

JSC "Rīgas juvelierizstrādājumu rūpnīca"

Unified registration Nr. 40003044420

Address : Terēzes street 1, Rīga LV-1012

Main activities:

NACE code red .

32.12 Manufacture of jewellery and related articles

46.48 Wholesale of watches and jewellery

47.77 Retail sale of watches and jewellery in specialised stores

68.20 Renting and operating of own or leased real estate

Unit: euro

Financial report

of the period from 01.01.2017 to 31.03.2017

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

Riga, 2017.

CONTENTS

	Page
<i>I. Financial Report :</i>	
Information about the company	3
Balance sheet	
Assets	4
Liabilities	5
Profit or loss statement	6
Statement of the cash flow	7
Statement of Changes in the equity capital	8
Appendix to the financial report:	
1. Explanatory notes to the balance sheet items	9
2. Explanatory notes to the profit or loss statement items	13
II. Management Report	15
III. Statement on the Company management responsibility	17

INFORMATION about the COMPANY

Name of the Company *JSC "Rīgas juvelierizstrādājumu rūpnīca"*

Legal Status of the Company *Joint Stock company*

Unified Registration N^o,
date of incorporation *40003044420*
10 th December 1991

Legal address *Terēzes 1, Rīga, LV-1012*

Mailing address *Terēzes 1, Rīga, LV-1012*

Main activities:

NACE 2.red.	32.12	Manufacture of jewellery and related articles
NACE 2.red.	46.48	Wholesale of watches and jewellery
NACE 2.red.	47.77	Retail sale of watches and jewellery in specialised stores
NACE 2.red.	68.20	Renting and operating of own or leased real estate

Shareholders and their shares %	Vladimirs Cadovičs	11,21%
	Valentīns Istomins	24,46%
	Marija Ančevska	32,47%
	MALEKS S SIA	7,70%
	Others	24,16%

Board of Directors

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

Company's executive board is composed of two board members who represent each society together with one member of the Board and Chairman of the Board, who is entitled to represent a commercial basis.

Chief accountant *Natalja Beļšova*
Phone: *67 803 786*

Bank account: *AS "SEB banka"*
LV62UNLA0001000243901
LV29UNLA0050020330171

Average employee number *20*

Details of the related companies *SIA "Grabes pansija" vien.reģ.Nr.40003648860,*
Terezes street 1, Riga

For the period *from 01.01.2017 to 31.03.2017.*

BALANCE SHEET

ASSETS	Appendixes	31.03.2017. EUR	31.03.2016. EUR
Long-term investments			
I Intangible investments:			
Concessions,licenses and similar rights		411	541
Total intangible investments:	1	411	541
II Fixed assets:			
1. <i>Real estate:</i>			
a)Land, buildings, constructions and perenial plantations		126 386	136 501
2. Long-term investments in rented fixed assets		1 048	1 788
3. Other fixed assets and inventory		20 432	31 763
Total fixed assets	2.	147 866	170 052
Total long-term investments		148 277	170 593
Current assets			
I. Stocks			
1. Raw materials, direct materials and auxiliary materials	3.	315 908	347 368
2. Unfinished products and orders	4.	10 433	11 532
3. Finished products and products for sale	5.	307 142	346 058
4. Advance payments for goods	6.	249	654
Total stocks		633 732	705 612
III. Debtors			
1. Debts of the customers and clients	7.	584 466	645 988
2. Other debtors	8.	94 714	2 416
3. Expenses of the subsequent period	9.	1 114	1 213
Total debtors		680 294	649 617
V.Funds (total)	10.	47 609	108 299
Total current assets		1 361 635	1 463 528
Grand total assets		1 509 912	1 634 121

BALANCE SHEET

	Liabilities	Appendices	31.03.2017. EUR	31.03.2016. EUR
	Equity capital			
1.	Stock or share capital (fixed capital)	11.	6 640 172	6 640 172
2.	Long-term investment reestimation reserve	12.	106 611	124 380
3.	Reserves			
f)	Fixed capital denomination	13.	108 481	108 481
	Total reserves		108 481	108 481
4.	Undistributed profit from previous year		(5 403 975)	(5 376 981)
5.	Profit or loss in the reporting year		(10 329)	(14 522)
	Total equity capital		1 440 960	1 481 530
	Stockpiles			
1.	Other stockpiles		-	*
	Total stockpiles			
	Long-term debts			
1.	Other borrowings	14.	-	508
	Total long-term debts			508
2	Short-term debts			
1.	Other borrowings	14.	310	584
2.	Customers advanced payments	15.	0	3 335
3.	Indebtedness to suppliers and contractors	16.	36 240	106 640
4.	Taxes and social security liabilities	17.	14 049	22 146
5.	Other creditors	18.	9 692	9 880
6.	Accrued liabilities	19.	8 661	9 498
	Total short-term debts		68 952	152 083
	Total creditors		68 952	152 591
	Grand total liabilities		1 509 912	1 634 121

