



**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**

**FINANCIAL REPORT FOR THE YEAR 2012**

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

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

**Rīga 2013**

	<b>PAGE</b>
<b>INFORMATION ABOUT PARENT COMPANY</b>	<b>3</b>
<b>COUNCIL AND BOARD OF THE GROUP</b>	<b>4</b>
<b>MANAGEMENT REPORT</b>	<b>5 – 6</b>
<b>STATEMENT OF MANAGEMENT'S RESPONSIBILITIES</b>	<b>7</b>
<b>FINANCIAL STATEMENTS</b>	<b>8 – 12</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>8 – 9</b>
<b>COMPREHENSIVE INCOME STATEMENT</b>	<b>10</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>11</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>12</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>13 – 22</b>

**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**INFORMATION ABOUT PARENT COMPANY**

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**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

**MAJOR SHAREHOLDERS:** Ilze Birka 17.50%  
Martins Birks 17.50%  
Ilze Aizsilniece 11.45%  
Guna Shvarcberga 10.36%  
Janis Birks 8.53%

**SUBSIDIARY COMPANY:** "Juras medicina" Ltd. - 99,30%  
Registration Number: 40003171237  
28 December 1993  
5 Vecmilgravja str., Linija 28, Riga, LV 1015

**REPORTING PERIOD:** 1 January 2012 - 31 December 2012

**AUDITORS NAME AND ADDRESS:** System audit Ltd.  
Licence No.53  
Matisa str. 19-6, Riga, LV-1001, Latvia  
Certified auditor:  
Aija Kurta  
certificate No.128

**Council of the company**

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

<b>Position</b>	<b>Name</b>
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

<b>Position</b>	<b>Name</b>
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**

	2012	2011	2010
Net sales (mil. LVL)	3.79	3.52	3.36
Purchased property, equipment and intangible assets	0.45	1.13	0.13
Assets at the end of year (mil. LVL)	3.74	3.94	3.57
Current Ratio (CR)	3.36	2.01	4.00
Debt to Assets {DR}	0.18	0.20	0.13
Net Profit (loss) after taxes (LVL)	(53,937)	(85,385)	(109,305)
EBITDA (LVL)	427,693	314,922	259,486
Profit (loss) after taxes on shareholders' equity (ROE) (%)	-1.9%	-2.9%	-3.6%
Profit (loss) after taxes on share (LVL)	-0.067	0.00	-0.11
LJMC dividends on share (LVL)	0.00	0.00	0.00
LJMC share market price at the end of the year (LVL)	1.90	1.25	1.25

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

Key developments in LJMC during the year 2012 is offering new medical services, improving the quality of existing services with the help of modern medical technology, new specialists and better patient service culture.

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

The "Doctor's Office" information system and patient's queue control system were implemented in the Northern diagnostic center. The rehabilitation service for the neurological patients has begun. The transition to an optical Internet in all company's areas is finished.

The reconstruction and renovation of the hospital corps at Patversmes Street 23 as ERDF project to provide an outpatient medical service was completed at April 26. Additionally new medical equipment, furniture and computer equipment for day-patient and family physicians' offices were purchased. The total cost amounted to LVL 660,000. Of these, the ERDF funding was LVL 436,035. In addition to the ERDF project all cabinets and support service areas (reception, wardrobe, and waiting rooms) have been equipped with the necessary furniture, equipment, blinds, and information and communication technologies. A digital communication equipment and medical information system "The Doctor's Office" has been introduced in the new corp and other departments. New patient Corps opening took place at 27th of September. Consequently at Patversmes Street 23 have begun the work several new professionals (oculists, pulmonologists, also bronchoscopes are performed). The general practitioner, gynecologist, urologist and laboratories possibilities to provide high quality medical services have significantly improved.

In Surgery clinic at Patversmes Street 23 4 luxury class wards were built. Redecoration of several rooms in North diagnostic center was done. The landscaping at Patversmes Street 23 is done to develop friendly and enjoyable environment for patients. For patient's convenience additionally a new parking for 36 cars were allotted. In landscaping during the reporting period a sum of LVL 124,000 was invested.

