



LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC

CONSOLIDATED REPORT FOR THE YEAR 2013

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

(Translation of the Latvian original)

Original of consolidated financial report in LVL expressed in EUR. Exchange rate 0,702804 EUR/LVL.

LATVIJAS JURAS MEDICINAS CENTRS JSC
TABLE OF CONTENTS

INFORMATION ABOUT PARENT COMPANY	3
COUNCIL AND BOARD OF THE GROUP	4
MANAGEMENT REPORT	5 – 6
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES	7
CONSOLIDATED FINANCIAL STATEMENTS	8 – 12
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8 – 9
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT	10
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11
CONSOLIDATED STATEMENT OF CASH FLOWS	12
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	13 – 22
INDEPENDENT AUDITOR'S REPORT	23

**LATVIJAS JURAS MEDICINAS CENTRS JSC
INFORMATION ABOUT PARENT COMPANY**

COMPANY NAME: LATVIJAS 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 str., Riga, LV - 1005, Latvia

SHARES 800 000 public registered shares with face value 1,00 LVL
ISIN code:LV0000100741

MAJOR SHAREHOLDERS: Ilze Birka 17.50%
Martins Birks 17.50%
Ilze Aizsilniece 11.45%
Guna Shvarcberga 10.36%
Janis Birks 8.66%
Adomas Navickas 6.35%

REPORTING PERIOD: January 1, 2013 - December 31, 2013

AUDITORS NAME AND ADDRESS: System audit Ltd.
Licence No.53
Matisa str. 19-6
Riga, LV-1001
Latvia
Certified auditor in charge:
Irina Saksaganska
Certificate No.41

LATVIJAS JURAS MEDICINAS CENTRS JSC
COUNCIL AND BOARD OF THE GROUP

Council of the Group	Number of shares owned at
	31/12/2013
From April 28, 2010 till the consolidated financial statements signing day	

Position	Name	
Chairman of the Council	Martins Birks	140,000
Member of the Council	Viesturs Shilinsh	3,038
Member of the Council	Ineta Gadzjus	-
Member of the Council	Jevgenijs Kalejs	5,283
Member of the Council	Uldis Osis	-

Board of the Group

From August 18, 2009 till the consolidated financial statements signing day

Chairman of the Board	Janis Birks	69,317
Member of the Board	Marta Aizsilniece	1,624
Member of the Board	Andris Vigants	700

Type of activity

JSC Latvian maritime medicine centre (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 2013 average number of LJMC employees is 355.

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 Joint-stock company Latvijas Jūras medicīnas centrs „Ziemeļu diagnostikas centrs” received a quality certificate ISO 9001:2008 in functional diagnostics and radiology from DNV 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%.

One of the goals of Building renovation project was to create a new ambulatory health care centre in Sarkandaugava Patversmes 23, earlier provided inpatient health care services. Redirection of inpatient health care service to ambulatory health care service improves the future effectiveness, maximizes LJMC resources and provides better medical care to patients.

In May 2013 LJMC won a tender regarding the right to provide medical care with Paul Stradins Clinical University Hospital patients for 1 years.

As one of 2014 development directions LJMC focuses on attracting foreign patients. LJMC combines excellent doctors in Latvia and a knowledgeable medical staff, so the quality of the medical study is deep and competitive both in and out of Latvia. It resulted in increasing number of foreign patients, as well as including LJMC in the official medical tourism service provider register kept by the LR Health inspection. LJMC in 2013 mainly attracted medical tourists from EU. To attract more new foreign and local patients, LJMC in 2014 has set the investment objectives: implementation of innovative solutions in the medical service, staff training in patient care, continue state policy on the hospital redirection, providing investment in Vecmīlgrāvis hospital.

Financial performance

In accordance with the paragraph 1 of Section 4 of the law “On Consolidated Annual Accounts” the joint stock company is under an obligation to prepare the consolidated annual report.

The consolidated financial report contains information concerning the current financial situation and future development of parent company JSC “Latvijas Juras medicīnas centrs” (hereinafter referred to as LJMC) and its subsidiary company “Juras medicīna” Ltd. (hereinafter referred to as JM).

The share of the parent company constitutes the dominant part of the group’s assets, turnover and profits.

