

**JOINT STOCK COMPANY LATVIJAS JŪRAS
MEDICĪNAS CENTRS**

**ANNUAL ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 2015**

Translation from Latvian original*

* This version of financial statements is a translation from the original, which was prepared in Latvian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of financial statements takes precedence over this translation.

TABLE OF CONTENTS

Information on the Company	3
Statement of Management's responsibility	4
Report of the Management	5 - 6
Financial statements:	
Profit and loss account	7
Balance sheet	8 - 9
Statement of changes in equity	10
Cash flow statement	11
Notes	12 - 24
Auditors' report	25 - 26

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Information on the Company

Name of the Company	Latvijas Jūras medicīnas centrs
Legal status of the Company	Joint stock company
Number, place and date of registration	40003306804 Riga, 27 August 1996 Reregistered in Commercial Register on 27 February 2004 with common registration No 4000 330 6807
Principal activities	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) Specialist 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)
Address	Patversmes iela 23 Riga, LV-1005 Latvia
Names of major 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 and positions of Board members	Jānis Birks – Chairman of the Board Vita Švarcberga – Member of the Board Juris Imaks – Member of the Board
Financial year	1 January - 31 December 2015
Name and address of the certified audit company and certified auditor in charge	PricewaterhouseCoopers SIA Certified audit company Licence No. 5 Kr. Valdemāra Street 21-21 Riga, LV-1010 Latvia Certified auditor in charge: Lolita Čapkeviča Certificate No. 120

Statement of Management's responsibility

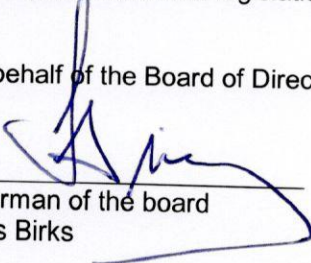
The Board of Directors of JSC "Latvijas Jūras Medicīnas Centrs" is responsible for the preparation of the financial statements of the Company.

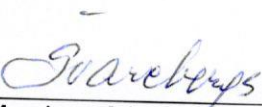
The financial statements on pages 6 to 23 are prepared in accordance with the accounting records and source documents and present fairly the financial position of the Company as of 31 December 2015 and the results of its operations and cash flows for the year ended 31 December 2015.

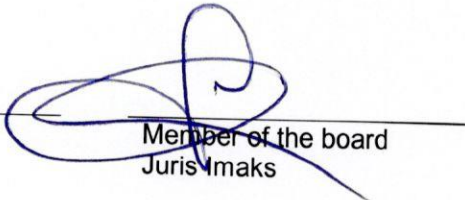
The financial statements are prepared in accordance with the Law on Accounting and Law on Annual Reports of the Republic of Latvia on a going concern basis. Appropriate accounting policies have been applied on a consistent basis. Prudent and reasonable judgments and estimates have been made by the Board of Directors in the preparation of the financial statements.

The Board of Directors of LJMC is responsible for the maintenance of proper accounting records, the safeguarding of the Company's assets and the prevention and detection of fraud and other irregularities in the Company. The Board of Directors is also responsible for operating the Company in compliance with the legislation of the Republic of Latvia.

On behalf of the Board of Directors,


Chairman of the board
Jānis Birks


Member of the board
Vita Švarcberga


Member of the board
Juris Imaks

Riga, 9 May 2016

Report of the Management

Type of activity

JSC Latvijas Juras medicīnas centrs (LJMC or the Company) is a certified, high level and accessible to all private medical institution that consists of: Sarkandaugava outpatient health care centre in Patversmes Street 23, Riga, Central hospital in Patversmes street 23, Riga, Vecmīlgrāvis hospital and Ziemeļu diagnostic centre in Vecmīlgrāvja 5. līnija 26, Riga, Vecmīlgrāvis primary health care centre in Melīdas Street 10, Riga. In 2015 average number of LJMC employees was 340. LJMC shares are quoted in NASDAQ Riga stock exchange on the secondary market. Full information about the parent company is provided: www.ljmc.lv.

Starting from 5 September 2013 JSC Latvijas Juras medicīnas centrs is included in the LR Health inspection approved list of medical institutions, that provide medical tourism services, meaning that LJMC provides medical tourism services as trusted partners, 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 subjugated to control.

JSC Latvijas Juras medicīnas centrs „Ziemeļu diagnostikas centrs” received a quality certificate ISO 9001:2008 in functional diagnostics and radiology from DVN Certification OY/AB, Finland in 2013. This certificate was valid till March 14, 2016 and has been renewed in the beginning of 2016 to cover the period till 15 September 2018. LJMC continues the work to introduce ISO quality standards in their other structural units.

LJMC have concluded cooperation agreements with all health insurance companies in Latvia.

