

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 01.01.2011 to 31.03.2011

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 Igoris Istomins Eļena Vasuļa Jurijs Čerņecovs Tatjana Reznigiska
Member composition of the JSC Board of Directors	Vladimirs Cadovičs Alefīna Struļjeviča 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	Auditfirma "LIKKONS un AR" SIA/LLC Kr.Valdemāra 38-510, Rīga, LV-1010 ID.№ .400036050961 Aivars Rutkis Qualified Auditor (Latvian Association of Qualified Auditors certificate № 18)
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: Alefīna Struļeviča un Aleksandrs Ančevskis.

Auditor of the Company is certified controller Aivars Rutkis (certificate No.18).

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: -2 900 LVL

Nett result: -3 831 LVL

Net turnover for the period 01.01.2011.-31.03.2011. is 76 746 LVL, that has increased by 95 % on comparisons with the same period of 2010.

In 2011 the Company actively cooperates with the Lithuanian company FORTŪNATAS.

For assortment increase, there is begun cooperation with the Spanish firm ARAGON CARMONA.

The Company provides opportunity to familiarize with production on the homepage www.rigagold.lv for intensity work with existing clients and attract new clients.

In 2011 the Company continues to expand production assortment according to demand and fashion trends.

Development activities of the Company

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

It is planned to develop a homepage on which production assortment is exposed.

The Company plans to involve partners from Russia and the countries of the European Union for manufacturing of new models of jewels. Also to expand possibilities of cooperation with wholesale dealers of Latvia and to involve small consumers.

Has been made the analysis of solvency of clients. Production stands out by results of the analysis and repayment terms are in certain cases regulated.

For commodity market expansion are necessary considerable investments which the Company can't make without attraction of additional means. Efforts of Board and Council to involve investors haven't given positive results yet.

Proposals to decrease losses

It is provided to search for additional commodity markets.

The company plans to increase goods turn, offering new models of jewels. Also to reduce production cost price.

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 31.03.2011.

Hereby it is confirmed by the Company managers that upon drawing the present report for period, expiring on 31 March 2011, 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.

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 the period from

01.01.2011 to 31.03.2011 and 01.01.2010 to 31.03.2010

Parameter designation	Appendices	2011 LVL	2010 LVL	2011 EUR	2010 EUR
Net turnover	1	76 746	39 086	109 200	55 614
Manufacturing expenditures of sold products	2	-42 474	-35 453	-60 435	-50 445
Gross profit or loss		34 272	3 633	48 765	5 169
Selling costs	3	-29 651	-506	-42 190	-720
Administrative expenses	4	-18 363	-26 175	-26 128	-37 244
Other revenue of the Company business operations	5	14 116	9 163	20 085	13 038
Other expenses of the Company business operations	6	-3 274	-428	-4 658	-609
Other interests income and similar	7	0	46	0	65
Profit or loss before extraordinary items and taxations		-2 900	-14 267	-4 126	-20 300
Profit or loss before taxation and minority interest		-2 900	-14 267	-4 126	-20 300
Different corporate income tax					
Other taxes	8	-931	-977	-1 325	-1 390
Loss for the year of account (net income)		-3 831	-15 244	-5 451	-21 690
Profit or loss for ONE stock, anual		-0,001	-0,003	-0,001	-0,004
Profit or loss for ONE stock as from commencement of operations		-0,805	-0,804	-1,15	-1,143

