



**LATVIJAS JURAS MEDICINAS CENTRS JSC**

**CONSOLIDATED INTERIM REPORT FOR THE 6 MONTHS OF 2010**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING  
STANDARDS**

**(Translation of the Latvian original)**

**ORIGINAL OF CONSOLIDATED ANNUAL REPORT IN LVL EXPRESSED IN EUR. EXCHANGE RATE  
0,702804 EUR/LVL.**

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

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**COMPANY NAME:** Latvijas juras medicinas centrs JSC

**LEGAL STATUS:** Joint stock company

**REGISTRATION:** Registered in Latvian Register of Enterprises at 27.08.2004.  
Registration Number: 40003306807

**LEGAL ADDRESS:** 23, Patversmes str. 23, Riga, LV - 1005, Latvia

**SHARES** 800 000 shares with face value 1,00 LVL, int. al.:  
798 800 public registered shares. ISIN  
code:LV0000100741  
  
1 200 registered shares listed in the register of the Board

**MAJOR SHAREHOLDERS:** Ilze Birka 17,5%  
Martins Birks 17,5%  
Ilze Aizsilniece 11,4%  
Guna Shvarchberga 10,4%  
Janis Birks 7,6%

**REPORTING PERIOD:** 1 January 2010 - 30 June 2010

**AUDITORS NAME AND ADDRESS:** System audit Ltd.  
Licence No.53  
Matisa str. 19-6  
Riga, LV-1001  
Latvia

**Council of the Group**

**Number of shares owned at  
30.06.10**

**From April 30, 2008 till April 28, 2010**

| <u>Name</u>          | <u>Position</u>              |                 |
|----------------------|------------------------------|-----------------|
| Martins Birks        | Chairman of the Council      | 140 000         |
| Viesturs Shilinsh    | Member of the Council        | 3 038           |
| Austris Adumans      | Vice-Chairman of the Council | till 15.12.2009 |
| Antons Vjaters       | Member of the Council        |                 |
| Vladislavs Skrebelis | Member of the Council        |                 |

**From April 28, 2010 till the consolidated financial statements signing day**

|                   |                         |         |
|-------------------|-------------------------|---------|
| Martins Birks     | Chairman of the Council | 140 000 |
| Viesturs Shilinsh | Member of the Council   | 3 038   |
| Ineta Gadzjus     | Member of the Council   |         |
| Jevgenijs Kaelejs | Member of the Council   |         |
| Uldis Osis        | Member of the Council   |         |

**Board of the Group**

| <u>Name</u> | <u>Position</u> |  |
|-------------|-----------------|--|
|-------------|-----------------|--|

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

|                   |                       |        |
|-------------------|-----------------------|--------|
| Janis Birks       | Chairman of the Board | 60 883 |
| Marta Aizsilniece | Member of the Board   | 1 344  |
| Andris Vigants    | Member of the Board   | 700    |

**MANAGEMENT REPORT**

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

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

This not audited consolidated financial report is prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and is based on business continuation principle. The financial statements were drawn up in Latvian lats (LVL) and euros (EUR). The applied currency exchange rate is EUR/LVL 0.702804.

**The current financial condition of the Group of companies and its development**

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

The loss before taxes of the parent company was -400 171 EUR.

The loss before taxes of subsidiary company was -03 500 EUR.

**Important events that affected results of the Group's activities in reporting period**

Patient demand for state-funded outpatient medical in the first half of 2010th significantly exceeded the funding quota. During the summer months are traditionally lower demand for medical services. Therefore during the first half year the exceeding of the state funding quota was tolerated by 294 000 LVL (3 month funding level). This enabled to maintain the patient attraction to the Latvian Maritime Medical Centre and to ensure smooth personnel utilized capacity in winter and in the summer vacation period. Accordingly the contract with the Health Billing Center the exceeding of quota cannot be credited to the income at the reference period. Payment processing will take place in the coming months, if not met this month financing quota. As a result, excluding the revenue reduced the first half year profits by LVL 294 000.

Endoscopy is relocated to new premises. New services are developed in endoscopy. In addition to capsule endoscopy is acquired enteroskop for small intestine examination. The patient care at home is rapidly evolving.

On the 12th March 2010th was organized scientific-practical conference "Family doctors, specialists and nurses cooperation in a healthy society", which was attended by more than 600 medical staff and viewed on the internet by more than 1,000 stakeholders.

**Important Events after the Balance Sheet Date**

In July 2010th an agreement is signed with the Health Economic Centre for European Regional Development Fund support in amount of 436 035 LVL for outpatient health services development project in the former hospital care housing at Patversmes street 23.

The share price at the 01.01.10 was LVL 1,60, 31.03.10 - LVL 2,00; 30.06.10 - LVL 1,60.

**Future Development of the Group**

Planned to develop outpatient care at Patversmes Street 23 area. The development of joint computerized information and accounting system will continue. That will provide precise details of the services rendered to patient; the medical information will be in a digital format, as well as perspective – integration into the e-health system.

**Risk Management**

On a regular basis the significant risks are assessed, involving a wide range of specialists. Measures are taken to mitigate the potential impact on business activities. Constantly, the Group's future development scenarios are reviewed based on the underlying and predictable market changes. The company's financial stability in times of crisis provides good liquidity (Current Ratio at 30.06.10 was 2,54) and liability (Debt Ratio at 30.06.10 was 0,14) characteristics, as well as the accumulated free cash reserves.

On behalf of the Group:

Chairman of the Board

Janis Birks

Member of the Board

Marta Aizsilniece

Member of the Board

Andris Vigants

Riga, 27 August, 2010.

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**DECLARATION OF MANAGEMENT RESPONSIBILITY**

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Consolidated financial statements are prepared to the best on our knowledge in accordance with International Financial Reporting Standards adopted by the European Union. These financial statements give a true and fair view of the financial position of the Group and of its financial performance for the period ended 30 June 2010 in all essential aspects. In preparing those financial statements, management:

- selected suitable accounting policies and then apply them consistently;
- made judgments and estimates that are reasonable and prudent;
- prepared the financial statements on the going concern basis to presume that the Group will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by EU. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairman of the Board

Janis Birks

Member of the Board

Marta Aizsilniece

Member of the Board

Andris Vigants

Riga, 27 August, 2010.

