



LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC

REPORT FOR THE YEAR 2011

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

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

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
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LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
INFORMATION ABOUT 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

SHARES 800 000 public registered shares with face value 1,00 LVL
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 Shvarcberga 10.4%
Janis Birks 8.5%

REPORTING PERIOD: "Juras medicĪna" Ltd. - 99,30%
Registration Number: 40003171237
'28 december 1993
5 Vecmilgravja str., Linija 28, Riga, LV 1015

LEGAL ADDRESS: 5 Vecmilgravja str., Linija 28, Riga, LV 1015

REPORTING PERIOD: 1 January 2011 - 31 December 2011

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

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
COUNCIL AND BOARD OF THE GROUP

Council of the company

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

Position	Name
Chairman of the Council	Martins Birks
Member of the Council	Viesturs Shilins
Member of the Council	Ineta Gadzjus
Member of the Council	Jevgenijs Kalejs
Member of the Council	Uldis Osis

Board of the company

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

Position	Name
Chairman of the Board	Janis Birks
Member of the Board	Marta Aizsilniece
Member of the Board	Andris Vigants

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC

MANAGEMENT REPORT

This audited 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 Company financial indexes

	2011	2010	2009
Net sales (mil. LVL)	3.52	3.36	4.56
Assets at the end of year (mil. LVL)	3.94	3.57	3.53
Profit (loss) after taxes (LVL)	2.01	4.00	6.02
Debt to Assets {DR}	0.23	0.13	0.09
Net Profit (loss) after taxes (LVL)	(85,385)	(109,305)	(37,576)
EBITDA (LVL)	314,922	259,486	432,710
Profit (loss) after taxes on shareholders' equity (ROE) (%)	-2.9%	-3.6%	-1.2%
Profit (loss) after taxes on share (LVL)	0.00	-0.11	-0.05
LJMC share market price at the end of the year (LVL)	0.00	0.00	0.00
LJMC dividends on share (LVL)	1.25	1.25	1.60

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

Key developments in LJMC during the year 2011 was offering new medical service, improving the quality of existing services with the help of modern medical technology, new specialists and better patient service culture.

By March new medical care department has started functioning in Vecmilgravis hospital.

The Olympus equipment for laparoscopy operations in gynaecology was purchased.

In July a new modern 1.5 Tesla magnetic resonance imaging apparatus GE "OPTIMA MR355 FREE BASIC" has started to serve the patients.

Otolaryngology (ENT) cabinet is equipped with modern apparatus.

Building reconstruction and renovation funded by ERDF is ongoing in order to provide outpatient medical services at Patversmes street 23 in the former hospital care housing. New Philips sonograph and ophthalmological complex were also purchased via tendering for this project. The total costs of the project is 660 000 LVL.

3 increased comfort level wards are created in the Surgery Clinic at Patversmes street 23.

The computerized management system "Doctor's Office" was implemented in the hospital, day care unit and medical care unit.

The overall budget for the year 2011 year is fulfilled for 99.47% on income and the deficit is Ls.19 145. Expenses exceeded the budget for 3%, totalling to Ls.99 048, comprising of 66% increase in VAT rate and prices on medical goods and equipment; others – increase in tariffs on electricity, other utilities and salaries.

Internal transactions with subsidiaries and associated companies in the year 2011 were not made.

The share price at the 01.01.11 was LVL 1,25; 31.03.11 - LVL 1,50; 6.11 - LVL 1,70; 30.09.11 - LVL 1,31; 31.12.11 - LVL 1,45.

Important Events after the Balance Sheet Date

A contract is signed with the National Health Service on state-paid medical services at last year's level.

The "Doctor's Office" system and patient's queue control system were implemented in the Northern diagnostic center. The rehabilitation service for the neurological patients has started. The transition to an optical Internet in all company's areas is finished. The company is also involved in the four countries cooperation project for the development of telemedicine. The share price at the 15.02.12 was LVL 1,55.

