JOINT STOCK COMPANY
"LATVIJAS JŪRAS MEDICĪNAS CENTRS"
(UNIFIED REGISTRATION NUMBER 40003171237)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015
(12th financial year)

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY THE EU

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Riga, 2016

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INFORMATION ON THE PARENT COMPANY

COMPANY NAME: LATVIJAS JŪRAS MEDICĪNAS 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

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)

SHARES 800 000 public registered shares with face value 1.40 EUR
ISIN code: LV0000100741
1 200 registered shares listed in the register of the Board

MAJOR SHAREHOLDERS:
Ilze Birka 17.50%
Mārtiņš Birks 17.50%
Jānis Birks 12.80%
Guna Švarcberga 10.36%
Ilze Aizsilniece 8.82%
Adomas Navickas 6.85%

NAMES AND POSITIONS OF THE COUNCIL MEMBERS
From April 28, 2010 till the financial statements signing day

Martins Birks - Chairman of the Council
Viesturs Siliņš - Member of the Council
Ineta Gadzjus - Member of the Council
Jevgēņijs Kalējs - Member of the Council
Uldis Osis - Member of the Council

NAMES AND POSITIONS OF THE BOARD MEMBERS
From 1 May 2014 till the financial statements signing day

Jānis Birks - Chairman of the Board
Vita Švarcberga - Member of the Board
Juris Imaks - Member of the Board

INFORMATION ON THE PARENT COMPANY (CONTINUED)

SUBSIDIARY COMPANY:
"Neirožu Klīnika" Ltd. - 50.40%
Registration Number: 40003461335
16 February 2004
Dzintaru prospekts 48, Jurmala, LV 2015

REPORTING YEAR: 1 January 2015 - 31 December 2015

AUDITORS' NAME AND ADDRESS:
PricewaterhouseCoopers SIA
Licence No.5
Kr. Valdemāra iela 21-21
Riga, LV-1010
Latvia

Certified auditor in charge:
Lolita Čapkeviča
Certificate No.120

REPORT OF THE MANAGEMENT

Type of activity

JSC Latvijas Juras medicinas 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 the average total number of employees in LJMC and its subsidiary was 373. LJMC shares are quoted in NASDAQ Riga stock exchange on the secondary market. Full information about the parent company is provided: www.ljmc.lv. Subsidiary SIA "Neirožu klinika" provides psychotherapeutic medical care in a clinic situated in Jurmala.

Starting from 5 September 2013 JSC Latvijas Juras medicinas 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 medicinas 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 and Neirožu klīnika had signed contracts 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 ERAF 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

REPORT OF THE MANAGEMENT (CONTINUED)

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.

Financial performance

In 2015 the Group operated according to the approved budget plan for 2015. The Group's loss before taxation was EUR 740,368 and occurred primarily due to non-recurring event: impairment loss recognised with regard to land plot situated in Jurmala.

The Group continued to deploy an intensive investment policy, directed to increase the Group'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 Group's subsidiary SIA "Juras Medicina" was liquidated and all its net assets were transferred to the Group's parent company LJMC, therefore the Group as a whole was not impacted by this event.

Risk management

The Group continues to perform activities to reduce the potential financial risk on the financial position of the Group companies, 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 Group carries out regular customer control procedures and measures for recovering debts, thus ensuring timely identification and resolution of problems.

The Group follows a prudent liquidity risk management, ensuring appropriate resources are made available for settlement of obligations within their terms. The Group companies do 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 Group as at 31 December 2015.

Both Group's companies signed the contracts with the National Health Service in 2016 with regard to provision of the State reimbursed medical services for 2016 corresponding to the budgeted volumes.

Chairman of the board Jānis Birks	Member of the board Vita Švarcberga	Member of the board Juris Imaks

Riga, 9 May 2016

STATEMENT OF MANAGEMENTS' RESPONSIBILITY

The Board of Directors of JSC "Latvijas Jūras Medicīnas Centrs" (the Company) is responsible for the preparation of the consolidated financial statements of the Company and its subsidiary (the Group).

The consolidated financial statements on pages 10 to 31 are prepared in accordance with the accounting records and source documents and present fairly the financial position of the Group as of 31 December 2015 and the results of its operations and cash flows for the year ended 31 December 2015.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union 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 Group's assets and the prevention and detection of fraud and other irregularities in the Group. The Board of Directors is also responsible for operating the Group in compliance with the legislation of the Republic of Latvia.

