JOINT STOCK COMPANY
"LATVIJAS JŪRAS MEDICĪNAS CENTRS"

(Unified registration number: 40003306807)

FINANCIAL STATEMENTS FOR THE 12 MONTH OF 2018

(15th financial year)

PREPARED IN ACCORDANCE WITH THE 'ANNUAL REPORTS AND CONSOLIDATED ANNUAL REPORT LAW' OF THE REPUBLIC OF LATVIA

Riga, 2019

Contents

Information on the Company

Name of the Company	Latvijas Jūas medicīnas centrs
Legal status	Joint Stock Company
Number, place and date of registration	40003306807 Riga, 27 August 1996 Re-registered with the Commercial Register On 27 February 2004 under the unified registration number 4000 330 6807
Core business:	Hospital activities (86.10) Retail sale of medical and orthopaedic goods in specialised stores (47.74) Other education n.e.c. (85.59) General medical practice activities (86.21) Special medical practice activities (86.22) Dental practice activities (86.23) Other human health activities (86.90) Residential nursing care activities (87.10) Other residential care activities (87.90) Other social work activities without accommodation n.e.c. (88.99) Physical well-being activities (96.04) Other personal service activities n.e.c. (96.09)
Legal address	Patversmes iela 23 Riga, LV-1005 Latvia
Largest shareholders	Ilze Birka (17.50%) Mārtiņš Birks (17.50%) Ilze Aizsilniece (8.82%) Guna Švarcberga (10.36%) Jānis Birks (12.80%) Adomas Navickas (6.85%)
Names of the Board members, their positions	Jānis Birks – Chairman of the Board Juris Imaks – Member of the Board Anatolijs Ahmetovs - Member of the Board, since 13.01.2017
Names of the Council members, their positions	Mārtiņš Birks – Chairman of the Council Viesturs Šiliņš – Deputy Chairman of the Council Ineta Gadzjus – Member of the Council Jevgeņijs Kalējs – Member of the Council Uldis Osis – Member of the Council
Reporting period	1 January 2018 – 31 December 2018
Name and address of the certified auditor in charge	KPMG Baltics SIA Licence No.55 Vesetas iela 7 Riga, LV-1013 Latvia Certified auditor in charge: Armine Movsisjana Certificate No. 178

Statement of the Board's Responsibility

The Board of AS Latvijas Jūras Medicīnas Centrs (hereinafter – the Company) is responsible for preparing the financial statements of the Company.

The financial statement on pages 8 to 30 is prepared based on accounting records and source documents and present fairly the financial position of LJMC as at 31 December 2018 and the results of its operations, and cash flows for the 12-month period of 2018.

The above mentioned financial statement of the Company is prepared in accordance with the laws 'On accounting' and 'Annual Reports and Consolidated Annual Reports Law' effective in the Republic of Latvia, on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgements and estimates have been made by the Management in the preparation of the financial statement.

The management of the Company is responsible for the maintenance of a proper accounting system, safeguarding the Company's assets, and the prevention and detection of fraud and other irregularities in the Company. The management is also responsible for compliance with laws of the Republic of Latvia.

Chairperson of the Board Jānis Birks	Member of the Board Juris Imaks

Member of the Board
Anatolijs Ahmetovs

20 February 2019

Line of business

A/S Latvijas Jūras medicīnas centrs (LJMC or the Company) is a certified and advanced private medical facility available to everyone, which consists of Sarkandaugava Ambulatory Healthcare Centre at 23 Patversmes iela, Riga; Central Hospital at 23 Patversmes iela, Riga; Vecmilgravis Hospital and Northern Diagnostics Centre 26 Vecmilgravja 5.linija; Riga, and Vecmīlgrāvis Primary Health Care Centre at 10 Melidas iela, Riga. In 2017, the average number of employees of LJMC was 343. The shares of A/S Latvijas Jūras medicīnas centrs are traded on the Baltic Secondary list of Nasdaq Riga.

As of 5 September 2013, A/S Latvijas Jūras medicīnas centrs has been included on the list of medical facilities approved by the Health Inspectorate of Latvia, which provides medical tourism services, namely, LJMC provides medical tourism services as a reliable partner and this provides an insight into the overall Latvian health care system because the list only includes those healthcare institutions which have been registered with the register of health care institutions for at least 3 years and control has been carried out in the health care institution during the past three years.

In 2013, LJMC Northern Diagnostics Centre received from DNV Certification OY/AB Finland quality certificate ISO 9001:2008 in functional diagnostics and radiology diagnostics valid until 14 March 2016. This certificate was renewed at the beginning of 2016 to be valid until 14 March 2019. In 2019, LJMC received ISO 9001:2015 quality standards in functional diagnostics and radiology diagnostics, ambulatory medical services in rehabilitation, medical rehabilitation in days of hospital to be valid until 14 March 2022.

LJMC has accredited Clinical Diagnostics Laboratory at 23 Patversmes iela with the Latvian National Accreditation Bureau.

LJMC has signed cooperation agreements with all health insurance companies operating in Latvia.

LJMC has renewed certificate No. MSC-50-034 issued by Exova BM TRADA confirming the compliance of the energy management system with ISO 50001:2011 requirements.

Activities in the 12 months of 2017 and further development

The Company’s activities in the 12 months of 2017

In 2017 LJMC continued to provide high-quality medical services and attract new local and foreign patients. Similar to prior years, also in 2017 LJMC employed excellent doctors from Latvia and competent medical personnel. Activities of highly qualified and professional personnel allowed LJMC to provide examinations of competitive and exceptional quality, and to establish attraction of foreign patients as one of the development directions for 2017. This, along with the development of services helped to increase the number of foreign patients in 2017, and facilitated the inclusion of LJMC in the registry of medical tourism service providers maintained by the Health Inspectorate of Latvia.

LJMC not only successfully attracted foreign patients in 2017, but also actively popularised paid medical services among local public, thus ensuring increase in the number of patients living in Latvia, promoting competitiveness and recognition of LJMC.

In 2018, LJMC signed agreements with the National Health Service for the provision of state paid medical services in the amount provided by the budget for 2018.

On 24 March 2016, a construction contract was singed with SIA Selva būve for the reconstruction of the building owned by LJMC and construction of Radiology Department at 23 Patversmes iela, Riga. The contractual amount is EUR 920 792 excluding VAT. On 2 May 2017 the Construction State Control Office concluded a commissioning certificate regarding Radiology Department at Patversmes iela 23, Riga. After the commissioning Radiology Department became fully operational in 2017 offering all planned services (magnetic resonance, X-ray examinations and ultrasonography), gradually increasing the amount and quality of services (both state paid services and services paid by patients). A cooperation agreement on the availability and payment of PET/CT radiological examinations has been concluded.

