

**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**

**Unit: LVL**

***Annual report***  
***of the period from 01.01.2013 to 31.12.2013***

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

**State Revenue Service territorial office: Latgale suburb department**

***Riga, 2013.***

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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 4 742 980 LVL that is divided into 4742980 shares with share's nominal value of 1 LVL.

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 Sandra Dzerele (Certificate No. 82).

The Company's major shareholders are:

Marija Ančevska – 1 540 000 shares

Igors 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.

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

Result before extraordinary items and taxes is: 36 259 LVL

Deferred tax (5676) LVL

Real Property Tax: (3 704) LVL

Net result: 26 879 LVL

Profitability coefficient of the basic activity, % for the year 2013 - 57%, for the year 2012 -130%.

Net turnover for 01.01.2013- 31.12.2013 was equal to 637 591 LVL. It has increased for 57,6 % compared with the previous accounting period.

In 2013 the Company worked on expanding the jewelry assortment, and there were concluded new production contracts on new jewelry models. There were developed and implemented a lot of projects on corporate orders.

The company was actively cooperating with the current customers, organizing marketing campaigns for popularising AS "Rīgas juvelierizstrādājumu rūpnīca" products.

In 2013, using the resources of the Internet and media, the Company implemented brand awareness campaigns, product promotional campaigns, as well as, client acquisition campaigns.

The office equipment and software has been modernised, and new warehouse accounting software has been implemented.

#### **Events for developing the Company**

Taking into consideration the global financial crisis, the Company plans to implement its new business ideas, researching local and foreign markets for reaching better sales results.

In 2014 the Company plans to intensively work on searching for new corporate orders and to expand the variety of the offered services in the workshop.

It intends to update the existing Internet homepage and popularise the products and services of the Company, using the resources of the Internet and the media.

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

It is planned to develop and implement a new marketing plan in order to promote and popularise the Company products.

It is planned to continue to analyze paying capacity of customers and in accordance with the results of analysis, in some cases correct payment terms.

For mastering new sales markets, the Company should make considerable investments, which are currently impossible without attracting additional funds. Efforts made by the Company's Board and Council in finding investors with their market niche gave no results so far.

#### **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.

#### **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.

#### **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**

**27th March, 2014**

**The Annual Accounts were approved by Minutes No. 1/2014 of the Meeting of the Shareholders on 28th of April 2014**

***Statement on the Company management responsibility***

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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 31.12.2013

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2013- 31.12.2013, 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**

**27th March, 2014**

### **INFORMATION about the COMPANY**

<b>Name of the Company</b>	<i>JSC "Rīgas juvelierizstrādājumu rūpnīca"</i>
<b>Legal Status of the Company</b>	<i>Joint Stock company</i>
<b>Unified Registration №, place and date of incorporation</b>	<i>40003044420 10 th December 1991</i>
<b>Legal address</b>	<i>Terēzes 1, Rīga, LV-1012</i>
<b>Mailing address</b>	<i>Terēzes 1, Rīga, LV-1012</i>
<b>Name of the Bank and bank accounts of the company</b>	<i>JSC "SEB banka"</i> <i>LV62UNLA 0001000243901 LVL</i> <i>LV29UNLA0050020330171 EUR</i> <i>LV64UNLA0050018797523 USD</i>

<b>Shareholders and their shares %</b>	<b>2013</b>	<b>2012</b>
<b>Vladimirs Cadovičs</b>	11,21%	11,21%
<b>Igors Istomins</b>	24,46%	24,46%
<b>Marija Ančevska</b>	32,47%	32,47%
<b>"MALEKS S" SIA</b>	5,67%	4,91%
<b>Others</b>	26,19%	26,95%

#### **Composition of the Council members**

*Vidis Zaķis*  
*Igors Istomins*  
*Jeļena Vasuļa*  
*Svetlana Tolkačova*  
*Tatjana Rezniskā*

#### **Composition of the Board of Directors members**

<b>Chairman of the Board</b>	<i>Vladimirs Cadovičs</i>
<b>Member of the Board</b>	<i>Aleksandrs Struļjevičs</i>
<b>Member of the Board</b>	<i>Aleksandrs Ančevskis</i>

**For the period** *from 01.01.2013 to 31.12.2013.*

**Previous period** *from 01.01.2012 to 31.12.2012.*

**Average number of employees** 19

**Information about off-balance liabilities and pledged assets** Off-balance assets/liabilities are formed as reserves of the doubtful debtors. Total off-balance sum of assets/reserves is 4 400 LVL (Year 2012 - LVL 622).

**Auditor** SIA „Sandra Dzerele un Partneris”  
Certified audit company  
License Nr.38  
Gertrudes Street 7  
Rīga, LV-1010  
Latvia  
  
Sandra Dzerele  
certified auditor  
(LZRA sertif.Nr.82)

