

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 30.09.2019
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 Jevgenija Pēde. Deputy Chairman of the Council Igors Istomins. Members of the Council Svetlana Tolkačova, Svetlana Stepanova, Valentina Černovska.

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

Financial report for the period 01.01.2019.to 30.09.2019 prepared by Chief accountant Natalja 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 public offering	4 493 700
Ticker code	RJR1R		
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 692 597 EUR and it increased by 46,2 % comparing to the previous accounting period.

The Company closed its fiscal year with the results as follows:	30.09.2019.	30.09.2018.
Result before extraordinary items and taxes is:	(10 650)	(40 630)
Income tax:	-	-
Net result:	(10 650)	(40 630)

The company profitability:	30.09.2019.	30.09.2018.
Gross profitability of primary activity	43,12%	55,67%
Liquidity coefficients		
General liquidity	11,46	7,55
Fast liquidity	6,84	4,19
Full liquidity	0,70	0,53

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

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

Cash (Balance 10.appen.)

Short-term liabilities (Balance equity and liabilities)

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 30.09.2019

Hereby it is confirmed by the Company managers that upon drawing the present report for period, 01.01.2019-30.09.2019, 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	30.09.2019. EUR	30.09.2018. 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		101 095	111 211
2. Long-term investments in rented fixed assets		584	993
3. Other fixed assets and inventory		30 482	9 304
Total fixed assets	2.	132 161	121 508
Total long-term investments		132 256	121 747
Current assets			
I. Stocks			
1. Raw materials, direct materials and auxiliary materials	3.	103 481	179 395
2. Unfinished products and orders	4.	82 265	126 794
3. Finished products and products for sale	5.	339 527	299 848
4. Advance payments for goods	6.	334	1 406
Total stocks		525 607	607 443
III. Debtors			
1. Trade receivables	7.	692 540	660 370
2. Other debtors	8.	5 807	2 371
3. Deferred expenses	9.	562	1 327
Total debtors		698 909	664 068
V.Cash	10.	79 272	95 508
Total current assets		1 303 788	1 367 019
Grand total assets		1 436 044	1 488 766

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	30.09.2019. EUR	30.09.2018. 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		(10 650)	(40 630)
	Total equity capital		1 297 786	1 307 604
	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.	1 147	-
2.	Trade payables	15.	75 622	150 736
3.	Taxes and social security liabilities	16.	17 067	12 579
4.	Other creditors	17.	10 491	11 006
5.	Accrued liabilities	18.	9 478	6 841
	Total short-term liabilities		113 805	181 162
	Total liabilities		135 258	181 162
	Grand total equity and liabilities		1 433 044	1 488 766

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Profit or loss statement

(classified by cost function)

Parameters	Appendixes	30.09.2019.	30.09.2018.
1. Net turnover	19.	692 597	473 735
b) from other principal activities		692 597	473 735
2. Cost of goods sold and services rendered	20.	(483 943)	(304 313)
3. Gross profit or loss		208 654	169 422
4. Selling expenses	21.	(185 691)	(177 346)
5. Administrative expenses	22.	(59 283)	(66 025)
6. Other operating revenue	23.	36 319	45 823
7. Other operating expenses	24.	(10 649)	(12 504)
8. Profit or loss before taxes		(10 650)	(40 630)
9. Income tax		-	-
10. Profit or loss after taxation		(10 650)	(40 630)
11. Profit or loss in the reporting year		(10 650)	(40 630)
12. Profit or loss per one stock in a year		-0,002	-0,009
13. Profit or loss per one stock from the beginning		-1,16	-1,17

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Natalja Beļšova

Cash flow statement
(by direct method)

