

JSC "Rīgas juvelierizstrādājumu rūpnīca"
Unified registration Nr. 40003044420
Address : Terēzes street 1, Rīga LV-1012

Main activities:
NACE code red .

3212 processing of precious metals
4777 retail jewellery trade in specialised stores
6820 renting and operating of leased real estate

Unit: eiro

Annual report
of the period from 01.01.2014 to 31.12.2014

that has been prepared according to the legislation standards of the Republic of Latvia

State Revenue Service territorial office: Latgale suburb department

Rīga, 2015.

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Management Report

Information about the Company

AS „Rīgas juvelierizstrādājumu rūpnīca” registered office is at 1 Terezes Street, Riga, LV-1012.

The Company is registered in the Commercial Register under unified registration number 40003044420. The equity capital of the company is 6 748 653 EUR that is divided into 4742980 shares with share's nominal value of 1,4229 EUR.

Chairman of the Company's Board is Vladimirs Cadovičs, other Members of the Board: Aleksandrs Struļevičs and Aleksandrs Ančevskis.

The Company's Auditor is Certified Auditor Aivars Rutkis (Certificate No. 18).

The Company's major shareholders are:

Marija Ančevska – 1 540 000 shares

Valentins Istomins – 1 160 000 shares

Vladimirs Cadovičs – 531 785 shares

SIA "MALEKS S" - 268 755 shares

Others - 799 people with shares 5% or less of the total number of shares - 1 242 440 shares

The Company has no operative and financial leasing, or bank's credits, loans or borrowings. Assets set out on the Company's balance sheet are not encumbered.

The Company's business for the accounting year

AS „Rīgas juvelierizstrādājumu rūpnīca” business is processing of precious metals, production and repairs of jewelry.

Name, address, telephone of the structural unit for economic activity:

workshop: 1 Terezes Street, Riga, LV-1012, tel. 67277365

AS „Rīgas juvelierizstrādājumu rūpnīca” has no holding and subsidiary companies.

The Company doesn't have any agencies and affiliates registered abroad.

In 2014 the Company was focusing on enhancing the effectiveness of its business. It has activated its wholesale business, tightened control over RJR goods delivered to clients "for sale".

The company has developed new business concepts and pricing policies for exchange operations (jewelry for gold) in workshop.

The Company closed its fiscal year with the results as follows:

	2014	2013
Result before extraordinary items and taxes is:	(143 490)	51 592
Deferred tax	17213	(8 076)
Real Property Tax:	(5 820)	(5 270)
Net result:	(132 097)	38 246

Net turnover for 01.01.2014- 31.12.2014 was equal to 566 590 EUR. It has decreased for 37,5 % compared with the previous accounting period.

	2014	2013
The company profitability:		
Kommercial profitability (%)	-23,31	4,22
Profitability of primary activity	30,54	57,10
Financial profitability (%)		
Fixed capital profitability (rendits)	-8,43	2,23
Equity capital profitability	-8,69	2,32
Likvidity coefficients		
General likvidity	34,97	39,99
Fast likvidity	15,02	20,44
Full likvidity	2,03	4,24

Events for developing the Company

The Company will continue researching the local and foreign markets for the purpose of increasing jewelry sales.

In 2015 it is planned to activate search for corporate clients.

It is also planned to activate jewelry sale via Internet and to popularise the Company's products and services through social media.

The Company plans to develop partnership with countries of the European Union and other countries for production the new jewelry models.

The Company plans to develop partnership with countries of the European Union and other countries for expanding the jewelry assortment.

The Company also plans to activate work with wholesale clients in order to popularize "RJR" products and increase sales volumes.

It expects to continue analyzing clients paying capacity and product sales, and in accordance with results of analysis to correct payment terms in specific cases.

Circumstances and events following striking a balance

From the last date of the accounting year till today there were no any events that could substantially affect the results set out in the annual accounts.

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From the last date of the accounting year till today there were no any events that could substantially affect the results set out in the annual accounts.

Related companies

The Company has its related company SIA "Grabes pansija", unified reg. No. 40003648860, 1 Terezes Street, Riga.

Vladimirs Cadovičs is a holder of a 100% share in the authorized capital of SIA "Grabes pansija".

Suggestions regarding distribution of profit

The Company's profit will be used for covering losses for the previous periods.

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

23th March, 2015

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 31.12.2014

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2014- 31.12.2014, 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

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

23th March, 2015

BALANCE SHEET

ASSETS	Appendixes	2014 EUR	2013 EUR
<i>I. Long-term investments</i>			
<i>I Intangible investments</i>			
Concessions,licenses and similar rights		421	534
<i>Nemateriālie ieguldījumi kopā</i>	1	421	534
<i>I Fixed assets</i>			
Land, buildings, constructions and perennial plantations		114 345	121 013
Equipment and machinery		0	0
Other fixed assets and inventory		38 347	50 004
<i>Total fixed assets</i>	2	152 692	171 017
<i>II Investment property</i>		34 801	38 980
<i>Total investment property</i>	2	34 801	38 980
Total long-term investments		187 914	210 531
<i>2. Current assets</i>			
<i>III Inventory</i>			
Raw materials, direct materials and auxiliary materials	3	461 857	387 180
Unfinished products	4	137 311	162 650
Finished products and products for sale	5	187 285	184 127
Advance payments for goods	6	391	797
<i>Total inventory</i>		786 844	734 754
<i>IV Indebtedness of the debtors</i>			
Debts of the customers and clients	7	508 380	604 753
Other debtors	8	237	332
Expenses of the subsequent period	9	3 454	3 714
<i>Total debtors</i>		512 071	608 799
<i>Funds (total)</i>	10	80 058	159 392
<i>Total current assets</i>		1 378 973	1 502 945
<i>Grand total assets</i>		1 566 887	1 713 476

