

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 2008***

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	Raisa Korņilova
Year of Account	from 01.01.2008 to 31.12.2008
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	37 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:

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: - 18 455 LVL

Nett result: 426 328 LVL

Nett turnover in year 2008 constitutes 0 LVL and it has risen by 3.13% in comparison with year 2007.

Direct materials (gold, silver, palladium) used in production the Company purchases from German company „Heraeus HMG-FMD” 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.

Because of technological necessities and high material liability of employees, JSC „Rīgas juvelierizstrādājumu rūpnīca” employees use their vacation in the same time. As the vacation is used in advance (until next year’s 1st of April), it is not planned in reserve.

In year 2008 the Company let into market new product models that satisfy customer demands and new fashion trends. Acting in respect to Latvian customer demands, agreements with Russian producers about supply of high quality chain production (chains) have been concluded.

Promoting the Company’s trademark (brand) recognition, the Company began advertising of its trademark and production in Latvia as well as in the Baltic countries and other countries of European Union in 2008.

In 2008 cooperation with existing customers was made more active and new customers were successfully attracted by offering new product collections for advantageous conditions.

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 of production and offer new types of services in order to keep the existing and attract new customers.

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.

Remarkable investments are necessary to acquire new market and without attracting additional investments the Company is not able to accomplish it. Despite the efforts of the Board and Council of the Company results in finding investors with their own market niche are not achieved at the moment.

Potential of jewellery market in Latvia is still limited; therefore, rapid increase in sale of production is not observed. Competitiveness in the local market is significantly influenced by import of production made in Turkey and other countries of Asia in Latvia. The low labour costs and large production volumes in the aforesaid countries influences final price and competitiveness in Latvia's market.

In 2009 the Company plans to develop homepage for "RJR" brands advancement in the Internet and to show the all spectrum of services and catalogue of wares for a wholesale and retail.

In 2009 it is necessary to increase volumes of services provided by the workshop and activities to attract investors should be continued.

In 2009 the Company is planning to increase pace of sale volumes by using more active marketing strategy.

In 2009 the Company has to evaluate necessity to allocate means for improvement of technological processes as well as change of outdated technological equipment.

Conditions and terms after closing of balance sheet

From the last day of the year of the account until this day there have not been any incidents, which could significantly influence evaluation of the report.

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 of the Company shall be reduced and new automatic computerized technical means having high production capacities shall be implemented in production process, which will increase volumes and quality of produced goods.

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 end of year of account, 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 December 2008, 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
Alektina Struļeviča

Member of the Board
Aleksandrs Ančevskis

Profits or loss statements for year 2008 and 2007

Parameter designation	Appendices	2008 Ls	2007 Ls	2008 EUR	2007 EUR
Net turnover	1	426 328	413 387	606 610	588 196
Manufacturing expenditures of sold products	2	-368 214	-373 612	-523 922	-531 602
Gross profit or loss		58 114	39 775	82 688	56 594
Selling costs	3	-10 270	-9 999	-14 613	-14 227
Administrative expenses	4	-105 978	-98 559	-150 793	-140 236
Other revenue of the Company business operations	5	51 635	44 678	73 470	63 571
Other expenses of the Company business operations	6	-12 000	-9 653	-17 074	-13 735
Other interests income and similar	7	124	149	176	212
Other interests expenditures and similar	8		-13		-18
Profit or loss before extraordinary items and taxations		-18 375	-33 622	-26 146	-47 839
Profit or loss before taxation and minority interest		-18 375	-33 622	-26 146	-47 839
Different corporate income tax	9		2789		3968
Other taxes	10	-4 658	-4 978	-6 628	-7 083
Loss for the year of account (net income)		-23 033	-35 811	-32 774	-50 954
Profit or loss for ONE stock, annual		-0.005	-0.008	-0.005	-0.008
Profit or loss for ONE stock as from commencement of operations		-0.788	-0.783	-0.788	-0.783

Appendix from Page 12 to 19 shall constitute an integral part to the present financial statement

