

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

Unit: euro

Financial report
of the period from 01.01.2019 to 30.06.2019
that has been prepared according to the legislation standards of the Republic of Latvia

Riga, 2019.

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INFORMATION about the COMPANY

"Rīgas juvelierizstrādājumu rūpnīca" Joint Stock company, date of incorporation 10 th December 1991, Unified Registration №40003044420. Legal address Terēzes 1, Rīga.

Chairman of the Board Vladimirs Cadovičs. Members of the Board Aleksandrs Struļevičs and Tamāra Fruļa .

Chairman of the Council Ilga Kučinska. Members of the Council Igors Istomins, Svetlana Tolkačova, Svetlana Stepanova, Valentina Černovska.

Auditor - certified auditor Company Nexia Audit Advice (Licence No.134) and certified auditor Marija Jansone.

Financial report for the period 01.01.2019.to 30.06.2019 prepared by Chief accountant Nataļja Beļšova.

Company's executive board is composed of two board members who each represent Company together with one member of the Board, and Chairman of the Board, who is entitled to represent a Company separately.

Main activities

NACE 2.red.	32.12	
		Manufacrure 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

The shares of the JSC "Rīgas juvelierizstrādājumu rūpnīca" are listed on the Nasdaq Riga stock.

ISIN	LV0000100543	Total number of shares	4 742 980
LEI	097900BGLP0000055776	Number of shares in	
Ticker code	RJR1R	public offering	4 493 700
List	Sekond list		
Nominal value	1,40 EUR		

Shareholders and their shares %	Vladimirs Cadovičs	6,15%
	Valentīns Istomins	29,52%
	Marija Ančevska	32,47%
	RENGARTS S SIA	10,31%
	Others	21,55%

Management Report

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: 27 Lidonu street, Riga, LV-1055

JSC „Rīgas juvelierizstrādājumu rūpnīca” has no holding and subsidiary companies.

The Company doesn't have any agencies and affiliates registered abroad.

The equity capital of the company is 6 640 172 EUR that is divided into 4 742 980 shares with share's nominal value of 1,40 EUR.

The Company's major shareholders are:

Marija Ančevska – 1 540 000 shares

Valentins Istomins – 1 400 000 shares

Vladimirs Cadovičs –291 785 shares

SIA "RENGARTS" - 488 797 shares

Others - 725 people with shares less 5% of the total number of shares - 1 022 398 shares

Board members, except for Vladimirs Cadovičs, do not own shares of JSC RJR.

Chairman of the Board Vladimirs Cadovičs owned 291 785 shares.

Council members do not own shares of JSC RJR.

Average number of employees 18

The net turnover of the reporting period is 412 635 EUR and it increased by 21,48 % comparing to the previous accounting period.

The Company closed its fiscal year with the results as follows:	30.06.2019.	30.06.2018.
Result before extraordinary items and taxes is:	(28 783)	(23 222)
Income tax:	-	-
Net result:	(28 783)	(23 222)

The company profitability:	30.06.2019.	30.06.2018.
Gross profitability of primary activity	38,61%	53,12%
Liquidity coefficients		
General liquidity	17,59	22,49
Fast liquidity	10,39	13,70
Full liquidity	0,47	1,17

Alternative Performance Measures (APM)

Gross profitability of primary activity

The indicator reflects what is the markups on the products of the main activities.

General liquidity

Provides a general idea of the company's ability to repay short-term liabilities.

The higher the indicator, the higher the solvency.

Formulas

$$\frac{\text{Gross profit or loss (P/l)}}{\text{Cost of goods sold}} \times 100\%$$

 P/l 20.appen.

$$\frac{\text{Total liabilities (Balance assets)}}{\text{Short-term liabilities (Balance equity and liabilities)}}$$

Fast liquidity

The ability of a company to repay short-term liabilities through cash and debtors.

Total liabilities - stocks (Balance assets)

Short-term liabilities (Balance equity and liabilities)

Full liquidity

Cash (Balance 10.appen.)

Short-term liabilities (Balance equity and liabilities)

Shows a short-term liability ratio of the most liquid assets (money)

The above-described alternative performance measures are used by the management of the Company to evaluate Company's performance for a particular financial period as well as to make decisions.

Company short-term liabilities don't exceed its current assets.

Company total liabilities don't exceed its total assets.

Assets set out on the Company's balance sheet are not encumbered.

The company has no liquidation processes, Legal protection proceedings.

The Company has no bank's credits.

Other important events that could affect annual report evaluation didn't happen.

The preparation of the annual report is prepared using going concern assumption.

Risk Management

The Company business activities can be financially 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

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

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 30.06.2019

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2019-30.06.2019, 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.