Activity in the reporting year and future development

In 2015, both LJMC had signed contract with the National Health Service regarding provision of state paid medical services within the magnitude of the budget of 2015. In April 2015 LJMC won the rights to provide medical care to the patients of SJSC “Paula Stradiņa Klīniskās universitātes slimnīca” with a term of 1 year.

One of LJMC development directions in 2015 was attracting foreign patients (so called medical tourism). LJMC combines excellent doctors in Latvia, as well as knowledgeable medical staff, therefore the quality of the medical examinations is also high and competitive outside of Latvia. It is demonstrated by the increasing number of foreign patients, as well as the fact that LJMC has been included in the official medical tourism service provider register kept by the LR Health inspection. In 2015 LJMC continued to attract medical tourists from the EU, by improving its service package, as well as actively promoted its chargeable services to the local inhabitants. To attract new foreign and local patients, LJMC in 2016 will continue making investments with the goal to implement innovative solutions in the medical service field, to improve staff qualifications in patient service by continuing to implement national policies on hospital redirection to ambulatory care.

In 2013, LJMC completed an ambitious 3-year investment project worth 2.3 million EUR with the ERDF support. As part of investment project - old A/S Latvijas Jūras medicīnas centrs building complex was renovated along with improvement of the related territory in accordance with the standards of modern medical facilities. Also investments in new medical equipment, and facilities, creating Sarkandaugavas outpatient health care center (SAVAC), to enhance the competitiveness of the Baltic medical market, attracting patients from both the Baltic and the rest of EU, offering high quality of medical services. Since creation of Sarkandaugavas outpatient health care center (SAVAC), the number of new customers has increased by 25%. Restructuring of inpatient services to outpatient services have already improved the reporting year and in the future will continue to improve the LJMC operational efficiency, maximizing the use of existing resources held by the center and providing quality medical care to patients.

REPORT OF THE MANAGEMENT (CONTINUED)

Financial performance

In 2015 the Company operated according to the approved budget plan for 2015: revenue budget was fulfilled for 111,88 % as compared to the plan. The Company's loss before taxation was EUR 249 327.

The Company continued to deploy an intensive investment policy, directed to increase the Company's competitiveness and profitability in the future. In 2015 the investments have been made for the amount of EUR 450 thousand.

In January 2015, the subsidiary SIA Juras Medicina was liquidated and the Company received the remaining liquidation quota, taking over the assets of the liquidated company – land with unfinished construction on it in the total amount of EUR 318 thousand. This property was not needed for the business activities of the Company and therefore it was sold.

Risk management

LJMC continues to perform activities to reduce the potential financial risk on the financial position of the Company, through use of control and analytical measures.

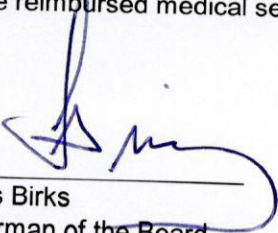
Financial assets exposed to credit risk consist mainly of cash, trade receivables and other debtors. To ensure credit risk management the Company carries out regular customer control procedures and measures for recovering debts, thus ensuring timely identification and resolution of problems.

The Company follows a prudent liquidity risk management, ensuring appropriate resources are made available for settlement of obligations within their terms. LJMC does not use borrowed funds.

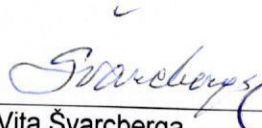
Events after the balance sheet date

During the period between the last day of the financial year and the date of signing this report there have not been such events after the balance sheet date which would have a significant impact on the financial position of the Company as at 31 December 2015.


LJMC signed the contract with the National Health Service in 2016 with regard to provision of the State reimbursed medical services during 2016 corresponding to the budgeted volumes.



Jānis Birks
Chairman of the Board



Vita Švarčberga
Member of the Board



Juris Imaks
Member of the Board

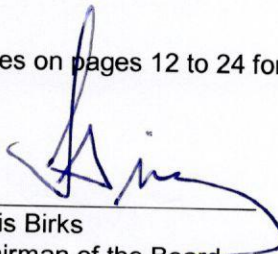
Riga, 9 May 2016

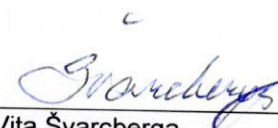
JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015


Profit and loss account for the year ended 31 December 2015

	Note	2015 EUR	2014 EUR
1. Net sales	1	5 349 116	5 388 611
2. Cost of sales	2	(5 181 179)	(4 898 829)
3. Gross profit		167 937	489 782
5. Administrative expenses	3	(441 819)	(450 631)
6. Other operating income	4	201 288	191 559
7. Other operating expenses	5	(202 679)	(6 082)
8. Income from investments in subsidiary undertakings and associated companies	6	6 191	10 591
10. Other interest income and similar income	7	19 755	3 629
16. Profit / (loss) before taxes		(249 327)	238 848
18. Deferred income tax	8	24 426	27 156
20. Current year's profit / (loss)		(224 901)	266 004
Number of shares		800 000	800 000
Profit / (loss) per share (EUR)		(0.28)	0.33
Return on equity (ROE)		(4.1%)	4.7%

Notes on pages 12 to 24 form an integral part of these financial statements.


