

JSC "Rīgas juvelierizstrādājumu rūpnīca"

Unified registration Nr. 40003044420

Address : Terezes street 1, Riga LV-1012

Main activities:

NACE code red .

Unit: euro

Financial report

of the period from 01.01.2018 to 30.09.2018

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

Riga, 2018.

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INFORMATION about the COMPANY

"Rīgas juvelierizstrādājumu rūpnīca" Joint Stock company, date of incorporation 10 th December 1991,
Unified Registration №40003044420.Legal address Terēzes 1, Riga.

Chairman of the Board Vladimirs Cadovičs. Members of the Board Aleksandrs Struļevičs and
TamāraFruļa.

Chairman of the Council Ilga Kučinska. Members of the Council Igors Istomins, Svetlana Tolkačova,
Svetlana Stepanova, Valentina Černovska.

Auditor - sertified auditor Company BDO Audit (Licence Nr.176) and sertified auditor Gunta Darkevica.

Financial report for the period 01.01.2018.to 30.09.2018 prepared Chief accountant Natalja Beļšova.

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.

Company actiivities

NACE 2.red.	32.12	
		Manufacrure 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

		until 15.08.2018.	since 16.08.2018.
Shareholders and their shares %	Vladimirs Cadovičs	11,21%	6,15%
	Valentīns Istomins	24,46%	29,52%
	Marija Ančevska	32,47%	32,47%
	MALEKS S SIA	7,73%	7,73%
	Others	24,13%	24,13%

Management Report

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: 27 Lidonu street, Riga, LV-1055

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

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

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 Company's major shareholders are:

Marija Ančevska – 1 540 000 shares

Valentins Istomins – 1 400 000 shares

Vladimirs Cadovičs – 291 785 shares

SIA "MALEKS S" - 366 668 shares

Others - 724 people with shares less 5% of the total number of shares - 1 144 527 shares

Board members, except for Vladimirs Cadovičs, do not own shares of JSC RJR.

Chairman of the Board Vladimirs Cadovičs owned 291 785 shares.

Council members do not own shares of JSC RJR.

Average number of employees 19

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

The net turnover of the reporting period is 473 735 EUR and it decreased by 29,21% comparing to the previous accounting period.

The Company closed its fiscal year with the results as follows:	30.09.2018.	30.09.2017.
Result before extraordinary items and taxes is:	(40 630)	(58 745)
Net result	(40 630)	(58 745)

The company profitability:	30.09.2018.	30.09.2017.
Gross profitability of primary activity	55,67%	47,58%
Liquidity coefficients		
General liquidity	7,55	19,44
Fast liquidity	4,19	10,36
Full liquidity	0,53	0,42

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

Company short-term liabilities don't exceed its current assets.
Company total liabilities don't exceed its total assets.
Assets set out on the Company's balance sheet are not encumbered.
The company has no liquidation processes, Legal protection proceedings.
The Company has no operative and financial leasing, or bank's credits, loans or borrowings.
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 2018 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 and mass media 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 business activities can be financially risky. The risks are:
- market risk- when market prices for services and goods change that affect company assets and liabilities negatively.
- 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

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

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 30.09.2018

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2018-30.09.2018, 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.

Board of directors

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

BALANCE SHEET

<i>ASSETS</i>	Appendixes	30.09.2018. EUR	30.09.2017. EUR
Long-term investments			
I Intangible investments:			
Concessions,licenses and similar rights		239	411
Total intangible investments:	1	239	411
II Fixed assets:			
1. <i>Real estate:</i>			
a) Land, buildings, constructions and perennial plantations		111 211	121 328
2. Long-term investments in rented fixed assets		993	1 048
3. Other fixed assets and inventory		9 304	19 174
Total fixed assets	2.	121 508	141 550
Total long-term investments		121 747	141 961
Current assets			
I. Stocks			
1. Raw materials, direct materials and auxiliary materials	3.	179 395	256 304
2. Unfinished products and orders	4.	126 794	7 542
3. Finished products and products for sale	5.	299 848	289 672
4. Advance payments for goods	6.	1 406	62 029
Total stocks		607 443	615 547
III. Debtors			
1. Debts of the customers and clients	7.	660 370	669 180
2. Other debtors	8.	2 371	3 790
3. Expenses of the subsequent period	9.	1 327	1 733
Total debtors		664 068	674 703
V.Funds (total)	10.	95 508	28 164
Total current assets		1 367 019	1 318 414
Grand total assets		1 488 766	1 460 375

