



LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC

CONSOLIDATED INTERIM REPORT FOR THE 12 MONTHS OF 2014

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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LATVIJAS JURAS MEDICINAS CENTRS JSC
INFORMATION ABOUT PARENT COMPANY

COMPANY NAME: LATVIJA JURAS MEDICINAS CENTRS JSC

LEGAL STATUS: Joint stock company

REGISTRATION: Registered in Latvian Register of Enterprises at 27.08.2004
Registration Number: 40003306807

LEGAL ADDRESS: 23, Patversmes street, Riga, LV-1005, Latvia

SHARES 800 000 public registered shares with face value 1.40 EUR
ISIN code: LV0000100741

MAJOR SHAREHOLDERS: Ilze Birka 17.50%
Mārtiņš Birks 17.50%
Ilze Aizsilniece 11.45%
Guna Švarcberga 10.36%
Jānis Birks 10.17%
Adomas Navickas 6.35%

REPORTING PERIOD: 01.01.2014. - 31.12.2014.

AUDITORS NAME AND ADDRESS: PricewaterhouseCoopers Ltd.
Licence Nr. 5.
Kr. Valdemāra iela 21-21
Riga, LV-1010
Latvia
Certified auditor in charge:
Lolita Čapkeviča
Certificate No.120

**LATVIJAS JURAS MEDICINAS CENTRS JSC
COUNCIL AND BORD OF THE GROUP**

Council of the Group Number of shares
owned at

31.12.2014.

From April 28, 2010 till the consolidated financial statements signing day

Position	Name	
Chairman of the Council	Mārtiņš Birks	140 000
Member of the Council	Viesturs Šiliņš	3 038
Member of the Council	Ineta Gadzjus	-
Member of the Council	Jevgēņijs Kalējs	5 283
Member of the Council	Uldis Osis	-

Board of the group

From August 18, 2009 till April 30, 2014

Position	Name	
Chairman of the Board	Jānis Birks	69 317
Member of the Board	Marta Aizsilniece	1 624
Member of the Board	Andris Vīgants	700

From May 1, 2014 till the consolidates financial statements signing day

Position	Name	
Chairman of the Board	Jānis Birks	81 338
Member of the Board	Vita Švarcberga	2 885
Member of the Board	Juris Imaks	-

MANAGEMENT REPORT

Type of activity

JSC Latvijas Juras medicinas centrs (LJMC) is a certified, high level and all available private medical authority that consists of: Sarkandaugava outpatient health care center Patversmes 23, Riga, Central Hospital Patversmes 23 Riga, Vecmīlgrāvis hospital and Ziemeļu diagnostic Center Vecmīlgrāvja 5. Līnija 26, Riga, Vecmīlgrāvis primary health care center Melīdas 10, Riga. In 2014 average number of LJMC employees is 360.

2013 LJMC is included in the LR Health inspection approved list of agencies providing medical tourism services i.e. LJMC services as a trusted partner, and it gives an idea about the Latvian healthcare system as a whole, because it includes only those medical institutions that are registered in the register of medical institutions for at least 3 years and over the last three years, the medical institution has been in control.

On March 2013 JSC Latvijas Juras medicinas centrs „Ziemeļu diagnostikas centrs” received a quality certificate ISO 9001:2008 in functional diagnostics and radiology from DVN Certification OY/AB, Finland. This certificate is valid till March 14, 2016. The work on the initiation of ISO quality standards in the other structural units continues.

LJMC have concluded cooperation agreements with all the health insurance companies.

LJMC shares are quoted on "NASDAQ OMX Riga" in the second list. Full information about the company is provided: www.ljmc.lv

Activity in the reference year and future development

2013 LJMC completed an ambitious 3-year investment project of 2.3 million EUR. Investment project entailed two major sections: the Medical Center's old building complex renovation and redevelopment of the areas adjacent to the modern medical standards, and secondly, investment in new equipment, medical equipment, and to raise the competitiveness of the Baltic market, attracting medical patients from both the EU and the Baltic and offering high quality medical examinations. The investment project was launched with the support from ERAF.

Of the investment project tasks was to put together the LJMC family doctor practices, thus was created the modern family physician practice Center, located in the LJMC Riga Northern District at Vecmīlgrāvī. Since a new family doctor practices LJMC Center was created number of new customers increased by 25%.

Building renovation project is one of the goals was to create a new ambulatory health care center in Sarkandaugava Patversmes 23, earlier provided inpatient health care services. Redirection of inpatient health care service to ambulatory health care service improve the future effectiveness, maximize LJMC resources and provide better medical care to patients.