Jānis Birks
Chairman of the Board


Vita Švarcberga
Member of the Board


Juris Imaks
Member of the Board

Riga, 9 May 2016

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Balance sheet as at 31 December 2015

(1)

<u>Assets</u>	Note	31.12.2015. EUR	31.12.2014. EUR
Long-term investments			
I Intangible assets:			
1. Concessions, patents, licences, trademarks and similar rights		8 568	7 667
Total intangible assets:	9	8 568	7 667
II Fixed assets:			
1. Land and buildings		4 342 682	4 036 486
2. Equipment and machinery		342 812	603 401
3. Other fixed assets		57 516	42 356
4. Assets under construction		102 880	370 035
Total fixed assets:	9	4 845 890	5 052 278
V Long-term financial investments:			
1. Investments in subsidiary undertakings	10	155 301	474 123
Total long-term financial investments:		155 301	474 123
Total long-term investments:		5 009 759	5 534 068
Current assets			
I Inventories:			
1. Raw materials and consumables	11	102 959	104 295
5. Advances for goods receivable		112	32
Total inventories:		103 071	104 327
III Debtors:			
1. Trade debtors	12	185 903	217 793
4. Other debtors	13	8 010	40 508
7. Deferred expenses	14	4 366	3 861
Total debtors:		198 279	262 162
V Cash and bank:	15	1 558 325	1 346 187
Total current assets:		1 859 675	1 712 676
Total assets		6 869 434	7 246 744

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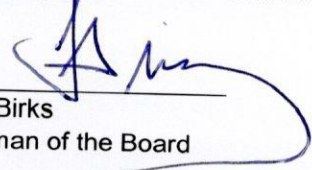
JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

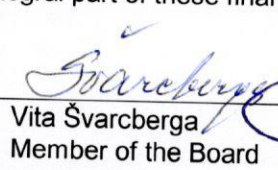
Balance sheet as at 31 December 2015

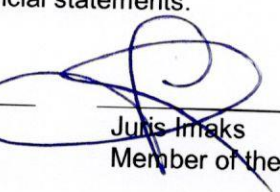
(2)

	Note	31.12.2015. EUR	31.12.2014. EUR
<u>Liabilities and shareholders' funds</u>			
Shareholders' funds:			
1. Share capital	16	1 120 000	1 120 000
3. Long-term investments revaluation reserve		2 379 400	2 379 400
5. Reserves:			
c) reserve provided by statutes		63 819	63 819
6. Retained earnings			
a) previous years' retained earnings		2 138 117	1 872 113
b) current year's profit / (loss)		(224 901)	266 004
Total shareholders' funds:		5 476 435	5 701 336
Creditors:			
Long-term creditors:			
10. Deferred income	20	442 907	479 406
12. Deferred income tax liabilities	17	423 140	447 566
Total long-term creditors:		866 047	926 972
Short-term creditors:			
5. Advances from customers		1 983	2 214
6. Trade creditors		71 705	213 386
10. Taxes and the state compulsory social insurance contributions	18	115 836	114 648
11. Other creditors	19	130 378	133 237
12. Deferred income	20	36 499	36 499
15. Accrued liabilities	21	170 551	118 452
Total short-term creditors:		526 952	618 436
Total creditors:		1 392 998	1 545 408
<u>Total liabilities and shareholders' funds</u>		6 869 434	7 246 744

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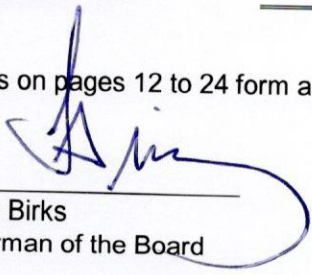
Riga, 9 May 2016

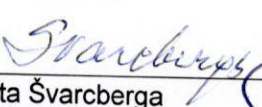
JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

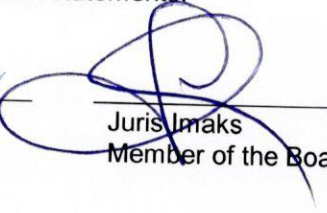
Statement of changes in equity for the year ended 31 December 2015

	Share capital EUR	Long-term investments revaluation reserve EUR	Reserves provided by statutes EUR	Retained earnings EUR	Total EUR
Balance as at 31 December 2013	1 138 297	2 379 400	45 522	1 872 113	5 435 332
Conversion of the share capital EUR	(18 297)	-	18 297	-	-
Profit for the year	-	-	-	266 004	266 004
Balance as at 31 December 2014	1 120 000	2 379 400	63 819	2 138 117	5 701 336
Loss for the year	-	-	-	(224 901)	(224 901)
Balance as at 31 December 2015	1 120 000	2 379 400	63 819	1 913 216	5 476 435

Notes on pages 12 to 24 form an integral part of these financial statements.


