



LATVIJAS JURAS MEDICINAS CENTRS JSC

CONSOLIDATED REPORT FOR THE YEAR 2011

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

AND INDEPENDENT AUDITOR'S REPORT

(Translation of the Latvian original)

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LATVIJAS JURAS MEDICINAS CENTRS JSC
INFORMATION ABOUT PARENT COMPANY

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., Riga, LV - 1005, Latvia

SHARES 800 000 public registered shares with face value 1,00 LVL
ISIN code:LV0000100741

MAJOR SHAREHOLDERS: Ilze Birka 17.5%
Martins Birks 17.5%
Ilze Aizsilniece 11.4%
Guna Shvarcberga 10.4%
Janis Birks 8.5%

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

Council of the Group

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

Number of shares
owned at
31/12/2011

Position	Name	
Chairman of the Council	Martins Birks	140,000
Member of the Council	Viesturs Shilinsh	3,038
Member of the Council	Ineta Gadzjus	-
Member of the Council	Jevgenijs Kalejs	5,283
Member of the Council	Uldis Osis	-

Board of the Group

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

Position	Name	
Chairman of the Board	Janis Birks	67,983
Member of the Board	Marta Aizsilniece	1,344
Member of the Board	Andris Vigants	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).

Corporate Governance Report for the year 2011 is published as a separate document.

This 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 LJMC was 67934 LVL

The loss before taxes of JM was 4463 LVL

The Group 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	3.51
Profit (loss) after taxes (LVL)	-82,094	-105,838	-58,602
EBITDA (LVL)	318,214	265,069	450,309
Profit (loss) after taxes on shareholders' equity (ROE) (%)	-2.8%	-3.5%	-1.9%
Profit (loss) after taxes on share (LVL)	-0.10	-0.13	-0.07
LJMC share market price at the end of the year (LVL)	1.45	1.25	1.60
LJMC dividends on share (LVL)	0.00	0.00	0.00

Important events that affected results of the Group'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.

Increase in VAT rate on medical goods and equipment, electricity and gas tariffs had a negative impact on the Group's financial performance in the year 2011.

MANAGEMENT REPORT

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 Group

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 Group's future development scenarios are reviewed based on the underlying and predictable market changes.

On behalf of the Group:

Chairman of the Board
Janis Birks

Member of the Board
Marta Aizsilniece

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



LATVIJAS JURAS MEDICINAS CENTRS JSC
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Consolidated 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 Group 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 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, 10 April, 2012.

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED 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:			
Other intangible (fixed) assets	732	3,446	2
Total intangible assets	732	3,446	
Fixed assets			
Land and buildings	1,240,610	1,325,870	
Technological equipment and machines	888,235	400,459	
Other fixed assets and fixtures	39,185	60,540	
Fixed assets add-ons (EU funds)	110,039	175,842	
Unfinished construction	411,569	2,689	
Advance payments for fixed assets	6,033	1,397	
Total fixed assets	2,695,671	1,966,797	2
Long-term financial assets			
Investment in associates	142,927	135,080	3
Total financial assets:	142,927	135,080	
Total long-term investments:	2,839,330	2,105,323	
Current assets:			
Inventories			
Raw materials	67,136	57,800	4
Total Inventories	67,136	57,800	
Debtors:			
Trade receivables	142,875	119,182	5
Other receivables	31,436	37,977	6
Deferred expenditure	2,499	2,446	7
Total debtors	176,810	159,605	
Cash funds	854,520	1,243,435	8
Total current assets	1,098,466	1,460,840	
TOTAL ASSETS	3,937,796	3,566,163	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2011 AND 31 DECEMBER 2010

