

JSC "Rīgas juvelierizstrādājumu rūpnīca"

Unified registration Nr. 40003044420

Address : Terēzes iela 1, Rīga LV-1012

Main activities:

NACE code red.2. 3212

4777

processing of precious metals

retail trade of jewelry in specialized shops

Unit: LVL

Annual report
of the period from 01.01.2013 to 30.09.2013

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

State Revenue Service territorial office: Latgale suburb department

Riga, 2013.

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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 4 742 980 LVL that is divided into 4742980 shares with share's nominal value of 1 LVL.

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 Sandra Dzerele (Certificate No. 82).

The Company's major shareholders are:

Marija Ančevska – 1 540 000 shares

Igors Istomins – 1 160 000 shares

Vladimirs Cadovičs – 531 785 shares

Others - 972 people with shares 5% or less of the total number of shares - 1 511 195 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.

Net turnover for 01.01.2013- 30.09.2013 was equal to 462 925 LVL. It has increased for 47% compared with the previous accounting period.

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 30.09.2013

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2013- 30.09.2013, 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"</i> <i>LV62UNLA 0001000243901 LVL</i> <i>LV64UNLA0050018797523 EUR</i> <i>LV29UNLA0050020330171 USD</i>		

Shareholders and their shares %	<u>2013</u>
Vladimirs Cadovičs	11,21%
Igors Istomins	24,46%
Marija Ančevska	32,47%
"MALEKS S" SIA	5,35%
Others	26,51%

Composition of the Council members

*Vidis Zaķis
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 Struļevičs</i>
Member of the Board	<i>Aleksandrs Ančevskis</i>

For the period	<i>from</i>	<i>01.01.2013</i>	<i>to</i>	<i>30.09.2013</i>
Previous period	<i>from</i>	<i>01.01.2012</i>	<i>to</i>	<i>31.12.2012</i>

Average number of employees	18
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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 622 LVL.
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Auditor	Sandra Dzerele certified auditor (LZRA certif.Nr.82)
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BALANCE SHEET

ASSETS	Appendixes	30.09.2013. LVL	30.09.2012. LVL	30.09.2013. EUR	30.09.2012. EUR
I. Long-term investments					
I Intangible investments					
Concessions, patents, licences, and similar rights		395	-	562	-
Total Intangible investments	1	395	-	562	-
II Fixed assets					
Land, buildings, constructions and perenial plantations		87 302	96 313	124 220	137 041
Equipment and machinery		13	64	18	91
Other fixed assets and inventory		35 532	2 622	50 557	3 731
Total fixed assets		122 847	98 999	174 796	140 863
III Investment property		28 127	31 062	40 021	44 197
Total investment property		28 127	31 062	40 021	44 197
Total long-term investments	1	151 369	130 061	215 379	185 060
2. Current assets					
I Inventory					
Raw materials, direct materials and auxiliary materials	2	270 404	277 274	384 750	394 525
Unfinished products	3	111 890	88 579	159 205	126 037
Finished products and products for sale	4	119 498	152 005	170 030	216 284
Advance payments for goods	5	219	217	312	309
Total inventory		502 011	518 075	714 297	737 154
II Indebtedness of the debtors					
Debts of the customers and clients	6	386 359	449 995	549 739	640 285
Other debtors	7	1 295	11	1 843	16
Expenses of the subsequent period	8	1 203	762	1 712	1 084
Total debtors		388 857	450 768	553 294	641 385
Funds (total)	9	150 112	64 844	213 590	92 265
Total current assets		1 040 980	1 033 687	1 481 181	1 470 804
Grand total assets		1 192 349	1 163 748	1 696 560	1 655 864