Corporate Governance Report for the year 2013 is published as a separate document.

2013 audited consolidated financial report is prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and is based on business continuation principle. The financial statements were drawn up in Latvian lats (LVL) and euros (EUR). The applied currency exchange rate is EUR/LVL 0.702804.

2013 LJMC has worked according to the budget: revenue plan has been fulfilled for 98.8% and expenditure is met by 101.5%.

LATVIJAS JURAS MEDICINAS CENTRS JSC
MANAGEMENT REPORT

LJMC financial indicators for the last 3 years:

	2013	2012	2011
Net sales (milj. EUR)	5.08	5.39	5.01
Investment in long-term asset (milj. EUR)	0.17	0.7	1.61
Assets at the end of the year (milj. EUR)	4,98	5,32	5,61
Profit after taxes (EUR)	-319,323	-97,013	-116,809
EBITDA (EUR)	342,135	605,473	477,597
Liquidity (CR)	3,60	2,98	2,01
Credit rate (DR)	0,18	0,18	0,20
Return on equity (ROE), %	-7,6%	-1,9%	-2,9%
Profit after taxes on share(EUR)	-369	-96	-152
LJMC dividends on share (EUR)	0	0	0
LJMCshare market price at the end of the year(EUR)	2,13	2,70	1,78

LJMC consolidated audited report for the year 2013 shows that loss before taxes was EUR 334 713. Ltd "Juras Medicina" loss after taxes was EUR 14 994. The loss was planned because the company sells intensive investment policy to focus on the company's competitiveness and profitability in the future. In 2014 LJMC planned investment is expected to amount to EUR 430 000.

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.

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.

Proposal of the Management Board to cover losses

The Management Board proposes LJMC 2013 loss to be covered by the previous year the accumulated profit.

Chairman of the Management Board
Jānis Birks

Member of the Management Board
Marta Aizsilniece

Member of the Management Board
Andris Vigants

Riga, 20 March, 2014.

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 31 December 2013 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

Marta Aizsilniece

Member of the Board

Andris Vigants

Riga, 20 March, 2014.

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2013 AND 31 DECEMBER 2012

	December 31, 2013	December 31, 2012	Notes
ASSETS	EUR	EUR	
Long-term investments:			
Intangible assets:			
Other intangible (fixed) assets	19,707	21,675	2
Total intangible assets	19,707	21,675	
Fixed assets			
Land and buildings	2,268,288	2,501,696	
Technological equipment and machines	829,711	1,112,949	
Other fixed assets and fixtures	65,255	53,889	
Fixed assets add-ons (EU funds)	156,571	156,571	
Advance payments for fixed assets	-	4,727	
Total fixed assets	3,319,825	3,829,832	2
Long-term financial assets			
Investment in associates	183,676	192,532	3
Total financial assets:	183,676	192,532	
Total long-term investments:	3,523,208	4,044,039	
Current assets:			
Inventories			
Raw materials	84,873	97,676	4
Total Inventories	84,873	97,676	
Debtors:			
Trade receivables	164,235	110,406	5
Other receivables	15,882	9,501	6
Deffered expenditure	3,681	3,960	7
Total debtors	183,798	123,867	
Cash funds	1,132,437	1,031,632	8
Total current assets	1,401,108	1,253,175	
TOTAL ASSETS	4,924,316	5,297,214	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2013 AND 31 DECEMBER 2012

	December 31, 2013	December 31, 2012	Notes
LIABILITIES	EUR	EUR	
Equity capital:			
Share capital	1,138,297	1,138,297	9
Reserves:			
c) reserves provided by the Articles of Association	45,522	45,522	
d) fixed asset's revaluation reserve	790,653	929,363	23
Retained earnings:			
Undistributed profit	1,836,539	1,992,673	
Total shareholders' equity	3,811,011	4,105,855	
Non-controlling interest	-	1,865	
Total equity capital	3,811,011	4,107,720	
Provisions for liabilities and charges:			
Provisions for vacations	107,896	69,253	
Deferred tax provisions	111,229	151,098	22
Total provisions	219,125	220,351	
Non-current liabilities:			
Deferred income	501,577	549,127	10
Total non-current liabilities	501,577	549,127	
Current liabilities:			
Advance payments	5,783	18,270	11
Trade Payables	87,764	89,772	12
Deferred income	47,551	47,551	10
Taxes and social security payments	113,987	121,261	13
Other payables	137,518	143,162	14
Total current liabilities	392,603	420,016	
Total liabilities	894,180	969,143	
TOTAL EQUITY, PROVISIONS AND LIABILITIES	4,924,316	5,297,214	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