BALANCE SHEET

Liabilities	Appendixes	2014 EUR	2013 EUR
I Equity capital			
Stock or share capital (fixed capital)	11	6 748 653	6 748 653
Revaluation reserves of long-term investments	12	132 894	131 472
Undistributed profit			
a) undistributed profit from previous year		(5 228 889)	(5 267 134)
b) undistributed profit for the reporting year		(132 097)	38 245
<i>Total undistributed profit</i>		<i>(5 360 986)</i>	<i>(5 228 889)</i>
Total equity capital		1 520 561	1 651 236
II Reserves			
		6 895	7 691
<i>Total reserves</i>		6 895	7 691
III Creditors			
1 Long-term debts			
Deferred income	14	0	16 962
<i>Total long-term debts</i>		0	16 962
2 Short-term debts			
Indebtedness to suppliers and contractors	15	13 148	9 287
Taxes and social security liabilities	16	11 442	15 149
Other creditors	17	7 477	6 744
Accrued liabilities	18	7 364	6 406
<i>Total short-term debts</i>		39 431	37 586
<i>Total creditors</i>		39 431	54 549
Grand total liabilities		1 566 887	1 713 476

Appendix from Page 12 to 28 is an integral part to the present financial statement

PROFIT or LOSS STATEMENT'S CALCULATIONS

(by turnover expenditure method)

Parameters	Appendixes	2014 EUR	2013 EUR
1. Net turnover	19	566 590	907 210
2. Manufacturing expenditures of sold products	20	(434 033)	(577 485)
3. Gross profit or loss		132 557	329 725
4. Selling expenses	21	(178 444)	(182 065)
5. Administrative expenses	22	(148 581)	(159 588)
6. Other operating revenue	23	65 286	75 321
7. Other operating expenses	24	(14 308)	(11 801)
8. Profit or loss before extraordinary items and taxes		(143 490)	51 592
9. Profit or loss before taxation		(143 490)	51 592
10. Deferred tax	25	17 213	(8 076)
11. Other taxes	26	(5 820)	(5 270)
12. Profit or loss in the reporting year		(132 097)	38 245
13. Profit or loss per one stock in a year		-0,020	0,006
14. Profit or loss per one stock from the beginning		-0,794	-0,775

Appendix from Page 12 to 28 is an integral part to the present financial statement

Report on changes in the equity capital in 2014 and 2013

	Stock or share capital (fixed)	Revaluation reserves of long-term investments	Undistributed profit from the previous year	Total equity capital
	EUR	EUR	EUR	EUR
Remaining amount on 31 December 2012 after fundamental error correction	6 748 653	138 882	(5 267 134)	1 620 400
Losses in the reporting year	-	-	38 245	38 245
Reduction of reserves	-	(7 410)		(7 410)
Remaining amount on 31 December 2013	6 748 653	131 472	(5 228 889)	1 651 236
Losses in the reporting year	-	-	(132 097)	(132 097)
Reduction of reserves		31 849		31 849
Reduction of reserves	-	(30 427)	-	(30 427)
Remaining amount on 31 December 2014	6 748 653	132 894	(5 360 986)	1 520 561

Appendix from Page 12 to 28 is an integral part to the present financial statement

CASH FLOW STATEMENT
(by direct method)

	Appendi	2014 EUR	2013 EUR
I. Cash flow from main activities			
Revenue from the sales of the products and provided services		367 863	546 821
Payments to suppliers, staff, other expenditures on main activities		(564 006)	(575 093)
Other revenues and expenditures on main activities		122 629	152 129
Gross cash flow of the main activities		(73 514)	123 857
Expenditures on tax payments for the real property (-)	26	(5 820)	(5 270)
Cash flow before extraordinary items		(79 334)	118 587
Net cash flow of the main activities		(79 334)	118 587
II. Cash flow of investment activities			
Acquisition of fixed assets and intangible investments	1,2	-	(51 579)
Net cash flow of investment operations		-	(51 579)
V. Net cash flow in the reporting year		(79 334)	67 008
VI. Cash and its equivalents at the beginning of the period	10	159 392	92 384
VII. Cash and its equivalents at the end of the period	10	80 058	159 392

Annexes to the Annual Accounts

1. Accounting Policy

Figures are set out in the Financial Statements in eiro (EUR).

General Principles

The Annual Accounts are prepared in accordance with laws of the Republic of Latvia *On Accounting* and the *Annual Accounts Law* and requirements of Regulations No. 488, 481 issued by the Cabinet of Ministers of the Republic of Latvia on June 21, 2011. Latvian Accounting Standards are applicable as good practice guidelines.

Profit or Loss Account is prepared in accordance with the turnover costs method.