**BALANCE SHEET**

<b>ASSETS</b>	<b>Appendixes</b>	<b>2013 LVL</b>	<b>2012 LVL</b>	<b>2013 EUR</b>	<b>2012 EUR</b>
<b>I. Long-term investments</b>					
<b>I Intangible investments</b>					
Concessions, licenses and similar rights		375	0	534	0
<b>Nemateriālie ieguldījumi kopā</b>	<b>1</b>	<b>375</b>	<b>0</b>	<b>534</b>	<b>0</b>
<b>I Fixed assets</b>					
Land, buildings, constructions and perennial plantations		85 049	94 057	121 014	133 831
Equipment and machinery		0	52	0	74
Other fixed assets and inventory		35 143	2 393	50 004	3 405
<b>Total fixed assets</b>	<b>2</b>	<b>120 192</b>	<b>96 502</b>	<b>171 018</b>	<b>137 310</b>
<b>II Investment property</b>		27 395	30 330	38 980	43 156
<b>Total investment property</b>	<b>2</b>	<b>27 395</b>	<b>30 330</b>	<b>38 980</b>	<b>43 156</b>
<b>Total long-term investments</b>		<b>147 962</b>	<b>126 832</b>	<b>210 532</b>	<b>180 466</b>
<b>2. Current assets</b>					
<b>III Inventory</b>					
Raw materials, direct materials and auxiliary materials	3	272 112	327 844	387 180	466 480
Unfinished products	4	114 311	82 701	162 650	117 673
Finished products and products for sale	5	129 405	145 312	184 127	206 760
Advance payments for goods	6	560	149	797	212
<b>Total inventory</b>		<b>516 388</b>	<b>556 006</b>	<b>734 754</b>	<b>791 125</b>
<b>IV Indebtedness of the debtors</b>					
Debts of the customers and clients	7	425 023	430 044	604 753	611 897
Other debtors	8	228	11	324	16
Expenses of the subsequent period	9	2 610	458	3 714	652
<b>Total debtors</b>		<b>427 861</b>	<b>430 513</b>	<b>608 791</b>	<b>612 565</b>
<b>Funds (total)</b>	<b>10</b>	<b>112 021</b>	<b>64 928</b>	<b>159 392</b>	<b>92 384</b>
<b>Total current assets</b>		<b>1 056 270</b>	<b>1 051 447</b>	<b>1 502 937</b>	<b>1 496 074</b>
<b>Grand total assets</b>		<b>1 204 232</b>	<b>1 178 279</b>	<b>1 713 469</b>	<b>1 676 540</b>

### BALANCE SHEET

Liabilities	Appendixes	2013 LVL	2012 LVL	2013 EUR	2012 EUR
<b>I Equity capital</b>					
Stock or share capital (fixed capital)	11	4 742 980	4 742 980	6 748 653	6 748 653
Revaluation reserves of long-term investments	12	92 399	97 607	131 472	138 882
Undistributed profit					
a) undistributed profit from previous year		(3 701 761)	(3 771 148)	(5 267 131)	(5 365 860)
b) undistributed profit for the reporting year		26 879	69 387	38 245	98 729
<i>Total undistributed profit</i>		<i>(3 674 882)</i>	<i>(3 701 761)</i>	<i>(5 228 886)</i>	<i>(5 267 131)</i>
<b>Total equity capital</b>		<b>1 160 497</b>	<b>1 138 826</b>	<b>1 651 239</b>	<b>1 620 403</b>
<b>II Reserves</b>	13	5 405	5 405	7 691	7 691
<b>Total reserves</b>		<b>5 405</b>	<b>5 405</b>	<b>7 691</b>	<b>7 691</b>
<b>III Creditors</b>					
<b>1 Long-term debts</b>					
Deferred income	14	11 921	7 164	16 962	10 193
<b>Total long-term debts</b>		<b>11 921</b>	<b>7 164</b>	<b>16 962</b>	<b>10 193</b>
<b>2 Short-term debts</b>					
Indebtedness to suppliers and contractors	15	6 525	4 489	9 284	6 387
Taxes and social security liabilities	16	10 642	9 925	15 142	14 122
Other creditors	17	4 740	3 782	6 744	5 381
Accured liabilities	18	4 502	8 688	6 406	12 362
<b>Total short-term debts</b>		<b>26 409</b>	<b>26 884</b>	<b>37 576</b>	<b>38 253</b>
<b>Total creditors</b>		<b>26 409</b>	<b>26 884</b>	<b>37 576</b>	<b>38 253</b>
<b>Grand total liabilities</b>		<b>1 204 232</b>	<b>1 178 279</b>	<b>1 713 469</b>	<b>1 676 540</b>

\* Appendix Nr.19

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

27th March, 2014

### PROFIT or LOSS STATEMENT'S CALCULATIONS

(by turnover expenditure method)

Parameters	Appendixes	2013 LVL	2012 LVL	2013 EUR	2012 EUR
1. Net turnover	20	637 591	404 576	907 210	575 660
2. Manufacturing expenditures of sold products	21	(405 859)	(175 918)	(577 485)	(250 309)
<b>3. Gross profit or loss</b>		<b>231 732</b>	<b>228 658</b>	<b>329 725</b>	<b>325 351</b>
4. Selling expenses	22	(127 956)	(105 288)	(182 065)	(149 811)
5. Administrative expenses	23	(112 159)	(90 213)	(159 588)	(128 362)
6. Other operating revenue	24	52 936	51 731	75 321	73 607
7. Other operating expenses	25	(8 294)	(3 714)	(11 801)	(5 285)
<b>8. Profit or loss before extraordinary items and taxes</b>		<b>36 259</b>	<b>81 174</b>	<b>51 592</b>	<b>115 500</b>
<b>9. Profit or loss before taxation</b>		<b>36 259</b>	<b>81 174</b>	<b>51 592</b>	<b>115 500</b>
10. Deferred tax	26	(5 676)	(8 083)	(8 076)	(11 501)
11. Other taxes	27	(3 704)	(3 704)	(5 270)	(5 270)
<b>12. Profit or loss in the reporting year</b>		<b>26 879</b>	<b>69 387</b>	<b>46 322</b>	<b>98 729</b>
<b>13. Profit or loss per one stock in a year</b>		0,006	0,015	0,007	0,015
<b>14. Profit or loss per one stock from the beginning</b>		-0,775	-0,780	-0,775	-0,780

