

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

Main activities:
NACE code red .

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

Unit: eiro

Financial report
of the period from 01.01.2016 to 30.09.2016
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

JSC „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

JSC „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

JSC „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".

On the 2nd of August 2016 robbery occurred in the jewelry shop at Lidoņu street 27. Total loss of property is 92 400,88 EUR.

The State Police of Latvia have began a criminal proceeding Nr.11096168816.

	30.09.2016.	30.09.2015.
Result before extraordinary items and taxes is:	(111 959)	(16 380)
Real Property Tax:	(4 365)	(4 365)
Net result:	(116 324)	(20 745)

Net turnover for 01.01.2016- 30.09.2016 was equal to 718 452 EUR. It has decreased for 2 % 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 30.09.2016

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2016- 30.09.2016, 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 illegal activities.

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

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 %

Vladimirs Cadovičs	<i>11,21%</i>
Valentins Istomins	<i>24,46%</i>
Marija Ančevska	<i>32,47%</i>
"MALEKS S" SIA	<i>6,54%</i>
Others	<i>25,32%</i>

Composition of the Council members

*Vidis Zaķis
Igoris 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 01.01.2016 to 30.09.2016.*

Average number of employees *20*

Information about off-balance liabilities and pledged assets *Off-balance assets/liabilities are formed as reserves of the doubtful debtors.
there are no pledged assets*

Auditor *Aivars Rutkis
certified auditor
(LZRA sertif.Nr.18)*

BALANCE SHEET

<i>ASSETS</i>	Appendixes	30.09.2016. EUR	30.09.2015. 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		131 444	109 890
Long-term investments in rented fixed assets		1 788	2 219
Other fixed assets and inventory		26 624	36 441
<i>Total fixed assets</i>	2	159 856	148 550
<i>II Investment property</i>		-	31 669
<i>Total investment property</i>	2	-	31 669
Total long-term investments		160 397	180 640
<i>2. Current assets</i>			
<i>III Inventory</i>			
Raw materials, direct materials and auxiliary materials	3	322 599	392 384
Unfinished products	4	12 568	14 457
Finished products and products for sale	5	257 640	400 559
Advance payments for goods	6	801	923
<i>Total inventory</i>		593 608	808 323
<i>IV Indebtedness of the debtors</i>			
Debts of the customers and clients	7	576 369	599 792
Other debtors	8	5 462	13 846
Expenses of the subsequent period	9	6 242	3 716
<i>Total debtors</i>		588 073	617 354
<i>Funds (total)</i>	10	113 934	75 830
<i>Total current assets</i>		1 295 615	1 501 507
<i>Grand total assets</i>		1 456 012	1 682 147

BALANCE SHEET

Liabilities		Appendices	30.09.2016. EUR	30.09.2015. 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
Rezerves:				
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			(116 324)	(20 745)
<i>Total undistributed profit</i>			(5 493 305)	(5 381 731)
Total equity capital			1 379 728	1 499 816
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		193	-
Customers advanced payments	13		-	-
Indebtedness to suppliers and contractors	14		48 843	148 052
Taxes and social security liabilities	15		7 741	18 133
Other creditors	16		9 501	9 251
Accrued liabilities	17		9 498	6 895
Total short-term debts			75 776	182 331
Total creditors			76 284	182 331
Grand total liabilities			1 456 012	1 682 147

* 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 Strulevičs

Member of the Board

Aleksandrs Ančevskis

PROFIT or LOSS STATEMENT'S CALCULATIONS

(by turnover expenditure method)