	2013, 12 month period	2012, 12 month period	Notes
	EUR	EUR	
Net sales	5,081,473	5,391,741	15
Cost of goods sold	(5,121,927)	(5,135,820)	16
Gross profit or loss	(40,454)	255,921	
Administrative expenses	(460,668)	(479,323)	17
Other operating income	177,445	149,830	18
Other operating expenses	(2,180)	(6,477)	19
Income from investment in associate	(8,856)	186	20
Interest income and similar income	-	38	21
Profit (loss) before taxes	(334,713)	(79,825)	
Corporate income tax	15,390	(17,188)	22
NET PROFIT OR LOSS	(319,323)	(97,013)	
Other comprehensive income for the year, net of tax	(1,865)	-	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(321,188)	(97,013)	
Profit attributable to			
Owners of LJMC	(321,188)	(96,948)	
Non-controlling interest	-	(65)	
	(321,188)	(97,013)	
Total comprehensive income attributable to			
Owners of LJMC	-	-	
Non-controlling interest	-	-	
	-	-	
EBITDA	355,655	588,285	
Number of shares	800,000	800,000	
Earnings per Share (EPS)	(0.40)	(0.12)	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

	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 2011	1,138,297	45,522	1,068,067	1,926,439	1,930	4,180,255
Depreciation of revaluation surplus	-	-	(163,182)	163,182	-	-
Deffered tax on revaluation surplus	-	-	24,478	-	-	24,478
Profit on purchase of shares from associates	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(96,948)	(65)	(97,013)
At 31 December 2012	1,138,297	45,522	929,363	1,992,673	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	-	-	-	(319,323)	(1,865)	(321,188)
At 31 December 2013	1,138,297	45,522	790,653	1,836,539	-	3,811,011

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

	2013, 12 month period	2012, 12 month period	NOTES
	EUR	EUR	
Cash flows from operating activities			
Net income before tax	(334,713)	(79,825)	
Adjustments:			
a) depreciation of fixed assets	663,534	678,852	2
b) depreciation of intangibles	13,315	6,446	2
c) loss (gain) on sale of fixed assets	(3,695)	582	18,19
d) provisions	38,644	(50,539)	
e) ERAF income recognized in profit or loss	(47,551)	29,015	18
f) net loss on acquisition of a subsidiary shares	635	-	
g) interest income	-	(38)	20
h) (gain) /loss from investments in associates	8,856	(186)	19
2. Changes in operating current assets and liabilities	339,025	584,307	
Corrections			
a) receivables	(59,931)	111,851	
b) inventory	12,803	(2,150)	
c) current liabilities	(27,415)	(407,365)	
3. Gross operating cash flow	264,482	286,643	
4. Paid interest	-	-	
5. Paid corporate income tax	-	(5,080)	12
6. Net cash used in operating activities	264,482	281,563	
II. Cash flow used in investment activities			
1. Net cash outflow on acquisition of a subsidiary	(2,500)	-	
2. Purchase of fixed assets	(167,532)	(701,283)	2
3. Income from sale of fixed assets	6,355	531	
4. Received dividends from the associate	-	11,022	
5. Received interest	-	38	20
6. Net cash from investment activities	(163,677)	(689,692)	
III. Cash flows used in financing activities			
1. Saņemti EU fondi	-	223,889	
2. Settlement of loans	-	-	
3. Paid dividends	-	-	
4. Net cash from financing activities	-	223,889	
IV. Net increase (decrease) in cash	100,805	(184,240)	
V. Cash at the beginning of the period	1,031,632	1,215,872	
VI. Cash at the end of the period	1,132,437	1,031,632	

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

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. (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, 2013	December 31, 2012
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 2013 AND 31 DECEMBER 2012

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.

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 2013 AND 31 DECEMBER 2012

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.