	Notes	30.09.2019.	30.09.2018.
I. Cash flow from operating activities			
1. Income from the goods sold and services rendered		589 164	384 337
2. Payments to suppliers, staff, other expenditures on main activities		(695 911)	(546 970)
3. Other income and expenditures on main activities		60 712	156 754
4. Gross cash flow of the main activities		(46 035)	(5 879)
II. Cash flow from investing activities			
1. Acquisition of fixed assets and intangible assets (-)	2		(2 598)
Net cash flow of investing activities		-	(2 598)
III. Cash flow from financing activities			
1. Payments for leased fixed assets without	14	(2 576)	
Net cash flow from financing activities		(2 576)	-
V. Cash and cash equivalents increase or decrease		(48 611)	(8 477)
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		79 272	95 508

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

Board of directors

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Chief accountant

Natalja Beļšova

Statement on changes in equity

	Notes	30.09.2019.	30.09.2018.
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		(10 650)	(40 630)
Closing balance		(5 521 941)	(5 529 892)
VII.Total equity			
Opening balance		1 308 436	1 348 234
Closing balance		1 297 786	1 307 604

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Natalja Beļšova

Appendix to the financial report

1.Intangible assets

	Concessions, patents, licenses and similar rights	Intangible assets Total
Initial Value		
30.09.2018.	862	862
30.09.2019.	862	862
Depreciation		
30.09.2018.	623	623
30.09.2019.	767	767
Residual value		
30.09.2018.	239	239
30.09.2019.	95	95

2.Fixed assets

	Buildings, constructions	Long-term investments in leased fixed assets	Equipment and machinery	Other fixed assets	Total
Initial Value					
30.09.2018.	202 323	108 541	90 576	72 163	473 603
30.09.2019.	202 323	108 541	90 576	72 376	473 816
Depreciation					
30.09.2018.	91 112	107 548	90 576	62 859	352 095
30.09.2019.	101 228	107 957	90 576	41 894	341 655
Residual value					-
30.09.2018.	111 211	993	-	9 304	121 508
30.09.2019.	101 095	584	-	30 482	132 161

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

	<u>30.09.2019.</u>	<u>30.09.2018.</u>
gold	36 700	112 044
silver	637	246
precious stones, semiprecious stones	62 030	61 118
low-value materials and inventory	956	644
Fuel (a/m)	44	52
Instruments	3 114	5 291
Total	<u>103 481</u>	<u>179 395</u>

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

	<u>30.09.2019.</u>	<u>30.09.2018.</u>
	82 265	126 794
Total	<u>82 265</u>	<u>126 794</u>

5. Finished production and goods for sale

Products residue

	<u>30.09.2019.</u>	<u>30.09.2018.</u>
	339 527	299 848
Total	<u>339 527</u>	<u>299 848</u>

6. Advance payments for goods

Advance payment for fuel SIA NESTE

Advance payment for goods

	<u>30.09.2019.</u>	<u>30.09.2018.</u>
	334	919
	-	487
Total	<u>334</u>	<u>1 406</u>

7. Trade receivables

Gold for jewelry production

Debts of customers (to other countries)

Debts of customers

Payments for lease

	<u>30.09.2019.</u>	<u>30.09.2018.</u>
	8 706	1 821
	39 033	-
	628 854	657 853
	59 690	47 588
Total	<u>736 283</u>	<u>707 262</u>

Accumulation for doubtful debtors

Total net debts of customers and clients

	(43 743)	(46 892)
Total	<u>692 540</u>	<u>660 370</u>

Appendix to the financial report

Explanatory notes to the items of the balance sheet

	30.09.2019.	30.09.2018.
8. Other debtors		
Employees insurance (IF P & C INSURANCE AS)	820	-
Creditcard	428	214
Garanty	1 900	1 900
Payments to workers (advance payments)	132	62
Advance payment	2 300	-
Security sum VENDEN	31	31
Overpayment for the risk of the business activity	17	-
Overpayment income tax	15	-
Overpayment business motor vehicles tax	-	-
Others	164	164
Total	5 807	2 371
9. Deferred expenses		
Insurance of the transport	22	590
Laws of the Republic of Latvia	540	737
Total	562	1 327
10. Cash		
Money in cash	6 322	18 685
Money in cash machines	5 043	-
Money in operating accounts:		
SEB banka	67 907	76 823
Total	79 272	95 508

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	30.09.2019.
	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.