Parameters	Appendixes	30.09.2016. EUR	30.09.2015. EUR
1. Net turnover	18	718 452	734 007
2. Manufacturing expenditures of sold products	19	(512 180)	(497 446)
3. Gross profit or loss		206 272	236 561
4. Selling expenses	20	(156 380)	(160 563)
5. Administrative expenses	21	(101 933)	(107 730)
6. Other operating revenue	22	42 079	42 706
7. Other operating expenses	23	(101 997)	(27 354)
8. Profit or loss before extraordinary items and taxes		(111 959)	(16 380)
9. Profit or loss before taxation		(111 959)	(16 380)
10. Deferred tax		-	
11. Other taxes	24	(4 365)	(4 365)
12. Profit or loss in the reporting year		(116 324)	(20 745)
13. Profit or loss per one stock in a year		-0,025	-0,004
14. Profit or loss per one stock from the beginning		-1,158	-1,135

Report on changes in the equity capital in 30.09.2016. and 30.09.2015.

	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 30.09.2015.	6 640 172	132 894	108 481	(5 360 986)	(20 745)	1 499 816
Remaining amount on 30.09.2016.	6 640 172	124 380	108 481	(5 376 981)	(116 324)	1 379 728

CASH FLOW STATEMENT
(by direct method)

	Appendix	30.09.2016.	30.09.2015.
		EUR	EUR
I. Cash flow from main activities			
Revenue from the sales of the products and provided services		377 872	369 711
Payments to suppliers, staff, other expenditures on main activities		(460 945)	(423 581)
Other revenues and expenditures on main activities		74 508	60 991
Gross cash flow of the main activities		(8 565)	7 121
Expenditures on tax payments for the real property (-)	24	(4 365)	(4 365)
Cash flow before extraordinary items		(12 930)	2 756
Net cash flow of the main activities		(12 930)	2 756
II. Cash flow of investment activities			
Acquisition of fixed assets and intangible investments		(2 008)	(6 984)
Income of the auto sales(+)			
Net cash flow of investment operations		(2 008)	(6 984)
III. Cash flow of business			
Expenses of borrowing fixed assets		(589)	-
Net cash flow of business		(589)	
IV. Result of foreign currency change			
V. Net cash flow in the reporting year		(15 527)	(4 228)
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	113 934	75 830

Appendixes to the annual report

1.Explanatory notes to the items of the balance sheet

1.Intangible assets

	Licenses	Total EUR
Initial Value		
30.09.2015.	562	562
30.09.2016.	862	862
Depreciation		
30.09.2015.	141	141
30.09.2016.	321	321
Residual value		
30.09.2015.	421	421
Residual value		
30.09.2016.	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						
30.09.2015.	83 523	118 800	105 065	91 570	107 549	506 507
Re-classification *	(83 523)	83 523				-
30.09.2016.	-	202 323	106 016	90 576	107 548	506 463
Depreciation						
30.09.2015.	51 854	8 910	68 624	91 570	105 330	326 288
Re-classification	(51 854)	60 926				
30.09.2016.	-	70 879	79 392	90 576	105 760	346 607
Residual value						
30.09.2015.	31 669	109 890	36 441	-	2 219	180 219
Residual value						
30.09.2016.	-	131 444	26 624	-	1 788	159 856

* 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

	30.09.2016.	30.09.2015.
	EUR	EUR
gold	252 915	310 702
silver	759	10 108
precious stones, semiprecious stones	62 421	64 635
low-value materials and inventory	644	913
Fuel (a/m)	34	77
Instruments	5 826	5 949
Total	322 599	392 384

4.Unfinished products

Unfinished products and orders	12 568	14 457
Total	12 568	14 457

5. Finished production and goods for sale

	257 640	400 559
Total	257 640	400 559

6. Advance payments for products

To LLC/SIA/ NESTE for fuel	801	923
Advance payment	-	
Total	801	923

7. Debts of customers and clients

Payments for jewellery	549 198	569 325
Purification of gold	6 774	7 172
Payments for lease	21 248	24 052
Creditcard	-	94
Accumulation for doubtful debtors	(851)	(851)
Total net debts of customers and clients	576 369	599 792

Appendixes to the balance sheet (continued)