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 JUNE 2010 AND 31 DECEMBER 2009**

|   | June 30, 2010    | December 31,<br>2009 | Note | June 30,<br>2009 |
|---|------------------|----------------------|------|------------------|
| <b>ASSETS</b>                                     | <b>EUR</b>       | <b>EUR</b>           |      | <b>LVL</b>       |
| <b>Current assets:</b>                            |                  |                      |      |                  |
| <b>Stocks</b>                                     |                  |                      |      |                  |
| Raw materials                                     | 62 236           | 74 325               | 4    | 76 188           |
| <b>Total stocks</b>                               | <b>62 236</b>    | <b>74 325</b>        |      | <b>76 188</b>    |
| <b>Debtors:</b>                                   |                  |                      |      |                  |
| Trade debtors                                     | 157 745          | 199 740              | 5    | 562 823          |
| Other debtors                                     | 49 371           | 42 897               | 6    | 148 203          |
| Accruals  | 2 487            | 5 987                | 7    | 1 298            |
| <b>Total debtors</b>                              | <b>209 603</b>   | <b>248 624</b>       |      | <b>712 324</b>   |
| <b>Cash funds</b>                                 | <b>1 141 093</b> | <b>1 344 257</b>     | 8    | <b>1 567 298</b> |
| <b>Total current assets</b>                       | <b>1 412 933</b> | <b>1 667 206</b>     |      | <b>2 355 809</b> |
| <b>Long-term investments:</b>                     |                  |                      |      |                  |
| <b>Intangible assets:</b>                         |                  |                      |      |                  |
| Other intangible (fixed) assets                   | 8 076            | 11 306               | 2    | 14 323           |
| <b>Total intangible assets</b>                    | <b>8 076</b>     | <b>11 306</b>        |      | <b>14 323</b>    |
| <b>Fixed assets:</b>                              |                  |                      |      |                  |
| Land and buildings                                | 1 994 015        | 2 101 882            |      | 4 937 859        |
| Technological equipment and machines              | 668 909          | 689 854              |      | 793 082          |
| Other fixed assets and inventory                  | 116 717          | 94 978               |      | 105 048          |
| Long term investments in rented fixed assets      | -                | -                    |      | -                |
| Unfinished building objects                       | 250 201          | 250 201              |      | 250 201          |
| Advance payments for fixed assets                 | -                | -                    |      | 11 181           |
| <b>Total fixed assets:</b>                        | <b>3 029 842</b> | <b>3 136 914</b>     | 2    | <b>6 097 370</b> |
| <b>Long-term financial assets:</b>                |                  |                      |      |                  |
| Participating interests in associated enterprises | 180 589          | 180 589              | 3    | 191 523          |
| <b>Total financial assets:</b>                    | <b>180 589</b>   | <b>180 589</b>       |      | <b>191 523</b>   |
| <b>Total long-term investments:</b>               | <b>3 218 508</b> | <b>3 328 810</b>     |      | <b>6 303 215</b> |
| <b>TOTAL ASSETS</b>                               | <b>4 631 441</b> | <b>4 996 016</b>     |      | <b>8 659 024</b> |

*The notes on pages 12-21 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 JUNE 2010 AND 31 DECEMBER 2009**

|   | June 30,<br>2010 | December 31,<br>2009 | Note      | June 30,<br>2009 |
|---|------------------|----------------------|-----------|------------------|
| <b>LIABILITIES</b>                                  | <b>EUR</b>       | <b>EUR</b>           |           | <b>EUR</b>       |
| <b>Liabilities:</b>                                 |                  |                      |           |                  |
| <b>Liabilities:</b>                                 |                  |                      |           |                  |
| Received advance payments                           | 586              | 30                   | <b>10</b> | 3 283            |
| Due to customers and suppliers                      | 46 821           | 38 140               | <b>11</b> | 383 744          |
| Taxes and social security payments                  | 166 008          | 98 935               | <b>12</b> | 197 635          |
| Other payables                                      | 154 211          | 131 368              | <b>13</b> | 248 623          |
| Recognized deferred tax liabilities                 | 188 101          | 191 398              | <b>22</b> | 581 989          |
| <b>Total liabilities</b>                            | <b>555 727</b>   | <b>459 871</b>       |           | <b>1 415 274</b> |
| <b>Provisions for liabilities and charges:</b>      |                  |                      |           |                  |
| Provisions for vacations                            | 77 831           | 137 449              |           | 401 045          |
| <b>Total provisions</b>                             | <b>77 831</b>    | <b>137 449</b>       |           | <b>401 045</b>   |
| <b>Total liabilities</b>                            | <b>633 558</b>   | <b>597 320</b>       |           | <b>1 816 319</b> |
| <b>Equity capital:</b>                              |                  |                      |           |                  |
| Share equity  | 1 138 297        | 1 138 297            | <b>9</b>  | 1 138 297        |
| Reserves:   |                  |                      |           |                  |
| c) reserves provided by the Articles of Association | 45 522           | 45 522               |           | 45 522           |
| d) fixed asset's revaluation reserve                | 1 276 125        | 1 345 476            |           | 3 760 427        |
| Retained earnings:                                  |                  |                      |           |                  |
| a) brought forward from previous years              | 1 948 969        | 1 950 626            |           | 1 795 940        |
| b) current year profit or loss                      | (412 383)        | (83 248)             |           | 100 587          |
| <b>Total shareholders' equity</b>                   | <b>3 996 530</b> | <b>4 396 674</b>     |           | <b>6 840 774</b> |
| <b>Non-controlling interest</b>                     | <b>1 352</b>     | <b>2 022</b>         |           | <b>1 932</b>     |
| <b>Total equity capital</b>                         | <b>3 997 883</b> | <b>4 398 696</b>     |           | <b>6 842 706</b> |
| <b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>     | <b>4 631 441</b> | <b>4 996 016</b>     |           | <b>8 659 024</b> |
|   | -                | -                    |           |                  |
| <b>Current Ratio</b>                                | <b>2,54</b>      | <b>3,63</b>          |           | <b>1,66</b>      |
| <b>Debt Ratio</b>                                   | <b>0,14</b>      | <b>0,12</b>          |           | <b>0,21</b>      |