Board of directors

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

Chief accountant

Natalja Beļšova

BALANCE SHEET

Liabilities	Appendixes	30.09.2018. EUR	30.09.2017. EUR
Equity capital			
1. Stock or share capital (fixed capital)	11.	6 640 172	6 640 172
2. Long-term investment reestimation reserve	12.	88 843	106 611
3. Reserves			
f) Other reserves	13.	108 481	108 481
Total reserves		108 481	108 481
4. Undistributed profit from previous year		(5 489 262)	(5 403 975)
5. Profit or loss in the reporting year		(40 630)	(58 745)
Total equity capital		1 307 604	1 392 544
2 Short-term debts			
1. Other borrowings	14.	-	68
2. Customers advanced payments	15.	-	1 143
3. Indebtedness to suppliers and contractors	16.	150 736	27 761
4. Taxes and social security liabilities	17.	12 579	20 437
5. Other creditors	18.	11 006	9 761
6. Accrued liabilities	19.	6 841	8 661
Total short-term debts		181 162	67 831
Total creditors		181 162	67 831
Grand total liabilities		1 488 766	1 460 375

Board of directors

Chairman of the Board

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Member of the Board

Tamāra Fruļa

Member of the Board

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Chief accountant

Natalja Beļšova

PROFIT or LOSS STATEMENT'S CALCULATIONS

(by turnover expenditure method)

Parameters	Appendixes	30.09.2018.	30.09.2017.
1. Net turnover	20.	473 735	669 208
2. Manufacturing expenditures of sold products	21.	(304 313)	(453 457)
3. Gross profit or loss		169 422	215 751
4. Selling expenses	22.	(177 346)	(143 113)
5. Administrative expenses	23.	(66 025)	(96 047)
6. Other operating revenue	24.	45 823	30 471
7. Other operating expenses	25.	(12 504)	(65 807)
8. Profit or loss before taxes		(40 630)	(58 745)
9. Profit or loss after taxation		(40 630)	(58 745)
10. Profit or loss in the reporting year		(40 630)	(58 745)
11. Profit or loss per one stock in a year		-0,009	-0,012
12. Profit or loss per one stock from the beginning		-1,17	-1,15

Board of directors

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Member of the Board

Aleksandrs Struļevičs

Chief accountant

Natalja Beļšova

CASH FLOW STATEMENT
(by direct method)

	Appendix	30.09.2018.	30.09.2017.
I. Cash flow from main activities			
1. Revenue from the sales of the products and provided services		384 337	389 916
2.			
Payments to suppliers, staff, other expenditures on main activities		(542 600)	(478 241)
3. Other revenues and expenditures on main activities		156 754	56 955
4. Gross cash flow of the main activities		(1 509)	(31 370)
Expenditures on tax payments for the real property (-)	23, 25	(4 370)	(4 370)
Net cash flow of the main activities		(5 879)	(35 740)
II. Cash flow of investment activities			
1. Acquisition of fixed assets and intangible investments (-)	2	(2 598)	(289)
Net cash flow of investment operations		(2 598)	(289)
III. Cash flow of business			
1. Expenses of borrowing fixed assets without VAT		-	(318)
Net cash flow of financial operations		-	(318)
V. Net cash and its equivalents increase or decrease		(8 477)	(36 347)
VI. Cash and its equivalents at the beginning of the period		103 985	64 511
VII. Cash and its equivalents at the end of the period		95 508	28 164

Board of directors

Member of the Board

Vladimirs Cadovičs

Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

Chief accountant

Natalja Beļšova

Report on changes in the equity capital

	Appendixes	30.09.2018. EUR	30.09.2017. EUR
I.Stock or share capital (fixed)	11		
previous year		6 640 172	6 640 172
Fixed capital denomination			
Remaining amount		6 640 172	6 640 172
III.Revaluation reserves of long-term investments	12		
previous year		88 843	106 611
Revaluation reserves of long-term investments changes			
Remaining amount		88 843	106 611
V Reserves			
previous year		108 481	108 481
Reserves change - denomination			
Remaining amount		108 481	108 481
VI. Undistributed profit			
previous year		(5 403 975)	(5 403 975)
Profit and loss transfer		(85 287)	
Profit or loss of the year		(40 630)	(58 745)
Remaining amount		(5 529 892)	(5 462 720)
VII.Total equity capital			
previous year		1 348 234	1 451 289
Remaining amount		1 307 604	1 392 544

