

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 01.01.2009 to 30.06.2009

State Revenue Service territorial office: Latgale suburb department

Date submitted: _____

Date received: _____

CONTENT

	Page
Information on the Company	3
Management report	4
Statement on the Company management responsibility	5
Profit or loss statement	6
Balance sheet	
assets	7
liabilities	8
Accounts or changes in equity capital	9
Account on cash flow	10
Appendix to the annual account:	
1. Accounting policy and methods applied	11
2. Explanatory notes to the profit or loss statement items	12--13
3. Explanatory notes to the balance sheet items	14--16

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 30.06.2009
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	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: - 32 716 LVL

Nett result: 125 940 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 financialcrisis 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

Alefīna 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 30.06.2009., 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 -30.06.2009, 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
Aleġtīna Struļeviča

Member of the Board
Aleksandrs Ančevskis

Profits or loss statements for the period from

01.01.2009 to 30.06.2009 and 01.01.2008 to 30.06.2008

Parameter designation	Appendices	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Net turnover	1	125 940	220 715	179 196	314 049
Manufacturing expenditures of sold products	2	-134 945	-193 238	-192 009	-274 953
Gross profit or loss		-9 005	27 477	-12 813	39 096
Selling costs	3	-6 510	-5 875	-9 263	-8 359
Administrative expenses	4	-37 494	-56 771	-53 349	-80 778
Other revenue of the Company business operations	5	21 483	22 507	30 568	32 025
Other expenses of the Company business operations	6	-1 221	-4	-1 737	-6
Other interests income and similar	7	31	70	44	100
Profit or loss before extraordinary items and taxations		-32 716	-12 596	-46 551	-17 922
Profit or loss before taxation and minority interest		-32 716	-12 596	-46 551	-17 922
Different corporate income tax					
Other taxes	8	-2 248	-2 329	-3 199	-3 314
Loss for the year of account (net income)		-34 964	-14 925	-49 749	-21 236
Profit or loss for ONE stock, annual		-0.007	-0.003	-0.010	-0.004
Profit or loss for ONE stock as from commencement of operations		-0.796	-0.786	-1.132	-1.118

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

Balance sheet at 30 june 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		125 626	134 646	178 750	191 584
Long-term investments in the rented fixed assets				0	0
Equipment and machinery		723	759	1 029	1 080
Other fixed assets and inventory		12 138	16 205	17 271	23 058
Total fixed assets		138 487	151 610	197 049	215 722
II Investments property		40 601	43 536	57 770	61 946
Total investments property		40 601	43 536	57 770	61 946
Total long-term investments	1	179 088	195 146	254 819	277 668
2. Current assets					
III Inventory					
Raw materials, direct materials and auxiliary materials	2	199 512	205 380	283 880	292 229
Unfinished products		109 783	111 555	156 209	158 728
Finished goods and goods for sale		177 046	213 938	251 914	304 406
Advance payment for goods	3	256	1372	364	1 952
Total inventory		486 597	532 245	692 367	757 316
IV Debtors' indebtedness					
Indebtedness of customers and clients	4	371 878	384 410	529 135	546 966
Other debtors	5	111	113	158	161
Expenses of subsequent perios	6	10 313	5 359	14 674	7 625
Total debtors		382 302	389 882	543 967	554 752
V Shot-term financial investments					
Other securities		21 046		29 946	0
Total shot-term financial investments		21 046	0	29 946	
Funds (total)	7	36 142	56 905	51 425	80 969
Total current assets		926 087	979 032	1 317 705	1 393 037
Assets grand total		1 105 175	1 174 178	1 572 524	1 670 705

LIABILITIES	Appendices	2009 LVL	2008 LVL	2009 EUR	2008 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		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		-34 964	-14 925	-49 749	-21 236
<i>Total retained earnings</i>		-3 773 289	-3 730 217	-5 368 907	-5 307 621
Total equity capital		1 095 958	1 147 854	1 559 408	1 633 249
III Creditors					
2. Short-term debts					
Taxes and social security liabilities	9	7 199	14 627	10 243	20 812
Other creditors	10	2 019	11 697	2 873	16 643
Total short-term debts		9 218	26 324	13 116	37 456
Total creditors		9 218	26 324	13 116	37 456
Liabilities grand total		1 105 176	1 168 953	1 572 524	1 670 705

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, 30.06.2008 and 30.06.2009.