In April 2014 LJMC won a tender regarding the right to provide medical care with PSKUS patients for 1 years.

LJMC as one of 2014 development directions has raised foreign patients association. LJMC combines excellent doctors in Latvia and a knowledgeable medical staff, so the quality of the medical study is tall and competitive outside Latvian. It shows the increasing number of foreign patients, as well as the fact that the LJMC has included official medical tourism service provider register kept by the LR Health inspection. LJMC in 2014 continue attract medical tourists from the EU. To attract more new foreign and local patients, LJMC in 2014 has detected investment objectives: implementation of innovative solutions in the medical service, staff training in patient care, continue national policies on the hospital redirection, providing investment in Vecmīlgrāvis hospital.

Financial performance

This financial statement has been prepared in accordance with the European Union accepted International Financial Reporting Standards (IFRS), based on the principle of a continuing business. The report is prepared in euro. Currency exchange rate till 31.12.2013. - EUR/LVL 0.702804.

The 2014th 12 month LJMC has worked according to the budget: revenue plan has been fulfilled for 129% and expenditure is met by 109,37%.

The 2014th 12 month LJMC consolidated profit before taxes is EUR 1 093 995.

LJMC and Pricewaterhouse Coopers SIA point about possibilities to correct SIA “Neirožu klīnika” capital shares true value fixing after its adjustment.

In 2014 LJMC has invested EUR 430 000.

MANAGEMENT REPORT

Risk management

LJMC potential financial risk management sought to reduce the negative impact on the financial position of the company, the exercise of control and analysis package.

Exposed to the credit risk of financial assets consist mainly of cash, trade receivables and other debtors

Credit risk management carried out regular customer LJMC control procedures and measures for recovering of debts, thus ensuring timely identification and resolution of problems.

LJMC followed prudent liquidity risk management, ensuring appropriate resources are made available for settlement of obligations within the time limits laid down. LJMC does not use borrowed funds.

Important Events after the Balance Sheet Date

Along with LR accession to the European Economic and Monetary Union 01.01.2014. LJMC action will not be subject to the exchange rate of the euro at risk.

2014 August LJMC is signed contract with “Selva buve” for first floor renovation in Vecmīlgrāvis hospital.

2014 Oktober LJMC has purchased 9632 SIA “Neirožu klīnika” capital shares(5.08% from share capital) and has gained the majority (50.4% from share capital). SIA “Neirožu klīnika” provide health care services. The deal is finished on 9 Oktober, 2014 and LJMC has paid EUR 13 677.44 (EUR 1.42 per one capital share). The seller was Valsts sociālās apdrošināšanas aģentūra (VSAA).

2014 September LJMC organized extraordinary shareholders meeting and elected Pricewaterhouse Coopers SIA (registration number: 40003142793, license No.5) as auditor of Latvijas Jūras medicīnas centrs JSC for the audit of annual report and consolidated annual report for 2014 and denominated 800 000 (eight hundred thousand) shares of Latvijas Jūras medicīnas centrs JSC with the nominal value of 1 LVL (one lat) each from lats to euro by stipulating that the share capital after the denomination shall be split into 800 000 (eight hundred thousand) shares with the nominal value of 1.40 EUR (one euro forty cents) each with the total share capital of the Company after denomination being 1 120 000 EUR (one million one hundred twenty thousand euro).

The contract has been concluded with a national health service of the country paid the provision of medical services, to the extent provided for in the 2014 budget.

Chairman of the Management Board

Jānis Birks

Member of the Management Board

Vita Švarcberga

Member of the Management Board

Juris Imaks

LATVIJAS JURAS MEDICINAS CENTRS JSC
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Consolidated financial statements are prepared to the best of our knowledge, in accordance with International Financial Reporting Standards adopted by the European Union. These financial statements give a true and fair view of the financial position of the Group and of its financial performance for the period ended 30 June 2014 in all essential aspects. In preparing those financial statements, management:

- selected suitable accounting policies and then apply them consistently,
- made judgments and estimates that are reasonable and prudent,
- prepared the financial statements on the going concern basis to presume that the Group will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by EU. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The management Board is also responsible for operation of the Company in compliance with the legislation of the Republic of Latvia.