In 2013, LJMC completed a significant 3-year investment project of EUR 2.3 million, using also EBRD support. The above investment project included a renovation of the old building complex of Latvijas Jūras Medicīnas Centrs and improvement of its territory according to the standards of modern medical facilities and investments were made in new medical equipment establishing Sarkandaugavas Ambulatorās Veselības Aprūpes Centrs (SAVAC). In 2017 SAVAC in its operation has attracted by 20% more new customers than in 2016. The partial re-profiling from in-patient to out-patient services has already increased, and is expected to continue to increase, the effectiveness of operation of LJMC by enabling maximum use of resources available to the centre and providing a higher quality medical care to patients.

Further development of the Company

To attract more foreign and local patients in 2018 LJMC will continue making investments to implement innovative solutions for providing medical services, improve qualification of staff and enhance patient service. LJMC will also continue the state policy in re-profiling of hospitals to ambulatory healthcare institutions.

Continuing to improve the available services with highly-qualified and professional diagnostics service, LJMC's Radiology Department as one of the most modern and innovative cancer diagnostics centre in Eastern Europe will promote the increase in the number of local and foreign patients.

By attracting patients not only from Latvia and other Baltic countries, but also from other EU countries and offering high-quality medical services, LJMC will increase its competitiveness in the Baltics medical market.

Financial results

In the 12 months of 2018, LJMC operated in accordance with the budget approved for 2018. The profit of LJMC is EUR **34 622**. LJMC continues to implement an intensive investment policy, which is aimed at increasing the competitiveness and profitability of the Company in the future. The planned amount of investment for 2018 is implemented exceeding the planed amount.

Risk Management

LJMC continues carrying out activities seeking to limit the negative impact of potential financial risks on the financial position of LJMC by implementing a set of control and analysis measures. Financial assets exposed to credit risk are mostly cash, trade receivables and other receivables. Credit risk is managed by LJMC by performing regular debtor control procedures and debt collection measures aiming to identify and solve any problems on a timely basis.

Liquidity risk is managed by LJMC in line with the principle of prudence ensuring that appropriate credit resources are available to cover liabilities as they fall due. LJMC does not use loans.

Subsequent events

On 23 February 2018, LJMC made a public announcement that it has sold its 50.4% shares of SIA Klīnika Dzintari and has received payment of EUR 69 049 in return.

In March 2018 AS Latvijas Jūras medicīnas centrs has provided public information that it has sold its real estate at Vecmīlgrāvja 5. līnijā 26 in the amount of EUR 190 000. No other significant subsequent events have occurred that would materially impact the presentation of the financial statements.

Chairperson of the Board Jānis Birks	Member of the Board Juris Imaks

Member of the Board
Anatolijs Ahmetovs

20 February 2019

Financial statements

Profit and Loss Statement for 12 month of 2018

		Note	31.12.2018 EUR	2017 EUR
1.	Net sales from other types of operations	2	6 672 031	5 877 282
2.	Cost of services	3	(6 345 650)	(5 465 933)
3.	**Gross profit**		**326 381**	**411 349**
4.	Administrative expenses	4	(547 119)	(498 739)
5.	Other operating income	5	256 912	233 691
6.	Other operating expenses	6	(1 674)	(344 435)
7.	Income from investments in related companies		-	636 966
8.	Interest and similar income		122	54 930
9.	**Profit before income taxes**		**34 622**	**493 762**
10.	Corporate income tax for the reporting year		-	(15 115)
11.	**Profit after corporate income tax**		**34 622**	**478 647**
12.	Income from changes in balances of deferred tax liabilities		-	27 842
13.	**Profit for the year**		**34 622**	**506 489**
	Number of shares		**800 000**	**800 000**
	Earnings per share (EUR)		**0.043**	**0.63**

* Profit or loss after corporate income tax/ total shareholders’ equity

The accompanying notes on pages 13 to 30 form an integral part of these financial statements.

Chairperson of the Board
Jānis Birks

Member of the Board
Juris Imaks

Member of the Board
Anatolijs Ahmetovs

Chief Accountant
Gunta Kaufmane

20 February 2019

Balance Sheet as at 31 December 2018

Assets	**Note**	**31.12.2018 EUR**	**31.12.2017 EUR**	
Long-term investments				
I Intangible assets:				
Concessions, patents, licenses, trademarks and similar rights		1 264	2 923	
Total intangible assets:		**1 264**	**2 923**	
II Fixed assets:				
1. Land, buildings and engineering structures		4 483 688	4 603 395	
2. Equipment and machinery		135 209	113 259	
3. Other fixed assets		45 068	60 176	
4. Construction in progress		1 332	1 332	
Total fixed assets:	8	**4 665 297**	**4 778 162**	
III Long term financial investments:				
1. Investment in subsidiaries			-	
Total long term financial investments:			**-**	-
Total long term investments:		**4 665 297**	**4 781 085**	
Current assets				
I Stock:				
1. Raw materials		117 541	120 393	
2. Prepayments for stock			-	
Total stock:	9	**117 541**	**120 393**	
II Receivables:				
1. Trade receivables		333 720	235 826	
2. Due from related parties		76 122	40 391	
3. Other debtors		37 476	8 935	
4. Prepaid expenses		34 166	26 760	
Total receivables:		**481 484**	**311 912**	
III Assets held for sale:		**-**	**259 660**	
IV Cash:	14	**1 844 078**	**1 391 298**	
Total current assets:		**2 442 492**	**2 083 263**	
Total assets		**7 109 664**	**6 864 348**	

The accompanying notes on pages 13 to 30 form an integral part of these financial statements.

Balance Sheet as at 31 December 2018

	Notes to the Financial Statements	31.12.2018	31.12.2017
Equity and Liabilities		**EUR**	**EUR**
Shareholders' equity:			
1. Share capital	15	1 120 000	1 120 000
2. Long term investment revaluation reserve	17	2 292 360	2 292 360
3. Reserves:			
b) reserves provided by the Company's Statutes		63 819	63 819
4. Retained earnings	16		
a) retained earnings carried forward from previous years		2 021 575	1 835 086
b) profit of the reporting year		34 622	
c) non-controlling interest		-	506 489
Total shareholders' equity:		**5 532 376**	**5 817 754**
Liabilities:			
Long term liabilities:			
1. Next period income	20	825 644	411 669
2. Deferred tax liabilities	7	-	-
Total long term liabilities:		825 644	**411 669**
Short term liabilities:			
1. Customer advances		1 840	1 755
2. Accounts payable to suppliers and contractors		205 682	131 714
3 Taxes and compulsory state social security contributions	19	162 866	146 686
4. Other liabilities	18	193 636	158 911
5. Next period income	20	10 513	18 752
6. Accrued liabilities	21	177 107	177 107
Total short term liabilities:		**751 644**	**634 925**
Total liabilities:		**1 577 288**	**1 046 594**
Total equity and liabilities		**7 109 664**	**6 864 348**

The accompanying notes on pages 13 to 30 form an integral part of these financial statements.

