

**JSC "Rīgas juvelierizstrādājumu rūpnīca"**

**Unified registration Nr. 40003044420**

**Address : Terēzes street 1, Rīga LV-1012**

**Main activities:**

**NACE code red .**

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

**Unit: EUR**

***Financial report***  
***of the period from 01.01.2015 to 30.06.2015***

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

**State Revenue Service territorial office: Latgale suburb department**

***Riga, 2015.***

## ***CONTENTS***

	<b>Page</b>
<b>Management report</b>	<b>3</b>
<b>Statement on the Company management responsibility</b>	<b>5</b>
<b><i>Financial Report:</i></b>	
<b>Information about the company</b>	<b>6</b>
<b>Balance sheet</b>	
<b>Assets</b>	<b>7</b>
<b>Liabilities</b>	<b>8</b>
<b>Profit or loss statement</b>	<b>9</b>
<b>Statement of Changes in the equity capital</b>	<b>10</b>
<b>Statement of the cash flow</b>	<b>11</b>
<b>Appendix to the financial report:</b>	
<b>1. Explanatory notes to the balance sheet items</b>	<b>12</b>
<b>2. Explanatory notes to the profit or loss statement items</b>	<b>16</b>

## ***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. 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" - 284 986 shares

Others - 783 people with shares 5% or less of the total number of shares - 1 226 209 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

On 01.06.2015 a new structural unit was opened - a workshop at 27 Lidoņu Street, Riga, which started working on 04.07.2015.

On 13.07.2015 a new structural unit was opened - a shop at 23/25 Jūras Street, Jūrmala.

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: - 4 999 EUR

Net result: - 7 909 EUR

Net turnover for 01.01.2015- 30.06.2015 was equal to 441 184 EUR. It has increased for 1,46 % 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 2015, 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**

In 2015 intensive searches for new corporate orders have had a positive effect - several orders were received and executed. The Company plans to continue working with corporate orders.

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***

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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 30.06.2015

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2015- 30.06.2015, 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

<b>Name of the Company</b>	<i>JSC "Rīgas juvelierizstrādājumu rūpnīca"</i>		
<b>Legal Status of the Company</b>	<i>Joint Stock company</i>		
<b>Unified Registration №, place and date of incorporation</b>	<i>40003044420 10 th December 1991</i>		
<b>Legal address</b>	<i>Terēzes 1, Rīga, LV-1012</i>		
<b>Mailing address</b>	<i>Terēzes 1, Rīga, LV-1012</i>		
<b>Name of the Bank and bank accounts of the company</b>	<i>JSC "SEB banka"</i>		
	<i>LV62UNLA 0001000243901</i>	<i>EUR</i>	
	<i>LV29UNLA00050020330171</i>	<i>USD</i>	

### Shareholders and their shares %

<b>Vladimirs Cadovičs</b>	11,21%
<b>Valentins Istomins</b>	24,46%
<b>Marija Ančevska</b>	32,47%
<b>"MALEKS S" SIA</b>	6,01%
<b>Others</b>	25.85%

### Composition of the Council members

*Vidis Zakis*  
*Igors 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 Strulevičs</i>
Member of the Board	<i>Aleksandrs Ančevskis</i>

<b>For the period</b>	<b>from</b>	<b>01.01.2015</b>	<b>to</b>	<b>30.06.2015.</b>
<b>Previous period</b>	<b>from</b>		<b>to</b>	

**Average number of employees** 18

<b>Information about off-balance liabilities and pledged assets</b>	Off-balance assets/liabilities are formed as reserves of the doubtful debtors. Total off-balance sum of assets/reserves is 1771 EUR
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**Auditor** Aivars Rutkis  
Certified auditor  
LZRA sertif.Nr.18