	December 31, 2011 LVL	December 31, 2010 LVL	Notes
LIABILITIES			
Equity capital:			
Share capital	800,000	800,000	9
Reserves:			
c) reserves provided by the Articles of Association	31,993	31,993	
d) fixed asset's revaluation reserve	750,642	848,124	23
Retained earnings:			
a) brought forward from previous years	1,435,966	1,427,086	
b) current year comprehensive income (loss)	(82,058)	(105,805)	
Total shareholders' equity	2,936,543	3,001,398	
Non-controlling interest	1,357	1,388	
Total equity capital	2,937,900	3,002,786	
Provisions for liabilities and charges:			
Provisions for vacations	84,190	91,544	
Deferred tax provisions	111,315	111,074	22
Total provisions	195,505	202,618	
Ilgtermiņa kreditori:			
Deferred income	261,998	-	10
Total non-current liabilities	261,998	-	
Current liabilities:			
Advance payments	134,581	155,409	11
Trade Payables	244,782	36,805	12
Taxes and social security payments	75,288	76,631	13
Other payables	87,742	91,914	14
Total current liabilities	542,393	360,759	
Total liabilities	804,391	360,759	
TOTAL EQUITY, PROVISIONS AND LIABILITIES	3,937,796	3,566,163	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

	2011	2010	Notes
	LVL	LVL	
Net sales	3,520,316	3,360,119	15
Cost of goods sold	(3,399,809)	(3,304,405)	16
Gross profit or loss	120,507	55,714	
Administrative expenses	(278,542)	(256,785)	17
Other operating income	87,362	93,615	18
Other operating expenses	(1,723)	(9,616)	19
Income from investment in associate	7,746	8,161	20
Interest income and similar income	-	5,189	21
Profit (loss) before taxes	(64,650)	(103,722)	
Corporate income tax	(17,444)	(2,116)	22
NET PROFIT OR LOSS	(82,094)	(105,838)	
Other comprehensive income			
Peļņa no asociētā uzņēmuma daļu iegādes	5	-	
Other comprehensive income for the year, net of tax	5	-	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(82,089)	(105,838)	
Profit attributable to			
Owners of LJMC	(82,063)	(105,805)	
Non-controlling interest	(31)	(33)	
	(82,094)	(105,838)	
Total comprehensive income attributable to			
Owners of LJMC	5	-	
Non-controlling interest	-	-	
	5	-	
Number of shares	800,000	800,000	
Earnings per Share (EPS)	(0.10)	(0.13)	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

	Share capital	provided by the Articles of Associatio n	Properties revaluation reserve	Previous years retained earnings	Current year profit	Non- controlling interest	Total
At 31 December 2009	800,000	31,993	945,606	1,370,908	(58,507)	1,421	3,091,421
Previous years retained earnings	-	-	-	(58,507)	58,507	-	-
Depriciation of revaluation surplus	-	-	(114,685)	114,685	-	-	-
Deffered tax on revaluation surplus	-	-	17,203	-	-	-	17,203
Total comprehensive income for the year	-	-	-	-	(105,805)	(33)	(105,838)
At 31 December 2010	800,000	31,993	848,124	1,427,086	(105,805)	1,388	3,002,786
Previous years retained earnings	-	-	-	(105,805)	105,805	-	-
Depriciation of revaluation surplus	-	-	(114,685)	114,685	-	-	-
Deffered tax on revaluation surplus	-	-	17,203	-	-	-	17,203
Profit on purchase of shares from associates	-	-	-	-	5	-	5
Total comprehensive income for the year	-	-	-	-	(82,063)	(31)	(82,094)
At 31 December 2011	800,000	31,993	750,642	1,435,966	(82,058)	1,357	2,937,900