Statement of Cash Flow is prepared according to the direct method.

The Annual Accounts provide a true and fair view of the assets and liabilities, financial position, profit or loss of the Company.

The accounting policy ensures that the financial statements provide information that:

1. Is adequate for users of the Annual Accounts in order to take decisions;

2. Is reliable, since the Accounts:

* correctly disclose the Company's results and financial situation - reflecting economic content and nature of transactions, not just their legal form, they are neutral, not subjective, and prepared in accordance with the principle of carefulness;

* are complete in all substantial aspects.

Changes in the accounting policy

Compared with the previous accounting year, the accounting policy for the public utility services accounting for lessors of premises was changed. If the requirements of the new foreign regulatory enactments and Latvian Accounting Standards or voluntarily changed accounting policy affect the accounting period or any previous period, the requirements of LAS 4 shall apply.

Correction of mistakes

The Company corrects serious mistakes for previous periods retroactively in the first financial statements approved for publication after detecting mistakes:

1) correcting comparable figures for the periods in which relevant mistake occurred; or

2) if mistake occurred prior to the period stated in the latter financial statement, correcting assets, liabilities or shareholders' equity balances of the beginning of the latter period as stated.

Applied accounting principles

The Annual Accounts items are evaluated according to the following accounting principles:

a) it is assumed that the company will continue as a going concern;

b) the same evaluation principles as in the previous accounting year are applied;

c) the evaluation is carried out with appropriate care, observing the following conditions:

- only the profit earned before the balance sheet date is included in the accounts;

- all foreseeable amounts at risk and losses that have occurred during the accounting year or previous years, even if they have become known during the time period between the balance sheet date and the date when the annual accounts are signed, are taken into account;

- all decrease in value and depreciation amounts are calculated and taken into account regardless of whether the accounting year has closed with a profit or a loss;

d) income and expenses related to the accounting year are included in the profit or loss account

regardless of the payment date or the date of receipt or issue of the invoice. Expenses are accord with income for the respective accounting periods;

f) pārskata gada sākuma bilancē saskaņā ar iepriekšējā gada slēguma bilanci;

g) all items that have a significant influence on the evaluation or taking of decisions by the users of the annual accounts are set out;

h) economic activities of the company are reflected, taking into account their economic content and nature, not just their legal form.

Accounting period

from 01.01.2014. till 31.12.2014.

Transactions in foreign currencies

Figures are set out in these financial statements in the Latvian national currency - eiro (EUR).

All monetary assets and liabilities in foreign currencies are re-calculated into eiro according to the exchange rate set by the ECB on the last date of the accounting year.

Differences in currency exchange rates, resulting from settlements in foreign currencies or, reflecting asset and liability items, applying the exchange rates different from those initially applied for recording the transactions, are recognized in the Profit or Loss Account at their net value.

Profit or loss resulting from fluctuations of the foreign currency exchange rates are reflected in the Profit or Loss Account for relevant period. Foreign currency exchange rates at the end of the accounting period for the past two years were the following:

	31.12.2014	31.12.2013
EUR		0,702804
USD	1,2141	0,515

Long-term and short-term items

Short-term assets include the following amounts of assets:

- * which are intended to be sold or consumed within the cycle of normal activity of the Company;
- * which are held mainly for trading purposes or for a short time and intended to be sold within twelve months following the balance sheet date;
- * cash or cash equivalents with the unlimited use possibilities.

Other assets are classified as long-term.

Short-term liabilities include amounts of liabilities:

- * for which it is planned to settle accounts within the cycle of normal activity of the Company;
 - * there shall be settled accounts for them within twelve months following the balance sheet date.
- Other liabilities are classified as long-term.

Depreciation of intangible assets and fixed assets

Intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events and from which future economic benefits (inflows of cash or other assets) are expected.

Copyrights and other rights is recognised as intangible asset only if purchased and is shown in "Concession, patents, licences, copyrights and other rights".

Intangible assets are stated at historic cost less accumulated depreciation. Depreciation is calculated on a straight-line basis, applying further rates based on asset useful life.

Intangible assets

Licences	20	%
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The cost less residual value of an intangible asset with a finite useful life should be amortised on a systematic basis over that life.

An intangible asset with an indefinite useful life should not be amortised

Its useful life should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

Intangible assets consist of computer software and licenses, copyrights, patents, franchises, certificates and related advance payments.

Intangible assets is shown at residual value, computer software is used together with copyrights and licenses.

Fixed assets:

Fixed assets include physical objects with their useful life exceeding 12 calendar months and their acquisition value being 100,- Ls and more.

Fixed assets do not include work tools, production equipment, auxiliary facilities and obligatory work clothing, footwear and other objects, irrespective of their useful life and acquisition value. All fixed assets are initially evaluated at the acquisition value.

Fixed assets are set out at the acquisition or re-valuation value less depreciation. Depreciation is calculated according to the linear method for the period of useful life of relevant fixed asset in order to write off value of fixed asset to its estimated depreciation value at the end of the period of its useful life, applying the following rates approved by the Company's management:

* Buildings and structures	5	%
* Technological equipment	20	%
* Vehicles	20	%
* Furniture	20	%
* Other fixed assets	20	%
* Mobile phones	35	%
* Computers and data storage equipment	35	%

* Depreciation of parcels of land is not calculated.