Investments made in buildings and hardware resulted in increase of depreciation amount in the second half of the year by 10,000 LVL per month compared to the same period of 2011. In the third quarter for the outpatient care the purchased inventories was for more than LVL 30,000. Communication and building repairment were made for LVL 119,000 (throughout 2011 – LVL 65,000). Large amount of purchase and VAT increase from June 2011 resulted in increase of non-deductible VAT amount. In 9 months of 2012 it is about LVL 55,000 higher compared to 9 months 2011.

## **LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**

### **MANAGEMENT REPORT**

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As a result of these measures the outpatient visits to Latvijas Jūras medicīnas centrs at Patversmes street 23 in the fourth quarter 2012 had doubled compared to the fourth quarter of 2011. Sales growth in 2012 was 7.6% higher compared with 2011.

Overall, the 2012 revenue plan was executed for 106.32%. The expenditure side overran by LVL 203, 655 (5.4%): repairs and current assets – LVL 98,000, depreciation – LVL 24,000, VAT LVL 64,000, material and wage growth due to increase in turnover for LVL 31,000. Estimated losses before taxes were LVL 70,000; actual losses before taxes are LVL 42,000.

Internal transactions with subsidiaries and associated companies in the year 2012 were not made.

The share price at the 31.12.11 was LVL 1,45; 31.03.12 - LVL 1,80; 30.06.12 - LVL 1,95; 30.09.12 - LVL 1,70; 31.12.12 - LVL 1,90

#### **Important Events after the Balance Sheet Date**

In March 2013, Joint-stock company Latvijas Jūras medicīnas centrs "Ziemeļu diagnostikas centrs" received a quality certificate ISO 9001:2008 for functional diagnostics and radiology from DVN Certification OY/AB, Finland. This certificate is valid till March 14, 2016. The work on the initiation of ISO quality standards in the other structural units continues.

The share price at the 04.04.13 was LVL 1,70.

#### **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.

Chairman of the Board  
Janis Birks

Member of the Board  
Marta Aizsilniece

Member of the Board  
Andris Vigants  
Riga, 9 April, 2013.

**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

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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 2012 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. The management Board is also responsible for operation of the Company in compliance with the legislation of the Republic of Latvia.

Chairman of the Board

Janis Birks

Member of the Board

Marta Aizsilniece

Member of the Board

Andris Vigants

Riga, 9 April, 2013.



**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF 31 DECEMBER 2012 AND 31 DECEMBER 2011**

	December 31, 2012	December 31, 2011	Notes
ASSETS	EUR	EUR	
<b>Long-term investments:</b>			
<b>Intangible assets:</b>			
Concessions, patents, licenses, trademarks and similar rights	21,675	1,042	2
<b>Total intangible assets</b>	<b>21,675</b>	<b>1,042</b>	
<b>Fixed assets</b>			
Land and buildings	2,449,399	1,712,932	
Technological equipment and machines	1,112,950	1,263,844	
Other fixed assets and fixtures	54,285	56,151	
Fixed assets add-ons (EU funds)	-	585,610	
Advance payments for fixed assets	4,727	8,584	
<b>Total fixed assets</b>	<b>3,621,361</b>	<b>3,627,121</b>	2
<b>Long-term financial assets</b>			
Investment in affiliates	285,972	285,972	3
Investment in associates	141,624	141,624	4
<b>Total financial assets:</b>	<b>427,596</b>	<b>427,596</b>	
<b>Total long-term investments:</b>	<b>4,070,632</b>	<b>4,055,759</b>	
<b>Current assets:</b>			
<b>Inventories</b>			
Raw materials	97,285	95,448	5
Advance payments for goods	391	78	6
<b>Total Inventories</b>	<b>97,676</b>	<b>95,526</b>	
<b>Debtors:</b>			
Trade receivables	110,406	203,293	7
Other receivables	9,501	40,772	8
Deferred expenditure	3,960	3,556	9
<b>Total debtors</b>	<b>123,867</b>	<b>247,621</b>	
<b>Cash funds</b>	<b>1,030,459</b>	<b>1,210,373</b>	10
<b>Total current assets</b>	<b>1,252,002</b>	<b>1,553,520</b>	
<b>TOTAL ASSETS</b>	<b>5,322,634</b>	<b>5,609,279</b>	