\* Appendix Nr.19

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

**Report on changes in the equity capital in 2013 and 2012**

	Stock or share capital (fixed)	Revaluation reserves of long- term investments	Undistributed profit from the previous year	Total equity capital
	LVL	LVL	LVL	LVL
<b>Remaining amount on 31 December 2011 before fundamental error correction</b>	<b>4 742 980</b>	<b>108 258</b>	<b>(3 776 592)</b>	<b>1 074 646</b>
Fundamental error correction effect	-	(5 444)	5 444	-
<b>Remaining amount on 31 December 2011 after fundamental error correction</b>	<b>4 742 980</b>	<b>102 814</b>	<b>(3 771 148)</b>	<b>1 074 646</b>
Losses in the reporting year	-	-	69 387	69 387
Reduction of reserves	-	(5 208)		(5 208)
<b>Remaining amount on 31 December 2012</b>	<b>4 742 980</b>	<b>97 607</b>	<b>(3 701 761)</b>	<b>1 138 826</b>
Losses in the reporting year	-	-	26 879	26 879
Reduction of reserves	-	(5 208)	-	(5 208)
<b>Remaining amount on 31 December 2013</b>	<b>4 742 980</b>	<b>92 399</b>	<b>(3 674 882)</b>	<b>1 160 497</b>

	Stock or share capital (fixed)	Revaluation reserves of long- term investments	Undistributed profit from the previous year	Total equity capital
	EUR	EUR	EUR	EUR
<b>Remaining amount on 31 December 2011 after fundamental error correction</b>	<b>6 748 653</b>	<b>154 037</b>	<b>(5 373 606)</b>	<b>1 529 083</b>
Fundamental error correction effect	-	(7 746)	7 746	-
<b>Remaining amount on 31 December 2011 after fundamental error correction</b>	<b>6 748 653</b>	<b>146 291</b>	<b>(5 365 860)</b>	<b>1 529 083</b>
Losses in the reporting year	-	-	98 729	98 729
Reduction of reserves	-	(7 410)	-	(7 410)
<b>Remaining amount on 31 December 2012</b>	<b>6 748 653</b>	<b>138 882</b>	<b>(5 267 131)</b>	<b>1 620 403</b>
Losses in the reporting year	-	-	38 245	38 245
Reduction of reserves	-	(7 410)	-	(7 410)
<b>Remaining amount on 31 December 2013</b>	<b>6 748 653</b>	<b>131 472</b>	<b>(5 228 886)</b>	<b>1 651 239</b>

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

<b>Chairman of the Board</b>	<b>Vladimirs Cadovičs</b>
<b>Member of the Board</b>	<b>Aleksandrs Struļevičs</b>
<b>Member of the Board</b>	<b>Aleksandrs Ančevskis</b>

27th March, 2014

**CASH FLOW STATEMENT**  
*(by direct method)*

	Appendixes	2013	2012	2013	2012
		LVL	LVL	EUR	EUR
<b>I. Cash flow from main activities</b>					
Revenue from the sales of the products and provided services		384 308	271 298	546 821	386 022
Payments to suppliers, staff, other expenditures on main activities		(404 178)	(370 139)	(575 093)	(526 660)
Other revenues and expenditures on main activities		106 917	98 998	152 129	140 861
<b>Gross cash flow of the main activities</b>		<b>87 047</b>	<b>157</b>	<b>123 857</b>	<b>223</b>
Expenditures on tax payments for the real property (-)	23	(3 704)	(3 704)	(5 270)	(5 270)
<b>Cash flow before extraordinary items</b>		<b>83 343</b>	<b>(3 547)</b>	<b>118 586</b>	<b>(5 047)</b>
<b>Net cash flow of the main activities</b>		<b>83 343</b>	<b>(3 547)</b>	<b>118 586</b>	<b>(5 047)</b>
<b>II. Cash flow of investment activities</b>					
Acquisition of fixed assets and intangible investments	1,2	(36 250)	(272)	(51 579)	(387)
<b>Net cash flow of investment operations</b>		<b>(36 250)</b>	<b>(272)</b>	<b>(51 579)</b>	<b>(387)</b>
<b>V. Net cash flow in the reporting year</b>		<b>47 093</b>	<b>(3 819)</b>	<b>67 007</b>	<b>(5 434)</b>
<b>VI. Cash and its equivalents at the beginning of the period</b>	10	<b>64 928</b>	<b>68 747</b>	<b>92 384</b>	<b>97 818</b>
<b>VII. Cash and its equivalents at the end of the period</b>	10	<b>112 021</b>	<b>64 928</b>	<b>159 392</b>	<b>92 384</b>

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

27th March, 2014

## ***Annexes to the Annual Accounts***

### **1. Accounting Policy**

**Figures are set out in the Financial Statements in the Latvian national currency - lats (LVL), in abbreviated form - Ls, and EUR in accordance with the requirements of Paragraph 13.3.3. of the Regulations for Riga Stock Exchange**