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED 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	(64,650)	(103,722)	
Adjustments:			
a) depreciation of fixed assets	396,798	364,291	2
b) depreciation of intangibles	3,509	4,500	2
c) provisions	(7,354)	(5,056)	
d) loss (gain) on sale of fixed assets	(1,980)	1,309	
e) interest income	(24)	(5,189)	20
f) gain (loss) from investments in associates	(7,746)	(8,161)	19
2. Changes in operating current assets and liabilities	318,553	247,972	
Corrections			
a) receivables	(33,739)	24,336	
b) inventory	(9,336)	(5,564)	
c) current liabilities	472,102	172,075	
3. Gross operating cash flow	747,580	438,819	
4. Paid corporate income tax	(11,936)	(17,561)	12
5. Net cash used in operating activities	735,644	421,258	
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	7,371	219	
4. Received interest	24	5,189	20
5. Net cash from investment activities	(1,124,559)	(122,572)	
IV. Net increase (decrease) in cash	(388,915)	298,686	
V. Cash at the beginning of the period	1,243,435	944,749	
VI. Cash at the end of the period	854,520	1,243,435	

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

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 the dates of the Statements of financial position 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 net assets' portion attributed to the parent company are offset with the investment and have been eliminated. The retained earnings portion attributed to the parent company are 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 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.

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.

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

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.

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 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.

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.

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

2. TOTAL FIXED ASSETS AND OTHER INTANGIBLE (FIXED) ASSETS

As on 31 December 2011 and 31 December 2010

fixed assets are composed as follows:

LVL	Intangible assets	Land & buildings	Machinery and equipment	Other fixed assets	Fixed assets additions (EU funds)	Unfinished building objects	Advance payments for fixed assets	Total
Historical cost								
At 31 December 2009	26,072	2,540,655	1,946,130	343,294	-	-	175,842	5,031,993
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	2,540,655	1,880,064	353,202	2,689	1,397	175,842	4,979,921
Additions	795	-	707,072	10,475	407,483	6,033	-	1,131,858
Transfers	-	-	-	-	1,397	(1,397)	-	-
Revaluation	-	65,803	-	-	-	-	(65,803)	-
Disposals or change in classification	(490)	-	(63,829)	(26,288)	-	-	-	(90,607)
At 31 December 2011	26,377	2,606,458	2,523,307	337,389	411,569	6,033	110,039	6,021,172
Accumulated depreciation								
At 31 December 2009	18,126	1,063,444	1,461,298	276,543	-	-	-	2,819,411
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	292,662	-	-	-	3,009,678
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	298,204	-	-	-	3,324,769
Net book value								
At 31 December 2009	7,946	1,477,211	484,832	66,751	-	-	175,842	2,212,582
At 31 December 2010	3,446	1,325,870	400,459	60,540	2,689	1,397	175,842	1,970,243
At 31 December 2011	732	1,240,610	888,235	39,185	411,569	6,033	110,039	2,696,403

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

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

3. INVESTMENT IN ASSOCIATES

	Capital share (%)	Amount of investment	Capital share (%)	Amount of investment
	2011		2010	
	LVL		LVL	

Participating interests in associated enterprises

Participation in "Neirozu klinika" Ltd.	45.32	142,927	45.30	135,080
Total participating interests in associated enterprises		142,927		135,080

SIA "Neirozu klinika" 64 shares have been bought for 96,00 LVL (0,03% from total capital).

4. RAW MATERIALS

	2011 LVL	2010 LVL
Pharmaceutical	66,400	56,890
Food products	453	192
Advance payments to supplier of goods	55	187
Inventory in warehouse	-	174
Inventory[re-usable]	-	58
Other materials	228	299
Total	67,136	57,800

5. TRADE RECEIVABLES

	2011 LVL	2010 LVL
Riga's health department	55,241	83,935
P.Stradiņa klīniskā universitātes slimnīca	49,425	-
Other customers	15,611	11,376
Insurance BTA SE	6,687	4,616
Ergo Latvija AAS	4,398	2,438
Gjensidege Baltic	3,583	1,121
IF Latvija AAS	3,065	2,190
Latvian University	2,199	5,546
SEESAM Latvija	1,434	3,259
Latvian railway JSC	1,220	1,210
Olla M Ltd.	1,191	-
Balva AAS	1,188	835
Baltijas apdrošināšanas nams	1,030	953
Biogen Idec Ltd.	842	25
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
Bad debt provisions	(4,680)	(1,315)
Total	142,875	119,182