Chairman of the Board

Janis Birks

Member of the Board

Vita Svarcberga

Member of the Board

Juris Imaks

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2014 AND 31 DECEMBER 2013

	December 31, 2014	December 31, 2013	Notes
ASSETS	EUR	EUR	
Long-term investments:			
Intangible assets:			
Other intangible (fixed) assets	8 314	19 707	2
Total intangible assets	8 314	19 707	
Pamatlīdzekļi:			
Land and buildings	6 586 004	2 268 288	
Technological equipment and machines	603 399	829 711	
Other fixed assets and fixtures	64 098	65 255	
Unfinished building	526 606	156 571	
Advance payments for fixed assets	-	-	
Total fixed assets	7 780 107	3 319 825	2
Long-term financial assets:			
Investment in associates	-	183 676	3
Kopā ilgtermiņa finanšu ieguldījumi	-	183 676	
Total financial assets	7 788 421	3 523 208	
Current assets:			
Inventories:			
Raw materials	105 499	84 874	4
Total Inventories	105 499	84 874	
Debitors:			
Trade receivables	230 757	164 234	5
Other receivables	40 996	15 882	6
Deferred expenditure	4 944	3 681	7
Total debtors	276 697	183 797	
Cash funds	1 524 806	1 132 437	8
Total current assets	1 907 002	1 401 108	
TOTAL ASSETS	9 695 423	4 924 316	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2014 AND 31 DECEMBER 2013

	December 31, 2014	December 31, 2013	Notes
LIABILITIES	EUR	EUR	
Equity capital:			
Share capital	1 138 297	1 138 297	9
Reserves:			
c) reserves provided by the Articles of Association	63 819	45 522	
d) fixed asset's revaluation reserve	2 454 691	790 653	23
Retained earnings:			
Undistributed profit	2 907 783	1 836 539	
Total shareholders' equity	6 564 590	3 811 011	
Non-controlling interests	1 148 913	-	
Total equity capital	7 713 503	3 811 011	
Provisions for liabilities and charges:			
Provisions for vacations	123 614	107 896	
Deffered tax provisions	856 584	111 229	22
Total provisions	980 198	219 125	
Non-current liabilities:			
Deffered income	470 866	501 577	10
Total non-current liabilities	470 866	501 577	
Current liabilities:			
Advance payments	2 214	5 783	11
Trade Payables	207 670	87 766	12
Deffered income	51 083	47 551	10
Taxes and social security payments	125 762	113 985	13
Other payables	144 127	137 518	14
Total current liabilities	530 856	392 603	
Total liabilities	1 001 722	894 180	
TOTAL LIABILITIES	9 695 423	4 924 316	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

	December 31, 2014	December 31, 2013	Notes
	EUR	EUR	
Net sales	5 843 656	5 081 473	15
Cost of goods sold	(5 421 132)	(5 121 929)	16
Gross profit or loss	422 524	(40 456)	
Administrative expenses	(530 040)	(460 667)	17
Other operating income	255 888	177 445	18
Other operating expenses	(31 042)	(2 180)	19
Income from investment in associate	3 896	(8 856)	20
Interest income and similar income	3 288	-	21
Income from long term capital shares true value fixing	969 482		
Profit (loss) before taxes	1 093 995	(334 714)	
Corporate income tax	-	15 390	22
NET PROFIT OR LOSS	1 093 995	(319 324)	
Other comprehensive income for the year, net of tax	1 148 913	(1 865)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2 242 908	(321 189)	
Profit attribute to:			
Owners of LJMC	2 242 908	(321 189)	
Non-controlling interest	-	-	
EBITDA	2 845 940	355 654	
Number of shares	800 000	800 000	
Earning per share (EPS)	1.37	(0.40)	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

	Share capital	Reserves provided by the Articles of Association	Properties revaluation reserve	Undistributed profit	Non-controlling interest	Total
	EUR	EUR	EUR	EUR	EUR	EUR
At 31 December 2012	1 138 297	45 522	929 363	1 992 674	1 865	4 107 720
Depreciation of revaluation surplus	-	-	(163 189)	163 189	-	-
Deffered tax on revaluation surplus	-	-	24 479	-	-	24 479
Total comprehensive income for the year	-	-	-	(319 324)	(1 865)	(321 189)
At 31 December 2013	1 138 297	45 522	790 653	1 836 539	-	3 811 010
Depreciation of revaluation surplus	-	-	-	-	-	-
<u>Undistributed profit</u>	(18 297)	18 297	24 480	(24 340)	-	140
Deffered tax on revaluation surplus			1 639 558	1 589		
Paid dividends	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1 093 995	1 148 913	2 242 908
At 31 December 2014	1 120 000	63 819	2 454 691	2 907 783	1 148 913	6 054 058

