

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 01.01.2015 to 31.12.2015

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

State Revenue Service territorial office: Latgale suburb department

Riga, 2016.

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Management Report

Information about the Company

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

On 28.05.2015 the Company had denomination of the fixed capital. As a result of denomination, the equity capital of the company is 6 640 172 EUR that is divided into 4742980 shares with share's nominal value of 1,40 EUR. The residual value in the amount of EUR 108 480,54 was transferred to the reserve fund.

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" - 288 973 shares

Others - 776 people with shares 5% or less of the total number of shares - 1 222 222 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.

On 01.06.2015 a structural unit was opened : workshop at 27 Lidoņu Street, Riga

On 13.07.2015 a structural unit was opened shop at 23/25 Jūras Street, Jūrmala, which worked till 31.10.2015.

In 2015 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:

	2015	2014
Result before extraordinary items and taxes is:	(10 175)	(143 490)
Deferred tax	0	17 213
Real Property Tax:	(5 820)	(5 820)
Net result:	(15 995)	(132 097)

Net turnover for 01.01.2015- 31.12.2015 was equal to 1 091 960 EUR. It has increased for 92,72 % compared with the previous accounting period.

	2015	2014
The company profitability:		
Commercial profitability (%)	0	0
Operating profitability	0	0
gross profitability of primary activity	41,54	30,54
Financial profitability (%)		
Fixed capital profitability (rendits)	0	0
Equity capital profitability	0	0
Liquidity coefficients		
General liquidity	11,00	34,97
Fast liquidity	5,65	15,02
Full liquidity	0,97	2,03

Events for developing the Company

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

The Company will look for new opportunities for developing shops.

In 2016 it is planned to continue to search for new corporate orders and participate in government tenders.

The Company plans to renovate the assortment, cooperating with new partners from the European Union and other countries. It is planned to use available Internet resources for brand and product promotion.

It is planned to analyze product sales, and in accordance with results of analysis adjust the selection of new assortment.

The Company also plans to activate work with wholesale clients in order to provide with the goods in accordance with demand.

Circumstances and events following striking a balance

From the last date of the accounting year till today there were not any events that could substantially affect the results set out in the annual accounts.

Circumstances and events following striking a balance

From the last date of the accounting year till today there were not 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

21st March, 2016

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 31.12.2015

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2015- 31.12.2015, 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

21st March, 2016

BALANCE SHEET

<i>ASSETS</i>	Appendixes	31.12.2015. EUR	31.12.2014. EUR
I. Long-term investments			
I Intangible investments			
Concessions,licenses and similar rights		584	421
Nemateriālie ieguldījumi kopā	1	584	421
I Fixed assets			
Land, buildings, constructions and perenial plantations		108 405	114 345
Long-term investments in rented fixed assets		1 788	
Equipment and machinery		-	-
Other fixed assets and inventory		35 171	38 347
Total fixed assets	2	145 364	152 692
II Investment property		30 625	34 801
Total investment property	2	30 625	34 801
Total long-term investments		176 573	187 914
2. Current assets			
III Inventory			
Raw materials, direct materials and auxiliary materials	3	333 743	461 857
Unfinished products	4	12 743	137 311
Finished products and products for sale	5	364 523	187 285
Advance payments for goods	6	531	391
Total inventory		711 540	786 844
IV Indebtedness of the debtors			
Debts of the customers and clients	7	616 876	508 380
Other debtors	8	3 338	237
Expenses of the subsequent period	9	1 253	3 454
Total debtors		621 467	512 071
Funds (total)	10	129 461	80 058
Total current assets		1 462 468	1 378 973
Grand total assets		1 639 041	1 566 887

