JSC /*A/S*/ "Rīgas juvelierizstrādājumu rūpnīca"
Single reg. No 40003044420
Address : Terēzes iela l, Rīga LV-1012

Types of basic activities:
processing of precious metals

Unit: LVL

AUDITED
Annual Account
for the year 2006

State Revenue Service territorial office : Latgale suburb department

Date submitted: _____

Date received: _____

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"Rīgas juvelierizstrādājumu rūpnīca" JSC /*AS*/
single ID.40003044420
Annual account for the period from 01.01.2006 to 31.12.2006

INFORMATION ON THE COMPANY

Company name	*JSC /A/S/ "Rīgas juvelierizstrādājumu rūpnīca"*
Company legal status	*Joint-Stock Company*
Single identification No, place and date of incorporation	*40003044420, 10 December 1991*
Legal address	*Terēzes iela l, Rīga, LV-1012, tel 7272790*
Mailing address	*Terēzes iela l, Rīga, LV-1012*
Type of activity	*Processing precious metals*
Name, address, tel. of the Unit of Business Activities	*workshop: Terēzes iela l, Rīga, LV-1012* *pawnshop: Terēzes iela l, Rīga, LV-1012*
Member composition of the JSC Council	
dismissed:	*Vladimirs Cadovičs* *Guntars Antoms*
appointed:	*Vidis Zaķis* *Igors Istomins* *Eļena Vasuļa* *Jurijs Čerņecovs* *Tatjana Rezņigska*
Member composition of the JSC Board of Directors	
dismissed	*Vitlis Zaķis* *Helēna Vīluma*
appointed	*Vladimirs Cadovičs* *Aleftīna Struļeviča* *Ančevskis Aleksandrs*
Bank accounts	
***JSC "SEB Latvijas** Unibanku"*	*LV62UNLA0001000243901*
Chief Accountant	*Korņilova Raisa*
Year of Account	*from 01.01.2006 to 31.12.2006*
Auditor	LLC /*SIA*/ "Auditoru firma "Finansists"" Tālavas gatve 11-4, Rīga, LV- 1029 ID. No LV-40002046180 Nelli Jermoļicka Qualified Auditor (Latvian Association of Qualified Auditors certif. No 102)
Average number of employees	36 people

"Rīgas juvelierizstrādājumu rūpnīca" JSC /*AS*/
single ID.40003044420
Annual account for the period from 01.01.2006 to 31.12.2006

Management report

To the 2006 balance sheet

I. Information on the Company and type of activities.

- Full name of the Company JSC /*A/s*/ „Rīgas juvelierizstrādājumu rūpnīca''
- State registry ID No and date No 000304442 10.12.1991
  Registration date and single ID No of the merchant registration certificate of the Register of Enterprises of the Republic of Latvia No 40003044420 1 December 2004
  Legal address and telephone of the Company: Terēzes iela 1, Rīga, LV-1012, tel.7272790
- Office address and telephone: Terēzes iela 1, Rīga, LV- 1012, tel.7272790
- Type of activity: Processing of precious metals, production, repairs of jewelry.
  - Name, address, tel. of the Unit of Business Activities:
    WORKSHOP: Terēzes iela 1, Rīga, LV-1012, tāl.7277365
    PAWNSHOP: Terēzes iela 1, Rīga, LV-1012, tāl.7277365

Direct materials (gold, silver, palladium) are received by us from the foreign company "Heraus".
Auxiliary materials are received by us from the local producers.
The Company year of account results in losses, which compared to the year 2005 are reduced by 69,846 LVL.
Due to technological requirements and increased material responsibility, the JSC "Rīgas juvelierizstrādājumu rūpnīca" staff are using their leaves together.
Since the leave is used in advance (until 1st day of April of subsequent year) leave reserve is not scheduled.
For the JSC "Rīgas juvelierizstrādājumu rūpnīca" there are neither parent nor subsidiary companies**.**

II. Net turnover in 2006 constitutes 402,849 LVL and has significantly increased by 54.25% compared to 2005. No other important events have occurred, which might have significant impact on the assessment of the year of account.