Annex from 9 to 17 form an integral part of these financial statements

* Selected items reclassified on 31.12.2015. (consolidated annual report requirements of the law)

PROFIT or LOSS STATEMENT'S CALCULATIONS

(by turnover expenditure method)

Parameters	Appendixes	31.03.2017.	31.03.2016.
1. Net turnover	21.	218 320	214 294
2. Manufacturing expenditures of sold products	22.	(153 895)	(153 302)
3. Gross profit or loss		64 425	60 992
4. Selling expenses	23.	(53 678)	(59 086)
5. Administrative expenses	24.	(32 045)	(32 391) *
6. Other operating revenue	25.	14 258	18 171
7. Other operating expenses	26.	(3 289)	(2 208) *
8. Profit or loss before taxes		(10 329)	(14 522)
9. Profit or loss after taxation		(10 329)	(14 522)
10. Profit or loss in the reporting year		(10 329)	(14 522)
11. Profit or loss per one stock in a year		-0,002	-0,003
12. Profit or loss per one stock from the beginning		-1,14	-1,14

* In the reporting year the previous year comparative figures have been reclassified in the reference year for the principles and retain the possibility to carry out a comparison of items.
 Reclassification of items not affecting company operating surplus.

CASH FLOW STATEMENT
(by direct method)

	Appendix	31.03.2017.	31.03.2016.
I. Cash flow from main activities			
1. Revenue from the sales of the products and provided services		91 137	101 503
2.			
Payments to suppliers, staff, other expenditures on main activities		(129 414)	(129 364)
3. Other revenues and expenditures on main activities		23 027	27 786
4. Gross cash flow of the main activities		(15 250)	(75)
Expenditures on tax payments for the real property (-)	23, 25	(1 457)	(1 455)
Net cash flow of the main activities		(16 707)	(1 530)
III. Cash flow of business			
5. Expenses of borrowing fixed assets without VAT	14	(195)	(65)
Net cash flow of financial operations		(195)	(65)
IV. Foreign exchange rate differences			
V. Net cash and its equivalents increase or decrease		(16 902)	(1 595)
VI. Cash and its equivalents at the beginning of the period		64 511	109 894
VII. Cash and its equivalents at the end of the period		47 609	108 299

Annex from 9 to 17 form an integral part of these financial statements

Net cash flow is negative due to the fact that the reporting year, payments
* received from debtors less than that paid to creditors.

Report on changes in the equity capital in 31.03.2016. and 31.03.2017.

	Stock or share capital (fixed)	Revaluation reserves of long- term investments	Reserves	Undistributed profit from the previous year	Profit for the year	Total equity capital
	EUR	EUR	EUR	EUR	EUR	EUR
Remaining amount on 31.03.2016.	6 640 172	124 380	108 481	(5 376 981)	(14 522)	1 481 530
Remaining amount on 31.03.2017.	6 640 172	106 611	108 481	(5 403 975)	(10 329)	1 440 960

Annex from 9 to 17 form an integral part of these financial statements

2.Explanatory notes to the items of the balance sheet on 31.03.2016 and 31.03.2017

1.Intangible assets

	Concessions, patents, licenses and similar rights	Intangible assets Total
Initial Value		
31.03.2016.	862	862
31.03.2017	862	862
Depreciation		
31.03.2016.	321	321
31.03.2017	451	451
Residual value		
31.03.2016.	541	541
31.03.2017	411	411

All of the acquired intangible assets are paid.

2.Fixed assets

	Buildings, constructions	Long-term investments in leased fixed assets	Equipment and machinery	Other fixed assets	Total
Initial Value					
31.03.2016.	202 323	107 548	90 576	104 586	505 033
Acquisition				1 430	1 430
Written off					-
Sales					-
31.03.2017.	202 323	107 548	90 576	106 016	506 463
Depreciation					
31.03.2016.	65 822	105 760	90 576	72 823	334 981
31.03.2017.	75 937	106 500	90 576	85 584	358 597
Residual value					-
31.03.2016.	136 501	1 788	-	31 763	170 052
31.03.2017.	126 386	1 048	-	20 432	147 866

387 969 EUR Real Estate property includes buildings:

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

Fixet assets are not burdenet.

All fixed assets are participate in economic activities.

Low-value items booked expenses at the acquisition date

Vehicles are insured.

Appendixes to the balance sheet (continued)

Stocks

All stocks are shown according to the inventory data using continuous inventory method.

