

JSC "Rīgas juvelierizstrādājumu rūpnīca"
Unified registration Nr. 40003044420
Address : Terēzes street 1, Rīga LV-1012

Main activities
NACE code red.2.

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 30.06.2014
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

JSC „Rīgas juvelierizstrādājumu rūpnīca” registered office is at Terezes street 1, 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 4'742'980 shares with share's nominal value of EUR 1,4229.

Chairman of the Company 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

JSC „Rīgas juvelierizstrādājumu rūpnīca” business is processing of precious metals, production and repairs.

Name, address, telephone of the structural unit for economic activity:

workshop: Terezes street 1, Riga, LV-1012, tel. 67277365

JSC „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 loss: 79 062 EUR

Net result: - 81 972 EUR

Net turnover for 01.01.2014. - 30.06.2014. is equal to 302 221 EUR. It has decreased for 24,4 %, 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.

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 30.06.2014

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2014- 30.06.2014, appropriate accounting methods were used, the same were applied on consistent basis, and reasonable and cautious decisions are made. The Company managers confirm that the regulatory accounting principles of the Republic of Latvia have been observed and the financial report is prepared according to the going concern principle.

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.

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 LV29UNLA0050020330171 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
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>to</i>
Previous period	<i>from</i>	<i>to</i>
	<i>01.01.2013.</i>	<i>31.12.2013.</i>

Average number of employees 18

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

Auditor Aivars Rutkis
Certified auditor
(LZRA certif.Nr.18)

BALANCE SHEET

<i>ASSETS</i>	Appendixes	30.06.2014. EUR	30.06.2013. EUR
<i>I. Long-term investments</i>			
<i>I Intangible investments</i>			
Concessions, licenses and similar rights	1	534	-
<i>Total intangible investments</i>		534	-
<i>I Fixed assets</i>			
Land, buildings, constructions and perennial plantations		117 315	127 424
Equipment and machinery		-	37
Other fixed assets and inventory		44 158	3 376
<i>Total fixed assets</i>	2	161 473	130 837
<i>II Investment property</i>		36 890	41 066
<i>Total investment property</i>		36 890	41 066
<i>Total long-term investments</i>	2	198 897	171 903
<i>2. Current assets</i>			
<i>III Inventory</i>			
Raw materials, direct materials and auxiliary materials	3	352 167	454 571
Unfinished products	4	134 210	116 401
Finished products and products for sale	5	129 998	172 590
Advance payments for goods	6	1 322	592
<i>Total inventory</i>		617 697	744 154
<i>IV Indebtedness of the debtors</i>			
Debts of the customers and clients	7	667 142	554 287
Other debtors	8	52	4 367
Expenses of the subsequent period	9	3 767	763
<i>Total debtors</i>		670 961	559 417
<i>Funds (total)</i>	10	135 897	211 833
<i>Total current assets</i>		1 424 555	1 515 404
<i>Grand total assets</i>		1 623 452	1 687 307

BALANCE SHEET

Liabilities		Appendixes	30.06.2014.	30.06.2013.
			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			139 360	146 335
Undistributed profit				
a) undistributed profit from previous year			(5 228 889)	(5 264 394)
b) undistributed profit for the reporting year			(81 972)	32 863
<i>Total undistributed profit</i>			(5 310 861)	(5 231 531)
<i>Total equity capital</i>			1 577 152	1 663 457
<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	0
<i>Total long-term debts</i>			16 962	0
<i>2 Short-term debts</i>				
Indebtedness to suppliers and contractors	13		5 337	2 881
Taxes and social security liabilities	14		8 494	6 976
Other creditors	15		7 816	6 302
<i>Total short-term debts</i>			21 647	16 159
<i>Total creditors</i>			38 609	16 159
<i>Grand total liabilities</i>			1 623 452	1 687 307