*The notes on pages 12-21 form an integral part of these financial statements.*



**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIODS ENDED 30 JUNE 2010 AND 31 DECEMBER 2009**

|   | 2009, 6<br>month period<br>EUR | 2010, 12<br>month period<br>EUR | Note      | 2009, 6<br>month<br>period<br>EUR |
|---|--------------------------------|---------------------------------|-----------|-----------------------------------|
| Net sales   | 2 215 861                      | 6 491 999                       | <b>14</b> | 4 374 414                         |
| Cost of goods sold  | (2 487 659)                    | (6 123 400)                     | <b>15</b> | (4 084 726)                       |
| <b>Gross profit or loss</b>                                     | <b>(271 798)</b>               | <b>368 599</b>                  |           | <b>289 688</b>                    |
| Administrative expenses   | (214 737)                      | (557 945)                       | <b>16</b> | (317 626)                         |
| Other operating income  | 66 563                         | 131 401                         | <b>17</b> | 66 626                            |
| Other operating expenses  | (1 009)                        | (5 721)                         | <b>18</b> | (1 911)                           |
| Income from investment in associates                            | -                              | (10 054)                        | <b>19</b> | 879                               |
| Interest income and similar income                              | 16 871                         | 45 296                          | <b>20</b> | 30 656                            |
| <b>Profit (loss) before taxes</b>                               | <b>(404 110)</b>               | <b>(28 425)</b>                 |           | <b>68 312</b>                     |
| Corporate income tax  | (8 943)                        | (54 958)                        | <b>21</b> | 32 181                            |
| <b>NET PROFIT OR LOSS</b>                                       | <b>(413 053)</b>               | <b>(83 383)</b>                 |           | <b>100 587</b>                    |
| <b>Other comprehensive income</b>                               |                                |                                 |           |                                   |
| Gain (loss) on revaluation of properties excluding deferred tax | -                              | (2 283 355)                     | <b>22</b> | -                                 |
| <b>Other comprehensive income for the year, net of tax</b>      | <b>-</b>                       | <b>(2 283 355)</b>              |           | <b>-</b>                          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                  | <b>(413 053)</b>               | <b>(2 366 738)</b>              |           | <b>-</b>                          |
| Profit attributable to  |                                |                                 |           |                                   |
| Owners of LJMC  | (412 383)                      | (83 248)                        |           | 100 424                           |
| Non-controlling interest  | (670)                          | (135)                           |           | 163                               |
|   | <b>(413 053)</b>               | <b>(83 383)</b>                 |           | <b>100 587</b>                    |
| Total comprehensive income attributable to                      |                                |                                 |           |                                   |
| Owners of LJMC  | -                              | (2 267 434)                     |           | -                                 |
| Non-controlling interest  | -                              | (15 921)                        |           | -                                 |
|   | <b>-</b>                       | <b>(2 283 355)</b>              |           | <b>-</b>                          |
| <b>Number of shares</b>   | <b>800 000</b>                 | <b>800 000</b>                  |           | <b>800 000</b>                    |
| <b>Earnings per Share (EPS) (EUR)</b>                           | <b>-0,52</b>                   | <b>-0,10</b>                    |           | <b>0,13</b>                       |

*The notes on pages 12-21 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR)**  
**FOR THE PERIODS ENDED 30 JUNE 2010 AND 31 DECEMBER 2009**

|   | Share capital    | Reserves provided by the Articles of Association | Properties revaluation reserve | Previous years retained earnings | Current year profit | Non-controlling interest | Total            |
|---|------------------|--|--------------------------------|----------------------------------|---------------------|--------------------------|------------------|
| <b>At 31 December 2008</b>              | <b>1 138 297</b> | <b>45 522</b>                                    | <b>3 892 020</b>               | <b>1 640 284</b>                 | <b>709</b>          | <b>2 157</b>             | <b>6 718 989</b> |
| Previous years retained earnings        | -                | -  | -                              | 709                              | (709)               | -                        | -                |
| Dividends paid                          | -                | -  | -                              | -                                | -                   | -                        | -                |
| Total comprehensive income for the year | -                | -  | (2 283 355)                    | -                                | (83 248)            | (135)                    | (2 366 738)      |
| Depreciation of revaluation surplus     | -                | -  | (309 634)                      | 309 634                          | -                   | -                        | -                |
| Deffered tax on revaluation surplus     | -                | -  | 46 445                         | -                                | -                   | -                        | 46 445           |
| <b>At 31 December 2009</b>              | <b>1 138 297</b> | <b>45 522</b>                                    | <b>1 345 476</b>               | <b>1 950 626</b>                 | <b>(83 248)</b>     | <b>2 022</b>             | <b>4 398 696</b> |
| Previous years retained earnings        | -                | -  | -                              | (83 248)                         | 83 248              | -                        | -                |
| Depreciation of revaluation surplus     | -                | -  | (81 590)                       | 81 590                           | -                   | -                        | -                |
| Deffered tax on revaluation surplus     | -                | -  | 12 240                         | -                                | -                   | -                        | 12 240           |
| Total comprehensive income for the year | -                | -  | -                              | -                                | (412 383)           | (670)                    | (413 053)        |
| Non-controlling interest changes        | -                | -  | -                              | -                                | -                   | -                        | -                |
| <b>At 30 June 2010</b>                  | <b>1 138 297</b> | <b>45 522</b>                                    | <b>1 276 125</b>               | <b>1 948 969</b>                 | <b>(412 383)</b>    | <b>1 352</b>             | <b>3 997 883</b> |

