

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: euro

Financial report

of the period from 01.01.2016 to 30.06.2016

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

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" - 310 279 shares

Others - 744 people with shares 5% or less of the total number of shares - 1 200 916 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

workshop: 27 Lidoņu Street, Riga

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

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".

	30.06. 2016.	30.06.2015.
Result before extraordinary items and taxes is:	(2 767)	(4 999)
Real Property Tax:	(2 910)	(2 910)
Net result:	(5 677)	(7 909)

Net turnover for 01.01.2016- 30.06.2016 was equal to 520 325 EUR. It has increased for 18 % compared with the previous accounting period.

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.

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 concering each accounting period, which is true and impartial reflection of financial condition of the Company at the 30.06.2016

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2016- 30.06.2016, 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

BALANCE SHEET

<i>ASSETS</i>	Appendixes	30.06.2016. EUR	30.06.2015. EUR
<i>I. Long-term investments</i>			
<i>I Intangible investments</i>			
Concessions,licenses and similar rights		541	421
<i>Nemateriālie ieguldījumi kopā</i>	1	541	421
<i>I Fixed assets</i>			
Land, buildings, constructions and perenial plantations		133 972	111 375
Long-term investments in rented fixed assets		1 788	
Other fixed assets and inventory		29 390	36 752
<i>Total fixed assets</i>	2	165 150	148 127
<i>II Investment property</i>		-	32 713
<i>Total investment property</i>	2	-	32 713
Total long-term investments		165 691	181 261
<i>2. Current assets</i>			
<i>III Inventory</i>			
Raw materials, direct materials and auxiliary materials	3	219 648	403 607
Unfinished products	4	11 915	134 656
Finished products and products for sale	5	339 091	164 562
Advance payments for goods	6	420	32 291
<i>Total inventory</i>		571 074	735 116
<i>IV Indebtedness of the debtors</i>			
Debts of the customers and clients	7	749 820	531 736
Other debtors	8	3 798	3 855
Expenses of the subsequent period	9	1 237	3 478
<i>Total debtors</i>		754 855	539 069
<i>Funds (total)</i>	10	140 089	98 805
<i>Total current assets</i>		1 466 018	1 372 990
<i>Grand total assets</i>		1 631 709	1 554 251

BALANCE SHEET

Liabilities	Appendixes	30.06.2016. EUR	30.06.2015. EUR
I Equity capital			
Stock or share capital (fixed capital)	11	6 640 172	6 640 172
Revaluation reserves of long-term investments		124 380	132 894
Reserves:			
d) reserves from denomination of fixed capital		108 481	108 481
Undistributed profit			
a) undistributed profit from previous year		(5 376 981)	(5 360 986)
b) undistributed profit for the reporting year		(5 677)	(7 909)
<i>Total undistributed profit</i>		(5 382 658)	(5 368 895)
Total equity capital		1 490 375	1 512 652
II Reserves			
<i>Total reserves</i>		-	-
III Creditors			
1 Long-term debts			
Other borrowings	12	508	-
Total long-term debts		508	-
2 Short-term debts			
Other borrowings	12	453	-
Customers advanced payments	13	-	-
Indebtedness to suppliers and contractors	14	110 982	18 659
Taxes and social security liabilities	15	8 832	7 581
Other creditors	16	11 061	8 464
Accrued liabilities	17	9 498	6 895
Total short-term debts		140 826	41 599
Total creditors		141 334	41 599
Grand total liabilities		1 631 709	1 554 251

* re-classification from reserves to accrued liabilities in accordance with the law of the Republic of Latvia the Annual Accounts and the consolidated annual accounts law

Appendix from Page 12 to 17 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	31.03.2016. EUR	31.03.2015. EUR
1. Net turnover	18	520 325	441 184
2. Manufacturing expenditures of sold products	19	(380 692)	(306 413)
3. Gross profit or loss		139 633	134 771
4. Selling expenses	20	(106 170)	(96 892)
5. Administrative expenses	21	(65 775)	(70 563)
6. Other operating revenue	22	32 361	30 590
7. Other operating expenses	23	(2 816)	(2 905)
8. Profit or loss before extraordinary items and taxes		(2 767)	(4 999)
9. Profit or loss before taxation		(2 767)	(4 999)
10. Deferred tax		-	
11. Other taxes	24	(2 910)	(2 910)
12. Profit or loss in the reporting year		(5 677)	(7 909)
13. Profit or loss per one stock in a year		-0,001	-0,002
14. Profit or loss per one stock from the beginning		-1,135	-1,132

Report on changes in the equity capital in 30.06.2016. and 30.06.2015.