BALANCE SHEET

Liabilities	Appendixes	31.12.2015. EUR	31.12.2014. EUR
I Equity capital			
Stock or share capital (fixed capital)	11	6 640 172	6 748 653
Revaluation reserves of long-term investments	12	124 380	132 894
Reserves:			
d) other reserves		108 481	
<i>Rezerves kopā</i>			
Undistributed profit			
a) undistributed profit from previous year		(5 360 986)	(5 228 889)
b) undistributed profit for the reporting year		(15 995)	(132 097)
<i>Total undistributed profit</i>		(5 376 981)	(5 360 986)
Total equity capital		1 496 052	1 520 561
II Reserves	13	9 498	6 895
Total reserves		9 498	6 895
III Creditors			
1 Long-term debts			
Other borrowings	14	508	0
Total long-term debts		508	0
2 Short-term debts			
Other borrowings	14	782	0
Indebtedness to suppliers and contractors	15	95 200	13 148
Taxes and social security liabilities	16	22 846	11 442
Other creditors	17	9 298	7 477
Accrued liabilities	18	4 857	7 364
Total short-term debts		132 983	39 431
Total creditors		132 983	39 431
Grand total liabilities		1 639 041	1 566 887

Appendix from Page 12 to 27 is an integral part to the present financial statement

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

21st March, 2016

PROFIT or LOSS STATEMENT'S CALCULATIONS

(by turnover expenditure method)

Parameters	Appendixes	31.12.2015. EUR	31.12.2014. EUR
1. Net turnover	19	1 091 960	566 590
2. Manufacturing expenditures of sold products	20	(771 458)	(434 033)
3. Gross profit or loss		320 502	132 557
4. Selling expenses	21	(220 477)	(178 444)
5. Administrative expenses	22	(141 640)	(148 581)
6. Other operating revenue	23	63 113	65 286
7. Other operating expenses	24	(31 673)	(14 308)
8. Profit or loss before extraordinary items and taxes		(10 175)	(143 490)
9. Profit or loss before taxation		(10 175)	(143 490)
10. Deferred tax	25	-	17 213
11. Other taxes	26	(5 820)	(5 820)
12. Profit or loss in the reporting year		(15 995)	(132 097)
13. Profit or loss per one stock in a year		-0,002	-0,020
14. Profit or loss per one stock from the beginning		-0,810	-0,794

Report on changes in the equity capital in 31.12.2015. and 31.12.2014.

	Stock or share capital (fixed)	Revaluation reserves of long- term investments	Reserves	Undistributed profit from the previous year	Total equity capital
	EUR	EUR		EUR	EUR
Remaining amount on 31.12.2013.	6 748 653	131 472		(5 228 889)	1 651 236
Reduction of reserves		31 849			31 849
Reduction of reserves	-	(30 427)			(30 427)
Losses in the reporting year				(132 097)	(132 097)
Remaining amount on 31.12.2014.	6 748 653	132 894		(5 360 986)	1 520 561
Reduction of reserves		(8 514)			(8 514)
Fixed capital denomination	(108 481)		108 481	-	-
Losses in the reporting year				(15 995)	(15 995)
Remaining amount on 31.12.2015.	6 640 172	124 380	108 481	(5 376 981)	1 496 052

CASH FLOW STATEMENT
(by direct method)

	Appendix	31.12.2015. EUR	31.12.2014. EUR
I. Cash flow from main activities			
Revenue from the sales of the products and provided services		511 220	367 863
Payments to suppliers, staff, other expenditures on main activities		(536 600)	(564 006)
Other revenues and expenditures on main activities		89 073	122 629
Gross cash flow of the main activities		63 693	(73 514)
Expenditures on tax payments for the real property (-)	29	(5 820)	(5 820)
Cash flow before extraordinary items		57 873	(79 334)
Net cash flow of the main activities		57 873	(79 334)
II. Cash flow of investment activities			
Acquisition of fixed assets and intangible investments	1,2	(9 203)	-
Income of the auto sales(+)		1 000	
Net cash flow of investment operations		(8 203)	-
III. Cash flow of business			
Expenses of borrowing fixed assets	14	(267)	-
Net cash flow of business		(267)	-
IV. Result of foreign currency change		-	-
V. Net cash flow in the reporting year		49 403	(79 334)
VI. Cash and its equivalents at the beginning of the period	10	80 058	159 392
VII. Cash and its equivalents at the end of the period	10	129 461	80 058

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) the opening balance sheet of the accounting year accords with the closing balance sheet of the previous accounting year;

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 01.01.2015. till 31.12.2015.