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**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIODS ENDED 30 JUNE 2010 AND 31 DECEMBER 2009**

|  | <b>2009, 6<br/>month<br/>period<br/>EUR</b> | <b>2010, 12<br/>month<br/>period<br/>EUR</b> | <b>Note</b> | <b>2009, 6<br/>month<br/>period</b> |
|--|---|--|-------------|-------------------------------------|
| <b>Cash flows used in operating activities</b>                         |   |  |             |                                     |
| <b>Net income before tax</b>   | <b>(404 110)</b>                            | <b>(28 425)</b>                              |             | <b>68 312</b>                       |
| Adjustments:   |   |  |             |                                     |
| a) depreciation of tangibles   | 258 944                                     | 661 904                                      | <b>2</b>    | 332 002                             |
| b) depreciation of goodwill  | 3 230                                       | 7 252  | <b>2</b>    | 3 742                               |
| c) provisions  | (59 618)                                    | (49 052)                                     |             | 214 543                             |
| d) loss (gain) on sale of tangibles                                    | 507   | 1 511  |             | -                                   |
| e) interest income   | (45 296)                                    | (45 296)                                     | <b>20</b>   | (30 656)                            |
| f) gain (loss) from investments in associates                          | -   | 10 054                                       | <b>19</b>   | (879)                               |
| <b>2. Gain (loss) before changes in current assets and liabilities</b> | <b>(246 343)</b>                            | <b>557 949</b>                               |             | <b>587 064</b>                      |
| Changes in operating assets and liabilities:                           |   |  |             |                                     |
| a) receivables.  | (10 233)                                    | 147 843                                      |             | (266 602)                           |
| b) inventory.  | 12 089                                      | 50 129                                       |             | 48 267                              |
| c) current liabilities.  | 186 103                                     | (758 159)                                    |             | (190 210)                           |
| <b>3. Gross operating cash flow</b>                                    | <b>(58 385)</b>                             | <b>(2 237)</b>                               |             | <b>178 519</b>                      |
| 4. Paid corporate income tax.  | (9 001)                                     | (42 562)                                     | <b>12</b>   | (42 562)                            |
| <b>5. Net cash used in operating activities</b>                        | <b>(67 386)</b>                             | <b>(44 799)</b>                              |             | <b>135 957</b>                      |
| <b>II. Cash flow used in investment activities</b>                     |   |  |             |                                     |
| 1. Purchase of shares of associates.                                   | -   | (879)  |             | (879)                               |
| 2. Purchase of fixed assets.   | (152 649)                                   | (131 617)                                    | <b>2</b>    | (74 645)                            |
| 3. Selling of fixed assets.  | -   | 47   |             | -                                   |
| 4. Received interest.  | 16 871                                      | 45 296                                       | <b>20</b>   | 30 656                              |
| <b>5. Net cash from investment activities</b>                          | <b>(135 778)</b>                            | <b>(87 154)</b>                              |             | <b>(44 869)</b>                     |
| <b>III. Cash flows used in financing activities</b>                    |   |  |             |                                     |
| 1. Paid dividends.   | -   | -  |             | -                                   |
| <b>2. Net cash from financing activities</b>                           | <b>-</b>                                    | <b>-</b>                                     |             | <b>-</b>                            |
| <b>IV. Net increase (decrease) in cash</b>                             | <b>(203 163)</b>                            | <b>(131 953)</b>                             |             | <b>91 088</b>                       |
| <b>V. Cash at the beginning of the period</b>                          | <b>1 344 257</b>                            | <b>1 476 210</b>                             |             | <b>1 476 210</b>                    |
| <b>VI. Cash at the end of the period</b>                               | <b>1 141 093</b>                            | <b>1 344 257</b>                             |             | <b>1 567 298</b>                    |

*The notes on pages 12-21 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED 30 JUNE 2010 AND 31 DECEMBER 2009**

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**GENERAL INFORMATION**

“Latvijas Juras Medicinas Centrs” is a joint-stock company (the Company) incorporated in the Republic of Latvia on 27 August 1996. The consolidated financial statements incorporate the financial statements of the Company and its subsidiary - "Juras medicina" Ltd. (the Group).

The Group's main activity is health care services.

**1. ACCOUNTING PRINCIPLES**

**Basis of consolidation**

The consolidated financial statements have been prepared in accordance with the International financial reporting standards adopted by the European Union. Enclosed financial statements are prepared in the national currency of Latvia, the lats (LVL).

There is no difference in balance sheet dates of the Company and its subsidiary.

The interest of minority shareholders is stated at the minority proportion of the net assets.

All significant intercompany transactions and balances among Group companies are eliminated on consolidation.

The portion attributed to the parent company of the net assets are offset with the investment and have been eliminated. The portion attributed to the parent company of the retained earnings earned after the acquisition date of shares are included in the consolidated retained earnings.

**Foreign currency**

Transactions denominated in foreign currencies are converted into Lats at the official exchange rate of the Bank of Latvia at the date of transaction. Monetary assets and liabilities are converted at the Bank of Latvia rate at the balance sheet date.

The applicable rate used for the principal currencies were the follows:

|     | <b>June 30, 2010</b> | <b>December 31, 2009</b> |
|-----|----------------------|--------------------------|
| EUR | 0,702804             | 0,702804                 |
| USD | 0,575                | 0,489                    |

Gains or losses on conversion are posted to the profit or loss account at the Bank of Latvia official exchange rate as of the balance sheet date and recognized in the period when they incurred.

Exchange differences rising on the settlement of monetary items are recognised in the period in which they arise.

**Cash and cash equivalents**

Cash includes cash on hand and demand deposits with credit institutions. The statement on cash flow is prepared using indirect method, making adjustments affecting the net profit reconciling with the changes in cash during the year.

**Trade receivables**

Trade receivables are stated at their net realizable value. Trade receivables represent the gross balance due from customers less provision, if any, for doubtful accounts receivable. Provision for doubtful accounts receivable at the balance sheet date represents the estimated amounts of probable losses that might have been incurred at the balance sheet date based on individual evaluation of each debtor.

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**Inventory**

Inventories are stated at the lower of cost or market, using FIFO method.

**Fixed assets**

Fixed assets excluding real estate are stated at historical cost, less accumulated depreciation. The cost of the item comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to working condition for intended use. The cost of self-constructed asset is determined using the same principles as for an acquired asset. Only assets with its useful life more than one year are capitalized. Depreciation is calculated based on the historical cost.

Repair and maintenance costs are expensed when incurred. Capital expenditures such as refurbishment of buildings and improvements to structural elements are recognized as an asset if the expenditures improve the condition of the asset beyond its original estimated life.

Land and buildings (real estate) are accounted according to the revaluation model, recognized at the fair value determined from market-based evidence. Buildings are revaluated as on 31.12.2009 based on the cadastral value as fair value. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Depreciation is calculated based on the revalued amount. The depreciation charge for each period is recognised in the statement of income.

The increase (decrease) in the value of buildings and constructions is reflected in the Statement of comprehensive income under "Gains (losses) from revaluation of properties". Revaluation decreases are charged first against the revaluation surplus in equity related to the specific asset, and any excess against profit or loss.