III. In the year 2007 joint-stock company is planning to adopt new products, which would meet the customer demand and style trends on the Latvian market. Responding to the Latvian customer demands contracts are signed with Russian manufacturers on the supply of high quality products. In the year 2007 operations with existing and new customers will be activated by offering new collections conditions advantageous to a customer. Due to global price increase of gold, silver and auxiliary materials, the joint-stock company is performing price analysis and is selecting the most advantageous suppliers in terms of prices. The joint-stock company in 2007 should evaluate resources for improvement of technological processes, as well as for replacement of outdated technological equipment (casting mechanism etc.)

Due to labour force shortages (jewellers) the joint-stock company should train new staff and should perform improvement of professional skills of the existing staff.

The joint-stock company upon performance of activities to increase the product sales must search for the sales market and parallelly should activate work with analysis of the customer credit rating, by substantiation of the product delivery on results of analysis, in separate cases by adjustment of the terms of payment. For adoption of new sales market significant investments are required, which the Joint-Stock Company is incapable to perform without loan funds. Efforts of the Board and the Council to find an investor having their own market niche for the time being has provided no results.
Potentially the jewelry market in Latvia is a limited one, therefore there is no fast increase of sales present.
The joint-stock company in 2007 should increase volumes of the workshop services provision, should reestablish manufacturing of products made under individual orders, as well as should proceed on with activities of searching for investor having their own market niche.

IV. Large JSC shareholders:

1. State Social Security Agency .....……225 000 stocks
2. Vladimirs Cadovičs ..... 242 980 stocks
3. Oļegs Perežilo .....380 000 stocks
4. Igors Istomins .....1 160 000 stocks
5. Marija Ančevska .....1 160 000 stocks

From totality of the company stock, 4 493 700 stocks are the bearer stocks in a dematerialized form.
From totality of the company stock, 249 280 are registered shares in a dematerialized form.

Chairman of the Board	Member of the Board	Member of the Board
Vladimirs Cadovičs	*Aleftīna Struļeviča*	*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 concerning each accounting period, which is true and impartial reflection of financial condition of the Company at the end of year of account, as well as results of activities

Hereby it is confirmed by the Company management that upon drawing the present report for period, expiring on 31 December 2006, appropriate accounting methods were used, the same were applied on consistent basis, and reasonable and cautious decisions are made. Hereby it is confirmed by the Company management

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 un 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 of the Board	Member of the Board
ovičs *Vladimirs Cadovičs*	*Aleftīna Struļeviča*	*Aleksandrs Ančevskis*

"Rīgas juvelierizstrādājumu rūpnīca" JSC /*AS*/
single ID.40003044420
Annual account for the period from 01.01.2006 to 31.12.2006

Profit or loss statement for years 2006 and 2005

Parameter designation	Appendices	2006 Ls	2005 Ls	2006 EUR	2006 EUR
Net turnover	1	402 849	261 151	**573 202**	371 584
Manufacturing expenditures of sold products	2	-313 342	-248 328	**-445 846**	**-353 339**
Gross profit or loss		*89 507*	*12 823*	***127 356***	***18 245***
Selling costs	3	-8 974	-7 371	**-12 769**	**-10 488**
Administrative expenses	4	-86 217	-66 815	**-122 676**	**-95 069**
Other revenue of the Company business operations	5	27 850	13 459	**39 627**	**19 150**
Other expenses of the Company business operations	6	-42 224	-43 883	**-60 079**	**-62 440**
Other interest income and similar	7	411	148	**585**	**211**
Other interest expenditures and similar	8	-26		**-37**	
Profit or loss before extraordinary items and taxation		*-19 673*	*-91 639*	***-27 993***	***-1303914***
Extraordinary income	9	68		**97**	
Contingencies	10	-1 507		**-2 144**	
Profit or loss before taxation and minority interest		*-21 112*	*-91 639*	***-30 040***	***-130 391***
Deferred corporate income tax	11	176	1 054	**250**	**1 500**
Other taxes	12	-3 082	-3 265	**-4 385**	**-4 646**
Loss for the year of account (net income)		*-24 018*	*-93 850*	***-34 175***	***-133 537***
Profit or loss per ONE stock, annual		0.005	0.02	**-0.007**	**-0.03**
Profit or loss per ONE stock as from commencement of operations		0.783	0.778	**-1.11**	**-1.11**