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

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

As on 31 December 2013 and 31 December 2012

fixed assets are composed as follows:

EUR	Intangible assets	Land & buildings	Machinery and equipment	Other fixed assets	Fixed assets add-ons (EU funds)	Unfinished building objects	Advance payments for fixed assets	Total
Historical cost								
At 31 December 2011	37,531	3,708,656	3,590,342	480,061	585,610	8,584	156,571	8,567,355
Additions	27,079	69,785	246,968	40,149	321,159	(3,857)	-	701,283
Transfers	-	906,769	-	-	(906,769)	-	-	-
Disposals	-	-	(44,603)	(18,772)	-	-	-	(63,375)
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	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Disposals or change in classification	(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
Accumulated depreciation								
At 31 December 2011	36,489	1,943,427	2,326,498	424,306	-	-	-	4,730,720
Charge for the year	6,446	76,905	397,863	40,902	-	-	-	522,116
Charge for the period for revaluated fixed assets	-	163,182	-	-	-	-	-	163,182
Disposals	-	-	(44,603)	(17,659)	-	-	-	(62,262)
At 31 December 2012	42,935	2,183,514	2,679,758	447,549	-	-	-	5,353,756
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 or change in classification	(3,917)	(1,851)	(196,884)	(40,193)	-	-	-	(242,845)
At 31 December 2013	52,333	2,442,350	2,853,185	439,891	-	-	-	5,787,759
Net book value								
At 31 December 2011	1,042	1,765,229	1,263,844	55,755	585,610	8,584	156,571	3,836,635
At 31 December 2012	21,675	2,501,696	1,112,949	53,889	-	4,727	156,571	3,851,507
At 31 December 2013	19,707	2,268,288	829,711	65,255	-	-	156,571	3,339,532

LATVIJAS JURAS MEDICINAS CENTRS JSC
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

3. INVESTMENT IN ASSOCIATES

	Capital share (%)	Amount of investment	Capital share (%)	Amount of investment
	2013		2012	
	EUR		EUR	
Participating interests in associated enterprises				
Participation in "Neirozu klinika" Ltd.	45.32	183,676	45.32	192,532
Total participating interests in associated enterprises		<u>183,676</u>		<u>192,532</u>

4. RAW MATERIALS

	2013	2012
	EUR	EUR
Pharmaceutical	84,580	96,927
Advance payments to supplier of goods	185	391
Other materials	108	358
Total	<u>84,873</u>	<u>97,676</u>

5. TRADE RECEIVABLES

	2013	2012
	EUR	EUR
Riga's health department	70,691	9,933
P.Stradiņa klīniskā universitātes slimnīca	24,996	24,865
Insurance BTA SE	10,444	29,320
Ergo Latvija AAS	4,485	3,392
Gjensidege Baltic	10,195	4,963
IF Latvija AAS	4,441	2,484
Latvian University	1,043	4,172
SEESAM Latvija	3,849	2,942
Latvian railway JSC	1,722	1,722
Olla M Ltd.	885	1,652
Balva AAS	795	1,030
Baltijas apdrošināšanas nams	660	1,614
Biogen Idec Ltd.	178	178
Balta AAS	2,331	680
Compensa Life Vienna Insurance group	5,488	1,384
Ministry of Interior – health and social department	868	1,207
Other customers	29,124	22,818
Bad debt provisions	(7,960)	(3,950)
Total	<u>164,235</u>	<u>110,406</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

6. OTHER RECEIVABLES

	2013	2012
	EUR	EUR
Taxes overpaid (note No.12)	5,111	5,111
VAT for unpaid invoices	-	2,906
Other receivables	10,771	1,484
Total	<u>15,882</u>	<u>9,501</u>

7. DEFERRED EXPENDITURE

	2013	2012
	EUR	EUR
Assurance	3,681	3,960
Total	<u>3,681</u>	<u>3,960</u>

8. CASH FUNDS

	2013	2012
Cash in banks	1,128,052	1,022,511
Cash on hands	4,385	9,121
Total	<u>1,132,437</u>	<u>1,031,632</u>