Board of directors

Chairman of the Board

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Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

Balance Sheet

ASSETS	Appendixes	30.06.2019. EUR	30.06.2018. EUR
Long-term investments			
I Intangible investments:			
Concessions, licenses and similar rights		95	239
Total intangible investments:	1	95	239
II Fixed assets:			
1. Real estate:			
a) Land, buildings, constructions and perennial plantations		103 624	113 740
2. Long-term investments in rented fixed assets		584	308
3. Other fixed assets and inventory		32 773	9 890
Total fixed assets	2.	136 981	123 938
Total long-term investments		137 076	124 177
Current assets			
I. Stocks			
1. Raw materials, direct materials and auxiliary materials	3.	149 991	151 684
2. Unfinished products and orders	4.	18 474	28 490
3. Finished products and products for sale	5.	336 306	310 166
4. Advance payments for goods	6.	430	1 044
Total stocks		505 201	491 384
III. Debtors			
1. Trade receivables	7.	689 545	696 535
2. Other debtors	8.	5 805	2 404
3. Deferred expenses	9.	589	959
Total debtors		695 939	699 898
V.Cash	10.	33 071	65 432
Total current assets		1 234 211	1 256 714
Grand total assets		1 371 287	1 380 891

Appendixes from Page 12 to 17 an integral part of these annual report

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Member of the Board

Aleksandrs Struļevičs

Chief accountant

Natalja Beļšova

Balance Sheet

	Equity and liabilities	Appendixes	30.06.2019. EUR	30.06.2018. EUR
	Equity capital			
1.	Stock or share capital (fixed capital)	11.	6 640 172	6 640 172
2.	Long-term investment revaluation reserve	12.	71 074	88 843
3.	Reserves			
f)	Fixed capital denomination	13.	108 481	108 481
	Total reserves		108 481	108 481
4.	Undistributed profit from previous year		(5 511 291)	(5 489 262)
5.	Profit or loss in the reporting year		(28 783)	(23 222)
	Total equity capital		1 279 653	1 325 012
	Long-term liabilities			
	Other borrowings (financial leasing)	14	21 453	-
	Total long-term liabilities		21 453	-
	Short-term liabilities			
1.	Other borrowings (financial leasing)	14.	2 279	-
2.	Trade payables	15.	31 546	14 590
3.	Taxes and social security liabilities	16.	15 484	23 248
4.	Other creditors	17.	11 394	11 200
5.	Accrued liabilities	18.	9 478	6 841
	Total short-term liabilities		70 181	55 879
	Total liabilities		91 634	55 879
	Grand total equity and liabilities		1 371 287	1 380 891

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Profit or loss statement

(classified by cost function)

Parameters	Appendixes	30.06.2019.	30.06.2018.
1. Net turnover	19.	412 635	339 670
b) from other principal activities		412 635	339 670
2. Cost of goods sold and services rendered	20.	(297 700)	(221 827)
3. Gross profit or loss		114 935	117 843
4. Selling expenses	21.	(127 477)	(120 104)
5. Administrative expenses	22.	(40 231)	(45 828)
6. Other operating revenue	23.	32 035	34 482
7. Other operating expenses	24.	(8 045)	(9 615)
8. Profit or loss before taxes		(28 783)	(23 222)
9. Income tax		-	-
10. Profit or loss after taxation		(28 783)	(23 222)
11. Profit or loss in the reporting year		(28 783)	(23 222)
12. Profit or loss per one stock in a year		-0,006	-0,005
13. Profit or loss per one stock from the beginning		-1,17	-1,16

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Natalja Beļšova

Cash flow statement
(by direct method)

	Notes	30.06.2019.	30.06.2018.
I. Cash flow from operating activities			
1. Income from the goods sold and services rendered		353 868	270 930
2. Payments to suppliers, staff, other expenditures on main activities		(495 972)	(400 135)
3. Other income and expenditures on main activities		47 736	92 527
4. Gross cash flow of the main activities		(94 368)	(36 678)
II. Cash flow from investing activities			
1. Acquisition of fixed assets and intangible assets (-)	2		(1 875)
Net cash flow of investing activities		-	(1 875)
III. Cash flow from financing activities			
1. Payments for leased fixed assets without	14	(444)	
Net cash flow from financing activities		(444)	-
V. Cash and cash equivalents increase or decrease		(94 812)	(38 553)
VI. Cash and cash equivalents at the beginning of the period		127 883	103 985
VII. Cash and cash equivalents at the end of the period		33 071	65 432