Appendix from Page 12 to 20 shall constitute an integral part to the present financial statement

"Rīgas juvelierizstrādājumu rūpnīca" JSC /*AS*/
single ID.40003044420
Annual account for the period from 01.01.2006 to 31.12.2006

Balance sheet as at 31 December 2006 un 2005

ASSETS	**Appen-dices**	**2006 Ls**	**2005 Ls**	**2006 EUR**	**2005 EUR**
Long-term investments					
II Fixed assets					
Land, buildings, constructions and perennial plantations		199 414	211 571	**283 741**	**301 039**
Long-term investments in the rented fixed assets		22 114	37 724	**31 465**	**53 677**
Equipment and machinery		1 188	183	**1 690**	**260**
Other fixed assets and inventory		7 239	9 292	**10 300**	**13 221**
Total fixed assets	1	*229 955*	*258 770*	***327 196***	***368 197***
Total long-term investments		*229 955*	*258 770*	***327 196***	***368 197***
Current assets					
I Inventory					
Raw materials, direct materials and auxiliary materials	2	228 859	215 279	**325 637**	**306 314**
Unfinished products		78 317	89 433	**111 435**	**127 252**
Finished goods and goods for sale		193 493	227 506	**275 316**	**323 712**
Advance payments for goods	3	271	385	**386**	**548**
Total inventory		***500 940***	***532 603***	***712 774***	***757 826***
II Debtors' indebtedness					
Indebtedness of customers and clients	4	396 906	375 527	**564 746**	**534 326**
Other debtors	5	2 646	3 325	**3 765**	**4 731**
Expenses of subsequent periods	6	10 897	5 890	**15 505**	**8 381**
Total debtors		410 449	384 742	**584 016**	**547 438**
Funds (total)	**7**	97 434	73 982	**138 636**	**105 267**
Total current assets		1 008 823	991 327	**1 435 426**	**1 410 531**
Assets grand total		*1 238 778*	*1 250 097*	***1 762 622***	***1 778 728***

"Rīgas juvelierizstrādājumu rūpnīca" JSC /*AS*/
single ID.40003044420
Annual account for the period from 01.01.2006 to 31.12.2006

LIABILITIES	**Appen-dices**	**2006 Ls**	**2005 Ls**	**2006 EUR**	**2005 EUR**
I Equity capital					
Stock or share capital (fixed capital)	8	4 742 980	4 742 980	**6 748 653**	**6 748 653**
Revaluation reserve of long-term investments		177 598	177 598	***252 699***	**252 699**
Retained earnings					
a) retained earnings from previous years		-3 688 023	-3 594 173	**-5 247 584**	**-5 114 047**
b) retained earnings for the year of account		-24 018	-93 850	**-34 175**	**-133 537**
Total retained earnings		-3 712 041	-3 688 023	**-5 281 759**	**-5 247 584**
Total equity capital		*1 208 537*	*1 232 555*	***1 719 593***	***1 753 768***
III Creditors					
1.Long-term debts					
Defferred tax liability amounts	13	2 789	2 965	**3 968**	**4 219**
Total long-term debts		*2 789*	*2 965*	***3 968***	***4 219***
2 Short-term debts					
Prepayments received from customers	9	54	55	**77**	**78**
Debts to suppliers and contract works	10	3 919	3 999	**5 576**	**5 690**
Taxes and social security liabilities	11	18 047	6 831	**25 679**	**9 720**
Other creditors	12	5 049	2 984	**7 184**	**4 246**
Accrued liabilities		383	708	**545**	**1 007**
Total short-term debts		30 227	14 577	**39 061**	**20 741**
Total creditors		30 227	17 542	**43 009**	**24 960**
Liabilities grand total		*1 238 778*	*1 250 097*	***1 762 622***	***1 778 728***

Appendix from Page 12 to 20 shall constitute an integral part to the present financial statement

Chairman of the Board — *Vladimirs Cadovičs*

Member of the Board — *Aleftīna Struļeviča*

Member of the Board — *Aleksandrs Ančevskis*

"Rīgas juvelierizstrādājumu rūpnīca" JSC /*AS*/
single ID.40003044420
Annual account for the period from 01.01.2006 to 31.12.2006