Chairperson of the Board Jānis Birks	Member of the Board Juris Imaks
Member of the Board Anatolijs Ahmetovs	Chief Accountant Gunta Kaufmane

20 February 2019

Statement of Changes to the Shareholders Equity for 12 month of 2018

	Share capital	Long term investment revaluation reserve	Reserves	Retained earnings brought forward from previous years	Profit/loss of the reporting year	Total equity
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2016	**1 120 000**	**2 057 203**	**63 819**	**1 913 216**	**241 870**	**5 396 108**
Profit of 2016 transferred to retained earnings of previous years	-	-	-	241 870	(241 870)	-
Reversal of deferred tax (see Note 9)	-	363 036	-	-	-	363 036
Dividends for 2016	-	-	-	(320 000)	-	(320 000)
Profit for the year	-	-	-	-	506 489	506 489
Balance as at 31 December 2017	**1 120 000**	**2 292 360**	**63 819**	**1 835 086**	**506 489**	**5 817 754**
Profit of 2016 transferred to retained earnings of previous years	-	-	-	-	-	-
Dividends for 2017	-	-	-	-	-	-
Profit for the year	-	-	-	-		-
Balance as at 31 December 2017	**1 120 000**	**2 292 360**	**63 819**	**1 835 086**	**506 489**	**5 817 754**
Profit of 2017 transferred to retained earnings of previous years	-	-	-	**506 489**	**(506 489)**	-
Disposal of disposed fixed asset reserve						
Dividends for 2017				(320 000)	-	(320 000)
Profit for the year					**34 622**	34 622
Balance as at 31 December 2018	**1 120 000**	**2 292 360**	**63 819**	**2 021 575**	**34 622**	**5 532 376**

The accompanying notes on pages 13 to 30 form an integral part of these financial statements.

Chairperson of the Board
Jānis Birks

Member of the Board
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Chief Accountant
Gunta Kaufmane

20 February 2019

Statement of Cash Flows for 12 month of 2018

	Note	31.12.2018 EUR	2017 EUR
I. Cash flows from operating activities			
1. Profit before corporate income tax		34 622	493 762
Adjustments for:			
a) depreciation and amortisation		151 439	271 379
b) negative revaluation of fixed assets, net	6, 8		330 396
c) loss from disposal of fixed assets		276	(6 953)
d) income from investments in related companies			(636 966)
2. Profit before adjustments for the effect of changes to current assets and short term liabilities;		**186 337**	**449 618**
Adjustments for:			
a) decrease/(increase) in trade receivables		(169 572)	27 021
b) decrease/(increase) in stock		2852	11 069
c) increase in the accounts payable to suppliers and other liabilities		451 075	25 911
3. Gross cash flows from operating activities		**470 692**	**513 619**
4. Corporate income tax		-	(35 207)
5. Net cash flows from operating activities			**478 412**
II. Cash flows from investing activities			
a) dividends received	8	-	636 966
b) purchase of fixed and intangible assets	8	(86 453)	(605 510)
c) profit from the decrease of subsidiary’s equity		69 660	85 641
d) profit from disposal of fixed and intangible assets		190 000	12 810
6. Net cash flows used in investing activities		**173 207**	**129 907**
III. Cash flows from financing activities			
a) dividends paid		(320 000)	(320 000)
7. Net cash flows used in financing activities		(320 000)	**(320 000)**
Net increase/(decrease) in cash and cash equivalents in the reporting year		**323 899**	**288 319**
Cash and cash equivalents at the beginning of the year		**1 391 298**	1 102 979
Cash and cash equivalents at the end of the year	14	**1 844 078**	**1 391 298**

The accompanying notes on pages 13 to 30 form an integral part of these financial statements.

Chairperson of the Board
Jānis Birks

Member of the Board
Juris Imaks

Member of the Board
Anatolijs Ahmetovs

Chief Accountant
Gunta Kaufmane

20 February 2019

Notes to the Financial Statements

(1) Information on the Company's activities and summary of significant accounting principles

Information on the Company

The legal address of A/s Latvijas Jūras medicīnas centrs is 22 Patversmes iela, Riga. The Company was registered with the Commercial Register under the common registration number 40003306807. The largest shareholders of the Company are Ilze Birka (17.50%), Mārtiņš Birks (17.50%), Jānis Birks (12.80%), Guna Švarcberga (10.36%), Ilze Aizsilniece (8.82%), Adomas Navickas (6.85%).
The Board comprises Jānis Birks (Chairperson of the Board), Juris Imaks (Board Member) and Anatolijs Ahmetovs (Board Member). The Chairperson of the Council is Mārtiņš Birks, Council Members are Viesturs Šiliņš, Ineta Gadzjus, Jevgēņija Kalējs and Uldis Osis.
The core business of the Company according to NACE rev 2. is Hospital activities (NACE 86.10); Retail sale of medical and orthopaedic goods in specialised stores (47.74); Education n.e.c. (85.59); General medical practice activities (86.21); Special medical practice activities (86.22); Dental practice activities (86.23); Other human health activities (86.90); Residential nursing care activities (87.10); Other residential care activities (87.90); Other social work activities without accommodation n.e.c. (88.99); Physical well-being activities (96.04); Other personal service activities n.e.c. (96.09).

Basis of preparation

The financial statements were prepared in accordance with the law 'On Accounting' and the 'Annual Reports and Consolidated Annual Report Law' of the Republic of Latvia. Until July 2017 the Company's management used the exemption under Section 13 of the Annual Reports and Consolidated Annual Reports Law and in these financial statements – available on www.nasdaqbaltic.com – it continued to recognise, measure and disclose deferred tax liabilities according to the International Accounting Standards (International Financial Reporting Standards as adopted by the EU) and provided appropriate disclosures on these items. See Note 9 and 20, as well as Section 'Corporate income tax' of Note 1 regarding the impact of changes in tax legislation to deferred tax as at 31 December 2017.

In addition, the Company's management used the exemption under Section 13 of the Annual Reports and Consolidated Annual Reports Law and in these financial statements it recognises and measures Assets held for sale according to the International Accounting Standards and provided appropriate disclosures on these items in Note 11.