Balance sheet at 31 December 2008 and 2007

ASSETS	Appendices	2008 Ls	2007 Ls	2008 EUR	2007 EUR
1. Long-term investments					
I Fixed assets					
Land, building, constructions and perennial plantations		130 136	139 155	185 167	198 000
Long-term investments in the rented fixed assets			6 504		9 254
Equipment and machinery		873	902	1 242	1 283
Other fixed assets and inventory		13 996	19 588	19 914	27 871
Total fixed assets	1	145 005	166 149	206 323	236 408
II Investments property		42 068	45 004	59 858	64 035
Total investments property		42 068	45 004	59 858	64 035
Total long-term investments		187 073	211 153	266 181	300 443
2. Current assets					
III Inventory					
Raw materials, direct materials and auxiliary materials	2	224 757	249 526	319 800	355 043
Unfinished products		105 534	102 316	150 161	145 583
Finished goods and goods for sale		153 703	165 555	218 700	235 564
Advance payment for goods	3	564	315	803	448
Total inventory		484 558	517 712	689 464	736 638
IV Debtors' indebtedness					
Indebtedness of customers and clients	4	392 697	374 014	558 758	532 174
Other debtors	5	835	865	1 188	1 231
Expenses of subsequent periods	6	8 511	1 034	12 110	1 471
Total debtors		402 043	375 913	572 056	534 876
V Shot-term financial investments					
Other securities		21 045		29 944	
Total shot-term financial investments		21 045		29 944	
Funds (total)	7	59 100	82 713	84 092	117 690
Total current assets		966 746	976 338	1 375 556	1 389 204
Assets grand total		1 153 819	1 187 491	1 641 737	1 689 647

LIABILITIES	Appendices	2008 Ls	2007 Ls	2008 EUR	2007 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	135 090	179 661	192 215
<i>Retained earnings</i>					
a) retained earnings from previous year		-3 715 292	-3 679 481	-5 286 384	-5 235 430
b) retained earnings for the year of account		-23 033	-35 811	-32 773	-50 954
Total retained earnings		-3 738 325	-3 715 292	-5 319 157	-5 286 384
<i>Total equity capital</i>		1 130 922	1 162 778	1 609 157	1 654 484
<i>III Creditors</i>					
<i>1. Long-term debts</i>					
Deffered tax liability amounts					
<i>Total long-term debts</i>					
<i>2. Short-term debts</i>					
Debts to suppliers and contract works	9	4 548	4 502	6 471	6 406
Taxes and social security liabilities	10	10 789	13 454	15 352	19 143
Other creditors	11	7 046	6 315	10 026	8 985
Accrued liabilities	12	514	442	731	629
<i>Total short-term debts</i>		22 897	24 713	32 580	35 163
<i>Total creditors</i>		22 897	24 713	32 580	35 163
<i>Liabilities grand total</i>		1 153 819	1 187 491	1 641 737	1 689 647

Appendix from Page 12 to 19 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, year 2007 and 2008

	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 December 2006	4 742 980	145 038	-3 655 463	-24 018	1 208 537
Transferred losses			-24 018	24 018	0
Losses in year of account				-35 811	-35 811
Reserve reduction		-9 948			-9 948
Remaining amount on 31 December 2007	4 742 980	135 090	-3 679 481	-35 811	1 162 778
Transferred losses			-35 811	35 811	0
Losses in year of account				-23 033	-23 033
Reserve reduction		-8 823			-8 823
Remaining amount on 31 December 2008	4 742 980	126 267	-3 715 292	-23 033	1 130 922

	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 December 2006	6 748 653	206 370	-5 201 255	-34 175	1 719 593
Transferred losses			-34 175	34 175	0
Losses in year of account				-50 954	-50 954
Reserve reduction		-14155			-14 155
Remaining amount on 31 December 2007	6 748 653	192 215	-5 235 430	-50 954	1 654 484
Transferred losses			-50 954	50 954	0
Losses in year of account				-32 773	-32 773
Reserve reduction		-12554			-12 554
Remaining amount on 31 December 2008	6 748 653	179 661	-5 286 384	-32 773	1 609 157