	30.09.2016.	30.09.2015.
	EUR	EUR
8.Other debtors		
Creditcard	102	-
Garanty (workshop Lidoņu)	1 900	8 434
Payments to workers (advance payments)	2 663	2 919
Tax of risk of the business activity	14	2
Showcases (on tame)	164	-
Accounting VAT	-	2 460
Overpayment VAT	588	-
Security sum VENDEN	31	31
Total	5 462	13 846

9. Expenditures for the subsequent period

Insurance of the transport	967	572
Insurance of the workshop Lidoņu	378	189
Laws of the Republic of Latvia	785	522
Repairs	4 112	2 433
Total	6 242	3 716

10. Money resources

Money in cash	23 006	14 641
Money in operating accounts	90 928	61 189
Total	113 934	75 830

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

	30.09.2016.	30.09.2015.
	EUR	EUR
Mobile Phones		
Long-term debts (2017)	508	-
Short-term debts (2016)	193	-
	701	-

13. Customers advanced payments

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

Debts for goods	14 258	34 802
Debts for goods (to other countries)	32 454	112 059
Debts for services	2 131	1 191
Total	48 843	148 052

15. Taxes and social security payments

Personal Income Tax	2 860	2 834
State social security obligatory payments	4 881	4 814
Value added tax	-	10 485
Total	7 741	18 133

16. Other creditors (short-term)

Salaries	8 742	9 251
Garanty	701	-
Payments to workers (advance payments)	58	-
Total	9 501	9 251

17. Accured liabilities

Accumulation for unused vacations	9 498	6 895
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* re-classification from reserves

Appendixes to the annual report

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

18.Net turnover	30.09.2016.	30.09.2015.
	EUR	EUR
Income from wholesale trade	415 874	573 830
Discount	(1 513)	-
Income from retail trade	140 746	111 334
Sales in the EU	163 345	48 843
Total	718 452	734 007
19. Manufacturing expenditures of sold products		
Purchasing and manufacturing expenses of the sold jewels	512 180	442 965
Revaluation and write-off of goods		259
Changes in stock and value of the unfinished products	-	54 222
Total	512 180	497 446
20. Selling costs		
Workers' salary	75 148	68 030
Obligatory social payments for workers	16 929	15 378
Advertising expenses	-	780
Residential services (water, electricity, gas)	30 023	23 660
Rent of the land and premises	14 543	23 895
Depreciation of fixed assets	16 362	15 109
Low-value inventory	3 024	12 153
Other selling costs	351	1 558
Total	156 380	160 563
21. Administrative expenditures		
Communication expenditures	3 471	4 877
Bank services	1 196	1 043
To "NASDAQ OMX Riga" for shares and other	5 482	6 474
Office costs	2 557	2 317
Depreciation of the fixed assets (administrative building)	1 369	1 369
Travelling allowances	680	4 935
Salary of the administration	55 604	53 185
Obligatory social payments for the administration	12 025	11 438
Payment for the risk of the business activity	66	62

Appendixes to the profit or loss calculation (continued)

Administrative expenditures (continued)

Security services	8 095	8 586
Expenditures on insurance of motor transport	478	1 478
Expenditures on motor transport for administration (fuel, repair)	6 949	9 270
Business motor vehicles tax	1 131	-
Expenditures on represantion	529	948
Other administrative expenditures	2 301	1 748
Total	101 933	107 730

22. Other income of the business activities

	30.09.2016.	30.09.2015.
	EUR	EUR
Thermal energy for leasing(heating)	14 439	14 236
Leasing out premises ¹	27 640	26 416
The result of currency rate change ³	-	8
The result of selling or buying currencies ²	-	300
Income from clients for residential service	17 368	17 171
Expenses from clients for residential service	(17 368)	(17 171)
Other income (819)	-	1 746
Total	42 079	42 706

23. Other expenditures from the business activities

Other expenditures (economic)	9 596	27 354
Other expenditures not related to economic activity (steal)	92 401	-
Total	101 997	27 354

24. Real property tax

4 365	4 365
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