Appendixes from Page 12 to 17 an integral part of these annual report

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Chief accountant

Natalja Beļšova

Statement on changes in equity

	Notes	30.06.2019.	30.06.2018.
I.Share capital	11		
Opening balance		6 640 172	6 640 172
Closing balance		6 640 172	6 640 172
III.Revaluation reserve for long-term investments			
Opening balance		71 074	88 843
Increase/decrease of revaluation reserve for long-term investments			
Closing balance		71 074	88 843
V Reserves			
Opening balance		108 481	108 481
Closing balance		108 481	108 481
VI. Retained earnings			
Opening balance		(5 511 291)	(5 403 975)
Profit and loss transfer			(85 287)
Increase/decrease of retained earnings		(28 783)	(23 222)
Closing balance		(5 540 074)	(5 512 484)
VII.Total equity			
Opening balance		1 308 436	1 348 234
Closing balance		1 279 653	1 325 012

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Chief accountant

Natalja Beļšova

Appendix to the financial report

1.Intangible assets

	Concessions, patents, licenses and similar rights	Intangible assets Total
Initial Value		
30.06.2018.	862	862
30.06.2019.	862	862
Depreciation		
30.06.2018.	623	623
30.06.2019.	767	767
Residual value		
30.06.2018.	239	239
30.06.2019.	95	95

2.Fixed assets

	Buildings, constructions	Long-term investments in leased fixed assets	Equipment and machinery	Other fixed assets	Total
Initial Value					
30.06.2018.	202 323	107 548	90 576	71 440	471 887
30.06.2019.	202 323	108 541	90 576	72 376	473 816
Depreciation					
30.06.2018.	88 583	107 240	90 576	61 550	347 949
30.06.2019.	98 699	107 957	90 576	39 603	336 835
Residual value					-
30.06.2018.	113 740	308	-	9 890	123 938
30.06.2019.	103 624	584	-	32 773	136 981

388 425 EUR Real Estate property includes buildings:

- Cadastre Nr. 0100 035 0142 004, Rīga, property assessed value - 75 098 EUR;
- Cadastre Nr.0100 035 0142 006, Rīga, property assessed value - 181 027 EUR;
- Cadastre Nr.0100 035 0143 003, Rīga, property assessed value - 113 415 EUR;
- Cadastre Nr.0100 035 0144 002, Rīga, property assessed value - 10 930 EUR;
- Cadastre Nr.0100 035 0146 001, Rīga, property assessed value - 7 955 EUR;

Fixet assets are not burdenet.

All fixed assets are participate in economic activities.

In the reporting period a car was acquisitioned financial leasing EUR 27 150,13.

Low-value items booked expenses at the acquisition date

Vehicles are insured.

Appendix to the financial report

Explanatory notes to the items of the balance sheet

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 FIFO method.

3. Raw materials, direct materials and auxiliary materials

	30.06.2019.	30.06.2018.
gold	82 910	84 283
silver	596	168
precious stones, semiprecious stones	62 371	61 246
low-value materials and inventory	956	644
Fuel (a/m)	44	52
Instruments	3 114	5 291
Total	149 991	151 684

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

	30.06.2019.	30.06.2018.
	18 474	28 490
Total	18 474	28 490

5. Finished production and goods for sale

Products residue

	30.06.2019.	30.06.2018.
	336 306	310 166
Total	336 306	310 166

6. Advance payments for goods

Advance payment for fuel SIA NESTE

Advance payment for goods

	30.06.2019.	30.06.2018.
	430	557
	-	487
Total	430	1 044

7. Trade receivables

Gold for jewelry production

Debts of customers (to other countries)

Debts of customers

Payments for lease

	30.06.2019.	30.06.2018.
	3 728	3 202
	37 243	44 838
	635 047	639 043
	60 606	56 344
Total	736 624	743 427

Accumulation for doubtful debtors

Total net debts of customers and clients

	(47 079)	(46 892)
Total	689 545	696 535

Appendix to the financial report

Explanatory notes to the items of the balance sheet

	30.06.2019.	30.06.2018.
8. Other debtors		
Employees insurance (IF P & C INSURANCE AS)	820	-
Creditcard	377	110
Garanty	1 900	1 900
Payments to workers (advance payments)	-	199
Advance payment	2 300	-
Security sum VENDEN	31	31
Overpayment for the risk of the business activity	16	-
Overpayment income tax	15	-
Overpayment business motor vehicles tax	182	-
Others	164	164
Total	5 805	2 404
9. Deferred expenses		
Insurance of the transport	22	590
Laws of the Republic of Latvia	567	369
Total	589	959
10. Cash		
Money in cash	6 078	7 809
Money in cash machines	3 249	-
Money in operating accounts:		
SEB banka	23 744	57 623
Total	33 071	65 432

11. Information on the share capital 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.

Company owners:

Shares	30.06.2019.
	psc. EUR
Vladimirs Cadovičs	291 785 408 499
Valentīns Istomins	1 400 000 1 960 000
Marija Ančevska	1 540 000 2 156 000
RENGARTS SIA	488 797 684 316
Others	1 022 398 1 431 357
Total	4 742 980 6 640 172

Appendix to the financial report

Explanatory notes to the items of the balance sheet

Company's reserve

12. Long-term investment revaluation reserve

On 25.03.2014. real estate at Terēzes street N 1, Riga (cadastre N. 0100 035 0146 003) was revalued.