Raw materials, direct materials and complete products and goods for sale economic activity is calculated after FIFO method.

3. Raw materials, direct materials and auxiliary materials

	currency	<u>31.03.2017.</u> EUR	<u>31.03.2016.</u> EUR
gold		246 949	268 942
silver		911	8 856
precious stones, semiprecious stones		62 065	63 066
low-value materials and inventory		644	644
Fuel (a/m)		48	34
Instruments		5 291	5 826
Total		<u>315 908</u>	<u>347 368</u>

4. Unfinished products and orders

Unfinished products and orders in the notes are shown as

total of unfinished products and orders, that are not ready for sale

	<u>31.03.2017.</u>	<u>31.03.2016.</u>
	10 433	11 532
Total	<u>10 433</u>	<u>11 532</u>

5. Finished production and goods for sale

Products residue

	<u>31.03.2017.</u>	<u>31.03.2016.</u>
	307 142	346 058
Total	<u>307 142</u>	<u>346 058</u>

6. Advance payments for goods

Advance payment for fuel SIA NESTE

	<u>31.03.2017.</u>	<u>31.03.2016.</u>
	249	654
Total	<u>249</u>	<u>654</u>

7. Debts of customers and clients

Gold for jewelry production

Debts of customers

Payments for lease

	<u>31.03.2017.</u>	<u>31.03.2016.</u>
	8 212	11 420
	544 636	611 668
	31 954	23 751
Total	<u>584 802</u>	<u>646 839</u>

Accumulation for doubtful debtors

Total net debts of customers and clients

currency exchange rate influence

-

	(336)	(851)
Total net debts of customers and clients	<u>584 466</u>	<u>645 988</u>

Appendixes to the balance sheet (continued)

8. Other debtors

	<u>31.03.2017.</u>	<u>31.03.2016.</u>
currency	EUR	EUR
Creditcard	56	303
Garanty	1 900	1 900
Payments to workers (advance payments)	153	-
VAT not accepted	-	164
Security sum VENDEN	31	31
stolen goods and fixed assets (insurance case)	92 399	-
Tax overpayment due to tax and fees flow	11	18
Others	164	-
Total	<u>94 714</u>	<u>2 416</u>

9. Expenditures for the subsequent period

	<u>31.03.2017.</u>	<u>31.03.2016.</u>
Insurance of the transport	473	605
Insurance of the goods	189	189
Laws of the Republic of Latvia and newspapers	452	419
Total	<u>1 114</u>	<u>1 213</u>

10. Money resources

	<u>31.03.2017.</u>	<u>31.03.2016.</u>
Money in cash	11 220	25 690
Money in operating accounts:		
SEB banka	36 389	82 609
Total	<u>47 609</u>	<u>108 299</u>

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.

Company owners:

	<i>Shares</i>	<u>31.03.2017.</u>
Vladimirs Cadovičs	531 785	744 499
Valentīns Istomins	1 160 000	1 624 000
Marija Ančevska	1 540 000	2 156 000
MALEKS S SIA	366 668	513 335
Others	1 144 527	1 602 338
Total	<u>4 742 980</u>	<u>6 640 172</u>

Appendixes to the balance sheet (continued)

Company`s reserve

12. Long-term investment reestimation reserve

On 25.03.2014. real estate at Terēzes street N 1, Riga (cadastre N. 0100 035 0146 003) was reevaluated, according to AS "BDO" reevaluation of 2014, that was made using cost and revenue assessment approach as reevaluation basis .

Revaluation at the time of a joint real estate market value amounted to EUR 156,734 (118 800 revalued buildings and not overrated 37934)

31.03.2017. 106 611

13. Fixed capital denomination reserve

31.03.2017. 108 481

14. Other borrowings from SIA LMT

Long-term debts

Short-term debts

	31.03.2017.	31.03.2016.
Currency	EUR	EUR
	-	508
	310	584
Total	310	1 092

15. Customers advanced payments

Short-term (VAT deducted from advances)

	31.03.2017.	31.03.2016.
	-	3 335
Total	-	3 335

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

Debts for goods

Debts for goods (to other countries)

Debts for services

	31.03.2017.	31.03.2016.
	10 247	16 315
	24 570	89 133
	1 423	1 192
Total	36 240	106 640

17. Taxes and social security payments

Personal Income tax

State social security obligatory payments

Value added tax

Business motor vehicles tax

	31.03.2017.	31.03.2016.
	2 511	2 611
	4 288	4 459
	7 002	15 076
	248	-
Total	14 049	22 146

18. Other creditors (short-term)

Payments to workers (advance payments)