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

Balance sheet at 31 march 2011 and 2010

ASSETS	Appen- dices	2011 LVL	2010 LVL	2011 EUR	2010 EUR
1. Long-term investments					
I Fixed assets					
Land, building, constructions and perenial plantations		109 843	118 861	156 293	169 124
Long-term investments in the rented fixed assets					
Equipment and machinery		235	514	334	731
Other fixed assets and inventory		5 398	9 035	7 681	12 856
Total fixed assets		115 476	128 410	164 308	182 711
II Investments property		35 464	38 400	50 461	54 638
Total investments property		35 464	38 400	50 461	54 638
Total long-term investments	1	150 940	166 810	214 768	237 349
2. Current assets					
III Inventory					
Raw materials, direct materials and auxiliary materials	2	263 060	201 798	374 301	287 133
Unfinished products	3	106 853	88 062	152 038	125 301
Complete products and goods for sale	4	195 542	128 408	278 231	182 708
Advance payment for goods	5	218	0	310	0
Total inventory		565 673	418 268	804 880	595 142
IV Debtors' indebtedness					
Indebtedness of customers and clients	6	296 322	381 039	421 628	542 170
Other debtors	7	11	11	16	16
Prepaid expenses	8	628	7 691	894	10 943
Total debtors		296 961	388 741	422 537	553 129
V Shot-term financial investments					
Other securities		0	0	0	0
Total shot-term financial investments		0	0	0	0
Funds (total)	9	41 467	89 901	59 002	127 918
Total current assets		904 101	896 910	1 286 420	1 276 188
Assets grand total		1 055 041	1 063 720	1 501 188	1 513 537

LIABILITIES	Appendices	2011 LVL	2010 LVL	2011 EUR	2010 EUR
I Equity capital					
Stock or share capital (fixed capital)	10	4 742 980	4 742 980	6 748 653	6 748 653
Revaluation reserve of long-term investments		113 956	119 954	162 145	170 679
Retained earnings					
a) retained earnings from previous year		-3 816 246	-3 796 160	-5 430 029	-5 401 449
b) retained earnings for the year of account		-3 831	-15 244	-5 451	-21 690
Total retained earnings		-3 820 077	-3 811 404	-5 435 480	-5 423 139
Total equity capital		1 036 859	1 051 530	1 475 317	1 496 192
II. Accumulation					
		0	2 555	0	3 635
Total accumulation		0	2 555	0	3 635
III Creditors					
2. Short-term debts					
Debts to suppliers and contract works		783	625	1 114	889
Taxes and social security liabilities	11	7 432	5 973	10 575	8 499
Other creditors	12	3 957	3 037	5 630	4 321
Accumulated liabilities	13	6 010	0	8 551	0
Total short-term debts		18 182	9 635	25 871	13 709
Total creditors		18 182	9 635	25 871	13 709
Liabilities grand total		1 055 041	1 063 720	1 501 188	1 513 537

*Classification to accumulated liabilities

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 Strujeviča

Member of the Board
Aleksandrs Ančevskis

Account on changes in equity capital, year 2010 and 2011

	Stock or share capital (fixed)	Revaluation reserve of long-term investments	Retained earnings from previous year	Profit for the year of account	Total equity capital
	LVL	LVL	LVL	LVL	LVL
Remaining amount on 31 March 2010	4 742 980	126 267	-3 738 325	-16 263	1 114 659
Remaining amount on 31 March 2011	4 742 980	119 954	-3 796 160	-15 244	1 051 530

	Stock or share capital (fixed)	Revaluation reserve of long-term investments	Retained earnings from previous year	Profit for the year of account	Total equity capital
	EUR	EUR	EUR	EUR	EUR
Remaining amount on 31 March 2010	6 748 653	179 662	-5 319 157	-23 140	1 586 017
Remaining amount on 31 March 2011	6 748 653	170 679	-5 401 449	-21 690	1 496 192

Chairman of the Board
Vladimirs Cadovičs

Member of the Board
AleĶina StruĶeviĶa

Member of the Board
Aleksandrs AnĶevskis

ACCOUNT ON CASH FLOW for the PERIOD having EXPIRED
 on 31 march 2011 (by direkt method)