Depreciation is provided on all fixed assets based on historical cost. Depreciation on fixed assets are computed using the straight-line method over the estimated average useful lives:

|                                  |          |
|----------------------------------|----------|
| Buildings:                       | 20 years |
| Revaluated part of the buildings | 15 years |
| Machinery and equipment:         | 3 years  |
| Other fixed assets:              | 5 years  |

For tax purposes, depreciation on tangible fixed assets is calculated under the double declining balance method over the period established in accordance with prevailing tax legislation.

**Investments in associates**

Investments in associates are initially recognized at the cost and then accounted under the equity method.

**Revenue recognition**

Sales of goods are recognized when goods are delivered and title has passed.

**Dividends**

Dividends are recognized as liabilities in the Group financial statements after the Group shareholders made a decision to pay.

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**Property revaluation surplus**

The revaluation surplus is included in other comprehensive income and accrued amount is reflected in equity under the heading "Investment revaluation reserve". According to IASs 16, p.41, the revaluation surplus included in equity is transferred directly to retained earnings. The surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

**Taxation**

Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in opinion of management, it is more likely than not that some proportion or all deferred tax assets will not be realized.

Deferred tax on revaluation surplus is reflected in the Statement of other comprehensive income.

**Risk Management**

The Management Board is responsible for setting up risk management guidelines and risk monitoring.

The Group has identified the major risk factors and developed policies and mechanisms to control these factors. The major risks are defined as:

Market risk: a country's economic deterioration, changes in the public and the insurer health care and its financing policy, competition, changes in utility tariffs, etc. can significantly affect the demand for Groups services and its profitability.

Operational risk: The possibility of suffering losses caused by inadequate or failed internal pace of the medical treatment process, actions of staff or systems, or external events impact. Patient dissatisfaction with the quality of medical services, treatment process organization or staff attitudes in the long term can lead to a fall in income and even financial claims.

Credit Risk: The inability of insurance companies and patients to pay for the services in time and in full amount.

Liquidity risk: unable to meet the legally enforceable requirements without major damage and inability to cope with unplanned changes in Groups resources and / or market conditions related to the fact that it does not have sufficient liquid assets.

Risk control mechanisms include: appropriate risk policies, investment planning, cash flow planning, budgeting and control, liquidity control, the medical treatment process organization and control, sanitary compliance control, staff skill development, implementation of advanced technologies, employee involvement in risk assessment and control.

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**2 TOTAL FIXED ASSETS: AND OTHER INTANGIBLE (FIXED) ASSETS**

**As of 30 June 2010 and 31 December 2009**  
**fixed assets are composed as follows: (EUR)**

| EUR   | Intangible<br>assets | Land &<br>buildings | Investment<br>assets | Machinery<br>and<br>equipment | Other fixed<br>assets | Long-term<br>investments<br>in rented<br>fixed assets | Advance<br>payments<br>for fixed<br>assets | Unfinishe<br>d<br>building<br>objects | Total            |
|---|----------------------|---------------------|----------------------|-------------------------------|-----------------------|---|--|---------------------------------------|------------------|
| <b>Historical cost</b>  |                      |                     |                      |                               |                       |   |  |                                       |                  |
| <b>At 31 December</b>   |                      |                     |                      |                               |                       |   |  |                                       |                  |
| <b>2008</b>   | <b>36 898</b>        | <b>6 191 487</b>    | <b>-</b>             | <b>2 784 381</b>              | <b>554 833</b>        | <b>-</b>  | <b>18 852</b>                              | <b>250 201</b>                        | <b>9 836 651</b> |
| Additions   | 976                  | 49 532              | -                    | 22 905                        | 16 749                | -   | 41 455                                     | -                                     | 131 617          |
| Transfers   | -                    | (2 625 992)         | -                    | -                             | -                     | -   | (60 307)                                   | -                                     | (2 686 299)      |
| Disposals   | (777)                | -                   | -                    | (38 193)                      | (83 118)              | -   | -  | -                                     | (122 088)        |
| <b>At 31 December</b>   |                      |                     |                      |                               |                       |   |  |                                       |                  |
| <b>2009</b>   | <b>37 097</b>        | <b>3 615 026</b>    | <b>-</b>             | <b>2 769 094</b>              | <b>488 463</b>        | <b>-</b>  | <b>-</b>                                   | <b>250 201</b>                        | <b>7 159 881</b> |
| Additions   | -                    | -                   | -                    | 106 624                       | 46 024                | -   | -  | -                                     | 152 649          |
| Transfers   | -                    | -                   | -                    | -                             | -                     | -   | -  | -                                     | -                |
| Revaluation<br>Disposals or<br>change of<br>classification    | -                    | -                   | -                    | (12 213)                      | (6 740)               | -   | -  | -                                     | (18 953)         |
| <b>At 30 June 2010</b>  | <b>37 097</b>        | <b>3 615 026</b>    | <b>-</b>             | <b>2 863 505</b>              | <b>527 747</b>        | <b>-</b>  | <b>-</b>                                   | <b>250 201</b>                        | <b>7 293 577</b> |
| <b>Accumulated depreciation</b>                               |                      |                     |                      |                               |                       |   |  |                                       |                  |
| <b>At 31 December</b>   |                      |                     |                      |                               |                       |   |  |                                       |                  |
| <b>2008</b>   | <b>18 833</b>        | <b>1 155 352</b>    | <b>-</b>             | <b>1 863 763</b>              | <b>425 086</b>        | <b>-</b>  | <b>-</b>                                   | <b>-</b>                              | <b>3 463 034</b> |
| Charge for the<br>year  | 7 252                | 48 159              | -                    | 253 594                       | 50 518                | -   | -  | -                                     | 359 523          |
| Charge for the<br>period for<br>revaluationed<br>fixed assets | -                    | 309 634             | -                    | -                             | -                     | -   | -  | -                                     | 309 634          |
| Disposals   | (295)                | -                   | -                    | (38 117)                      | (82 118)              | -   | -  | -                                     | (120 530)        |
| <b>At 31 December</b>   |                      |                     |                      |                               |                       |   |  |                                       |                  |
| <b>2009</b>   | <b>25 791</b>        | <b>1 513 144</b>    | <b>-</b>             | <b>2 079 240</b>              | <b>393 485</b>        | <b>-</b>  | <b>-</b>                                   | <b>-</b>                              | <b>4 011 660</b> |
| Charge for the<br>period                                      | 3 230                | 26 276              | -                    | 126 792                       | 24 286                | -   | -  | -                                     | 180 584          |
| Charge for the<br>period for<br>revaluationed<br>fixed assets | -                    | 81 590              | -                    | -                             | -                     | -   | -  | -                                     | 81 590           |
| Disposals or<br>change of<br>classification                   | -                    | -                   | -                    | (11 436)                      | (6 740)               | -   | -  | -                                     | (18 176)         |
| <b>At 30 June 2010</b>  | <b>29 021</b>        | <b>1 621 011</b>    | <b>-</b>             | <b>2 194 596</b>              | <b>411 031</b>        | <b>-</b>  | <b>-</b>                                   | <b>-</b>                              | <b>4 255 659</b> |
| <b>Net book value</b>   |                      |                     |                      |                               |                       |   |  |                                       |                  |
| <b>At 31 December</b>   |                      |                     |                      |                               |                       |   |  |                                       |                  |
| <b>2008</b>   | <b>18 065</b>        | <b>5 036 135</b>    | <b>-</b>             | <b>920 618</b>                | <b>129 747</b>        | <b>-</b>  | <b>18 852</b>                              | <b>250 201</b>                        | <b>6 373 618</b> |
| <b>At 31 December</b>   |                      |                     |                      |                               |                       |   |  |                                       |                  |
| <b>2009</b>   | <b>11 306</b>        | <b>2 101 882</b>    | <b>-</b>             | <b>689 854</b>                | <b>94 978</b>         | <b>-</b>  | <b>-</b>                                   | <b>250 201</b>                        | <b>3 148 221</b> |
| <b>At 30 June 2010</b>  | <b>8 076</b>         | <b>1 994 015</b>    | <b>-</b>             | <b>668 909</b>                | <b>116 717</b>        | <b>-</b>  | <b>-</b>                                   | <b>250 201</b>                        | <b>3 037 918</b> |

