

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

**Independent Auditor's Report and
Consolidated Financial Statements: December 31, 2005,
in accordance with International financial reporting standards
(EUR)**

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LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

INFORMATION ABOUT THE COMPANY

COMPANY NAME: LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

LEGAL STATUS: STOCK COMPANY

REGISTRATION: No.000330680
AUGUST 27, 1996
RIGA, LV - 1005, LATVIA

LEGAL ADDRESS: 23, PATVERSMES STREET, RIGA, LV - 1005, LATVIA

MAJOR SHAREHOLDERS: JANIS BIRKS 37.6 %
ILZE AIZSILNIECE 10.1%
AGRIS SHVARCBERGS 5.5%
STATE SOCIAL INSUARANCE AGENCY 5.0%

CEO: MARTA AIZSILNIECE

REPORTING PERIOD: 1 JANUARY 2005 - 31 DECEMBER 2005

AUDITORS NAME AND ADDRESS: SYSTEM AUDIT LTD.
LICENCE No.53
MATISA STREET 19-6
RIGA, LV 1001
LATVIA

IRINA SAKSAGANSKA
CERTIFIED AUDITOR
CERTIFICATE No 41

COUNCIL AND BOARD OF THE GROUP

Council of the Group

From June 6, 2003 till the consolidated financial statements signing day

<u>Name</u>	<u>Position</u>
Agris Shvarcbergs	Chairman of the Council
Antons Vjaters	Council member
Vladislavs Skrebelis,	Council member
Austris Adumans	Council member
Janis Aboltins	Council member

Board of the Group

From January 1, 2003 till April 28, 2005

<u>Name</u>	<u>Position</u>
Janis Birks	Chairman of the Board
Marta Aizsilniece	Board member
Marika Baumgarte	Board member

From April 28, 2005 till the consolidated financial statements signing day

<u>Name</u>	<u>Position</u>
Marta Aizsilniece	Chairperson of the Board
Andris Vigants	Board member
Marika Baumgarte	Board member

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

MANAGEMENT REPORT

In accordance with the paragraph 1 of Section 4 of the law "On Consolidated Annual Reports" the joint stock company is under an obligation to prepare the consolidated annual Report. This Annual Report is prepared in accordance with International Financial Review Standards (IFRS) and is based on business continuation principle. The Annual Report is based on the same book-keeping principles that were used for the preparation of the Annual Report for the year 2004. The financial statements were drawn up in Latvian lats (LVL) and euros (EUR). The applied currency exchange rate is EUR/LVL 0.702804.

The Consolidated Annual Report contains information concerning the current situation and future development of parent company AS "Latvian Jars medicines centre" (hereinafter referred to as LJMC) and its subsidiary company SIA "Jūras medicīna" (hereinafter referred to as JM).

LJMC's (founded in 1995) facilities are the Centre Hospital with the address at Patversmes iela 23, Riga, Vecmīlgrāvis Hospital, Vecmīlgrāvis Primary Health Care Centre and Northern Centre of Medical Diagnostics that are located at Vecmīlgrāvis 5. līnija 26 Riga. LJMC provides a range of in-patient surgical and medical services in different specialities: gynaecology, neurology and internal diseases.

Wide

spectrum of the cutting-edge diagnostic facilities is available for this purpose. LJMC is the largest, greatest, biggest private medical institution in Latvia. It is the only one that provides treatment to only multiple sclerosis patients.

JM was founded in 1993 with the aim to continue construction works of Vecmīlgrāvis Hospital building and to provide improved health care services to seafarers, general population of Riga city, Latvia and foreigners.

Associated company SIA "Neirožu klīnika" (address: Jūrmala, Dzintaru prospekts 48) provides in-patient government remunerated mental health services such as treatment of neuroses, stress related disorders etc. as well as health care services that are covered by patient payments only. LJMC owns 45% shares in the capital of the associated company.

The Current Financial Condition of the Group of Companies

The Group of Companies made profit in 2005. The share of the parent company constitutes the dominant part of the group's assets, turnover and profits.

The profit of the parent company was LVL 210 145 before taxes.