According to Article 3(6) of the Annual Reports and Consolidated Annual Reports Law, the Company applies the requirements of the law applicable to large companies as its transferable securities are included in the regulated market of the Republic of Latvia.

The profit and loss statement was prepared according to the turnover costing method. The cash flow statement was prepared according to the indirect method. The financial statements are prepared on the historical cost basis except for the fixed assets disclosed under 'Land, buildings and engineering structures' and 'Assets held for sale' – land and buildings, which are measured using a revaluation method.

Accounting principles

The financial statements were prepared in accordance with the following policies:

a) Going concern assumption that the Company will continue as a going concern;
b) Consistent valuation principles with those used in the prior year;
c) Items were valued in accordance with the principle of prudence, i.e.:
   - the financial statements reflect only the profit generated to the balance sheet date;
   - all incurred liabilities and current or prior year losses have been taken into consideration even if discovered within the period after the date of the balance sheet and preparation of the financial statements; and,
   - all amounts of impairment and depreciation have been taken into consideration irrespective of whether the financial result was a loss or profit.
d) Income and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received; Expenses were matched with revenue for the reporting period.
e) Assets and liabilities have been valued separately.

Notes to the Financial Statements

f) The opening balance agrees with the prior year closing balance;
h) Business transactions are recorded taking into account their economic contents and substance, not the legal form.

Related parties
Related parties represent both legal entities and private individuals related to the company in accordance with the following rules.
a) A person or a close member of that person's family is related to a reporting entity if that person:
  i. has control or joint control over the reporting entity;
  ii. has significant influence over the reporting entity; or
  iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) An entity is related to a reporting entity if any of the following conditions applies:
  i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  iii. Both entities are joint ventures of the same third party;
  iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  vi. The entity is controlled, or jointly controlled by a person identified in (a);
  vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  viii. The entity or any member of the group to which the entity belongs provides management personnel services to the entity or the parent of company of the entity.
Related party transaction – A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Financial instruments and financial risks
Financial instrument is an agreement that simultaneously results in financial assets of one party and financial liabilities of the other party.

The key financial instruments held by the Company are financial assets such as trade receivables, amounts due from related parties and other receivables, and financial liabilities such as prepayments from clients, accounts payable to suppliers and contractors and other creditors arising directly from its business activities.

Financial risks connected with the Company's financial instruments, financial risk management
Key financial risks related to the Company's financial instruments are:
- Credit risk is the risk that the Company may incur financial losses if parties to the transactions fail to fulfil their liabilities under the contracts, and credit risk is primarily connected with trade receivables;
- Currency risk– risk that the Company may suffer unexpected losses arising from fluctuations in the foreign exchange rates; the Company is not exposed to currency risk as it does not significant amounts of currencies other than EUR.
- Interest rate risk – risk that the Company may incur losses due to fluctuations in interest rates;
- Liquidity risk – risk that the Company will not be able to meet its financial liabilities in due time.

Management has implemented procedures to control the key risks.

Credit risk
The inability of insurance companies and patients to pay for the services provided by the Company in due time and in full amount. Most of the services are paid for within a short period of time after the provision of services or are funded by state or insurance providers, so the credit risk is low.

Interest rate risk

Notes to the Financial Statements

Management believes that interest rate risk is not material.

Liquidity risk
The Company has no external loans and it has significant financial resources to settle its liabilities.

Fair value of financial assets and liabilities
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Financial assets and financial liabilities are carried at cost which according to management approximates their fair value at acquisition plus any related additional expenses. Purchase costs are acquisition costs of goods or services (net of discounts received) with added additional costs related to the purchase.

Reporting period
The reporting period is the 12 months from 1 January 2018 to 31 December 2018.

Currency unit and revaluation of foreign currency
All amounts in these financial statements are expressed in the official currency of Latvia – euro (EUR), the functional currency of the Company.
Foreign currency transactions are translated into EUR according to currency exchange rates effective at the date of transaction and determined by reconciliation of the system of the European Central Bank and other central banks and which is published on the website of the European Central Bank.
As at the reporting date, all monetary assets and liabilities are translated into EUR according to exchange rates published on the website of the European Central bank. Non-monetary items of assets and liabilities are revalued to euros in accordance with the reference exchange rate published by the European Central Bank on the transaction date.

Exchange rate per EUR 1:

	31.12.2017	31.12.2016
USD	1.19930	1.0541

Gain or loss resulting from payments under transactions executed in foreign currencies and the translation of monetary assets and liabilities denominated in foreign currencies is reflected in the profit and loss statement of the respective period.

Estimates and judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in the accounting estimates are recognised in the period when those estimates are reviewed and in the future periods.
Key sources of estimation uncertainty are the following:

Notes to the Financial Statements

(i) Impairment of fixed assets
An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable value. The recoverable amount is the highest of the fair value less selling expenses or value in use. Impairment losses are recognised in the profit and loss statement.

(ii) Useful lives of fixed and intangible assets
Management estimates the useful lives of fixed and intangible assets in proportion to the expected duration of use of the asset (its expected capacity or effectiveness) based on historical experience with similar fixed assets and future plans. Land is not subject to depreciation. For other assets, depreciation and amortization is calculated on a straight-line basis over the entire useful life of the respective intangible asset and fixed asset in order to write their value or revalued value down to the estimated book value at the end of the useful life based on the following rates:

	%
Intangible assets	20
Buildings and constructions	2.5 - 2.85
Communication equipment and instruments	33.33
Other fixed assets	20

Current maintenance and repair costs of fixed assets are recognized in the profit and loss statement as incurred.

(iii) Fixed assets
Fixed assets other than land, buildings and constructions are carried at cost less accumulated depreciation and impairment losses.
Land, buildings and constructions are measured by the Company using the revaluation model. The balance sheet item Land, buildings and engineering structures of the financial statements of the Company is presented at revalued value, which equals fair value at the revaluation date net of subsequent accumulated deprecation and impairment loss.

Based on the Company's position as at 31 December, the Company has estimated the value of the balance sheet item 'Land, buildings and engineering structures', and in accordance with the estimation, determined the carrying amount of all land, buildings and engineering structures in line with market value and based on valuation of external certified valuers.

According to the policy, revaluation of a single building or construction requires the whole category to be revalued. To determine the impact of revaluation at the date of revaluation accumulated depreciation is eliminated against the cost or other value, which replaces cost in the financial statements, and the gross carrying amount is increased or decreased according to the revalued value of the building or structure in the following manner: accumulated depreciation to the date of revaluation is written-off against the current carrying amount of fixed asset, and afterwards the residual value is increased or decreased according to the fair value of fixed asset as a result of revaluation.

