



LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC

REPORT FOR THE YEAR 2011

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

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 Shilinsh
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 Aizsiliece

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 LVL	December 31, 2010 LVL	Notes
ASSETS			
Long-term investments:			
Intangible assets:			
Concessions, patents, licenses, trademarks and similar rights	732	3,446	2
Total intangible assets	732	3,446	
Fixed assets			
Land and buildings	1,203,855	1,354,918	
Technological equipment and machines	888,235	400,459	
Other fixed assets and fixtures	39,463	60,818	
Fixed assets add-ons (EU funds)	411,569	2,689	
Advance payments for fixed assets	6,033	1,397	
Total fixed assets	2,549,155	1,820,281	2
Long-term financial assets			
Investment in affiliates	200,982	200,982	3
Investment in associates	99,534	99,438	4
Total financial assets:	300,516	300,420	
Total long-term investments:	2,850,403	2,124,147	
Current assets:			
Inventories			
Raw materials	67,081	57,613	5
Advance payments for goods	55	187	6
Total Inventories	67,136	57,800	
Debtors:			
Trade receivables	142,875	119,182	7
Other receivables	28,655	34,176	8
Deferred expenditure	2,499	2,446	9
Total debtors	174,029	155,804	
Cash funds	850,655	1,237,042	10
Total current assets	1,091,820	1,450,646	
TOTAL ASSETS	3,942,223	3,574,793	

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	LVL	LVL	
Equity capital:			
Share capital	800,000	800,000	11
Long-term financial assets revaluation reserve	750,642	848,124	
Reserves:			
Reserves provided by the Articles of Association	31,993	31,993	
Retained earnings:			
brought forward from previous years	1,444,306	1,438,926	
current year comprehensive income (loss)	(85,385)	(109,305)	
Total shareholders' equity	2,941,556	3,009,738	
Provisions for liabilities and charges:			
Provisions for vacations	84,103	91,502	
Deferred tax provisions	111,328	111,080	23
Total provisions	195,431	202,582	
Long-term Liabilities:			
Deferred income	261,998	-	12
Total Long-term Liabilities:	261,998	-	
Short-term Liabilities:			
Advance payments	134,581	155,409	13
Trade Payables	244,782	36,805	14
Taxes and social security payments	76,312	78,536	15
Other payables	87,563	91,723	16
Total Short-term Liabilities:	543,238	362,473	
Total liabilities	805,236	362,473	
TOTAL EQUITY, PROVISIONS AND LIABILITIES	3,942,223	3,574,793	

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

	2011	2010	Notes
	LVL	LVL	
Net sales	3,520,316	3,360,119	17
Cost of goods sold	(3,399,804)	(3,304,398)	18
Gross profit or loss	120,512	55,721	
Administrative expenses	(274,348)	(252,152)	19
Other operating income	87,215	93,367	20
Other operating expenses	(1,337)	(9,308)	21
Interest income and similar income	24	5,189	22
Profit (loss) before taxes	(67,934)	(107,183)	
Corporate income tax	(17,451)	(2,122)	23
NET PROFIT OR LOSS	(85,385)	(109,305)	
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	(85,385)	(1,714,056)	
Number of shares	800,000	800,000	
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	800,000	31,993	945,606	1,361,817	(37,576)	3,101,840
Previous years retained earnings	-	-	-	(37,576)	37,576	-
Depreciation of revaluation surplus	-	-	(114,685)	114,685	-	-
Deffered tax on revaluation surplus	-	-	17,203	-	-	17,203
Total comprehensive income for the year	-	-	-	-	(109,305)	(109,305)
At 31 December 2010	800,000	31,993	848,124	1,438,926	(109,305)	3,009,738
Previous years retained earnings	-	-	-	(109,305)	109,305	-
Depreciation of revaluation surplus	-	-	(114,685)	114,685	-	-
Deffered tax on revaluation surplus	-	-	17,203	-	-	17,203
Total comprehensive income for the year	-	-	-	-	(85,385)	(85,385)
At 31 December 2011	800,000	31,993	750,642	1,444,306	(85,385)	2,941,556

