



LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC

FINANCIAL REPORT FOR THE YEAR 2012

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

Rīga 2013

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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

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

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

	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

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

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	LVL	LVL	
Long-term investments:			
Intangible assets:			
Concessions, patents, licenses, trademarks and similar rights	15,233	732	2
Total intangible assets	15,233	732	
Fixed assets			
Land and buildings	1,721,447	1,203,855	
Technological equipment and machines	782,185	888,235	
Other fixed assets and fixtures	38,152	39,463	
Fixed assets add-ons (EU funds)	-	411,569	
Advance payments for fixed assets	3,322	6,033	
Total fixed assets	2,545,106	2,549,155	2
Long-term financial assets			
Investment in affiliates	200,982	200,982	3
Investment in associates	99,534	99,534	4
Total financial assets:	300,516	300,516	
Total long-term investments:	2,860,855	2,850,403	
Current assets:			
Inventories			
Raw materials	68,372	67,081	5
Advance payments for goods	275	55	6
Total Inventories	68,647	67,136	
Debtors:			
Trade receivables	77,594	142,875	7
Other receivables	6,677	28,655	8
Deferred expenditure	2,783	2,499	9
Total debtors	87,054	174,029	
Cash funds	724,211	850,655	10
Total current assets	879,912	1,091,820	
TOTAL ASSETS	3,740,767	3,942,223	

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
LIABILITIES	LVL	LVL	
Equity capital:			
Share capital	800,000	800,000	11
Long-term financial assets revaluation reserve	653,160	750,642	
Reserves:			
Reserves provided by the Articles of Association	31,993	31,993	
Retained earnings	1,419,669	1,358,921	
Total shareholders' equity	2,904,822	2,941,556	
Provisions for liabilities and charges:			
Provisions for vacations	48,617	84,103	
Deferred tax provisions	106,200	111,328	23
Total provisions	154,817	195,431	
Long-term Liabilities:			
Deferred income	419,348	261,998	12
Total Long-term Liabilities:	419,348	261,998	
Short-term Liabilities:			
Advance payments	12,840	134,581	13
Trade Payables	63,091	244,782	14
Taxes and social security payments	85,280	76,312	15
Other payables	100,569	87,563	16
Total Short-term Liabilities:	261,780	543,238	
Total liabilities	681,128	805,236	
TOTAL EQUITY, PROVISIONS AND LIABILITIES	3,740,767	3,942,223	

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

	2012, 12 month period LVL	2011, 12 month period LVL	Notes
Net sales	3,789,337	3,520,316	17
Cost of goods sold	(3,606,777)	(3,348,449)	18
Gross profit or loss	182,560	171,867	
Administrative expenses	(332,944)	(325,703)	19
Other operating income	105,301	87,215	20
Other operating expenses	(4,552)	(1,337)	21
Interest income and similar income	27	24	
Ieņēmumi no līdzdalības koncerna meitas un asociēto sabiedrības kaitālos	7,746	-	22
Profit (loss) before taxes	(41,862)	(67,934)	
Corporate income tax	(12,075)	(17,451)	23
NET PROFIT OR LOSS	(53,937)	(85,385)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(53,937)	(85,385)	
Number of shares	800,000	800,000	
Earnings per Share (EPS)	-0.07	-0.11	
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	Reserves provided by the Articles of Associatio n	Properties revaluation reserve	Retained earnings	Total
	LVL	LVL	LVL	LVL	LVL
At 31 December 2010	800,000	31,993	848,124	1,329,621	3,009,738
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	1,358,921	2,941,556
Depreciation of revaluation surplus	-	-	(114,685)	114,685	-
Deffered tax on revaluation surplus	-	-	17,203	-	17,203
Total comprehensive income for the year	-	-	-	(53,937)	(53,937)
At 31 December 2012	800,000	31,993	653,160	1,419,669	2,904,822