### 3 PARTICIPATING INTERESTS IN ASSOCIATED ENTERPRISES

|  | Capital<br>share (%) | Amount of<br>investment<br>2010<br>EUR | Capital<br>share (%) | Amount of<br>investment<br>2009<br>EUR |
|--|----------------------|--|----------------------|--|
| <b>Participating interests in associated enterprises</b>       |                      |  |                      |  |
| Participation in "Neirozu klinika" Ltd.                        | 45                   | 180 589                                | 45                   | 180 589                                |
| <b>Total participating interests in associated enterprises</b> |                      | <b>180 589</b>                         |                      | <b>180 589</b>                         |

### 4 RAW MATERIALS

|                                       | 2010<br>EUR   | 2009<br>EUR   |
|---------------------------------------|---------------|---------------|
| Pharmaceutical                        | 60 429        | 68 648        |
| Stock in warehouse                    | 206           | 3 039         |
| Inventory                             | 73            | 669           |
| Products                              | 110           | 582           |
| Furniture                             | -             | -             |
| Other materials                       | 1 098         | 1 015         |
| Advance payments to supplier of goods | 320           | 373           |
| <b>Total</b>                          | <b>62 236</b> | <b>74 325</b> |

### 5 DUE FROM CUSTOMERS

|  | 2010<br>EUR    | 2009<br>EUR    |
|--|----------------|----------------|
| VOVAA Rigas department                       | 45 925         | 59 154         |
| Riga slimokase AAS                           | 42 281         | 41 276         |
| Gjesidege Baltic                             | 5 811          | 16 596         |
| BTA AAS                                      | 29 616         | 15 911         |
| IF Latvija AAS                               | 3 426          | 14 886         |
| Latvian University                           | 3 287          | 11 790         |
| SEESAM Latvija                               | 2 102          | 11 409         |
| Balta AAS                                    | 2 094          | 10 277         |
| Balva AAS                                    | 1 491          | 7 425          |
| Narkologijas centrs                          | 9 897          | 4 071          |
| Baltijas apdrošināšanas nams                 | 2 772          | 3 194          |
| Compensa Life Vienna Insurance group         | 141            | 2 541          |
| NBS militāras medicīnas centrs               | 68             | 2 329          |
| Ministry of Interior – health and social dep | 605            | 1 945          |
| Ergo Latvija AAS                             | 1 423          | 1 864          |
| Biogen Idec Ltd.                             | 3 653          | 1 662          |
| Evolution Latvia                             | -              | -              |
| Merck sharp                                  | -              | -              |
| Accrued income                               | -              | -              |
| Other customers                              | 23 127         | 13 382         |
| Bad debt provisions                          | (19 973)       | (19 973)       |
| <b>Total</b>                                 | <b>157 745</b> | <b>199 740</b> |



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**6 OTHER RECEIVABLES**

|                                | <b>2010</b>   | <b>2009</b>   |
|--------------------------------|---------------|---------------|
|                                | <b>EUR</b>    | <b>EUR</b>    |
| Taxes overpayment (note No.12) | 42 887        | 33 806        |
| VAT for unpaid invoices        | 100           | 6 147         |
| Other debtors                  | 6 384         | 2 944         |
| <b>Total</b>                   | <b>49 371</b> | <b>42 897</b> |

**7 DIFFERED EXPENSES**

|                                       | <b>2010</b>  | <b>2009</b>  |
|---------------------------------------|--------------|--------------|
|                                       | <b>EUR</b>   | <b>EUR</b>   |
| Assurance expense                     | 2 487        | 5 987        |
| Riga Stock Exchange, shares quotation | -            |              |
| Other expense                         | -            |              |
| <b>Total</b>                          | <b>2 487</b> | <b>5 987</b> |

**8 CASH**

|               | <b>2010</b>      | <b>2009</b>      |
|---------------|------------------|------------------|
|               | <b>EUR</b>       | <b>EUR</b>       |
| Cash in banks | 1 093 477        | 1 296 995        |
| Deposit       | 42 406           | 42 406           |
| Cash on hands | 5 211            | 4 856            |
| <b>Total</b>  | <b>1 141 093</b> | <b>1 344 257</b> |