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

	December 31, 2014	December 31, 2013	Notes
	EUR	EUR	
I Cash flows from operating activities			
1. Net income before tax	1 093 995	(334 714)	
Adjustments:			
Adjustments:	593 443	663 534	2
a) depreciation of fixed assets	14 146	13 315	2
b) depreciation of intengibles	-	(3 695)	18,19
c) loss (gain) on sale of fixed assets	27 159	38 644	
d) provisions	(33 419)	(47 551)	18
e) ERAF income recognized in profit or loss	446	635	
f) net loss on acquisition of a subsidiary shares	-	-	20
g) interest income	(3 896)	8 856	19
2. Changes in operating current assets and liabilities	1 691 874	339 024	
Corrections:			
a) receivables	(92 900)	(59 931)	
b) inventory	(20 625)	12 803	
c) current liabilities	(19 268)	(27 415)	
3. Gross operating cash flow	1 559 081	264 481	
4. Paid corporate income tax	(1 867)	-	12
5. Net cash used in operating activities	1 557 214	264 481	
II Cash flow used in investment activities			
1. Net cash outflow on acquisition of a subsidiary	(1 757)	(2 500)	
2. Purchase of fixed assets	(1 170 844)	(167 532)	2
3. Income from sale of fixed assets	4 466	6 355	
4. Received dividends form the associate	-	-	
5. Received interest	3 288	-	20
6. Net cash from investment activities	(1 164 847)	(163 677)	
III Cash flows used in financing activities			
-	-	-	
7. Net cash from financing activities	-	-	
IV Net increase (decrease) in cash	392 367	100 804	
V Cash at the beginning of the period	1 132 437	1 031 632	
VI Cash at the end of the period	1 524 804	1 132 436	

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

GENERAL INFORMATION

"Latvijas Juras Medicinas Centrs" is a joint-stock company (the Company) incorporated in the Republic of Latvia on 27 August 1996. The consolidated financial statements incorporate the financial statements of the Company and its subsidiary - "Juras medicina" Ltd. and "Neirožu klīnika" Ltd. (the Group).

The Group's main activity is health care services.

1. ACCOUNTING PRINCIPLES

Basis of consolidation

The consolidated financial statements have been prepared in accordance with the International financial reporting standards adopted by the European Union. Enclosed financial statements are prepared in the national currency of Latvia, the lats (LVL).

There is no difference in the dates of the Statements of financial position of the Company and its subsidiary.

The interest of minority shareholders is stated at the minority proportion of the net assets.

All significant intercompany transactions and balances among Group companies are eliminated on consolidation.

The net assets' portion attributed to the parent company are offset with the investment and have been eliminated. The retained earnings portion attributed to the parent company are earned after the acquisition date of shares are included in the consolidated retained earnings.

Foreign currency

Transactions denominated in foreign currencies are converted into Lats by the official exchange rate of the Bank of Latvia at the date of transaction. Monetary assets and liabilities are converted by the exchange rate of the Bank of Latvia as on the date of statements of financial position.

The applicable rate used for the principal currencies were the follows:

	December 31, 2014	December 31, 2013
EUR	0.702804	0.702804

Gain or loss on conversion is posted to the statement of comprehensive income on the official exchange rate of the Bank of Latvia as of the statement of financial position date and recognized in the period when they incurred.

Exchange differences arising on the settlement of monetary items are recognized in the period in which they arise.

Cash and cash equivalents

The statement on cash flows is prepared according to IAS 7.

Trade receivables

Trade receivables are stated at their net realizable value. Trade receivables represent the gross balance due from customers less provision, if any, for doubtful accounts receivable. Provision for doubtful accounts receivable at the balance sheet date represents the estimated amounts of probable losses that might have been incurred at the statement of financial position date based on individual evaluation of each debtor.

Inventory

Inventories are stated at the lower of cost or market, using FIFO method.

Fixed assets

Fixed assets excluding real estate are stated at historical cost, less accumulated depreciation. The cost of the item comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to working condition for intended use. The cost of self-constructed asset is determined using the same principles as for an acquired asset. Only assets with its useful life more than one year are capitalized. Depreciation is calculated based on the historical cost.

Separate accounts are used for assets acquired by EU funding.

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

Repair and maintenance costs are expensed when incurred. Capital expenditures such as refurbishment of buildings and improvements to structural elements are recognized as an asset if the expenditures improve the condition of the asset beyond its original estimated life.

Land and buildings (real estate) are accounted according to the revaluation model, recognized at the fair value determined from market-based evidence. Buildings are revaluated as on 31.12.2011 based on the cadastral value as fair value. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Depreciation is calculated based on the revalued amount. The depreciation charge for each period is recognised in the statement of income.

The increase (decrease) in the value of buildings and constructions is reflected in the Statement of comprehensive income under "Gains (losses) from revaluation of properties". Revaluation decreases are charged first against the revaluation surplus in equity related to the specific asset, and any excess against profit or loss.

