

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

Main activities
NACE code red.2.

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

Unit: EUR

Financial Report
of the period from 01.01.2014 to 30.09.2014
that has been prepared according to the legislation standards of the Republic of Latvia

State Revenue Service territorial office: Latgale suburb department

Riga, 2014

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Management Report

Information about the Company

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

The Company is registered in the Commercial Register under unified registration number 40003044420. The equity capital of the Company is 6'748'653 EUR, that is divided into 4'742'980 shares with share's nominal value of EUR 1,4229.

Chairman of the Company 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

Igors Istomins – 1 160 000 shares

Vladimirs Cadovičs – 531 785 shares

SIA "MALEKS S" - 268 755 shares

Others - 792 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

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

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

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

JSC „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 loss: 112 832 EUR

Net result: - 117 197 EUR

Net turnover for 01.01.2014. - 30.09.2014. is equal to 423 661 EUR. It has decreased for 35,68 %, compared with the previous accounting period.

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

In 2014, using the resources of the Internet and media, the Company implemented brand awareness campaigns, product promotional campaigns, as well as, client acquisition campaigns.

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.

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".

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

Statement on the Company management responsibility

The Company management shall be held responsible for development of financial statements, based on the initial bookkeeping records concerning each accounting period, which is true and impartial reflection of financial condition of the Company at the 30.09.2014

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2014- 30.09.2014, appropriate accounting methods were used, the same were applied on consistent basis, and reasonable and cautious decisions are made. The Company managers confirm that the regulatory accounting principles of the Republic of Latvia have been observed and the financial report is prepared according to the going concern principle.

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.

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

INFORMATION about the COMPANY

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

Shareholders and their shares %	<u>2014</u>
Vladimirs Cadovičs	11,21%
Igors Istomins	24,46%
Marija Ančevska	32,47%
"MALEKS S" SIA	5,67%
Others	26,19%

Composition of the Council members

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

Composition of the Board of Directors members

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

For the period *from* 01.01.2014. *to* 30.09.2014.

Previous period *from* 01.01.2013. *to* 31.12.2013.

Average number of employees 18

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 6 261 EUR

Auditor Aivars Rutkis
Certified auditor
(LZRA certif.Nr.18)

BALANCE SHEET

<i>ASSETS</i>	Appendixes	30.09.2014. EUR	30.09.2013. EUR
I. Long-term investments			
I Intangible investments			
Concessions, licenses and similar rights	1	534	562
Total intangible investments		534	562
II Fixed assets			
Land, buildings, constructions and perennial plantations		115 831	124 220
Equipment and machinery		-	18
Other fixed assets and inventory		41 235	50 557
Total fixed assets	2	157 066	174 795
III Investment property			
Total investment property		35 845	40 022
Total long-term investments	2	193 445	215 379
2. Current assets			
I Inventory			
Raw materials, direct materials and auxiliary materials	3	451 473	384 750
Unfinished products	4	140 436	159 205
Finished products and products for sale	5	163 372	170 030
Advance payments for goods	6	23 252	312
Total inventory		778 533	714 297
II Indebtedness of the debtors			
Debts of the customers and clients	7	524 234	549 739
Other debtors	8	63	1 843
Expenses of the subsequent period	9	4 597	1 712
Total debtors		528 894	553 294
Funds (total)	10	86 361	213 590
Total current assets		1 393 788	1 481 181
Grand total assets		1 587 233	1 696 560

BALANCE SHEET

Liabilities		Appendixes	30.09.2014. EUR	30.09.2013. EUR
I Equity capital				
	Stock or share capital (fixed capital)	11	6 748 653	6 748 653
	Revaluation reserves of long-term investments		139 360	146 335
	Undistributed profit			
	a) undistributed profit from previous year		(5 228 889)	(5 264 394)
	b) undistributed profit for the reporting year		(117 197)	34 867
	<i>Total undistributed profit</i>		(5 346 086)	(5 229 526)
Total equity capital			1 541 927	1 665 462
II Reserves				
		12	7 691	7 691
Total reserves			7 691	7 691
III Creditors				
1 Long-term debts				
	Deferred income		16 962	0
Total long-term debts			16 962	0
2 Short-term debts				
	Indebtedness to suppliers and contractors	13	6 861	9 267
	Taxes and social security liabilities	14	6 090	6 554
	Other creditors	15	7 702	7 587
Total short-term debts			20 653	23 407
Total creditors			37 615	23 407
Grand total liabilities			1 587 233	1 696 560

Appendix from Page 12 to 16 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

PROFIT or LOSS STATEMENT'S CALCULATIONS

(by turnover expenditure method)

