

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 31.03.2019
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, Riga.

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 31.03.2019 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%
	MALEKS S SIA	7,88%
	Others	23,98%

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 "MALEKS S" - 373 668 shares

Others - 719 people with shares less 5% of the total number of shares - 1 137 527 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 117 207 EUR and it increased by 6,7% comparing to the previous accounting period.

The Company closed its fiscal year with the results as follows:	31.03.2019.	31.03.2018.
Result before extraordinary items and taxes is:	(28 492)	(26 984)
Income tax:	-	-
Net result:	(28 492)	(26 984)

The company profitability:	31.03.2019.	31.03.2018.
Gross profitability of primary activity	54,59%	67,75%
Liquidity coefficients		
General liquidity	7,45	24,20
Fast liquidity	3,92	14,18
Full liquidity	0,41	1,76

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 31.03.2019

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2019-31.03.2019, 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

Vladimirs Cadovičs

Member of the Board

Tamāra Fruļa

Member of the Board

Aleksandrs Struļevičs

Balance Sheet

ASSETS	Appendixes	31.03.2019. EUR	31.03.2018. 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		106 153	116 270
2. Long-term investments in rented fixed assets		584	308
3. Other fixed assets and inventory		35 090	11 262
Total fixed assets	2.	141 827	127 840
Total long-term investments		141 922	128 079
Current assets			
I. Stocks			
1. Raw materials, direct materials and auxiliary materials	3.	161 074	188 323
2. Unfinished products and orders	4.	193 336	23 125
3. Finished products and products for sale	5.	280 287	302 629
4. Advance payments for goods	6.	400	1 345
Total stocks		635 097	515 422
III. Debtors			
1. Trade receivables	7.	626 443	635 218
2. Other debtors	8.	3 594	2 691
3. Deferred expenses	9.	589	902
Total debtors		630 626	638 811
V.Cash	10.	73 398	90 367
Total current assets		1 339 121	1 244 600
Grand total assets		1 481 043	1 372 679

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

Board of directors

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Member of the Board

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Member of the Board

Aleksandrs Struļevičs

Chief accountant

Natalja Beļšova

Balance Sheet

	Equity and liabilities	Appendixes	31.03.2019. EUR	31.03.2018. 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		(28 492)	(26 984)
	Total equity capital		1 279 944	1 321 250
	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.	3 400	-
2.	Trade payables	15.	142 068	17 260
3.	Taxes and social security liabilities	16.	13 086	16 190
4.	Other creditors	17.	11 614	11 138
5.	Accrued liabilities	18.	9 478	6 841
	Total short-term liabilities		179 646	51 429
	Total liabilities		201 099	51 429
	Grand total equity and liabilities		1 481 043	1 372 679

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Profit or loss statement

(classified by cost function)

Parameters	Appendixes	31.03.2019.	31.03.2018.
1. Net turnover	19.	117 207	109 762
b) from other principal activities		117 207	109 762
2. Manufacturing expenditures of sold products	20.	(75 818)	(65 430)
3. Gross profit or loss		41 389	44 332
4. Selling expenses	21.	(66 898)	(64 909)
5. Administrative expenses	22.	(19 572)	(20 813)
6. Other operating revenue	23.	20 319	18 741
7. Other operating expenses	24.	(3 730)	(4 335)
8. Profit or loss before taxes		(28 492)	(26 984)
9. Income tax		-	-
10. Profit or loss after taxation		(28 492)	(26 984)
11. Profit or loss in the reporting year		(28 492)	(26 984)
12. Profit or loss per one stock in a year		-0,006	-0,006
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	31.03.2019.	31.03.2018.
I. Cash flow from operating activities			
1. Income from the goods sold and services rendered		132 598	105 655
2. Payments to suppliers, staff, other expenditures on main activities		(217 993)	(164 977)
3. Other income and expenditures on main activities		31 233	47 021
4. Gross cash flow of the main activities		(54 162)	(12 301)
II. Cash flow from investing activities			
1. Acquisition of fixed assets and intangible assets (-)	2		(1 317)
Net cash flow of investing activities		-	(1 317)
III. Cash flow from financing activities			
1. Payments for leased fixed assets without	14	(323)	
Net cash flow from financing activities		(323)	-
V. Cash and cash equivalents increase or decrease		(54 485)	(13 618)
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		73 398	90 367