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Member of the Board

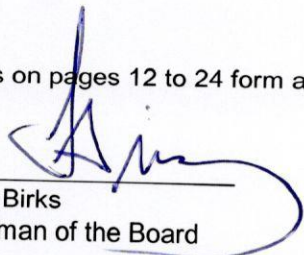

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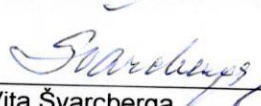
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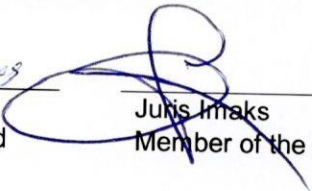
Cash flow statement for the year ended 31 December 2015

	Note	2015 EUR	2014 EUR
I. Cash flows from operating activities			
1. Profit / (loss) before taxation		(249 327)	238 848
<u>Adjustments for:</u>			
a) fixed asset depreciation and value of intangible assets write-downs	9	464 351	466 845
b) changes in provisions		52 099	-
c) income from currency valuation	7	-	(3 629)
d) income from subsidiaries and associated companies	6	(6 191)	(10 591)
e) loss from sale of assets held for sale	5	200 822	-
		461 754	691 473
<u>Adjustments for:</u>			
a) trade debtors' decrease / (increase)		63 883	(78 364)
b) inventories decrease / (increase)		1 256	(19 454)
c) trade and other creditors' decrease		(180 082)	(32 723)
2. Gross operating cash flow		346 811	560 932
3. Corporate income tax paid		-	-
4. Net cash generated from operating activities		346 811	560 932
II. Cash flows from investing activities			
1. Purchase of shares of subsidiaries or associates net of liquidation quota		-	(19 054)
2. Dividends	6	6 191	967
3. Acquisition of fixed assets and intangible assets	9	(258 864)	(330 978)
4. Proceeds from sale of assets held for sale		118,000	-
5. Interest received		-	3 032
6. Net cash used in investing activities		(134 673)	(346 033)
Net increase in cash and cash equivalents		212 138	214 899
Cash and cash equivalents at the beginning of the reporting year		1 346 187	1 131 288
Cash and cash equivalents at the end of reporting year	15	1 558 325	1 346 187

Notes on pages 12 to 24 form an integral part of these financial statements.


Jānis Birks
Chairman of the Board


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Member of the Board


Jūris Imaks
Member of the Board

Riga, 9 May 2016

**JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015**

Notes

Accounting policies

(a) Information on the Company

The legal address of the JSC "Latvijas Jūras medicīnas centrs" is Patversmes street 22, Rīga. The Company was registered in Commercial Register with common registration number 40003306807. The Company's main shareholders are Ilze Birka (17.5%), Mārtiņš Birks (17.5%), Ilze Aizsilniece (8.82%), Guna Švarcberga (10.36%), Jānis Birks (12.8%), Adomas Navickas (6.85%).

The Board of the Company consists of Jānis Birks (Chairman of the board), Vita Švarcberga (Member of the board from 1 May 2014) and Juris Imaks (Member of the board from 1 May 2014). The Council of the Company consists of Mārtiņš Birks (Chairman of the council), Viesturs Šiliņš, Ineta Gadzjus, Jevgēņija Kalējs and Uldis Osis are members of the Council.

The Company's auditor is the certified audit company PricewaterhouseCoopers SIA and certified auditor in charge Lolita Čapkeviča.

(b) Financial statements preparation basis

Financial statements are prepared in accordance with the Law on Accounting and Law on Annual Reports of the Republic of Latvia.

The profit and loss account is prepared in accordance with the turnover method.

The cash flow statement has been prepared using indirect cash flow method.

(c) Net sales and income recognition

Net sales represent the total of services sold during the year, excluding discounts and value added tax. Sales of services are recognised in the accounting period in which the services are rendered. Dividend income is recognised when the right to receive payment is established.

(d) Currency unit and revaluation of foreign currency

All amounts in these financial statements are expressed in the Latvian national currency - euro (EUR).

Foreign currency transactions have been translated into euro applying the exchange rate determined by the conversion procedure between central banks of the European System of Central Banks and other central banks and which is published on the European Central Bank's website.

On the last day of the reporting period all monetary assets and liabilities were translated into euros in accordance with the rates published on the European Central Bank's website.