Fixed asset current repair and maintenance costs are included in the Profit or Loss Account for the period when they have occurred.

Profit or loss from the exclusion of fixed assets is calculated as a difference between the book value

and income resulting from sale of fixed asset, and is included in the Profit or Loss Account for the period when it has occurred.

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment

losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent

that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased

as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

Revaluation surplus is transferred to comprehensive income on a straight-line basis in 20 years.

Investment property

Investment property is property (land or a building or part of a building or both) held by the owner to earn rentals or for capital appreciation or both. Investment property is initially measured at cost, including transaction and similar costs. Investment property is stated at historic cost less accumulated depreciation and decrease in value if appropriate.

Depreciation is calculated on a straight-line basis.

After asset initial recognition as investment property, it should continue to be measured at its fair value until disposal.

Lease

If fixed assets are leased, then repair and improvement costs are set out as Long-Term Investments into Leased Fixed Assets, and are gradually written off as expenses within the period of lease.

Lease of assets, within which the lessor assumes practically all of the ownership-related risks and acquires compensation is classified as operative lease. Operative lease payments are recorded as expenses for all the lease period, applying the linear method.

Long-term financial investments

Long-term financial investments include the Company's acquisition (shares), long-term loans, long-term investments.

Long-term financial investments include the investments with the repayment periods longer than one year, following the accounting year.

Evaluation of stocks

Goods received and delivered are registered in the Rikar computer program.

Wholesale traders apply method for continuous inventory of product movements. For the accounting year, the storehouse reporting program has reflected each movement of stocks - sale, internal movement, return of goods to suppliers, goods returned by buyers. The purpose of the annual inventory is to check the correctness of the stocks movement records.

Stocks are evaluated, applying the FIFO method.

If necessary, decrease in value of obsolete, low-turnover or damaged stocks is written off, or provisions are formed for them.

Material values not used and goods balances at the end of the accounting period are evaluated according to their acquisition value, adding additional expenses (customs duties, transport costs, suppliers' services, etc.), which are attributable to the balances to be evaluated.

Acquired inventory value is written off:

a) for the objects of value not exceeding 300,-euro when putting them into operation;

Stocks balances are checked in the course of the annual stock-taking procedure.

Prepayment for goods

Prepayments for goods were indicated net of VAT. Where prepayments were made in foreign currencies, with the view of the annual report they were indicated in EUR according to the ECB currency rate as of the balance sheet date.

Accounts receivable

Accounts receivable are evaluated, observing the principle of carefulness, stating only real debtors on the balance sheet. Actual sums of debtors comply with those stated in the agreements and other accounting source documents.

Accounts receivable are set out on the balance sheet at their net (acquisition) value, deducting from the initial value special provisions for dubious debts.

2. Provisions for dubious debts are estimated when full recovery of debt is not reliable.

3. Amount of provision as required is determined, individually evaluating each debtor and reconciling accounts receivable.

Bad debts and provisions for dubious debts are written off when their recovery is considered impossible.

1. Amounts of accounts receivable and payable are checked within the 4th quarter of each accounting year, issuing relevant reconciliation report.

2. Accounts receivable and payable are reconciled by relevant reconciliation reports.

Differences detected in reconciling data of accounting registers are regulated in the annual accounts.

Net turnover

Net turnover is a total value of products sold and services provided for the year, less granted discounts and value-added tax. Income from sale of goods is recognized, when buyer accepted goods in accordance with conditions for goods supply. Income from sale of goods outside Latvia is recognized in accordance with conditions for the goods supply.

Recognition of income and expenses

1. Income from sale of goods shall be recognized where the transaction complies with the following conditions:

a) the Company assigned to the buyer substantial risks related to the ownership of goods and compensations;

b) the Company holds no subsequent management rights related to ownership and actual control over the products sold;

c) amount of income can be accurately evaluated;

d) it is obvious that the Company will receive economic benefits related to the transaction;

e) costs that have occurred or will occur in relation to the transaction can be exactly evaluated.

Sale of goods is reflected taking into account economic nature of the transaction, not just its legal form.

2. Outcome of the transaction related to provision of services can be accurately estimated, if all the below conditions are observed:

a) amount of income can be accurately evaluated;

b) it is obvious that the Company will receive economic benefits related to the transaction;

c) it can be accurately evaluated which is the percentage of the amount of provided services as of the balance sheet date;

d) there can be accurately evaluated the current transaction expenses and expenses that will be necessary for completing the transaction.

3. Income from lease - at the time they have occurred;
Amounts collected on behalf of third party, received by the Company and which will not increase due to equity are excluded from revenue.
All substantial cost items are recorded according to the accrual principle.

Cash and cash equivalents

Cash and cash equivalents include cash at the cash desk and balances on current bank accounts.

Fair value of financial assets and liabilities

Fair value of financial assets and liabilities reflects the amount of funds for which relevant asset could be sold or relevant liabilities could be discharged between two independent persons. If in the management's opinion, fair value of financial assets and liabilities substantially differs from their book value, then fair value of such assets and liabilities is set out separately in appendices to the financial statements.