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

6. OTHER RECEIVABLES

	2011	2010
	LVL	LVL
Taxes overpaid (note No.12)	14,801	31,269
VAT for unpaid invoices	1,100	2,297
Other receivables	15,535	4,411
Total	31,436	37,977

7. DEFERRED EXPENDITURE

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

8. CASH FUNDS

	2011	2010
Cash in banks	851,172	1,241,367
Cash on hands	3,348	2,068
Total	854,520	1,243,435

9. SHARE CAPITAL

	2011		2010	
	Number of	Share %	Number of	Share %
	shares		shares	
Shareholders:	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%
Share equity	800,000		800,000	

10. DEFERRED INCOME

	2011	2010
	LVL	LVL
ERAF projektu izdevumu atlīdzināšana	261,998	-
Total	261,998	-

11. ADVANCE PAYMENTS

	2011	2010
	LVL	LVL
VEK advance payment for 2010	133,467	155,136
Other advances	1,114	273
Total	134,581	155,409

12. TRADE PAYABLES

	2011	2010
	LVL	LVL
Tradintek	121,536	-
Būvprojektu vadība	89,609	-
Latvijas Gaze	10,565	11,243
Latvenergo Rīgas elektrotīkls	7,152	5,581
Sistēmu Audits SIA	4,270	2,440
Rīgas Ūdens	785	859
Academic histologic laboratory	302	219
Amerilat MD	-	8,954
Lattelekom	-	250
Other suppliers	10,563	7,259
Total	244,782	36,805

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. 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	3,371	25,935	(27,605)	2	1,703
Social insurance	43,237	607,535	(576,574)	(27,450)	46,748
Personal income tax	29,746	344,075	(346,468)	(1,000)	26,353
Corporate income tax	(31,269)	-	(11,936)	28,470	(14,735)
Unemployment duty	87	1,072	(1,061)	(22)	76
Natural resources tax	190	1,552	(1,334)	-	408
Real estate tax	-	3,662	(3,728)	-	(66)
Total, including	45,362	983,831	(968,706)	-	60,487
due to the budget	76,631				75,288
overpayment	(31,269)				(14,801)

14. OTHER PAYABLES

	2011 LVL	2010 LVL
Salaries	86,807	90,683
Trade union	595	744
Deposited salary	340	487
Total	87,742	91,914

15. NET SALES

	2011 LVL	2010 LVL
Medical ambulant services	2,209,017	2,126,920
Medical hospital services	814,004	717,280
Insurance payments	189,418	243,001
VS ZDC ambulant services	164,009	132,650
Services - minimum fixed part	9,238	9,238
Residents training	31,758	31,332
Stomatology services	45,123	41,111
Family doctors	26,983	32,052
Other income	30,766	26,535
Total	3,520,316	3,360,119

16. COST OF GOODS SOLD

	2011 LVL	2010 LVL
Salaries and wages	1,569,399	1,548,086
Fixed assets depreciation	400,308	368,791
Medical goods	428,161	366,078
Social tax	368,457	360,544
VAT - expenses	159,117	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

LATVIJAS JURAS MEDICINAS CENTRS JSC
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16. COST OF GOODS SOLD (Continued..)