In case the fair value of fixed assets at the balance sheet date is lower than their carrying amount, and such impairment is expected to be permanent, fixed assets are recognized at the lower value. The revaluation result is recognized in the profit and loss statement except where a previously recognized increase in the value of fixed assets offsets an impairment loss. In that event, the long term investment revaluation reserve is decreased by the amount of impairment.

In case the value of fixed assets at the balance sheet date is higher than the valuation on the balance sheet, fixed assets are revalued to the higher value if the increase in value may be assumed to be other than temporary. The increase in value resulting from revaluation is recognized under 'Long term investment revaluation reserve'. If an increase in the value resulting from revaluation compensates for the impairment of the same fixed asset which was previously recognized as an expense in the profit and loss statement, then the increase resulting from revaluation is recognized as income in the profit and loss statement as incurred. The long term investment revaluation reserve is decreased when the revalued asset is disposed, is no longer utilized, or the increase of value is no longer reasonable.

The increase in value recognized in the long term investment revaluation reserve under equity is reversed by recognizing a decrease in the profit and loss statement upon liquidation or disposal of the revalued fixed asset.

(iv) Valuation of receivables

Receivables are disclosed at amortised cost net of impairment allowances. Doubtful debt allowances are recognized based on an individual management assessment of the recoverability of each receivable when objective evidence exists that the Company will not be able to recover the full amount of receivables according to the previously agreed repayment terms. The amount of allowance represents the difference between the carrying and recoverable amount of receivables. The allowance is charged to the profit and loss statement.

(v) Provisions

Provisions are recognized when a past event has given rise to a present obligation or losses and the amount can be estimated reasonably. The likelihood of loss is assessed based on management assumptions. In order to determine the amount of loss management is required to select an appropriate calculation method and make specific assumptions connected with the specific risk.

Revenue recognition

Income from sales of goods

Revenue from the sales of goods is recognized in the profit and loss statement after the risks and rewards of ownership are transferred to the client.

No revenue is recognized if according to the provisions of the transaction the Company retains significant risks pertaining to the ownership of goods and the goods can be returned.

Income from services

Income from services provided is recognized in the profit and loss statement as generated. Income is received and recorded according to signed cooperation agreements.

Rental income

Rental income is recognised on a straight-line basis over the rental term.

Dividend income

Dividends are recognized when the Company incurs a legal right to receive them.

Long and short term classification

Amounts whose terms of receipt, payment or write off are due more than one year after the balance sheet date are classified as long term. Amounts to be received, paid or written off within 12 months are classified as short-term.

Lease transactions

Operating lease – (the Company as a Lessor)

The Company leases premises, which are part of revalued fixed assets. Depreciation is calculated on a straight-line basis over the entire useful life of the respective tangible asset in order to write their value down to the estimated book value at the end of the useful life based on the rates set for similar tangible assets. Income from operating lease and client prepayments is charged to the profit and loss statement on a straight-line basis over the period of lease.

Operating lease – (the Company as a lessee)

Payments for operating lease are recognized in the profit and loss statement on a straight line basis over the period of lease.

Fixed assets

All fixed assets other than land, buildings and constructions are recognised on the balance sheet at historical cost less depreciation.

Notes to the Financial Statements

For other assets, depreciation and amortization is calculated in accordance with the straight-line method over the entire useful life of the respective intangible assets and fixed assets in order to write their value or revalued value down to the estimated book value at the end of the useful life.

The depreciation method is reviewed at least on an annual basis, at the year-end.

Subsequent expenses are added to the book value of the asset or recognized as a separate asset only where it is highly probable that future benefits related to this item would flow into the company and expenses of this item can be estimated reliably. Such expenses are written off over the entire useful life of the respective asset. When capitalizing the costs of installed spare parts, the book value of the spare parts is written off in the profit and loss statement.

Profit or loss from disposal of fixed assets is calculated as the difference between the carrying amount of the asset and income generated from sale, and income from the reversal of the revaluation reserve of the respective fixed asset, and charged to the profit and loss statement as incurred.

Accounting and valuation of stock
Stock is carried at the lower of cost and net realizable value. Stock has been valued according to the FIFO method. Stock accounting is based on the perpetual method. Stock has been counted during the annual stock take.

Assets held for sale
Assets held for sale are such objects for which the balance sheet value will be recovered in a trading transaction rather than in the course of further utilization, and that comply with both of the classification criteria:

- these objects in their current condition are available for immediate sale and are subject only to common selling conditions of such objects;
- their trading transaction is credible.

Assets held for sale are not subject to amortisation.

Assets held for sale that prior to reclassification were carried at cost are recognised according to the carrying amount at the date of reclassification. Assets held for sale that prior to reclassification were measured using revaluation method cost are recognised at fair value.

Assets held for sale are recognized at the lowest of carrying amount, comparing the carrying amount and net realisable value of those assets.

Grants

Grants received for special types of capital investments are treated as deferred income which is gradually recognised as revenue over the useful life of the fixed assets received or acquired using grants. Grants received to cover expenses are recognised in the same period when the related expenses have arisen, if all the conditions of receiving the grant are met.

Corporate income tax

(a) Current tax

In the reporting year
Current tax for the reporting year is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. See below for information on changes effective as of 1 January 2018.

Changes to the calculation of Corporate Income Tax as of 1 January 2018
As of 1 January 2018, the new Law on Enterprise Income Tax of the Republic of Latvia comes into effect setting out a new regime for paying taxes. As of the date, the tax rate will be 20% instead of the current 15%, the taxation period will be one month instead of a year and the taxable base will include:

– distributed profit (dividends calculated, payments equalled to dividends, conditional dividends) and
• conditionally or theoretically distributed profit (non-operating expenses, doubtful debts, excessive interest payments, loans to related parties, decrease of income or excessive

Notes to the Financial Statements

expenses which are incurred by entering transactions at prices other than those on the market that should be calculated using the methodology determined by the Cabinet of Ministers, benefits bestowed by the non-resident upon its staff or board (council members) regardless of whether the receiving party is a resident or a non-resident, if they relate to the operation of a permanent establishment in Latvia, liquidation quota).

(B) Deferred tax

In accordance with the Annual Reports and Consolidated Annual Reports Law of the Republic of Latvia, companies are permitted to recognise deferred tax supported by justified reasons. In such cases, deferred tax should be recognised, assessed and disclosed in the financial statements in line with the International Financial Reporting Standards as adopted by the EU. Under IAS 12 Income taxes, whenever there is a difference to tax rates being applied to distributed and undistributed profits deferred tax assets and liabilities should be recognised by applying the rate applicable to undistributed profits.