On behalf of the Board of Directors,

Chairman of the board	Member of the board	Member of the board
Jānis Birks	Vita Švarcberga	Juris Imaks

Riga, 9 May 2016

Translation from Latvian original*

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of JSC "Latvijas Jūras Medicīnas Centrs"

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of JSC "Latvijas Jūras Medicīnas Centrs" and its subsidiaries ("the Group") set out on pages 10 to 31 of the accompanying consolidated annual report, which comprise the consolidated balance sheet as of 31 December 2015 and the consolidated statements of comprehensive income, 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 Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Ilandra Lejiņa
Member of the Board

Lolita Čapkeviča
Certified auditor in charge
Certificate No. 120

Riga, Latvia
9 May 2016

* This version of our report 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 our report takes precedence over this translation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 EUR	2014 EUR
Revenue	4	5,787,684	5,485,449
Cost of sales	5	(5,562,871)	(4,971,357)
Gross profit		**224,813**	**514,092**
Administrative expenses	6	(526,071)	(476,405)
Other operating income	7	275,912	1,173,614
Other operating expenses	8	(715,022)	(29,172)
Operating (loss) / profit		**(740,368)**	**1,182,129**
Finance income, net		-	3,093
Share of profit of investments accounted for using the equity method	9	-	3,896
(Loss) / profit before income tax		**(740,368)**	**1,189,118**
Income tax expense	10	114,426	26,308
(Loss) / profit for the year		**(625,942)**	**1,215,426**
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		**(625,942)**	**1,215,426**
(Loss) / profit attributable to:			
- Owners of the parent		(375,316)	1,218,662
- Non-controlling interest		(250,626)	(3,236)
Basic earnings per share:		**(0,78)**	**1,52**

The notes on pages 15 to 31 are an integral part of these financial statements.

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

9 May 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	31.12.2015. EUR	31.12.2014. EUR
ASSETS			
Non-current assets			
Property, plant and equipment	11	6,749,639	7,780,511
Intangible assets	11	9,396	8,314
Total non-current assets		**6,759,035**	**7,788,825**
Current assets			
Inventories	12	104,493	104,295
Trade receivables	13	200,787	230,758
Other receivables		18,163	48,877
Cash and cash equivalents	14	1,739,013	1,524,805
Total current assets		**2,062,456**	**1,908,735**
TOTAL ASSETS		**8,821,491**	**9,697,560**

The notes on pages 15 to 31 are an integral part of these financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	31.12.2015. EUR	31.12.2014. EUR
EQUITY AND LIABILITIES			
Equity attributable to owners of parent			
Share capital	15	1,120,000	1,120,000
Revaluation reserve		2,379,400	2,379,400
Other reserves		63,819	63,819
Retained earnings		2,663,660	3,038,976
		6,226,879	**6,602,195**
Non-controlling interests	25	892,194	1,148,913
Total shareholders` equity		**7,119,073**	**7,751,108**
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	16	690,927	805,353
Deferred income	17	442,907	479,513
		1,133,834	**1,284,866**
Current liabilities			
Trade and other payables	18	532,085	625,087
Deferred income	17	36,499	36,499
		568,584	**661,586**
Total liabilities		**1,702,418**	**1,946,452**
TOTAL EQUITY AND LIABILITIES		**8,821,491**	**9,697,560**

The notes on pages 15 to 31 are an integral part of these financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to the owners of the parent					Non-controlling interest	Total
	Share capital	**Other reserves**	**Revaluation reserves**	**Retained earnings**	**Total**		
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Balance as at 31 December 2013	**1,138,297**	**45,522**	**2,379,400**	**1,820,314**	**5,383,533**	**-**	**5,383,533**
Conversion of the share capital into EUR	(18,297)	18,297	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	1,152,149	1,152,149
Total comprehensive profit/(loss) for the year	-	-	-	1,218,662	1,218,662	(3,236)	1,215,426
Balance as at 31 December 2014	**1,120,000**	**63,819**	**2,379,400**	**3,038,976**	**6,602,195**	**1,148,913**	**7,751,108**
Total comprehensive loss for the year	-	-	-	(375,316)	(375,316)	(250,626)	(625,942)
Dividends	-	-	-	-	-	(6,093)	(6,093)
Balance as at 31 December 2015	**1,120,000**	**63,819**	**2,379,400**	**2,663,660**	**6,226,879**	**892,194**	**7,119,073**