Future Development of the Company

The Board is planning to develop ambulatory care and offer new, high-quality services for the diagnostic and medical treatment, including 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. The Board is optimizing the company's organization coping with the ongoing changes in the health service structure and changing public procurement levels.

Risk Management

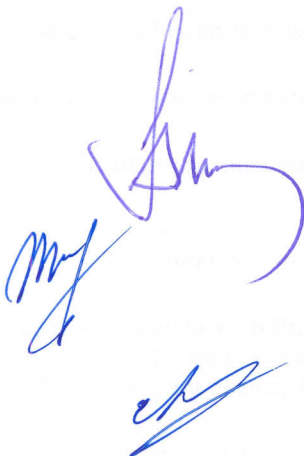
On a regular basis the significant risks are assessed, involving a wide range of specialists. Measures are taken to mitigate the potential impact on business activities. Constantly, the Company's future development scenarios are reviewed based on the underlying and predictable market changes.

On behalf of the Company:

Chairman of the Board
Janis Birks

Member of the Board
Marta Aizsilniece

Member of the Board
Andris Vigants
Riga, 10 April, 2012.



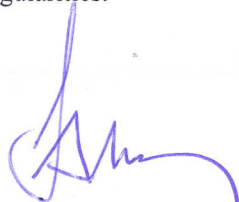
LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Financial statements are prepared to the best of our knowledge, in accordance with International Financial Reporting Standards adopted by the European Union. These financial statements give a true and fair view of the financial position of the Company and of its financial performance for the period ended 31 December 2011 in all essential aspects. In preparing those financial statements, management:

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

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by EU. They are also responsible for safeguarding the assets of the Company 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, 10 April, 2012.

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2011 AND 31 DECEMBER 2010

	December 31, 2011	December 31, 2010	Notes
ASSETS	EUR	EUR	
Long-term investments:			
Intangible assets:			
Concessions, patents, licenses, trademarks and similar rights	1,042	4,904	2
Total intangible assets	1,042	4,904	
Fixed assets			
Land and buildings	1,712,932	1,927,875	
Technological equipment and machines	1,263,843	569,800	
Other fixed assets and fixtures	56,151	86,537	
Fixed assets add-ons (EU funds)	585,610	3,826	
Advance payments for fixed assets	8,584	1,988	
Total fixed assets	3,627,120	2,590,026	2
Long-term financial assets			
Investment in affiliates	285,972	285,972	3
Investment in associates	141,624	141,488	4
Total financial assets:	427,596	427,460	
Total long-term investments:	4,055,758	3,022,390	
Current assets:			
Inventories			
Raw materials	95,448	81,976	5
Advance payments for goods	78	266	6
Total Inventories	95,526	82,242	
Debtors:			
Trade receivables	203,292	169,581	7
Other receivables	40,772	48,627	8
Deferred expenditure	3,556	3,480	9
Total debtors	247,620	221,688	
Cash funds	1,210,373	1,760,151	10
Total current assets	1,553,519	2,064,081	
TOTAL ASSETS	5,609,277	5,086,471	

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2011 AND 31 DECEMBER 2010

	December 31, 2011	December 31, 2010	Notes
LIABILITIES	EUR	EUR	
Equity capital:			
Share capital	1,138,297	1,138,297	11
Long-term financial assets revaluation reserve	1,068,068	1,206,772	
Reserves:			
Reserves provided by the Articles of Association	45,522	45,522	
Retained earnings:			
brought forward from previous years	2,055,059	2,047,407	
current year comprehensive income (loss)	(121,493)	(155,530)	
Total shareholders' equity	4,185,453	4,282,468	
Provisions for liabilities and charges:			
Provisions for vacations	119,668	130,196	
Deferred tax provisions	158,406	158,053	23
Total provisions	278,074	288,249	
Long-term Liabilities:			
Deferred income	372,790	-	12
Total Long-term Liabilities:	372,790	-	
Short-term Liabilities:			
Advance payments	191,491	221,127	13
Trade Payables	348,294	52,367	14
Taxes and social security payments	108,583	111,747	15
Other payables	124,592	130,513	16
Total Short-term Liabilities:	772,960	515,754	
Total liabilities	1,145,750	515,754	
TOTAL EQUITY, PROVISIONS AND LIABILITIES	5,609,277	5,086,471	