The profit of SIA "Jūras medicīna" in 2005 was LVL 7 493 before taxes.

The associated company SIA "Neirožu klīnika" made profit in 2005.

The Group financial indices

	2005	2004	2003
Net sales (mil. LVL)	3.85	3.39	2.65
Assets at the end of year (mil. LVL)	2.03	1.67	1.62
Profit after taxes (LVL)	174 775	56 498	103 944
LJMC profit after taxes on share (LVL)	0.22	0.07	0.07
LJMC share market price at the end of the year (LVL)	1.80	1.2	0.49

Important Events that Affected Results of the Group's Activities in 2005

LJMC entered into the long-term agreements with Health Compulsory Insurance State Agency (HCISA) in 2005 whereby the government procured health care services from LJMC for a time period up until 31 December 2008. The rise in the level of remuneration for the services provided allowed LJMC to increase salaries of its employees and commit funds for investments in the acquisition of new medical equipment, staff training and improvement of work conditions. Adding new services, and carrying out refurbishments of certain rooms have extended the activities of Northern Centre of Medical Diagnostics. New facilities for out-patient ophthalmology patients were opened at Vecmīlgrāvis Primary Health Centre. An autonomous gas heating system was installed in Vecmīlgrāvis Hospital, Vecmīlgrāvis Primary Health Care Centre and Northern Centre of Medical Diagnostics that reduced heating costs. Improvements have been made in outbound telecommunications system. More computers have been made available for doctors and personnel keeping Reports of provided services.

The Supervisory Board of LJMC in its meeting on 26 April considered the resignation notice of Mr. Jānis Birks, the Chairman of the Management Board. In view of the legal provisions that bar a person to simultaneously hold the office of the Deputy Chairman of Riga City Council and management position in a private enterprise, the Supervisory Board of LJMC accepted Mr. Jānis Birks' resignation by recalling him from the chairmanship of the Management Board of LJMC. The Supervisory Board elected Ms. Marta Aizsilniece a new chairman of the Management Board. Mr. Andris Vīgants was elected to the Management Board.

There has been rise in employees`

Important Events After the End of Reporting Year

On the Report of increased government funding employees` salaries have been raised again on 1 January 2006 as required by the relevant regulation by the Cabinet of Ministers and stipulated in the agreement with HCISA.

Since February 2006 the provision of Magnetic Resonance Imaging Services was started. Total joint investments for this type of activity together with cooperation partners constitute almost 0,5 million EUR.

In January 2006 LJMC has increased its shareholding in the capital of SIA "Jūras medicīna" from 86,80% to 87,83% by purchasing shares from other shareholders.

Future Development

Total planned investments in the development of the company constitute up to 250 thousand LVL of which the

- Acquisition of medical equipment - 93 thousand LVL;
- Preparation of the project for the new surgical clinic - 100 thousand LVL;
- Staff training - 28 thousand LVL.

It is planned to operate with profit in the upcoming years. This goal is to be achieved by carrying out planned activities and ensuring provision of quality health services procured by the Health Ministry, promoting development of new financially lucrative types of health services, including for such target groups as foreigners and VIP clients.

In 2006 it is planned to revise and update in line with contemporary requirements the construction design of unfinished 6-storey building.

It has been proposed to the general meeting of shareholders of JM to carry out the merger with LJMC. Merging of the two companies would achieve more rational utilisation of staff and material resources, consequently resulting in

Risk Management

The company has good debt and current ratios. The positive cash flow is planned. Health Compulsory Insurance State Agency that is the biggest debtor (government procurement) usually settles its Reports in due time. Patients usually settle their bills for the services that are not remunerated by the government right after receipt of the service or as an advance payment.

However the currency exchange risk still retains its relevance because of the company`s assets: 50 thousand US dollars (money and its equivalents).

The company is subject to certain risks that can affect the structure and volume of medical services it provides. Potential failures in the quality of services may result in losses as a result of malpractice litigation. Close cooperation and the conclusion of lucrative contracts with Health Compulsory Insurance State Agency, insurance companies and health care institutions, participation in government procurement procedures, search for investors, entering into research agreements for conducting clinical trials underpin the successful financial results of companies` activities. It would be desirable to obtain insurance cover against medical malpractice claims.