Parameters	Appendixes	30.09.2014. EUR	30.09.2013. EUR
1. Net turnover	16	423 661	658 683
2. Manufacturing expenditures of sold products	17	(324 658)	(414 326)
3. Gross profit or loss		99 003	244 357
4. Selling expenses	18	(134 055)	(127 622)
5. Administrative expenses	19	(107 920)	(120 753)
6. Other operating revenue	20	41 874	49 680
7. Other operating expenses	21	(11 734)	(6 841)
Profit or loss before extraordinary items and 8. taxes		(112 832)	38 820
9. Profit or loss before taxation		(112 832)	38 820
10. Deferred tax		-	-
11. Other taxes	22	(4 365)	(3 953)
12. Profit or loss in the reporting year		(117 197)	34 867
13. Profit or loss per one stock in a year		-0,017	0,005
Profit or loss per one stock from the 14. beginning		-0,792	-0,775

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Report on changes in the equity capital in 30.09.2014. and 30.09.2013.

	Stock or share capital (fixed)	Revaluation reserves of long-term investments	Undistributed profit from the previous year	Profit for the reporting year	Total equity capital
	EUR	EUR	EUR	EUR	EUR
Remaining amount on 30.09.2013	6 748 653	146 335	(5 264 394)	34 867	1 665 462
Remaining amount on 30.09.2014.	6 748 653	139 360	(5 228 889)	(117 197)	1 541 927

Appendix from Page 12 to 16 is an integral part to the present financial statement

Chairman of the Board

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Member of the Board

Aleksandrs Ančevskis

CASH FLOW STATEMENT
(by direct method)

	Appendixes	30.09.2014.	30.09.2013.
		EUR	EUR
I. Cash flow from main activities			
Revenue from the sales of the products and provided services		307 399	452 675
Payments to suppliers, staff, other expenditures on main activities		(465 527)	(388 924)
Other revenues and expenditures on main activities		89 463	110 746
Gross cash flow of the main activities		(68 665)	174 498
Expenditures on tax payments for the real property (-)	22	(4 365)	(3 953)
Cash flow before extraordinary items		(73 030)	170 545
Net cash flow of the main activities		(73 030)	170 545
II. Cash flow of investment activities			
Acquisition of fixed assets and intangible investments	2	-	(49 340)
Net cash flow on investment activities		-	(49 340)
V. Net cash flow in the reporting year		(73 030)	121 206
VI. Cash and its equivalents at the beginning of the period	10	159 391	92 384
VII. Cash and its equivalents at the end of the period	10	86 361	213 590

Appendix from Page 12 to 16 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

Appendixes to the financial report

1.Explanatory notes to the items of the balance sheet

1.Intangible assets

	Licenses	Total EUR
Initial Value		
30.09.2013.	562	562
30.09.2014.	562	562
Depreciation		
30.09.2013.	-	-
30.09.2014.	28	28
Residual value		
30.09.2013.	562	562
Residual value		
30.09.2014.	534	534

2.Fixed assets and investment property

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total EUR
Initial Value						
30.09.2013.	83 523	256 670	112 121	91 570	105 330	649 214
Assessment*	-	-137 870				- 137 870
30.09.2014.	83 523	118 800	114 360	91 570	-	408 253
Depreciation						
30.09.2013.	43 501	132 451	61 563	91 552	105 330	434 397
Written off		(138 860)				(138 860)
30.09.2014.	47 678	2 969	73 125	91 570		215 342
Residual value						
30.09.2013.	40 022	124 220	50 557	18	-	214 817
Residual value						
30.09.2014.	35 845	115 831	41 235	-	-	192 911

* On the 25th March, 2014 the real estate Terezes street 1, Riga, was reassessed (except for the investment property), based on the assessments carried out by JSC "BDO".

Fixed assets and investment property in the balance sheet are reflected in residual value.

Buildings, constructions and vehicles are insured.

Real Estate property EUR 387 969, includes buildings:

- Cadastre Nr. 0100 035 0142 004, Riga, property assessed value - 74 642 EUR; investment property
- Cadastre Nr.0100 035 0142 006, Riga, property assessed value - 181 027 EUR; fixed
- Cadastre Nr.0100 035 0143 003, Riga, property assessed value - 113 415 EUR; fixed
- Cadastre Nr.0100 035 0144 002, Riga, property assessed value - 10 930 EUR; fixed
- Cadastre Nr.0100 035 0146 001, Riga, property assessed value - 7 955 EUR; fixed ¹²

Appendixes to the balance sheet (continued)