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

	2011	2010	NOTES
	LVL	LVL	
Cash flows from operating activities			
Net income before tax	(67,934)	(107,183)	
Adjustments:			
a) depreciation of fixed assets	400,307	368,791	2
b) provisions	(7,399)	(5,001)	
c) loss (gain) on sale of fixed assets	(1,979)	1,309	20
d) interest income	24	5,189	
e) Deferred income	261,998	-	19
2. Changes in operating current assets and liabilities	585,017	263,105	
Corrections			
a) receivables	(33,799)	24,336	
b) inventory	(9,336)	(5,564)	
c) current liabilities	208,275	170,043	
3. Gross operating cash flow	750,157	451,920	
4. Paid corporate income tax	(11,936)	(17,561)	12
5. Net cash used in operating activities	738,221	434,359	
II. Cash flow used in investment activities			
1. Purchase of shares of associates	(96)	-	
2. Purchase of fixed assets	(1,131,858)	(127,980)	2
3. Income from sale of fixed assets	7,370	219	
4. Received interest	(24)	(5,189)	20
5. Net cash from investment activities	(1,124,608)	(132,950)	
IV. Net increase (decrease) in cash	(386,387)	301,409	
V. Cash at the beginning of the period	1,237,042	935,633	
VI. Cash at the end of the period	850,655	1,237,042	

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.

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:

LVL	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	26,072	423,357	2,146,346	1,946,130	342,456	-	-	4,884,361
Additions	-	-	-	92,970	30,924	2,689	1,397	127,980
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	(159,036)	(21,016)	-	-	(180,052)
At 31 December 2010	26,072	423,357	2,146,346	1,880,064	352,364	2,689	1,397	4,832,289
Additions	795	-	-	707,072	10,475	408,880	6,033	1,133,255
Disposals or change in classification	(490)	-	-	(63,829)	(26,288)	-	(1,397)	(92,004)
At 31 December 2011	26,377	423,357	2,146,346	2,523,307	336,551	411,569	6,033	5,873,540
Accumulated depreciation								
At 31 December 2009	18,126	-	1,063,444	1,461,298	275,427	-	-	2,818,295
Charge for the year	4,500	-	36,656	176,348	36,602	-	-	254,106
Charge for the period for revaluated fixed assets	-	-	114,685	-	-	-	-	114,685
Disposals	-	-	-	(158,041)	(20,483)	-	-	(178,524)
At 31 December 2010	22,626	-	1,214,785	1,479,605	291,546	-	-	3,008,562
Charge for the year	3,509	-	36,378	214,700	31,035	-	-	285,622
Charge for the period for revaluated fixed assets	-	-	114,685	-	-	-	-	114,685
Disposals or change in classification	(490)	-	-	(59,233)	(25,493)	-	-	(85,216)
At 31 December 2011	25,645	-	1,365,848	1,635,072	297,088	-	-	3,323,653
Net book value								
At 31 December 2009	7,946	423,357	1,082,902	484,832	67,029	-	-	2,066,066
At 31 December 2010	3,446	423,357	931,561	400,459	60,818	2,689	1,397	1,823,727
At 31 December 2011	732	423,357	780,498	888,235	39,463	411,569	6,033	2,549,887

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
	LVL	LVL
"Juras medicīna" Ltd. - 99,30%	200,982	200,982
Total	200,982	200,982

4. INVESTMENT IN ASSOCIATES

	2011	2010
	LVL	LVL
"Neirozu klinika" Ltd. - 45.32%	99,534	99,438
Total	99,534	99,438

5. RAW MATERIALS

	2011	2010
	LVL	LVL
Pharmaceutical	54,713	52,020
Medicine in departments	11,687	4,870
Food products	453	192
Other materials	228	531
Total	67,081	57,613

6. ADVANCE PAYMENTS FOR GOODS

	2011	2010
	LVL	LVL
Statoil Ltd.	55	187
Total	55	187

7. TRADE RECEIVABLES

	2011	2010
	LVL	LVL
Riga's health department	55,241	83,935
P.Stradiņa klīniskā universitātes slimnīca	49,425	-
Insurance BTA SE	6,655	4,616
Ergo Latvija AAS	4,398	2,438
Gjensidige Baltic	3,583	1,121
IF Latvija AAS	3,065	2,190
Skruvite GS	2,805	1,067
Buvprojektu vadība	2,720	-
Latvijas Universtate	2,199	5,546
SEESAM Latvija	1,619	3,259
Latvijas dzelzceļš AS	1,220	1,210
Olla M Ltd.	1,191	-
Balva AAS	1,188	835
Akrona 12	1,058	1,084
Baltijas apdrošināšanas nams	1,030	953
Biogen Idec Ltd.	842	25