Account on changes in equity capital, years 2005 and 2006

	Stock or share capital (fixed capital)	Revaluation reserve of long-term investments	Retained earnings from previous years	Profit for the year of account	Total equity capital
	LV L	LVL	LV L	LVL	L V L
Remaining amount on 31 December 2004	**4 742 980**	**177 598**	**- 2 789 146**	**- 805 027**	**1 326 405**
Transferred losses			- 805 027	805 027	
Losses in year of account				**- 93 850**	**- 93 850**
Remaining amount on 31 December 2005	**4 742 980**	**177 598**	**- 3 594 173**	**- 93 850**	**1 232 555**
Transferred losses			- 93 850	93 850	
Losses in year of account				- 24 018	- 24 018
Remaining amount on 31 December 2006	**4 742 980**	**177 598**	**- 3 688 023**	**- 24 018**	**1 208 537**

	Stock or share capital (fixed capital)	Revaluation reserve of long-term investments	Retained earnings from previous	Profit for the year of account	Total equity capital
	EUR	EUR	EUR	EUR	EUR
Remaining amount on 31 December 2004	**6 748 653**	**252 699**	**-3 968 597**	**-1 145 450**	**1 887 305**
Transferred losses			-1 145 450	1 145 450	
Losses in year of account				-133 537	-133 537
Remaining amount on 31 December 2005	**6 748 653**	**252 699**	**-5 114 047**	**-133 537**	**1 753 768**
Transferred losses			-133 537	133 537	
Losses in year of account				-34 175	-34 175
Remaining amount on 31 December 2006	**6 748 653**	**252 699**	**-5 247 584**	**-34 175**	**1 719 593**

Chairman of the Board — *Vladimirs Cadovičs*

Member of the Board — *Aleftīna Struļeviča*

Member of the Board — *Aleksandrs Ančevskis*

"Rīgas juvelierizstrādājumu rūpnīca" JSC /*AS*/
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ACCOUNT ON CASH FLOW for the PERIOD having EXPIRED on 31 December 2006 (by direct method)

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
I. Cash flow from basic activities				
Proceeds from no product selling and provision of services	444 964	335 287	633 127	477 070
Payments to suppliers, staff, other expenditures of basic activities	-463 843	-337 337	-659 989	-479 987
Receipts and expenditures from other basic activities of the Company	49 351	15 915	70 220	22 645
Gross basic activities cash flow	**30 472**	**13 865**	**43 358**	**19 728**
Expenditures for interest payments				
Expenditures for real property tax payments (-)	-3 082	-3 334	-4 385	-4 744
Cash flow before extraordinary items	**27 390**	**10 531**	**38 973**	**14 984**
Cash flow before extraordinary items				
Net basic activities cash flow	**27 390**	**10 531**	**38 973**	**14 984**
II. Cash flow of investment operations				
Acquisition of fixed assets and intangible investments (-)	-4 230	-902	-6 019	-1 283
Interest received (+)	292		415	
Net cash flow of investment operations	**-3 938**	**-902**	**-5 604**	**-1 283**
III. Cash flow of financial operations				
Expenditures for redemption of leased fixed asset				
Net cash flow of financial operations				
IV. Result of foreign currency rate fluctuations				
V. Net cash flow for the year of account	**23 452**	**9 629**	**33 369**	**13 701**
VI. Cash and equivalents thereof at the beginning of period	**73 982**	**64 353**	**105 267**	**91 566**
VII. Cash and equivalents thereof at the end of period	**97 434**	**73 982**	**138 636**	**105 267**

Appendix from Page 12 to 20 shall constitute an integral part to the present financial statement