Depreciation is provided on all fixed assets based on historical cost. Depreciation on fixed assets are computed using the straight-line method over the estimated average useful lives:

Buildings:	20 years
Machinery and equipment:	3 years
Other fixed assets:	5 years

For tax purposes, depreciation on tangible fixed assets is calculated under the double declining balance method over the period established in accordance with prevailing tax legislation.

Investments in associates

Investments in associates are initially recognized at the cost.

Revenue recognition

Sales of goods are recognized when goods are delivered and title has passed.

Dividends

Dividends are recognized as liabilities in the Company financial statements after the Company shareholders made a decision to pay.

Deferred income

Government grants are accounted according to IAS 20. A government grant is recognised only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received.

The grant is recognised as income in the statement of profit or loss and other comprehensive income the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Government grants related to assets, including non-monetary grants, are accounted for at fair value, presented as deferred income in the statement of financial position, which are recognised as income from the different exercises on a systematic and rational, over the life of the related assets.

Property revaluation surplus

The revaluation surplus is included in other comprehensive income and accrued amount is reflected in equity under the heading "Investment revaluation reserve". According to IASs 16, p.41, the revaluation surplus included in equity is transferred directly to retained earnings. The surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

Taxation

Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in opinion of management, it is more likely than not that some proportion or all deferred tax assets will not be realized.

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

Deferred tax on revaluation surplus is reflected in the Statement of other comprehensive income.

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

Risk Management

The Management Board is responsible for setting up risk management guidelines and risk monitoring.

The Company has identified the major risk factors and developed policies and mechanisms to control these factors. The major risks are defined as:

Market risk: a country's economic deterioration, changes in the public and the insurer health care and its financing policy, competition, changes in utility tariffs, etc. can significantly affect the demand for Groups services and its profitability.

Operational risk: The possibility of suffering losses caused by inadequate or failed internal pace of the medical treatment process, actions of staff or systems, or external events impact. Patient dissatisfaction with the quality of medical services, treatment process organization or staff attitudes in the long term can lead to a fall in income and even financial claims.

Credit Risk: The inability of insurance companies and patients to pay for the services in time and in full amount.

Liquidity risk: unable to meet the legally enforceable requirements without major damage and inability to cope with unplanned changes in Groups resources and / or market conditions related to the fact that it does not have sufficient liquid assets.

Risk control mechanisms include: appropriate risk policies, investment planning, cash flow planning, budgeting and control, liquidity control, the medical treatment process organization and control, sanitary compliance control, staff skill development, implementation of advanced technologies, employee involvement in risk assessment and control.

Reclassification

Real estate tax was reclassified in Statement of profit or loss from Other operating expenses to Cost of goods sold.

The following new and amended IFRS and interpretations come into force in 2014, but do not apply to the Company's operations and have no impact on these financial statements:

IFRS 10 "Consolidated financial statements" (effective for annual periods beginning on or after 1 January 2013, endorsed by EU for annual periods beginning on or after 1 January 2014)

IFRS 11 "Joint arrangements" (effective for annual periods beginning on or after 1 January 2013, endorsed by EU for annual periods beginning on or after 1 January 2014)

IFRS 12 "Disclosures of interests in other entities" (effective for annual periods beginning on or after 1 January 2013, endorsed by EU for annual periods beginning on or after 1 January 2014)

Amendments to IFRS 10, 11 and 12 on transition guidance (effective for annual periods beginning on or after 1 January 2013, endorsed by EU for annual periods beginning on or after 1 January 2014)

IAS 27 (revised in 2011) "Separate financial statements" (effective for annual periods beginning on or after 1 January 2013, endorsed by EU for annual periods beginning on or after 1 January 2014)

IAS 28 (revised in 2011) "Associates and joint ventures" (effective for annual periods beginning on or after 1 January 2013, endorsed by EU for annual periods beginning on or after 1 January 2014)

Amendments to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities (effective for annual periods beginning on or after 1 January 2014)

Amendments to IAS 32 "Financial instruments: Presentation" on offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014)

Amendments to IAS 36 "Impairment of assets" on recoverable amount disclosures (effective for annual periods beginning on or after 1 January 2014)

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

Amendments to IAS 39 “Financial instruments: Recognition and measurement” on novation of derivatives and hedge accounting (effective for annual periods beginning on or after 1 January 2014)

IFRIC 21 “Levies” (effective for annual periods beginning on or after 1 January 2014)