The notes on pages 15 to 31 are an integral part of these financial statements,

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 EUR	2014 EUR
Cash flows from operating activities			
(Loss) / profit before taxation		**(740,368)**	**1,189,118**
Adjustments for:			
fixed asset depreciation	11	470,373	457,314
write-off of intangible assets	11	10,605	14,146
profit from investment in associate	9	-	(3,896)
impairment loss	8	600,000	-
loss from disposal of plant, property and equipment	8	90,868	-
net gain on acquisition of a subsidiary shares	7	-	(969,476)
interest income, net		-	(3,093)
		431,478	**684,113**
Changes in working capital:			
debtors		60,686	(68,470)
inventories		(198)	(17,842)
trade and other creditors		(129,610)	(47,918)
Cash generated from operations		**362,356**	**549,883**
Net cash generated from operations		**362,356**	**549,883**
Cash flows from investing activities			
Proceeds from the sale of plant, property and equipment		118,000	-
Acquisition of plant, property and equipment		(260,055)	(331,369)
Net cash flows used in investing activities		**(142,055)**	**(331,369)**
Cash flows from financing activities			
Dividends paid to non-controlling interest		(6,093)	-
Acquisition of shares in subsidiary, net of cash taken over		-	173,854
Net cash flows (used in) / generated from investing activities		**(6,093)**	**173,854**
Net increase in cash and cash equivalents		**214,208**	**392,368**
Cash and cash equivalents at the beginning of the reporting year		1,524,805	1,132,437
Cash and cash equivalents at the end of reporting year	14	**1,739,013**	**1,524,805**

The notes on pages 15 to 31 are an integral part of these financial statements.

Chairman of the board Jānis Birks	Member of the board Vita Švarcberga	Member of the board Juris Imaks

Riga, 9 May 2016

NOTES TO THE FINANCIAL STATEMENTS

1 INCORPORATION AND ACTIVITIES

"Latvijas Juras Medicinas Centrs" (LJMC) 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 subsidiaries – "Juras medicina" Ltd and "Neirožu klīnika" Ltd. (the Group). Since 21 May 2007 the shares of the Company are quoted on NASDAQ Riga Stock Exchange. The registered office of the Group's Parent Company is 23 Patversmes Street, Riga, LV-1005, Latvia.

The Group`s companies are involved in provision of health care services. LJMC is a certified, high level and all available private medical institution and provides both ambulance and hospital medical services. SIA "Neirožu klinika" provides psychotherapeutic medical care in a clinic situated in Jurmala, Latvia.

On average during 2015 the Group employed 373 persons (2014: 393).

These consolidated financial statements have been approved by the Board of Directors on 9 May, 2016.

The shareholders of the Parent Company have a statutory right to either approve these financial statements or not approve them and require the management to prepare a new set of financial statements.

2 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU). Due to the European Union's endorsement procedure, the standards and interpretations not approved for use in the European Union are presented in this note as they may have impact on financial statements of the Company in the following periods if endorsed.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment as disclosed in the Accounting policies Note (c) below.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results ultimately may differ from those.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The following new and amended IFRS and interpretations came into force in 2015 and had no impact on these financial statements:

Amendments to IAS 19 "Employee benefits plans" regarding defined benefit plans (effective for annual periods beginning on or after 1 July 2014, endorsed by EU for annual periods beginning on or after 1 February 2015);

Annual improvements 2013 (effective for annual periods beginning on or after 1 July 2014, endorsed by EU for annual periods beginning on or after 1 January 2015). These amendments include changes that affect 3 standards:
- IFRS 3 "Business combinations";
- IFRS 13 "Fair value measurement"; and
- IAS 40 "Investment property".

A number of new standards and interpretations have been published and come into force on financial periods beginning on or after 1 January 2016:

Annual improvements 2012 (effective for annual periods beginning on or after 1 July 2014, endorsed by EU for annual periods beginning on or after 1 February 2015). These amendments include changes that affect 6 standards:

- IFRS 2 "Share-based payment",
- IFRS 3 "Business Combinations",
- IFRS 8 "Operating segments",
- IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets",
- IAS 24 "Related Party Disclosures".