30.09.2018.	88 843
30.09.2019.	71 074

13. Fixed capital denomination reserve

30.09.2018.	108 481
30.09.2019.	108 481

14. Leasing SIA UniCredit Leasing

	30.09.2019.	30.09.2018.
Long-term liabilities	21 453	-
Short-term liabilities	1 147	-
Total	22 600	-

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

<i>Leasing</i>	29 730
<i>Leasing payment</i>	-2 576
<i>Leasing offset</i>	-4 554
	22 600

15. Trade payables (short-term)

	30.09.2019.	30.09.2018.
Debts for goods	1 207	10 804
Debts for goods (to other countries)	72 452	138 525
Debts for services	1 963	1 407
Total	75 622	150 736

16. Taxes and social security payments

	30.09.2019.	30.09.2018.
Personal Income tax	2 308	2 196
State social security obligatory payments	4 797	4 766
Value added tax	9 962	5 530
Business motor vehicles tax	-	87
Total	17 067	12 579

17. Other creditors (short-term)

	30.09.2019.	30.09.2018.
Payments to workers (advance payments)	-	-
Salaries	9 790	10 088
Guarantee money	701	918
Total	10 491	11 006

18. Accrued liabilities

Liabilities for the subsequent period

	30.09.2019.	30.09.2018.
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

	30.09.2019.	30.09.2018.
19. Net turnover		
b)from other main activities		
Income from wholesale trade	608 729	421 041
Goods return	(84 940)	(104 681)
Discount	(10 698)	(9 892)
Income from retail trade	179 506	167 267
Total	692 597	473 735
Net turnover by geographical markets		
<i>Latvia</i>	<i>565 192</i>	<i>402 018</i>
<i>EU</i>	<i>127 405</i>	<i>71 717</i>
<i>Lithuania</i>		
Total	692 597	473 735
20. Cost of goods sold and services rendered		
Purchasing and manufacturing expenses	483 606	304 259
Assaying of jewellery at the LPB*	337	54
	483 943	304 313
21. Selling costs		
Workers' salary	102 584	98 076
Obligatory social payments for workers	23 784	22 795
Advertising expenses	400	610
Residential services (water, electricity, gas)	21 148	21 341
Rent of the land and premises	21 831	21 402
Depreciation of fixed assets	12 238	11 165
Low-value inventory	2 142	1 502
Other selling costs	1 564	455
Total	185 691	177 346
22. Administrative expenditures		
Salary of the administration	29 574	29 471
Social payments	6 302	6 280
Payment for the risk of the business activity	55	60
Communication expenditures	2 382	2 371
Bank services	856	1 367

Explanatory notes to the items of the profit or loss calculation

	30.09.2019.	30.09.2018.
To "NASDAQ Riga" for shares and other	5 864	5 492
Office costs	2 477	3 216
Depreciation of the fixed assets (administrative building)	1 369	1 369
Real estate tax (administrative building)	1 276	1 276
Business trip allowances	203	2 703
Security services	1 698	1 679
Transport insurance	923	372
Transport expenses (fuel, repair)	5 199	8 606
Transport rent expenses	-	1 644
Business motor vehicles tax	714	78
Expenditures on represantion	-	11
Written off bad debtors	336	-
Other administrative expenditures, including expenses on lawyers	55	30
Total	59 283	66 025

23. Other income of the business activities

	30.09.2019.	30.09.2018.
The result of fixed assets sales	4 132	-
Thermal energy for leasing(heating)	11 834	13 050
Leasing out premises ²	19 909	32 154
Income from clients for residential service	17 379	89 003
Expenses from clients for residential service	(17 379)	(89 003)
Other income	444	619
	36 319	45 823

24. Other expenditures from the business activities

	30.09.2019.	30.09.2018.
Real estate tax for buildings	3 094	3 094
The result of fixed assets sales ¹	-	129
Financial leasing interest	688	-
Other expenditures	6 867	9 281
Total	10 649	12 504

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