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
I. Cash flow from basic activities				
Proceeds from no product selling and provision of services	30 455	48 766	43 334	69 388
Payments to suppliers, staff, other expenditures of basic activities	-87 183	-79 901	-124 050	-113 689
Receipts and expenditures from other basic activities of the Company	25 612	26 071	36 443	37 096
Gross basic activities cash flow	-31 116	-5 064	-44 274	-7 205
Expenditures for real property tax payments (-)	-931	-977	-1 325	-1 390
Cash flow before extraordinary items	-32 047	-6 041	-45 599	-8 596
Net basic activities cash flow	-32 047	-6 041	-45 599	-8 596
II. Cash flow of investment operations				
Acquisition of fixed assets and intangible investments (-)	0	0	0	0
Interest received (+)	0	46	0	65
Net cash flow of investment operations	0	46	0	65
V. Net cash flow for the yer of account	-32 047	-5 995	-45 599	-8 530
VI. Cash and equivalents thereof at the begininig of period	73 514	83 906	104 601	119 387
VII. Cash and equivalents thereof at the end of period	41 467	89 901	59 002	127 918

Chairman of the Board
Vladimirs Cadovičs

Member of the Board
Alejtīna Struļeviča

Member of 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 01.01.2011 to 31.03.2011

Money value and revaluation of foreign currency:

31.03.2011.		31.03.2011.	
EUR	0,702804	EUR	0,702804

Appendices to the account

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

1. Net turnover	2011 LVL	2010 LVL	2011 EUR	2010 EUR
Jewelry production	64 814	22 193	92 222	31 578
Workshop (jewelry repairs)	11 478	9 923	16 332	14 119
Pawnshops (jewelry)	454	803	646	1 143
Production of thermal energy	0	6 167	0	8 775
Total	76 746	39 086	109 200	55 614

2. Manufacturing expenditures of sold products

Labour wages	0	7 803	0	11 103
Labour state social security obligatory contributions	0	1 854	0	2 638
Lease payments for the production facilities	39 509	0	56 216	0
Water	0	72	0	102
Electricity	0	919	0	1 308
Gas	0	10 228	0	14 553
Direct materials	0	8	0	11
Branding of jewelry at State Assay Supervision Inspection	105	0	149	0
Low-grade inventory, and tools	561	0	798	0
Auxiliary materials	0	0	0	0
Depreciation of fixed assets	0	70	0	100
Current repairs (equipment, facilities)	0	0	0	0
Changes in stock and value of the unfinished products	2 291	2 630	3 260	3 742
Changes in stock and value of the finished products	0	11 869	0	16 888
Goods insurance	8	0	11	0
Other expenses	0	0	0	0
Total	42 474	35 453	60 435	50 445

3. Selling costs

Salary of workers	8 701	0	12 380	0
Obligatory social payments of workers	2 065	0	2 938	0
Advertising	0	495	0	704
Utilities (water, electricity, gas)	13 045	0	18 561	0
Rent of the earth and premises	2 529	0	3 598	0
Depreciation of fixed assets	3 297	0	4 691	0
Consignment notes	14	11	20	16
Total	29 651	506	42 190	720

4. Administration expenditures

Communication expenditures	525	469	747	667
Business activity risk duty	12	12	17	17
Bank services	63	40	90	57
To "NASDAQ OMO Rīgas" and the Financial and Capital Market Commission	3 125	3 130	4 446	4 454
Office costs	230	451	327	642
Depreciation of fixed assets	819	3 997	1 165	5 687

"Rīgas juvelierizstrādājumu rūpnīca" JSC /AS/ single ID.40003044420
 Account for the period from 01.01.2011 to 31.03.2011

Appendices to the profit or loss calculation (continued)

	2011	2010	2011	2010
	LVL	LVL	EUR	EUR
Traveling allowances	605	0	861	0
Administration wages	9 000	8 363	12 806	11 899
Administration state social security obligatory contributions	2 168	2 015	3 085	2 867
Lease of land	0	4 134	0	5 882
Waste disposal	0	89	0	127
Security services	2 173	2 334	3 092	3 321
Carpet replacement (workshop)	0	25	0	36
Computer, printer, telefax, cash register servicing costs	0	54	0	77
Expenditors for insurance of motor transport	235	206	334	293
Motor transport expenditures for administration	1 315	836	1 871	1 190
Expenditors for representation	33	20	47	28
Other administration expenditures	233	0	332	0
Total	20 536	26 175	29 220	37 244

