

"Rīgas juvelierizstrādājumu rūpnīca" JSC /AS/ single ID.40003044420
Account for period from 01.01.2009 to 30.09.2009

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

Types of basic activities:
processing of precious metals

Unit: LVL

ACCOUNT
for the period from 01.01.2009 to 30.09.2009

State Revenue Service territorial office: Latgale suburb department

Date submitted: _____

Date received: _____

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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 pawnshop: Terēzes iela 1, Rīga, LV-1012
Member composition of the JSC Council	Vidis Zaķis Igors Istomins Eļena Vasuļa Jurijs Čerņecovs Tatjana Reznigskā
Member composition of the JSC Board of Directors	Vladimirs Cadovičs Alefīna Struļeviča Aleksandrs Ančevskis
Bank account JSC "SEB BANKA"	LV62UNLA0001000243901
Chief Accountant	Natalja Beļšova
Account for the period	from 01.01.2009 to 30.09.2009
Auditor	LLC SIA "Auditoru firma "Finansists" Tālavas gatve 11-4, Rīga, LV-1029 ID.№ LV40002046180 Nelli Jermoljicka Qualified Auditor (Latvian Association of Qualified Auditors cert
Average number of employees	30 peple

Management report

Information about company

JSC „Rīgas juvelierizstrādājumu rūpnīca” legal address Terezes iela 1, Rīga, 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: Alefīna Struļeviča un Aleksandrs Ančevskis.

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

Largest share holders of the Company are:

State Social Insurance Agency – 225 000 shares

Vladimirs Cadovics – 306 785 shares

Olegs Perežilo – 380 000 shares

Igors Istomins – 1 160 000 shares

Marija Ančevska – 1 160 000 shares

Operational activities

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, Rīga, LV-1012, tel.: 67277365

pawnshop: Terezes iela 1, Rīga, 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: -47 073 LVL

Nett result: 182 900 LVL

Direct materials (gold, silver, palladium) used in production the Company purchases from Estonian company „Nordfort” and local company SIA „A&G INVEST”. Auxiliary materials are purchased by the Company from local producers.

Due to price increase for gold, silver and auxiliary materials in the world market the Company analyzes prices and competitiveness in Latvia’s market and chooses economically advantageous suppliers.

According to the management of the Company continuation of business operation should be assumed in respect to preparation of this financial report.

Development activities of the Company

Further development of the Company: talking into account the terms of world financial crisis the Company plans to develop new possibilities for business. Analysis of internal and external market in order to carry out activities to increase sales

It is necessary to seek for additional markets and in the same time it is necessary to promote analysis of credit standing of customers and use results of the analysis as basis in respect to provision of production and adjust payment terms in particular cases.

Potential of jewellery market in Latvia is still limited; therefore, rapid increase in sale of production is not observed.

Proposals to decrease losses

It is planned to improve production structure of the Company in order to decrease costs. Within possible limits the managerial staff and average number of employees of the Company shall be reduced.

Chairman of the Board

Member of the Board

Member of the Board

Vladimirs Cadovičs

Alektina Strulevica

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 30.09.2009., as well as results of activities.

Hereby it is confirmed by the Company managers that upon drawing the present report for period 01.01.2009 -30.09.2009, 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.

Chairman of the Board
Vladimirs Cadovičs

Member of the Board
Aleŭtina Struļeviča

Member of the Board
Aleksandrs Ančevskis

Profits or loss statements for the period from

01.01.2009 to 30.09.2009 and 01.01.2008 to 30.09.2008

Parameter designation	Appendices	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Net turnover	1	182 900	301 174	260 243	428 532
Manufacturing expenditures of sold products	2	-168 238	-258 475	-239 381	-367 777
Gross profit or loss		14 662	42 699	20 862	60 755
Selling costs	3	-9 509	-7 838	-13 530	-11 152
Administrative expenses	4	-55 654	-77 523	-79 189	-110 305
Other revenue of the Company business operations	5	30 671	30 570	43 641	43 497
Other expenses of the Company business operations	6	-23 932	-3	-34 052	-4
Other interests income and similar	7	60	95	85	135
Profit or loss before extraordinary items and taxations		-43 702	-12 000	-62 182	-17 074
Profit or loss before taxation and minority interest		-43 702	-12 000	-62 182	-17 074
Different corporate income tax					
Other taxes	8	-3 371	-3 493	-4 797	-4 970
Loss for the year of account (net income)		-47 073	-15 493	-66 979	-22 045
Profit or loss for ONE stock, anual		-0.009	-0.003	-0.013	-0.004
Profit or loss for ONE stock as from commencement of operations		-0.798	-0.786	-1.135	-1.118