**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF 31 DECEMBER 2012 AND 31 DECEMBER 2011**

	December 31, 2012	December 31, 2011	Notes
	EUR	EUR	
<b>LIABILITIES</b>			
<b>Equity capital:</b>			
Share capital	1,138,297	1,138,297	11
Long-term financial assets revaluation reserve	929,364	1,068,068	
Reserves:			
Reserves provided by the Articles of Association	45,522	45,522	
<b>Retained earnings</b>	2,020,007	1,933,570	
<b>Total shareholders' equity</b>	<b>4,133,190</b>	<b>4,185,457</b>	
<b>Provisions for liabilities and charges:</b>			
Provisions for vacations	69,176	119,668	
Deferred tax provisions	151,109	158,406	23
<b>Total provisions</b>	<b>220,285</b>	<b>278,074</b>	
<b>Long-term Liabilities:</b>			
Deferred income	596,678	372,790	12
<b>Total Long-term Liabilities:</b>	<b>596,678</b>	<b>372,790</b>	
<b>Short-term Liabilities:</b>			
Advance payments	18,270	191,492	13
Trade Payables	89,770	348,293	14
Taxes and social security payments	121,343	108,582	15
Other payables	143,097	124,591	16
<b>Total Short-term Liabilities:</b>	<b>372,480</b>	<b>772,958</b>	
<b>Total liabilities</b>	<b>969,158</b>	<b>1,145,747</b>	
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>5,322,634</b>	<b>5,609,279</b>	

**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**COMPREHENSIVE INCOME STATEMENT**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

	2012, 12 month period EUR	2011, 12 month period EUR	Notes
Net sales	5,391,741	5,008,958	17
Cost of goods sold	(5,131,981)	(4,764,414)	18
<b>Gross profit or loss</b>	<b>259,759</b>	<b>244,545</b>	
Administrative expenses	(473,737)	(463,434)	19
Other operating income	149,830	124,096	20
Other operating expenses	(6,477)	(1,902)	21
Interest income and similar income	38	34	
Ieņēmumi no līdzdalības koncerna meitas un asociēto sabiedrības kaitālos	11,022	-	22
<b>Profit (loss) before taxes</b>	<b>(59,564)</b>	<b>(96,661)</b>	
Corporate income tax	(17,181)	(24,831)	23
<b>NET PROFIT OR LOSS</b>	<b>(76,745)</b>	<b>(121,492)</b>	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(76,745)</b>	<b>(121,492)</b>	
Number of shares	800,000	800,000	
Earnings per Share (EPS)	-0.10	-0.15	
ROE	-1.9%	-2.9%	

**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

	Share capital EUR	Reserves provided by the Articles of Associatio n EUR	Properties revaluation reserve EUR	Retained earnings EUR	Total EUR
<b>At 31 December 2010</b>	<b>1,138,297</b>	<b>45,522</b>	<b>1,206,772</b>	<b>1,891,880</b>	<b>4,282,471</b>
Depreciation of revaluation surplus	-	-	(163,182)	163,182	-
Deffered tax on revaluation surplus	-	-	24,478	-	24,478
Total comprehensive income for the year	-	-	-	(121,492)	(121,492)
<b>At 31 December 2011</b>	<b>1,138,297</b>	<b>45,522</b>	<b>1,068,068</b>	<b>1,933,570</b>	<b>4,185,457</b>
Depreciation of revaluation surplus	-	-	(163,182)	163,182	-
Deffered tax on revaluation surplus	-	-	24,478	-	24,478
Total comprehensive income for the year	-	-	-	(76,745)	(76,745)
<b>At 31 December 2012</b>	<b>1,138,297</b>	<b>45,522</b>	<b>929,364</b>	<b>2,020,007</b>	<b>4,133,190</b>