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
COMPREHENSIVE INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

	2011	2010	Notes
	EUR	EUR	
Net sales	5,008,958	4,781,018	17
Cost of goods sold	(4,837,486)	(4,701,735)	18
Gross profit or loss	171,472	79,283	
Administrative expenses	(390,362)	(358,780)	19
Other operating income	124,096	132,849	20
Other operating expenses	(1,903)	(13,245)	21
Interest income and similar income	34	7,383	22
Profit (loss) before taxes	(96,663)	(152,510)	
Corporate income tax	(24,831)	(3,020)	23
NET PROFIT OR LOSS	(121,494)	(155,530)	
Other comprehensive income			
Gain / (loss) on revaluation of property, net of deferred corporate income tax	-	(1,604,751)	
Other comprehensive income for the year, net of tax	-	(1,604,751)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(121,494)	(1,760,281)	
Number of shares	1,138,297	1,138,297	
Earnings per Share (EPS)	-0.11	-0.14	
ROE	-2.9%	-3.6%	

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

	Share capital	Reserves provided by the Articles of Association	Properties revaluation reserve	Previous years retained earnings	Current year profit	Total
At 31 December 2009	1,619,651	45,522	1,345,476	1,937,691	(53,466)	4,894,874
Previous years retained earnings	-	-	-	(53,466)	53,466	-
Depreciation of revaluation surplus	-	-	(163,182)	163,182	-	-
Deffered tax on revaluation surplus	-	-	24,478	-	-	24,478
Total comprehensive income for the year	-	-	-	-	(155,530)	(155,530)
At 31 December 2010	1,619,651	45,522	1,206,772	2,047,407	(155,530)	4,763,822
Previous years retained earnings	-	-	-	(155,530)	155,530	-
Depreciation of revaluation surplus	-	-	(163,182)	163,182	-	-
Deffered tax on revaluation surplus	-	-	24,478	-	-	24,478
Total comprehensive income for the year	-	-	-	-	(121,493)	(121,493)
At 31 December 2011	1,619,651	45,522	1,068,068	2,055,059	(121,493)	4,666,807

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

	2011	2010	NOTES
	EUR	EUR	
Cash flows from operating activities			
Net income before tax	(96,663)	(152,510)	
Adjustments:			
a) depreciation of fixed assets	569,585	524,742	2
b) provisions	(10,528)	(7,116)	
c) loss (gain) on sale of fixed assets	(2,816)	1,863	20
d) interest income	34	7,383	
e) Deferred income	372,790	-	19
2. Changes in operating current assets and liabilities	832,402	374,362	
Corrections			
a) receivables	(48,091)	34,627	
b) inventory	(13,284)	(7,917)	
c) current liabilities	296,350	241,949	
3. Gross operating cash flow	1,067,377	643,021	
4. Paid corporate income tax	(16,983)	(24,987)	12
5. Net cash used in operating activities	1,050,394	618,034	
II. Cash flow used in investment activities			
1. Purchase of shares of associates	(137)	-	
2. Purchase of fixed assets	(1,610,489)	(182,099)	2
3. Income from sale of fixed assets	10,488	312	
4. Received interest	(34)	(7,383)	20
5. Net cash from investment activities	(1,600,172)	(189,170)	
IV. Net increase (decrease) in cash	(549,778)	428,864	
V. Cash at the beginning of the period	1,760,151	1,331,287	
VI. Cash at the end of the period	1,210,373	1,760,151	

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

1. GENERAL INFORMATION

“Latvijas Juras Medicinas Centrs” is a joint-stock company (the Company) incorporated in the Republic of Latvia on 27 August 1996.