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:

	31.12.2015	31.12.2014
EUR		0,702804
USD	1,0887	1,2141

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 2015, compared to the annual accounts for 2014, 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		
31.12.2014.	562	562
Acquisition	300	300
31.12.2015.	862	862
Depreciation		
31.12.2014.	141	141
Calculated	137	137
31.12.2015.	278	278
Residual value		
31.12.2014.	421	421
Residual value		
31.12.2015.	584	584

2.Fixed assets

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total EUR
Initial Value						
31.12.2014.	83 523	118 800	114 360	91 570	105 330	513 583
Acquisition			9 235		2 219	11 454
Sales			(16 279)			(16 279)
Written off			(2 729)	(995)	(105 330)	(109 054)
31.12.2015.	83 523	118 800	104 587	90 575	2 219	399 704
Depreciation						
31.12.2014.	48 722	4 455	76 013	91 570	105 330	326 090
Calculated	4 176	5 940	12 411	-		22 527
Sales			(16 279)			(16 279)
Written off expenses					431	431
Written off			(2 729)	(995)	(105 330)	(109 054)
31.12.2015.	52 898	10 395	69 416	90 575	431	223 715
Residual value						
31.12.2014.	34 801	114 345	38 347	-	-	187 493
Residual value						
31.12.2015.	30 625	108 405	35 171	-	1 788	175 989

Fixed assets in the balance sheet are reflected in residual value

All the fixed assets bought in 2015 are paid for, excluding mob.Phone 714,00 EUR and Phone 701,65 EUR.

Residues of fixed assets on 31.12.2015 are checked during the stocktaking on 31.12.2015.

Buildings, constructions and vehicles are insured.

Appendixes to the balance sheet (continued)

387 969 EUR Real Estate property includes buildings:

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

3. Raw materials, direct materials and auxiliary materials

	31.12.2015. EUR	31.12.2014. EUR
gold	253 115	380 694
silver	9 860	9 328
precious stones, semiprecious stones	64 264	64 896
low-value materials and inventory	644	913
Fuel (a/m)	34	77
Instruments	5 826	5 949
Total	333 743	461 857

4.Unfinished products

Unfinished products and orders	12 743	137 311
Total	12 743	137 311

5. Finished production and goods for sale

	364 523	187 285
Total	364 523	187 285

6. Advance payments for products

To LLC/SIA/ NESTE for fuel	531	391
Total	531	391

7. Debts of customers and clients

All debts are being received in one year period.

Payments for jewellery	594 602	488 744
Purification of gold	-	6 329
Payments for lease	23 125	15 078
Accumulation for doubtful debtors	(851)	(1 771)
Total net debts of customers and clients	616 876	508 380

off the balance

accumulation for doubtful debtors on 31.12.2014	1 771
increase	
decrease	(920)
accumulation for doubtful debtors on 31.12.2015	851

Appendixes to the balance sheet (continued)

	31.12.2015.	31.12.2014.
	EUR	EUR
8.Other debtors		
Creditcard	469	
Garanty (workshop Lidoņu)	1 900	
Payments to workers (advance payments)	-	202
Tax of risk of the business activity	20	4
overpayment (RAYNIK SIA)	1 111	-
overpayment VAT (RAYNIK SIA)	(193)	-
Security sum VENDEN	31	31
Total	3 338	237

9. Expenditures for the subsequent period

Insurance of the transport	591	570
Insurance of the workshop Lidoņu	189	-
Laws of the Republic of Latvia	402	310
Newspapers, journals	71	141
Engineering design (RJR reconstruction)	-	2 433
Total	1 253	3 454

10. Money resources

Money in cash	18 020	15 736
Money in operating accounts	111 441	64 322
Total	129 461	80 058

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

On 28.05.2015 the Company had denomination of the fixed capital. As a result of denomination ,the equity capital of the company is 6 640 172 EUR that is divided into 4742980 shares with share's nominal value of 1,40 EUR. The residual value in the amount of EUR 108 480,54 was transferred to the reserve fund.

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

On 28.05.2015 the Company had denomination of the fixed capital. As a result of denomination ,the equity capital of the company is 6 640 172 EUR that is divided into 4742980 shares with share's nominal value of 1,40 EUR. The residual value in the amount of EUR 108 480,54 was transferred to the reserve fund.