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	30.06.2014. EUR	30.06.2013. EUR
1. Net turnover	16	302 221	399 840
2. Manufacturing expenditures of sold products	17	(233 292)	(240 978)
3. Gross profit or loss		68 929	158 862
4. Selling expenses	18	(99 750)	(82 245)
5. Administrative expenses	19	(72 065)	(77 548)
6. Other operating revenue	20	32 639	40 082
7. Other operating expenses	21	(8 815)	(3 654)
Profit or loss before extraordinary items and 8. taxes		(79 062)	35 497
9. Profit or loss before taxation		(79 062)	35 498
10. Deferred tax		-	-
11. Other taxes	22	(2 910)	(2 635)
12. Profit or loss in the reporting year		(81 972)	32 863
13. Profit or loss per one stock in a year		-0,012	0,005
Profit or loss per one stock from the 14. beginning		-0,787	-0,775

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Member of the Board

Aleksandrs Ančevskis

Report on changes in the equity capital in 30.06.2014. and 30.06.2013.

	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
Remaining amount on 30.06.2013	6 748 653	146 335	(5 264 394)	32 863	1 663 457
Remaining amount on 30.06.2014.	6 748 653	139 360	(5 228 889)	(81 972)	1 577 152

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

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Member of the Board

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Member of the Board

Aleksandrs Ančevskis

CASH FLOW STATEMENT
(by direct method)

	Appendixes	30.06.2014.	30.06.2013.
		EUR	EUR
I. Cash flow from main activities			
Revenue from the sales of the products and provided services		206 491	188 378
Payments to suppliers, staff, other expenditures on main activities		(291 619)	(270 872)
Other revenues and expenditures on main activities		64 543	85 717
Gross cash flow of the main activities		(20 585)	3 223
Expenditures on tax payments for the real property (-)	22	(2 910)	(2 635)
Cash flow before extraordinary items		(23 495)	588
Net cash flow of the main activities		(23 495)	588
II. Cash flow of investment activities			
Acquisition of fixed assets and intangible investments	2	-	(588)
Net cash flow on investment activities		-	(588)
V. Net cash flow in the reporting year		(23 495)	119 449
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	135 897	211 833

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

Appendixes to the financial report

1.Explanatory notes to the items of the balance sheet

1.Intangible assets

	Licenses	Total EUR
Initial Value		
30.06.2013.	-	-
30.06.2014.	562	562
Depreciation		
30.06.2013.	-	-
30.06.2014.	28	28
Residual value		
30.06.2013.	-	-
30.06.2014.	534	534

2.Fixed assets and investment property

	Investment property	Buildings, constructions	Other fixed assets	Equipment and machinery	Long-term investments in leased fixed assets	Total EUR
Initial Value						
30.06.2013.	83 523	256 670	63 931	91 570	105 330	601 024
<i>Assessment*</i>	-	-137 870				- 137 870
30.06.2014.	83 523	118 800	114 360	91 570	105 330	513 583
Depreciation						
30.06.2013.	42 457	129 247	60 554	91 533	105 330	429 121
Calculated		6 778				6 778
Written off		(138 860)				
30.06.2014.	46 633	1 485	70 202	91 570	105 330	315 220
Residual value						
30.06.2013.	41 066	127 424	3 376	37	-	171 903
Residual value						
30.06.2014.	36 890	117 315	44 158	-	-	198 363

** On the 25th March, 2014 the real estate Terezes street 1, Riga, was reassessed (except for the investment property), based on the assessments carried out by JSC "BDO".*

Fixed assets and investment property in the balance sheet are reflected in residual value.

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

	30.06.2014.	30.06.2013.
	EUR	EUR
3. Raw materials, direct materials and auxiliary materials		
gold	273 653	374 432
silver	8 752	8 389
precious stones, semiprecious stones	62 706	64 884
low-value materials and inventory	913	913
fuel (a/m)	68	-
instruments	6 021	5 898
materials for current repairs	54	54
Total	352 167	454 571

4.Unfinished products

Unfinished products and orders	134 210	116 401
Total	134 210	116 401

5. Finished production and goods for sale

	129 998	172 590
Total	129 998	172 590

6. Advance payments for products

To LLC/SIA/ NESTE for fuel	475	592
Enet SIA	847	-
Total	1 322	592

7. Debts of customers and clients

Payments for jewellery	547 899	532 190
Purification of gold	120 377	14 237
Payments for lease	5 023	8 640
Accumulation for doubtful debtors	(6 261)	(885)
Payments for credit cards	104	107
Total net debts of customers and clients	667 142	554 287
<i>off the balance</i>		
<i>accumulation for doubtful debtors</i>	<i>6 261</i>	<i>885</i>