Long-term investment revaluation reserve

Increase in value included in the long-term investment re-valuation reserve is reduced, recognizing the decrease in the Profit or Loss Account during the time of using the gradually revaluated fixed asset, in each accounting period writing off the amount, which is calculated: depreciation for the fixed asset revaluated value - depreciation for the fixed asset acquisition value. The carrying amount of the revaluation reserve of an investment property is derecognised only on disposal.

Uncompleted orders

If the item Uncompleted Orders includes part of expected profit from work not completed by the end of the accounting period, that should be indicated together with the evaluation methods applied.

Other debtors

The item Other Debtors includes all accounts payable not indicated in other asset items of the balance sheet, i.e.: prepayments for services, overpaid sums, taxes calculated, but not indicated in relevant declarations, overpaid taxes, deposits, other loans, pledge payments and other accounts payable.

Prepaid expenses

The item includes expenses incurred during the accounting period and applicable to the next period.

Undistributed profits

Adjusted undistributed profits for previous years and undistributed profits for the accounting year were indicated. The item Undistributed Profits for the Accounting Year shows the sum equivalent to the sum indicated in the Profit or Loss Statement, item Profit or Losses for the Accounting Year. Distribution of profits or covering of losses of the Company is to be indicated in the next year report, reducing the sum indicated in the item Undistributed Profits for Previous Years at the beginning of the accounting year respectively.

Accounts payable

Balances of accounts payable are set out on the balance sheet in accordance with source documents and records in the accounting registers, they are accorded with the accounting data of creditors.

These debts are divided into short-term or long-term debts (liabilities) respectively. Short-term liabilities include liabilities that occurred in the course of normal activities and those shall be settled within 12 months following the balance sheet date. Long-term liabilities include liabilities for which the Company shall start making payments not earlier than one year after the end of the accounting year. Loan and lease liabilities are divided into the short-term and long-term respectively.

Provisions

Provisions are intended to cover liabilities of a certain kind, which are attributable to the accounting period or previous periods, which are expected or known during the time of drawing up the annual accounts and which do not exceed certain amounts. Amount of certain provisions is calculated in accordance with methods approved by the Company.

Provisions for unused vacations

Amount of provisions is determined, by calculating for each employee separately how many days of unused vacation are attributable exactly to this accounting period, applying duration of vacation as determined in the Labor Law and the state social insurance payment norm - at the end of the accounting year.

Taxes

Enterprise income tax costs for the accounting year are included in the financial statement, in accordance with the tax rates determined on the balance sheet date, and calculations based on the taxation law of the Republic of Latvia.

Deferred tax is calculated, using deferred method in relation to all temporary differences between asset and liability values in the financial statements and such values for the purpose of calculation of taxes. To calculate the deferred tax, there are applied the tax rates effective on the balance sheet date that are expected in the periods when relevant deferred tax assets are planned to be sold or relevant deferred tax liabilities are planned to be settled for the next taxation periods and from the accrued expenses deducted for the purpose of taxes in the next taxation periods.

Deferred tax assets are recognized, if there exists large probability that taxable profit will be earned, to which there can be attributed a temporary difference to be deducted.

In the event that the total deferred tax calculation result should be reflected in the balance sheet assets, it is included in the financial statements when its recovery can be reliably expected.

Tax liabilities were reconciled with data in the State Revenue Service.

Other creditors

This item includes accounts payable, which are not indicated in other items, incl.: salary charged, but not paid, amounts owed to settlement persons,

Estimations

In preparing the financial statements, management has to take as a basis the known assumptions and estimations that affect some amounts and explanations set out in the financial statements. Thus, actual results could differ from such estimations. Pursuant to the laws of Latvia, in preparing the financial statements, the Company's management shall evaluate and make assumptions affecting assets and liabilities set out in reports and off-balance-sheet items on the date of preparing annual accounts, and income and expenses set out for the accounting period. Actual results can differ from such estimations, (e.g.: deferred enterprise income tax liabilities, vacation reserve, etc.)

Events after the end of the accounting year

In preparing the financial statements, there are taken into account such events after the end of the accounting year as providing additional information about the Company's financial situation on the date of preparing the balance sheet (adjusting events). If the events after the end of the accounting year are not adjusting, they are reflected in the appendix to the financial statements, if they are significant.

Related parties

Related parties include the Company's employees, members of the Board, their immediate family members and the companies in which the aforesaid persons have control or significant influence.

Re-classification of items

In 2014, compared to the annual accounts for 2013, classification of items wasn't changed.

Appendixes to the annual report

2.Explanatory notes to the items of the balance sheet

1.Intangible assets

	Licenses	Total EUR
Initial Value		
31.12.2013.	562	562
Acquisition		-
31.12.2014.	562	562
Depreciation		
31.12.2013.	28	28
Calculated	113	113
31.12.2014.	141	141
Residual value		
31.12.2013.	534	534
Residual value		
31.12.2014.	421	421

2.Fixed assets

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total EUR
Initial Value						
31.12.2013.	83 523	256 670	114 360	91 570	105 330	651 453
Acquisition						-
Re-estimated		28 455				28 455
Re-estimated		(20 566)				(20 566)
Re-estimated		(145 759)				(145 759)
Written off						
31.12.2014.	83 523	118 800	114 360	91 570	105 330	513 583
Depreciation						
31.12.2013.	44 543	135 657	64 356	91 570	105 330	441 456
Calculated	4 179	7 657	11 658	-		23 494
Written off (re-estimated)		(138 861)				(138 861)
corection		2	(1)			1
31.12.2014.	48 722	4 455	76 013	91 570	105 330	326 090
Residual value						
31.12.2013.	38 980	121 013	50 004	-	-	209 997
Residual value						
31.12.2014.	34 801	114 345	38 347	-	-	187 493

Fixed assets in the balance sheet are reflected in residual value

All the fixed assets bought in 2014 are paid for.