Chairman of the Board
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Member of the Board
Aleġtina Struļeviċa

Member of the Board
Aleksandrs Anĉevskis

ACCOUNT ON CASH FLOW for the PERIOD having EXPIRED
on 31 December 2008(by direkt method)

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
I. Cash flow from basic activities				
Proceeds from no product selling and provision of services	445 975	493 120	634 565	701 646
Payments to suppliers, staff, other expenditures of basic activities	-547 312	-564 703	-778 755	-803 500
Receipts and expenditures from other basic activities of the Company	102 418	79 849	145 728	113 615
Gross basic activities cash flow	1 081	8 266	1 538	11 761
Expenditures for interest payments		-39		-55
Expenditures for real property tax payments (-)	-4 561	-5 074	-6 490	-7 220
Cash flow before extraordinary items	-3 480	3 153	-4 952	4 486
Net basic activities cash flow	-3 480	3 153	-4 952	4 486
II. Cash flow of investment operations				
Acquisition of fixed assets and intangible investments (-)	-257	-19 635	-366	-27 938
Securities acquisition	-20 000		-28 457	
Incomes of fixed assets of sale		1 612		2 294
Interest received (+)	124	149	177	212
Net cash flow of investment operations	-20 133	-17 874	-28 646	-25 432
V. Net cash flow for the yer of account	-23 613	-14 721	-33 598	-20 946
VI. Cash and equivalents thereof at the begininig of period	82 713	97 434	117 690	138 636
VII. Cash and equivalentents thereof at the end of period	59 100	82 713	84 092	117 690

Appendix from Page 12 to 19 shall constitute an integral part to the present financial statement

Chairman of the Board
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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: 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.

Financial 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 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.
- 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;

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 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 January 2008 to December 2008

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 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:

31.12.2008		31.12.2007	
USD	0.495	USD	0.484
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.

Rīgas juvelierizstrādājumu rūpnīca" JSC /AS/ single ID.40003044420
Annual account for the period from 01.01.2008 to 31.12.2008

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

*where settlements envisage 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%
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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

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 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 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

1. Net turnover

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Jewelry production	328 587	332 064	467 537	472 485
Workshop (jewelry repairs)	76 481	68 419	108 823	97 351
Pawnshops (jewelry)	3 029	1 202	4 310	1 710
Production of thermal energy	18 231	11 702	25 940	16 650
Total	426 328	413 387	606 610	150 834

2. Manufacturing expenditures of sold products

Labour wages	114 093	106 007	162 340	150 834
Labour state social security obligatory contributions	26 939	25 051	38 331	35 645
Lease payments for the production facilities	10 118	10 118	14 397	14 397
Water	1 512	986	2 151	1 403
Electric energy	9 430	7 337	13 418	10 440
Gas	22 507	14 881	32 025	21 174
Direct materials	121 818	169 759	173 331	241 545
Branding of jewelry at State Assay Supervision Inspection	6 062	6 460	8 625	9 192
Low-grade inventory, and tools	599	1 068	852	1 520
Auxiliary materials	2 335	2 337	3 322	3 325
Depreciation of fixed assets	160	436	228	620
Current repairs (equipment, facilities)	3 121	7 464	4 441	10 620
Long-term investments' writing-off in the leased fixed assets	6 504	15 610	9 254	22 211
Changes in stock and value of the unfinished products	49 563	-14 443	70 522	-20 550
Changes in stock and value of the finished products	-6 802	19 994	-9 678	28 449
Transitional expenses	255	546	363	777
Total	368 214	373 612	523 922	531 602

3. Selling costs

Labour wages	7 574	7 445	10 777	10 593
Labour state social security obligatory contributions	1 824	1 794	2 596	2 553
Advertising	866	759	1 232	1 080
Consignment notes	6	1	8	1
Total	10 270	9 999	14 613	14 227