Board of directors

Chairman of the Board

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Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

Chief accountant

Natalja Beļšova

Annexes to the Annual Accounts

Explanatory notes to the items of the balance sheet

1.Intangible assets

	Concessions, patents, licenses and similar rights	Total
Initial Value		
30.09.2017.	862	862
Acquisition		-
30.09.2018	862	862
Depreciation		
30.09.2017.	451	451
30.09.2018	623	623
Residual value		
30.09.2017.	411	411
30.09.2018	239	239

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					
30.09.2017.	202 323	107 548	90 576	110 783	511 230
30.09.2018	202 323	108 541	90 576	72 163	473 603
Depreciation					
30.09.2017.	80 995	106 500	90 576	91 609	369 680
30.09.2018	91 112	107 548	90 576	62 859	352 095
Residual value					-
30.09.2017.	121 328	1 048	-	19 174	141 550
30.09.2018	111 211	993	-	9 304	121 508

Company property right are registered in the Land Register.

388 425 EUR Real Estate property includes buildings:

- Cadastre Nr. 0100 035 0142 004, Riga, property assessed value - 75 098 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 inventory is written off to costs at the moment of purchase.

Annexes to the Annual Accounts

Explanatory notes to the items of the balance sheet

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

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
gold	112 044	188 452
silver	246	276
precious stones, semiprecious stones	61 118	61 593
low-value materials and inventory	644	644
Fuel (a/m)	52	48
Instruments	5 291	5 291
Total	<u>179 395</u>	<u>256 304</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>30.09.2018.</u>	<u>30.09.2017.</u>
	126 794	7 542
Total	<u>126 794</u>	<u>7 542</u>

5. Finished production and goods for sale

Goods for sale

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
	299 848	289 672
Total	<u>299 848</u>	<u>289 672</u>

6. Advance payments for goods

Advance payment for fuel SIA NESTE

Advance payment for goods

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
currency	EUR	EUR
	919	251
	487	61 778
Total	<u>1 406</u>	<u>62 029</u>

7. Debts of customers and clients

Gold/silver for jewelry production

Non residents debts

Residents debts

Payments for lease

Debts of customers and clients, total

Accumulation for doubtful debtors

Total net debts of customers and clients

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
currency	EUR	EUR
	1 821	3 857
	-	79 297
	657 853	555 199
	47 588	31 163
Debts of customers and clients, total	<u>707 262</u>	<u>669 516</u>
	(46 892)	(336)
Total	<u>660 370</u>	<u>669 180</u>

Annexes to the Annual Accounts

Explanatory notes to the items of the balance sheet

8. Other debtors

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
currency	EUR	EUR
Creditcard	214	428
Garanty	1 900	1 900
Payments to workers (advance payments)	62	1 246
Security sum VENDEN	31	31
Real ectate tax overpayment	-	-
Tax overpayment due to tax and fees flow	-	21
Others	164	164
Total	<u>2 371</u>	<u>3 790</u>

9. Expenditures for the subsequent period

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
Insurance of the transport	590	832
Insurance of the goods	-	189
Laws of the Republic of Latvia	737	712
Total	<u>1 327</u>	<u>1 733</u>

10. Money resources

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
Currency	EUR	EUR
Money in cash	18 685	11 708
<i>Money in operating accounts:</i>		
SEB banka	76 823	16 456
Total	<u>95 508</u>	<u>28 164</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:

		<u>30.09.2018.</u>
<i>Shares</i>	qty	EUR
Vladimirs Cadovičs	291 785	408 499
Valentīns Istomins	1 400 000	1 960 000
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>

Annexes to the Annual Accounts

Explanatory notes to the items of the balance sheet

Company`s reserve

12. Long-term investment reestimation reserve

On 25.03.2014. real estate at Terezes street N 1, Riga (cadastre N. 0100 035 0146 003) was reevaluated,