BALANCE SHEET

Liabilities	Appendixes	30.09.2013. LVL	30.09.2012. LVL	30.09.2013. EUR	30.09.2012. EUR
I Equity capital					
Stock or share capital (fixed capital)	10	4 742 980	4 742 980	6 748 653	6 748 653
Revaluation reserves of long-term investments		102 845	108 258	146 335	154 037
Undistributed profit					
a) undistributed profit from previous year		(3 699 837)	(3 776 592)	(5 264 394)	(5 373 606)
b) undistributed profit for the reporting year		24 505	64 690	34 867	92 046
<i>Total undistributed profit</i>		<i>(3 675 332)</i>	<i>(3 711 902)</i>	<i>(5 229 526)</i>	<i>(5 281 560)</i>
Total equity capital		1 170 493	1 139 336	1 665 462	1 621 129
II Reserves	11	5 405	5 903	7 691	8 399
Total reserves		5 405	5 903	7 691	8 399
III Creditors					
2 Short-term debts					
Indebtedness to suppliers and contractors	12	6 513	5 753	9 267	8 186
Taxes and social security liabilities	13	4 606	8 786	6 554	12 501
Other creditors	14	5 332	3 970	7 587	5 649
Accrued liabilities	15	-	-	-	-
Total short-term debts		16 451	18 509	23 407	26 336
Total creditors		16 451	18 509	23 407	26 336
Grand total liabilities		1 192 349	1 163 748	1 696 560	1 655 864

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	30.09.2013. LVL	30.09.2012. LVL	30.09.2013. EUR	30.09.2012. EUR
1. Net turnover	16	462 925	313 811	658 683	446 513
2. Manufacturing expenditures of sold products	17	(291 190)	(130 864)	(414 326)	(186 203)
3. Gross profit or loss		171 735	182 947	244 357	260 310
4. Selling expenses	18	(89 693)	(79 699)	(127 622)	(113 401)
5. Administrative expenses	19	(84 866)	(67 695)	(120 753)	(96 321)
6. Other operating revenue	20	34 915	34 499	49 680	49 088
7. Other operating expenses	21	(4 808)	(2 584)	(6 841)	(3 677)
8. Profit or loss before extraordinary items and taxes		27 283	67 468	38 820	95 998
9. Profit or loss before taxation		27 283	67 468	38 820	95 998
10. Other taxes	22	(2 778)	(2 778)	(3 953)	(3 953)
11. Profit or loss in the reporting year		24 505	64 690	34 867	92 046
12. Profit or loss per one stock in a year		0,005	0,014	0,005	0,014
13. Profit or loss per one stock from the beginning		-0,775	-0,783	-0,775	-1,12

Appendix from Page 11 to 15 is an integral part to the present financial statement

Report on changes in the equity capital 30.09.2013. and 30.09.2012.

	Stock or share capital (fixed)	Revaluation reserves of long-term investments	Undistributed profit from the previous year	Profit in the reporting year	Total equity capital
	LVL	LVL	LVL	LVL	LVL
Remaining amount on 30.09.2012.	4 742 980	108 258	(3 776 592)	64 690	1 139 336
Remaining amount on 30.09.2013.	4 742 980	102 845	(3 699 837)	24 505	1 170 493

	Stock or share capital (fixed)	Revaluation reserves of long-term investments	Undistributed profit from the previous year	Profit in the reporting year	Total equity capital
	EUR	EUR	EUR	EUR	EUR
Remaining amount on 30.09.2012.	6 748 653	154 037	(5 373 606)	92 046	1 621 129
Remaining amount on 30.09.2013.	6 748 653	146 335	(5 264 394)	34 867	1 665 462

Appendix from Page 11 to 15 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)

	Pielikumi	30.09.2013. LVL	30.09.2012. LVL	30.09.2013. EUR	30.09.2012. EUR
I. Cash flow from main activities					
Revenue from the sales of the products and provided services		318 142	211 751	452 675	301 295
Payments to suppliers, staff, other expenditures on main activities		(273 337)	(289 949)	(388 924)	(412 560)
Other revenues and expenditures on main activities		77 833	77 345	110 746	110 052
Gross cash flow of the main activities		122 638	(853)	174 498	(1 214)
Expenditures on tax payments for the real property (-)	22	(2 778)	(2 778)	(3 953)	(3 953)
Cash flow before extraordinary items		119 860	(3 631)	170 545	(5 166)
Net cash flow of the main activities		119 860	(3 631)	170 545	(5 166)
II. Cash flow of investment activities					
Acquisition of fixed assets and intangible investments	1	(34 676)	(272)	(49 340)	(387)
Received interest	22			-	-
Net cash flow of investment operations		(34 676)	(272)	(49 340)	(387)
V. Net cash flow in the reporting year	*	85 184	(3 903)	121 206	(5 553)
VI. Cash and its equivalents at the beginning of the period	9	64 928	68 747	92 384	97 818
VII. Cash and its equivalents at the end of the period	9	150 112	64 844	213 590	92 265