	2011	2010
	LVL	LVL
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	1,072	1,035
Gifts to employees	1,018	767
Accruals for vacations	4,679	(12,723)
Received discounts	(7,974)	(5,238)
Other operating expenses	77,105	65,960
Total	<u>3,399,809</u>	<u>3,304,405</u>

17. ADMINISTRATIVE EXPENSES

	2011	2010
	LVL	LVL
Salaries and wages	139,610	118,071
Social tax	32,600	26,525
Board remuneration	24,070	24,755
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	4,959	4,791
Chairperson of the Board social tax	5,165	4,012
Bank expenses	3,531	3,480
Council members social tax	3,105	2,793
Other administrative expenses	2,200	1,987
Chairperson of the Council social tax	1,388	1,388
Legal services	-	50
Total	<u>278,542</u>	<u>256,785</u>

18. OTHER OPERATING INCOME

	2011	2010
	LVL	LVL
Rent income	57,417	64,908
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
Other income	12,242	9,307
Total	<u>87,362</u>	<u>93,615</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

19. OTHER OPERATING EXPENSES

	2011	2010
	LVL	LVL
Real estate tax	452	3,196
Penalties	85	16
Loss from fixed assets disposals	-	1,309
Currency exchange loss	-	7
Other expenses	1,186	5,088
Total	1,723	9,616

20. INCOME FROM INVESTMENT IN ASSOCIATE

	2011	2010
	LVL	LVL
Neurology clinic Ltd.		
Total	7,746	8,161

21. INTEREST INCOME AND SIMILAR INCOME

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

22. CORPORATE INCOME TAX

	2011	2010
	LVL	LVL
Calculated Corporate income tax	-	8,354
Deferred Corporate income tax	17,444	(6,238)
Total	17,444	2,116

22. CORPORATE INCOME TAX (CONTINUED ...)

	2011	2010
	LVL	LVL
Profit (loss) before tax	(64,650)	(103,722)
Loss from subsidiary	4,463	4,700
Evaluation of the associate company	7,746	(8,161)
Theoretically calculated corporate income tax, rate 15%	(7,866)	(16,077)
Permanent differences	1,023	24,431
Calculated corporate income tax	-	8,354

Deferred tax

statement depreciation and depreciation for tax purposes		
Temporary difference of fixed assets	(332,261)	(223,322)
revaluation	(494,030)	(608,715)
Accruals for vacations	84,190	91,544
Total temporary differences	(742,101)	(740,493)
Tax rate applied	15%	15%
Deferred tax liabilities	111,315	111,074
Recognized deferred tax liabilities	111,315	111,074

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

Movement and components of deferred tax

Deferred tax liabilities (asset) at the beginning of the financial year	111,074	134,515
Deferred tax charged to the income statement	17,444	(6,238)
Changes in deferred tax recognised in properties revaluation reserves	(17,203)	(17,203)
Deferred tax liabilities (asset) at the end of the financial year	<u>111,315</u>	<u>111,074</u>

23. PROPERTIES REVALUATION RESERVE

	2011	2010
	LVL	LVL
Balance at beginning of the year	848,124	945,606
Depreciation on evaluation surplus	(114,685)	(114,685)
Reversal of deferred tax liability on revaluation	17,203	17,203
Balance at end of the year	<u>750,642</u>	<u>848,124</u>

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

We have audited the accompanying consolidated financial statements of JSC Latvijas Juras Medicinas Centrs set out on pages 8 to 22 of the accompanying annual report, which comprise the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of 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

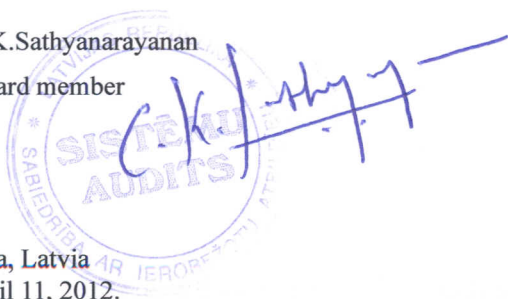
We have read the management report for 2011 set out on pages 5 to 6 of the accompanying consolidated annual report and did not identify material inconsistencies between the financial information contained in the management report and that contained in the consolidated financial statements for 2011.

System audit Ltd.

Audit company licence No. 53

C.K.Sathyarayanan

Board member

Rīga, Latvia
April 11, 2012.

Aija Kurta

Certified auditor of Latvia

Certificate Nr. 128