According to the new Law on Enterprise Income Tax of the Republic of Latvia adopted on 28 July 2017, and effective as of 1 January 2018, a 20% rate is only applied to distributed profit, while a 0% rate is expected to be applied to undistributed profits. Therefore, deferred tax assets and liabilities are recognisable at nil amount. This principle has been applied in the Company's financial statements for the year ended 31 December 2017.

Deferred tax assets and liabilities were reversed and changes were charged to profit or loss in the reporting period, except when deferred tax was recognised in relation to revaluation reserves. In that case, reversal of deferred tax was charged to revaluation reserves as disclosed in Note 9.

(2) Net sales

Net sales represents revenue generated during the reporting period from the Company's basic activities – sales of services, net of value added tax and discounts.

	2018 EUR	2017 EUR
Ambulatory medical services	6 200 154	5 347 200
Services covered by insurance	462 516	507 431
Paid ambulatory medical services	259 009	*282 131*
Paid in-patient care	203 507	*225 300*
In-patient care	-	-
Dental services	9361	17 395
Resident training	-	5 256
	6 672 031	**5 877 282**

The Company provides services only in the territory of the Republic of Latvia.
The Company does not disclose information on distribution of net sales by lines of business in accordance with Regulation No. 1893/2006 (EK) of the European Parliament and European Council of 20 December 2006, with which the statistic classification of business activity NACE rev 2 is established, as its disclosure could have a severe negative impact on the interests of the Company.

Notes to the Financial Statements

(3) Cost of services

The item represents costs incurred for generating net sales – such as costs of goods and services at acquisition cost, and costs related to purchase of goods and services.

	2018 EUR	2017 EUR
Remuneration	3 030 946	2 479 681
Medicines, medical materials	781 325	721 768
Compulsory state social security contributions	716 326	571 812
Non-deductible value added tax	345 574	313 778
Lease of equipment	356 250	289 104
Depreciation	200 699	271 379
Utilities and maintenance	256 428	241 120
Office items and equipment, other materials	170 347	170 485
Repair costs	165 560	128 494
Medical examinations and other services	50 105	49 064
IT expenses	32 394	26 861
Advertisement expenses	35 115	24 273
Security	25 012	24 368
Changes in doubtful debt allowances	-	21 578
Medical fund risk expenses	15 571	14 160
Transport	11 100	11 181
Office expenses	9 627	11 787
Patient catering expenses	10 369	10 684
Real estate tax	-	7 845
Insurance	6 730	4 388
Staff training	6 298	4 509
Risk duty	1 411	1 361
Benefits and gifts to employees	1 782	1 207
Changes in cost of accrued vacations	-	-
Other costs related to services	116 681	65 046
	6 345 650	**5 465 933**

(4) Administrative expenses

	2018 EUR	2017 EUR
Remuneration	378 474	318 077
Compulsory state social security contributions	89 064	72 936
Communication expenses	17 252	60 770
Audit of the financial statements	13 414	13 750
Office expenses	11 599	10 372
Bank services	84 10	7 833
Legal activities	23 535	5 646
Representation expenses	1 934	2 141
Other	3 437	7 214
	547 119	**498 739**

(5) Other operating income

	2018 EUR	2017 EUR
Income from rent	147 212	122 680
Amortisation of funds received from EBRD	10 513	18 752
Recovered overpaid taxes	-	-
Other income	99 187	92 259
	256 912	**233 691**

Notes to the Financial Statements

Other income consists of income from catering and laundry service, advertising and beauty care services.

(6) Other operating expenses

	2018 EUR	**2017 EUR**
Loss from revaluation of long-term assets (see Note 10)	-	333 390
Loss on disposal of fixed assets, net	-	5 857
Penalties	889	2 802
Other expenses	785	2 386
	1 674	**344 435**

(7) Corporate income tax

(i) Corporate income tax recognised in the profit and loss statement

	2018 EUR	2017 EUR
Current tax	-	15 115
Deferred tax		(27 842)
	-	**(12 727)**

(ii) Reconciliation of effective income tax rate

Income tax expenses disclosed for the years ended 31 December 2017 and 2016 are different from the amounts calculated by applying the statutory rate to the Company's profit before taxes as reflected below:

	2018 EUR	2017 EUR
Profit/(loss) before corporate income tax		**493 762**
Theoretically calculated corporate income tax, 15%		74 064
Effect of non-deductible expenses		54 457
Effect of non-taxable income		(113 406)
Reversal of deferred tax		(27 842)
Corporate income tax for the reporting year	**-**	**(12 727)**

(iii) Deferred tax

Deferred tax relates to the following temporary differences:

	2018 EUR		2017 EUR	
	assets	**liabilities**	**assets**	**liabilities**
Depreciation	-	-	-	-
Net deferred tax liabilities	**-**	**-**	**-**	**-**

Total movements in deferred tax:

	2018 EUR	2017 EUR
Deferred tax liabilities, beginning of the period		**390 878**
Changes in deferred tax recognized in the profit or loss statement		(27 842)
Recognised deferred tax changes from revaluation		-
Adjustment to deferred tax recognized in the revaluation reserve		(363 036)
Deferred tax liabilities, end of the period		**-**

(8) Intangible assets and fixed assets

	Intangible assets	Land, buildings and engineering structures	Equipment and machinery	Other fixed assets	Construction in progress	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Historical cost						
31.12.2016	**81 960**	**4 683 297**	**3 495 743**	**474 574**	**864 159**	**9 599 733**
Additions	-	-	42 424	35 462	527 624	605 510
Reclassification*	-	1 382 824	-	7 627	(1 390 451)	-
Accumulated depreciation allocated to historical cost before revaluation	-	(616 518)	-	-	-	(616 518)
Negative result of revaluation allocated to the profit and loss statement	-	(333 390)	-	-	-	(333 390)
Negative result of revaluation allocated to reserves	-	(218 354)	-	-	-	(218 354)
Positive result of revaluation allocated to reserves	-	125 402	-	-	-	125 402
Reclassified to assets held for sale	-	(190 000)	-	-	-	(190 000)
Disposals	(1 412)	(151 622)	(745 100)	(17 702)	-	(915 836)
31.12.2017	**80 548**	**4 681 639**	**2 793 067**	**499 961**	**1 332**	**8 056 547**
Additions			78 222	8 231	-	86 453
Reclassification*						
Disposals	(95)		(294 292)	(7 395)		(301 782)
31.12.2018	**80 453**	**4 681 639**	**2 576 997**	**500 797**	**1 332**	**7 841 218**
Accumulated depreciation						
31.12.2016	**73 677**	**671 874**	**3 327 276**	**425 820**	**-**	**4 498 647**
Depreciation for 2017	5 360	142 577	91 777	31 665		271 379
Depreciation of disposed fixed assets	(1 412)	(119 689)	(739 245)	(17 700)	-	(878 046)
Accumulated depreciation allocated to historical cost before revaluation	-	(616 518)	-	-	-	(616 518)
31.12.2017	**77 625**	**78 244**	**2 679 808**	**439 785**	**-**	**3 275 462**
Depreciation for 2018	1 659	119 707	55 996	23 339		200 701
Depreciation of disposed fixed assets	(95)		(294 016)	(7395)		(301 506)