Chairman of the Board

Vladimirs Cadovičs

Member of the Board

Aleksandrs Struļevičs

Member of the Board

Aleksandrs Ančevskis

Appendixes to the annual report

1.Explanatory notes to the items of the balance sheet

1. Intangible investments

	Licences	Trade marks	Advance payments of intangible investments	Total LVL	Total EUR
Initial Value					
30.09.2012.	-	-	-	-	-
30.09.2013.	395	-	-	395	562
Depreciation					
30.09.2012.	-	-	-	-	-
30.09.2013.	-	-	-	-	-
Residual value					
0	-	-	-	-	-
Residual value Initial Value	395	-	-	395	562

1.Fixed assets

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total LVL	Total EUR
Initial Value							
30.09.2012.	58 700	180 389	44 518	64 356	74 026	421 989	600 436
30.09.2013.	58 700	180 389	78 799	64 356	74 026	456 270	649 214
Depreciation							
30.09.2012.	27 638	84 076	41 896	64 292	74 026	291 928	415 376
30.09.2013.	30 573	93 087	43 267	64 343	74 026	305 296	434 397
Residual value							
30.09.2012.	31 062	96 313	2 622	64	-	130 061	185 060
Residual value							
30.09.2013.	28 127	87 302	35 532	13	-	150 974	214 817

Buildings, constructions and vehicles are insured.

Real Estate property includes buildings:Notif. Nr.PIPN-13-34980-mp/13-34739-AL/05-07 from 30.01.2013.

- Cadastre Nr. 0100 035 0142 004, Rīga, property assessed value - 52 461 Ls;
- Cadastre Nr.0100 035 0142 006, Rīga, property assessed value - 111 650 Ls;
- Cadastre Nr.0100 035 0143 003, Rīga, property assessed value - 69 564 Ls;
- Cadastre Nr.0100 035 0144 002, Rīga, property assessed value - 7 682 Ls;
- Cadastre Nr.0100 035 0146 001, Rīga, property assessed value -5591 Ls;

All fixed assets are used in economic activity. Fixed assets are not encumbered.

Investment property is a building leased for economic activity.

Appendixes to the balance sheet (continued)

2. Raw materials, direct materials and auxiliary materials

	30.09.2013.	30.09.2012.	30.09.2013.	30.09.2012.
	LVL	LVL	EUR	EUR
gold	214 064	220 586	304 586	313 866
silver	5 923	5 021	8 428	7 144
precious stones, semiprecious stones	45 592	46 404	64 872	66 027
low-value materials and inventory	642	642	913	913
Instruments	4 145	4 583	5 898	6 521
materials for current repairs	38	38	54	54
Total	270 404	277 274	384 750	394 525

3. Unfinished products

	LVL	LVL	EUR	EUR
Total	111 890	88 579	159 205	126 037

4. Finished production and goods for sale

	LVL	LVL	EUR	EUR
Total	119 498	152 005	170 030	216 284

5. Advance payments for products

To LLC/SIA/ NESTE for fuel	219	217	312	309
Total	219	217	312	309

6. Debts of customers and clients

All debts are being received in one year period.

Payments for jewellery	370 614	392 278	527 336	558 161
Purification of gold	7 829	54 476	11 140	77 512
Payments for lease	8 538	3 241	12 148	4 612
Accumulation for doubtful debtors Ltd "Inze plus"	-622	-	-885	-
Total net debts of customers and clients	386 359	449 995	549 739	640 285

off the balance

accumulation for doubtful debtors 622

7. Other debtors

Security sum VENDEN	11	11	16	16
Value added tax	1 284	-	1 827	-
Total	1 295	11	1 843	16

Appendixes to the balance sheet (continued)

8. Expenditures for the subsequent period

Insurance of the transport	375	37	534	53
Lietišķas informācijas dienests (Laws of the Republic of Latvia)	668	725	950	1 032
Engineering design	160	-	228	-
Total	1 203	762	1 712	1 084

9. Money resources

Money in cash	16 606	8 714	23 628	12 399
Money in operating accounts	133 506	56 130	189 962	79 866
Total	150 112	64 844	213 590	92 265

10. 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 Ls 4742980, composed of 4742980 shares, share per value constituting Ls 1,-

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.