A number of new standards and interpretations have been published and come into force on financial periods beginning on or after 1 January 2015, and do not relate to the Company’s operations or are not endorsed by the European Union:

Amendments to IAS 19 “Employee benefits plans” regarding defined benefit plans (effective for annual periods beginning on or after 1 July 2014, not yet endorsed in the EU)

Annual improvements 2012 (effective for annual periods beginning on or after 1 July 2014, not yet endorsed in the EU). These amendments include changes that affect 7 standards:

- IFRS 2 “Share-based payment”
- IFRS 3 “Business Combinations”
- IFRS 8 “Operating segments”
- IFRS 13 “Fair value measurement”
- IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets”
- Consequential amendments to IFRS 9 “Financial instruments”
- IAS 37 “Provisions, contingent liabilities and contingent assets”, and
- IAS 39 “Financial instruments – Recognition and measurement”

Annual improvements 2013 (effective for annual periods beginning on or after 1 July 2014, not yet endorsed in the EU). The amendments include changes that affect 4 standards:

- IFRS 1 “First time adoption”
- IFRS 3 “Business combinations”
- IFRS 13 “Fair value measurement” and
- IAS 40 “Investment property”

Amendment to IFRS 11 “Joint arrangements” on acquisition of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)

Amendments to IAS 16 “Property, plant and equipment” and IAS 41 “Agriculture” regarding bearer plants (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)

Amendment to IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets” on depreciation and amortization (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)

IFRS 14 “Regulatory deferral accounts” (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)

Amendments to IAS 27 “Separate financial statements” on the equity method (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)

Amendments to IFRS 10 “Consolidated financial statements” and IAS 28 “Investments in associates and joint ventures” (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU)

Annual improvements 2014 (effective for annual periods beginning on or after 1 July 2016, not yet endorsed in the EU). The amendments include changes that affect 4 standards:

- IFRS 5 “Non-current assets held for sale and discontinued operations”
- IFRS 7 “Financial instruments: Disclosures” with consequential amendments to IFRS 1

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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- IAS 19 “Employee benefits”
- IAS 34 “Interim financial reporting”

IFRS 15 “Revenue from contracts with customers” (effective for annual periods beginning on or after 1 January 2017, not yet endorsed in the EU).

IFRS 9 “Financial instruments” (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU)

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2. TOTAL FIXED ASSETS AND OTHER INTANGIBLE (FIXED) ASSETS

As on 31 December 2014 and 31 December 2013

fixed assets are composed follows:

EUR	Intangible assets	Land and buildings	Technological equipment and machines	Other fixed assets and fixtures	Fixed assets add-ons	Advance payments for fixed assets	Unfinished buildings	Total
Historical cost								
At 31 December 2012	64 610	4 685 210	3 792 707	501 438	-	4 727	156 571	9 205 263
Additions	11 347	27 279	87 114	46 519	-	(4 727)	-	167 532
Transfers	-	-	-	-	-	-	-	-
Disposals	(3 917)	(1 851)	(196 925)	(42 811)	-	-	-	(245 504)
At 31 December 2013	72 040	4 710 638	3 682 896	505 146	-	-	156 571	9 127 291
Additions	2 753	5 387 873	82 350	29 236	-	-	370 035	5 872 247
Transfers	(3 724)	(2 560 592)	(163 886)	(46 847)	-	-	-	(2 775 049)
At 31 December 2014	71 069	7 537 919	3 601 360	487 535	-	-	526 606	12 224 489
Accumulated depreciation								
At 31 December 2012	42 934	2 183 514	2 679 758	447 549	-	-	-	5 353 755
Charge for the year	13 315	97 494	370 311	32 535	-	-	-	513 655
Charge for the period for revaluated fixed assets	-	163 193	-	-	-	-	-	163 193
Disposals	(3 917)	(1 851)	(196 884)	(40 193)	-	-	-	(242 845)
At 31 December 2013	52 332	2 442 350	2 853 185	439 891	-	-	-	5 787 758
Charge for the year	14 146	91 196	308 662	30 393	-	-	-	444 397
Charge for the period for revaluated fixed assets	-	163 192	-	-	-	-	-	163 192
Disposals or change in classification	(3 724)	(1 744 823)	(163 886)	(46 847)	-	-	-	(1 959 280)
At 31 December 2014	62 754	951 915	2 997 961	423 437	-	-	-	4 436 067
Net book value								
At 31 December 2012	21 676	2 501 696	1 112 949	53 889	-	4 727	156 571	3 851 508
At 31 December 2013	19 708	2 268 288	829 711	65 255	-	-	156 571	3 339 533
At 31 December 2014	8 315	6 586 004	603 399	64 098	-	-	526 606	7 788 422