**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

	2012, 12 month period EUR	2011, 12 month period EUR	NOTES
<b>Cash flows from operating activities</b>			
Net income before tax	(59,564)	(96,661)	
Adjustments:			
a) depreciation of fixed assets	685,297	569,585	2
b) provisions	(50,492)	(10,528)	18
c) loss (gain) on sale of fixed assets	582	(2,816)	20, 21
d) interest income	(38)	(34)	
e) Deferred income	-	89,025	12
<b>2. Changes in operating current assets and liabilities</b>	<b>575,785</b>	<b>548,571</b>	
Corrections			
a) receivables	111,851	(48,092)	
b) inventory	(2,150)	(13,285)	
c) current liabilities	(383,495)	296,349	
<b>3. Gross operating cash flow</b>	<b>301,991</b>	<b>783,543</b>	
4. Paid corporate income tax	(5,080)	(16,983)	15
<b>5. Net cash used in operating activities</b>	<b>296,911</b>	<b>766,560</b>	
<b>II. Cash flow used in investment activities</b>			
1. Purchase of shares of associates	-	(137)	
2. Purchase of fixed assets	(701,283)	(1,610,488)	2
3. Income from sale of fixed assets	531	10,487	
4. Interest received	38	34	22
<b>5. Net cash from investment activities</b>	<b>(700,714)</b>	<b>(1,600,104)</b>	
<b>III. Cash flows used in financing activities</b>			
1. Received grants (European funds)	223,889	283,765	
<b>2. Net cash from financing activities</b>	<b>223,889</b>	<b>283,765</b>	
<b>IV. Net increase (decrease) in cash</b>	<b>(179,914)</b>	<b>(549,779)</b>	
<b>V. Cash at the beginning of the period</b>	<b>1,210,373</b>	<b>1,760,152</b>	
<b>VI. Cash at the end of the period</b>	<b>1,030,459</b>	<b>1,210,373</b>	



**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

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**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, 2012	December 31, 2011
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 2012 AND 31 DECEMBER 2011**

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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 31.12.2012 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 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 JŪRAS MEDICĪNAS CENTRS JSC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

**2. TOTAL FIXED ASSETS AND OTHER INTANGIBLE ASSETS**

As on 31 December 2012 and 31 December 2011  
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 funds)	Advance payments for fixed assets	Total
<b>Historical cost</b>								
<b>At 31 December 2010</b>	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	4,636	1,131,858
Disposals	(490)	-	-	(63,829)	(26,288)	-	-	(90,607)
<b>At 31 December 2011</b>	26,377	423,357	2,146,346	2,523,307	336,551	411,569	6,033	5,873,540
Disposals or change in classification	19,031	-	686,326	173,570	28,217	(411,569)	(2,711)	492,864
	-	-	-	(31,347)	(13,193)	-	-	(44,540)
<b>At 31 December 2012</b>	45,408	423,357	2,832,672	2,665,530	351,575	-	3,322	6,321,864
<b>Accumulated depreciation</b>								
<b>At 31 December 2010</b>	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	(490)	-	-	(59,233)	(25,493)	-	-	(85,216)
<b>At 31 December 2011</b>	25,645	-	1,365,848	1,635,072	297,088	-	-	3,323,653
Charge for the year	4,530	-	54,049	279,620	28,746	-	-	366,945
Charge for the period for revaluated fixed assets	-	-	114,685	-	-	-	-	114,685
Disposals or change in classification	-	-	-	(31,347)	(12,411)	-	-	(43,758)
<b>At 31 December 2012</b>	30,175	-	1,534,582	1,883,345	313,423	-	-	3,761,525
<b>Net book value</b>								
<b>At 31 December 2010</b>	3,446	423,357	931,561	400,459	60,818	2,689	1,397	1,823,727
<b>At 31 December 2011</b>	732	423,357	780,498	888,235	39,463	411,569	6,033	2,549,887
<b>At 31 December 2012</b>	15,233	423,357	1,298,090	782,185	38,152	-	3,322	2,560,339

The balance value of the land and buildings excluding reevaluation adjustments as on 31-12-2012 is 575,712 LVL.