4. Administration expenditures

Communication expenditures	2 412	2 348	3 432	3 341
Annual account expenditures	881	834	1 254	1 187
Business activity risk duty	112	109	159	155
Bank services	317	308	451	438
To "NASDAQ OMO Rīgas" and the Financial and Capital Market Commission	5 002	5 041	7 117	7 173
Office costs	809	561	1 151	798
Electric energy	1 557	1 200	2 215	1 707
Depreciation of fixed assets	10 982	11 082	15 626	15 768
Carpet replacement (workshop)	81	100	115	142

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Appendices to the profit or loss calculation (continued)

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
Lawyer services	50		71	
Sewerage cleaning	231		329	
Deratization costs	103	100	147	142
Traveling allowances		626		891
Administration wages	42 031	40 931	59 805	58 240
Administration state social security obligatory contributions	9 921	9 785	14 116	13 923
Lease of land	4 092	3 542	5 822	5 040
Waste disposal	548	462	780	657
Security services	19 386	15 582	27 584	22 171
Computer, printer, telefax, cash register servicing costs	1 008	428	1 434	609
Expenditures of statutory regular	472	420	672	597
Expenditures for organization of annual general meeting and amendments to Articles of Association	664	543	945	772
Expenditors for insurance of motor transport	142	126	202	179
Motor transport expenditures for administration	4 526	3 694	6 440	5 256
Water	90	52	128	74
Other administration expenditures	561	685	798	975
Total	105 978	98 559	150 793	140 236

5. Other income from the Company business activities

Return of hopeless debts		427		608
Revolution reserve of long-term investments reduction	8 824	9 948	12 555	14 155
Income from revaluation of finished goods	9 245		13 155	
Income from the currency selling or buying	109	3	155	4
Leasing out premises	31 855	34 055	45 326	48 456
Income from the currency rate fluctuations	365		519	
Addition of value of securities	1 045		1 487	
Sale of a fixed assets(result)		245		348
Labour state social security obligatory contributions(overpayment for 2007)	192		273	
Total	51 635	44 678	73 470	63 571

6. Other expenditures from the Company business activities

Loss from dismantling the finished products for processing	12 000	1 087	17 074	1 547
Exception of a fixed assets(expese)		3 251		4 626
Expreses for write-off project dokumentation		5 268		7 496
Loss from the currency rate fluctuations		47		67
Total	12 000	9 653	17 074	13 736

7. Other interest and similar income

Interest on the remaining amount of monies in bank	124	149	176	212
Total	124	149	176	212

8. Other interests and similar expenditures

Penalty fees for preceding periods		13		18
Total		13		18

Appendices to the profit or loss calculation (continued)

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
9. Deferred corporate income tax		2 789		3 968
10. Real property tax	4 658	4 978	6 628	7 083

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
Initial Value						
31.12.2007.	58 700	180 389	74 026	64 099	45 959	423 173
Acquired				257		257
Written-off or relocated +,-						
31.12.2007.	58 700	180 389	74 026	64 356	45 959	423 430
Depreciation						
31.12.2006.	13 696	41 234	67 522	63 197	26 371	212 020
Acquired	2 936	9 019	6 504	286	5 592	24 337
Written-off or relocated +,-						
31.12.2007.	16 632	50 253	74 026	63 483	31 963	236 357
Residual value 31.12.2006.	45 004	139 155	6 504	902	19 588	211 153
Residual value 31.12.2007.	42 068	130 136		873	13 996	187 073

	Investment property	Lands, buildings construction	Long-term investments leased fixed	Equipment and machinery	Other fixed assets	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Initial Value						
31.12.2007.	83 523	256 670	105 330	91 204	65 394	602 121
Acquired				366		366
Written-off or relocated +,-						
31.12.2008.	83 523	256 670	105 330	91 570	65 394	602 487
Depreciation						
31.12.2007.	19 488	58 670	96 076	89 921	37 523	301 678
Acquired	4 177	12 833	9 254	407	7 957	34 628
Written-off or relocated +,-						
31.12.2008.	23 665	71 503	105 330	90 328	45 480	336 306
Residual value 31.12.2007.	64 035	198 000	9 254	1 283	27 871	300 443
Residual value 31.12.2008.	59 858	185 167		1 242	19 914	266 181

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 30 December 2008.