On behalf of the Group:

Chairperson of the Board
Marta Aizsilniece

Board member
Andris Vigants

Board member
Marika Baumgarte

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

LVL	2005	2004	Note
Net sales	3 847 301	3 390 612	16
Cost of goods sold	-3 440 772	-3 065 480	17
Gross profit or loss	406 529	325 132	
Administrative expenses	-248 899	-211 701	18
Other operating income	76 701	61 204	19
Other operating expenses	-14 703	-55 340	20
Interest income and similar income	7 036	5 178	21
Gain from disposal of long-term investment and short term securities	-	22 341	22
Interest expense and similar expense	-6 308	-9 559	23
Extraordinary profit or loss before taxes	220 356	137 255	
Corporate income tax	(41 800)	(37 058)	
Deffered tax	-	(46 700)	
Minority interest	(978)	3 001	
NET PROFIT OR LOSS	177 578	56 498	
Number of shares	800 000	800 000	
One share profit LVL	0.22	0.07	

The accompanying notes are an integral part of these financial statements

The financial statements were approved by:

_____	Marta Aizsiliece	Chairperson of the Board
_____	Andris Vigants	Board member
_____	Marika Baumgarte	Board member

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2005 AND 2004

LVL	December 31, 2005	December 31, 2004	Note
ASSETS			
Current assets:			
Stocks			
Raw materials	54 410	57 072	4
Total stocks	54 410	57 072	
Debtors:			
Trade debtors	181 366	88 386	5
Other debtors	1 922	3 285	6
Accruals	7 272	7 678	7
Total debtors	190 560	99 349	
Cash funds	750 353	422 402	8
Total current assets	995 323	578 823	
Long-term investments:			
Intangible assets:			
Other intangible (fixed) assets	4 143	4 114	2
Positive consolidation difference	-	-	
Total intangible assets	4 143	4 114	
Fixed assets:			
Land and buildings	390 923	365 091	
Technological equipment and machines	269 035	308 913	
Other fixed assets and inventory	59 806	87 222	
Long term investments in rented fixed assets	37 550	14 882	
Advance payments for fixed assets	175 842	187 508	
Unfinished building objects	-	1 565	
Total fixed assets:	933 156	965 181	2
Long-term financial assets:			
Participating interests in associated enterprises	98 780	117 790	3
Total financial assets:	98 780	117 790	
Total long-term investments:	1 036 079	1 087 085	
TOTAL ASSETS	2 031 402	1 665 908	

The accompanying notes are an integral part of these financial statements

The financial statements were approved by:

	Marta Aizsiliece	Chairperson of the Board
	Andris Vigants	Board member
	Marika Baumgarte	Board member

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2005 AND 2004

LVL	December 31, 2005	December 31, 2004	Note
LIABILITIES			
Liabilities:			
Liabilities:			
Other loans	53 223	118 914	10
Received advance payments	393 295	119 262	11
Due to customers and suppliers	42 459	64 313	12
Taxes and social security payments	72 337	14 420	13
Other payables	82 047	84 828	14
Deffered income	-	5 491	15
Total liabilities	643 361	407 228	
Provisions for liabilities and charges:			
Accruals for taxes	46 700	46 700	
Provisions for vacations	109 557	90 823	
Total provisions	156 257	137 523	
Total liabilities	799 618	544 751	
Equity capital:			
Share equity	800 000	800 000	9
Long term asset revaluation reserve	-	-	
Reserves:			
c) reserves provided by the Articles of Association	37 760	37 760	
Retained earnings:			
a) brought forward from previous years	192 302	175 195	
b) current year profit or loss	177 578	56 498	
Total shareholders' equity	1 207 640	1 069 453	
Minority interest	24 144	51 704	
Total equity capital	1 231 784	1 121 157	
TOTAL EQUITY, PROVISIONS AND LIABILITIES	2 031 402	1 665 908	