### 3. INVESTMENT IN AFFILIATES

	2012	2011
	EUR	EUR
"Juras medicīna" Ltd. - 99,30%	285,972	285,972
<b>Total</b>	<b>285,972</b>	<b>285,972</b>

### 4. INVESTMENT IN ASSOCIATES

	2012	2011
	EUR	EUR
"Neirozu klinika" Ltd. - 45.32%	141,624	141,624
<b>Total</b>	<b>141,624</b>	<b>141,624</b>

### 5. RAW MATERIALS

	2012	2011
	EUR	EUR
Pharmaceutical	79,803	77,850
Medicine in departments	17,124	16,629
Food products	-	645
Other materials	357	324
<b>Total</b>	<b>97,285</b>	<b>95,448</b>

### 6. ADVANCE PAYMENTS FOR GOODS

	2012	2011
	EUR	EUR
Statoil Ltd.	391	78
<b>Total</b>	<b>391</b>	<b>78</b>

### 7. TRADE RECEIVABLES

	2012	2011
	EUR	EUR
Insurance BTA SE	29,320	9,469
P.Stradiņa klīniskā universitātes slimnīca	24,865	70,325
Riga's health department	9,933	78,601
Gjensidige Baltic	4,963	5,098
Akrona 12	4,812	1,505
Latvijas Universtate	4,172	3,129
Skruvite GS	3,950	3,991
Ergo Latvija AAS	3,392	6,258
SEESAM Latvija	2,943	2,304
IF Latvija AAS	2,484	4,361
Latvijas dzelzceļs AS	1,722	1,736
Olla M Ltd.	1,652	1,695
Baltijas apdrošināšanas nams	1,614	1,466
Grinko Genadijs	1,423	569
Balta AAS	1,384	199
Compensa Life Vienna Insurance group	1,207	64

**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

**7. TRADE RECEIVABLES(continued..)**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Balva AAS	1,030	1,690
Biogen Idec Ltd.	680	364
Buvprojektu vadība	178	1,198
Ministry of Interior – health and social department	-	3,870
Other customers	12,634	12,059
Bad debt provisions	(3,950)	(6,659)
<b>Total</b>	<b>110,406</b>	<b>203,293</b>

**8. OTHER RECEIVABLES**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Taxes overpaid (note No.15)	5,111	17,103
VAT for unpaid invoices	2,906	1,565
Venden Ltd.	282	290
Advances to employees	128	253
Buvprojektu vadība ES advance	-	19,623
Other receivables	1,074	1,938
<b>Total</b>	<b>9,501</b>	<b>40,772</b>

**9. DEFERRED EXPENDITURE**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Assurance	3,960	3,556
<b>Total</b>	<b>3,960</b>	<b>3,556</b>

**10. CASH FUNDS**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Cash in banks		
Swedbank LVL	812,857	496,255
State cash LVL	73,558	320,392
Unibank Ridzenes branch LVL	33,759	134,676
Unibanka Ridzenes branch EUR	43,117	43,146
Citadele bank LVL	25,697	37,736
Swedbank Multi-currency Account	22,399	17,072
DNB Nord LVL	4,826	150,400
Swedbank Card	5,125	5,932
Cash on hands	9,121	4,764
<b>Total</b>	<b>1,030,459</b>	<b>1,210,373</b>