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3. INVESTMENT IN ASSOCIATES

	2014 EUR		2013 EUR
	Kapitāla daļa (%)	Ieguldījumu summa	Kapitāla daļa (%) Ieguldījumu summa
Participating interests in associated enterprises			
Participation in "Neirozu klinika" Ltd.	45.32	-	45.32 183 676
Total participating interests in associated enterprises		<u>-</u>	<u>183 676</u>

4. RAW MATERIALS

	2014 EUR	2013 EUR
Pharmaceutical	105 354	84 579
Advance payments to supplier of goods	32	185
Other materials	113	110
Total	<u>105 499</u>	<u>84 874</u>

5. TRADE RECEIVABLES

	2014 EUR	2013 EUR
Riga's health department	115 806	70 691
P.Stradiņa klīniskā universitātes slimnīca	42 862	24 996
Apdrošināšanas sabiedrība BTA SE	7 076	10 444
Gjensidege Baltic	8 089	10 195
Compensa Life Vienna Insurance group	1 337	5 488
Ergo Latvija AAS	3 771	4 485
IF Latvija AAS	3 520	4 441
SEESAM Latvija	4 288	3 849
Balta AAS	4 873	2 331
Latvijas dzelzceļš AS	1 722	1 722
Latvijas Universtāte	2 224	1 043
Olla M SIA	831	885
Iekšlietu ministrijas veselības un sociālo lietu valsts	1 104	868
Balva AAS	30	795
Baltijas apdrošināšanas nams	362	660
Biogen Idec Ltd.	-	178
Other customers	41 939	29 123
Bad debt provisions	(9 077)	(7 960)
Total	<u>230 757</u>	<u>164 234</u>

6. OTHER RECEIVABLES

	2014 EUR	2013 EUR
Taxes overpaid (note No.12)	1 859	5 111
VAT for unpaid invoices	2 761	-
Other receivables	36 376	10 771
Total	<u>40 996</u>	<u>15 882</u>

7. DEFERRED EXPENDITURE

	2014 EUR	2013 EUR
Assurance	4 944	3 681
Total	<u>4 944</u>	<u>3 681</u>

8. CASH FUNDS

	2014	2013
Cash in bank	1 519 327	1 128 052
Cash in hands	5 479	4 385
Total	<u>1 524 806</u>	<u>1 132 437</u>

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9. SHARE CAPITAL

	2014		2013	
	Akciju skaits	Kapitāla daļa %	Akciju skaits	Kapitāla daļa %
Shareholders:				
Ilze Birka	140 000	17.50%	140 000	17.50%
Mārtiņš Birks	140 000	17.50%	140 000	17.50%
Ilze Aizsilniece	91 565	11.45%	91 565	11.45%
Guna Švareberga	82 917	10.36%	82 917	10.36%
Jānis Birks	81 338	10.17%	81 338	10.17%
Adomas Navickas	50 825	6.35%	50 825	6.35%
Other shareholders (shares less than 5%)	213 355	26.67%	213 355	26.67%
Total	800 000	100.00%	800 000	100.00%
Share equity	1 138 297		1 138 297	

10. DEFERRED INCOME

	2014 EUR	2013 EUR
ERAF project reimbursement:		
Short-term part	51 083	47 551
Long-term part	470 866	501 577
Total	521 949	549 128

11. ADVANCE PAYMENTS

	2014 EUR	2013 EUR
Riga's health department	-	4 169
Other advances	2 214	1 614
Total	2 214	5 783

12. TRADE PAYABLES

	2014 EUR	2013 EUR
Medilink SIA	7 541	14 930
Latvenergo Rīgas elektrotīkls	10 922	10 397
Sistēmu Audits SIA	-	8 608
Latvijas Gāze	3 245	4 956
Zitari SIA	3 088	2 639
Rīgas Ūdens	1 467	1 104
Akadēmiskā histoloģijas laboratorija SIA	157	322
Tradintek SIA	6 171	-
Other suppliers	175 079	44 810
Total	207 670	87 766

13. TAXES AND SOCIAL SECURITY PAUMENTS

	<i>As of</i> 31.12.2013	<i>Calculated</i>	<i>Paid</i>	<i>Returned</i>	<i>As of</i> 31.12.2014
	EUR	EUR	EUR	EUR	EUR
Value added tax	1 635	79 445	(71 082)	-	9 998
Social insurance	72 377	880 099	(872 733)	(5 105)	74 638
Personal income tax	39 001	489 248	(487 791)	-	40 458
Corporate income tax	(5 105)	14	(1 867)	5 105	(1 853)
Unemployment duty	114	1 383	(1 412)	-	85
Natural resources tax	858	2 920	(3 468)	-	310
Corporate transport tax	-	595	(324)	-	271
Real estate tax	(6)	9 887	(9 887)	-	(6)
Total, including	108 874	1 463 591	(1 448 564)	-	123 901
due to the budget	113 985				125 760
overpayment	(5 111)				(1 859)