The accompanying notes are an integral part of these financial statements

The financial statements were approved by:

	Marta Aizsilniece	Chairperson of the Board
	Andris Vigants	Board member
	Marika Baumgarte	Board member

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

LVL	Share capital	Investment evaluation reserve	Reserves provided by the Articles of Association	Previous years retained earnings	Current year profit	Minority interest	Total
At 31 December 2003	800 000	-	34 910	199 812	-	54 705	1 089 427
Profit for the year	-	-	-	-	56 498	-	56 498
Dividends paid	-	-	-	(16 000)	-	-	(16 000)
Transfers to reserves	-	15 659	2 850	(2 850)	(15 659)	-	-
Adjustments arising from application of revised	-	(15 659)	-	(5 767)	15 659	-	(5 767)
Minority interest changes	-	-	-	-	-	(3 001)	(3 001)
At 31 December 2004	800 000	-	37 760	175 195	56 498	51 704	1 121 157
Transfers to reserves	-	-	-	56 498	(56 498)	-	-
Dividends paid	-	-	-	(16 000)	-	-	(16 000)
Profit for the year	-	-	-	-	177 578	-	177 578
Consolidated accumulated loss	-	-	-	(23 391)	-	-	(23 391)
Minority interest changes	-	-	-	-	-	(27 560)	(27 560)
At 31 December 2005	800 000	-	37 760	192 302	177 578	24 144	1 231 784

The accompanying notes are an integral part of these financial statements

The financial statements were approved by:

_____	Marta Aizsilniece	Chairperson of the Board
_____	Andris Vigants	Board member
_____	Marika Baumgarte	Board member

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

LVL	2005	2004	Note
Cash flows used in operating activities			
Net income before tax	220 356	137 372	
Ajustments:			
a) Depreciation of tangibles	211 291	271 204	2
b) provisions gor vacations	18 734	39 368	
c) Loss (gain) on sale of tangibles	2 629	48 924	
d) interest expenses	6 308	9 559	
e) gain (loss) from investments in associates	-	(21 441)	
2. Gain (loss) before changes in current assets and liabilities	459 318	484 986	
Changes in operating assets and liabilities:			
a) receivables.	(91 094)	51 718	
b) inventory.	4 110	(6 795)	
c) current liabilities.	305 295	10 233	
3. Gross operating cash flow	677 629	540 142	
4. Paid interest.	(6 308)	(9 559)	
5. Paid corporate income tax.	(45 271)	(43 183)	
7. Net cash used in operating activities	626 050	487 400	
II. Cash flow used in investment activities			
1. Purchase of shares of associates	(32 919)	-	
2. Purchase of fixed assets	(195 403)	(233 864)	2
3. Selling of fixed assets	11 914	-	
4. Net cash from investment activities	(216 408)	(233 864)	
III. Cash flows used in financiing activities			
1. Settlement of loans	(65 691)	(73 405)	
2. Paid dividends	(16 000)	(16 000)	
3. Net cash from financing activities	(81 691)	(89 405)	
IV. Net increase (decrease) in cash	327 951	164 131	
V. Cash at the beginning of the year	422 402	258 271	
VI. Cash at the end of the year	750 353	422 402	

The accompanying notes are an integral part of these financial statments

The financial statements were approved by:

_____ Marta Aizsilniece Chairperson of the Board

_____ Andris Vigants Board member

_____ Marika Baumgarte Board member

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

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 Company'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. Enclosed financial statements are produced in the national currency of Latvia, the lats (LVL).

There is no difference in balance sheet dates of the Company and its subsidiary.

The interest of minority shareholders is stated at the minority proportion of the assets and liabilities recognized.

All significant intercompany transactions and balances among Group enterprises are eliminated on consolidation.

The portion attributed to the parent of the net assets is offset with the investment and eliminated. The portion attributed to the parent of the retained earnings earned after the acquisition date of shares is included in the consolidated retained earnings.