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	31.03.2019.	31.03.2018.
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		(28 492)	(26 984)
Closing balance		(5 539 783)	(5 516 246)
VII.Total equity			
Opening balance		1 308 436	1 348 234
Closing balance		1 279 944	1 321 250

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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		
31.03.2018.	862	862
31.03.2019.	862	862
Depreciation		
31.03.2018.	623	623
31.03.2019.	767	767
Residual value		
31.03.2018.	239	239
31.03.2019.	95	95

2.Fixed assets

	Buildings, constructions	Long-term investments in leased fixed assets	Equipment and machinery	Other fixed assets	Total
Initial Value					
31.03.2018.	202 323	107 548	90 576	72 445	472 892
31.03.2019.	202 323	108 541	90 576	72 376	473 816
Depreciation					
31.03.2018.	86 053	107 240	90 576	61 183	345 052
31.03.2019.	96 170	107 957	90 576	37 286	331 989
Residual value					-
31.03.2018.	116 270	308	-	11 262	127 840
31.03.2019.	106 153	584	-	35 090	141 827

388 425 EUR Real Estate property includes buildings:

- Cadastre Nr. 0100 035 0142 004, Riga, property assessed value - 75 098 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;

Fixed assets are not burdened.

All fixed assets participate in economic activities.

In the reporting period a car was acquired on 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

	31.03.2019.	31.03.2018.
gold	94 234	120 612
silver	547	503
precious stones, semiprecious stones	61 929	61 221
low-value materials and inventory	1 206	644
Fuel (a/m)	44	52
Instruments	3 114	5 291
Total	161 074	188 323

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

	31.03.2019.	31.03.2018.
	193 336	23 125
Total	193 336	23 125

5. Finished production and goods for sale

Products residue

	31.03.2019.	31.03.2018.
	280 287	302 629
Total	280 287	302 629

6. Advance payments for goods

Advance payment for fuel SIA NESTE

Advance payment for goods

	31.03.2019.	31.03.2018.
	400	805
	-	540
Total	400	1 345

7. Trade receivables

Gold for jewelry production

Debts of customers (to other countries)

Debts of customers

Payments for lease

	31.03.2019.	31.03.2018.
	7 771	27
	37 243	-
	572 899	649 043
	55 609	33 040
Total	673 522	682 110

Accumulation for doubtful debtors

Total net debts of customers and clients

	(47 079)	(46 892)
Total	626 443	635 218

Appendix to the financial report

Explanatory notes to the items of the balance sheet

	31.03.2019.	31.03.2018.
8. Other debtors		
Employees insurance (IF P & C INSURANCE AS)	820	-
Creditcard	317	596
Garanty	1 900	1 900
Payments to workers (advance payments)	143	-
Security sum VENDEN	31	31
Overpayment for the risk of the business activity	4	-
Overpayment income tax	8	-
Overpayment business motor vehicles tax	207	-
Others	164	164
Total	3 594	2 691
9. Deferred expenses		
Insurance of the transport	22	533
Laws of the Republic of Latvia	567	369
Total	589	902
10. Cash		
Money in cash	262	9 570
Money in cash machines	2 432	-
Money in operating accounts:		
SEB banka	70 704	80 797
Total	73 398	90 367

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	31.03.2019.
	psc. EUR
Vladimirs Cadovičs	291 785 408 499
Valentīns Istomins	1 400 000 1 960 000
Marija Ančevska	1 540 000 2 156 000
MALEKS S SIA	373 668 523 135
Others	1 137 527 1 592 538
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.

