

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

ACCOUNT
for the period from 01.01.2010 to 31.03.2010

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 Latvijas Unibanka"	LV62UNLA0001000243901
Chief Accountant	Natalja Beļšova
Year of Account	from 01.01.2010 to 31.03.2010
Auditor	LLC SIA "Auditoru firma "Finansists"" Tālavas gatve 11-4, Rīga, LV-1029 ID.№ LV40002046180 Nelli Jermolicka Qualified Auditor (Latvian Association of Qualified Auditors cert
Average number of employees	16 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: Alefina 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, 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: - 14 267 LVL

Nett result: 39086 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.

Development activities of the Company

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

It is necessary to search additional commodities sale market.

In connection with a rapid getting of gold prices up, to execute products' assortment analysis, withdrawing from a turn the less sell models. To execute an assortment exchange, which corresponds to new fashion tendencies and query.

To activate a collaboration with being clients, as also attract new clients, offering the models of a new collection in the mutually beneficial conditions.

Reacting on the Latvia market query, begin a collaboration with partners from European Union countries and Russia.

Proposals to decrease losses

Foreseen to perfect the Company production structure with the purpose of to diminish charges.

The Company management vehicle and amount of workers was diminished.

Chairman of the Board

Member of the Board

Member of the Board

Vladimirs Cadovičs

Alefina 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 31.03.2010, as well as results of activities.

Hereby it is confirmed by the Company managers that upon drawing the present report for period, expiring on 31 March 2010, 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 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
Vladimirs Cadovičs

Member of the Board
Aleŭtina Struļeviča

Member of the Board
Aleksandrs Ančevskis

Profits or loss statements for the period from

01.01.2010 to 31.03.2010 and 01.01.2009 to 31.03.2009

Parameter designation	Appendices	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Net turnover	1	39 086	84 594	55 614	120 366
Manufacturing expenditures of sold products	2	-35 453	-82 871	-50 445	-117 915
Gross profit or loss		3 633	1 723	5 169	2 451
Selling costs	3	-506	-3 292	-720	-4 684
Administrative expenses	4	-26 175	-22 079	-37 244	-31 415
Other revenue of the Company business operations	5	9 163	8 517	13 038	12 119
Other expenses of the Company business operations	6	-428	-28	-609	-40
Other interests income and similar	7	46	20	65	28
Profit or loss before extraordinary items and taxations		-14 267	-15 139	-20 300	-21 541
Profit or loss before taxation and minority interest		-14 267	-15 139	-20 300	-21 541
Different corporate income tax					
Other taxes	8	-977	-1 124	-1 390	-1 599
Loss for the year of account (net income)		-15 244	-16 263	-21 690	-23 140
Profit or loss for ONE stock, annual		-0.003	-0.003	-0.004	-0.003
Profit or loss for ONE stock as from commencement of operations		-0.804	-0.792	-1.14	-0.792

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

Balance sheet at 31 march 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		118 861	127 881	169 124	181 958
Long-term investments in the rented fixed assets					
Equipment and machinery		514	793	731	1 128
Other fixed assets and inventory		9 035	13 234	12 856	18 830
Total fixed assets		128 410	141 908	182 711	201 916
II Investments property		38 400	41 335	54 638	58 815
Total investments property		38 400	41 335	54 638	58 815
Total long-term investments	1	166 810	183 243	237 349	260 731
2. Current assets					
III Inventory					
Raw materials, direct materials and auxiliary materials	2	201 798	174 982	287 133	248 977
Unfinished products		88 062	150 564	125 301	214 233
Finished goods and goods for sale		128 408	162 414	182 708	231 095
Advance payment for goods	3	0	747	0	1063
Total inventory		418 268	488 707	595 142	695 368
IV Debtors' indebtedness					
Indebtedness of customers and clients	4	381 039	389 622	542 170	554 382
Other debtors	5	11	70	16	100
Expenses of subsequent perios	6	7 691	10 780	10 943	15 338
Total debtors		388 741	400 472	553 129	569 820
V Shot-term financial investments					
Other securities		0	21 046	0	29 946
Total shot-term financial investments		0	21 046	0	29 946
Funds (total)	7	89 901	42 429	127 918	60 371
Total current assets		896 910	952 654	1 276 188	1 355 505
Assets grand total		1 063 720	1 135 897	1 513 537	1 616 236