IFRS 14 "Regulatory deferral accounts" (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU);
Amendment to IFRS 11 "Joint arrangements" on acquisition of an interest in a joint operation (effective for annual periods beginning on or after 1 January 2016);
Amendments to IAS 16 "Property, plant and equipment" and **IAS 41 "Agriculture"** regarding **bearer plants** (effective for annual periods beginning on or after 1 January 2016);
Amendment to IAS 16 "Property, plant and equipment" and **IAS 38 "Intangible assets" on depreciation and amortization** (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU);
Amendments to IAS 27 "Separate financial statements" on the equity method (effective for annual periods beginning on or after 1 January 2016);
Amendments to IFRS 10 "Consolidated financial statements" and **IAS 28 "Investments in associates and joint ventures"** (effective for annual periods beginning on or after 1 January 2016, not yet endorsed in the EU);
Amendments to IAS 1 "Presentation of Financial Statements" regarding disclosure initiative (effective for annual periods beginning on or after 1 January 2016);
Annual improvements 2014 (effective for annual periods beginning on or after 1 July 2016). The amendments include changes that affect 4 standards:
- IFRS 5 "Non-current assets held for sale and discontinued operations"
- IFRS 7 "Financial instruments: Disclosures" with consequential amendments to IFRS 1
- IAS 19 "Employee benefits"
- IAS 34 "Interim financial reporting"

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU).
IFRS 9 "Financial instruments" (effective for annual periods beginning on or after 1 January 2018, not yet endorsed in the EU).
IFRS 16 "Leasing" (effective for annual periods beginning on or after 1 January 2019, not yet endorsed in the EU). As this standard was endorsed at the beginning of 2016, the management did not manage to perform a detailed evaluation stemming from its adoption, however, it is anticipated that the standard will have an impact on the financial statements.
Recognition of deferred tax asset for unrealised losses – amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2017, not yet endorsed in the EU);
Disclosure initiative – amendments to IAS 7 (effective for annual periods beginning on or after 1 January 2017, not yet endorsed in the EU).

The Group's management believes that, except for the mentioned above, the adoption of new standards will not significantly affect the Group's financial statements.

(b) Foreign currency translation

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.

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 or loss.

(c) Property, plant and equipment

Property, plant & equipment 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 fixed assets. The following fixed asset groups are revalued regularly but not less frequently than every five years:

- Buildings;
- Land.

Increase in the carrying amount arising on revaluation (revaluation surplus) is credited to "Revaluation reserve" in shareholders' equity. Revaluation reserve cannot be distributed to the shareholders. 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. Revaluation is made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

All other property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized 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.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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, as follows:

	Years
Buildings	35-40
Machinery and equipment	3
Other fixed assets	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing carrying amount with proceeds and are charged to the profit or loss during the period in which they are incurred. When revalued assets are disposed, the amounts included in Revaluation reserve are transferred to retained earnings.

(d) Intangible assets

Intangible assets primarily consist of software licences. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their useful lives. Generally intangible assets are amortised over a period of 5 years.

(e) Impairment of non-financial assets

All Group's non-financial assets have a finite useful life (except land). Assets that are subject to amortization or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets

The Group classifies all its financial assets as Loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for assets with maturities greater than 12 months after the end of the reporting period.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of trade receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the profit or loss. If, in subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances of current accounts with banks and deposits held at call with banks with original term less than 90 days and other short-term highly liquid investments, which can be easily converted to cash and are not subject of significant change in value.

(j) Share capital and recognition of dividends payable

Ordinary shares are classified as equity. Dividend distribution to the Parent Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Parent Company's shareholders.

(k) Deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

(k) Deferred income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the temporary differences will reverse.

The principal temporary differences arise from different property, plant and equipment depreciation rates, revaluation of property, plant and equipment, as well for unused annual leave and other accruals and provisions. Deferred income tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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 assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Increase in deferred income tax liability that results from revaluation of property, plant and equipment is charged to other comprehensive income as deduction from respective increase in the Revaluation reserve. Decrease in deferred income tax liability that results from depreciation of revalued property, plant and equipment is charged to the income statement.

(l) Corporate income tax

Income tax is assessed for the period in accordance with Latvian tax legislation. The tax rate stated by Latvian tax legislation is 15 percent.

(m) 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.

(n) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(o) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Healthcare services
Revenues from medical services, either hospital or ambulance services, are recognised as services are rendered, at the rates set for each type of service, irrespective of who is the payer for the service. Services which are paid for by the State Healthcare Service (NVD) are priced based on the Cabinet of Ministers Regulations No. 1529 "On organising and financing the health care".

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (continued)

Other services
All sales of services are recognised in the accounting period in which the services are rendered.