### ***BALANCE SHEET***

<b>ASSETS</b>	<b>Appendices</b>	<b>30.06.2015. EUR</b>	<b>30.06.2014. EUR</b>
<b><i>I. Long-term investments</i></b>			
<b><i>I Intangible investments</i></b>			
Concessions,licenses and similar rights		421	534
<b><i>Total long-term investments</i></b>	<b>1</b>	<b>421</b>	<b>534</b>
<b><i>I Fixed assets</i></b>			
Land, buildings, constructions and perenial plantations		111 375	117 315
Equipment and machinery		-	-
Other fixed assets and inventory		36 752	44 158
<b><i>Total fixed assets</i></b>	<b>2</b>	<b>148 127</b>	<b>161 473</b>
<b><i>II Investment property</i></b>		32 713	36 890
<b><i>Total investment property</i></b>	<b>2</b>	<b>32 713</b>	<b>36 890</b>
<b>Total long-term investments</b>		<b>181 261</b>	<b>198 897</b>
<b><i>2. Current assets</i></b>			
<b><i>III Inventory</i></b>			
Raw materials, direct materials and auxiliary materials	3	403 607	352 167
Unfinished products	4	134 656	134 210
Finished products and products for sale	5	164 562	129 998
Advance payments for goods	6	32 291	1 322
<b><i>Total inventory</i></b>		<b>735 116</b>	<b>617 697</b>
<b><i>IV Indebtedness of the debtors</i></b>			
Debts of the customers and clients	7	531 736	667 142
Other debtors	8	3 855	52
Expenses of the subsequent period	9	3 478	3 767
<b><i>Total debtors</i></b>		<b>539 069</b>	<b>670 961</b>
<b><i>Funds (total)</i></b>	<b>10</b>	<b>98 805</b>	<b>135 897</b>
<b><i>Total current assets</i></b>		<b>1 372 990</b>	<b>1 424 555</b>
<b><i>Grand total assets</i></b>		<b>1 554 251</b>	<b>1 623 452</b>

### ***BALANCE SHEET***

<b>Liabilities</b>	<b>Appendices</b>	<b>30.06.2015. EUR</b>	<b>30.06.2014. EUR</b>
<b><i>I Equity capital</i></b>			
Stock or share capital (fixed capital)	<b>11</b>	6 640 172	6 748 653
Revaluation reserves of long-term investments		132 894	139 360
Reserves:			
d) other reserves		108 481	-
Undistributed profit			
a) undistributed profit from previous year		(5 360 986)	(5 228 889)
b) undistributed profit for the reporting year		(7 909)	(81 972)
<i>Total undistributed profit</i>		<i>(5 368 895)</i>	<i>(5 310 861)</i>
<b><i>Total equity capital</i></b>		<b>1 512 652</b>	<b>1 577 152</b>
<b><i>II Reserves</i></b>	<b>12</b>	6 895	7 691
<b><i>Total reserves</i></b>		<b>6 895</b>	<b>7 691</b>
<b><i>III Creditors</i></b>			
<b><i>1 Long-term debts</i></b>			
Deferred income		-	16 962
<b><i>Total long-term debts</i></b>		<b>-</b>	<b>16 962</b>
<b><i>2 Short-term debts</i></b>			
Indebtedness to suppliers and contractors	<b>13</b>	18 659	5 337
Taxes and social security liabilities	<b>14</b>	7 581	8 494
Other creditors	<b>15</b>	8 464	7 816
<b><i>Total short-term debts</i></b>		<b>34 704</b>	<b>21 647</b>
<b><i>Total creditors</i></b>		<b>34 704</b>	<b>38 609</b>
<b><i>Grand total liabilities</i></b>		<b>1 554 251</b>	<b>1 623 452</b>

*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	30.06.2015. EUR	30.06.2014. EUR
1. Net turnover	16	441 184	302 221
2. Manufacturing expenditures of sold products	17	(306 413)	(233 292)
<b>3. Gross profit or loss</b>		<b>134 771</b>	<b>68 929</b>
4. Selling expenses	18	(96 892)	(99 750)
5. Administrative expenses	19	(70 563)	(72 065)
6. Other operating revenue	20	30 590	32 639
7. Other operating expenses	21	(2 905)	(8 815)
<b>8. Profit or loss before extraordinary items and taxes</b>		<b>(4 999)</b>	<b>(79 062)</b>
<b>9. Profit or loss before taxation</b>		<b>(4 999)</b>	<b>(79 062)</b>
10. Deferred tax			
11. Other taxes	22	(2 910)	(2 910)
<b>12. Profit or loss in the reporting year</b>		<b>(7 909)</b>	<b>(81 972)</b>
<b>13. Profit or loss per one stock in a year</b>		-0,001	-0,012
<b>14. Profit or loss per one stock from the beginning</b>		-0,809	-0,787

*Appendix from Page 12 to 17 is an integral part to the present financial statement*

***Report on changes in the equity capital in 30.06.2015. and 30.06.2014.***

	Stock or share capital (fixed)	Revaluation reserves of long- term investments	Reserve	Undistributed profit from the previous year	profit for the reporting year	Total equity capital
	EUR	EUR		EUR	EUR	EUR
30.06.2014.	6 748 653	139 360		(5 228 889)	(81 972)	1 577 152
30.06.2015.	6 640 172	132 894	108 481	(5 360 986)	(7 909)	1 512 652