#### **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 bilance saskan 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 01.01.2013. till 31.12.2013.**

#### **Transactions in foreign currencies**

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

All monetary assets and liabilities in foreign currencies are re-calculated into lats according to the exchange rate set by the Bank of Latvia 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:

	<b>31.12.2013</b>	<b>31.12.2012</b>
EUR	0,702804	0,702804
USD	0,515	0,531

### 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	<u>20</u>	%
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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	<u>5</u>	%
* Technological equipment	<u>20</u>	%
* Vehicles	<u>20</u>	%
* Furniture	<u>20</u>	%
* Other fixed assets	<u>20</u>	%
* Mobile phones	<u>35</u>	%
* Computers and data storage equipment	<u>35</u>	%

\* 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 RAMUS 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 100,- Ls when putting them into operation;

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

### **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.

### **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.

### **Loans and borrowings**

Loans and borrowings are initially set out at their original value that is determined in accordance with fair value of the amount of relevant loan or borrowing at the transaction time.

Outstanding loans obtained from lending institutions are reconciled at the end of the accounting year with data of relevant lending institution. Amounts of outstanding loans in foreign currencies are evaluated according to relevant exchange rate set by the Bank of Latvia on the last date of the accounting year.

### **Accrued liabilities**

All invoices received or issued on the date following the accounting year for the costs occurred during the accounting year, if amount of such costs or payment date are known exactly at the time of preparing the annual accounts, are recognized as accrued liabilities.

Accrued liabilities are set out on the balance sheet in a separate row.

### **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.

### **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.)

### **Contingent liabilities and assets**

Contingent liabilities are not recognized in these financial statements, they are recognized in the appendix to the financial statements.

Liabilities are recognized only if the probability that funds will be provided is sufficiently grounded. Contingent assets are not recognized in these financial statements. Contingent assets are recognized in the appendix to the financial statements when the probability that economic benefits related to the transaction will reach the Company is sufficiently grounded.

### **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 2013, compared to the annual accounts for 2012, 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 LVL	Total EUR
<b>Initial Value</b>			
31.12.2012.	-	-	-
Acquisition	395	395	562
31.12.2013.	395	395	562
<b>Depreciation</b>			
31.12.2012.	-	-	-
Calculated	20	20	28
31.12.2013.	20	20	28
<b>Residual value</b>			
31.12.2012.	-	-	-
31.12.2013.	375	375	534

#### 2.Fixed assets

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total LVL	Total EUR
<b>Initial Value</b>							
31.12.2012.	58 700	180 389	44 518	64 356	74 026	421 989	600 436
Acquisition			35 855			35 855	51 017
Written off							
31.12.2013.	58 700	180 389	80 373	64 356	74 026	457 844	651 453
<b>Depreciation</b>							
31.12.2012.	28 370	86 332	42 125	64 304	74 026	295 157	419 971
Calculated	2 935	9 008	3 105	52		15 100	21 485
Written off							
31.12.2013.	31 305	95 340	45 230	64 356	74 026	310 257	441 456
<b>Residual value</b>							
31.12.2012.	30 330	94 057	2 393	52	-	126 832	180 466
<b>Residual value</b>							
31.12.2013.	27 395	85 049	35 143	-	-	147 587	209 997

Fixed assets in the balance sheet are reflected in residual value

All the fixed assets bought in 2013 are paid for.

Residues of fixed assets on 31.12.2013 are checked during the stocktaking on 31.12.2013.

Buildings, constructions and vehicles are insured.

Regarding to the managment estimates and the information of real-estate market, investment property value's range is between LVL 30 000 and LVL 40 000. The company do not have any limitations to sell the investment property.

## Appendixes to the balance sheet (continued)

### Real Estate property includes buildings:Notif. Nr.PIPN-13-34980-mp/13-34739-AL/05-07 from 30.01.2013.

- Cadastre Nr. 0100 035 0142 004, Riga,	property assessed value - 52 461 Ls;	investment property
- Cadastre Nr.0100 035 0142 006, Riga,	property assessed value - 111 650 Ls;	fixed
- Cadastre Nr.0100 035 0143 003, Riga,	property assessed value - 69 564 Ls;	fixed
- Cadastre Nr.0100 035 0144 002, Riga,	property assessed value - 7 682 Ls;	fixed
- Cadastre Nr.0100 035 0146 001, Riga,	property assessed value - 5 591 Ls;	fixed

<b>3. Raw materials, direct materials and auxiliary materials</b>	<b>2013 LVL</b>	<b>2012 LVL</b>	<b>2013 EUR</b>	<b>2012 EUR</b>
gold	215 954	271 756	307 275	386 674
silver	6 008	5 151	8 549	7 329
precious stones, semiprecious stones	45 277	46 099	64 423	65 593
low-value materials and inventory	642	642	913	913
Fuel (a/m)	48	13	68	18
Instruments	4 145	4 145	5 898	5 898
materials for current repairs	38	38	54	54
<b>Total</b>	<b>272 112</b>	<b>327 844</b>	<b>387 180</b>	<b>466 480</b>

### 4.Unfinished products

Unfinished products and orders	114 311	82 701	162 650	117 673
<b>Total</b>	<b>114 311</b>	<b>82 701</b>	<b>162 650</b>	<b>117 673</b>

### 5. Finished production and goods for sale

	129 405	145 312	184 127	206 760
<b>Total</b>	<b>129 405</b>	<b>145 312</b>	<b>184 127</b>	<b>206 760</b>

### 6. Advance payments for products

To LLC/SIA/ NESTE for fuel	506	149	720	212
Eirovest SIA	54	-	77	-
<b>Total</b>	<b>560</b>	<b>149</b>	<b>797</b>	<b>212</b>

### 7. Debts of customers and clients

All debts are being received in one year period.

