

INTERNAL AUDIT REPORT

From: RJC consultant Mr. Jacob Laor (IIA Internal Auditor)

To: Mr. Ori Rachminov- CEO

I am pleased to inform you that I have completed the internal audit pertaining to the **AA Rachminov 2000 Ltd.**

Anti Money Laundering / Combating Financial Terrorism program. The audit has been carried out as required by the company policy as per RJC requirements. Below please review the findings:

The company introduced a written policy and procedures to verify the identity of its diamond suppliers and clients. This policy is based on best past experience used by the company during the previous years of business.

The business records, such as invoices and other business records, are kept five years at the company. There are no cash transactions at the company.

The company has prepared a procedure on how to identify unusual and suspicious transactions.

Training on how to comply with company's policy and AML/CFT legislation has been imparted to employees by the RJC consultant **Mr. Jacob Laor.**

The company's financial accounts are audited annually by a certified chartered accountant firm as per local accounting standards.

The Certified Public Accountants firm **Kost, Forer, Gabbay & Kasierer CPA**, Issued a declaration letter to state that their auditors are free of any bias or influence relating to financial or other inducements.

Up to now there was no such case, which required informing the relevant authorities of any suspicious transactions that may be linked to money laundering, terrorism financing or other financial or non-financial offences. Company procedures provide necessary guidance to employees.

Jacob Laor