The Company's main activity is health care services.

2. ACCOUNTING PRINCIPLES

Basis of preparation of financial statements

The 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).

Foreign currency

Transactions denominated in foreign currencies are converted into Lats by the official exchange rate of the Bank of Latvia at the date of transaction. Monetary assets and liabilities are converted by the exchange rate of the Bank of Latvia as on the date of statements of financial position.

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

	December 31, 2011	December 31, 2010
EUR	0.702804	0.702804
USD	0.535	0.544

Gain or loss on conversion is posted to the statement of comprehensive income on the official exchange rate of the Bank of Latvia as of the statement of financial position date and recognized in the period when they incurred.

Exchange differences arising on the settlement of monetary items are recognized in the period in which they arise.

Cash and cash equivalents

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.

The statement on cash flows is prepared according to IAS 7.

Trade receivables

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

Inventory

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

Fixed assets

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

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

Separate accounts are used for assets acquired by EU funding.

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

Land and buildings (real estate) are accounted according to the revaluation model, recognized at the fair value determined from market-based evidence. Buildings are revaluated as on 31.12.2011 based on the cadastral value as fair value. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Depreciation is calculated based on the revalued amount. The depreciation charge for each period is recognised in the statement of income.

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

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

Buildings:	20 years
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.

Revenue recognition

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

Dividends

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

Deferred income

Government grants are accounted according to IAS 20. A government grant is recognised only when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received.

The grant is recognised as income in the statement of profit or loss and other comprehensive income the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Government grants related to assets, including non-monetary grants, are accounted for at fair value, presented as deferred income in the statement of financial position, which are recognised as income from the different exercises on a systematic and rational, over the life of the related assets.

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

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

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

Operational risk: The possibility of suffering losses caused by inadequate or failed internal process 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.

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

2. TOTAL FIXED ASSETS AND OTHER INTANGIBLE ASSETS

As on 31 December 2011 and 31 December 2010
fixed and intangible assets are composed as follows:

EUR	Intangible assets	Land	Buildings and structures and perennial plants	Machinery and equipment	Other fixed assets	Fixed assets add-ons (EU fonds)	Advance payments for fixed assets	Total
Historical cost								
At 31 December 2009	37,097	602,383	3,053,975	2,769,094	487,271	-	-	6,949,820
Additions	-	-	-	132,284	44,001	3,826	1,988	182,099
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	(226,288)	(29,903)	-	-	(256,191)
At 31 December 2010	37,097	602,383	3,053,975	2,675,090	501,369	3,826	1,988	6,875,728
Additions	1,131	-	-	1,006,073	14,905	581,784	8,584	1,612,477
Disposals or change in classification	(697)	-	-	(90,821)	(37,405)	-	(1,988)	(130,911)
At 31 December 2011	37,531	602,383	3,053,975	3,590,342	478,869	585,610	8,584	8,357,294
Accumulated depreciation								
At 31 December 2009	25,790	-	1,513,144	2,079,242	391,897	-	-	4,010,073
Charge for the year	6,403	-	52,157	250,920	52,080	-	-	361,560
Charge for the period for revaluated fixed assets	-	-	163,182	-	-	-	-	163,182
Disposals	-	-	-	(224,872)	(29,145)	-	-	(254,017)
At 31 December 2010	32,193	-	1,728,483	2,105,290	414,832	-	-	4,280,798
Charge for the year	4,993	-	51,761	305,490	44,159	-	-	406,403
Charge for the period for revaluated fixed assets	-	-	163,182	-	-	-	-	163,182
Disposals or change in classification	(697)	-	-	(84,281)	(36,273)	-	-	(121,251)
At 31 December 2011	36,489	-	1,943,426	2,326,499	422,718	-	-	4,729,132
Net book value								
At 31 December 2009	11,307	602,383	1,540,831	689,852	95,374	-	-	2,939,747
At 31 December 2010	4,904	602,383	1,325,492	569,800	86,537	3,826	1,988	2,594,930
At 31 December 2011	1,042	602,383	1,110,549	1,263,843	56,151	585,610	8,584	3,628,162

The balance value of the land and buildings excluding reevaluation adjustments as on 31-12-2010 is 575,712 EUR.