Payments for jewellery	417 552	408 736	594 123	581 579
Purification of gold	4 946	6 963	7 038	9 907
Payments for lease	6 925	14 967	9 853	21 296
Accumulation for doubtful debtors Ltd "Inze plus"	(4 400)	(622)	(6 261)	(885)
<b>Total net debts of customers and clients</b>	<b>425 023</b>	<b>430 044</b>	<b>604 753</b>	<b>611 897</b>

### off the balance

<b>accumulation for doubtful debtors on 31.12.2012</b>	<b>622</b>
<b>increase</b>	<b>4 026</b>
<b>decrease</b>	<b>(248)</b>
<b>accumulation for doubtful debtors on 31.12.2013</b>	<b>4 400</b>

## Appendixes to the balance sheet (continued)

### 8. Other debtors

	2013 LVL	2012 LVL	2013 EUR	2012 EUR
Creditcard	212	-	302	-
Security sum VENDEN	16	11	23	16
<b>Total</b>	<b>228</b>	<b>11</b>	<b>325</b>	<b>16</b>

### 9. Expenditures for the subsequent period

Insurance of the transport	416	36	592	51
Lietišķas informācijas dienests (Laws of the Republic of Latvia)	291	195	414	277
Newspapers, journals	193	227	275	323
Engineering design (RJR reconstruction)	1 710	-	2 433	-
<b>Total</b>	<b>2 610</b>	<b>458</b>	<b>3 714</b>	<b>651</b>

### 10. Money resources

Money in cash	21 633	4 677	6 655	6 655
Money in operating accounts	90 388	60 251	85 729	85 729
<b>Total</b>	<b>112 021</b>	<b>64 928</b>	<b>159 392</b>	<b>92 384</b>

### 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 Ls 4742980, composed of 4742980 shares, share per value constituting Ls 1,-

All the stocks are ordinary stocks with voting rights.

From the totality of Company stocks 4 493 700 stocks are bearer stocks in dematerialized form.

From the totality of Company stocks 249 280 are registered stocks in dematerialized form.

### 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.

As the result of revaluation, value of assets was increased by LVL 177 598. The increase was included in "Property revaluation reserve" less deferred tax effect LVL 26640. Property revaluation reserve surplus is transfered to comprehensive income statment using linear method in 20 years. Investment property revaluation surplus is written off only in case of the investment property disposal.

#### REVALUATION RESERVES OF LONG-TERM INVESTMENTS

	Total LVL	Included	
		for fixed assets	for long-term investments
<b>According to the balance on 31.12.2011.</b>	<b>102 815</b>	57 286	45 529
Revaluation reserve decrease	(6 127)	(6 127)	-
Corporate income tax attributed to the part of the revaluation increase of current year depreciation	919	919	-
<b>According to the balance on 31.12.2012.</b>	<b>97 607</b>	<b>52 078</b>	<b>45 529</b>
Revaluation reserve decrease	(6 127)	(6 127)	-
Corporate income tax attributed to the part of the revaluation increase of current year depreciation	919	919	-
<b>According to the balance on 31.12.2013.</b>	<b>92 399</b>	<b>46 870</b>	<b>45 529</b>

\* appendix Nr.19

\* appendix Nr.19

## Appendixes to the balance sheet (continued)

	Total EUR	Included	
		for fixed assets	for long-term investments
<b>According to the balance on 31.12.2011.</b>	<b>146 293</b>	<b>81 511</b>	<b>64 782</b>
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	
<b>According to the balance on 31.12.2012.</b>	<b>138 883</b>	<b>74 101</b>	<b>64 782</b>
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	
<b>According to the balance on 31.12.2013.</b>	<b>131 472</b>	<b>66 691</b>	<b>64 782</b>

### 13. Accumulation

Accumulation for unused vacations:		5 405	5 405	7 691	7 691
increased in the reporting year	0	-	-	-	-
decreased in the reporting year		-	-	-	-
<b>Total</b>		<b>5 405</b>	<b>5 405</b>	<b>7 691</b>	<b>7 691</b>

### 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:

	2013 LVL	2012 LVL	2013 EUR	2012 EUR
Temporary differences in depreciation of fixed assets	106 006	105 328	150 833	149 868
Accruals for annual leave expenses	(5 405)	(5 405)	-7 691	-7 691
Accrued tax losses	(21 131)	(52 165)	-30 067	-74 224
<b>Total temporary differences</b>	<b>79 470</b>	<b>47 758</b>	<b>113 076</b>	<b>67 954</b>
Liabilities for deferred tax are calculated applying prospective tax rate of 15%.				
<b>Deferred income tax liabilities</b>	<b>11 921</b>	<b>7 164</b>	<b>16 962</b>	<b>10 193</b>
Accruals at the beginning of the period		-	0	-
Increase / decrease	4 757	7 164	6 769	10 193
<b>Accruals at the end of the period</b>	<b>4 757</b>	<b>7 164</b>	<b>6 769</b>	<b>10 193</b>

