

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 30.06.2017

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

Riga, 2017.

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INFORMATION about the COMPANY

Name of the Company *JSC "Rīgas juvelierizstrādājumu rūpnīca"*
Legal Status of the Company *Joint Stock company*
Unified Registration №, *40003044420*
date of incorporation *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 | 19 |
|-------------------------|----|

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

| | |
|----------------|---------------------------------------|
| For the period | <i>from 01.01.2017 to 30.06.2017.</i> |
|----------------|---------------------------------------|

BALANCE SHEET

| ASSETS | Appendixes | 30.06.2017. EUR | 30.06.2016. EUR |
|--|-------------------|----------------------------|----------------------------|
| Long-term investments | | | |
| I Intangible investments: | | | |
| Concessions,licenses and similar rights | | 411 | 541 |
| Total intangible investments: | 1 | 411 | 541 |
| II Fixed assets: | | | |
| 1. Real estate: | | | |
| a)Land, buildings, constructions and perenial plantations | | 123 857 | 133 972 |
| 2. Long-term investments in rented fixed assets | | 1 048 | 1 788 |
| 3. Other fixed assets and inventory | | 17 640 | 29 390 |
| Total fixed assets | 2. | 142 545 | 165 150 |
| Total long-term investments | | 142 956 | 165 691 |
| Current assets | | | |
| I. Stocks | | | |
| 1. Raw materials, direct materials and auxiliary materials | 3. | 279 196 | 219 648 |
| 2. Unfinished products and orders | 4. | 9 890 | 11 915 |
| 3. Finished products and products for sale | 5. | 296 759 | 339 091 |
| 4. Advance payments for goods | 6. | 2 338 | 420 |
| Total stocks | | 588 183 | 571 074 |
| III. Debtors | | | |
| 1. Debts of the customers and clients | 7. | 669 791 | 749 820 |
| 2. Other debtors | 8. | 4 123 | 3 798 |
| 3. Expenses of the subsequent period | 9. | 1 140 | 1 237 |
| Total debtors | | 675 054 | 754 855 |
| V.Funds (total) | 10. | 30 905 | 140 089 |
| Total current assets | | 1 294 142 | 1 466 018 |
| Grand total assets | | 1 437 098 | 1 631 709 |

BALANCE SHEET

| | Liabilities | Appendixes | 30.06.2017. EUR | 30.06.2016. 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 | | (77 638) | (5 677) |
| | Total equity capital | | 1 373 651 | 1 490 375 |
| | 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. | 174 | 453 |
| 2. | Customers advanced payments | 15. | 0 | 0 |
| 3. | Indebtedness to suppliers and contractors | 16. | 27 461 | 110 982 |
| 4. | Taxes and social security liabilities | 17. | 17 770 | 8 832 |
| 5. | Other creditors | 18. | 9 381 | 11 061 |
| 6. | Accured liabilities | 19. | 8 661 | 9 498 |
| | Total short-term debts | | 63 447 | 140 826 |
| | Total creditors | | 63 447 | 141 334 |
| | Grand total liabilities | | 1 437 098 | 1 631 709 |

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 | 30.06.2017. | 30.06.2016. |
|--|------------|-----------------|----------------|
| 1. Net turnover | 20. | 448 671 | 520 325 |
| 2. Manufacturing expenditures of sold products | 21. | (324 921) | (380 692) |
| 3. Gross profit or loss | | 123 750 | 139 633 |
| 4. Selling expenses | 22. | (99 556) | (106 170) |
| 5. Administrative expenses | 23. | (63 649) | (66 625) * |
| 6. Other operating revenue | 24. | 25 196 | 32 361 |
| 7. Other operating expenses | 25. | (63 379) | (4 876) * |
| 8. Profit or loss before taxes | | (77 638) | (5 677) |
| 9. Profit or loss after taxation | | (77 638) | (5 677) |
| 10. Profit or loss in the reporting year | | (77 638) | (5 677) |
| 11. Profit or loss per one stock in a year | | -0,016 | -0,001 |
| 12. Profit or loss per one stock from the beginning | | -1,16 | -1,13 |

* 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.

Reclasification of items not affecting company operating surplus.