**CASH FLOW STATEMENT**  
*(by direct method)*

	Appendix	30.06.2015. EUR	30.06.2014. EUR
<b>I. Cash flow from main activities</b>			
Revenue from the sales of the products and provided services		230 061	206 491
Payments to suppliers, staff, other expenditures on main activities		(253 087)	(291 619)
Other revenues and expenditures on main activities		44 683	64 543
<b>Gross cash flow of the main activities</b>		<b>21 657</b>	<b>(20 585)</b>
Expenditures on tax payments for the real property (-)	22	(2 910)	(2 910)
<b>Cash flow before extraordinary items</b>		<b>18 747</b>	<b>(23 495)</b>
<b>Net cash flow of the main activities</b>		<b>18 747</b>	<b>(23 495)</b>
<b>II. Cash flow of investment activities</b>			
Acquisition of fixed assets and intangible investments	2	-	-
<b>Net cash flow of investment operations</b>		<b>-</b>	<b>-</b>
<b>V. Net cash flow in the reporting year</b>		<b>18 747</b>	<b>(23 495)</b>
<b>VI. Cash and its equivalents at the beginning of the period</b>	10	<b>80 058</b>	<b>159 392</b>
<b>VII. Cash and its equivalents at the end of the period</b>	10	<b>98 805</b>	<b>135 897</b>

## Appendixes to the financial report

### 1.Explanatory notes to the items of the balance sheet

#### 1.Intangible assets

	Licenses	Total EUR
<b>Initial Value</b>		
30.06.2014.	562	562
30.06.2015.	562	562
<b>Depreciation</b>		
30.06.2014.	28	28
30.06.2015.	141	141
<b>Residual value</b>		
30.06.2014.	534	534
30.06.2015.	421	421

#### 2.Fixed assets

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total EUR
<b>Initial Value</b>						
30.06.2014.	83 523	118 800	114 360	91 570	105 330	513 583
Acquisition			4 132		2 219	6 351
Written off			- 16 279			- 16 279
30.06.2015.	83 523	118 800	102 213	91 570	107 549	503 655
<b>Depreciation</b>						
30.06.2014.	46 633	1 485	70 202	91 570	105 330	315 220
30.06.2015.	50 810	7 425	65 461	91 570	105 330	320 596
<b>Residual value</b>						
30.06.2014.	36 890	117 315	44 158	-	-	198 363
<b>Residual value</b>						
30.06.2015.	32 713	111 375	36 752	-	2 219	183 059

*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

	30.06.2015. EUR	30.06.2014. EUR
<b>3. Raw materials, direct materials and auxiliary materials</b>		
gold	321 692	273 653
silver	9 984	8 752
precious stones, semiprecious stones	64 993	62 706
low-value materials and inventory	913	913
Fuel (a/m)	77	68
Instruments	5 948	6 021
materials for current repairs	-	54
<b>Total</b>	<b>403 607</b>	<b>352 167</b>
<b>4.Unfinished products</b>		
Unfinished products and orders	134 656	134 210
<b>Total</b>	<b>134 656</b>	<b>134 210</b>
<b>5. Finished production and goods for sale</b>		
	164 562	129 998
<b>Total</b>	<b>164 562</b>	<b>129 998</b>
<b>6. Advance payments for products</b>		
To LLC/SIA/ NESTE for fuel	477	475
Advance payment	31 814	
Enet SIA	-	847
<b>Total</b>	<b>32 291</b>	<b>1 322</b>
<b>7. Debts of customers and clients</b>		
All debts are being received in one year period.		
Payments for jewellery	504 659	547 899
Purification of gold	8 213	120 377
Payments for lease	20 635	5 023
Creditcard	-	104
Accumulation for doubtful debtors	(1 771)	(6 261)
<b>Total net debts of customers and clients</b>	<b>531 736</b>	<b>667 142</b>
<i>off the balance</i>		
<i>accumulation for doubtful debtors</i>	<b>1 771</b>	<b>6 261</b>

#### Appendixes to the balance sheet (continued)

	30.06.2015.	30.06.2014.
	EUR	EUR
<b>8.Other debtors</b>		
Creditcard	-	-
Business motor vehicles tax	-	21
Tax of risk of the business activity	6	8
Value added tax (2391)	1 918	-
Guarantee money (for lease)	1 900	-
Security sum VENDEN	31	23
<b>Total</b>	<b>3 855</b>	<b>52</b>