9. SHARE CAPITAL

	2013		2012	
	Number of	Share %	Number of	Share %
Shareholders:	shares		shares	
Ilze Birka	140,000	17.50%	140,000	17.50%
Martins Birks	140,000	17.50%	140,000	17.50%
Ilze Aizsilniece	91,565	11.45%	91,565	11.45%
Guna Shvarcberga	82,917	10.36%	82,917	10.36%
Janis Birks	69,317	8.66%	67,983	8.50%
Adomas Navickas	50,825	6.35%	39,508	4.94%
Other shareholders (shares less than 5%)	225,376	28.17%	238,027	29.75%
Total	<u>800,000</u>	<u>100.00%</u>	<u>800,000</u>	<u>100.00%</u>
Share equity	1,138,297		1,138,297	

10. DEFERRED INCOME

	2013	2012
	EUR	EUR
ERDF project reimbursement:		
Short-term part	47,551	47,551
Long-term part	501,577	549,127
Total	<u>549,128</u>	<u>596,678</u>

11. ADVANCE PAYMENTS

	2013	2012
	EUR	EUR
VEK advance payment for 2010	4,169	4,169
Other advances	1,614	14,101
Total	<u>5,783</u>	<u>18,270</u>

12. TRADE PAYABLES

	2013	2012
	EUR	EUR
Medilink SIA	14,930	-
Latvenergo Rīgas elektrotikls	10,397	11,192
Sistēmu Audits SIA	8,608	6,022
Latvijas Gaze	4,956	-
Zitari SIA	2,639	3,637
Rīgas Ūdens	1,104	978
Academic histologic laboratory	322	152
Tradintek SIA	-	54,386
Other suppliers	44,808	13,405
Total	<u>87,764</u>	<u>89,772</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

13. TAXES AND SOCIAL SECURITY PAYMENTS

	<i>As of 31-12-12</i>	<i>Calculated</i>	<i>Paid</i>	<i>Returned</i>	<i>As of 31-12-13</i>
	EUR	EUR	EUR	EUR	EUR
Value added tax	1,285	32,131	(31,885)	104	1,635
Social insurance	76,310	879,693	(883,626)	-	72,377
Personal income tax	43,314	479,690	(484,003)	-	39,001
Corporate income tax	(5,105)	-	-	-	(5,105)
Unemployment duty	115	1,480	(1,481)	-	114
Natural resources tax	237	1,605	(982)	-	860
Uzņēmuma vieglo a/m trasp.nodoklis	-	256	(256)	-	-
Real estate tax	(6)	18,048	(18,048)	-	(6)
Total, including	116,150	1,412,903	(1,420,281)	104	108,876
due to the budget	121,261				113,987
overpayment	(5,111)				(5,111)

14. OTHER PAYABLES

	2013	2012
	EUR	EUR
Salaries	136,098	141,765
Trade union	174	913
Deposited salary	1,246	484
Total	137,518	143,162

15. NET SALES

	2013	2012
	EUR	EUR
Medical ambulant services	3,294,993	3,404,850
Medical hospital services	909,783	989,098
Insurance payments	321,414	301,448
VS ZDC ambulant services	278,847	228,966
Inpatient Care	153,771	280,575
Stomatology services	52,833	64,526
Family doctors	31,868	39,557
Residents training	20,859	37,110
Services - minimum fixed part	13,144	13,144
Other income	3,961	32,467
Total	5,081,473	5,391,741

16. COST OF GOODS SOLD

	2013	2012
	EUR	EUR
Salaries and wages	2,232,465	2,172,375
Fixed assets depreciation	676,843	685,298
Medical goods	636,675	677,331
Social tax	524,391	498,042
Public utilities	249,382	254,654
VAT - expenses	245,431	317,670
Repair expenses	153,499	194,499
Current assets write-off	61,077	84,796
Security expenses	40,014	33,867
Medical researches	38,583	40,054
Provisions for vacations	38,536	(50,493)
Feeding expenses	31,639	38,349
Computer maintenance, repair	27,908	25,661
Household goods	26,007	30,945
Real estate tax	18,048	5,949

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

16. COST OF GOODS SOLD (Continued..)

	2013	2012
	EUR	EUR
Advertising	6,511	17,850
Office expenses	11,315	9,446
Utilities	7,114	7,114
Insurance expenses	5,949	4,833
Transport expense	9,182	9,508
ERP system maintenance	6,229	4,886
Employees trainings	2,942	9,606
Allowances to employees	1,281	1,707
Unemployment duty	1,481	1,485
Gifts to employees	710	847
Accruals for doubtful debts	4,010	(2,709)
Rent of equipment	569	-
Received discounts	(8,580)	(14,644)
Other operating expenses	72,716	76,894
Total	<u>5,121,927</u>	<u>5,135,820</u>