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
	LVL	LVL
Grinko Genadijs	400	1,000
Balta AAS	256	1,172
Compensa Life Vienna Insurance group	140	100
Ministry of Interior – health and social department	45	1,412
Narkologijas centrs	-	309
Other customers	8,475	8,225
Bad debt provisions	(4,680)	(1,315)
Total	142,875	119,182

8. OTHER RECEIVABLES

	2011	2010
	LVL	LVL
Buvprojektu vadība ES advance	13,791	-
Taxes overpaid (note No.15)	12,020	27,468
VAT for unpaid invoices	1,100	2,297
Venden Ltd.	204	204
Advances to employees	178	117
Other receivables	1,362	4,090
Total	28,655	34,176

9. DEFERRED EXPENDITURE

	2011	2010
	LVL	LVL
Assurance	2,499	2,446
Total	2,499	2,446

10. CASH FUNDS

	2011	2010
	LVL	LVL
Cash in banks		
Swedbank LVL	348,770	958,784
State cash LVL	225,173	181,051
Unibank Ridzenes branch LVL	94,651	35,986
Unibanka Ridzenes branch EUR	30,323	30,353
Citadele bank LVL	26,521	10,658
Swedbank Multi-currency Account	11,998	7,818
DNB Nord LVL	105,702	5,767
Swedbank Card	4,169	4,557
Cash on hands	3,348	2,068
Total	850,655	1,237,042

11. SHARE CAPITAL

	2011		2010	
	Number of shares	Share %	Number of shares	Share %
Shareholders:				
Janis Birks	67,983	8.50%	65,083	8.14%
Ilze Birka	140,000	17.50%	140,000	17.50%
Martins Birks	140,000	17.50%	140,000	17.50%
Ilze Aizsilniece	91,565	11.45%	91,565	11.45%
Guna Shvarcberga	82,917	10.36%	82,917	10.36%
Other shareholders (shares less than 5%)	277,535	34.69%	280,435	35.05%
Total	800,000	100.00%	800,000	100.00%

1200 registered shares.

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12. DEFERRED INCOME

	2011	2010
	LVL	LVL
ERDF project reimbursement	261,998	-
Total	261,998	-

13. ADVANCE PAYMENTS

	2011	2010
	LVL	LVL
Central Finance and Contract agency (41)	130,537	-
VEK advance payment (94)	2,930	-
Ilmas aptieka Ltd.	1,000	-
VEK advance payment (41)	-	155,136
Other advances for treatment of employees	114	273
Total	134,581	155,409

14. TRADE PAYABLES

	2011	2010
	LVL	LVL
Tradintek Ltd.	121,536	-
Buvprojektu vadība Ltd.	70,422	-
Buvprojektu vadība SIA/Provisions/	19,187	-
Latvijas Gaze	10,565	11,243
Latvenergo Rīgas elektrotīkls	7,152	5,581
Sistēmu Audits Ltd.	4,270	2,440
Rīgas Udens	785	859
Academic histologic laboratory	302	219
Amerilat Ltd.	-	8,954
Other suppliers	10,563	7,509
Total	244,782	36,805

15. TAXES AND SOCIAL SECURITY PAYMENTS

	As of 31- 12-10	Calculated	Paid	Returned	As of 31- 12-11
	LVL	LVL	LVL	LVL	LVL
Value added tax	3,544	25,909	(27,605)	-	1,848
Social insurance	44,892	606,391	(576,574)	(27,450)	47,259
Personal income tax	29,825	343,350	(346,468)	-	26,707
Corporate income tax	(27,468)	-	(11,936)	27,450	(11,954)
Corporate vehicle transport tax	-	1,068	(872)	-	196
Unemployment duty	85	1,066	(1,061)	-	90
Natural resources tax	190	484	(462)	-	212
Real estate tax	-	3,276	(3,342)	-	(66)
Total, including	51,068	981,544	(968,320)	-	64,292
due to the budget	78,536				76,312
overpayment	(27,468)				(12,020)

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16. OTHER PAYABLES

	2011	2010
	LVL	LVL
Salaries	86,628	90,492
Trade union	595	744
Deposited salary	340	487
Total	<u>87,563</u>	<u>91,723</u>