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

3. INVESTMENT IN AFFILIATES

	2011	2010
	EUR	EUR
"Juras medicīna" Ltd. - 99,30%	285,972	285,972
Total	285,972	285,972

4. INVESTMENT IN ASSOCIATES

	2011	2010
	EUR	EUR
"Neirozu klinika" Ltd. - 45.32%	141,624	141,488
Total	141,624	141,488

5. RAW MATERIALS

	2011	2010
	EUR	EUR
Pharmaceutical	77,850	74,018
Medicine in departments	16,629	6,929
Food products	645	273
Other materials	324	756
Total	95,448	81,976

6. ADVANCE PAYMENTS FOR GOODS

	2011	2010
	EUR	EUR
Statoil Ltd.	78	266
Total	78	266

7. TRADE RECEIVABLES

	2011	2010
	EUR	EUR
Riga's health department	78,601	119,429
P.Stradiņa klīniskā universitātes slimnīca	70,325	-
Insurance BTA SE	9,469	6,568
Ergo Latvija AAS	6,258	3,469
Gjensidige Baltic	5,098	1,595
IF Latvija AAS	4,361	3,116
Skruvite GS	3,991	1,518
Buvprojektu vadība	3,870	-
Latvijas Universtate	3,129	7,891
SEESAM Latvija	2,304	4,637
Latvijas dzelzceļs AS	1,736	1,722
Olla M Ltd.	1,695	-
Balva AAS	1,690	1,188
Akrona 12	1,505	1,542
Baltijas apdrošināšanas nams	1,466	1,356
Biogen Idec Ltd.	1,198	36

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

7. TRADE RECEIVABLES(continued..)

	2011	2010
	EUR	EUR
Grinko Genadijs	569	1,423
Balta AAS	364	1,668
Compensa Life Vienna Insurance group	199	142
Ministry of Interior – health and social department	64	2,009
Narkologijas centrs	-	440
Other customers	12,059	11,703
Bad debt provisions	(6,659)	(1,871)
Total	203,292	169,581

8. OTHER RECEIVABLES

	2011	2010
	EUR	EUR
Buvprojektu vadība ES advance	19,623	-
Taxes overpaid (note No.15)	17,103	39,083
VAT for unpaid invoices	1,565	3,268
Venden Ltd.	290	290
Advances to employees	253	166
Other receivables	1,938	5,820
Total	40,772	48,627

9. DEFERRED EXPENDITURE

	2011	2010
	EUR	EUR
Assurance	3,556	3,480
Total	3,556	3,480

10. CASH FUNDS

	2011	2010
	EUR	EUR
Cash in banks		
Swedbank LVL	496,255	1,364,227
State cash LVL	320,392	257,612
Unibank Ridzenes branch LVL	134,676	51,203
Unibanka Ridzenes branch EUR	43,146	43,188
Citadele bank LVL	37,736	15,165
Swedbank Multi-currency Account	17,072	11,124
DNB Nord LVL	150,400	8,206
Swedbank Card	5,932	6,484
Cash on hands	4,764	2,942
Total	1,210,373	1,760,151

11. SHARE CAPITAL

	2011		2010	
	Number of shares	Share %	Number of shares	Share %
Shareholders:				
Janis Birks	96,731	8.50%	92,605	8.14%
Ilze Birka	199,202	17.50%	199,202	17.50%
Martins Birks	199,202	17.50%	199,202	17.50%
Ilze Aizsilniece	130,285	11.45%	130,285	11.45%
Guna Shvarcberga	117,980	10.36%	117,980	10.36%
Other shareholders (shares less than 5%)	394,897	34.69%	399,023	35.05%
Total	1,138,297	100.00%	1,138,297	100.00%
1200 registered shares.				