LIABILITIES	Appendices	2010 LVL	2009 LVL	2010 EUR	2009 EUR
I Equity capital					
Stock or share capital (fixed capital)	8	4 742 980	4 742 980	6 748 653	6 748 652
Revaluation reserve of long-term investments		119 954	126 267	170 679	179 662
Retained earnings					
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		-15 244	-16 263	-21 690	-23 140
Total retained earnings		-3 811 404	-3 754 588	-5 423 139	-5 342 297
Total equity capital		1 051 530	1 114 659	1 496 192	1 586 017
II. Accumulation		2 555		3 635	
Total accumulation		2 555		3 635	
III Creditors					
2. Short-term debts					
Debts to suppliers and contract works		625		889	
Taxes and social security liabilities	9	5 973	13 212	8 499	18 799
Other creditors	10	3 037	8 026	4 321	11 420
Total short-term debts		9 635	21 238	13 709	30 219
Total creditors		9 635	21 238	13 709	30 219
Liabilities grand total		1 063 720	1 135 897	1 513 537	1 616 236

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 Struleviča

Member of the Board
Aleksandrs Ančevskis

Account on changes in equity capital, year 2009 and 2010

	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 31 March 2009	4 742 980	126 267	-3 738 325	-16 263	1 114 659
Remaining amount on 31 March 2010	4 742 980	119 954	-3 796 160	-15 244	1 051 530

	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 31 March 2009	6 748 653	179 662	-5 319 157	-23 140	1 586 017
Remaining amount on 31 March 2010	6 748 653	170 679	-5 401 449	-21 690	1 496 192

Chairman of the Board
Vladimirs Cadovičs

Member of the Board
Aleġtīna Struļeviča

Member of the Board
Aleksandrs Ančevskis

ACCOUNT ON CASH FLOW for the PERIOD having EXPIRED
 on 31 march 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	48 766	97 548	69 388	138 798
Payments to suppliers, staff, other expenditures of basic activities	-79 901	-144 082	-113 689	-205 010
Receipts and expenditures from other basic activities of the Company	26 071	31 273	37 096	44 497
Gross basic activities cash flow	-5 064	-15 261	-7 205	-21 715
Expenditures for real property tax payments (-)	-977	-1 124	-1 390	-1 599
Cash flow before extraordinary items	-6 041	-16 385	-8 596	-23 314
Net basic activities cash flow	-6 041	-16 385	-8 596	-23 314
II. Cash flow of investment operations				
Acquisition of fixed assets and intangible investments (-)	0	-306	0	-435
Interest received (+)	46	20	65	28
Net cash flow of investment operations	46	-286	65	-407
V. Net cash flow for the yer of account	-5 995	-16 671	-8 530	-23 721
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	89 901	42 429	127 918	60 371

Chairman of the Board
Vladimirs Cadovičs

Member ot the Board
Aleŧtīna Struļeviċa

Member ot the Board
Aleksandrs Anċevskis

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 2010. To 31. March 2010

Money value and revaluation of foreign currency:

31.03.2010		31.03.2009	
USD	0.532	USD	0.445
EUR	0.702804	EUR	0.702804

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 production	22 193	63 015	31 578	89 662
Workshop (jewelry repairs)	9 923	13 236	14 119	18 833
Pawnshops (jewelry)	803	821	1 143	1 168
Production of thermal energy	6 167	7 522	8 775	10 703
Total	39 086	84 594	55 614	120 366

2. Manufacturing expenditures of sold products

Labour wages	7 803	28 452	11 103	40 484
Labour state social security obligatory contributions	1 854	6 607	2 638	9 401
Lease payments for the production facilities		2 529		3 598
Water	72	153	102	218
Electric energy	919	1 905	1 308	2 711
Gas	10 228	12 886	14 553	18 335
Direct materials	8	80 930	11	115 153
Branding of jewelry at State Assay Supervision Inspection		1 352		1 924
Low-grade inventory, and tools		41		58
Auxiliary materials		866		1 232
Depreciation of fixed assets	70	119	100	169
Current repairs (equipment, facilities)		554		788
Changes in stock and value of the unfinished products	2 630	-45 521	3 742	-64 770
Changes in stock and value of the finished products	11 869	-8 002	16 888	-11 386
Transitional expenses				
Total	35 453	82 871	50 445	117 915

3. Selling costs

Labour wages		1 792		2 550
Labour state social security obligatory contributions		432		615
Advertising	495	840	704	1 195
Consignment notes	11	228	16	324
Total	506	3 292	720	4 684

4. Administration expenditures

Communication expenditures	469	479	667	682
Business activity risk duty	12	28	17	40
Bank services	40	56	57	80
To "NASDAQ OMO Rīgas" and the Financial and Capital Market Commission	3 130	1 264	4 454	1 799
Office costs	451	500	642	711
Electric energy		34		48
Depreciation of fixed assets	3 997	1 463	5 687	2 082

"Rīgas juvelierizstrādājumu rūpnīca" JSC /AS/ single ID.40003044420
Account for the period from 01.01.2010 to 31.03.2010

Appendices to the profit or loss calculation (continued)