	30.09.2014.	30.09.2013.
	EUR	EUR
3. Raw materials, direct materials and auxiliary materials		
gold	372 850	304 586
silver	9 084	8 428
precious stones, semiprecious stones	62 483	64 872
low-value materials and inventory	913	913
fuel (a/m)	68	-
instruments	6 021	5 898
materials for current repairs	54	54
Total	451 473	384 750
4. Unfinished products		
Unfinished products and orders	140 436	159 205
Total	140 436	159 205
5. Finished production and goods for sale		
Total	163 372	170 030
6. Advance payments for products		
To LLC/SIA/ NESTE for fuel	135	312
PREMIERE juvel namai	23 117	-
Total	23 252	312
7. Debts of customers and clients		
Payments for jewellery	512 796	527 336
Purification of gold	9 111	11 140
Payments for lease	8 447	12 148
Accumulation for doubtful debtors	(6 261)	(885)
Payments for credit cards	141	-
Total net debts of customers and clients	524 234	549 739
<i>off the balance</i>		
<i>accumulation for doubtful debtors</i>	<i>6 261</i>	<i>885</i>
8. Other debtors		
Business motor vehicles tax	21	-
Tax of risk of the business activity	11	-
VAT overpayment	-	1 827
Security sum VENDEN	31	16
Total	63	1 843

Appendixes to the balance sheet (continued)

	30.09.2014.	30.09.2013.
	EUR	EUR
9. Expenditures for the subsequent period		
Insurance of the transport	1 095	534
Lietišķas informācijas dienests (Laws of the Republic of Latvia)	1 069	950
Engineering design (RJR reconstruction)	2 433	228
Total	4 597	1 712

10. Money resources

Money in cash	17 710	23 628
Money in operating accounts	68 651	189 962
Total	86 361	213 590

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

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

All the stocks are ordinary stocks with voting rights.

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

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

12. Accumulation

Accumulation for unused vacations:	7 691	7 691
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13. Debts to suppliers and contractors (short-term)

Total	6 861	9 267
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14. Taxes and social security payments

Personal Income Tax	2 146	2 332
State social security obligatory payments	3 587	4 216
Tax of risk of the business activity	-	6
Value added tax	357	-
Total	6 090	6 554

15. Other creditors (short-term)

Salaries	7 508	7 524
Payments to workers (advance payments)	194	63
Total	7 702	7 587

Appendixes to the annual report

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

16. Net turnover	30.09.2014.	30.09.2013.
	EUR	EUR
Jewellery sale	272 414	224 679
Discount	(186)	(1 154)
Workshops (jewellery repair)	79 564	65 172
Special orders	-	54 879
Sales of investment gold	34 272	223 038
Jewellery sales in the EU	37 597	92 070
Total	423 661	658 683
17. Manufacturing expenditures of sold products		
Purchasing and manufacturing expenses of the sold jewels	264 396	322 117
Materials	40 084	88 357
Assaying of jewellery at the LPB*	157	376
Changes in stock and value of the unfinished products	20 021	3 472
Other	-	4
Total	324 658	414 326
18. Selling costs		
Workers' salary	58 771	49 865
Obligatory social payments for workers	13 463	11 589
Advertising expenses	3 415	6 192
Residential services (water, electricity, gas)	26 233	32 096
Rent of the land and premises	14 543	16 938
Depreciation of fixed assets	17 164	10 931
Written off current assets (Low-value inventory)	235	-
Other selling costs	231	11
Total	134 055	127 622
19. Administrative expenditures		
Communication expenditures	4 674	3 001
Bank services	707	976
To "NASDAQ OMX Riga" for shares and other	6 368	6 485
Office costs	1 938	2 496
Depreciation of the fixed assets (administrative building)	912	3 496
Travelling allowances	551	6 867
Salary of the administration	51 417	46 632
Obligatory social payments for the administration	11 457	10 778
Payment for the risk of the business activity	56	60
Security services	6 415	9 005
Expenditures on insurance of motor transport	699	864
Expenditures on motor transport for administration (fuel, repair)	7 537	12 221
Expenditures on representation	238	1 495
Other administrative expenditures, including expenses on lawyers	14 951	16 377
Total	107 920	120 753

Appendixes to the profit or loss calculation (continued)

	30.09.2014.	30.09.2013.
	EUR	EUR
20. Other income of the business activities		
Production of thermal energy	16 420	22 456
Leasing out premises ¹	25 404	27 214
Income of residential services (other persons)	-	-
Cost of residential services (other persons)	-	-
Other income (819)	50	10
Total	41 874	49 680
21. Other expenditures from the business activities		
Result of the assessment of the building	6 899	
The result of currency rate change		277
Other operating expenses	4 835	6 564
Total	11 734	6 841
22. Real property tax	4 365	3 953