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

	2012, 12 month period LVL	2011, 12 month period LVL	NOTES
Cash flows from operating activities			
Net income before tax	(41,862)	(67,934)	
Adjustments:			
a) depreciation of fixed assets	481,630	400,307	2
b) provisions	(35,486)	(7,399)	18
c) loss (gain) on sale of fixed assets	409	(1,979)	20, 21
d) interest income	(27)	(24)	
e) Deferred income	-	89,025	12
2. Changes in operating current assets and liabilities	404,664	411,997	
Corrections			
a) receivables	78,610	(33,799)	
b) inventory	(1,511)	(9,337)	
c) current liabilities	(269,522)	208,275	
3. Gross operating cash flow	212,241	577,136	
4. Paid corporate income tax	(3,570)	(11,936)	15
5. Net cash used in operating activities	208,671	565,200	
II. Cash flow used in investment activities			
1. Purchase of shares of associates	-	(96)	
2. Purchase of fixed assets	(492,864)	(1,131,857)	2
3. Income from sale of fixed assets	373	7,370	
4. Interest received	27	24	22
5. Net cash from investment activities	(492,464)	(1,124,559)	
III. Cash flows used in financing activities			
1. Received grants (European funds)	157,350	283,765	
2. Net cash from financing activities	157,350	283,765	
IV. Net increase (decrease) in cash	(126,443)	(275,595)	
V. Cash at the beginning of the period	850,655	1,760,152	
VI. Cash at the end of the period	724,212	1,484,557	

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

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

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
Historical cost								
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	4,636	1,131,858
Disposals	(490)	-	-	(63,829)	(26,288)	-	-	(90,607)
At 31 December 2011	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)
At 31 December 2012	45,408	423,357	2,832,672	2,665,530	351,575	-	3,322	6,321,864
Accumulated depreciation								
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	(490)	-	-	(59,233)	(25,493)	-	-	(85,216)
At 31 December 2011	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)
At 31 December 2012	30,175	-	1,534,582	1,883,345	313,423	-	-	3,761,525
Net book value								
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
At 31 December 2012	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 404.613 LVL.

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

3. INVESTMENT IN AFFILIATES

	2012 LVL	2011 LVL
"Juras medicīna" Ltd. - 99,30%	200,982	200,982
Total	200,982	200,982

4. INVESTMENT IN ASSOCIATES

	2012 LVL	2011 LVL
"Neirozu klinika" Ltd. - 45,32%	99,534	99,534
Total	99,534	99,534

5. RAW MATERIALS

	2012 LVL	2011 LVL
Pharmaceutical	56,086	54,713
Medicine in departments	12,035	11,687
Food products	-	453
Other materials	251	228
Total	68,372	67,081

6. ADVANCE PAYMENTS FOR GOODS

	2012 LVL	2011 LVL
Statoil Ltd.	275	55
Total	275	55

7. TRADE RECEIVABLES

	2012 LVL	2011 LVL
Insurance BTA SE	20,606	6,655
P.Stradiņa klīniskā universitātes slimnīca	17,475	49,425
Riga's health department	6,981	55,241
Gjensidige Baltic	3,488	3,583
Akrona I2	3,382	1,058
Latvijas Universtate	2,932	2,199
Skruvite GS	2,776	2,805
Ergo Latvija AAS	2,384	4,398
SEESAM Latvija	2,068	1,619
IF Latvija AAS	1,746	3,065
Latvijas dzelzceļš AS	1,210	1,220
Olla M Ltd.	1,161	1,191
Baltijas apdrošināšanas nams	1,134	1,030
Grinko Genadijs	1,000	400
Balta AAS	973	140
Compensa Life Vienna Insurance group	848	45

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..)