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

Šmitiņš un partneri SIA	1 210	1 210	1 722	1 722
EPS SIA par par paklāju maiņu	17	12	24	17
Global Blue Latvija SIA	71	-	101	
Cadoviča Žaneta	-	2 336	-	3 324
Latvijas proves birojs VSIA	570	-	811	-
Rastri poligrāfija	51	-	73	-
LMT SIA	107	-	152	-
Rīgas ūdens	175	175	249	249
NASDAQ OMX RIGA AS	756	756	1 076	1 076
CENTRUMIX OU	3 568	-	5 077	-
<b>Total</b>	<b>6 525</b>	<b>4 489</b>	<b>9 285</b>	<b>6 388</b>

## Appendixes to the balance sheet (continued)

### 16. Taxes and social security payments

	2013 LVL	2012 LVL	2013 EUR	2012 EUR
Personal Income Tax	1 781	1 432	2 534	2 038
State social security obligatory payments	3 126	2 549	4 448	3 627
Tax of risk of the business activity	(5)	4	(7)	6
Natural resources tax	72	66	102	94
Business motor vehicles tax	200	-	285	-
Value added tax	5 468	5 874	7 780	8 358
<b>Total</b>	<b>10 642</b>	<b>9 925</b>	<b>15 142</b>	<b>14 122</b>

### 17. Other creditors (short-term)

Salaries	4 693	3 686	6 678	5 245
Payments to workers (advance payments)	47	96	67	137
<b>Total</b>	<b>4 740</b>	<b>3 782</b>	<b>6 745</b>	<b>5 382</b>

### 18. Accrued liabilities

#### Liabilities for the subsequent period

Latvenergo AS	2 119	2 563	3 015	3 647
Latvijas gāze AS	1 856	5 289	2 641	7 525
For communication services (Lattelecom)	27	36	38	51
For communication services (Latvijas Mobilais telefons)	-	68	-	97
For checking the annual report (Sandra Dzerele un part.SIA)	500	732	711	1 042
<b>Total</b>	<b>4 502</b>	<b>8 688</b>	<b>6 405</b>	<b>12 362</b>

### 19. Mistake correction

In year 2013 the company has discovered an error made in the period from 2003 to 2012, when it was incorrectly calculated revaluation reserve depreciation. Rather than applying the straight-line depreciation method, declining balance method was used, and was not recognized deferred income tax effect on revaluation reserve depreciation. In 2013 the company revealed that deferred income tax liabilities and expenses have not been recognized in the year 2012. Due to error correction, retrospective changes has been made by adjusting deferred tax liabilities and expenses in the profit and loss statement, the revaluation reserve value in the balance sheet, and the income from the revaluation reserve depreciation in the profit and loss statement. Error correction had impact on the net profit of the year 2012 and retained earnings value before the year 2012.

In the current annual report error corrections are made retrospectively.

Previous period error correction effect:

Balance	31.12.2012.	Retrospective correction effect on:			31.12.2012.
Assets / liabilities	Corrected	2012	periods before 2012	Net effect	before correction
	LVL	LVL	LVL	LVL	LVL
Profit increase and revaluation reserve decrease	(3 693 679)	714	5 444	6 158	(3 699 837)
	(7 164)	(7 164)	-	(7 164)	-
Deferred income tax liability increase and profit decrease					
Deferred corporate income tax related to the revaluation reserve part effect on income	(919)	(919)	-	(919)	-
<b>Net effect</b>	<b>(3 701 761)</b>	<b>(7 369)</b>	<b>5 444</b>	<b>(1 925)</b>	<b>(3 699 837)</b>
<b>Retained earnings</b>					
Previous years retained earnings	(3 771 148)	-	5 444	5 444	(3 776 592)
Current year retained earnings	69 386	(7 369)	-	(7 369)	76 755
Mistake correction net-effect on retained earnings 31 December 2012	<b>(3 701 761)</b>	<b>(7 369)</b>	<b>5 444</b>	<b>(1 925)</b>	<b>(3 699 837)</b>
<b>Revaluation reserve decrease and profit increase</b>	<b>97 607</b>	<b>205</b>	<b>(5 444)</b>	<b>(5 239)</b>	<b>102 845</b>

## Appendixes to the balance sheet (continued)

Balance	31.12.2012.				31.12.2012.
Assets / liabilities	Corrected	Retrospective correction effect on:			before correction
		2012	periods before 2012	Net effect	
	EUR	EUR	EUR	EUR	EUR
Profit increase and revaluation reserve decrease	(5 255 632)	1 016	7 746	8 762	(5 264 394)
	(10 193)	(10 193)	-	(10 193)	-
Deferred income tax liability increase and profit decrease	(1 308)	(1 308)	-	(1 308)	-
Deferred corporate income tax related to the revaluation reserve part effect on income					
<b>Net effect</b>	<b>(5 267 131)</b>	<b>(10 485)</b>	<b>7 746</b>	<b>(2 739)</b>	<b>(5 264 394)</b>
<b>Retained earnings</b>					
Previous years retained earnings	(5 365 860)	-	7 746	7 746	(5 373 606)
	98 727	(10 485)	-	(10 485)	109 213
Current year retained earnings					
Mistake correction net-effect on retained earnings 31 December 2012	<b>(5 267 131)</b>	<b>(10 485)</b>	<b>7 746</b>	<b>(2 739)</b>	<b>(5 264 394)</b>
<b>Revaluation reserve decrease and profit increase</b>	<b>138 882</b>	<b>292</b>	<b>(7 746)</b>	<b>(7 454)</b>	<b>146 335</b>