(p) Earnings per share

Earnings per share is determined by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year.

(r) Related parties

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

(s) Grants and deferred income

EC funding related to property, plant and equipment is recognized as deferred income and is credited to the profit or loss systematically over the expected lives of the related assets.

(t) Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

IFRS requires that in preparing the financial statements, management of the Group makes estimates and assumptions that affect the reported amounts of assets and liabilities and required disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgement and thus having significant risk of casing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are revaluation of property, plant and equipment, determination of frequency of revaluations, the management assumptions and estimates in determination of recoverable value of the impaired property, plant and equipment, determination of useful lives of property, plant and equipment, recoverable amount of accounts receivable and inventories.

3 FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

The Management Board is responsible for setting up risk management guidelines and risk monitor. The Company has identified the major risk factors and developed policies and mechanisms to control these factors. The major risks are defined as:

(a) 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. The company`s management has assessed each type of market risks and made possible measures to mitigate negative reaction in the market.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1. Financial risk factors (continued)

(b) Credit risk - The inability of insurance companies, fellow hospitals and patients to pay for the services in time and in full amount. Most of the services are cash settled prior to providing service or funded by the state and insurance companies, therefore there is very low credit risk.

(c) 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.

(d) Liquidity risk – possibility of being 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. The entity has no outstanding debts and holds sufficient cash resources to settle the liabilities when they fall due.

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.

3.2. Capital management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

3.3. Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The objective of the fair value measurement, even in inactive markets, is to arrive at the price at which an orderly transaction would take place between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

In order to arrive at the fair value of a financial instrument different methods are used: quoted prices, valuation techniques incorporating observable data and valuation techniques based on internal models. These valuation methods are divided according with the fair value hierarchy in Level 1, Level 2 and Level 3.

The level in the fair value hierarchy within which the fair value of a financial instrument is categorized shall be determined on the basis of the lowest level input that is significant to the fair value in its entirety.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3. Fair value estimation (continued)

The classification of financial instruments in the fair value hierarchy is a two-step process:

1. Classifying each input used to determine the fair value into one of the three levels;

2. Classifying the entire financial instrument based on the lowest level input that is significant to the fair value in its entirety.

Quoted market prices - Level 1

Valuations in Level 1 are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques using observable inputs - Level 2

Valuation techniques in Level 2 are models where all significant inputs are observable for the asset or liability, either directly or indirectly. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as price) or indirectly (that is, derived from prices).

Valuation technique using significant unobservable inputs - Level 3

A valuation technique that incorporates significant inputs that are not based on observable market data (unobservable inputs) is classified in Level 3. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. Level 3 inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

Assets and liabilities for which fair value is disclosed

The carrying amount of liquid and short-term financial instruments (with maturity below 3 months), for example, cash and cash equivalents, short-term trade payables and trade receivables corresponds to their fair value.

Assets measured at fair value and valuation techniques used to derive Level 3 fair values

Group's land and buildings are stated at revalued amount, determined by a combination of Income and Market approach results, based on the definition of the assets' market value formulated in the International valuation standards. As a result, it may be concluded that both observable and unobservable market data is being used in valuation which corresponds to the 3rd level valuation technique.

The most significant inputs into this valuation approach is rental price per square meter and sales prices of comparable properties that are adjusted for differences in key attributes such as property size, location etc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. NET SALES

	2015 EUR	2014 EUR
Medical ambulance services	5,130,369	4,945,548
Insurance payments	426,370	384,894
Inpatient care	191,136	122,762
Stomatology services	19,520	8,472
Residents training	20,019	16,682
Maintenance of RS register	-	6,564
Other income	270	527
TOTAL	**5,787,684**	**5,485,449**

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

5. COST OF SERVICES PROVIDED

Salaries and wages	2,495,693	2,284,631
Fixed assets depreciation	480,977	457,823
Medical goods	687,765	646,635
State social insurance contributions	571,294	524,755
Public utilities	260,076	234,478
Expensed VAT	315,182	276,034
Repair expenses	175,685	160,774
Current assets write-off	136,184	60,976
Security expenses	20,461	22,018
Medical researches	43,640	53,128
Provisions for vacations	64,490	15,336
Catering expenses	45,198	34,835
IT maintenance costs	21,078	33,835
Household supplies	77,196	39,903
Real estate tax	12,095	13,872
Advertising	29,865	29,836
Office expenses	13,657	12,477
Insurance expenses	6,040	5,819
Transport expense	16,016	12,922
Other costs	90,279	51,270
TOTAL	**5,562,871**	**4,971,357**