Appendixes to the balance sheet (continued)

8. Other debtors

	30.06.2014. EUR	30.06.2013. EUR
Business motor vehicles tax	21	-
Tax of risk of the business activity	8	-
VAT overpayment	-	-
Advance payment WESS AS		1 769
Advance payment for rent Baltic Hotel group SIA		2 583
Security sum VENDEN	23	16
Total	52	4 367

9. Expenditures for the subsequent period

Insurance of the transport	612	91
Lietišķas informācijas dienests (Laws of the Republic of Latvia)	722	672
Newspapers, journals	-	-
Engineering design (RJR reconstruction)	2 433	-
Total	3 767	763

10. Money resources

Money in cash	11 260	34 000
Money in operating accounts	124 637	177 833
Total	135 897	211 833

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	5 337	2 881
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Appendixes to the balance sheet (continued)

14. Taxes and social security payments

	30.06.2014.	30.06.2013.
	EUR	EUR
Personal Income Tax	2 190	1 831
State social security obligatory payments	3 854	3 367
Tax of risk of the business activity	-	1
Natural resources tax	-	-
Business motor vehicles tax	-	-
Value added tax	2 450	1 777
Total	8 494	6 976

15. Other creditors (short-term)

Salaries	7 698	6 016
Payments to workers (advance payments)	118	286
Total	7 816	6 302

Appendixes to the annual report

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

16.Net turnover	30.06.2014.	30.06.2013.
	EUR	EUR
Jewellery sale	214 637	155 989
Discount	(88)	-
Workshops (jewellery repair)	47 007	38 221
Sales of investment gold	34 272	205 483
Jewellery sales in the EU	6 393	147
Total	302 221	399 840

17. Manufacturing expenditures of sold products

Purchasing and manufacturing expenses of the sold jewels	219 469	237 836
Materials	3 791	1 080
Assaying of jewellery at the LPB*	71	85
Changes in stock and value of the unfinished products	9 961	1 976
* State Assay Supervision Inspection		
Total	233 292	240 978

18. Selling costs

Workers' salary	41 178	27 796
Obligatory social payments for workers	9 466	6 503
Written off raw materials	-	-
Advertising expenses	3 415	4 617
Residential services (water, electricity, gas)	24 099	29 304
Rent of the land and premises	9 071	7 198
Depreciation of fixed assets	12 168	6 820
Written off current assets (Low-value inventory)	119	-
Other selling costs	234	7
Total	99 750	82 245

19. Administrative expenditures

Communication expenditures	2 136	1 915
Bank services	480	64
To "NASDAQ OMX Riga" for shares and other	6 287	5 489
Office costs	1 465	976
Depreciation of the fixed assets (administrative building)	456	2 331
Travelling allowances	377	6 554
Salary of the administration	34 112	29 545
Obligatory social payments for the administration	7 712	6 827
Payment for the risk of the business activity	38	38
Security services	4 127	6 959
Expenditures on insurance of motor transport	326	418
Expenditures on motor transport for administration (fuel, repair)	4 665	5 827
Expenditures on represantion	233	346
Other administrative expenditures, including expenses on lawyers	9 651	10 259
Total	72 065	77 548

Appendixes to the profit or loss calculation (continued)

	30.06.2014.	30.06.2013.
	EUR	EUR
20. Other income of the business activities		
Production of thermal energy	16 003	21 662
Leasing out premises ¹	16 586	18 411
Income of residential services (other persons)	16 761	-
Cost of residential services (other persons)	(16 761)	-
Other income (819)	50	10
Total	32 639	40 082
21. Other expenditures from the business activities		
Result of the assessment of the building	6 899	-
Other operating expenses	1 916	3 654
Total	8 815	3 654
22. Real property tax	2 910	2 635