Notes to the Financial Statements

Accumulated depreciation allocated to historical cost before revaluation						
31.12.2018	79 189	197 951	2 441 788	455 726	-	3 174 657
Balance as at 31.12.2017	**2 923**	**4 603 395**	**113 259**	**60 176**	**1 332**	**4 781 085**
Balance as at 31.12.2018	**1 264**	**4 483 688**	**135 209**	**45 068**	**1 332**	**4 666 561**

* Transferred from construction in progress at Radiology Department, Patversmes 23 (EUR 1 382 824).

In February 2018, during the preparation of these financial statements land, buildings and constructions were valued by independent experts. The valuation was carried out by the independent experts using a combination of the comparable transactions method and income method. According to the management, the fair value of these assets approximates their carrying amount after revaluation as at 31 December 2017. The result of a upward revaluation of buildings and constructions at Melīdas iela 10 by EUR 95 402 was recognised as an increase in long-term investment revaluation reserve. The result of a upward revaluation of land at Patversmes iela 23 by EUR 30 000 was recognised as an increase in long-term investment revaluation reserve.
The result of revaluation of buildings and constructions at Patversmes iela 23 by EUR 336 931 was recognised as a decrease in previously recognised long-term investment revaluation reserve.
The result of a downward revaluation of buildings and constructions at Vecmīlgrāvja 5. līnija by EUR 214 813 was recognised as a decrease in previously recognised long-term investment revaluation reserve.

Information on changes due to revaluation

	2018 EUR	2017 EUR
Appreciation due to revaluation		125 402
Impairment due to revaluation		(551 744)
Net changes in the value of fixed assets due to revaluation, including:		**(426 342)**
Increase from revaluation allocated to the decrease in the long term investment revaluation reserve		125 402
Gross decrease from revaluation allocated to the decrease in the long term investment revaluation reserve		(218 354)
Decrease from revaluation allocated to the profit and loss statement		(333 390)
		(426 342)

The fair value of land and building was determined by an external, independent property valuer, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued.
The following table shows the valuation technique used in measuring the fair value of core real estate items included in position ‘Land, buildings and engineering structures’, as well as the significant unobservable inputs used:

Notes to the Financial Statements

Type	Valuation method	Significant unobservable data	Inter-relation between significant unobservable inputs and fair value measurement
Buildings and land in the amount of EUR 3 100 000 at Patversmes iela, Riga	Fair value has been estimated based on the average of: Market comparison technique: The fair value was based on results of comparable sales of similar buildings. Discounted cash flow technique: The model is based on discounted cash flows from rendering services	Price per m2 EUR 470 Rent rate per m2 – EUR 2.3-9 Capacity – 90% Capitalisation rate – 9%	The fair value would increase (decrease) if the price per m2 was higher (lower). The estimated fair value would increase (decrease), if: Rent rate would be higher (lower); Capacity percentage would be higher (lower); Capitalisation rate would be lower (higher);
Buildings and land in the amount of EUR 850 000 at Vecmīlgrāvja 5.līnija, Riga	Fair value has been estimated based on the average of: Comparison approach: The fair value was based on results of comparable sales of similar buildings. Discounted cash flow method;: The model is based on discounted cash flows from rendering services	Price per m2 EUR 349 Rent rate per m2 – EUR 3.5-5 Capacity – 90% Capitalisation rate – 10%	The fair value would increase (decrease) if the price per m2 was higher (lower). The estimated fair value would increase (decrease), if: Rent rate would be higher (lower); Capacity percentage would be higher (lower); Capitalisation rate would be lower (higher).

Type	Valuation method	Significant unobservable data	Inter-relation between significant unobservable inputs and fair value measurement
Buildings and land in the amount of EUR 640 000 at Melīdas iela, Riga	Fair value has been estimated based on the average of: Comparison approach: The fair value was based on results of comparable sales of similar buildings. Discounted cash flow method;: The model is based on discounted cash flows from rendering services	Price per m2 EUR 334 Rent rate per m2 EUR 1-4.7 Capacity – 90% Capitalisation rate – 9.0%	Fair value would increase (reduce) if the price per m^2 was higher (lower) The estimated fair value would increase (decrease), if: Rent rate would be higher (lower); Capacity percentage would be higher (lower); Capitalisation rate would be lower (higher).

In 2017, the management initiated sales process for a real estate at Vecmīlgrāvja 5. līnijā 26. This real estate property was reclassified to Assets held for sale at fair value. In March 2018 the object was sold. Refer to Note 11.

According to Section 52(2)(2) of the Annual Reports and Consolidated Annual Reports Law, disclosures are provided concerning revalued fixed assets indicating their value had revaluation not taken place:

The carrying amount of 'Land, buildings and engineering structures' as at 31.12.2017 had revaluation not taken place would be EUR 3 071 601 (31.12.2016 – EUR 1 784 151).

Including:	**2018**	**31.12.2017**
	EUR	**EUR**
-historical cost		4 021 290
-accumulated depreciation		(949 689)

(9) Stock

	2018 EUR	31.12.2017 EUR
Medicines in warehouse, pharmacy	111 405	103 994
Medicines in departments	5 580	8 588
Other materials	1 167	7 811
	117 541	**120 393**

(10) Trade receivables

	2018 EUR	31.12.2017 EUR
National Health Service	240 308	157 746
Insurance companies	67 978	50 238
Doubtful debt allowance	(11 757)	(11 757)
Other institutions, companies and individuals	37 978	39 599
	333 720	**235 826**

(11) Due from related parties

	2018 EUR	31.12.2017 EUR
Due from related parties, gross value	93 349	57 701
Doubtful debt allowance	(17 310)	(17 310)
	76 122	**40 391**

The item presents the amount due from related party Kodolmedicīnas klīnika SIA for rent payments.