6. ADMINISTRATIVE EXPENSES

Salaries and wages	376,148	342,487
State social insurance contributions	86,976	82,241
Communication expenses	17,859	13,052
Audit expenses	15,140	12,188
Office expenses	9,663	5,216
Bank expenses	9,888	9,241
Legal services	900	2,811
Other administrative expenses	9,497	9,169
TOTAL	**526,071**	**476,405**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. OTHER OPERATING INCOME

	2015 EUR	2014 EUR
Excess of the consideration over the acquired net assets of subsidiary	-	969,476
Rental income	153,617	152,761
ERDF income amortisation	36,499	36,499
Repaid overcharged tax	19,953	-
Other income	65,843	14,878
TOTAL	**275,912**	**1,173,614**

8. OTHER OPERATING EXPENSES

Loss on impairment of land (Note 11)	600,000	-
Loss on disposal of property, plant and equipment	90,868	-
Other operating expenses	24,154	29,172
TOTAL	**715,022**	**29,172**

9. SHARE OF PROFIT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

SIA "Neirožu klīnika"	-	3,896
TOTAL	**-**	**3,896**

The parent company of the Group used to own 45,32% of the shares in SIA "Neirožu klinika" until 2014 when it acquired additional 5,08% of the shares and obtained the control of this company which, accordingly, became the subsidiary of the Group (see Note 25 for summarised financial information and other facts about the Group's subsidiary SIA "Neirožu klinika").

10. INCOME TAX EXPENSE

Current income tax charge	-	-
Deferred income tax credit	(114,426)	(26,308)
TOTAL	**(114,426)**	**(26,308)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the applicable 15% tax rate to profits of the consolidated entities as follows:

(Loss) / profit before tax	(740,368)	1,189,118
Theoretically calculated income tax at rate 15%	**(111,055)**	**178,367**
Tax effect of:		
Non-taxable gain recognised on business combination	-	(145,421)
Tax non-deductible expenses, net	(3,371)	(4,056)
Change in unrecognised deferred tax assets	-	(55,198)
Tax credit	**(114,426)**	**(26,308)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Intangible assets	Land and buildings	Machinery & equipment	Other fixed assets	Assets under construction	Total property, plant and equipment	Total non-current assets
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Cost or revalued amount							
31.12.2013.	**72,040**	**4,510,889**	**3,682,898**	**503,564**	**156,571**	**8,853,922**	**8,925,962**
Acquisition of subsidiary	703	2,500,000	-	23,924	-	2,523,924	2,524,627
Additions	2,050	-	82,350	5,707	370,035	458,092	460,142
Disposals	(3,724)	-	(163,886)	(46,851)	-	(210,737)	(214,461)
31.12.2014.	**71,069**	**7,010,889**	**3,601,362**	**486,344**	**526,606**	**11,625,201**	**11,696,270**
Reclassification	-	429,740	-	-	(429,740)	-	-
Impairment	-	(600,000)	-	-	-	(600,000)	(600,000)
Additions	11,687	-	34,835	50,948	162,585	248,368	260,055
Disposals	(4,145)	(52,296)	(24,292)	(42,896)	(156,571)	(276,055)	(280,200)
31.12.2015.	**78,611**	**6,788,333**	**3,611,905**	**494,396**	**102,880**	**11,071,980**	**11,076,125**
Depreciation							
31.12.2013.	**52,333**	**306,620**	**2,853,185**	**438,304**	**-**	**3,598,109**	**3,650,442**
Charge for year 2014	14,146	118,259	308,662	30,393	-	457,314	471,460
Disposals	(3,724)	-	(163,886)	(46,847)	-	(210,733)	(214,457)
31.12.2014.	**62,755**	**424,879**	**2,997,961**	**421,850**	**-**	3,844,690	**3,907,445**
Charge for year 2015	10,605	134,632	295,425	40,316	-	470,373	480,978
Disposals	(4,145)	-	(24,292)	(42,896)	-	(67,188)	(71,333)
31.12.2015.	**69,215**	**559,511**	**3,269,094**	**419,270**	**-**	**4,247,875**	**4,317,090**
Net book value 31.12.2015.	**9,396**	**6,228,822**	**342,811**	**75,126**	**102,880**	**6,749,639**	**6,759,035**
Net book value 31.12.2014.	**8,314**	**6,586,010**	**603,401**	**64,494**	**526,606**	**7,780,511**	**7,788,825**
Net book value 31.12.2013.	**19,707**	**4,204,269**	**829,713**	**65,260**	**156,571**	**5,255,813**	**5,275,520**