	31.12.2015. EUR	31.12.2014. EUR
1 USD	0.9152	0.8237

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

Notes (continued)

Accounting policies (continued)

(e) Intangible assets and fixed assets

Intangible assets and fixed assets are recorded at historical cost or revalued amount net of accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the intangible assets and fixed assets. The cost of software licences includes the purchase cost and costs related to their implementation in use. The following fixed asset groups are revalued regularly but not less frequently than every five years:

- buildings;
- plant and equipment.

Increase in the carrying amount arising on revaluation is credited to "Long-term investments revaluation reserve" in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to the current year's profit and loss account. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives using the following rates set by management:

	% per annum
Intangible assets	20
Buildings	2.5 - 2.85
Equipment and machinery	33.33
Other fixtures and fittings	20

Where the carrying amount of an intangible or a fixed asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and the value in use of the related intangible or fixed asset.

Subsequent costs are included in the asset's carrying amount or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Such costs are depreciated over the remaining useful life of the related asset. Capitalising the cost of mounted spare parts, the carrying value of the part replaced is written off to the profit and loss account.

Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Leasehold improvements are amortised on a straight-line basis over the shorter of the estimated useful life of the leasehold improvement and the term of the lease.

Gains or losses on disposals are determined by comparing carrying amount with proceeds and gains from related asset's revaluation reserve write-off and are charged to the profit and loss account during the period in which they are incurred.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out (FIFO) method. When the net realisable value of inventories is lower than its cost, provisions are created to reduce the value of inventories to its net realisable value.

Notes (continued)

Accounting policies (continued)

(g) Accounts receivable

Accounts receivable are recorded in the balance sheet at their amortised cost less provisions for impairment. Provisions for impairment are established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provisions for impairment is the difference between the amortised cost and the recoverable amount. The amount of the provision is recognised in the profit and loss account.

(h) Finance leases – the Company as a lessee

Leases of assets under which the Company has substantially all the risks and rewards or ownership are classified as finance leases. Finance leases are capitalised at the inception of lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The interest element of lease payments is charged to the profit and loss account so that as to produce a constant periodic rate of interest on the remaining balance of the liability.

(i) Operating leases

The Company as a lessor

The Company is leasing buildings which are part of the revalued fixed assets. Depreciation is calculated on a straight-line basis to write down each asset to its estimated residual value over its estimated useful life using rates set for similar Company's assets. Rental income from operating lease including advances received is recognised on a straight-line basis over the period of the lease.

(j) Investments in subsidiary undertakings and associated companies

Investments in subsidiary undertakings and associated companies are accounted for at cost net of accumulated impairment loss. The Company recognises the income only to the extent the distribution of the profit accumulated after the acquisition date is received from the respective subsidiary or associated company. Received distributions in excess of such profit are regarded as recovery of the investment and are booked as a decrease of the cost of investment.

When there is objective evidence that the carrying amount of the investment in subsidiary undertaking or associated company has impaired, the impairment loss is calculated as a difference between the carrying amount of the investment and its recoverable amount. The recoverable amount is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods can be reversed only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognised.

(k) Grants

Grants relating to the purchase of specific assets are recorded as deferred income and are credited to the profit and loss account on a straight-line basis over the expected lives of the related assets. Grants granted to cover the expenses are recognised as an income in the same period when respective expenses have arisen if all conditions associated with the receipt of grant have been fulfilled.

Notes (continued)

Accounting policies (continued)

(l) Taxation

Corporate income tax for the reporting period is included in the financial statements based on the management's calculations prepared in accordance with Latvian Republic tax legislation.

Deferred tax is provided for, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred tax is calculated based on currently enacted tax rates that are expected to apply when the temporary differences reverse. The principal temporary differences arise from different fixed asset depreciation rates, as well as tax losses carried forward, fixed asset revaluation, tax losses carried forward and accrued expenses. The deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(m) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

(n) Accrued unused annual leave expenses

Amount of accrual for unused annual leave is determined by multiplying the average daily wage of employees for the last six months of the reporting year by the amount of accrued but unused annual leave at the end of the reporting year.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances of current account with banks and other highly liquid investments with original maturities up to 90 days.

(p) Related parties

Related parties are defined as Company's shareholders, members of the Board of Directors and Supervisory Board, their close relatives and companies in which they have a significant influence or control.

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Notes (continued)

(1) Net sales

	2015	2014
	EUR	EUR
Medical ambulance services	4 691 801	4 848 710*
Insurance payments	426 370	384 894
Inpatient care	191 136	122 762
Stomatology services	19 520	8 472
Residents training	20 019	16 682
Services – minimum fixed part	-	6 564
Other income	271	527
	<u>5 349 116</u>	<u>5 388 611</u>

*2014 positions were re-classified according to analytical accounting optimization.