	Stock or share capital (fixed)	Revaluation reserves of long- term investments	Reserves	Undistributed profit from the previous year	Profit or loss in the reporting period	Total equity capital
	EUR	EUR		EUR	EUR	EUR
Remaining amount on 30.06.2015.	6 640 172	132 894	108 481	(5 360 986)	(7 909)	1 512 652
Remaining amount on 30.06.2016.	6 640 172	124 380	108 481	(5 376 981)	(5 677)	1 490 375

CASH FLOW STATEMENT
(by direct method)

	Appendixes	30.06.2016.	30.06.2015.
		EUR	EUR
I. Cash flow from main activities			
Revenue from the sales of the products and provided services		212 649	230 061
Payments to suppliers, staff, other expenditures on main activities		(253 195)	(253 087)
Other revenues and expenditures on main activities		55 488	44 683
Gross cash flow of the main activities		14 942	21 657
Expenditures on tax payments for the real property (-)	24	(2 910)	(2 910)
Cash flow before extraordinary items		12 032	18 747
Net cash flow of the main activities		12 032	18 747
II. Cash flow of investment activities			
Acquisition of fixed assets and intangible investments		(1 075)	-
Income of the auto sales(+)			
Net cash flow of investment operations		(1 075)	-
III. Cash flow of business			
Expenses of borrowing fixed assets		(329)	
Net cash flow of business		(329)	
IV. Result of foreign currency change			
V. Net cash flow in the reporting year		10 628	18 747
VI. Cash and its equivalents at the beginning of the period	10	129 461	80 058
VII. Cash and its equivalents at the end of the period	10	140 089	98 805

Appendixes to the annual report

1.Explanatory notes to the items of the balance sheet

1.Intangible assets

	Licenses	Total EUR
Initial Value		
30.06.2015.	562	562
30.06.2016.	862	862
Depreciation		
30.06.2015.	141	141
30.06.2016.	321	321
Residual value		
30.06.2015.	421	421
30.06.2016.	541	541

2.Fixed assets

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total EUR
Initial Value						
30.06.2015.	83 523	118 800	102 213	91 570	107 549	503 655
Re-classification *	(83 523)	83 523				-
30.06.2016.	-	202 323	105 661	90 576	107 548	503 655
Depreciation						
30.06.2015.	50 810	7 425	65 461	91 570	105 330	320 596
Re-classification	(50 810)	60 926				
30.06.2016.	-	68 351	76 271	90 576	105 760	340 958
Residual value						
30.06.2015.	32 713	111 375	36 752	-	2 219	183 059
30.06.2016.	-	133 972	29 390	-	1 788	165 150

* 83523 re-classification from investment property to building, in accordance with law of the Republic of Latvia the Annual Accounts and the consolidated annual accounts law

Appendixes to the balance sheet (continued)

387 969 EUR Real Estate property includes buildings:

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

3. Raw materials, direct materials and auxiliary materials

	30.06.2016. EUR	30.06.2015. EUR
gold	149 559	321 692
silver	1 015	9 984
precious stones, semiprecious stones	62 570	64 993
low-value materials and inventory	644	913
Fuel (a/m)	34	77
Instruments	5 826	5 948
Total	219 648	403 607

4.Unfinished products

Unfinished products and orders	11 915	134 656
Total	11 915	134 656

5. Finished production and goods for sale

	339 091	164 562
Total	339 091	164 562

6. Advance payments for products

To LLC/SIA/ NESTE for fuel	420	477
Advance payment	-	31 814
Total	420	32 291

7. Debts of customers and clients

Payments for jewellery	635 927	504 659
Purification of gold	94 276	8 213
Payments for lease	20 468	20 635
Accumulation for doubtful debtors	(851)	(1 771)
Total net debts of customers and clients	749 820	531 736