**9 SHARE CAPITAL**

|  | <b>2010</b>      | <b>2010</b>    | <b>2009</b>      | <b>2009</b>    |
|--|------------------|----------------|------------------|----------------|
|  | <b>Number of</b> | <b>Share %</b> | <b>Number of</b> | <b>Share %</b> |
| <b>Shareholders:</b>                     | <b>shares</b>    |                | <b>shares</b>    |                |
| Janis Birks                              | 60 883           | 7,6%           | 60 883           | 7,6%           |
| Ilze Birka                               | 140 000          | 17,5%          | 140 000          | 17,5%          |
| Martins Birks                            | 140 000          | 17,5%          | 140 000          | 17,5%          |
| Ilze Aizsilniece                         | 91 565           | 11,4%          | 91 565           | 11,4%          |
| Guna Shvarcberga                         | 82 917           | 10,4%          | 82 917           | 10,4%          |
| Other shareholders (shares less than 5%) | 284 635          | 35,6%          | 284 635          | 35,6%          |
| <b>Total</b>                             | <b>800 000</b>   | <b>100,0%</b>  | <b>800 000</b>   | <b>100,0%</b>  |

**10 DUE TO RECEIVED ADVANCE PAYMENTS**

|                                | <b>2010</b> | <b>2009</b> |
|--------------------------------|-------------|-------------|
|                                | <b>EUR</b>  | <b>EUR</b>  |
| VOAVA advance payment for 2009 | -           |             |
| Other advances                 | 586         | 30          |
| <b>Total</b>                   | <b>586</b>  | <b>30</b>   |

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**11 DUE TO SUPPLIERS AND CONTRACTORS**

|                                | <b>2010</b>   | <b>2009</b>   |
|--------------------------------|---------------|---------------|
|                                | <b>EUR</b>    | <b>EUR</b>    |
| Amerilat MD                    | -             | 7 187         |
| Latvijas Gaze                  | -             | 6 249         |
| Latvenergo Rīgas elektrotīkls  | -             | 6 175         |
| Sistēmu Audits SIA             | -             | 3 443         |
| Latvian University             | -             | 2 738         |
| Rīgas Ūdens                    | -             | 1 393         |
| Academic histologic laboratory | -             | 1 033         |
| Lattelekom                     | -             | 716           |
| AB Medical Group Riga          | -             | 320           |
| Recipe Plus SIA                | -             | -             |
| B.Braun SIA                    | 2 931         | -             |
| Tradintek SIA                  | 24 849        | -             |
| Olympus Latvia SIA             | -             | -             |
| Other suppliers                | 19 041        | 8 886         |
| <b>Total</b>                   | <b>46 821</b> | <b>38 140</b> |

**12 TAXES**

|                         | <b>As of 31-12-2008</b> | <b>Calculated</b> | <b>Paid</b>      | <b>Transfer</b> | <b>As of 30-06-2010</b> |
|-------------------------|-------------------------|-------------------|------------------|-----------------|-------------------------|
| Value added tax         | 1 349                   | 25 095            | (24 155)         | -               | 2 289                   |
| Social insurance        | 61 077                  | 440 794           | (404 174)        | -               | 97 697                  |
| Personal income tax     | 36 073                  | 292 658           | (262 830)        | -               | 65 900                  |
| Corporate income tax    | (31 391)                | -                 | (9 001)          | -               | (40 392)                |
| Unemployment duty       | 114                     | 741               | (734)            | -               | 121                     |
| Natural resources tax   | 323                     | -                 | (403)            | -               | (80)                    |
| Real estate tax         | (2 415)                 | 438               | (438)            | -               | (2 415)                 |
| <b>Total, including</b> | <b>65 129</b>           | <b>759 727</b>    | <b>(701 735)</b> | <b>-</b>        | <b>123 121</b>          |
| due to the budget       | 98 935                  |                   |                  |                 | 166 008                 |
| overpayment             | (33 806)                |                   |                  |                 | (42 887)                |

**13 DUE TO OTHER COMPANIES**

|                  | <b>2010</b>    | <b>2009</b>    |
|------------------|----------------|----------------|
|                  | <b>EUR</b>     | <b>EUR</b>     |
| Salaries         | 151 926        | 128 926        |
| Deposited salary | 680            | 1 043          |
| Trade union      | 1 605          | 1 399          |
| <b>Total</b>     | <b>154 211</b> | <b>131 368</b> |

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**14 NET SALES**

|                               | <b>2010<br/>EUR</b> | <b>2009<br/>EUR</b> |
|-------------------------------|---------------------|---------------------|
| Medical ambulant services     | 1 225 437           | 2 549 583           |
| Medical hospital services     | 584 615             | 2 451 420           |
| Insurance payments            | 226 053             | 863 532             |
| VS ZDC ambulant services      | 95 455              | 248 894             |
| Services - minimum fixed part | 6 572               | 126 118             |
| Residents training            | 23 354              | 91 664              |
| Stomatology services          | 28 553              | 62 073              |
| Family doctors                | 22 878              | 52 972              |
| Other income                  | 2 944               | 45 742              |
| <b>Total</b>                  | <b>2 215 861</b>    | <b>6 491 999</b>    |

**15 COST OF GOODS SOLD**

|                              | <b>2010<br/>EUR</b> | <b>2009<br/>EUR</b> |
|------------------------------|---------------------|---------------------|
| Salaries and                 | 1 176 253           | 2 756 292           |
| Medical goods                | 300 074             | 890 298             |
| Fixed assets depreciation    | 262 176             | 669 157             |
| Social tax                   | 276 951             | 635 563             |
| VAT - expenses               | 113 121             | 241 190             |
| Public utilities             | 72 630              | 191 702             |
| equipment                    | 46 746              | 138 525             |
| Repair expenses              | 40 202              | 91 808              |
| Household goods              | 26 924              | 58 870              |
| Computer maintenance, repair | 11 081              | 33 502              |
| Security ezpenses            | 14 889              | 30 129              |
| Utilities                    | 21 788              | 17 969              |
| Current assets write-off     | 19 690              | 53 012              |
| Feeding expenses             | 10 164              | 47 255              |
| Medical researches           | 12 073              | 43 470              |
| Employees trainings          | 983                 | 40 364              |
| Advertising                  | 18 181              | 26 582              |
| Gifts to employees           | 610                 | 26 447              |
| Accruals for vacations       | -                   | 20 385              |
| Office expenses              | 5 236               | 13 226              |
| Transport expense            | 3 051               | 9 408               |
| Insurance expenses           | 3 523               | 6 860               |
| Allowances to employees      | 1 693               | 3 771               |
| duty                         | 743                 | 1 810               |
| Received                     |                     |                     |
| discounts                    | (4 018)             | (10 875)            |
| Other operating expenses     | 52 897              | 86 681              |
| <b>Total</b>                 | <b>2 487 659</b>    | <b>6 123 400</b>    |