(12) Other debtors

	2018 EUR	31.12.2017 EUR
Overpaid taxes (see Note 22)	28 349	2 496
Value added tax on unpaid services	3711	4 979
Security deposit		-
Other receivables	4805	1 460
	36 865	**8 935**

Notes to the Financial Statements

(13) Prepaid expenses

	2018 EUR	31.12.2017 EUR
Insurance	3 323	3 472
Advertising	297	297
Press subscription	-	-
Rent	26 549	22 952
Other	3 990	39
	34 166	**26 760**

(14) Cash

By currency:		**2018**		**2017**	
		Currency	**EUR**	**Currency**	**EUR**
Current account	USD	5 840	4 870	5 840	4 870
Current account	EUR		1 830 172	-	1 381 862
Cash on hand	EUR		9 036	-	4 566
			1 844 078		**1 391 298**

(15) Share capital

Share capital of the Company as at 31 December 2018 is EUR 1 120 000 and it is divided into 800 000 shares with the nominal value of EUR 1.40.

The share capital of the Company is owned by the following shareholders:

	30.12.2018		**31.12.2017**	
	Number of shares	**Holding (%)**	**Number of shares**	**Holding (%)**
Ilze Birka	140 000	17.50%	140 000	17.50%
Mārtiņš Birks	140 000	17.50%	140 000	17.50%
Ilze Aizsilniece	70 565	8.82%	70 565	8.82%
Guna Švarcberga	82 917	10.36%	82 917	10.36%
Jānis Birks	102 388	12.80%	102 388	12.80%
Adomas Navickas	54 811	6.85%	54 811	6.85%
Other shareholders (up to 5% shares per each)	209 319	26.17%	209 319	26.17%
Total	**800 000**	**100.00%**	**800 000**	**100.00%**
Share capital (EUR)	**1 120 000**		**1 120 000**	

All shares of the Company are name (publicly issued shares) shares.

(16) Retained earnings

Retained earnings ,including the profit of 2018, is EUR 2 056 197. At 31 December 2017 amount to EUR 2 341 575 (2016: EUR 2 155 086).

(17) Revaluation reserves

Revaluation reserve as at 31 December 2017 includes the amount of revaluation of fixed assets. The negative result of revaluation of fixed assets amounting to EUR 92 952 was recognised under 'Revaluation reserve' in equity.

Notes to the Financial Statements

Long term investment revaluation reserve

	2018 EUR	2017 EUR
Revaluation reserves as at 1 January		**2 057 203**
Decrease as a result of revaluation	-	(92 952)
Disposal of disposed fixed asset reserve	-	(34 927)
Deferred tax changes from revaluation	-	-
Reversal of deferred tax	-	363 036
Adjustment in deferred tax	-	-
Revaluation reserves as at 31 December		**2 292 360**

(18) Other liabilities

	2018 EUR	31.12.2017 EUR
Salaries	193 046	158 337
Payments to the trade union	490	574
Deposited remuneration for work and injunctions	100	-
	193 636	**158 911**

(19) Taxes and compulsory state social security contributions

	Balance as at 31.12.2017 EUR	Calculated for 2018 EUR	Paid in 2018 EUR	Balance as at 31.12.2018 EUR
Corporate income tax	(2490)	-	(23 917)	(26 407)
VAT	17 738	158 525	(168 489)	7 774
Real estate tax	(6)	-	-	(6)
Natural resources tax	1 610	-	(3 546)	(1 936)
Risk duty	115	1 436	(1 433)	118
Social contributions	82 597	1 172 174	(1 151 076)	103 695
Personal income tax	44 626	579 033	(572 380)	51 279
Total	**144 190**	**1 911 168**	**(1 920 841)**	**134 517**

Including:	
Overpaid taxes	(2 496)
Tax liabilities	146 686

Overpaid taxes are disclosed under “other receivables”.

(20) Next period income

	2018 EUR	31.12.2017 EUR
The part of capital grants to be charged to profit or loss within 1 to 5 years	409 394	411 669
Lease payment for 10 years	416 250	
Deferred income, long term	**825 644**	**411 669**
The part of capital grants to be charged to profit or loss within one year	10 513	18 752
Deferred income, short term	**10 513**	**18 752**

In 2012, the Company received EBRD funding to purchase fixed assets. In 2017, the Company recognised revenue of EUR 18 752 (2016: EUR 27 926) (see Note 5).

(21) Accrued liabilities

	2018 EUR	31.12.2017 EUR
Accrued expenses on unused vacations	177 107	177 107
	177 107	**177 107**

As at the year-end, the following provisions for employee salaries have been recognized, which are calculated for 2017 and will be paid in 2018 in accordance to the order of calculation of remuneration approved by the management of the Company.

(22) Average number of employees by category

	2018	2017
Average number of employees in the reporting year:	347	343
incl. Board Members	3	3
Members of the Council	5	5
Other employees	339	335

(23) Personnel expenses

Type of costs	2018 EUR	2017 EUR
Remuneration	3 409 420	2 797 758
Compulsory state social security contributions	805 390	644 748
	4 214 810	**3 442 506**

(24) Remuneration to management

	2018 EUR	2017 EUR
Members of the Board		
remuneration	91 582	78 158
· compulsory state social security contributions	22 062	18 436
Members of the Council		
remuneration	27 319	27 319
· compulsory state social security contributions	6 182	6 011
Other members of the administration		
remuneration	259 573	212 600
· compulsory state social security contributions	60 820	48 489
	467 538	**391 013**

(25) Future liabilities

As at 31 December 2018, the Company has not incurred future payment liabilities under effective agreements.

The management of the Company has no information on issued guarantees, legal proceedings and other contingent liabilities, which could impact the financial position of the Company as at 31 December 2018.

(26) Related party transactions

In 2018, the Company made transactions with related parties:

Notes to the Financial Statements

— issue invoices to SIA Kodolmedicīnas klīnika for rent payments of EUR 93 432 (2017: EUR **57 701**).

(27) Remuneration to the certified auditor

	2018 EUR	**2017 EUR**
Audit of the financial statements	13 414	13 750
	13 414	**13 750**

(28) Information on operating lease and rent agreements with a significant impact on the Company's activities

The Company has 25 effective operating lease agreements regarding equipment. According to this agreement, lease payments are the following:

In 2018	EUR 337 920
In 2019-2021	EUR 979 121

(29) Subsequent events

In February 2018 LJMC sold its 50.4% shares in SIA Klīnika Dzintari in the amount of EUR 69 049. In March 2018 AS Latvijas Jūras medicīnas centrs has provided public information that it has sold its real estate at Vecmīlgrāvja 5. līnijā 26 in the amount of EUR 190 000. No other significant subsequent events have occurred that would materially impact the presentation of the financial statements.

Chairperson of the Board
Jānis Birks

Member of the Board
Juris Imaks

Member of the Board
Anatolijs Ahmetovs

Chief Accountant
Gunta Kaufmane

20 February 2019