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
Sewerage cleaning		310		441
Deratization costs		25		36
Traveling allowances		320		455
Administration wages	8 363	9 973	11 899	14 190
Administration state social security obligatory contributions	2 015	2 379	2 867	3 385
Lease of land	4 134	803	5 882	1 143
Waste disposal	89	137	127	195
Security services	2 334	2 302	3 321	3 275
Carpet replacement (workshop)	25	12	36	17
Computer, printer, telefax, cash register servicing costs	54	425	77	605
Expenditures of statutory regulary		117		166
Expenditures for organization of annual general meeting and amendments to Articles of Association		416		592
Expenditors for insurance of motor transport	206	159	293	226
Motor transport expenditures for administration	836	680	1 190	967
Water		16		23
Expenditors for representation	20		28	
Other administration expenditures		181		257
Total	26 175	22 079	37 244	31 415

5. Other income from the Company business activities

Income from revaluation of finished goods		709		1 009
Income from the currency selling or buying				
Leasing out premises	9 163	7 808	13 038	11 110
Total	9 163	8 517	13 038	12 119

6. Other expenditures from the Company business activities

Loss from the currency selling or buying		28		40
Other expenditures	428		609	
Total	428	28	609	40

7. Other interest and similar income

Interest on the remaining amount of monies in bank	46	20	65	28
Total	46	20	65	28

10. Real property tax

977	1 124	1 390	1 599
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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 31.03.2009.		58 700	180 389	74 026	64 256	46 265	423 636	497 592
Initial Value 31.03.2010.		58 700	180 389	74 026	64 256	46 265	423 636	497 592
Depreciation 31.03.2009.		17 365	52 508	74 026	63 563	33 031	240 493	236 861
Depreciation 31.03.2010.		20 300	61 528	74 026	63 842	37 230	256 926	236 863
Residual value 31.03.2009	LVL	41 335	127 881	0	793	13 234	183 243	
	EUR	58 815	181 958	0	1 128	18 830		260 731
Residual value 31.03.2010	LVL	38 400	118 861	0	514	9 035	166 810	
	EUR	54 638	169 124	0	731	12 856		237 349

Fixed assets in the balance sheet are reflected as 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.

Vehicles are insured.

2. Raw materials, direct material and auxiliary

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
gold	144 875	113 116	206 139	160 950
silver	2 087	2 165	2 970	3 081
precious stones, semiprecious stones	49 069	52 634	69 819	74 891
other auxiliary materials	49	396	70	563
low-value materials and inventory	817	1 500	1 162	2 134
fuel	18	13	26	19
motor transport tyres	0	292	0	416
tools	4 583	4 669	6 521	6 643
construction materials for current repairs	300	197	427	280
Total	201 798	174 982	287 133	248 977

Appendices to the balance sheet (continued)

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
3. Advance payments for products				
To LLC /SIA/ NESTE for fuel	0	559	0	795
TO State Assay Supervision Inspectorate for branding	0	188	0	268
Total	0	747	0	1 063

4. Indebtedness of cusmomert and clients

Indebtedness of customers and clients	345 343	383 678	491 379	545 925
Credit on the security in a pawnshop	3 377		4 805	
Gold transferred to clearing	25 457		36 222	
Settlements for lease	6 862	5 944	9 764	8 457
Total	381 039	389 622	542 170	554 382

5. Other debtors

Sattlement with employees				
Pledge VENDEN SIA	11		16	
Real property tax		70		100
Total	11	70	16	100

6. Expenditures for the subsequent periods

Payment for the rented ground		802		1 141
Insurance of vehicles	84	371	120	528
Lietišķas inormācijas dienests (laws of the Republic of Latvia)		179		254
Newspaper, journals	43	113	61	161
Project documentation	7 564	7 564	10 763	10 762
NASDAQ OMO Rīga Stock Exchange for the stock quotation		1 250		1 779
"PRIOR" SIA		501		713
Total	7 691	10 780	10 943	15 338

7. Monetary instruments

Monetary instruments in cash	3 843	15 863	5 468	22 571
Monetary instruments in operating accounts	86 058	25 566	122 450	37 800
Total	89 901	41 429	127 918	60 371

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)

	2010 LVL	2009 LVL	2010 EUR	2009 EUR
10. Taxes and social security payments				
Personal income tax	1 145	2 023	1 629	2 878
State social security obligatory payments	1 261	3 707	1 794	5 275
Business activity duty	4	9	6	13
VAT	3 563	7 473	5 070	10 633
Total	5 973	13 212	8 499	18 799
11. Other creditors (short-term)				
Wages	3 002	7 985	4 271	11 361
Alimonies		30		43
Settlement with employees	35	11	50	16
Total	3 037	8 026	4 321	11 420