	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 June 2008	4 742 980	135 091	-3 715 292	-14 925	1 147 854
Remaining amount on 30 June 2009	4 742 980	126 267	-3 738 325	-34 964	1 095 958

	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 June 2008	6 748 653	192 217	-5 286 384	-21 236	1 633 250
Remaining amount on 30 June 2009	6 748 653	179 662	-5 319 157	-49 749	1 559 408

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 june 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	124 213	237 297	176 739	337 643
Payments to suppliers, staff, other expenditures of basic activities	-196 145	-314 594	-279 089	-447 627
Receipts and expenditures from other basic activities of the Company	51 191	53 652	72 838	76 340
Gross basic activities cash flow	-20 741	-23 645	-29 512	-33 644
Expenditures for real property tax payments (-)	-2 248	-2 233	-3 199	-3 177
Cash flow before extraordinary items	-22 989	-25 878	-32 710	-36 821
Net basic activities cash flow	-22 989	-25 878	-32 710	-36 821
II. Cash flow of investment operations				
Acquisition of fixed assets and intangible investments (-)				
Interest received (+)	31	70	44	100
Net cash flow of investment operations	31	70	44	100
V. Net cash flow for the yer of account	-22 958	-25 808	-32 666	-36 721
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	36 142	56 905	51 426	80 969

Chairman of the Board
Vladimirs Cadovičs

Member ot the Board
Aleŕtīna Struļeviĉa

Member ot the Board
Aleksandrs Anĉevskis

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. June 2009

Money value and revaluation of foreign currency:

30.06.2009		30.06.2008	
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	86 699	172 794	123 362	245 864
Workshop (jewelry repairs)	26 006	37 018	37 003	52 672
Pawnshops (jewelry)	1 691	1 095	2 406	1 558
Production of thermal energy	11 544	9 808	16 426	13 956
Total	125 940	220 715	179 196	314 049

2. Manufacturing expenditures of sold products

Labour wages	52 043	66 954	74 051	95 267
Labour state social security obligatory contributions	12 107	15 821	17 227	22 511
Lease payments for the production facilities	5 862	5 059	8 341	7 198
Communal costs	20 753	15 920	29 529	22 652
Direct materials	60 235	90 445	85 707	128 692
Branding of jewelry at State Assay Supervision Inspection	2 241	4 062	3 189	5 780
Low-grade inventory, and tools	73	353	104	502
Auxiliary materials	1 104	1 249	1 571	1 777
Depreciation of fixed assets	1 584	200	2 254	285
Current repairs (equipment, facilities)	739	888	1 052	1 264
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	-4 511	25 481	-6 419	36 256
Changes in stock and value of the finished products	-32 285	-39 831	-45 937	-56 674
Transitional expenses	0	133	0	189
Total	119 945	193 238	170 666	274 953

3. Selling costs

Labour wages	3 402	4 032	4 841	5 737
Labour state social security obligatory contributions	820	971	1 167	1 382
Advertising	1 210	866	1 722	1 232
Consignment notes	1 078	6	1 534	9
Total	6 510	5 875	9 263	8 359

4. Administration expenditures

Communication expenditures	1 017	1 127	1 447	1 604
Annual account expenditures	0	31	0	44
Business activity risk duty	55	56	78	80
Bank services	106	195	151	277
To "NASDAQ OMO Rīgas" and the Financial and Capital Market Commission	2 498	2 501	3 554	3 559
Office costs	560	655	797	932
Electric energy	0	808	0	1 150
Depreciation of fixed assets	6 706	3 980	9 542	5 663

"Rīgas juvelierizstrādājumu rūpnīca" JSC /AS/ single ID.40003044420
Account for the period from 01.01.2009 to 30.06.2009

Appendices to the profit or loss calculation (continued)