Residues of fixed assets on 31.12.2014 are checked during the stocktaking on 31.12.2014.

Buildings, constructions and vehicles are insured.

Appendixes to the balance sheet (continued)

On 25th March 2014 the value of real estate Terezes Street 1, Riga (cad.num. 0100 035 0146 003) was re-estimated, on the basis of AS "BDO" assessment, held in year 2014, using cost-benefit evaluation approach as a basis for the valuation. The revalued real estate total market value on revaluation date was estimated EUR 118 800.

387 969 EUR Real Estate property includes buildings:

- Cadastre Nr. 0100 035 0142 004, Riga, property assessed value - 74 642 EUR;	investment property
- Cadastre Nr.0100 035 0142 006, Riga, property assessed value - 181 027 EUR;	fixed
- Cadastre Nr.0100 035 0143 003, Riga, property assessed value - 113 415 EUR;	fixed
- Cadastre Nr.0100 035 0144 002, Riga, property assessed value - 10 930 EUR;	fixed
- Cadastre Nr.0100 035 0146 001, Riga, property assessed value - 7 955 EUR;	fixed

3. Raw materials, direct materials and auxiliary materials

	2014	2013
	EUR	EUR
gold	380 694	307 275
silver	9 328	8 549
precious stones, semiprecious stones	64 896	64 423
low-value materials and inventory	913	913
Fuel (a/m)	77	68
Instruments	5 949	5 898
materials for current repairs	-	54
Total	461 857	387 180

4.Unfinished products

Unfinished products and orders	137 311	162 650
Total	137 311	162 650

5. Finished production and goods for sale

	187 285	184 127
Total	187 285	184 127

6. Advance payments for products

To LLC/SIA/ NESTE for fuel	391	720
Eirovest SIA	-	77
Total	391	797

7. Debts of customers and clients

All debts are being received in one year period.

Payments for jewellery	488 744	594 123
Purification of gold	6 329	7 038
Payments for lease	15 078	9 853
Accumulation for doubtful debtors	(1 771)	(6 261)
Total net debts of customers and clients	508 380	604 753

off the balance

accumulation for doubtful debtors on 31.12.2013	<u>6 261</u>
increase	1 309
decrease	-5 729
decrease	(70)
accumulation for doubtful debtors on 31.12.2014	<u><u>1 771</u></u>

Appendixes to the balance sheet (continued)

	2014	2013
	EUR	EUR
8. Other debtors		
Creditcard	-	302
Payments to workers (advance payments)	202	-
Tax of risk of the business activity	4	7
Security sum VENDEN	31	23
Total	237	332

9. Expenditures for the subsequent period

Insurance of the transport	570	592
Laws of the Republic of Latvia	310	414
Newspapers, journals	141	275
Engineering design (RJR reconstruction)	2 433	2 433
Total	3 454	3 714

10. Money resources

Money in cash	15 736	30 781
Money in operating accounts	64 322	128 611
Total	80 058	159 392

11. Information on the aggregate own stocks and shares of the company.

The JSC was founded on the 10 th December in 1991 with fixed capital EUR 6 748 653, composed of 4 742 980 shares, share per value constituting EUR 1,4229

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.

Data regarding restrictions on the alienation of shares

Neither restrictions on the alienation of shares are determined, nor a special authorization for the alienation of shares is required.

Shareholders' rights and agreements

Regulated by the laws of the Republic of Latvia. No special restrictions or requirements pertaining to voting rights are determined in the Articles of Association of the Company.

Board members' authorities and special agreements

As prescribed in the JSC Articles of Association, chairman of the Board has the right to represent the Company individually, and the Board member - together with at least 1 Board member.

There is no agreement between the Company and the Board members regarding resignation compensations.

Appendixes to the balance sheet (continued)

Requirements pertaining to the election of the Board members, amendments to the Articles of Association

Regulated by the laws of the Republic of Latvia. No special restrictions or requirements pertaining to the election of the Board members, changes in the composition of the Board or amendments to the Articles of Association are determined in the Articles of Association of the Company.

12. Long-term investment reestimation reserve

The company had buildings revaluation procedure in year 2003. The property was measured by market value. The revaluation procedure held independent valuer SIA "BDO Invest Riga". The market value of the property was measured by using comparable transaction method as well as discounted future income method and construction cost method.