(2) Cost of sales

Salaries and wages	2 274 693	2 233 448
Fixed assets depreciation	464 351	466 845
Medical goods	678 453	646 635
State compulsory social insurance contributions	520 105	513 039
Public utilities	238 036	247 528
Non-deductible VAT	298 715	271 857
Repair expenses	173 292	170 848
Household goods and equipment, other materials	133 204	95 844
Security costs	20 461	22 018
Provisions for vacations	52 099	10 741
Patient feeding	30 270	31 929
IT costs	21 078	33 835
Medical examinations and other services	41 396	42 728
Office expenses	13 484	13 492
Transport costs	14 212	12 385
Advertising expenses	28 451	28 835
Insurance costs	5 070	5 819
Real estate tax	9 254	5 263
Provision for doubtful debts	3 711	1 117
Employee training expenses	3 284	3 598
Risk fee	1 360	1 406
Employees benefits and grants	3 009	1 472
Equipment rent	50 634	15 853
Medical fund's risk expenses	13 063	-
Other services related costs	89 494	22 294
	<u>5 181 179</u>	<u>4 898 829</u>

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Notes (continued)

(3) Administrative expenses

	2015	2014
	EUR	EUR
Salary expenses	319 748	327 129
State compulsory social insurance contributions	74 106	75 517
Communication costs	13 431	11 738
Financial statement audit costs	14 000	12 188
Office expenses	7 452	8 539
Banking services	8 748	8 313
Representation costs	1 755	3 154
Legal services	28	1 395
Other administrative costs	2 551	2 658
	<u>441 819</u>	<u>450 631</u>

(4) Other operating income

Rental income	106 182	105 895
ERDF income amortisation	36 499	36 499
Other income	58 607	49 165
	<u>201 288</u>	<u>191 559</u>

(5) Other operating expenses

Fines and penalties	-	10
Loss from sale of assets held for sale	200 822	-
Other expenses	1 857	6 072
	<u>202 679</u>	<u>6 082</u>

(6) Income from investments in subsidiary undertakings and associated companies

Dividends from associated companies	6 191	967
Liquidation quota for the subsidiary's liquidation	-	9 624
	<u>6 191</u>	<u>10 591</u>

(7) Other interest receivable and similar income

Returned overpaid tax	19 201	-
Interest income	-	3 629
Net gain from exchange rate fluctuations	554	-
	<u>19 755</u>	<u>3 629</u>

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Notes (continued)

(8) Corporate income tax for the reporting year and deferred income tax

	2015 EUR	2014 EUR
Deferred income tax credit (see Note 17)	(24 426)	(27 156)
Corporate income tax charge for the current year	-	-
	(24 426)	(27 156)

Corporate income tax differs from the theoretically calculated tax amount that would arise applying the 15% rate stipulated by the law to (loss) / profit before taxation:

(Loss) / profit before taxation	(249 327)	238 848
Theoretically calculated tax at a tax rate of 15%	(37 399)	35 827
Expenses not deductible for tax purposes	12 973	183
Change in unrecognised deferred tax asset	-	(63 166)
Tax credit	(24 426)	(27 156)

Deferred income tax is calculated by using the enacted tax rate – 15%.

As at 31 December 2015 the Company had accumulated tax losses of EUR 47 953, which it can carry forward and utilize in chronological order from taxable income of the future years with the following expiry terms in accordance with the law "On Corporate Income Tax":

	Tax losses EUR	Expiry term
Tax losses of 2015 for Corporate income tax	47 953	unlimited
	47 953	

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Notes (continued)

(9) Intangible assets and fixed assets

	Intangible assets	Land	Buildings	Equipment and machinery	Other fixed assets	Assets under construction	Total
	EUR	EUR (restated)	EUR (restated)	EUR	EUR	EUR	EUR
Cost or revalued amount							
31.12.2013.	72 040	584 000	3 874 593	3 682 898	503 954	-	8 717 485
Additions	2 050	-	-	82 350	5 312	370 035	459 747
Disposals	(3 724)	-	-	(163 886)	(46 847)	-	(214 457)
31.12.2014.	70 366	584 000	3 874 593	3 601 362	462 419	370 035	8 962 775
Additions	11 245	-	-	34 835	50 199	162 585	258 864
Reclassification	-	-	429 740	-	-	(429 740)	-
Disposals	(2 522)	-	-	(24 292)	(42 896)	-	(69 710)
31.12.2015.	79 089	584 000	4 304 333	3 611 905	469 722	102 880	9 151 929
Depreciation							
31.12.2013.	52 333	-	306 620	2 853 185	438 304	-	3 650 442
Charge for 2014	14 090	-	115 487	308 662	28 606	-	466 845
For disposed	(3 724)	-	-	(163 886)	(46 847)	-	(214 457)
31.12.2014.	62 699	-	422 107	2 997 961	420 063	-	3 902 830
Charge for 2015	10 344	-	123 544	295 425	35 039	-	464 351
For disposed	(2 522)	-	-	(24 292)	(42 896)	-	(69 710)
31.12.2015.	70 521	-	545 651	3 269 093	412 206	-	4 297 471
Net book value							
31.12.2013.	19 707	584 000	3 567 973	829 713	65 650	-	5 067 043
31.12.2014.	7 667	584 000	3 452 486	603 401	42 356	370 035	5 059 945
31.12.2015.	8 568	584 000	3 758 682	342 812	57 516	102 880	4 854 458

Cadastral value of freehold land as at 31 December 2015 is EUR 519 364 (31 December 2014: EUR 519 383). Cadastral value for the buildings as at 31 December 2015 is EUR 1 271 297 (31 December 2014 EUR 1 271 407).