As at 31 December 2015 cadastral value for Group`s land was EUR 672,013 (31.12.2014: EUR 781,771. As at 31 December 2015 cadastral value for Group`s buildings was EUR 1,382,104 (31.12.2014: EUR 1,790,243).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

The Group uses revaluation policy to measure its land and buildings. Group`s land and buildings were revalued by independent certified appraiser SIA Latio (certificate No. 19) as at 31 December 2012. The market value was determined by a combination of Income and Market approach results. The management of the Group has assessed the trend in the rental prices of administrative premises and sales transactions of comparable administrative properties during 2015 and concluded that the carrying value of the revalued properties was not materially different from that which would be determined using fair value at the end of the reporting period.

If land and buildings would be recorded at cost less accumulated depreciation, their net book value would be as follows:

	31.12.2015 EUR	31.12.2014 EUR
Cost	4,559,305	4,781,862
Accumulated depreciation	(1,037,558)	(949,134)
Net book value	**3,521,747**	**3,832,728**

In 2015, the Group recognised an impairment loss in the amount of EUR 600,000 relating to the decrease of recoverable amount of the land plot situated in Jurmala. Jurmala suffered significant decline in the real estate prices in 2015 stemming from the adverse impact of geopolitical situation and changes in the legal acts concerning granting of the temporary residency permits to non-residents. Namely – there was a significant decline in the demand for real estate in Jurmala from the residents of Russia and other former CIS countries resulting in the significant drop of the market prices of the prime real estate properties in Jurmala. The management based the estimation of the recoverable value of the above mentioned land plot on the fair value less costs of disposal. Valuation was performed by certified appraiser SIA Latio (certificate No. 19) as at 31 December 2015 based on Market approach using the information about the recent sales transactions of comparable properties.

12. INVENTORIES

Pharmaceuticals	102,926	104,183
Other materials	1,567	112
Total	**104,493**	**104,295**

13. TRADE RECEIVABLES

National Health Service	131,229	115,806
P. Stradiņa Clinical University Hospital	10,687	42,862
Insurance companies	40,078	35,570
Other institutions, companies and persons	31,581	45,596
Provisions for doubtful debts	(12,788)	(9,076)
TOTAL	**200,787**	**230,758**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. CASH AND CASH EQUIVALENTS

	31.12.2015 EUR	31.12.2014 EUR
Cash in banks	1,734,588	1,519,327
Cash on hand	4,425	5,479
TOTAL	**1,739,013**	**1,524,805**

15. SHARE CAPITAL

	31.12.2015		31.12.2014	
Shareholders	**Number of shares**	**%**	**Number of shares**	**%**
Ilze Birka	140 000	17,50%	140 000	17,50%
Mārtiņš Birks	140 000	17,50%	140 000	17,50%
Jānis Birks	102 388	12,80%	69 280	8,66%
Guna Švarcberga	82 917	10,36%	82 880	10,36%
Ilze Aizsilniece	70 565	8,82%	91 600	11,45%
Adomas Navickas	54 811	6,85%	50 825	6,35%
Other shareholders (shares less than 5%)	209 319	26,17%	225 415	28,18%
Total	**800 000**	**100,00%**	**800 000**	**100,00%**

As at December 31, 2015 registered and fully paid share capital consists of 800 000 shares with a nominal value of EUR 1.40 each. In 2014, the Group's parent company's share capital was denominated into EUR based on applicable law, and the par value was set at EUR 1.40 per share. Difference arising on conversion was transferred to other reserves. All shares are bearer (public issue) shares.