**11. SHARE CAPITAL**

	<b>2012</b>		<b>2011</b>	
	<b>Number of</b>	<b>Share %</b>	<b>Number of</b>	<b>Share %</b>
<b>Shareholders:</b>	<b>shares</b>		<b>shares</b>	
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%
Janis Birks	68,215	8.53%	67,983	8.50%
Other shareholders (shares less than 5%)	277,303	34.66%	277,535	34.69%
<b>Total</b>	<b>800,000</b>	<b>100.00%</b>	<b>800,000</b>	<b>100.00%</b>

**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

**12. DEFERRED INCOME**

	2012 EUR	2011 EUR
ERDF project reimbursement	596,678	372,790
<b>Total</b>	<b>596,678</b>	<b>372,790</b>

**13. ADVANCE PAYMENTS**

	2012 EUR	2011 EUR
Nacionālais veselības centrs	12,474	-
VEK advance payment (94)	4,169	4,169
Ilmas aptieka Ltd.	1,423	1,423
Other advances for treatment of employees	203	162
Central Finance and Contract agency (41)	-	185,737
<b>Total</b>	<b>18,270</b>	<b>191,492</b>

**14. TRADE PAYABLES**

	2012 EUR	2011 EUR
Tradintek Ltd.	54,386	172,930
Latvenergo Rīgas elektrotīkls	11,192	10,176
Sistēmu Audits Ltd.	6,022	6,076
Zītari Ltd	3,637	-
Rīgas Udens	978	1,117
Academic histologic laboratory	152	430
Būvprojektu vadība Ltd.	-	127,502
Latvijas Gaze	-	15,033
Other suppliers	13,403	15,030
<b>Total</b>	<b>89,770</b>	<b>348,293</b>

**15. TAXES AND SOCIAL SECURITY PAYMENTS**

	As of 31- 12-11	Calculated	Paid	Returned	As of 31- 12-12
	EUR	EUR	EUR	EUR	EUR
Value added tax	2,629	38,425	(39,665)	-	1,389
Social insurance	67,243	857,876	(831,844)	(16,983)	76,292
Personal income tax	38,001	486,961	(481,666)	-	43,296
Corporate income tax	(17,009)	-	(5,080)	16,983	(5,106)
Corporate vehicle transport tax	279	1,541	(1,820)	-	-
Unemployment duty	128	1,477	(1,478)	-	127
Natural resources tax	302	1,158	(1,221)	-	239
Real estate tax	(94)	5,263	(5,175)	-	(6)
<b>Total, including</b>	<b>91,479</b>	<b>1,392,701</b>	<b>(1,367,949)</b>	<b>-</b>	<b>116,231</b>
due to the budget	108,582				121,343
overpayment	(17,103)				(5,112)



**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

**16. OTHER PAYABLES**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Salaries	141,700	123,261
Trade union	913	847
Deposited salary	484	484
<b>Total</b>	<b>143,097</b>	<b>124,591</b>

**17. NET SALES**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Medical ambulant services	3,404,850	3,160,222
Medical hospital services	989,098	921,531
Insurance payments	301,448	269,518
VS ZDC ambulant services	228,966	233,364
Stomatology services	64,526	64,204
Family doctors	39,557	38,393
Residents training	37,110	45,188
Ms registra uzturesana	13,144	13,144
Inpatient Care	280,575	236,692
Other income	32,467	26,702
<b>Total</b>	<b>5,391,741</b>	<b>5,008,958</b>