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Notes (continued)

(10) Investments in subsidiary undertakings and associated companies

	Investments in subsidiary undertakings EUR
Book value	
31.12.2014.	474 123
Disposals	(318 822)
31.12.2015.	155 301

(a) information on subsidiary undertakings

Name	Address	Shareholders' funds		Profit / (loss) for the reporting year	
		31.12.2015. EUR	31.12.2014. EUR	2015 EUR	2014 EUR
„Jūras medicīna” SIA *	Vecmīlgrāvja 5.līnija 28, Rīga, LV-1015	-	266 329	-	(2 056)
„Neirožu klīnika” SIA	Dzintaru prospekts 48, Jūrmala, LV-2015	398 860	414 453	662	3 435

*On 21 January 2015 100% subsidiary SIA „Jūras medicīna” was liquidated and the Company received liquidation quota by taking over the liquidated company's assets – land with unfinished construction on it.

** Till 10 October 2014 – associated company.

Name	Carrying value of investments in subsidiary and associated companies undertakings		Participating interest in share capital of subsidiary and associated companies undertakings	
	31.12.2015. EUR	31.12.2014. EUR	31.12.2015. %	31.12.2014. %
„Jūras medicīna” SIA	-	318 822	-	100%
„Neirožu klīnika” SIA	155 301	155 301	50.4%	50.4%

(11) Inventories

	31.12.2015. EUR	31.12.2014. EUR
Medication in warehouse, pharmacy	88 056	86 370
Medication in divisions	14 870	17 813
Other materials	33	112
	102 959	104 295

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Notes (continued)

(12) Trade debtors

	31.12.2015. EUR	31.12.2014. EUR
The National Health Service (NHS)	116 593	115 806
P.Stradiņa Clinical University Hospital	10 687	42 862
Insurance companies	40 078	33 346
Other institutions, businesses and individuals	31 313	34 856
Provision for doubtful debts	(12 768)	(9 077)
	<u>185903</u>	<u>217 793</u>

(13) Other debtors

VAT overpaid (see Note 18)	6	13
VAT on unpaid invoices	4 976	4 424
Other debtors	3 028	36 071
	<u>8 010</u>	<u>40 508</u>

(14) Deferred expenses

Insurance costs	4 366	3 861
	<u>4 366</u>	<u>3 861</u>

(15) Cash and bank

Cash at bank	1 554 222	1 340 708
Cash on hand	4 103	5 479
	<u>1 558 325</u>	<u>1 346 187</u>

(16) Share capital

As at 31 December 2015 registered and fully paid share capital consists of 800 000 shares at EUR 1.40 nominal each. In 2014, the Company converted its share capital to EUR compliant to EUR implementation law requirements. Nominal value of 1 share was rounded to 1.40 EUR as a result of share capital conversion. The value in excess of denomination of share capital to EUR was accounted in Company's reserves.

The share capital owned by the following shareholders:

	31.12.2015.		31.12.2014.	
	Number of shares	Capital share %	Number of shares	Capital share %
Ilze Birka	140 000	17.50%	140 000	17.50%
Mārtiņš Birks	140 000	17.50%	140 000	17.50%
Ilze Aizsiliece	70 565	8.82%	91 600	11.45%
Guna Švarcberga	82 880	10.36%	82 880	10.36%
Jānis Birks	102 388	12.80%	69 280	8.66%
Adomas Navickas	54 811	6.85%	50 825	6.35%
Other shareholders (the number of shares up to 5% each)	209 356	26.12%	225 415	28.18%
Total	<u>800 000</u>	<u>100,00%</u>	<u>800 000</u>	<u>100,00%</u>
Share capital (EUR)	<u>800 000</u>		<u>800 000</u>	

All shares of the Company are public issued shares.