16. DEFERRED TAX LIABILITIES

	31.12.2015 EUR	31.12.2014 EUR
Deferred income tax liability has been calculated as follows:		
Deferred income tax liabilities, gross:		
Tax effect of temporary difference between financial statement depreciation and depreciation for tax purposes	728,431	825,506
Deferred tax assets, gross:		
Tax effect of tax losses carried forward	(8,690)	-
Tax effect of accruals for vacations	(28,814)	(20,153)
Deferred tax liabilities, net:	**690,927**	**805,353**

Movement and components of deferred tax

	2015 EUR	2014 EUR
Deferred tax liabilities at the beginning of the financial year	805,353	474,722
Deferred tax credited to the income statement (Note 10)	(114,426)	(26,308)
Acquired in a business combination	-	356,939
Deferred tax liabilities at the end if the financial year	**690,927**	**805,353**

Unutilised tax losses for 2015 taxation year carried forward as at 31.12.2015 were EUR 57,933, and they have no expiry date and can be utilised against the taxable income in the consecutive taxation years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. DEFERRED INCOME

	31.12.2015 EUR	31.12.2014 EUR
Grant provided by ERDF for project reimbursement:		
Current part	36,499	36,499
Non-current part	442,907	479,513
TOTAL	**479,406**	**516,012**

Amortised and recognised in the profit or loss in 2015 was income in the amount of EUR 36,499 (2014: EUR 36,499), as disclosed in Note 7.

18. TRADE AND OTHER PAYABLES

	31.12.2015 EUR	31.12.2014 EUR
Trade payables	74,587	217,320
Taxes payable	128,253	125,800
Salaries payable	144,200	143,716
Accruals for unused vacations	181,404	134,355
Advances received	1,983	2,214
Other creditors	1,658	1,682
TOTAL	**532,085**	**625,087**

19. CONTINGENCIES

The Group's management has no information on guarantees, existing or pending litigations that could significantly influence Group's financial situation of financial results.

20. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of reporting period but not yet incurred is as follows:

Property, plant and equipment	**98 thousand**	**59 thousand**

21. TRANSACTIONS WITH RELATED PARTIES

Except for the remuneration to key management as disclosed in Note 23 below, in 2015 the Group has not entered into other related party transactions.

22. REMUNERATION OF THE CERTIFIED AUDIT COMPANY

	2015 EUR	2014 EUR
Audit of financial statements	15,140	11,040
Other services	-	1,147
	15,140	**12 187**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. REMUNERATION OF THE KEY MANAGERIAL EMPLOYEES

	2015 EUR	2014 EUR
Members of the board:		
· salaries	105,744	78,100
· state compulsory social insurance contributions	24,788	17,896
Members of the council:		
· salaries	27,319	27,319
· state compulsory social insurance contributions	5,951	5,993
Other administrative personnel:		
· salaries	205,133	227,403
· state compulsory social insurance contributions	47,718	52,931
	416,653	**409,642**

24. AVERAGE NUMBER OF EMPLOYEES

	2015	2014
Average number of employees during the reporting year	**373**	**393**

25. NON-CONTROLLING INTEREST

Movement of non-controlling interest in subsidiary SIA "Neirožu klinika" is as follows:

	EUR
At the acquisition date (October, 2014)	1,152,149
Proportionate share of post-acquisition loss of SIA "Neirožu klīnika"	(3,236)
Balance as at 31 December 2014	**1,148,913**
Proportionate share of loss for 2015 of SIA "Neirožu klīnika"	(250,626)
Dividends	(6,093)
Balance as at 31 December 2015	**892,194**

Non-controlling interest owns 49.6% of the ordinary voting shares in SIA "Neirožu klinika" since October 2014.

Legal address and principal place of business of SIA "Neirožu klinika" is Dzintaru prospekts 48, Jurmala, Latvia. Set out below are the summarised financial information for SIA "Neirožu klinika" that has non-controlling interests that are material to the Group.

Summarised balance sheet:

	31.12.2015 EUR	31.12.2014 EUR
Current		
Assets	202,781	196,059
Liabilities	(49,254)	(45,901)
Total current net assets	**153,527**	**150,158**
Non-current		
Assets	1,904,577	2,520,012
Liabilities	(258,112)	(348,557)
Total non-current net assets	**1,646,465**	**2,171,455**
Net assets	**1,799,992**	**2,321,613**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
25. NON-CONTROLLING INTEREST (CONTINUED)

Summarised income statement:

	2015 EUR	1 October – 31 December 2014 EUR
Revenue	438,568	96,838
Loss before income tax	(595,743)	(1,110)
Income tax (expense)/income	90,445	(848)
Net loss	(505,298)	(6,524)
Total comprehensive loss	**(505,298)**	**(6,524)**
Loss allocated to non-controlling interests	(250,628)	(3,236)
Dividends paid to non-controlling interests	1,167	6,092

The information above is before the intercompany eliminations. Reported for 2014 is the financial information for post-acquisition period from 1 October to 31 December 2014.

26. 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 Group as at 31 December 2015.