Chairman of the Board — *Vladimirs Cadovičs*

Member of the Board — *Aleftīna Struļeviča*

Member of 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 Enterprises" and corresponding to the Latvian accountancy standards. The following Latvian accountancy standards (LGS) are applied in development of the present annual account: l. LGS "Guidelines for development of financial statements", 2. LGS "Cash flow statement".3.LOS "Events after the date of balance sheet". 4. LGS "Changes in the accounting policy, modifications in the accounting estimates and errors from the preceding periods".
5. LGS "Long-term contracts".
Profit or loss statement has been developed in correspondence with the turnover expenditure method.
Cash flow statement has been developed according to the direct method.
Financial statement is providing true and clear representation of the Company funds, liabilities, financial condition and profits or losses.
Accounting policy ensures that financial statement is providing information, which:
l . Is appropriate for users of the financial 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.
h) The same methods of assessment are applied as for the preceding year of account.
e) 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:
- all the envisaged risk amounts and losses originated during the year of account or the preceding years are taken into 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:
- all the value reduction and depreciation amounts irrespective of whether the year of account is completed with profit or with losses.
d) in the profit or loss calculation also income and expenditures related to the year of account are included irrespective of the date of payment and the date when bill is received or invoiced. 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 corresponds 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.
h) Business transactions are reflected in the annual account, taking into consideration their economic content and substance rather than legal form.

Accounting period from 1 January 2006 to 3 December 2006

Money value and revaluation of foreign currency

Indices reflected by these financial statements are expressed in national currency of Latvia - lati (LVL).
Items of any monetary assets and liabilities are recalculated to lati according to currency rate fixed 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:

2006.12.31		2005.12.31	
USD	0.536	USD	0.593
EUR	0.702804	EUR	0.702804

Profits or losses obtained resulting from fluctuations of the foreign currency rates are reflected in profit or loss calculation for the 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:
*which are maintained mainly for trading purposes or on short-term basis and are intended to be sold within twelve months after the date of balance;
* it is cash or equivalent thereof having unlimited capacities to be used.
Other assets are classified as long-term ones.

As short-term liabilities the amounts of liabilities are indicated:
* whereto settlements are envisaged within 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.

The Company's long-term liabilities are including also those amounts, which are due in less than one year provided that:
* initial term of liabilities exceeded one year;

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

Depreciation of intangible investments and fixed assets
In the balance sheet all the fixed assets and intangible assets are reflected in prices for acquisition thereof by deduction of depreciation. Depreciation is calculated by the linear method, taking as basis the following depreciation norms:

Intangible investments:	
Computer software	33 %
Fixed assets:	
* Buildings and constructions	5 %
* Technological equipment	10 %
* Means of transport	20 %
* Other fixed assets	33 %
*Mobile phones	35 %
*Furniture	20 %
* Computers and data storage facilities	35 %

* Depreciation for land is not calculated.

Inventory assessment
In the inventory assessment method of direct expenditures is 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 (acquisition) value, by deduction 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 the 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 control 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 at the day for development of annual account, as well as the specified receipts and expenditures of the accounting period. Actual results may be different from these estimates.

Appendices to the annual account

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

l.Net turnover	**2006 LVL**	**2005 LVL**	**2006 EUR**	**2005 EUR**
Jewelry production	343 336	207 645	488 524	295 452
Workshop (jewelry repairs)	49 631	45 542	70 618	64 800
Pawnshop (jewelry)	970	1 054	1 379	1 500
Production of thermal energy	8 912	6 910	12 681	9 832
Total	**402 849**	**261 151**	**573 202**	**371 584**
2. Manufacturing expenditures of sold products				
Labour wages	78 356	66 947	111 491	95 257
Labour state social security obligatory contributions	18 547	15 637	26 390	22 250
Water	225	702	320	999
Electric energy	5 100	5 343	7 257	7 603
Gas	11 217	9 466	15 961	13 469
Direct materials	86 484	68 639	123 055	97 665
Branding of jewelry at State Assay Supervision Inspeection	5 630	4 870	8 011	6 929
Low-grade inventory, and tools	2 052	893	2 920	1 271
Auxiliary materials	1 541	1 532	2 192	2 180
Depreciation of fixed assets	2 160	5 386	3 073	7 664
Current repairs (equipment, facilities)	969	5 020	1 379	7 143
Long-term investments' writing-off in the leased fixed assets	15 610	15 610	22 211	22 211
Carpet replacement (workshop)	88	102	125	145
Lease payment for the production facilities	10 118	5 565	14 397	7 918
Changes in stock and value of the unfinished products	7 170	9 100	10 202	12 949
Changes in stock and value of the finished products	67 987	33 022	96 737	46 986
Transitional expenses	87	493	124	701
Total	**313 342**	**248 328**	**445 845**	**353 340**
3. Selling costs				
Labour wages	5 715	5 567	8 131	7 921
Labour state social security obligatory contributions	1 377	1 341	1 959	1 908
Advertising	1 834	393	2 610	559
Consignment notes	48	70	69	100
Total	**8 974**	**7 371**	**12 769**	**10 488**
4. Administration expenditures				
Communication expenditures	2 502	1 941	3 559	2 762
Annual account expenditures	650	2 100	925	2 988
Business activity risk duty	108	163	154	231
Bank services	318	422	453	600
To REB and the Financial and Capital Market Commission	5 000	9 288	7 114	13 215
Office costs	669	518	952	737
Electric energy	852	576	1 212	820
Depreciation of fixed assets	5 780	5 693	8 224	8 100