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**16 ADMINISTRATIVE EXPENSES**

|                                       | <b>2010</b>    | <b>2009</b>    |
|---------------------------------------|----------------|----------------|
|                                       | <b>EUR</b>     | <b>EUR</b>     |
| Salaries and wages                    | 117 694        | 290 200        |
| Social tax                            | 23 395         | 67 675         |
| Board remuneration                    | 16 613         | 47 873         |
| Board chairperson remuneration        | 12 366         | 45 075         |
| Communication expenses                | 8 039          | 24 488         |
| Council members remuneration          | 7 968          | 18 964         |
| Sakaru izdevumi                       | 3 203          | 11 300         |
| Office expenses                       | 10 037         | 9 122          |
| Chairperson of the Board social tax   | 2 979          | 9 627          |
| Council chairperson remuneration      | 4 098          | 8 196          |
| Audit expenses                        | -              | 7 114          |
| Council members social tax            | 1 796          | 4 296          |
| Presentation expenses                 | 1 639          | 5 171          |
| Bank expenses                         | 2 701          | 3 839          |
| Other administrative expenses         | 1 150          | 2 796          |
| Chairperson of the Council social tax | 987            | 1 975          |
| Legal services                        | 71             | 235            |
| <b>Total</b>                          | <b>214 737</b> | <b>557 945</b> |

**17 OTHER OPERATING INCOME**

|                               | <b>2010</b>   | <b>2009</b>    |
|-------------------------------|---------------|----------------|
|                               | <b>EUR</b>    | <b>EUR</b>     |
| Rent income                   | 45 925        | 94 573         |
| Income from social tax return | -             | 12 362         |
| Press goods                   | -             | 4 062          |
| Solarium income               | 590           | 1 939          |
| Laundry income                | 841           | 1 296          |
| Feeding income                | 1 393         | 1 060          |
| Other income                  | 17 814        | 16 108         |
| <b>Total</b>                  | <b>66 563</b> | <b>131 401</b> |

**18 OTHER OPERATING EXPENSES**

|                                  | <b>2010</b>  | <b>2009</b>  |
|----------------------------------|--------------|--------------|
|                                  | <b>EUR</b>   | <b>EUR</b>   |
| Currency exchange loss           | 10           | 710          |
| Loss from fixed assets disposals | 507          | 1 511        |
| Penalties                        | 23           | 1 483        |
| Real estate tax                  | -            | 90           |
| Other expenses                   | 470          | 1 928        |
| <b>Total</b>                     | <b>1 009</b> | <b>5 721</b> |

**19 INCOME FROM INVESTMENT IN ASSOCIATES**

|                       | <b>2010</b> | <b>2009</b>     |
|-----------------------|-------------|-----------------|
|                       | <b>EUR</b>  | <b>EUR</b>      |
| Neurology clinic Ltd. | -           | (10 054)        |
| <b>Total</b>          | <b>-</b>    | <b>(10 054)</b> |

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIODS ENDED 30 JUNE 2010 AND 31 DECEMBER 2009**

**20 INTEREST INCOME AND SIMILAR INCOME**

|                 | <b>2010</b>   | <b>2009</b>   |
|-----------------|---------------|---------------|
|                 | <b>EUR</b>    | <b>EUR</b>    |
| Interest income | 16 871        | 45 296        |
| <b>Total</b>    | <b>16 871</b> | <b>45 296</b> |

**21 CORPORATE INCOME TAX**

|                                 | <b>2010</b>  | <b>2009</b>   |
|---------------------------------|--------------|---------------|
|                                 | <b>EUR</b>   | <b>EUR</b>    |
| Calculated Corporate income tax | -            | 51 563        |
| Deferred Corporate income tax   | 8 943        | 3 395         |
| <b>Total</b>                    | <b>8 943</b> | <b>54 958</b> |

**21 CORPORATE INCOME TAX (CONTINUED ...)**

|   | <b>2010</b> | <b>2009</b> |
|---|-------------|-------------|
|   | <b>EUR</b>  | <b>EUR</b>  |
| Profit (loss) before tax                  | -574 996    | -40 445     |
| Theoretically calculated corporate income | -           | -1 803      |
| Permanent differences                     | -           | 51 563      |

**Calculated corporate income tax** - **34 972**

**Deferred tax**

|  |                    |                    |
|--|--------------------|--------------------|
| Temporary difference between financial           | (383 985)          | (383 985)          |
| Temporary difference of fixed assets revaluation | (947 718)          | (1 029 308)        |
| Accruals for vacations                           | 77 693             | 137 311            |
| Accrued liabilities                              | -                  | -                  |
| <b>Total temporary differences</b>               | <b>(1 254 010)</b> | <b>(1 275 982)</b> |
| Tax rate applied                                 | 15%                | 15%                |
| <b>Deferred tax liabilities</b>                  | <b>188 101</b>     | <b>191 398</b>     |
| <b>Recognized deferred tax liabilities</b>       | <b>188 101</b>     | <b>191 398</b>     |

**22 PROPERTIES REVALUATION RESERVE**

|   |                |                |
|---|----------------|----------------|
| Balance at beginning of year                      | 2 735 327      | 2 735 327      |
| Other comprehensive income:                       | -              | -              |
| Decrease arising on revaluation of properties     | (1 887 942)    | (1 887 942)    |
| Deferred tax assets arising on revaluation        | 283 191        | 283 191        |
| Depreciation on evaluation surplus                | (217 612)      | (217 612)      |
| Reversal of deferred tax liability on revaluation | 32 642         | 32 642         |
| <b>Balance at end of year</b>                     | <b>945 606</b> | <b>945 606</b> |

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