

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: EUR

Financial report
of the period from 01.01.2014 to 31.03.2014

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

AS „Rīgas juvelierizstrādājumu rūpnīca” registered office is at 1 Terezes Street, 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 4742980 shares with share's nominal value of 1,4229 EUR.

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

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

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

AS „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: - 50 442 EUR

Net result: - 51 897 EUR

Net turnover for 01.01.2014- 31.03.2014 was equal to 138 294 EUR. It has decreased for 23,3 % 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.

Circumstances and events following striking a balance

From the last date of the accounting year till today there were no any events that could substantially affect the results set out in the annual accounts.

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 31.03.2014

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2014- 31.03.2014, 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

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 LV64UNLA00050018797523 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
Jelena 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	<i>from</i>	<i>to</i>
Previous period	<i>from</i>	<i>01.01.2013 to 31.12.2013.</i>

Average number of employees	19
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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
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Auditor	Aivars Rutkis Certified auditor LZRA sertif.Nr.18
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BALANCE SHEET

<i>ASSETS</i>	Appendixes	31.03.2014. EUR	31.03.2013. EUR
<i>I. Long-term investments</i>			
<i>I Intangible investments</i>			
Concessions, licenses and similar rights		534	-
<i>Total long-term investments</i>	1	534	-
<i>I Fixed assets</i>			
Land, buildings, constructions and perennial plantations		117 810	130 625
Equipment and machinery		0	54
Other fixed assets and inventory		47 081	3 670
<i>Total fixed assets</i>	2	164 891	134 349
<i>II Investment property</i>		37 934	42 108
<i>Total investment property</i>	2	37 934	42 108
Total long-term investments		203 359	176 457
<i>2. Current assets</i>			
<i>III Inventory</i>			
Raw materials, direct materials and auxiliary materials	3	392 603	449 832
Unfinished products	4	156 367	104 513
Finished products and products for sale	5	233 653	169 858
Advance payments for goods	6	1 302	-
<i>Total inventory</i>		783 925	724 203
<i>IV Indebtedness of the debtors</i>			
Debts of the customers and clients	7	519 549	601 758
Other debtors	8	979	16
Expenses of the subsequent period	9	3 714	674
<i>Total debtors</i>		524 242	602 448
<i>Funds (total)</i>	10	130 270	164 871
<i>Total current assets</i>		1 438 437	1 491 522
<i>Grand total assets</i>		1 641 796	1 667 979

BALANCE SHEET

Liabilities		Appendices	31.03.2014.	31.03.2013.
			EUR	EUR
<i>I Equity capital</i>				
Stock or share capital (fixed capital)		11	6 748 653	6 748 653
Revaluation reserves of long-term investments			131 472	146 335
Undistributed profit				
a) undistributed profit from previous year			(5 228 889)	(5 264 394)
b) undistributed profit for the reporting year			(51 897)	15 368
<i>Total undistributed profit</i>			<i>(5 280 786)</i>	<i>(5 249 025)</i>
<i>Total equity capital</i>			1 599 339	1 645 963
<i>II Reserves</i>		12	7 691	7 691
<i>Total reserves</i>			7 691	7 691
<i>III Creditors</i>				
<i>1 Long-term debts</i>				
Deferred income			16 962	-
<i>Total long-term debts</i>			16 962	-
<i>2 Short-term debts</i>				
Indebtedness to suppliers and contractors		13	3 251	899
Taxes and social security liabilities		14	6 620	7 140
Other creditors		15	7 933	6 286
<i>Total short-term debts</i>			17 804	14 325
<i>Total creditors</i>			34 766	14 325
<i>Grand total liabilities</i>			1 641 796	1 667 979

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	31.03.2014. EUR	31.03.2013. EUR
1. Net turnover	16	138 294	180 299
2. Manufacturing expenditures of sold products	17	(107 805)	(98 209)
3. Gross profit or loss		30 489	82 090
4. Selling expenses	18	(61 333)	(49 136)
5. Administrative expenses	19	(38 475)	(38 998)
6. Other operating revenue	20	19 405	24 011
7. Other operating expenses	21	(528)	(1 281)
8. Profit or loss before extraordinary items and taxes		(50 442)	16 686
9. Profit or loss before taxation		(50 442)	16 686
10. Deferred tax			
11. Other taxes	22	(1 455)	(1 318)
12. Profit or loss in the reporting year		(51 897)	15 368
13. Profit or loss per one stock in a year		-0,008	0,002
14. Profit or loss per one stock from the beginning		-0,782	-0,778

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

Report on changes in the equity capital in 31.03.2014. and 31.03.2013.

	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
31.03.2013.	6 748 653	146 335	(5 264 394)	15 368	1 645 963
31.03.2014.	6 748 653	131 472	(5 228 889)	(51 897)	1 599 339

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

CASH FLOW STATEMENT
(by direct method)

	Appendix	31.03.2014. EUR	31.03.2013. EUR
I. Cash flow from main activities			
Revenue from the sales of the products and provided services		140 305	163 795
Payments to suppliers, staff, other expenditures on main activities		(202 975)	(136 461)
Other revenues and expenditures on main activities		35 003	47 057
Gross cash flow of the main activities		(27 667)	74 392
Expenditures on tax payments for the real property (-)	22	(1 455)	(1 318)
Cash flow before extraordinary items		(29 122)	73 074
Net cash flow of the main activities		(29 122)	73 074
II. Cash flow of investment activities			
Acquisition of fixed assets and intangible investments	2	-	(588)
Net cash flow of investment operations		-	(588)
V. Net cash flow in the reporting year		(29 122)	72 487
VI. Cash and its equivalents at the beginning of the period	10	159 392	92 384
VII. Cash and its equivalents at the end of the period	10	130 270	164 871