## Appendixes to the annual report

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

<b>20.Net turnover</b>		<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
		<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
Jewellery sale		263 704	240 976	375 217	342 878
Discount		(2 966)	-	(4 220)	-
Workshops (jewellery repair)		67 705	57 026	96 336	81 141
Special orders		54 707	-	77 841	-
Sales of investment gold		189 445	81 503	269 556	115 968
Jewellery sales in the EU		64 996	25 071	92 481	35 673
<b>Total</b>		<b>637 591</b>	<b>404 576</b>	<b>907 211</b>	<b>575 660</b>
In Latvia -	483 214 Ls				
In Lithuania -	154 377 Ls				
<b>21. Manufacturing expenditures of sold products</b>					
Purchasing and manufacturing expenses of the sold jewels		267 726	138 560	380 940	197 153
Services for manufacturing of the jewels		4 414	-	6 281	-
Investment gold's cost		129 456	38 213	184 199	54 372
Assaying of jewellery at the LPB*		399	339	568	482
Low-value inventory and tools		-	443	-	630
Changes in stock and value of the unfinished products		3 864	(1 637)	5 498	(2 329)
<b>Total</b>		<b>405 859</b>	<b>175 918</b>	<b>577 485</b>	<b>250 309</b>
* State Assay Supervision Inspection					
<b>22. Selling costs</b>					
Workers' salary		50 232	39 526	71 474	56 240
Obligatory social payments for workers		11 695	9 265	16 640	13 183
Advertising expenses		7 559	1 003	10 755	1 427
Residential services (water, electricity, gas)		33 463	35 261	47 614	50 172
Rent of the land and premises		14 904	14 536	21 206	20 683
Depreciation of fixed assets		7 746	5 687	11 022	8 092
Low-value inventory		2 343	-	3 334	-
Other selling costs		14	10	20	14
<b>Total</b>		<b>127 956</b>	<b>105 288</b>	<b>182 065</b>	<b>149 811</b>
<b>23. Administrative expenditures</b>					
Communication expenditures		3 138	4 085	4 465	5 812
Bank services		839	318	1 194	452
To "NASDAQ OMX Riga" for shares and other		5 108	5 471	7 268	7 785
Office costs		2 751	1 114	3 914	1 585
Depreciation of the fixed assets (administrative building)		3 280	3 280	4 667	4 667
Travelling allowances		4 866	2 062	6 924	2 934
Salary of the administration		44 452	41 738	63 249	59 388
Obligatory social payments for the administration		10 267	9 544	14 609	13 580
Accumulations for vacations		-	443	-	630
Payment for the risk of the business activity		56	52	80	74
Security services		7 596	5 957	10 808	8 476
Audit of the report		1 000	732	1 423	1 042
Expenditures on insurance of motor transport		615	355	875	505
Expenditures on motor transport for administration (fuel, repair)		12 451	5 694	17 716	8 102
Expenditures on represantion		1 655	331	2 355	471
Other administrative expenditures, including expenses on lawyers		14 085	9 037	20 041	12 858
<b>Total</b>		<b>112 159</b>	<b>90 213</b>	<b>159 588</b>	<b>128 362</b>

**Appendixes to the profit or loss calculation (continued)**

<b>24. Other income of the business activities</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
Production of thermal energy	22 878	22 833	32 552	32 488
Leasing out premises <sup>1</sup>	21 187	22 451	30 146	31 945
Revaluation reserves of long-term investments	6 127	6 127	8 718	8 718
Other income ( 819)	2 744	320	3 904	455
<b>Total</b>	<b>52 936</b>	<b>51 731</b>	<b>75 321</b>	<b>73 607</b>

<sup>1</sup> <i>Income from leasing out premises</i>	<b>2013</b>	<b>2012</b>
Income	25 280	28 355
Depreciation of the leased out premises	(4 093)	(5 904)
	<b>21 187</b>	<b>22 451</b>

<sup>2</sup> <i>The result of selling or buying currencies</i>	<b>2013</b>	<b>2012</b>
Income	0	2
Expenditures	(398)	(300)
	<b>(398)</b>	<b>(298)</b>

<sup>3</sup> <i>The result of currency rate change</i>	<b>2013</b>	<b>2012</b>
Income	104	-
Expenditures	(124)	-
	<b>(20)</b>	<b>0</b>

<b>25. Other expenditures from the business activities</b>				
Losses from selling or buying currencies <sup>2</sup>	398	298	566	424
The result of change currency course <sup>3</sup>	20	-	28	-
Reserves for doubtful debtors	4 027	-	5 730	-
Late payment money	22	-	31	-
Business motor vehicles tax	95	-	135	-
Other expenditures (economic)	3 732	3 416	5 310	4 861
<b>Total</b>	<b>8 294</b>	<b>3 714</b>	<b>11 800</b>	<b>5 285</b>

<b>26. Change income tax</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>LVL</b>	<b>LVL</b>	<b>EUR</b>	<b>EUR</b>
Corporate income tax for the reporting year	-	-		
Deferred income tax	4 757	7 164	6 769	10 193
<b>Actual corporate income tax for the reporting year</b>	<b>4 757</b>	<b>7 164</b>	<b>6 769</b>	<b>10 193</b>
Deferred corporate income tax related to the revaluation reserve part effect on income	919	919	1 308	1 308
<b>Net effect</b>	<b>5 676</b>	<b>8 083</b>	<b>8 076</b>	<b>11 501</b>