#### 9. Expenditures for the subsequent period

Insurance of the transport	594	612
Lietišķas informācijas dienests (Laws of the Republic of Latvia)	451	722
Newspapers, journals	-	-
Engineering design (RJR reconstrucion)	2 433	2 433
<b>Total</b>	<b>3 478</b>	<b>3 767</b>

#### 10. Money resources

Money in cash	26 101	11 260
Money in operating accounts	72 704	124 637
<b>Total</b>	<b>98 805</b>	<b>135 897</b>

#### 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.

#### 12. Accumulation

Accumulation for unused vacations:	6 895	7 691
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#### 13. Debts to suppliers and contractors (short-term)

<b>Total</b>	<b>18 659</b>	<b>5 337</b>
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**Appendixes to the balance sheet (continued)**

**14. Taxes and social security payments**

	<b>30.06.2015.</b>	<b>30.06.2014.</b>
	<b>EUR</b>	<b>EUR</b>
Personal Income Tax	2 325	2 190
State social security obligatory payments	4 009	3 854
Tax of risk of the business activity		-
Natural resources tax		-
Business motor vehicles tax		-
Value added tax	1 247	2 450
<b>Total</b>	<b>7 581</b>	<b>8 494</b>

**15. Other creditors (short-term)**

Salaries	8 399	7 698
Payments to workers (advance payments)	65	118
<b>Total</b>	<b>8 464</b>	<b>7 816</b>

## Appendixes to the annual report

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

<b>16.Net turnover</b>	<b>30.06.2015.</b>	<b>30.06.2014.</b>
	<b>EUR</b>	<b>EUR</b>
Jewellery sale	208 362	214 637
Discount	-	(88)
Workshops (jewellery repair)	61 637	47 007
Special orders	11 503	-
Sales of investment gold and gran	130 389	34 272
Jewellery sales in the EU	29 293	6 393
<b>Total</b>	<b>441 184</b>	<b>302 221</b>

<b>17. Manufacturing expenditures of sold products</b>		
Purchasing and manufacturing expenses of the sold jewels	224 916	219 469
Materials	62 841	3 791
Assaying of jewellery at the LPB*	18	71
Changes in stock and value of the unfinished products	18 638	9 961
<b>Total</b>	<b>306 413</b>	<b>233 292</b>

\* State Assay Supervision Inspection

<b>18. Selling costs</b>		
Workers' salary	39 257	41 178
Obligatory social payments for workers	8 882	9 466
Advertising expenses	83	3 415
Residential services (water, electricity, gas)	21 952	24 099
Rent of the land and premises	10 101	9 071
Depreciation of fixed assets	9 873	12 168
Low-value inventory	6 721	119
Other selling costs	23	234
<b>Total</b>	<b>96 892</b>	<b>99 750</b>

<b>19. Administrative expenditures</b>		
Communication expenditures	2 581	2 136
Bank services	440	480
To "NASDAQ OMX Riga" for shares and other	5 945	6 287
Office costs	1 919	1 465
Depreciation of the fixed assets (administrative building)	912	456
Travelling allowances	4 432	377
Salary of the administration	34 262	34 112
Obligatory social payments for the administration	7 348	7 712
Payment for the risk of the business activity	38	38
Security services	5 899	4 127
Expenditures on insurance of motor transport	282	326
Expenditures on motor transport for administration (fuel, repair)	4 504	4 665
Expenditures on represantion	913	233
Other administrative expenditures, including expenses on lawyers	1 088	9 651
<b>Total</b>	<b>70 563</b>	<b>72 065</b>



**Appendixes to the profit or loss calculation (continued)**

**20. Other income of the business activities**

Production of thermal energy

Leasing out premises

Income of residential services (other persons)

Cost of residential services (other persons)

Income from selling or buying currencies

Other income ( 819)

**Total**

<b>30.06.2015.</b>	<b>30.06.2014.</b>
<b>EUR</b>	<b>EUR</b>
13 933	16 003
15 823	16 586
10 659	16 761
(10 659)	(16 761)
8	-
826	50
<b>30 590</b>	<b>32 639</b>

**21. Other expenditures from the business activities**

Building re-estimated

Other expenditures (economic)

**Total**

-	6 899
2 905	1 916
<b>2 905</b>	<b>8 815</b>

**27. Real property tax**

<b>2 910</b>	<b>2 910</b>
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