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12. DEFERRED INCOME

	2011	2010
	EUR	EUR
ERDF project reimbursement	372,790	-
Total	372,790	-

13. ADVANCE PAYMENTS

	2011	2010
	EUR	EUR
Central Finance and Contract agency (41)	185,737	-
VEK advance payment (94)	4,169	-
Ilmas aptieka Ltd.	1,423	-
VEK advance payment (41)	-	220,739
Other advances for treatment of employees	162	388
Total	191,491	221,127

14. TRADE PAYABLES

	2011	2010
	EUR	EUR
Tradintek Ltd.	172,930	-
Buvprojektu vadība Ltd.	100,201	-
Buvprojektu vadība SIA/Provisions/	27,301	-
Latvijas Gaze	15,033	15,997
Latvenergo Rīgas elektrotīkls	10,176	7,941
Sistēmu Audits Ltd.	6,076	3,472
Rīgas Udens	1,117	1,222
Academic histologic laboratory	430	312
Amerilat Ltd.	-	12,740
Other suppliers	15,030	10,683
Total	348,294	52,367

15. TAXES AND SOCIAL SECURITY PAYMENTS

	As of 31- 12-10	Calculated	Paid	Returned	As of 31- 12-11
	EUR	EUR	EUR	EUR	EUR
Value added tax	5,043	36,865	(39,278)	-	2,630
Social insurance	63,876	862,817	(820,391)	(39,058)	67,244
Personal income tax	42,437	488,543	(492,980)	-	38,000
Corporate income tax	(39,083)	-	(16,983)	39,058	(17,008)
Corporate vehicle transport tax	-	1,520	(1,241)	-	279
Unemployment duty	121	1,517	(1,510)	-	128
Natural resources tax	270	689	(657)	-	302
Real estate tax	-	4,661	(4,755)	-	(94)
Total, including	72,664	1,396,612	(1,377,795)	-	91,481
due to the budget	111,747				108,583
overpayment	(39,083)				(17,102)

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16. OTHER PAYABLES

	2011	2010
	EUR	EUR
Salaries	123,261	128,759
Trade union	847	1,059
Deposited salary	484	695
Total	<u>124,592</u>	<u>130,513</u>

17. NET SALES

	2011	2010
	EUR	EUR
Medical ambulant services	3,160,222	3,026,335
Medical hospital services	921,531	1,020,597
Insurance payments	269,518	345,759
VS ZDC ambulant services	233,364	188,744
Stomatology services	64,204	58,496
Family doctors	38,393	45,606
Residents training	45,188	44,581
Ms registra uzturesana	13,144	13,144
Inpatient Care	236,692	-
Other income	26,702	37,756
Total	<u>5,008,958</u>	<u>4,781,018</u>

18. COST OF GOODS SOLD

	2011	2010
	EUR	EUR
Salaries and wages	2,233,054	2,202,728
Fixed assets depreciation	569,586	524,742
Medical goods	609,218	520,882
Social tax	524,267	513,008
VAT - expenses	226,829	206,386
Public utilities	187,065	174,952
Repair expenses	92,985	148,026
Rent of equipment	48,484	102,158
Household goods	23,379	36,882
Security expenses	40,097	35,979
Current assets write-off	31,556	31,058
Computer maintenance, repair	21,289	21,475
Medical researches	22,146	21,164
Advertising	17,251	21,030
Office expenses	13,504	17,729
Utilities	22,553	16,454
Feeding expenses	26,061	15,982
Insurance expenses	4,636	6,377
Transport expense	7,668	6,322
Employees trainings	6,586	4,932
Allowances to employees	1,707	2,618
Unemployment duty	1,517	1,463
Gifts to employees	1,448	1,091
Accruals for vacations	6,658	(7,453)
Received discounts	(11,346)	(18,103)
Other operating expenses	109,288	93,853
Total	<u>4,837,486</u>	<u>4,701,735</u>