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Notes (continued)

(17) Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred income tax has been calculated from the following temporary differences between assets and liabilities values for financial reporting and tax purposes:

	31.12.2015. EUR	31.12.2014. EUR
Deferred income tax liability:		
Temporary difference on fixed assets depreciation	456 658	465 334
Deferred income tax assets:		
Temporary difference on accruals for unused annual leave	(25 583)	(17 768)
Other accruals temporary difference	(742)	-
Tax loss carried forward	(7 193)	-
Deferred tax liability	<u>423 140</u>	<u>447 566</u>

The gross movement on the deferred income tax account is as follows:

	2015 EUR	2014 EUR
Deferred income tax liability at the beginning of the reporting year	447 566	474 722
Deferred income tax credited to profit and loss account (see Note 8)	(24 426)	(27 156)
Deferred tax liability at the end of the reporting year	<u>423 140</u>	<u>447 566</u>

(18) Taxes and the state compulsory social insurance contributions

	Liabilities (Overpaid)		Charge for 2015 EUR	Transferred to other taxes EUR	Paid in 2015 EUR	Liabilities (Overpaid)	
	31.12.2014. EUR	31.12.2014. EUR				31.12.2015. EUR	31.12.2015. EUR
Corporate income tax	-	-	-	-	-	-	-
VAT	9 242	-	105 499	(183)	(101 232)	13 326	-
Real estate tax	-	(6)	9 254	-	(9 254)	-	(6)
Natural resource tax	-	(7)	1 808	-	(1 023)	778	-
Entrepreneurial risk duty	116	-	1 360	-	(1 365)	111	-
State compulsory social insurance contributions	68 013	-	858 725	-	(860 454)	66 284	-
Personal income tax	-	-	465 154	-	(467 094)	35 337	-
Total	<u>114648</u>	<u>(13)</u>	<u>1 441 800</u>	<u>(183)</u>	<u>(1 440 422)</u>	<u>115 836</u>	<u>(6)</u>

*Overpaid taxes are included in 'Other debtors'

JOINT STOCK COMPANY LATVIJAS JŪRAS MEDICĪNAS CENTRS
ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Notes (continued)

(19) Other creditors

	31.12.2015. EUR	31.12.2014. EUR
Salaries	129 279	131 902
Payments to trade union	615	688
Deposited salary	484	647
	<u>130 378</u>	<u>133 237</u>

(20) Deferred income

Grants received to be recognised as income after more than 1 year and not later than 5 years	442 907	479 406
Long term deferred income	<u>442 907</u>	<u>479 406</u>
Grants received to be recognised as income within 1 year	36 499	36 499
Short term deferred income	<u>36 499</u>	<u>36 499</u>

During 2012 the Company received grant from ERDF for acquisition of fixed assets. In 2015 the reclassification of comparative information was made by transferring EUR 14 477 from the short-term creditors to long-term creditors.

(21) Accrued liabilities

Accrued unused annual leave expenses	170 551	118 452
	<u>170 551</u>	<u>118 452</u>

(22) Average number of employees

	2015	2014
Average number of employees during the reporting year:	<u>340</u>	<u>390</u>

(23) Management remuneration

	2015 EUR	2014 EUR
Board members' remuneration		
– salary expenses	87 296	72 407
– state compulsory social insurance contributions	20 437	16 593
Council members' remuneration		
– salary expenses	27 319	27 319
– state compulsory social insurance contributions	5 951	5 993
Other management remuneration		
– salary expenses	205 133	227 403
– state compulsory social insurance contributions	47 718	52 931
	<u>393 854</u>	<u>402 646</u>

Notes (continued)

(24) Capital commitments

As at 31 December 2015, the Company's future payment obligations for contracts regarding the acquisition and creation of fixed assets amounts to EUR 98 thousand.

(25) Related party transactions

In 2015, the Company has not entered into transactions with related parties – subsidiaries and associated companies, other than received dividends EUR 6 191 from SIA "Neirožu Klīnika".

(26) Remuneration of the certified audit company

	2015	2014
	EUR	EUR
Audit of financial statements	14 000	9 900
Tax consulting services	-	500
	<u>14 000</u>	<u>10 400</u>

(29) Subsequent events

There are no subsequent events since the last date of the reporting year, which would have a significant effect on the financial position of the Company as at 31 December 2015.



Translation from Latvian original*

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JSC "Latvijas Jūras Medicīnas Centrs"

Report on the Financial Statements

We have audited the accompanying financial statements of JSC "Latvijas Jūras Medicīnas Centrs" set out on pages 7 to 24 of the accompanying annual report, which comprise the balance sheet as of 31 December 2015 and the profit and loss account and the statements of changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Law of the Republic of Latvia on Annual Reports, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of JSC "Latvijas Jūras Medicīnas Centrs" as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the Law of the Republic of Latvia on Annual Reports.

Report on Other Legal and Regulatory Requirements

We have read the Management Report for 2015 set out on pages 5 to 6 of the accompanying annual report for 2015 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the financial statements for 2015.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

A handwritten signature in blue ink, appearing to read "I. Lejiņa".

Ilandra Lejiņa
Member of the Board

A handwritten signature in blue ink, appearing to read "L. Čapkeviča".

Lolita Čapkeviča
Certified auditor in charge
Certificate No.120

Riga, Latvia
9 May 2016