CASH FLOW STATEMENT
(by direct method)

| | Appendix | 30.06.2017. | 30.06.2016. |
|---|----------|-----------------|----------------|
| I. Cash flow from main activities | | | |
| 1. Revenue from the sales of the products and provided services | | 177 454 | 212 649 |
| 2. | | | |
| Payments to suppliers, staff, other expenditures on main activities | | (250 473) | (253 195) |
| 3. Other revenues and expenditures on main activities | | 44 402 | 55 488 |
| 4. Gross cash flow of the main activities | | (28 617) | 14 942 |
| Expenditures on tax payments for the real property (-) | 23, 25 | (4 370) | (2 910) |
| Net cash flow of the main activities | | (32 987) | 12 032 |
| II. Cash flow of investment activities | | | |
| 3. Acquisition of fixed assets and intangible investments (-) | 2 | (289) | (1 075) |
| 9. Net cash flow of investment operations | | (289) | (1 075) |
| III. Cash flow of business | | | |
| 5. Expenses of borrowing fixed assets without VAT | 14 | (331) | (329) |
| Net cash flow of financial operations | | (331) | (329) |
| IV. Foreign exchange rate differences | | | |
| v. Net cash and its equivalents increase or decrease | | (33 607) | 10 628 |
| VI. Cash and its equivalents at the beginning of the period | | 64 511 | 129 461 |
| VII. Cash and its equivalents at the end of the period | | 30 904 | 140 089 |

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 30.06.2016. and 30.06.2017.

| | 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 30.06.2016. | 6 640 172 | 124 380 | 108 481 | (5 376 981) | (5 677) | 1 490 375 |
| Remaining amount on 30.06.2017. | 6 640 172 | 106 611 | 108 481 | (5 403 975) | (77 638) | 1 373 651 |

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

2.Explanatory notes to the items of the balance sheet on 30.06.2016 and 30.06.2017

1.Intangible assets

| | Concessions, patents, licenses and similar rights | Intangible assets Total |
|-----------------------|--|-------------------------------|
| Initial Value | | |
| 30.06.2016. | 862 | 862 |
| 30.06.2017 | 862 | 862 |
| Depreciation | | |
| 30.06.2016. | 321 | 321 |
| 30.06.2017 | 451 | 451 |
| Residual value | | |
| 30.06.2016. | 541 | 541 |
| 30.06.2017 | 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 | | | | | |
| 30.06.2016. | 202 323 | 107 548 | 90 576 | 105 661 | 506 108 |
| 30.06.2017 | 202 323 | 107 548 | 90 576 | 106 305 | 506 108 |
| Depreciation | | | | | |
| 30.06.2016. | 68 351 | 105 760 | 90 576 | 76 271 | 340 958 |
| 30.06.2017 | 78 466 | 106 500 | 90 576 | 88 665 | 364 207 |
| Residual value | | | | | - |
| 30.06.2016. | 133 972 | 1 788 | - | 29 390 | 165 150 |
| 30.06.2017 | 123 857 | 1 048 | - | 17 640 | 142 545 |

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 FI

3. Raw materials, direct materials and auxiliary materials

| | currency | 30.06.2017. EUR |
|--------------------------------------|----------|--------------------|
| gold | | 210 862 |
| silver | | 295 |
| precious stones, semiprecious stones | | 62 056 |
| low-value materials and inventory | | 644 |
| Fuel (a/m) | | 48 |
| Instruments | | 5 291 |
| Total | | 279 196 |

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

| | 30.06.2017. |
|--------------|--------------|
| | 9 890 |
| Total | 9 890 |

5. Finished production and goods for sale

Products residue

| | 30.06.2017. |
|--------------|----------------|
| | 296 759 |
| Total | 296 759 |

6. Advance payments for goods

Advance payment for fuel SIA NESTE

Other

| | 30.06.2017. |
|--------------|--------------|
| | 632 |
| | 1 706 |
| Total | 2 338 |

7. Debts of customers and clients

Gold for jewelry production

Debts of customers (to other countries)

Debts of customers

Payments for lease

| | 30.06.2017. |
|--------------|----------------|
| | 10 508 |
| | 105 281 |
| | 524 246 |
| | 30 092 |
| Total | 670 127 |

Accumulation for doubtful debtors

Total net debts of customers and clients

currency exchange rate influence

| | |
|----------------|-------|
| | (336) |
| 669 791 | |

-

Appendixes to the balance sheet (continued)

8. Other debtors

| | 30.06.2017. |
|--|--------------------|
| currency | EUR |
| Creditcard | 153 |
| Garanty | 1 900 |
| Payments to workers (advance payments) | 398 |
| VAT not accepted | - |
| Security sum VENDEN | 31 |
| overpayments real astate tax | 1 456 |
| Tax overpayment due to tax and fees flow | 21 |
| Others | 164 |
| Total | 4 123 |

9. Expenditures for the subsequent period

| | 30.06.2017. |
|---|--------------------|
| Insurance of the transport | 499 |
| Insurance of the goods | 189 |
| Laws of the Republic of Latvia and newspapers | 452 |
| Total | 1 140 |