30.09.2017.	<u>106 611</u>
30.09.2018.	<u>88 843</u>

13. Fixed capital denomination reserve

30.09.2017.	<u>108 481</u>
30.09.2018.	<u>108 481</u>

14. Other borrowings from SIA LMT

Long-term debts

Short-term debts

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
Currency	EUR	EUR
	-	-
	-	68
Total	<u>-</u>	<u>68</u>

15. Customers advanced payments

Short-term

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
Currency	EUR	EUR
	-	1 143
Total	<u>-</u>	<u>1 143</u>

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

Debts for goods

Debts for goods (to other countries)

Debts for services

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
Currency	EUR	EUR
	10 804	10 664
	138 525	16 729
	1 407	368
Total	<u>150 736</u>	<u>27 761</u>

17. Taxes and social security payments

Tax debt due to tax and fee flow

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
	12 579	20 437
Total	<u>12 579</u>	<u>20 437</u>

18. Other creditors (short-term)

Payments to workers (advance payments)

Salaries

Guarantee money

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
	-	58
	10 088	9 002
	918	701
Total	<u>11 006</u>	<u>9 761</u>

19. Accrued liabilities

Liabilities for the subsequent period

Reserves for vacation

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
	6 841	8 661
Total	<u>6 841</u>	<u>8 661</u>

Appendixes to the Annual report

Explanatory notes to the items of the profit or loss calculation

20. Net turnover

b) from other main activities

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
Income from wholesale trade	421 041	540 645
Goods return	(104 681)	(72 938)
Discount	(9 892)	(3 543)
Income from retail trade	167 267	205 044
Total	<u>473 735</u>	<u>669 208</u>

Net turnover by geographical markets

Latvia	402 018	479 798
EU	71 717	140 722
Lithuania		48 688
Estonia		
Total	<u>473 735</u>	<u>669 208</u>

21. Manufacturing expenditures of sold products

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
Purchasing and manufacturing expenses of the sold jewels	304 259	453 457
Assaying of jewellery at the LPB*	54	-
Total	<u>304 313</u>	<u>453 457</u>

22. Selling costs

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
Workers' salary	98 076	65 749
Obligatory social payments for workers	22 795	14 690
Advertising expenses	610	1 069
Residential services (water, electricity, gas)	21 341	29 005
Rent of the land and premises	21 402	15 469
Transport rent expenses	-	1 461
Depreciation of fixed assets	11 165	15 551
Low-value inventory	1 502	119
Other selling costs	455	-
Total	<u>177 346</u>	<u>143 113</u>

23. Administrative expenditures

	<u>30.09.2018.</u>	<u>30.09.2017.</u>
Salary of the administration	29 471	54 173
Social payments	6 280	11 884
Payment for the risk of the business activity	60	61
Communication expenditures	2 371	3 121
Bank services	1 367	1 284
To "NASDAQ OMX Riga" for shares and other	5 492	4 593
Office costs	3 216	1 855

Appendixes to the Annual report

Explanatory notes to the items of the profit or loss calculation

Depreciation of the fixed assets (administrative building)	1 369	1 369
Real estate tax (administrative building)	1 276	1 276
Travelling allowances	2 703	1 838
Security services	1 679	2 327
Transport insurance	372	499
Transport expenses (fuel, repair)	8 606	7 529
Transport rent expenses	1 644	-
Business motor vehicles tax	78	1 066
Expenditures on representation	11	313
Other administrative expenditures, including expenses on lawyers	30	2 859
Total	66 025	96 047

24. Other income of the business activities

	30.09.2018.	30.09.2017.
	EUR	EUR
The result of fixed assets sales ¹	-	-
Thermal energy for leasing(heating)	13 050	12 584
Leasing out premises ²	32 154	17 870
Income from clients for residential service	89 003	15 949
Expenses from clients for residential service	(89 003)	(15 949)
Other income	619	17
Total	45 823	30 471

25. Other expenditures from the business activities

	30.09.2018.	30.09.2017.
	EUR	EUR
Real estate tax for buildings	3 094	3 094
The result of fixed assets sales ¹	129	-
Other expenditures	9 281	4 561
Uncovered loss of damage	-	57 399
Other	-	753
Total	12 504	65 807

¹ Incom of fixed assets sales	4 385
Expenses of fixed assets sales	(4 514)
	(129)