**Appendixes to the profit or loss calculation (continued)**

**Profit before taxation**

	<b>36 259</b>	<b>81 174</b>	<b>51 592</b>	<b>115 500</b>
Real estate tax	(3 704)	(3 704)	(5 270)	(5 270)
Profit before Corporate income tax	32 555	77 470	46 322	110 230
Theoretically calculated tax at a tax rate of 15%	4 883	11 621	6 948	16 535
Expenses not deductible for tax purposes	830	30	1 181	43
Nontaxable income adjustments	(956)	(967)	(1 360)	(1 376)
Unrecognized deferred tax assets and income	-	(3 520)	-	(5 009)
Expenses deductible for tax purposes	<b>4 757</b>	<b>7 164</b>	<b>6 769</b>	<b>10 193</b>
<b>27. Real property tax</b>	<b>3 704</b>	<b>3 704</b>	<b>5 270</b>	<b>5 270</b>

## Appendixes to the annual report

### 4. Overall information

	2013		2012
<b>27. Average number of employees in the year</b>			
Average number of employees	19		17
	LVL	EUR	LVL
<b>28. Total expenditures on staff</b>	116 646	165 972	96 935
- salary	94 684	134 723	81 264
- State social security obligatory payments	21 962	31 249	18 809
- included:			
Administration salary			
- salary	44 452	63 249	41 738
- State social security obligatory payments	10 267	14 609	9 544
- total	54 719	77 858	51 282

### 29. Taxes, payments and state social security obligatory payments

	(+) a debt		(+) a debt	
	(-) overpayment		(-) overpayment	
	31.12.2012.	Calculated	Paid	31.12.2013.
<b>Value added tax</b>	5 874	39 567	40 100	5 468
Paid			126	
to tax of risk			1	
Late payment money				
<b>Personal Income tax</b>	1 432	18 149	17 800	1 781
Late payment money				
<b>State social security obligatory payments</b>	2 549	31 993	31 416	3 126
Late payment money				
<b>Operation tax of vehicles</b>	-	213	213	-
Late payment money				
<b>Business motor vehicles tax</b>	-	883	683	200
Late payment money				
<b>Tax of risk of the business activity</b>	4	56	64	(5)
from VAT			1	
Late payment money				
<b>Natural resources tax</b>	66	72	66	72
Late payment money				
<b>Real estate tax</b>	-	3 704	3 704	-
<b>Total:</b>	9 925	94 637	94 174	10 642
<b>Overpayment of taxes</b>				
<b>Debts of taxes</b>	9 925			10 642
<b>Calculated/paid late payment money</b>		-	-	

### 30. Related parties

	2013	2012
	LVL	LVL
Revenues from lease from related Company	31 110	34 551

Grabes pansija SIA- 100 % fixed capital Vladimirs Cadovičs

### Information on the payments to the auditor in the reporting year

#### Sandra Dzerele un partneris SIA

1. For the audit of the report of 2013 in Ls-

1000,00 plus VAT

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).

### ***Interest rate risk***

The Company is not subject to the interest rate risk, because borrowings are not used for ensuring the economic activity.

### ***Credit risk***

The Company is subject to the credit risk due to its customers' debts and cash and its equivalents. The Company controls its credit risk, constantly evaluating repayments of the clients' debts, and determines credit conditions for each client individually. Furthermore, the Company constantly controls the residues of indebtedness of the debtors to minimize the possibility of irrecoverable debts. The Company doesn't have any significant credit risk concentration, regarding to any partner or group of partners.

### ***Liquidity risk***

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

**5.A SUMMARY CARD of WRITE-OFF CALCULATIONS OF DEPRECIATION OF  
FIXED ASSETS AND INTANGIBLE INVESTMENT'S VALUE  
(taxation period: 01.01.2013.-31.12.2013.)**

**LVL**

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
I	10%	82 014	17 803			17 803	1 780	65 991	16 023
III	70%	36 093	59	2 183	-	2 242	1 569	35 420	673
A/m	30%	46 051	2 310	26 416		28 726	8 618	25 943	20 108
IV	40%	257 826	1 332	7 255	-	8 587	3 435	252 674	5 152
<b>TOTAL</b>		<b>421 984</b>	<b>21 504</b>	<b>35 854</b>		<b>57 358</b>	<b>15 402</b>	<b>380 028</b>	<b>41 956</b>

**A SUMMARY CARD of WRITE-OFF CALCULATIONS OF DEPRECIATION OF  
FIXED ASSETS AND INTANGIBLE INVESTMENT'S VALUE  
(taxation period: 01.01.2013.-31.12.2013.)**

**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
I	10%	116 695	25 331	-	-	25 331	2 533	93 897	22 799
III	70%	51 356	84	3 106	-	3 190	2 232	50 398	958
A/m	30%	65 525	3 287	37 587	-	40 873	12 262	36 914	28 611
IV	40%	366 853	1 895	10 323	-	12 218	4 888	359 523	7 331
<b>TOTAL</b>		<b>600 429</b>	<b>30 597</b>	<b>51 016</b>		<b>81 612</b>	<b>21 915</b>	<b>540 732</b>	<b>59 699</b>