10. Money resources

| | 30.06.2017. |
|-------------------------------------|--------------------|
| Money in cash | 9 331 |
| <i>Money in operating accounts:</i> | |
| SEB banka | 21 574 |
| Total | 30 905 |

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 company is 6 640 172 EUR that is divided into 4742980 shares with share's nominal value of 1,40 EUR. The resid 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> | 30.06.2017. |
|--------------------|---------------|--------------------|
| | pcs. | EUR |
| Vladimirs Cadovičs | 531 785 | 744 499 |
| Valentīns Istomins | 1 160 000 | 1 624 000 |

"Rīgas juvelierizstrādājumu rūpnīca" JSC
unified reg.Nr.40003044420
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| | | |
|-----------------|-------------------------|-------------------------|
| Marija Ančevska | <i>1 540 000</i> | 2 156 000 |
| MALEKS S SIA | <i>366 668</i> | 513 335 |
| Others | <i>1 144 527</i> | 1 602 338 |
| Total | <i>4 742 980</i> | <i>6 640 172</i> |

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 at the time of a joint real estate market value amounted to EUR 156,734 (118 800 revalued buildings and 37934)

| | |
|-------------|-----------------------|
| 30.06.2017. | <u><u>106 611</u></u> |
|-------------|-----------------------|

13. Fixed capital denomination reserve

| | |
|-------------|-----------------------|
| 30.06.2017. | <u><u>108 481</u></u> |
|-------------|-----------------------|

14. Other borrowings from SIA LMT

Long-term debts

Short-term debts

| | 30.06.2017. |
|--------------|-------------------|
| Currency | EUR |
| | - |
| | 174 |
| Total | <u><u>174</u></u> |

15. Customers advanced payments

Short-term (VAT deducted from advances)

| | 30.06.2017. |
|--------------|-----------------|
| | - |
| Total | <u><u>-</u></u> |

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

Debts for goods

Debts for goods (to other countries)

Debts for services

| | 30.06.2017. |
|--------------|----------------------|
| | 10 059 |
| | 15 936 |
| | 1 466 |
| Total | <u><u>27 461</u></u> |

17. Taxes and social security payments

Personal Income tax

State social security obligatory payments

Value added tax

Business motor vehicles tax

| | 30.06.2017. |
|--------------|----------------------|
| | 2 509 |
| | 4 264 |
| | 10 749 |
| | 248 |
| Total | <u><u>17 770</u></u> |

18. Other creditors (short-term)

Payments to workers (advance payments)

| | 30.06.2017. |
|--|-------------|
| | - |

"Rīgas juvelierizstrādājumu rūpnīca" JSC
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Annual account for the period from 01.01.2017.to 30.06.2017.

| | |
|-----------------|--------------|
| Salaries | 8 680 |
| Guarantee money | 701 |
| Total | 9 381 |

| | |
|-------------------------------|--------------------|
| 19.Accured liabilities | 30.06.2017. |
| Reserves for vacation | 8 661 |
| Total | 8 661 |

"Rīgas juvelierizstrādājumu rūpnīca" JSC
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FO method.

| <u>30.06.2016.</u> |
|---------------------------|
| EUR |
| 149 559 |
| 1 015 |
| 62 570 |
| 644 |
| 34 |
| 5 826 |
| <u>219 648</u> |

| <u>30.06.2016.</u> |
|---------------------------|
| 11 915 |
| <u>11 915</u> |

| <u>30.06.2016.</u> |
|---------------------------|
| 339 091 |
| <u>339 091</u> |

| <u>30.06.2016.</u> |
|---------------------------|
| 420 |
| - |
| <u>420</u> |

| <u>30.06.2016.</u> |
|---------------------------|
| 94 276 |
| 35 030 |
| 600 897 |
| 20 468 |
| <u>750 671</u> |
| (851) |
| <u>749 820</u> |

| 30.06.2016. |
|--------------------|
| EUR |
| 907 |
| 1 900 |
| 780 |
| 164 |
| 31 |
| 0 |
| 16 |
| - |
| 3 798 |

| 30.06.2016. |
|--------------------|
| 629 |
| 189 |
| 419 |
| 1 237 |

| 30.06.2016. |
|--------------------|
| 22 377 |
| 117 712 |
| 140 089 |

of the
ual value in the

"Rīgas juvelierizstrādājumu rūpnīca" JSC
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ation basis.
l not overrated

| 30.06.2016. |
|--------------------|
| EUR |
| 508 |
| 453 |
| 961 |

| 30.06.2016. |
|--------------------|
| - |
| - |

| 30.06.2016. |
|--------------------|
| 52 341 |
| 56 866 |
| 1 775 |
| 110 982 |

| 30.06.2016. |
|--------------------|
| 2 862 |
| 4 857 |
| 1 113 |
| - |
| 8 832 |

| 30.06.2016. |
|--------------------|
| 29 |

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Annual account for the period from 01.01.2017.to 30.06.2017.