	2013	2012
Average number of employees	355	349

17. ADMINISTRATIVE EXPENSES

	2013	2012
	EUR	EUR
Salaries and wages	247,957	261,019
Social tax	58,392	61,376
Board remuneration	36,716	33,583
Board chairperson remuneration	30,977	31,117
Council members remuneration	19,123	19,123
Communication expenses	11,807	15,181
Council chairperson remuneration	8,196	8,196
Board members social tax	7,610	7,137
Chairperson of the Board social tax	7,463	7,496
Audit expenses	7,114	7,114
Office expenses	6,759	8,174
Bank expenses	6,010	5,807
Council members social tax	4,118	4,135
Legal services	2,001	2,234
Chairperson of the Council social tax	1,975	1,975
Presentation expenses	1,615	2,927
Other administrative expenses	2,835	2,729
Total	<u>460,668</u>	<u>479,323</u>

18. OTHER OPERATING INCOME

	2013	2012
	EUR	EUR
Rent income	95,823	72,645
ERAF income: fixed assets depreciation	47,551	29,015
Hotel services – food	15,360	17,554
Utilities for tenants	6,076	14,139
Net gain from sale of fixed assets	3,695	-
Laundry income	1,005	1,225
Solarium income	512	679
Other income	7,423	14,573
Total	<u>177,445</u>	<u>149,830</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

19. OTHER OPERATING EXPENSES

	2013	2012
	EUR	EUR
Penalties	232	511
Loss from fixed assets disposals	-	582
Other expenses	1,948	5,384
Total	<u>2,180</u>	<u>6,477</u>

20. INCOME FROM INVESTMENT IN ASSOCIATE

	2013	2012
	EUR	EUR
Neurology clinic Ltd.	-8,856	186
Total	<u>-8,856</u>	<u>186</u>

21. INTEREST INCOME AND SIMILAR INCOME

	2013	2012
	EUR	EUR
Interest income	-	38
Total	<u>-</u>	<u>38</u>

22. CORPORATE INCOME TAX

	2013	2012
	EUR	EUR
Calculated Corporate income tax	-	-
Deferred Corporate income tax	15,390	-17,188
Total	<u>15,390</u>	<u>-17,188</u>

22. CORPORATE INCOME TAX (CONTINUED ...)

	2013	2012
	EUR	EUR
Profit (loss) before tax	(79,825)	(79,825)
Loss from subsidiary	9,425	9,425
Income from the evaluation of the associate company	10,834	10,834
Theoretically calculated corporate income tax, rate 15%	(8,934)	(8,934)
Permanent differences	7,574	7,574
Calculated corporate income tax	<u>-</u>	<u>-</u>

Deferred tax

Temporary difference between financial statement depreciation and depreciation for tax purposes	(686,233.00)	(536,813)
Temporary difference of fixed assets revaluation	(163,185.00)	(539,759)
Accruals for vacations	107,896.00	69,253
Total temporary differences	(741,522.00)	(1,007,319)
Tax rate applied	15%	15%
Deferred tax liabilities	(111,229.00)	(151,098)
Recognized deferred tax liabilities	<u>111,229</u>	<u>151,098</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2013 AND 31 DECEMBER 2012

Movement and components of deferred tax

Deferred tax liabilities (asset) at the beginning of the financial year	151,097	158,387
Deferred tax charged to the income statement	(15,390)	17,188
Changes in deferred tax recognised in properties revaluation reserves	<u>(24,479)</u>	<u>(24,478)</u>
Deferred tax liabilities (asset) at the end of the financial year	<u>111,228</u>	<u>151,097</u>

23. PROPERTIES REVALUATION RESERVE

	2013	2012
	EUR	EUR
Balance at beginning of the year	929,363	1,068,067
Depreciation on evaluation surplus	(163,189)	(163,182)
Deferred tax assets arising on revaluation	<u>24,479</u>	<u>24,478</u>
Balance at end of the year	<u>790,653</u>	<u>929,363</u>