Salaries

Guarantee money

	31.03.2017.	31.03.2016.
	-	240
	8 991	9 640
	701	-
Total	9 692	9 880

19. Accured liabilities

Reserves for vacation

	31.03.2017.	31.03.2016.
	8 661	9 498
Total	8 661	9 498

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

20.Net turnover	31.03.2017.	31.03.2016.
	EUR	EUR
b)from other main activities		
Income from wholesale trade	132 160	173 061
Discount	(397)	(273)
Income from retail trade	86 557	41 506
Total	218 320	214 294
Net turnover by geographical markets		
<i>Latvia</i>	195 971	190 240
<i>EU</i> <i>Lithuania</i>	22 349	24 054
Total	218 320	214 294
21. Manufacturing expenditures of sold products	31.03.2017.	31.03.2016.
Purchasing and manufacturing expenses of the sold jewels	153 895	153 302
22. Selling costs	31.03.2017.	31.03.2016.
Workers' salary	22 030	24 534
Obligatory social payments for workers	4 943	5 514
Advertising expenses	199	0
Residential services (water, electricity, gas)	13 397	16 132
Rent of the land and premises	7 500	7 260
Auto rent	331	0
Depreciation of fixed assets	5 159	5 524
Low-value inventory	119	115
Other selling costs	0	7
Total	53 678	59 086
23. Administrative expenditures	31.03.2017.	31.03.2016.
Salary of the administration	17 874	18 303
Social payments	3 919	3 955
Payment for the risk of the business activity	21	22
Communication expenditures	978	936
Bank services	454	351
To "NASDAQ Riga" for shares and other	2 890	1 780
Office costs	671	1 077
Depreciation of the fixed assets (administrative building)	456	456
Real estate tax (administrative building)	425	425
Business trip allowances	0	174
Security services	1 253	2 629
Transport insurance	230	237
Transport expenses (fuel, repair)	1 711	1 865
Expenditures on represantion	163	181
Other administrative expenditures, including expenses on lawyers	1 000	0
Total	32 045	32 391

Appendixes to the profit or loss calculation (continued)

24. Other income of the business activities	31.03.2017.	31.03.2016.
Thermal energy for leasing(heating)	7 309	9 517
Leasing out premises ⁴	6 949	8 654
Income from clients for residential service	4 260	4 730
Expenses from clients for residential service	(4 260)	(4 730)
	14 258	18 171

25. Other expenditures from the business activities	31.03.2017.	0	31.03.2016.
Real estate tax for buildings	1 032		1 030
Other expenditures	2 257		1 178
Total	3 289		2 208

II.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 Commercial Register with registration numbers 40003044420.

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.

Chairman of the Company's Board is Vladimirs Cadovičs, other Members of the Board: Aleksandrs Struļevičs and Aleksandrs Ančevskis.

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" - 366 668 shares

Others - 744 people with shares 5% or less of the total number of shares - 1 144 527 shares

The Company's business for the accounting year

AS „Rīgas juvelierizstrādājumu rūpnīca” business is wholesale and retail sale of jewellery and repairs of jewellery.

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

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

workshop: Lidoņu iela 27, Riga.

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

The Company doesn't have any agencies and affiliates registered abroad.

The net turnover of the reporting period is 218 320 EUR and it increased by 1,9% comparing to the previous accounting period.

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

	31.03.2017	31.03.2016.
Result before extraordinary items and taxes is:	(10 329)	(14 522)
Net result:	(10 329)	(14 522)

total liabilities exceed assets for EUR and short-term liabilities exceed current assets for EUR .

31.03.2017 31.03.2016

The company profitability:

Gross profitability of primary activity	41,86%	39,79%
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Liquidity coefficients

General liquidity	19,75	9,62
Fast liquidity	10,56	4,98
Full liquidity	0,69	0,71

Company profitability of the reporting year is 0, because the company has losses.

In 2017 the company will focus on enhancing the effectivity of the workshop.

It has activated its wholesale business, tightened control over RJR goods delivered to clients "for sale".

Company short-term liabilities don't exceed its current assets.

Company total liabilities don't exceed its total assets.

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 has no liquidation processes, bankruptcy proceses, Legal protection proceedings.

Other important events that could affect annual report evaluation didn't happen.

The preparation of the annual report is applicable to concern assumption.

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 2017 will plann 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 the results of analysis to 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.

Risk Management

The Company busienss activities can be financialy risky. The risks are:

- market risk- when market prices for services and goods change that affect company assets and liabilities negat
- credit risks- when partner's company bankruptcy can lead to company's losses.
- liquidity risk - can lead to situation when assets should be sold for lower price than its real price.

Board of directors

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

III. 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 31.03.2017

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2017- 31.03.2017, 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