17. NET SALES

	2011	2010
	LVL	LVL
Medical ambulant services	2,221,017	2,126,920
Medical hospital services	647,656	717,280
Insurance payments	189,418	243,001
VS ZDC ambulant services	164,009	132,650
Stomatology services	45,123	41,111
Family doctors	26,983	32,052
Residents training	31,758	31,332
Ms registra uzturesana	9,238	9,238
Inpatient Care	166,348	-
Other income	18,766	26,535
Total	<u>3,520,316</u>	<u>3,360,119</u>

18. COST OF GOODS SOLD

	2011	2010
	LVL	LVL
Salaries and wages	1,569,399	1,548,086
Fixed assets depreciation	400,307	368,791
Medical goods	428,161	366,078
Social tax	368,457	360,544
VAT - expenses	159,416	145,049
Public utilities	131,470	122,957
Repair expenses	65,350	104,033
Rent of equipment	34,075	71,797
Household goods	16,431	25,921
Security expenses	28,180	25,286
Current assets write-off	22,178	21,828
Computer maintenance, repair	14,962	15,093
Medical researches	15,564	14,874
Advertising	12,124	14,780
Office expenses	9,491	12,460
Utilities	15,850	11,564
Feeding expenses	18,316	11,232
Insurance expenses	3,258	4,482
Transport expense	5,389	4,443
Employees trainings	4,629	3,466
Allowances to employees	1,200	1,840
Unemployment duty	1,066	1,028
Gifts to employees	1,018	767
Accruals for vacations	4,679	(5,238)
Received discounts	(7,974)	(12,723)
Other operating expenses	76,808	65,960
Total	<u>3,399,804</u>	<u>3,304,398</u>

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19. ADMINISTRATIVE EXPENSES

	2011	2010
	LVL	LVL
Salaries and wages	139,033	117,066
Social tax	32,461	26,295
Board remuneration	21,350	22,102
Board chairperson remuneration	21,444	16,654
Communication expenses	10,363	12,340
Council members remuneration	13,440	12,320
Office expenses	3,962	10,302
Presentation expenses	1,945	6,557
Council chairperson remuneration	5,760	5,760
Audit expenses	5,000	5,000
Board members social tax	4,304	4,173
Chairperson of the Board social tax	5,165	4,012
Bank expenses	3,428	3,373
Council members social tax	3,105	2,793
Administrative expenses	2,200	1,967
Legal services	1,388	1,388
Other administrative expenses	-	50
Total	274,348	252,152

20. OTHER OPERATING INCOME

	2011	2010
	LVL	LVL
Rent income	57,294	64,660
Hotel services – food	13,046	11,024
Utilities for tenants	2,602	5,175
Feeding income	233	1,280
Laundry income	1,186	1,192
Solarium income	636	729
Net gain from sale of fixed assets	1,979	-
Other income	10,239	9,307
Total	87,215	93,367

21. OTHER OPERATING EXPENSES

	2011	2010
	LVL	LVL
Penalties	85	16
Real estate tax	66	2,888
Loss from fixed assets disposals	-	1,309
Currency exchange loss	-	7
Other expenses	1,186	5,088
Total	1,337	9,308

22. INTEREST INCOME AND SIMILAR INCOME

	2011	2010
	LVL	LVL
Interest income	24	5,189
Total	24	5,189

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NOTES TO THE FINANCIAL STATEMENTS
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23. CORPORATE INCOME TAX

	2011	2010
	LVL	LVL
Calculated Corporate income tax	-	8,354
Deferred Corporate income tax	17,451	(6,232)
Total	17,451	2,122

23. CORPORATE INCOME TAX (CONTINUED ...)

	2011	2010
	LVL	LVL
Profit (loss) before tax	(67,934)	(107,183)
Theoretically calculated corporate income tax, rate 15%	(10,190)	(16,077)
Permanent differences	1,023	24,431
Calculated corporate income tax	-	8,354

Deferred tax

statement depreciation and depreciation for tax		
Temporary difference of fixed assets	(332,261)	(223,322)
revaluation	(494,030)	(608,715)
Accruals for vacations	84,103	91,502
Total temporary differences	(742,188)	(740,535)
Tax rate applied	15%	15%
Deferred tax liabilities	111,328	111,080
Recognized deferred tax liabilities	111,328	111,080

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.Sathyanarayanan
Board member

Riga, Latvia
April 11, 2012.

Aija Kurta
Certified auditor of Latvia
Certificate Nr. 128