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

Balance sheet at 30 september 2009 and 2008

ASSETS	Appen- dices	2009 LVL	2008 LVL	2009 EUR	2008 EUR
1. Long-term investments					
I Fixed assets					
Land, building, constructions and perenial plantations		123 372	132 391	175 543	188 375
Long-term investments in the rented fixed assets				0	0
Equipment and machinery		654	688	931	979
Other fixed assets and inventory		11 044	15 095	15 714	21 478
Total fixed assets		135 070	148 174	192 187	210 833
II Investments property		39 868	42 802	56 727	60 902
Total investments property		39 868	42 802	56 727	60 902
Total long-term investments	1	174 938	190 976	248 914	271 734
2. Current assets					
III Inventory					
Raw materials, direct materials and auxiliary materials	2	183 813	184 345	261 542	262 299
Unfinished products		122 742	127 296	174 646	181 126
Finished goods and goods for sale		155 553	188 224	221 332	267 819
Advance payment for goods	3	0	18298	0	26 036
Total inventory		462 108	518 163	657 520	737 280
IV Debtors' indebtedness					
Indebtedness of customers and clients	4	357 502	356 815	508 680	507 702
Other debtors	5	184	73	262	104
Expenses of subsequent perios	6	7 629	5 008	10 855	7 126
Total debtors		365 315	361 896	519 796	514 932
V Shot-term financial investments					
Other securities		21 045	0	29 944	0
Total shot-term financial investments		21 045	0	29 944	
Funds (total)	7	79 356	94 614	112 913	134 624
Total current assets		927 824	974 673	1 320 175	1 386 835
Assets grand total		1 102 762	1 165 649	1 569 089	1 658 569

LIABILITIES	Appendices	2009 LVL	2008 LVL	2009 EUR	2008 EUR
<i>I Equity capital</i>					
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		126 267	135 091	179 662	192 217
<i>Retained earnings</i>				0	0
a) retained earnings from previous year		-3 738 325	-3 715 292	-5 319 157	-5 286 384
b) retained earnings for the year of account		-47 073	-15 493	-66 979	-22 045
<i>Total retained earnings</i>		-3 785 398	-3 730 785	-5 386 136	-5 308 429
<i>Total equity capital</i>		1 083 849	1 147 286	1 542 178	1 632 441
<i>III Creditors</i>					
<i>2. Short-term debts</i>					
	9	1 467	619		881
Taxes and social security liabilities	10	11 338	10 125	16 133	14 407
Other creditors	11	6 108	7 619	8 691	10 841
<i>Total short-term debts</i>		18 913	18 363	24 823	26 128
<i>Total creditors</i>		18 913	18 363	24 823	26 128
<i>Liabilities grand total</i>		1 102 762	1 165 649	1 567 002	1 658 569

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

Chairman of the Board
 Vladimirs Cadovičs

Member of the Board
 Alefina Struļeviča

Member of the Board
 Aleksandrs Ančevskis

Account on changes in equity capital, 30.09.2008 and 30.09.2009.

	Stock or share capital (fixed)	Revaluatio n reserve of long- term invest ments	Retained earnings from previous year	Profit for the year of account	Total equity capital
	LVL	LVL	LVL	LVL	LVL
Remaining amount on 30 September 2008	4 742 980	135 091	-3 715 292	-15 493	1 147 286
Remaining amount on 30 September 2009	4 742 980	126 267	-3 738 325	-47 073	1 083 849

	Stock or share capital (fixed)	Revaluatio n reserve of long- term invest ments	Retained earnings from previous year	Profit for the year of account	Total equity capital
	EUR	EUR	EUR	EUR	EUR
Remaining amount on 30 September 2008	6 748 653	192 217	-5 286 384	-22 045	1 632 441
Remaining amount on 30 September 2009	6 748 653	179 662	-5 319 157	-66 979	1 542 178

Chairman of the Board
Vladimirs Cadovičs

Member of the Board
Aleġtīna Struļeviċa

Member of the Board
Aleksandrs Anċevskis

ACCOUNT ON CASH FLOW for the PERIOD having EXPIRED
 on 30 september 2009(by direkt method)