**18. COST OF GOODS SOLD**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Salaries and wages	2,162,573	2,173,812
Fixed assets depreciation	685,298	569,586
Medical goods	677,331	595,388
Social tax	507,844	524,267
VAT - expenses	317,670	226,829
Public utilities	232,980	187,065
Repair expenses	194,499	92,985
Current assets write-off	84,796	31,556
Feeding expenses	38,349	26,061
Security expenses	33,867	40,097
Household goods	30,945	23,379
Computer maintenance, repair	25,661	21,289
Medical researches	25,441	22,146
Utilities	21,675	22,553
Advertising	17,850	17,251
Transport expense	9,606	6,586
Transport expense	9,508	7,668
Office expenses	9,446	13,504
Insurance expenses	4,834	4,636
Allowances to employees	1,707	1,707
Unemployment duty	1,477	1,517
Gifts to employees	847	1,448
Allowances to employees	-	48,484
Accruals for vacations	(50,492 )	6,658
Provision for doubtful debts	(2,709 )	-
Received discounts	(14,644 )	(11,346 )
Other operating expenses	105,623	109,288
<b>Total</b>	<b>5,131,981</b>	<b>4,764,414</b>



**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 31 DECEMBER 2011**

**19. ADMINISTRATIVE EXPENSES**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Salaries and wages	260,179	257,067
Social tax	61,183	60,018
Board chairperson remuneration	31,117	30,512
Board remuneration	30,041	30,378
Council members remuneration	19,123	19,123
Communication expenses	15,181	14,745
Council chairperson remuneration	8,196	8,196
Office expenses	8,174	5,637
Chairperson of the Board social tax	7,496	7,349
Audit expenses	7,114	7,114
Board members social tax	6,285	6,124
Bank expenses	5,646	4,878
Council members social tax	4,135	4,418
Presentation expenses	2,927	2,767
Administrative expenses	2,730	3,130
Other administrative expenses	2,234	-
Legal services	1,975	1,975
<b>Total</b>	<b>473,737</b>	<b>463,434</b>

**20. OTHER OPERATING INCOME**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Rent income	72,645	81,522
Hotel services – food	17,554	18,563
Utilities for tenants	14,139	3,702
Laundry income	1,225	1,688
Solarium income	679	905
Net gain from sale of fixed assets	-	2,816
Feeding income	-	332
Other income	43,588	14,569
<b>Total</b>	<b>149,830</b>	<b>124,096</b>

**21. OTHER OPERATING EXPENSES**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Penalties	511	121
Loss from fixed assets disposals	582	-
Real estate tax	-	94
Other expenses	5,384	1,688
<b>Total</b>	<b>6,477</b>	<b>1,902</b>

**22. INTEREST INCOME AND SIMILAR INCOME**

	<b>2012</b>	<b>2011</b>
	<b>EUR</b>	<b>EUR</b>
Ieņēmumi no līdzdalības koncerna meitas un asociēto sabiedrību kapitālos	11,022	-
Interest income	38	34
<b>Total</b>	<b>11,060</b>	<b>34</b>

### 23. CORPORATE INCOME TAX

	2012 EUR	2011 EUR
Deferred Corporate income tax	17,181	24,831
Calculated Corporate income tax	-	-
Total	<u>17,181</u>	<u>24,831</u>

### 23. CORPORATE INCOME TAX (CONTINUED ...)

	2012 EUR	2011 EUR
Profit (loss) before tax	(84,752 )	(137,537 )
Theoretically calculated corporate income tax, rate 15%	(12,713 )	(20,630 )
Permanent differences	7,574	1,456
<b>Calculated corporate income tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
depreciation and depreciation for tax purposes	(536,813 )	(472,765 )
Temporary difference of fixed assets revaluation	(539,759 )	(702,941 )
Accruals for vacations	69,176	119,668
<b>Total temporary differences</b>	<u>(1,007,396 )</u>	<u>(1,056,038 )</u>
Tax rate applied	15%	15%
<b>Deferred tax liabilities</b>	<u>151,109</u>	<u>158,406</u>
<b>Recognized deferred tax liabilities</b>	<u>151,109</u>	<u>158,406</u>

### 24 Transactions with related parties

In the Year 2012, 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, 2012.

**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 2012 and the 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 2012, 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 2012 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 2012.

System audit Ltd.

Audit company licence No. 53

C.K.Sathyanarayanan

Board member

Aija Kurta

Certified auditor of Latvia

Certificate Nr. 128

Rīga, Latvia  
April 09, 2013.