REVALUATION RESERVES OF LONG-TERM INVESTMENTS

	Total EUR	Included	
		for fixed assets	for long-term investments
According to the balance on 31.12.2012.	138 883	74 101	64 782
Revaluation reserve decrease	(8 718)	(8 718)	-
Corporate income tax attributed to the part of the revaluation increase of current year depreciation	1 308	1 308	-
According to the balance on 31.12.2013.	131 472	66 691	64 782
Revaluation reserve decrease	(6 215)	(6 215)	-
Reserves change	7 888	7 888	-
Corporate income tax attributed to the part of the revaluation increase of current year depreciation	(251)	(251)	-
According to the balance on 31.12.2014.	132 894	68 113	64 782

13. Accumulation

Accumulation for unused vacations:
 decreased in the reporting year

	2014 EUR	2013 EUR
	7 691	7 691
	(796)	-
Total	6 895	7 691

Appendixes to the balance sheet (continued)

14. Deferred income tax liabilities

Deferred tax was calculated based on following temporary differences between asset and liability values in financial accounting and tax accounting:

	2014	2013
	EUR	EUR
Temporary differences in depreciation of fixed assets	142 262	150 833
Accruals for annual leave expenses	(6 895)	(7 691)
Accrued tax losses	(176 256)	(30 067)
Total temporary differences	(40 889)	113 076
Liabilities for deferred tax are calculated applying prospective tax rate of 15%.		
Deferred income tax liabilities	-	16 962
Accruals at the beginning of the period	16 962	10 193
Increase	251	6 769
Decrease	(17 213)	
Accruals at the end of the period	-	16 962

Deferred tax net result is deferred tax asset.

Income was not recognized, because the Company is not likely to earn taxable profit and make use of unused tax losses.

15. Debts to suppliers and contractors (short-term)

Šmitiņš un partneri SIA	1 722	1 722
BERENDSEN Tekstila Serviss SIA	51	27
Global Blue Latvija SIA	-	101
Cadoviča Žaneta	1 452	-
Latvijas proves birojs VSIA	-	811
Rastri poligrāfija	-	73
LMT SIA	-	152
Rīgas ūdens	285	249
NASDAQ OMX RIGA AS	1 076	1 076
Baltic Taste SIA	450	-
Rikar SIA	266	-
CENTRUMIX OU	7 846	5 077
Total	13 148	9 287

16. Taxes and social security payments

Personal Income Tax	2 471	2 534
State social security obligatory payments	4 044	4 448
Tax of risk of the business activity		
Natural resources tax	13	102
Business motor vehicles tax	-	285
Value added tax	4 914	7 780
Total	11 442	15 149

17. Other creditors (short-term)

Salaries	7 448	6 678
Payments to workers (advance payments)	29	66
Total	7 477	6 744

Appendixes to the balance sheet (continued)

18. Accrued liabilities

Liabilities for the subsequent period

Latvenergo AS

Latvijas gāze AS

For communication services (Lattelecom)

For communication services (Latvijas Mobilais telefons)

For checking the annual report

	2014	2013
	EUR	EUR
Latvenergo AS	2 765	3 015
Latvijas gāze AS	4 236	2 642
For communication services (Lattelecom)	205	38
For communication services (Latvijas Mobilais telefons)	158	-
For checking the annual report	-	711
Total	7 364	6 406

Appendixes to the annual report

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

19.Net turnover	2014 EUR	2013 EUR
Jewellery sale	353 830	375 217
Discount	(187)	(4 220)
Workshops (jewellery repair)	113 787	96 336
Special orders	1 381	77 841
Sales of gold	2 990	-
Sales of investment gold	51 098	269 556
Jewellery sales in the EU	43 691	92 481
Total	566 590	907 210
In Latvia -	522 899	
In Lithuania -	43 691	
20. Manufacturing expenditures of sold products		
Purchasing and manufacturing expenses of the sold jewels	342 114	380 940
Stones inventory	9 131	-
Services for manufacturing of the jewels	-	6 281
Investment gold's cost	49 349	184 199
Assaying of jewellery at the LPB*	462	568
Changes in stock and value of the unfinished products	32 977	5 498
* State Assay Supervision Inspection		
Total	434 033	577 485
21. Selling costs		
Workers' salary	76 924	71 474
Obligatory social payments for workers	17 563	16 640
Accumulations for vacations	(884)	-
Advertising expenses	4 712	10 755
Residential services (water, electricity, gas)	44 395	47 614
Rent of the land and premises	18 896	21 206
Natural resources tax	13	-
Depreciation of fixed assets	16 347	11 022
Low-value inventory	235	3 334
Other selling costs	243	20
Total	178 444	182 065
22. Administrative expenditures		
Communication expenditures	6 125	4 465
Bank services	864	1 194
To "NASDAQ OMX Riga" for shares and other	7 257	7 268
Office costs	4 130	3 914
Depreciation of the fixed assets (administrative building)	2 535	4 667
Travelling allowances	783	6 924
Salary of the administration	68 947	63 249
Obligatory social payments for the administration	15 248	14 609
Accumulations for vacations	89	-
Payment for the risk of the business activity	74	80

Appendixes to the profit or loss calculation (continued)

22. Administrative expenditures (continued)

Security services	8 821	10 808
Audit of the report	1 100	1 423
Expenditures on insurance of motor transport	1 314	875
Expenditures on motor transport for administration (fuel, repair)	11 830	17 716
Expenditures on represantion	242	2 355
Other administrative expenditures, including expenses on lawyers	19 222	20 041
Total	148 581	159 588