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		
31.03.2013.	-	-
31.12.2014.	562	562
Depreciation		
31.03.2013.	-	-
31.12.2014.	28	28
Residual value		
31.03.2013.	-	-
Residual value		
31.12.2014.	534	534

2.Fixed assets

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total EUR
Initial Value						
31.03.2013.	83 523	256 670	63 931	91 570	105 330	601 024
31.03.2014.	83 523	256 670	114 360	91 570	105 330	651 453
Depreciation						
31.03.2013.	41 414	126 045	60 261	91 516	105 330	424 566
31.03.2014.	45 589	138 860	67 279	91 570	105 330	448 628
Residual value						
31.03.2013.	42 108	130 625	3 670	54	-	176 457
Residual value						
31.03.2014.	37 934	117 810	47 081	-	-	202 825

Buildings, constructions and vehicles are insured.

Appendixes to the balance sheet (continued)

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

3. Raw materials, direct materials and auxiliary materials

	31.03.2014. EUR	31.03.2013. EUR
gold	313 406	370 930
silver	8 609	6 830
precious stones, semiprecious stones	63 654	65 207
low-value materials and inventory	913	913
Fuel (a/m)	68	-
Instruments	5 898	5 898
materials for current repairs	55	54
Total	392 603	449 832

4.Unfinished products

Unfinished products and orders	156 367	104 513
Total	156 367	104 513

5. Finished production and goods for sale

	233 653	169 858
Total	233 653	169 858

6. Advance payments for products

To LLC/SIA/ NESTE for fuel	455	-
Enet SIA	847	-
Total	1 302	0

7. Debts of customers and clients

All debts are being received in one year period.

Payments for jewellery	511 166	579 167
Purification of gold	6 790	13 113
Payments for lease	7 854	10 363
Accumulation for doubtful debtors	(6 261)	(885)
Total net debts of customers and clients	519 549	601 758

off the balance

accumulation for doubtful debtors on 31.03.2014

6 261	885
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Appendixes to the balance sheet (continued)

8. Other debtors

	31.03.2014. EUR	31.03.2013. EUR
Business motor vehicles tax	21	-
Tax of risk of the business activity	7	
Value added tax	928	
Security sum VENDEN	23	16
Total	979	16

9. Expenditures for the subsequent period

Insurance of the transport	592	72
Lietišķas informācijas dienests (Laws of the Republic of Latvia)	414	602
Newspapers, journals	275	-
Engineering design (RJR reconstrucion)	2 433	-
Total	3 714	674

10. Money resources

Money in cash	20 380	12 685
Money in operating accounts	109 890	152 186
Total	130 270	164 871

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	3 251	899
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Appendixes to the balance sheet (continued)

14. Taxes and social security payments

	31.03.2014.	31.03.2013.
	EUR	EUR
Personal Income Tax	2 460	1 767
State social security obligatory payments	4 160	3 160
Tax of risk of the business activity	-	6
Natural resources tax	-	-
Business motor vehicles tax	-	-
Value added tax	-	2 207
Total	6 620	7 140

15. Other creditors (short-term)

Salaries	7 897	5 716
Payments to workers (advance payments)	36	570
Total	7 933	6 286

Appendixes to the annual report

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

16.Net turnover

	31.03.2014. EUR	31.03.2013. EUR
Jewellery sale	82 017	67 414
Discount	(88)	-
Workshops (jewellery repair)	22 093	17 996
Sales of investment gold	34 272	94 742
Jewellery sales in the EU	-	147
Total	138 294	180 299

17. Manufacturing expenditures of sold products

Purchasing and manufacturing expenses of the sold jewels	103 908	97 118
Assaying of jewellery at the LPB*	49	-
Changes in stock and value of the unfinished products	3 848	1 091
Total	107 805	98 209

* State Assay Supervision Inspection

18. Selling costs

Workers' salary	21 314	13 701
Obligatory social payments for workers	4 888	3 231
Raw materials written of	3 791	-
Advertising expenses	1 227	2 994
Residential services (water, electricity, gas)	18 511	22 174
Rent of the land and premises	5 472	3 598
Depreciation of fixed assets	6 007	3 431
Low-value inventory	119	-
Other selling costs	4	7
Total	61 333	49 136

19. Administrative expenditures

Communication expenditures	1 064	822
Bank services	344	84
To "NASDAQ OMX Riga" for shares and other	4 446	4 446
Office costs	467	477
Depreciation of the fixed assets (administrative building)	1 165	1 165
Travelling allowances	174	1 837
Salary of the administration	17 040	14 513
Obligatory social payments for the administration	3 851	3 351
Payment for the risk of the business activity	19	18
Security services	2 166	3 717
Expenditures on insurance of motor transport	302	397
Expenditures on motor transport for administration (fuel, repair)	2 142	2 067
Expenditures on represantion	193	112
Other administrative expenditures, including expenses on lawyers	5 102	5 990
Total	38 475	38 998

Appendixes to the profit or loss calculation (continued)

20. Other income of the business activities

Production of thermal energy

Leasing out premises¹

Income of residential services (other persons)

Cost of residential services (other persons)

Other income (819)

Total

31.03.2014.	31.03.2013.
EUR	EUR
11 113	12 116
8 292	9 609
7 870	
(7 870)	
0	2 287
19 405	24 011

21. Other expenditures from the business activities

Other expenditures (economic)

Total

528	1 281
528	1 281

27. Real property tax

1 455	1 318
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