At the end of 2018, the management of the company believes that the value of real estate has not decreased.

30.06.2018.	88 843
30.06.2019.	71 074

13. Fixed capital denomination reserve

30.06.2018.	108 481
30.06.2019.	108 481

14. Leasing SIA UniCredit Leasing

	30.06.2019.	30.06.2018.
Long-term liabilities	21 453	-
Short-term liabilities	2 279	-
Total	23 732	-

Interest Rates 3 Month EURIBOR un Fixed Rate 5,00%

Leasing	29 730
Leasing payment	-444
Leasing offset	-4 554
	24 732

15. Trade payables (short-term)

	30.06.2019.	30.06.2018.
Debts for goods	1 008	10 918
Debts for goods (to other countries)	27 022	2 437
Debts for services	3 516	1 235
Total	31 546	14 590

16. Taxes and social security payments

	30.06.2019.	30.06.2018.
Personal Income tax	2 206	2 230
State social security obligatory payments	4 730	4 677
Value added tax	8 548	16 254
Business motor vehicles tax	-	87
Total	15 484	23 248

17. Other creditors (short-term)

	30.06.2019.	30.06.2018.
Payments to workers (advance payments)	15	-
Salaries	9 711	10 282
Guarantee money	1 668	918
Total	11 394	11 200

18. Accrued liabilities

Liabilities for the subsequent period

	30.06.2019.	30.06.2018.
Reserves for vacation	9 478	6 841
Total	9 478	6 841

Appendix to the financial report

Explanatory notes to the items of the profit or loss calculation

19. Net turnover	30.06.2019.	30.06.2018.
b)from other main activities		
Income from wholesale trade	369 797	310 187
Goods return	(57 097)	(69 744)
Discount	(7 362)	(6 250)
Income from retail trade	107 297	105 477
Total	412 635	339 670
Net turnover by geographical markets		
Latvia	362 768	267 953
EU	49 867	71 717
Lithuania		
Total	412 635	339 670
20. Cost of goods sold and services rendered	30.06.2019.	30.06.2018.
Purchasing and manufacturing expenses	297 426	221 806
Assaying of jewellery at the LPB*	274	21
	297 700	221 827
21. Selling costs	30.06.2019.	30.06.2018.
Workers' salary	68 149	63 757
Obligatory social payments for workers	15 803	14 839
Advertising expenses	375	290
Residential services (water, electricity, gas)	18 086	19 811
Rent of the land and premises	15 362	13 333
Natural resources tax	0	
Long-term investment write-offs (repair)	0	
Depreciation of fixed assets	7 874	7 477
Low-value inventory	904	142
Other selling costs	924	455
Total	127 477	120 104
22. Administrative expenditures	30.06.2019.	30.06.2018.
Salary of the administration	19 680	19 680
Social payments	4 194	4 194
Payment for the risk of the business activity	37	41
Communication expenditures	1 814	1 664
Bank services	1 089	918

Explanatory notes to the items of the profit or loss calculation

	30.06.2019.	30.06.2018.
To "NASDAQ Riga" for shares and other	3 920	3 651
Office costs	1 567	2 460
Depreciation of the fixed assets (administrative building)	912	912
Real estate tax (administrative building)	851	851
Business trip allowances	116	2 170
Security services	1 145	1 119
Transport insurance	598	372
Transport expenses (fuel, repair)	3 812	6 764
Transport rent expenses	-	913
Business motor vehicles tax	441	78
Expenditures on representation	-	11
Other administrative expenditures, including expenses on lawyers	55	30
Total	40 231	45 828

23. Other income of the business activities

	30.06.2019.	30.06.2018.
The result of fixed assets sales	4 132	-
Thermal energy for leasing(heating)	11 523	12 917
Leasing out premises ²	16 380	21 506
Income from clients for residential service	10 453	53 631
Expenses from clients for residential service	(10 453)	(53 631)
Other income	-	59
	32 035	34 482

24. Other expenditures from the business activities

	30.06.2019.	30.06.2018.
Real estate tax for buildings	2 062	2 062
The result of fixed assets sales ¹	-	129
Financial leasing interest	390	-
Other expenditures	5 593	7 424
Total	8 045	9 615

Non-current asset item	Carrying value at disposal	Proceeds	Expenses related to disposal	Income or expenses, gross	profit or loss from disposal of non-current asset item
Other fixed assets	0	4 132	0	4 132	4 132