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
I. Cash flow from basic activities				
Proceeds from no product selling and provision of services	188 490	358 776	268 197	510 492
Payments to suppliers, staff, other expenditures of basic activities	-234 123	-422 140	-333 127	-600 651
Receipts and expenditures from other basic activities of the Company	69 200	78 567	98 463	111 791
Gross basic activities cash flow	23 567	15 203	33 533	21 632
Expenditures for real property tax payments (-)	-3 371	-3 397	-4 797	-4 833
Cash flow before extraordinary items	20 196	11 806	28 736	16 798
Net basic activities cash flow	20 196	11 806	28 736	16 798
II. Cash flow of investment operations				
Acquisition of fixed assets and intangible investments (-)				
Interest received (+)	60	95	85	135
Net cash flow of investment operations	60	95	85	135
V. Net cash flow for the yer of account	20 256	11 901	28 822	16 934
VI. Cash and equivalents thereof at the begininig of period	59 100	82 713	84 092	117 690
VII. Cash and equivalents thereof at the end of period	79 356	94 614	112 913	134 624

Chairman of the Board
Vladimirs Cadovičs

Member ot the Board
Aleřtina Struļeviča

Member ot the Board
Aleksandrs Ančevskis

Appendices to the annual account

1. Accounting policy and methods applied

The accounting policy and applied methods in the accounting periods has not changed.

Accounting period : from 01 january 2009. To 30. September 2009

Money value and revaluation of foreign currency:

30.09.2009		30.09.2008	
EUR	0.702804	EUR	0.702804

Appendices to the account

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

1. Net turnover	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Jewelry production	127 999	231 974	182 126	330 069
Workshop (jewelry repairs)	40 407	56 937	57 494	81 014
Pawnshops (jewelry)	2 649	2 116	3 769	3 011
Production of thermal energy	11 845	10 147	16 854	14 438
Total	182 900	301 174	260 243	428 532

2. Manufacturing expenditures of sold products

Labour wages	67 268	84 463	95 714	120 180
Labour state social security obligatory contributions	15 651	19 930	22 269	28 358
Lease payments for the production facilities	10 075	7 588	14 335	10 797
Communal costs	8 320	18 158	11 838	25 837
Direct materials	62 216	114 970	88 525	163 588
Branding of jewelry at State Assay Supervision Inspection	2 646	4 592	3 765	6 534
Low-grade inventory, and tools	73	382	104	544
Auxiliary materials	1 104	1 705	1 571	2 426
Depreciation of fixed assets	2 376	2 307	3 381	3 283
Current repairs (equipment, facilities)	739	2 770	1 052	3 941
Long-term investments' writing-off in the leased fixed assets	0	6 504	0	9 254
Changes in stock and value of the unfinished products	-1 439	9 083	-2 048	12 924
Changes in stock and value of the finished products	-791	-14 117	-1 125	-20 087
Transitional expenses	0	140	0	199
Total	168 238	258 475	239 381	367 777

3. Selling costs

Labour wages	5 819	5 614	8 280	7 988
Labour state social security obligatory contributions	1 402	1 352	1 995	1 924
Advertising	1 210	866	1 722	1 232
Consignment notes	1 078	6	1 534	9
Total	9 509	7 838	13 530	11 152

4. Administration expenditures

Communication expenditures	1 599	1 687	2 275	2 400
Annual account expenditures	850	31	1 209	44
Business activity risk duty	80	83	114	118
Bank services	150	268	213	381
To "NASDAQ OMO Rīgas" and the Financial and Capital Market Commission	4 071	3 752	5 793	5 339
Office costs	613	656	872	933
Electric energy	0	1 301	0	1 851
Depreciation of fixed assets	10 067	5 233	14 324	7 446

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Account for period from 01.01.2009 to 30.09.2009

Appendices to the profit or loss calculation (continued)

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Sewerage cleaning	0	0	0	0
Deratization costs	0	73	0	104
Traveling allowances	320	0	455	0
Administration wages	27 908	31 231	39 710	44 438
Administration state social security obligatory contributions	6 653	7 398	9 466	10 526
Lease of land	0	3 069	0	4 367
Waste disposal	0	411	0	585
Security services	0	16 957	0	24 128
Carpet replacement (workshop)	0	54	0	77
Computer, printer, telefax, cash register servicing costs	0	655	0	932
Expenditures of statutory regulary	0	365	0	519
Expenditures for organization of annual general meeting and amendments to Articles of Association	0	664	0	945
Expenditors for insurance of motor transport	601	165	855	235
Motor transport expenditures for administration	2 442	3 076	3 475	4 377
Water	0	32	0	46
Other administration expenditures	300	362	427	515
Total	55 654	77 523	79 189	110 305