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14. OTHER PAYABLES

	2014	2013
	EUR	EUR
Salaries	142 792	136 098
Trade union	688	761
Deposited salary	648	659
Total	<u>144 128</u>	<u>137 518</u>

15. NET SALE

	2014	2013
	EUR	EUR
Medical ambulant services	4 115 218	3 294 993
Medical hospital services	936 787	909 783
Insurance payments	384 894	321 414
VS ZDC ambulant services	251 750	278 847
Inpatient Care	122 762	153 771
Stomatology services	8 472	52 833
Family doctors	-	31 868
Residents training	16 682	20 859
Services - minimum fixed part	6 564	13 144
Other income	527	3 961
Total	<u>5 843 656</u>	<u>5 081 473</u>

16. COST OF GOODS SOLD

	2014	2013
	EUR	EUR
Salaries and wages	2 233 448	2 232 465
Fixed assets depreciation	603 032	676 843
Medical goods	646 635	636 675
Social tax	513 039	524 391
Public utilities	247 528	249 382
VAT - expenses	271 857	245 431
Repair expenses	170 848	153 499
Fixed assets depreciation	60 976	61 077
Security expenses	22 018	40 014
Medical researches	42 728	38 583
Provisions for vacations	-	38 536
Feeding expenses	31 929	31 639
Computer maintenance, repair	20 748	27 908
Household goods	34 868	26 007
Real estate tax	9 260	18 048

16. COST OF GOODS SOLD (continued)

	2014	2013
	EUR	EUR
Advertising	28 835	6 511
Office expenses	13 492	11 315
Utilities	-	7 114
Insurance expenses	5 819	5 949
Transport expense	12 385	9 182
ERP system maintenance	13 087	6 229
Employees trainings	3 598	2 942
Allowances to employees	1 209	1 281
Unemployment duty	1 414	1 481
Gifts to employees	263	710
Accruals for doubtful debts	1 117	4 010
Rent of equipment	15 853	569
Received discounts	-	(8 580)
Other operating expenses	415 146	72 718
Total	<u>5 421 132</u>	<u>5 121 929</u>

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	2014	2013
Average number of employees	355	349

17. ADMINISTRATIVE EXPENSES

	2014	2013
	EUR	EUR
Salaries and wages	313 412	247 957
Social tax	53 148	58 392
Board remuneration	37 559	36 716
Board chairperson remuneration	35 188	30 977
Council members remuneration	19 123	19 123
Communication expenses	11 738	11 807
Council chairperson remuneration	8 196	8 196
Board members social tax	8 360	7 610
Chairperson of the Board social tax	8 301	7 463
Audit expenses	4 268	7 114
Office expenses	8 539	6 759
Bank expenses	8 469	6 010
Council members social tax	4 019	4 118
Legal services	1 395	2 001
Chairperson of the Council social tax	1 974	1 975
Presentation expenses	3 154	1 615
Other administrative expenses	3 197	2 834
Total	<u>530 040</u>	<u>460 667</u>

18. OTHER OPERATING INCOME

	2014	2013
	EUR	EUR
Rent income	105 895	95 823
ERAF income: fixed assets depreciation	52 990	47 551
Hotel services – food	13 894	15 360
Utilities for tenants	8 097	6 076
Net gain from sale of fixed assets	-	3 695
Laundry income	1 656	1 005
Solarium income	904	512
Other income	72 452	7 423
Total	<u>255 888</u>	<u>177 445</u>

19. OTHER OPERATING EXPENSES

	2014	2013
	EUR	EUR
Penalties	10	232
Loss from fixed assets disposals	-	-
Other expenses	31 032	1 948
Total	<u>31 042</u>	<u>2 180</u>

20. INCOME FROM INVESTMENT IN ASSOCIATE

	2014	2013
	EUR	EUR
Neurology clinic Ltd.	3 896	-8 856
Total	<u>3 896</u>	<u>-8 856</u>

21. INTEREST INCOME AND SIMILAR INCOME

	2014	2013
	EUR	EUR
Interest income	3 288	-
Income from long term capital shares true value fixing	969 482	-
Kopā	<u>972 770</u>	<u>-</u>