10 331

701

11 061

30.06.2016.

9 498

9 498

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

| 20.Net turnover | 30.06.2017. | 30.06.2016. |
|--|--------------------|--------------------|
| | EUR | EUR |
| b)from other main activities | | |
| Income from wholesale trade | 306 719 | 432 005 |
| Discount | (994) | (876) |
| Income from retail trade | 142 946 | 89 196 |
| Total | 448 671 | 520 325 |
| <i>Net turnover by geographical markets</i> | | |
| <i>Latvia</i> | <i>336 485</i> | <i>390 013</i> |
| <i>EU</i> | <i>63 498</i> | <i>130 312</i> |
| <i>Lithuania</i> | | |
| <i>Estonia</i> | <i>48 688</i> | |
| Total | 448 671 | 520 325 |
| 21. Manufacturing expenditures of sold products | 30.06.2017. | 30.06.2016. |
| Purchasing and manufacturing expenses of the sold jewels | 324 921 | 380 692 |
| 22. Selling costs | 30.06.2017. | 30.06.2016. |
| Workers' salary | 43 631 | 49 132 |
| Obligatory social payments for workers | 9 759 | 11 052 |
| Advertising expenses | 1 069 | - |
| Residential services (water, electricity, gas) | 23 754 | 25 157 |
| Rent of the land and premises | 9 997 | 9 071 |
| Auto rent | 913 | - |
| Depreciation of fixed assets | 10 314 | 11 045 |
| Low-value inventory | 119 | 638 |
| Other selling costs | 0 | 75 |
| Total | 99 556 | 106 170 |
| 23. Administrative expenditures | 30.06.2017. | 30.06.2016. |
| Salary of the administration | 35 956 | 37 356 |
| Social payments | 7 887 | 8 086 |
| Payment for the risk of the business activity | 41 | 43 |
| Communication expenditures | 2 037 | 2 455 |
| Bank services | 826 | 746 |
| To "NASDAQ Riga" for shares and other | 3 702 | 3 702 |
| Office costs | 1 224 | 1 606 |
| Depreciation of the fixed assets (administrative building) | 912 | 912 |
| Real estate tax (administrative building) | 851 | 850 |
| Business trip allowances | 232 | 290 |
| Security services | 1 768 | 5 258 |
| Transport insurance | 262 | 237 |
| Transport expenses (fuel, repair) | 5 366 | 4 296 |
| Expenditures on represantion | 225 | 287 |
| Other administrative expenditures, including expenses on lawyers | 2 360 | 501 |
| Total | 63 649 | 66 625 |

Appendixes to the profit or loss calculation (continued)

24. Other income of the business activities

| | 30.06.2017. | 30.06.2016. |
|---|--------------------|--------------------|
| Thermal energy for leasing(heating) | 12 282 | 14 214 |
| Leasing out premises ⁴ | 12 914 | 18 147 |
| Income from clients for residential service | 9 947 | 10 721 |
| Expenses from clients for residential service | (9 947) | (10 721) |
| | 25 196 | 32 361 |

25. Other expenditures from the business activities

| | 30.06.2017. | 0 | 30.06.2016. |
|-------------------------------|--------------------|----------|--------------------|
| Real estate tax for buildings | 2 062 | | 2 060 |
| Other expenditures | 3 165 | | 2 816 |
| Uncovered loss of damage | 57 399 | | - |
| 2016.g expenses | 753 | | - |
| Total | 63 379 | | 4 876 |

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 448 671 EUR and it decreased by 13,7% comparing to the previous accounting period.

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

| | 30.06.2017 | 30.06.2016. |
|---|-------------------|--------------------|
| Result before extraordinary items and taxes is: | (77 638) | (5 677) |
| Net result: | (77 638) | (5 677) |

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

| | 30.06.2017 | 30.06.2016. |
|---|-------------------|--------------------|
| The company profitability: | | |
| Gross profitability of primary activity | 38,09% | 36,68% |
| Liquidity coefficients | | |
| General liquidity | 20,40 | 10 ,41 |
| Fast liquidity | 11,13 | 6,35 |
| Full liquidity | 0,49 | 0,99 |

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 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

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 30.06.2017

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2017-30.06.2017, 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