Appendices to the profit or loss calculation (continued)

Lawyer services	36	2	52	3
Sewerage cleaning	256		364	
Deratization costs	120		171	
Traveling allowances	1 038		1 477	
Current repairs in premises	1 009	596	1 435	847
Administration wages	34 172	20 627	48 622	29 349
Administration state social security obligatory contributions	8 018	4 712	11 409	6 705
Lease of land	3 500	4 043	4 980	5 753
Waste disposal	406	353	580	502
Security services	14 036	9 830	19 971	13 987
Computer, printer, telefax, cash register servicing costs	992	1 089	1 411	1 549
Expenditures of statutory regulations	682	504	971	717
Expenditures for organizing of annual general meeting and amendments to Articles of Association	525	572	747	814
Expenditures for insurance of motor transport	162	178	230	253
Motor transport expenditures for administration	3 870	3 539	5 506	5 035
Water	48	53	68	76
Other administration expenditures	1 468	20	2089	26
Total	**86 217**	**66 815**	**122 676**	**95 069**

5. Other income from the Company business activities

Sale of various materials	4 042	51	5 752	72
Income from the currency selling or buying	679	365	966	520
Inkome from worker for supernormative losses	3	9	4	13
Surplus payment of the liquidated customers	4		5	
Leasing out premises	23 122	13 034	32 899	18 546
Total	**27 850**	**13 459**	**39 627**	**19 150**

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

Loss from dismantling the finished products for processing		13 654		19 428
Loss from sales of materials	3 759	1 602	5 348	2 279
Loss from writing-off materials		208		296
Loss from revaluation of materials	21 299		30 305	
Other expenditures		284		403
Accruals for unsecured debts		1 098		1 562
Expenditures from the currency buying or selling	9325	7075	13 269	10 066
Depreciation of the leased-out premises	7676	19963	10 922	28 405
Loss from the currency rate fluctuations	165		234	
Total	**42 229**	**43 883**	**60 086**	**62 440**

7. Other interest and similar income

Interest on the remaining amount of monies in bank	118	144	169	205
Penalty fees received		4		6
Bank rates	292		416	
Total	**411**	**148**	**585**	**211**

8. Other interest and similar expenditures

Penalty fees for preceding periods	26		37	
Total	**26**		**37**	

Appendices to the profit or loss calculation (continued)

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
9. Extraordinary income				
Sale of fixed assets	68		96	
Total	**75**	**9**	**106**	**13**
10. Extraordinary expenditures				
Writing-off indebtedness of bad debtors	1 507		2144	
Total	**1533**		**2144**	
11. Deferred corporate income tax	**190**	**1054**	**270**	**1500**
12. Real property tax	**3082**	**3265**	**4385**	**4646**