Fixed assets are not encumbered. Vehickes are insured.

Appendices to the balance sheet (continued)

	2008 LVL	2007 LVL	2008 EUR	2007 EUR
2. Raw materials, direct material and auxiliary				
gold	161 173	186 728	229 329	265 690
silver	2 263	2 608	3 220	3 711
precious stones, semiprecious stones	54 041	53 236	76 893	75 748
other auxiliary materials	690	454	982	646
low-value materials and inventory	1 503	1 362	2 139	1 938
fuel	23	52	33	74
motor transport tyres	292	292	415	415
tools	4 681	4 739	6 660	6 743
construction materials for current repairs	91	55	129	78
Total	224 757	249 526	319 800	355 043
3. Advance payments for products				
To LLC /SIA/ NESTE for fuel	564	145	803	206
TO State Assay Supervision Inspectorate for branding		170		242
Total	564	315	803	448
4. Indebtedness of customers and clients				
Indebtedness of customers and clients	379 138	351 002	539 465	499 431
Settlements with other debtors	2 443	647	3 476	921
Settlements for lease	11 116	22 365	15 817	31 822
Customer and client accounting value, total	392 697	374 014	558 758	532 174
5. Other debtors				
VAT accepted	835	768	1 188	1 094
Real property tax		96		137
Total	835	865	1 188	1 231
6. Expenditures for the subsequent periods				
Advertising costs		587		835
Insurance of vehicles	100	34	142	49
Lietišķas informācijas dienests (laws of the Republic of Latvia)	259	263	369	374
Newspaper, journals	150	150	213	213
Project documentation	5 000		7 114	
NASDAQ OMO Rīga Stock Exchange for the stock quotation	2 500		3 558	
"PRIOR" SIA	502		714	
Total	8 511	1 034	12 110	1 471
7. Monetary instruments				
Monetary instruments in cash	12 751	10 181	18 143	14 486
Monetary instruments in operating accounts	46 349	72 532	65 949	103 204
Total	59 100	82 713	84 092	117 690

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)

9. Advance payments received from customers

2008	2007	2008	2007
LVL	LVL	EUR	EUR

**9. Indebtedness to suppliers and contractors
(short-term)**

Latvenergo	2 551	2 300	3 630	3 273
Rīgas gāze	1 571	1 552	2 235	2 208
Latvijas Mobilais Telefons	48	62	68	88
EPS SIA for replacement of carpets	6	10	9	14
Lattelekom	99	82	141	117
Rīgas ūdens	221	469	314	668
ELIKOM SIA	42		60	
"TELEKOMUNIKACIJU GRUPA" SIA	2		3	
State Assay Supervision Inspection	8		11	
"VESELIBAS CENTRS-4" SIA		26		37
Total	4 548	4 502	6 471	6 406

10. Taxes and social security payments

Personal income tax	2 819	2 924	4 011	4 160
State social security obligatory payments	4 916	4 960	6 995	7 057
Natural resources tax	64	36	91	51
Business activity duty	19	10	27	14
VAT	2 971	3 525	4 228	7 861
Total	10 789	11 454	15 352	19 143

11. Other creditors (short-term)

Wages	7 016	6 285	9 983	8 942
Alimonies	30	30	43	43
Total	7 046	6 315	10 026	8 985

12. Accrued liabilities

"Auditoru firma"Finansists"	514	442	731	629
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INDEPENDENT AUDITORS' REPORT

To the Shareholders "Rīgas juvelierizstrādājumu rūpnīca" Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements on pages 7 to 27 of "Rīgas juvelierizstrādājumu rūpnīca" Ltd., which comprise the balance sheet as of 31 December 2008 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. 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.

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, 2008, 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 to 5 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for 2008.

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

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



Rīga, Latvija
18.03.2009.