REVALUATION RESERVES OF LONG-TERM INVESTMENTS

	Total EUR	Included	
		for fixed assets	for long-term investments
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
Revaluation reserve decrease	(8 514)	(8 514)	-
According to the balance on 31.12.2015.	124 380	59 599	64 782

13. Accumulation

Accumulation for unused vacations:

decreased/increased in the reporting year

	31.12.2015. EUR	31.12.2014. EUR
	6 895	7 691
	2 603	(796)
Total	9 498	6 895

Appendixes to the balance sheet (continued)

14. Other borrowings

Mobile Phones

Long-term debts (2017)

Short-term debts (2016)

31.12.2015.	31.12.2014.
EUR	EUR
508	
782	
1 290	-

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

Debts for goods

Debts for goods (to other countries)

Debts for services

	12 609	735
	79 950	7 846
	2 641	4 567
Total	95 200	13 148

16. Taxes and social security payments

Personal Income Tax

State social security obligatory payments

Natural resources tax

Business motor vehicles tax

Value added tax

	2 858	2 471
	4 861	4 044
	30	13
	-	-
	15 097	4 914
Total	22 846	11 442

17. Other creditors (short-term)

Salaries

Payments to workers (advance payments)

	9 147	7 448
	151	29
Total	9 298	7 477

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

31.12.2015.	31.12.2014.
EUR	EUR
2 690	2 765
1 252	4 236
22	205
113	158
780	-
Total	4 857

Appendixes to the annual report

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

19.Net turnover	31.12.2015. EUR	31.12.2014. EUR
Income from wholesale trade	842 356	409 299
Discount	(3 786)	(187)
Income from retail trade	192 553	113 787
Sales in the EU	60 837	43 691
Total	1 091 960	566 590

20. Manufacturing expenditures of sold products

Purchasing and manufacturing expenses of the sold jewels	770 193	391 463
Stones inventory	259	9 131
Insurance for goods	189	-
Assaying of jewellery at the LPB*	817	462
Changes in stock and value of the unfinished products	-	32 977
* State Assay Supervision Inspection Total	771 458	434 033

21. Selling costs

Workers' salary	94 697	76 924
Obligatory social payments for workers	21 392	17 563
Accumulations for vacations	2 534	(884)
Advertising expenses	4 391	4 712
Residential services (water, electricity, gas)	47 883	44 395
Rent of the land and premises	18 896	18 896
Natural resources tax	30	13
Depreciation of fixed assets	16 110	16 347
Low-value inventory	12 973	235
Other selling costs	1 571	243
Total	220 477	178 444

22. Administrative expenditures

Communication expenditures	6 095	6 125
Bank services	1 492	864
To "NASDAQ OMX Riga" for shares and other	7 723	7 257
Office costs	3 098	4 130
Depreciation of the fixed assets (administrative building)	1 825	2 535
Travelling allowances	5 680	783
Salary of the administration	71 315	68 947
Obligatory social payments for the administration	15 341	15 248
Accumulations for vacations	69	89
Payment for the risk of the business activity	85	74

Appendixes to the profit or loss calculation (continued)

Administrative expenditures (continued)

Security services	11 250	8 821
Audit of the report	1 300	1 100
Expenditures on insurance of motor transport	1 360	1 314
Expenditures on motor transport for administration (fuel, repair)	11 243	11 830
Business motor vehicles tax	1 295	-
Expenditures on representation	1 081	242
Other administrative expenditures, including expenses on lawyers	1 388	19 222
Total	141 640	148 581

23. Other income of the business activities

	31.12.2015.	31.12.2014.
	EUR	EUR
Thermal energy for leasing(heating)	21 138	27 976
Leasing out premises ¹	31 407	30 476
Auto sales	826	-
Revaluation reserves of long-term investments	8 514	6 215
The result of currency rate change ³	8	463
The result of selling or buying currencies ²	300	-
Income from clients for residential service	25 605	42 488
Expenses from clients for residential service	(25 605)	(42 488)
Other income (819)	920	156
Total	63 113	65 286

¹ <i>Income from leasing out premises</i>	31.12.2015.	31.12.2014.
Income	36 568	35 200
Depreciation of the leased out premises	(5 161)	(4 724)
	31 407	30 476

