389 | 74 026 | 64 356 | 46 265 | **423 736** | **602 922** |
| Initial Value 31.12.2010. | | 58 700 | 180 389 | 74 026 | 64 356 | 46 828 | **424 299** | **603 723** |
| Depreciation 31.12.2009. | | 19 566 | 59 273 | 74 026 | 63 772 | 36 223 | **252 860** | **359 787** |
| Depreciation 31.12.2010. | | 22 502 | 68 292 | 74 026 | 64 051 | 40 372 | **269 243** | **383 098** |
| Residual value 31.12.2009 | LVL | **39 134** | **121 116** | **0** | **584** | **10 042** | **170 876** | |
| | EUR | **55 683** | **172 333** | **0** | **831** | **14 288** | | **243 135** |
| Residual value 31.12.2010 | LVL | **36 198** | **112 097** | **0** | **305** | **6 456** | **155 056** | |
| | EUR | **51 505** | **159 500** | **0** | **434** | **9 186** | | **220 625** |

*Fixed assets in the balance sheet are reflected es the residual value*

*Residues of fixed assets as at 31.12.2009. are checked in stocktaking on 31 .12. 2009.*

*Fixed assets are not encumbered.*

*Vehickes are insured.*

| **2. Raw materials, direct material and auxiliary** | **2010 LVL** | **2009 LVL** | **2010 EUR** | **2009 EUR** |
|---|---|---|---|---|
| gold | 202 287 | 130 565 | 287 828 | 185 777 |
| silver | 2 087 | 2 087 | 2 970 | 2 970 |
| precios stones, semiprecious stones | 48 362 | 49 077 | 68 813 | 69 830 |
| other auxiliary materials | 49 | 49 | 70 | 70 |
| low-value mateials and inventory | 741 | 817 | 1 054 | 1 162 |
| tools | 4 583 | 4 583 | 6 521 | 6 521 |
| construction materials for current repairs | 288 | 300 | 410 | 427 |
| fuel in tanks of cars | 47 | 18 | 67 | 26 |
| **Total** | **258 444** | **187 496** | **367 733** | **266 783** |

| **3. Unfinished products** | | | | |
|---|---|---|---|---|
| Unfinished manufacture | 115 333 | 90 692 | 164 104 | 129 043 |
| **Total** | **115 333** | **90 692** | **164 104** | **129 043** |

| **4. Finished production and goods on sale** | | | | |
|---|---|---|---|---|
| Goods in warehouse | 212 370 | 140 278 | 302 175 | 199 598 |
| **Total** | **212 370** | **140 278** | **302 175** | **199 598** |

| **5. Advance payments for products** | | | | |
|---|---|---|---|---|
| To LLC /SIA/ NESTE for fuel | 340 | 26 | 484 | 37 |
| **Total** | **340** | **26** | **484** | **37** |

***Appendices to the balance sheet (continued)***

| | 2010 LVL | 2009 LVL | 2010 EUR | 2009 EUR |
|---|---|---|---|---|
| **6. Indebtedness of cusmomert and clients** | | | | |
| Indebtedness of customers and clients | 246 543 | 365 484 | 350 799 | 520 037 |
| Settlements with other debtors | 16 969 | 25 457 | 24 145 | 36 222 |
| Credit on the security in a pawnshop | 3 618 | 3 036 | 5 148 | 4 320 |
| Settlements for lease | 14 866 | 5 999 | 21 152 | 8 536 |
| Accumulation of doubtful debtors | -2 791 | 0 | -3 971 | 0 |
| **Total** | **279 205** | **399 976** | **397 273** | **569 115** |
| **7. Other debtors** | | | | |
| VENDEN pledge | 11 | 11 | 16 | 16 |
| **Total** | **11** | **11** | **16** | **16** |
| **8. Expenditures for the subsequent periods** | | | | |
| Insurance of vehicles | 159 | 65 | 226 | 92 |
| Lietišķas inmormācijas dienests (laws of the Republic of Latvia) | 108 | 43 | 154 | 61 |
| Newspaper, journals | 354 | 0 | 504 | 0 |
| Project documentation | 0 | 7 564 | 0 | 10 763 |
| NASDAQ OMO Rīga for the stock quotation | 7 | 0 | 10 | 0 |
| **Total** | **628** | **7 672** | **894** | **10 916** |
| **9. Saved incomes** | | | | |
| Bills written out in 2010 | 0 | 3 757 | 0 | 5 346 |
| **Total** | **0** | **3 757** | **0** | **5 346** |
| **10. Money resources** | | | | |
| Monetary in cash | 8 516 | 8 121 | | 11 555 |
| Monetary in operating accounts | 64 998 | 75 785 | 92 484 | 107 832 |
| **Total** | **73 514** | **83 906** | **92 484** | **119 387** |

**11. Information of the aggregate Company own stock and shares**

The JSC was founded on 10 December 1991 with fixed capital Ls 4742980, composed of 4742980 shares, share par value constituting Ls 1,-
All the stocks are ordinary stocks with voting rights.
From the totality of Company stocks 4 493 700 stocks are bearer stocks in dematerialized form.
From the totality of Company stocks 249 280 are registered stocks in dematerialized form.

***Appendices to the balance sheet (continued)***

| | 2010 LVL | 2009 LVL | 2010 EUR | 2009 EUR |
|---|---|---|---|---|
| **12. Indebtedness to suppliers and contractors** | | | | |
| Venden SIA | 2 | 0 | 3 | 0 |
| EPS SIA carpets change | 12 | 11 | 17 | 16 |
| AM Pakalpojumi SIA | 91 | 0 | 129 | 0 |
| Rīgas ūdens SIA | 228 | 173 | 324 | 246 |
| Federal Express Corporation | 44 | 0 | 63 | 0 |
| NASDAQ OMX Riga AS | 756 | 0 | 1 076 | 0 |
| Koslovskis Miks | 2 | 0 | 3 | 0 |
| DIALMA GIOIELLI S.A.S. | 29 106 | 0 | 41 414 | 0 |
| **Total** | **30 241** | **184** | **43 029** | **262** |
| **13. Taxes and social security payments** | | | | |
| VAT | 8 165 | 5 531 | 11 618 | 7 870 |
| State social security obligatory payments | 2 232 | 1 290 | 3 176 | 1 836 |
| Personal income tax | 1 118 | 1 029 | 1 591 | 1 464 |
| Natural resources tax | 79 | 62 | 112 | 88 |
| Business activity duty | 4 | 4 | 6 | 6 |
| **Total** | **11 598** | **7 916** | **16 502** | **11 263** |
| **14. Other creditors (short-term)** | | | | |
| Salaries | 2 866 | 3 319 | 4 078 | 4 723 |
| Advance calculations | 165 | 7 | 235 | 10 |
| **Total** | **3 031** | **3 326** | **4 313** | **4 732** |
| **15. Accured liabilitties** | | | | |
| Latvenergo SIA | 2 518 | 2 270 | 3 583 | 3 230 |
| Latvijas gāze AS | 3 346 | 983 | 4 761 | 1 399 |
| Lattelecom SIA | 52 | 52 | 74 | 74 |
| FINANSISTS SIA | 0 | 425 | 0 | 605 |
| Prior SIA | 0 | 70 | 0 | 100 |
| Program RasmusNet | 120 | 0 | 171 | 0 |
| Latvijas Mobilais Telefons SIA | 86 | 135 | 122 | 192 |
| Accumulation on unused holidays | 3 219 | 2555* | 4 580 | 3 635 |
| **Total** | **9 341** | **6 490** | **13 291** | **9 234** |

*Classification