	2012	2011
	LVL	LVL
Balva AAS	724	1,188
Biogen Idec Ltd.	478	256
Buvprojektu vadība	125	842
Ministry of Interior – health and social department	-	2,720
Other customers	8,879	8,475
Bad debt provisions	(2,776)	(4,680)
Total	77,594	142,875

8. OTHER RECEIVABLES

	2012	2011
	LVL	LVL
Taxes overpaid (note No.15)	3,592	12,020
VAT for unpaid invoices	2,042	1,100
Venden Ltd.	198	204
Advances to employees	90	178
Buvprojektu vadība ES advance	-	13,791
Other receivables	755	1,362
Total	6,677	28,655

9. DEFERRED EXPENDITURE

	2012	2011
	LVL	LVL
Assurance	2,783	2,499
Total	2,783	2,499

10. CASH FUNDS

	2012	2011
	LVL	LVL
Cash in banks		
Swedbank LVL	571,279	348,770
State cash LVL	51,697	225,173
Unibank Ridzenes branch LVL	23,726	94,651
Unibanka Ridzenes branch EUR	30,303	30,323
Citadele bank LVL	18,060	26,521
Swedbank Multi-currency Account	15,742	11,998
DNB Nord LVL	3,392	105,702
Swedbank Card	3,602	4,169
Cash on hands	6,410	3,348
Total	724,211	850,655

11. SHARE CAPITAL

	2012		2011	
	Number of		Number of	
Shareholders:	shares	Share %	shares	Share %
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%
Total	800,000	100.00%	800,000	100.00%

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12. DEFERRED INCOME

	2012	2011
	LVL	LVL
ERDF project reimbursement	419,348	261,998
Total	419,348	261,998

13. ADVANCE PAYMENTS

	2012	2011
	LVL	LVL
Nacionālais veselības centrs	8,767	-
VEK advance payment (94)	2,930	2,930
Ilmas aptieka Ltd.	1,000	1,000
Other advances for treatment of employees	143	114
Central Finance and Contract agency (41)	-	130,537
Total	12,840	134,581

14. TRADE PAYABLES

	2012	2011
	LVL	LVL
Tradintek Ltd.	38,223	121,536
Latvenergo Rīgas elektrotīkls	7,866	7,152
Sistēmu Audits Ltd.	4,232	4,270
Zītari Ltd	2,556	-
Rīgas Udens	687	785
Academic histologic laboratory	107	302
Būvprojektu vadība Ltd.	-	89,609
Latvijas Gaze	-	10,565
Other suppliers	9,420	10,563
Total	63,091	244,782

15. TAXES AND SOCIAL SECURITY PAYMENTS

	As of 31-12-11	Calculated	Paid	Returned	As of 31-12-12
	LVL	LVL	LVL	LVL	LVL
Value added tax	1,848	27,005	(27,877)	-	976
Social insurance	47,259	602,919	(584,623)	(11,936)	53,619
Personal income tax	26,707	342,238	(338,517)	-	30,428
Corporate income tax	(11,954)	-	(3,570)	11,936	(3,588)
Corporate vehicle transport tax	196	1,083	(1,279)	-	-
Unemployment duty	90	1,038	(1,039)	-	89
Natural resources tax	212	814	(858)	-	168
Real estate tax	(66)	3,699	(3,637)	-	(4)
Total, including	64,292	978,796	(961,400)	-	81,688
due to the budget	76,312				85,280
overpayment	(12,020)				(3,592)

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NOTES TO THE FINANCIAL STATEMENTS
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16. OTHER PAYABLES

	2012	2011
	LVL	LVL
Salaries	99,587	86,628
Trade union	642	595
Deposited salary	340	340
Total	<u>100,569</u>	<u>87,563</u>

17. NET SALES

	2012	2011
	LVL	LVL
Medical ambulant services	2,392,942	2,221,017
Medical hospital services	695,142	647,656
Insurance payments	211,859	189,418
VS ZDC ambulant services	160,918	164,009
Stomatology services	45,349	45,123
Family doctors	27,801	26,983
Residents training	26,081	31,758
Ms registra uzturesana	9,238	9,238
Inpatient Care	197,189	166,348
Other income	22,818	18,766
Total	<u>3,789,337</u>	<u>3,520,316</u>

