

## "Latvijas Juras Medicinas Centrs JSC" Council Report for the Year 2013

In 2013 "Latvijas Juras Medicinas Centrs JSC" (hereinafter - LJMC ) Council ( hereinafter - the Council ) has carried out its duties in accordance with the Commercial Code , the Articles of Association , resolutions of the Shareholders and the applicable law.

The current council members - Uldis Osis, Ineta Gadzjus, Jevgēņijs Kalējs, Viesturs Šiliņš and Mārtiņš Birks were re-elected on April 25, 2013 at Shareholders' Meeting. On April 30, 2013 at the meeting of the Council Mārtiņš Birks was elected as a Chairman of the Council and Viesturs Šiliņš as Deputy-chairman.

In 2013 there have been 5 Council meetings, but between meetings all the members of the Council actively participated in the performance of their duties and the joint stock company for development, the promotion of the services, the possible cooperation of legal documents and strategy development, as well as those for other duties.

The Council provided continuous control over the activities of the Board and the order in which the management decisions were taken. The Board regularly submitted written reports on the work carried out and on the Company's financial position. All Council meetings were attended by members of the Board and they provided additional explanations on the functioning of the Board. Each quarter financial results, as well as the evaluation of possible solutions to improve the financial situation of joint stock company performance optimization were considered at Council meetings.

Overall, in 2013 the parent company's revenue budget plan is fulfilled at 98.8% and the expenditure side is fulfilled about 101.5 %.

The Council emphasizes that the revenue from paid services most directly depend on the overall economic situation and the financial situation of each patient. However, each individual's ability to pay fees and revenue growth in the service area is viewed as a good and adequate current situation. It is likely promoted by public education about health as a priority of human life. As a result, more people are beginning to evaluate their life priorities, directing more resources in favor of health care.

In the 2013 LJMC carefully evaluated the expenditure side, most of which is the Remuneration. It is important to emphasize that the joint-stock company implemented an intensive investment policy, which is focused on the raising of competitiveness and profitability in the future.

The Council, when assessing the work of the Board in 2013, and comparing it with previous years and general economic indicators, concluded that the Company's activities to date have focused on the Company's future development. In recent years a serious investments have been made in new medical technologies, new medical service implementation, the repairs and reconstruction, staff training, improving working conditions. Therefore, it was an opportunity to provide quality medical care to match the economic situation.

2013th LJMC completed a major three - year investment project of 1.6 million LVL (2.3 million EUR). Investment project involved two major categories of medical services of the old building complex renovation and construction in accordance with the standards of modern medical

facilities, and the second investment in new medical equipment, and facilities in order to increase the competitiveness of the Baltic on the medical market, attracting patients from both the Baltic and the EU and providing high quality medical examinations. The investment project was created by the ERDF support.

In order to ensure the further development of the LJMC not only at national, but also at the international level, the Council in collaboration with the Board worked closely with the possible strategy development related to medical tourism, paying particular attention to attracting foreign patients and innovative solutions in medical service provision and improvement of professional skills of personnel services for patients. 2013 LJMC is included in the official medical provider register kept by the Ministry of Medical Inspection, demonstrating high quality of doctors and medical staff and competitiveness of the LJMC.

The Council appreciates the work done by the Board in the Year 2013 and on the Company further operation suggests the following for the Board:

- Continue to keep up the economic processes in the country and adapt to the current economic situation;
- Keeping up with the trends in the provision of medical services in the country and other medical institutions to offer competitive services;
- Continue to improve and expand the paid services;
- Continue to work on LJMC awareness and inform the public about the proposed medical service quality and diversity;
- Continue to risk identification and assessment using LJMC risk policies;
- Promote the provision of medical services not only in Latvia, but also continue to attract foreigners and develop medical tourism services.

Council budget has been filled in accordance with the resolutions of the Shareholders meeting. Council budget for 2013 has been used in full.

The Council has taken note of the financial report and the consolidated report of Year 2013 and the auditors' reports. The Council recommends that the shareholders approve the LJMC 2013 financial and consolidated accounts for the Year 2013.

The Council supports the company's Board's proposal not to pay a dividend for 2013.

The Council has taken note of the Board submitted draft budget and development plan for 2014 and believes that they are directed to the Company's further development of the service quality assurance, performance improvement and energy efficiency. The Council recommends that the shareholders approve the 2014 budget and development plan.

Approved by the Council meeting of 21 March 2014 Protocol No.5.

Deputy Chairman V.Šiliņš