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19. ADMINISTRATIVE EXPENSES

	2011	2010
	EUR	EUR
Salaries and wages	197,826	166,570
Social tax	46,188	37,414
Board remuneration	30,378	31,448
Board chairperson remuneration	30,512	23,697
Communication expenses	14,745	17,558
Council members remuneration	19,123	17,530
Office expenses	5,638	14,658
Presentation expenses	2,767	9,330
Council chairperson remuneration	8,196	8,196
Audit expenses	7,114	7,114
Board members social tax	6,124	5,938
Chairperson of the Board social tax	7,349	5,709
Bank expenses	4,879	4,799
Council members social tax	4,418	3,974
Administrative expenses	3,130	2,799
Legal services	1,975	1,975
Other administrative expenses	-	71
Total	390,362	358,780

20. OTHER OPERATING INCOME

	2011	2010
	EUR	EUR
Rent income	81,522	92,003
Hotel services – food	18,563	15,686
Utilities for tenants	3,702	7,363
Feeding income	332	1,821
Laundry income	1,688	1,696
Solarium income	905	1,037
Net gain from sale of fixed assets	2,816	-
Other income	14,568	13,243
Total	124,096	132,849

21. OTHER OPERATING EXPENSES

	2011	2010
	EUR	EUR
Penalties	121	23
Real estate tax	94	4,109
Loss from fixed assets disposals	-	1,863
Currency exchange loss	-	10
Other expenses	1,688	7,240
Total	1,903	13,245

22. INTEREST INCOME AND SIMILAR INCOME

	2011	2010
	EUR	EUR
Interest income	34	7,383
Total	34	7,383

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NOTES TO THE FINANCIAL STATEMENTS
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23. CORPORATE INCOME TAX

	2011	2010
	EUR	EUR
Calculated Corporate income tax	-	11,887
Deferred Corporate income tax	24,831	(8,867)
Total	24,831	3,020

23. CORPORATE INCOME TAX (CONTINUED ...)

	2011	2010
	EUR	EUR
Profit (loss) before tax	(137,539)	(217,002)
Theoretically calculated corporate income tax, rate 15%	(20,630)	(32,551)
Permanent differences	1,456	34,762
Calculated corporate income tax	-	2,211

Deferred tax

statement depreciation and depreciation for tax		
Temporary difference of fixed assets	(472,765)	(317,759)
revaluation	(702,941)	(866,123)
Accruals for vacations	119,668	130,196
Total temporary differences	(1,056,038)	(1,053,686)
Tax rate applied	15%	15%
Deferred tax liabilities	158,406	158,053
Recognized deferred tax liabilities	158,406	158,053

24 Transactions with related parties

In the Year 2011, there have been no transactions with the related parties

25 Contingent liabilities

Management of the Company is not aware of any guarantees issued, court cases and other contingencies that could affect the Company's financial condition as on December 31, 2011.

INDEPENDENT AUDITORS' REPORT**To the Shareholders of JSC Latvijas Juras Medicinas Centrs****Report on the Financial Statements**

We have audited the accompanying financial statements of JSC Latvijas Juras Medicinas Centrs set out on pages 8 to 22 of the accompanying annual report, which comprise the statement of financial position as of 31 December 2011 and the consolidated statement of profit or loss and other 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 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of JSC Latvijas Juras Medicinas Centrs as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the International Financial Reporting Standards adopted by the European Union.

Report on Other Legal and Regulatory Requirements

We have read the management report for 2011 set out on pages 5 to 6 of the accompanying annual report and did not identify material inconsistencies between the financial information contained in the management report and that contained in the financial statements for 2011.

System audit Ltd.

Audit company licence No. 53

C.K.Sathyaranayanan

Board member

Riga, Latvia

April 11, 2012.

Aija Kurta

Certified auditor of Latvia

Certificate Nr. 128