5. Other income from the Company business activities

Income from revaluation of finished goods	1 117	8 552	1 589	12 168
Income from the currency selling or buying	0	139	0	198
Leasing out premises	29 554	21 879	42 052	31 131
Total	30 671	30 570	43 641	43 497

6. Other expenditures from the Company business activities

Loss from the currency selling or buying	32	3	46	4
Communal favours (leaseholders)	19 414		27 624	
Other expenditures	4 486		6 383	0
Total	23 932	3	34 052	4

7. Other interest and similar income

Interest on the remaining amount of monies in bank	60	95	85	135
Total	60	95	85	135

10. Real property tax

3 371	3 493	4 797	4 970
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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 30.09.2008.	58 700	180 389	74 026	64 100	45 959	423 174	602 122
Initial Value 30.06.2009.	58 700	180 389	74 026	64 356	46 265	423 736	602 922
Depreciation 30.09.2008.	15 898	47 998	74 026	63 412	30 864	232 198	330 388
Depreciation 30.09.2009.	18 832	57 017	74 026	63 702	35 221	248 798	354 008
Residual value 30.09.2008	LVL	42 802	132 391	0	688	15 095	190 976
	EUR	60 902	188 375	0	979	21 478	271 734
Residual value 30.09.2009	LVL	39 868	123 372	0	654	11 044	174 938
	EUR	56 727	175 543	0	931	15 714	248 914

Fixed assets in the balance sheet are reflected as the residual value

Residues of fixed assets as at 31.12.2008. are checked in stocktaking on 31.12.2008.

Fixed assets are not encumbered.

Vehicles are insured.

2. Raw materials, direct material and auxiliary

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
gold	124 901	119 484	177 718	170 010
silver	2 084	2 302	2 965	3 275
precious stones, semiprecious stones	49 691	54 734	70 704	77 879
other auxiliary materials	373	1 103	531	1 569
low-value materials and inventory	1 494	1 412	2 126	2 009
fuel	0	26	0	37
motor transport tyres	292	292	415	415
tools	4 654	4 817	6 622	6 854
construction materials for current repairs	324	175	461	249
Total	183 813	184 345	261 542	262 299

Appendices to the balance sheet (continued)

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
3. Advance payments for products				
To LLC /SIA/ NESTE for fuel	0	373	0	531
State Test Supervision Inspection	0	69		98
JSC "BRONICKIJ JUVELIR"	0	17 856		25 407
Total	0	18 298	0	26 036

4. Indebtedness of customers and clients

Indebtedness of customers and clients	347 814	348 864	494 895	496 389
Settlements with other debtors	2 582	2 790	3 674	3 970
Settlements for lease	7 106	5 161	10 111	7 343
Total	357 502	356 815	508 680	507 702

5. Other debtors

Settlement with employees	173	73	246	104
Real property tax	11		16	
Total	184	73	262	104

6. Expenditures for the subsequent periods

Payment for the rented ground	0	1 023	0	1 456
Insurance of transport	65	77	92	110
Lietišķas informācijas dienests (laws of the Republic of Latvia)	0	90	0	128
Newspaper, journals	0	38	0	54
Project documentation	7 564	2 500	10 763	3 557
NASDAQ OMO Rīga Stock Exchange for the stock quotation	0	1 250	0	1 779
Deratization costs	0	30		43
Total	7 629	5 008	10 855	7 126

7. Monetary instruments

Monetary instruments in cash	13 863	18 639	19 725	26 521
Monetary instruments in operating accounts	65 493	75 975	93 188	108 103
Total	79 356	94 614	112 913	134 624

8. 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)

	2009	2008	2009	2008
	LVL	LVL	EUR	EUR
9.				
"Auditoru firma "Finansists"" SIA	425		605	
EPS AS	11		16	
NASDAQ OMX	37		53	
S&F SIA	18		26	
Strujeviča D	882		1 255	
State Test Supervision Inspection	94		134	
"Tepmo Serviss" SIA		619	0	881
Total	1 467	619	2 087	881
11. Taxes and social security payments				
Personal income tax	2 717	2 075	3 866	2 952
State social security obligatory payments	4 189	3 965	5 960	5 642
Natural recourses tax	0	7	0	10
Business activity duty	8	9	11	13
VAT	4 424	4 069	6 295	5 790
Total	11 338	10 125	16 133	14 407
12. Other creditors (short-term)				
Wages	6 108	7 589	8 691	10 798
Alimonies	0	30	0	43
Total	6 108	7 619	8 691	10 841