5. Other income from the Company business activities

Income from revaluation of finished goods	0	0	0	0
Income from the currency selling or buying	0	0	0	0
Heat-energy manufacture	6 664	0	9 482	0
Leasing out premises	7 263	9 163	10 334	13 038
Other (creditnotes)	189	0	269	0
Total	14 116	9 163	20 085	13 038

6. Other expenditures from the Company business activities

Loss from the currency selling or buying	128	0	182	0
Other expenditures	973	428	1 384	609
Total	1 101	428	1 567	609

7. Other interest and similar income

Interest on the remaining amount of monies in bank	0	46	0	65
Total	0	46	0	65

10. Real property tax

931	977	1 325	1 390
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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 31.03.2010.		58 700	180 389	74 026	64 356	46 265	423 736	602 922
Initial Value 31.03.2011.		58 700	180 389	74 026	64 356	46 265	423 736	602 922
Depreciation 31.03.2010.		20 300	61 528	74 026	63 842	37 230	256 926	365 573
Depreciation 31.03.2011.		23 236	70 546	74 026	64 121	40 867	272 796	388 154
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
Residual value 31.03.2011	LVL	35 464	109 843	0	235	5 398	150 940	
	EUR	50 461	156 293	0	334	7 681		214 768

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

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
gold	207 545	144 875	295 310	206 139
silver	2 087	2 087	2 970	2 970
precious stones, semiprecious stones	47 622	49 069	67 760	69 819
other auxiliary materials	49	49	70	70
low-value materials and inventory	886	817	1 261	1 162
fuel	0	18	0	26
tools	4 583	4 583	6 521	6 521
construction materials for current repairs	288	300	410	427
Total	263 060	201 798	374 301	287 133

Appendices to the balance sheet (continued)

	2011 LVL	2010 LVL	2011 EUR	2010 EUR
3. Unfinished products				
Unfinished manufacture	106 853	88 062	152 038	125 301
Total	106 853	88 062	152 038	125 301

4. Complete products and goods on sale				
Goods for sale	195 542	128 408	278 231	182 708
Total	195 542	128 408	278 231	182 708

5. Advance payments for products				
To LLC /SIA/ NESTE for fuel	218	0	310	0
TO State Assay Supervision Inspectorate for branding	0	0	0	0
Total	218	0	310	0

6. Indebtedness of cusmomert and clients				
Indebtedness of customers and clients	265 788	345 343	378 182	491 379
Credit on the security in a pawnshop	4 085	3 377	5 812	4 805
Gold transferred to clearing	18 248	25 457	25 965	36 222
Settlements for lease	8 201	6 862	11 669	9 764
Total	296 322	381 039	421 628	542 170

7. Other debtors				
Pledge VENDEN SIA	11	11	16	16
Other	0	0	0	0
Total	11	11	16	16

8. Prepaid expenses				
Payment for the rented ground	0	0	0	0
Insurance of vehicles	159	84	226	120
Lietišķas inormācijas dienests (laws of the Republic of Latvia)	462	0	657	0
Newspaper, journals	0	43	0	61
Project documentation	0	7 564	0	10 763
LU fo rigagold.lv for 2011	7	0	10	0
Total	628	7 691	894	10 943

9. Monetary instruments				
Monetary instruments in cash	6 436	3 843	9 158	5 468
Monetary instruments in operating accounts	35 031	86 058	49 845	122 450
Total	41 467	89 901	59 002	127 918

10. 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)

	2011	2010	2011	2010
	LVL	LVL	EUR	EUR
11. Taxes and social security payments				
Personal income tax	936	1 145	1 332	1 629
State social security obligatory payments	2 258	1 261	3 213	1 794
Business activity duty	4	4	6	6
VAT	4 234	3 563	6 024	5 070
Total	7 432	5 973	10 575	8 499
12. Other creditors (short-term)				
Wages	3 768	3 002	5 361	4 271
Settlement with employees	189	35	269	50
Total	3 957	3 037	5 630	4 321
13. Accumulated liabilities				
Accumulation on unused holidays	3 219	2 555	4 580	3 635
Accumulation on doubtful debtors	2 791	0	3 971	0
Total	6 010	2 555	8 551	3 635