Appendixes to the balance sheet (continued)

	30.06.2016.	30.06.2015.
	EUR	EUR
8.Other debtors		
Creditcard	907	-
Garanty (workshop Lidoņu)	1 900	1 900
Payments to workers (advance payments)	780	-
Tax of risk of the business activity	16	6
overpayment VAT	164	1 918
Security sum VENDEN	31	31
Total	3 798	3 855

9. Expenditures for the subsequent period

Insurance of the transport	629	594
Insurance of the workshop Lidoņu	189	-
Laws of the Republic of Latvia	419	451
Engineering design (RJR reconstrucion)	-	2 433
Total	1 237	3 478

10. Money resources

Money in cash	22 377	26 101
Money in operating accounts	117 712	72 704
Total	140 089	98 805

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)

12. Other borrowings

Mobile Phones

Long-term debts (2017)

Short-term debts (2016)

30.06.2016.	30.06.2015.
EUR	EUR
508	-
453	-
961	-

13. Customers advanced payments

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

Debts for goods

Debts for goods (to other countries)

Debts for services

52 341	11 129
56 866	5 875
1 775	1 655
Total 110 982	18 659

15. Taxes and social security payments

Personal Income Tax

State social security obligatory payments

Value added tax

2 862	2 325
4 857	4 009
1 113	1 247
Total 8 832	7 581

16. Other creditors (short-term)

Salaries

Garanty

Payments to workers (advance payments)

10 331	8 399
701	-
29	65
Total 11 061	8 464

17. Accrued liabilities

Accumulation for unused vacations

	*
9 498	6 895

* re-classification from reserves

Appendixes to the annual report

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

18.Net turnover	30.06.2016. EUR	30.06.2015. EUR
Income from wholesale trade	301 693	350 254
Discount	(876)	-
Income from retail trade	89 196	61 637
Sales in the EU	130 312	29 293
Total	520 325	441 184
19. Manufacturing expenditures of sold products		
Purchasing and manufacturing expenses of the sold jewels	380 599	287 757
Assaying of jewellery at the LPB*	93	18
Changes in stock and value of the unfinished products	-	18 638
* State Assay Supervision Inspection Total	380 692	306 413
20. Selling costs		
Workers' salary	49 132	39 257
Obligatory social payments for workers	11 052	8 882
Advertising expenses	-	83
Residential services (water, electricity, gas)	25 157	21 952
Rent of the land and premises	9 071	10 101
Depreciation of fixed assets	11 045	9 873
Low-value inventory	638	6 721
Other selling costs	75	23
Total	106 170	96 892
21. Administrative expenditures		
Communication expenditures	2 455	2 581
Bank services	746	440
To "NASDAQ OMX Riga" for shares and other	3 702	5 945
Office costs	1 606	1 919
Depreciation of the fixed assets (administrative building)	912	912
Travelling allowances	290	4 432
Salary of the administration	37 356	34 262
Obligatory social payments for the administration	8 086	7 348
Payment for the risk of the business activity	43	38

Appendixes to the profit or loss calculation (continued)

Administrative expenditures (continued)

Security services	5 258	5 899
Expenditures on insurance of motor transport	237	282
Expenditures on motor transport for administration (fuel, repair)	4 296	4 504
Expenditures on represantion	287	913
Other administrative expenditures, including expenses on lawyers	501	1 088
Total	65 775	70 563

22. Other income of the business activities

	30.06.2016.	30.06.2015.
	EUR	EUR
Thermal energy for leasing(heating)	14 214	13 933
Leasing out premises ¹	18 147	15 823
The result of selling or buying currencies ²	-	8
Income from clients for residential service	10 721	10 659
Expenses from clients for residential service	(10 721)	(10 659)
Other income (819)	-	826
Total	32 361	30 590

23. Other expenditures from the business activities

Other expenditures (economic)	2 816	2 905
Total	2 816	2 905

24. Real property tax

2 910	2 910
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