Appendices to the annual account

3. Explanatory notes to the balance sheet items

I. Fixed assets

	Lands, buildings construction	Long-term investments leased fixed	Equipment and machinery	Other fixed assets	Total
	LVL	**LVL**	**LVL**	**LVL**	**LVL**
Initial value 31.12.2005.	243 131	74 026	62 767	42 493	**422 417**
Acquired Written-off or relocated +,-			1 140 +192	3 090 -2 891	4 230 -2 699
31.12.2006.	243 131	74 026	64 099	42 692	**423 948**
Depreciation 31.12.2005.	31 560	36 302	62 584	33 201	**163 647**
Acquired Written-off or relocated +,-	12 157	15 610	135 192	4 973 -2 721	32 875 -2 529
31.12.2006	43 717	51 912	62 911	35 453	193 993
Residual value 31.12.2005.	**211 571**	**37 724**	**183**	**9 292**	**258 770**
Residual value 31.12.2006.	**199 414**	**22 114**	**1 188**	**7 239**	**229 955**

	EUR	*EUR*	*EUR*	*EUR*	*EUR*
Initial value 31.12.2005.	345 943	105 330	89 309	60 462	601 044
Acquired Written-off or relocated +,-			1 622 273	4 397 -4 113	6 019 -3 840
31.12.2006.	345 943	105 330	91 204	60 746	**603 223**
Depreciation 31.12.2005.	44 906	51 653	89 049	47 241	**232 849**
Calculated Written-off or relocated +,-	17 298	22 211	192 273	7 076 -3 872	46 777 -3 599
31.12.2006	62 204	73 864	89 514	50 445	276 027
Residual value 31.12.2005.	**301 639**	**53 677**	**260**	**13 221**	**368 197**
Residual value 31.12.2006.	**283 741**	**31 465**	**1690**	**10 300**	**327 196**

Fixed assets in the balance sheet are reflected as the residual value.
Residues of fixed assets as at 31.12.2006 are checked in stocktaking on 30 December 2006.
Fixed assets are not encumbered. Vehicles are insured.

2. Raw materials, direct materials and auxiliary	**2006 LVL**	**2005 LVL**	**2006 EUR**	**2005 EUR**
gold	156 352	120 513	222 469	171 475
silver	3 128	3 671	4 451	5 223
precious stones, semiprecious stones	62 038	59 190	88 272	84 220
other auxiliary materials	478	556	680	791
low-value materials and inventory	1 352	965	1 923	1 373
fuel	5	17	6	24
preserved fixed assets (residual value)		25 057		35 653
motor transport tyres	159	159	226	226
tools	5 224	5 052	7 433	7 188
construction materials for current repairs	124	99	177	141
Total	**228 859**	**215 279**	**325 637**	**309 314**

Appendices to the balance sheet (continued)

3. Advance payments for products	**2006 LVL**	**2005 LVL**	**2006 EUR**	**2005 EUR**
To LLC /*SIA*/ NESTE for fuel	61	68	87	97
To State Assay Supervision Inspectorate for branding	210	20	299	28
To "BoGe & Co" SIA for materials		297		423
	271	**385**	**386**	**548**

4. Indebtedness of customers and clients

Indebteness of customers and klients	372 083	354 258	529 426	504 063
Settlements with other debtors	406	362	578	515
Settlements for lease	24 417	22 005	34 742	31 310
Customer and client accounting value, total	**396 906**	**376 625**	**564 746**	**535 888**
Accruals for doubtful debtors		- 1 098		-1 562
Net indebtedness of customers and clients, total	**396 906**	**375 527**	**564 746**	**534 326**
Changes in accruals				
Accruals 31.12.2005.		**1 098**		**2 817**
Accrual reduction		- 1 098		-2 817
Accrual increase				
Accruals 31.12.2006.		0		**0**

5. Other debtors

VAT accepted	483	562	687	800
"Primateks celtnieks"S!A	2 163		3 078	
To sia "Vidzemes celtnies" for services		2 758		3 924
Settlements with employees		5		7
Total	**2 646**	**3 325**	**3 765**	**4 731**

6. Expenditures for the subsequent periods

Advertising costs	102		145	
Insurance of vehicles	113	36	161	52
Narvesen Baltija		41		59
Lietišķas informācijas dienests (laws of the Republic of Latvia)	328	270	467	385
Newspapers, journals	86	542	122	771
Project documentation	5 268		7 496	
Riga Stock Exchange for the stock quotation	5 000	5 000	7 114	7 114
Total	**10 897**	**5 890**	**15 505**	**8 381**