31.03.2018.	71 074
31.03.2019.	71 074

13. Fixed capital denomination reserve

31.03.2018.	108 481
31.03.2019.	108 481

14. Leasing SIA UniCredit Leasing

	31.03.2019.	31.03.2018.
Long-term liabilities	21 453	-
Short-term liabilities	3 400	-
Total	24 853	-

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

Leasing	29 730
Leasing payment	-323
Leasing offset	-4 554
	24 853

15. Trade payables (short-term)

	31.03.2019.	31.03.2018.
Debts for goods	5 182	16 876
Debts for goods (to other countries)	135 589	384
Debts for services	1 297	-
Total	142 068	17 260

16. Taxes and social security payments

	31.03.2019.	31.03.2018.
Personal Income tax	2 600	2 172
State social security obligatory payments	5 435	4 619
Value added tax	5 051	9 312
Business motor vehicles tax	-	87
Total	13 086	16 190

17. Other creditors (short-term)

	31.03.2019.	31.03.2018.
Payments to workers (advance payments)	-	87
Salaries	9 946	10 133
Guarantee money	1 668	918
Total	11 614	11 138

18. Accrued liabilities

Liabilities for the subsequent period

	31.03.2019.	31.03.2018.
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	31.03.2019.	31.03.2018.
b)from other main activities		
Income from wholesale trade	75 271	120 530
Goods return	(9 319)	(60 394)
Discount	(3 972)	(3 773)
Income from retail trade	55 227	53 399
Total	117 207	109 762
Net turnover by geographical markets		
Latvia	117 207	109 762
EU	-	-
Lithuania	-	-
Total	117 207	109 762
20. Cost of goods sold and services rendered	31.03.2019.	31.03.2018.
Purchasing and manufacturing expenses	75 544	65 409
Assaying of jewellery at the LPB*	274	21
	75 818	65 430
21. Selling costs	31.03.2019.	31.03.2018.
Workers' salary	34 958	31 090
Obligatory social payments for workers	8 108	7 236
Advertising expenses	375	-
Residential services (water, electricity, gas)	14 578	16 018
Rent of the land and premises	5 282	6 392
Natural resources tax	0	
Long-term investment write-offs (repair)	0	
Depreciation of fixed assets	3 485	4 031
Low-value inventory	96	142
Other selling costs	16	-
Total	66 898	64 909
22. Administrative expenditures	31.03.2019.	31.03.2018.
Salary of the administration	9 840	9 840
Social payments	2 097	2 097
Payment for the risk of the business activity	18	21
Communication expenditures	731	980
Bank services	563	440

Explanatory notes to the items of the profit or loss calculation

To "NASDAQ Riga" for shares and other	1 975	1 821
Office costs	888	1 139
Non-material investments value correction	-	-
Depreciation of the fixed assets (administrative building)	456	456
Real estate tax (administrative building)	425	425
Business trip allowances	29	784
Security services	577	552
Transport insurance	598	305
Transport expenses (fuel, repair)	1 207	1 469
Transport rent expenses	-	365
Business motor vehicles tax	168	78
Expenditures on represantion	-	11
Other administrative expenditures, including expenses on lawyers	-	30
Total	19 572	20 813

23. Other income of the business activities

	31.03.2019.	31.03.2018.
The result of fixed assets sales	4 132	-
Thermal energy for leasing(heating)	7 518	7 884
Leasing out premises ²	8 669	10 857
Income from clients for residential service	4 400	12 446
Expenses from clients for residential service	(4 400)	(12 446)
Other income	-	-
	20 319	18 741

24. Other expenditures from the business activities

	31.03.2019.	31.03.2018.
Real estate tax for buildings	1 032	1 032
The result of fixed assets sales ¹	-	129
Financial leasing interest	80	-
Other expenditures	2 618	3 174
Uncovered loss of damage	-	-
Total	3 730	4 335

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