	2009 LVL	2008 LVL	2009 EUR	2008 EUR
Sewerage cleaning	0		0	0
Deratization costs	0	43	0	61
Traveling allowances	320		455	0
Administration wages	19 321	21 882	27 491	31 135
Administration state social security obligatory contributions	4 585	5 201	6 524	7 400
Lease of land	0	1 605	0	2 284
Waste disposal	0	274	0	390
Security services	15 000	14 471	21 343	20 590
Carpet replacement (workshop)	0	34	0	48
Computer, printer, telefax, cash register servicing costs	0	465	0	662
Expenditures of statutory regulary	0	238	0	339
Expenditures for organization of annual general meeting and amendments to Articles of Association	0	664	0	945
Expenditors for insurance of motor transport	198	39	282	55
Motor transport expenditures for administration	1 828	2 093	2 601	2 978
Water	0	80	0	114
Other administration expenditures	300	329	427	468
Total	52 494	56 771	74 692	80 778

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		132	0	188
Leasing out premises	20 366	13 823	28 978	19 668
Total	21 483	22 507	30 568	32 025

6. Other expenditures from the Company business activities

Loss from the currency selling or buying	32	4	46	6
Other expenditures	1 189		1 692	0
Total	1 221	4	1 737	6

7. Other interest and similar income

Interest on the remaining amount of monies in bank	31	70	44	100
Total	31	70	44	100

10. Real property tax

2 248	2 329	3 199	3 314
--------------	--------------	--------------	--------------

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 30.06.2008.		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 30.06.2008.		15 164	45 743	74 026	63 341	29 754	228 028	324 455
Depreciation 30.06.2009.		18 099	54 763	74 026	63 633	34 127	244 648	348 103
Residual value 30.06.2008	LVL	43 536	134 646	0	759	16 205	195 146	
	EUR	61 946	191 584	0	1 080	23 058		277 668
Residual value 30.06.2009	LVL	40 601	125 626	0	723	12 138	179 088	
	EUR	57 770	178 750	0	1 029	17 271		254 819

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	140 173	140 527	199 448	199 952
silver	2 106	2 360	2 997	3 358
precious stones, semiprecious stones	50 217	55 532	71 452	79 015
other auxiliary materials	251	541	357	770
low-value materials and inventory	1 494	1 400	2 126	1 992
fuel	0	15	0	21
motor transport tyres	293	292	417	415
tools	4 654	4 640	6 622	6 602
construction materials for current repairs	324	73	461	104
Total	199 512	205 380	283 880	292 229

Appendices to the balance sheet (continued)

	2009	2008	2009	2008
	LVL	LVL	EUR	EUR
3. Advance payments for products				
To LLC /SIA/ NESTE for fuel	256	1 372	364	1 952
Total	256	1 372	364	1 952

4. Indebtedness of customers and clients

Indebtedness of customers and clients	361 617	369 986	514 535	526 443
Settlements with other debtors	2 575	2 235	3 664	3 180
Settlements for lease	7 686	12 189	10 936	17 343
Total	371 878	384 410	529 135	546 966

5. Other debtors

Settlement with employees	100	113	142	161
Real property tax	11		16	
Total	111	113	158	161

6. Expenditures for the subsequent periods

Payment for the rented ground	803		1 143	0
Insurance of transport	404	105	575	149
Lietišķas informācijas dienests (laws of the Republic of Latvia)		179	0	255
Newspaper, journals		75	0	107
Project documentation	7 564	2 500	10 763	3 557
NASDAQ OMO Rīga Stock Exchange for the stock quotation	1 542	2 500	2 194	3 557
Total	10 313	5 359	14 674	7 625

7. Monetary instruments

Monetary instruments in cash	8 587	18 525	12 218	26 359
Monetary instruments in operating accounts	27 555	38 380	39 207	54 610
Total	36 142	56 905	51 425	80 969

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
10. Taxes and social security payments				
Personal income tax	873	3 572	1 242	5 082
State social security obligatory payments	1 011	6 842	1 439	9 735
Natural recourses tax		4	0	6
Business activity duty	9	9	13	13
VAT	5 306	4 200	7 550	5 976
Total	7 199	14 627	10 243	20 812
11. Other creditors (short-term)				
Wages	2 019	11 637	2 873	16 558
Alimonies		60	0	85
Total	2 019	11 697	2 873	16 643