11. Accumulation

	30.09.2013. LVL	30.09.2012. LVL	30.09.2013. EUR	30.09.2012. EUR
Accumulation for unused vacations	5 405	4 961	7 691	7 059
Accumulation for doubtful debtors	-	942	-	1 340
<i>off the balance</i> 622				
Total	5 405	5 903	7 691	8 399

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

Total	6 513	5 753	9 267	8 186
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13. Taxes and social security payments

Personal Income Tax	1 639	1 214	2 332	1 727
State social security obligatory payments	2 963	2 183	4 216	3 106
Tax of risk of the business activity	4	4	6	6
Business motor vehicles tax	-	275	-	391
Value added tax	-	5 110	-	7 271
Total	4 606	8 786	6 554	12 501

14. Other creditors (short-term)

Salaries	5 288	3 916	7 524	5 572
Payments to workers (advance payments)	44	54	63	77
Total	5 332	3 970	7 587	5 649

Appendixes to the annual report

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

16.Net turnover	30.09.2013.	30.09.2012.	30.09.2013.	30.09.2012.
	LVL	LVL	EUR	EUR
Jewellery sale	157 905	245 294	224 679	349 022
Diskouts	-811	-	- 1 154	
Workshops (jewellery repair)	45 803	43 446	65 172	61 818
Sales of investment gold	156 752	-	223 038	-
Orders	38 569	-	54 879	-
Jewellery sales in the EU (Lithuania)	64 707	25 071	92 070	35 673
Total	462 925	313 811	658 684	446 513

17. Manufacturing expenditures of sold products

Purchasing and manufacturing expenses of the sold jewels	226 385	132 190	322 117	188 089
Direct and auxiliary material	62 098	651	88 357	926
Assaying of jewellery at the LPB*	264	335	376	477
Low-value inventory and tools	-	410	-	583
Changes in stock and value of the unfinished products	2 440	-2 722	3 472	-3 873
Other expenses	3	-	4	-
Total	291 190	130 864	414 326	186 203

* State Assay Supervision Inspection

18. Selling costs

Workers' salary	35 045	29 607	49 865	42 127
Obligatory social payments for workers	8 145	6 935	11 589	9 868
Advertising expenses	4 352	803	6 192	1 143
Residential services (water, electricity, gas)	22 557	21 707	32 096	30 886
Rent of the land and premises	11 904	10 640	16 938	15 139
Depreciation of fixed assets	7 682	9 184	10 931	13 068
Other selling costs	8	823	11	1 171
Total	89 693	79 699	127 622	113 401

19. Administrative expenditures

Communication expenditures	2 109	3 192	3 001	4 542
Bank services	686	257	976	366
To "NASDAQ OMX Riga" for shares and other	4 558	4 375	6 485	6 225
Office costs	1 754	516	2 496	734
Depreciation of the fixed assets (administrative building)	2 457	2 457	3 496	3 496
Travelling allowances	4 826	1 287	6 867	1 831
Salary of the administration	32 773	31 107	46 632	44 261
Obligatory social payments for the administration	7 575	7 085	10 778	10 081
Payment for the risk of the business activity	42	39	60	55
Security services	6 329	4 448	9 005	6 329
Expenditures on insurance of motor transport	607	356	864	507
Expenditures on motor transport for administration (fuel, repair)	8 589	4 937	12 221	7 025
Expenditures on represantion	1 051	131	1 495	186
Other administrative expenditures, including expenses on lawyers	11 510	7 508	16 377	10 683
Total	84 866	67 695	120 753	96 321

Appendixes to the profit or loss calculation (continued)

	30.09.2013.		30.09.2012.	
	LVL	LVL	EUR	EUR
20. Other income of the business activities				
Production of thermal energy	15 782	13 149	22 456	18 709
Leasing out premises	19 126	21 350	27 214	30 378
Other income (819)	7	-	10	-
Total	34 915	34 499	49 680	49 088
21. Other expenditures from the business activities				
Losses from selling or buying currencies 2	195	299	277	425
Other expenditures (economic)	4 613	2 285	6 564	3 251
Total	4 808	2 584	6 841	3 677
22. Real property tax				
Total	2 778	2 778	3 953	3 953