23. Other income of the business activities

	2014	2013
	EUR	EUR
Production of thermal energy	27 976	32 552
Leasing out premises ¹	30 476	30 146
Revaluation reserves of long-term investments	6 215	8 718
The result of currency rate change ³	463	-
Income from clients for residential service	42 488	49 452
Expenses from clients for residential service	(42 488)	(49 452)
Other income (819)	156	3 904
Total	65 286	75 321

¹ *Income from leasing out premises*

	2014	2013
Income	35 200	35 970
Depreciation of the leased out premises	(4 724)	(5 824)
	30 476	30 146

² *The result of selling or buying currencies*

	2014	2013
Income	0	
Expenditures	-	(566)
	-	(566)

³ *The result of currency rate change*

	2014	2013
Income	463	148
Expenditures		(176)
	463	(28)

Appendixes to the profit or loss calculation (continued)

	2014	2013
	EUR	EUR
24. Other expenditures from the business activities		
Losses from selling or buying currencies ²	-	566
The result of change currency course ³		28
Building re-estimated	6 899	-
Reserves for doubtful debtors	1 309	5 730
Late payment money	1	31
Business motor vehicles tax	-	135
Other expenditures (economic)	6 099	5 310
Total	14 308	11 801
25. Change income tax		
Actual corporate income tax for the reporting year		
Deferred income tax change	(17 213)	8 076
26. Real property tax	5 820	5 270

Appendixes to the annual report

4. Overall information

	<u>2014</u>	<u>2013</u>
27. Average number of employees in the year		
Average number of employees	<u>17</u>	<u>19</u>
	EUR	EUR
28. Total expenditures on staff	<u>178 682</u>	<u>165 972</u>
- salary	145 871	134 723
- State social security obligatory payments	32 811	31 249
- included:		
Administration salary		
- salary	68 947	63 249
- State social security obligatory payments	15 248	14 609
- total	<u>84 195</u>	<u>77 858</u>

29. Taxes, payments and state social security obligatory payments

	(+)	(+)	(+)	(+)
	a debt	a debt	a debt	a debt
	(-)	(-)	(-)	(-)
	overpayment	overpayment	overpayment	overpayment
	<u>31.12.2013.</u>	<u>Calculated</u>	<u>Paid</u>	<u>31.12.2014.</u>
Value added tax	7 780	48 772	51 638	4 914
Paid				
to tax of risk				
Late payment money				
Personal Income tax	2 534	28 230	28 293	2 471
Late payment money		1,00	1,00	
State social security obligatory payments	4 448	47 409	47 813	4 044
Late payment money				
Operation tax of vehicles	-	303	303	-
Late payment money				
Business motor vehicles tax	285	1 477	1 762	-
Late payment money				
Tax of risk of the business activity	(7)	74	71	(4)
from VAT				
Late payment money				
Natural resources tax	102	13	102	13
Late payment money				
Real estate tax	-	5 820	5 820	-
Total:	15 142	132 099	135 803	11 438
Overpayment of taxes	(7)			(4)
Debts of taxes	15 149			11 442
Calculated/paid late payment money		1,00	1,00	

30. Related parties

	<u>2014</u>	<u>2013</u>
	EUR	EUR
Revenues from lease from related Company	20 863	23 484
Grabes pansija SIA- 100 % fixed capital Vladimirs Cadovičs		

Information on the payments to the auditor in the reporting year

Aivars Rutkis

1. For the audit of the report of 2014 in EUR **1100,00**

Other remuneration to the Company of certified auditors who did the revision of the financial report wasn't paid

Financial risk management

The most significant financial instruments of the Company are cash and short-term deposits. The main goal of these financial instruments is to ensure financing the Company's economic activity. The Company also deals with many other financial instruments which arise from its economic activity, for example, customers' debts, other debtors, debts to suppliers and other creditors.

Financial risks, which are connected with financial instruments of the Company, are mainly currency risks, interest rate risks, liquidity risks and credit risks. The Company doesn't apply derived financial instruments for financial risk management.

Currency risk

The Company is subject to the currency fluctuations' risk mainly due to its borrowings and other liabilities and customers' debts which are concluded in different currencies (see Accounting Policy; Transactions in foreign currencies).

Liquidity risk

The Company controls its liquidity risk by maintaining appropriate amount of cash and its equivalents.

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Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

23th March, 2015

**5.A SUMMARY CARD of WRITE-OFF CALCULATIONS OF DEPRECIATION OF
 FIXED ASSETS AND INTANGIBLE INVESTMENT'S VALUE
 (taxation period: 01.01.2014.-31.12.2014.)**

EUR

Category	Depreciation rate, %	Category's corrected value at the end of the taxation period	Residual value at the beginning of the taxation period	Purchased	Excluded	Residual value from which depreciation of the taxation period is calculated	Sum of depreciation in the taxation period	Accrued depreciation for taxes	Residual value after deduction of depreciation of the taxation period
1	2	3	4	5	6	7	8	9	10
Intangible assets	20%	562	534			534	113	141	421
I	10%	124 868	22 797			22 797	2 280	104 351	20 517
III	70%	51 356	958		-	958	671	51 069	287
A/m	30%	65 525	28 611			28 611	8 583	45 497	20 028
IV	40%	366 853	7 331		-	7 331	2 932	362 454	4 399
TOTAL		609 164	60 231	-		60 231	14 579	563 512	45 652