² <i>The result of selling or buying currencies</i>	31.12.2015.	31.12.2014.
Income	300	-
Expenditures	-	-
	300	-

³ <i>The result of currency rate change</i>	31.12.2015.	31.12.2014.
Income	8	463
Expenditures	-	-
	8	463

Appendixes to the profit or loss calculation (continued)

	31.12.2015.	31.12.2014.
	EUR	EUR
24. Other expenditures from the business activities		
Building re-estimated	-	6 899
Reserves for doubtful debtors	-	1 309
Late payment money	7	1
Written off debtors (R.B.COMPANY LV SIA)	16	-
Written off expenditures for the subsequent period (reconstr.)	2 433	-
Expenses 2014.g.	181	-
Other expenditures (economic)	29 036	6 099
Total	31 673	14 308
25. Deferred income tax change		
Deferred income tax increase/decrease	-	(17 213)
Deferred tax was calculated based on following temporary differences between asset and liability values in financial accounting and tax accounting:		
Temporary differences in depreciation of fixed assets	137 337	142 262
Accruals for annual leave expenses	(9 498)	(6 895)
Accrued tax losses	(180 569)	(176 256)
Total temporary differences	(52 730)	(40 889)
Liabilities for deferred tax are calculated applying prospective tax rate of 15%.	(7 910)	(6 133)
<i>Deferred tax net result is deferred tax asset.</i>		
<i>Income was not recognized, because the Company is not likely to earn taxable profit and make use of unused tax losses.</i>		
Deferred income tax liabilities		-
Accruals at the beginning of the period		16 962
Increase		251
Decrease		(17 213)
Accruals at the end of the period		-
26. Real property tax	5 820	5 820

Appendixes to the annual report

4. Overall information

	<u>31.12.2015.</u>	<u>31.12.2014.</u>
27. Average number of employees in the year		
Average number of employees	<u>20</u>	<u>17</u>
	<u>EUR</u>	<u>EUR</u>
28. Total expenditures on staff	<u>202 745</u>	<u>178 682</u>
- salary	166 012	145 871
- State social security obligatory payments	36 733	32 811
- included:		
Administration salary		
- salary	71 315	68 947
- State social security obligatory payments	15 341	15 248
- total	<u>86 656</u>	<u>84 195</u>

29. Taxes, payments and state social security obligatory payments

	(+) a debt		(+) a debt	
	(-) overpayment		(-) overpayment	
	31.12.2014.	Calculated	Paid	31.12.2015.
Value added tax	4 914	116 085	105 993	15 097
Paid			(91)	
Late payment money		7	7,00	
Personal Income tax	2 471	31 009	30 622	2 858
Late payment money				
State social security obligatory payments	4 044	53 083	52 266	4 861
Late payment money				
Operation tax of vehicles	-	287	287	-
Late payment money				
Business motor vehicles tax	-	1 007	1 007	-
Tax of risk of the business activity	(4)	84	100	(20)
Natural resources tax	13	30	13	30
Real estate tax	-	5 820	5 820	-
Total:	11 438	207 412	196 024	22 826
Overpayment of taxes	(4)			(20)
Debts of taxes	11 442			22 846
Calculated/paid late payment money		7	7	

30. Related parties

	<u>31.12.2015.</u>	<u>31.12.2014.</u>
	<u>EUR</u>	<u>EUR</u>
Revenues from lease from related Company	17 009	20 863
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 2015 in EUR **1300,00**

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.

Financial Report from Page 6 to 27.

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

21st March, 2016

**5.A SUMMARY CARD of WRITE-OFF CALCULATIONS OF DEPRECIATION OF
FIXED ASSETS AND INTANGIBLE INVESTMENT'S VALUE
(taxation period: 01.01.2015.-31.12.2015.)**

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	421			421	112	253	309
I	10%	124 868	20 517			20 517	2 052	106 403	18 465
III	70%	58 039	287	6 683	-	6 970	4 879	55 948	2 091
A/m	30%	65 525	20 028			20 028	6 008	51 503	14 020
IV	40%	369 705	4 399	2 852	-	7 251	2 900	365 354	4 351
TOTAL		618 699	45 652	9 535		55 187	15 951	579 461	39 236