18. COST OF GOODS SOLD

	2012	2011
	LVL	LVL
Salaries and wages	1,519,865	1,527,764
Fixed assets depreciation	481,630	400,307
Medical goods	476,031	418,441
Social tax	356,915	368,457
VAT - expenses	223,260	159,416
Public utilities	163,739	131,470
Repair expenses	136,695	65,350
Current assets write-off	59,595	22,178
Feeding expenses	26,952	18,316
Security expenses	23,802	28,180
Household goods	21,748	16,431
Computer maintenance, repair	18,035	14,962
Medical researches	17,880	15,564
Utilities	15,233	15,850
Advertising	12,545	12,124
Transport expense	6,751	4,629
Transport expense	6,682	5,389
Office expenses	6,639	9,491
Insurance expenses	3,397	3,258
Allowances to employees	1,200	1,200
Unemployment duty	1,038	1,066
Gifts to employees	595	1,018
Allowances to employees	-	34,075
Accruals for vacations	(35,486)	4,679
Provision for doubtful debts	(1,904)	-
Received discounts	(10,292)	(7,974)
Other operating expenses	74,232	76,808
Total	<u>3,606,777</u>	<u>3,348,449</u>

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19. ADMINISTRATIVE EXPENSES

	2012	2011
	LVL	LVL
Salaries and wages	182,855	180,668
Social tax	43,000	42,181
Board chairperson remuneration	21,869	21,444
Board remuneration	21,113	21,350
Council members remuneration	13,440	13,440
Communication expenses	10,669	10,363
Council chairperson remuneration	5,760	5,760
Office expenses	5,745	3,962
Chairperson of the Board social tax	5,268	5,165
Audit expenses	5,000	5,000
Board members social tax	4,417	4,304
Bank expenses	3,968	3,428
Council members social tax	2,906	3,105
Presentation expenses	2,057	1,945
Administrative expenses	1,919	2,200
Other administrative expenses	1,570	-
Legal services	1,388	1,388
Total	332,944	325,703

20. OTHER OPERATING INCOME

	2012	2011
	LVL	LVL
Rent income	51,055	57,294
Hotel services – food	12,337	13,046
Utilities for tenants	9,937	2,602
Laundry income	861	1,186
Solarium income	477	636
Net gain from sale of fixed assets	-	1,979
Feeding income	-	233
Other income	30,634	10,239
Total	105,301	87,215

21. OTHER OPERATING EXPENSES

	2012	2011
	LVL	LVL
Penalties	359	85
Loss from fixed assets disposals	409	-
Real estate tax	-	66
Other expenses	3,784	1,186
Total	4,552	1,337

22. INTEREST INCOME AND SIMILAR INCOME

	2012	2011
	LVL	LVL
Ieņēmumi no līdzdalības koncerna meitas un asociēto sabiedrību kapitālos	7,746	-
Interest income	27	24
Total	7,773	24

LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC
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23. CORPORATE INCOME TAX

	2012	2011
	LVL	LVL
Deferred Corporate income tax	12,075	17,451
Calculated Corporate income tax	-	-
Total	12,075	17,451

23. CORPORATE INCOME TAX (CONTINUED ...)

	2012	2011
	LVL	LVL
Profit (loss) before tax	(41,862)	(67,934)
Theaoretically calculated corporate income tax, rate 15%	(6,279)	(10,190)
Permanent differencies	5,323	1,023
Calculated corporate income tax	-	-

Deffered tax

depreciation and depreciation for tax purposes	(377,274)	(332,261)
Temporary difference of fixed assets revaluation	(379,345)	(494,030)
Accruals for vacations	48,617	84,103
Total temporary differencies	(708,002)	(742,188)
Tax rate applied	15%	15%
Deferred tax liabilities	106,200	111,328
Recognized deferred tax liabilities	106,200	111,328

24 Transactions with related parties

In the Year 2012, there have been no transactions with the related parties

25 Contingent laibilities

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.Sathyarayanan
Board member

Aija Kurta 
Certified auditor of Latvia
Certificate Nr. 128

Riga, Latvia
April 09, 2013.