7. Monetary instruments

Monetary instruments in cash	14 947	24 691	21 268	35 132
Monetary instruments in operating accounts	82 487	49 292	117 368	70 135
Total	**97 434**	**73 982**	**138 636**	**105 267**

8. Information of the aggregate Company own stocks 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)

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
9. Advance payments received from customers				
SPEKTRA SIA				
EIŽENS & MARIS		1		1
JULARS SIA	54	54	77	77
Total	**54**	**55**	**77**	**78**
10. Indebtedness to suppliers and contractors (short-term)				
I.atvenergo	1 713	1 684	2 438	2 396
Rīgas gāze	741	995	1 054	1 414
Latvijas Mobilais telefons	53	20	76	29
EPS SIA for replacement of carpets	8	8	11	11
Laltelekom	190	106	270	151
Rīgas ūdens	204	480	290	683
ELIKOM S1A	14	14	20	20
"E 50" SIA	994		1 414	
"MASTERTELEKOM" SIA	2		3	
Gūna Sniķere lease of land		10		14
Dace Strujivica		553		787
PIE ZIEMEĻA SIA for materials		1300		185
Total	**3 919**	**3 999**	**5 576**	**5 690**
11. Taxes and social security payments				
Personal income tax	2 430	1 654	3 458	2 354
State social security obligatory payments	3 953	2 759	5 624	3 926
Natural resources tax	25	16	35	23
Real property tax	26		37	
Business activity risk duty	9	13	13	18
VAT	11 605	2 389	16 512	3 399
Total	**18 047**	**6 831**	**25 679**	**9 720**
12. Other creditors (short-term)				
Wages	5 019	2 954	7 141	4 203
Alimonies	30	30	43	43
Total	**5 049**	**2 984**	**7 184**	**4 246**
13. Amounts of the deferred tax liability	**2 779**	**2 965**	**3 968**	**4219**

Appendices to the annual account

4. General information

	2006 LVL	2005 LVL	2006 EUR	2005 EUR
1. Annual average number of employees				
Average number of employees	36	36	36	36
2. Personnel costs in totality	**146 184**	**114 832**	**208 001**	**163 391**
- salary	*118 243*	*93 142*	*168 245*	*132 529*
- State social security obligatory payments	*27 941*	*21 690*	*39 736*	*30 862*
- including:				
Wages for the Board of Directors				
- salary	24 967	20 627	35 525	29 349
- State social security obligatory payments	6 014	4 712	8 557	6 705
- total	**30 981**	**25 339**	**44 082**	**36 054**

Taxes and social security payments	(+) indebtedness (-) overpayment **31.12.2005. LVL**	**Calculated**	**Paid**	(+) indebtedness (-) overpayment **31.12.2006. LVL**
Corporate income tax	-			
Value-added tax	2 388.86	96 805.13	- 87 589.47	11 604.52
Personal income tax	1 654.20	23 826.65	- 23 050.62	2 430.23
State social security obligatory payments	2 759.45	38 380.89	-37 187.05	3 953.29
Real property tax		3 082.39	- 3 082.39	
		25.79		25.79
Natural resources tax	15.99	26.33	- 17.72	24.60
Business activity risk duty	12.60	108.50	- 111.85	9.25
Total:	**6 831**	**162 256**	**-151 039**	**18 048**

Taxes and social security payments	(+) indebtedness (-) overpayment **31.12.2005. EUR**	**Calculated**	**Paid**	(+) indebtedness (-) overpayment **31.12.2005. EUR**
Corporate income tax				
Value-added tax	3 399.04	137 741.29	-124 628.59	16 511.74
Personal income tax	2 353.71	33 902.27	-32 798.08	3 457.90
State social security obligatory payments	3 926.34	54 611.09	-52 912.41	5 625.02
Real property tax		3 485.85	-3 485.85	
		36.70		36.70
Natural resource tax	22.75	37.46	-25.21	35.00
Business activity risk duty	17.93	154.38	-159 150-	13.16
Total:	**9 720**	**229 969**	**-214 009**	**25 680**

Chairman of the Board *Vladimirs Cadovičs*

Member of the Board *Aleftīna Struļeviča*

Member of the Board *Aleksandrs Ančevskis*