Foreign currency

Transactions denominated in foreign currencies are translated into Lats at the official exchange rate of the Bank of Latvia at the date of transaction. Monetary assets and liabilities are translated at the Bank of Latvia rate at the balance sheet date. The applicable rate used for the principal currencies as of 31 December 31 were the follows:

	Year 2005	Year 2004
USD	0.593	0.516
EUR	0.702804	0.702804

Gains or losses on translation are posted to the profit or loss account at the Bank of Latvia official exchange rate as of the balance sheet date and recognized in the period when they occur.

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

Cash and cash equivalents

Cash includes cash on hand and demand deposits within credit institutions. The statement on cash flow is prepared using indirect method, making adjustments effecting the net profit reconciling it 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 uncollectible accounts receivable. Provision for uncollectible accounts receivable at the balance sheet date represents the estimated amounts of probable losses that have been incurred at the balance sheet date based on individual evaluation of each debtor.

Inventory

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004**

Fixed assets

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

Buildings:	20 years
Machinery and equipment:	3 years
Other fixed assets:	5 years

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.

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

Investment in associates are stated at historical cost. The fair value can not be estimated because of the lack of the free market.

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.

Changes of accounting policies

The Group made changes of the investments in associates accounting policy which arised from the implementation of a new IFRS. These changes have been applied retrospectively, wth an adjustment to the opening balance of retained earnings and investments in associates. From the year 2005 all investments in associates are recorded at cost (no fair value can be defined) and the equity method is not applied any more. The effect of these changes in accounting policy is 5,767 LVL which related to the previous years.

Reclassification

2004 year cost of goods sold have been reclassified as other operating expenses for the amount LVL 55 340.

Taxation

Corporate income tax at a rate of 25 % is calculated based on the taxable income for the year in accordance with Latvian legislation. 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.

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

2 . FIXED ASSETS

As of 31 December 2005 and 2004
fixed assets are composed as follows:

LVL	Intangible assets	Land, buildings	Machinery and equipment	Other fixed assets	Long-term investment s in rented fixed assets	Advance payment s for fixed assets	Unfinishe d building objects	Total
Historical cost								
At 31 December 2003	21 831	751 323	1 486 531	307 453	24 353	10 177	184 000	2 785 668
Additions	1 106	33 610	143 957	52 137	-	(8 612)	11 666	233 864
Transfers				8 158			(8 158)	-
Disposals	(15 712)	- 12 359	(59 015)	- 41 874	-	-	-	(128 960)
At 31 December 2004	7 225	772 574	1 571 473	325 874	24 353	1 565	187 508	2 890 572
Additions	2 799	61 557	93 278	18 650	30 785		(11 666)	195 403
Disposals			(8 250)	- 29 193	-	(1 565)	-	(39 008)
At 31 December 2005	10 024	834 131	1 656 501	315 331	55 138	-	175 842	3 046 967
Accumulated depreciation								
At 31 December 2003	11 739	383 290	1 094 324	239 403	1 353	-	-	1 730 109
Charge for the year	5 099	35 738	189 412	32 837	8 118	-	-	271 204
Disposals	(13 727)	- 11 545	(21 176)	- 33 588	-	-	-	(80 036)
At 31 December 2004	3 111	407 483	1 262 560	238 652	9 471	-	-	1 921 277
Charge for the year	2 770	35 725	132 616	32 063	8 117	-	-	211 291
Disposals	-	-	(7 710)	- 15 190	-	-	-	(22 900)
At 31 December 2005	5 881	443 208	1 387 466	255 525	17 588	-	-	2 109 668
Net book value								
At 31 December 2003	10 092	368 033	392 207	68 050	23 000	10 177	184 000	1 055 559
At 31 December 2004	4 114	365 091	308 913	87 222	14 882	1 565	187 508	969 295
At 31 December 2005	4 143	390 923	269 035	59 806	37 550	-	175 842	937 299

3 . PARTICIPATING INTERESTS IN ENTERPRISES

	Capital share (%)	Amount of investment	Capital share (%)	Amount of investment
		2005 LVL		2004 LVL
Participating interests in associated enterprises				
Participation in "Neirozu klinika" Ltd.	45	98 780	45	117 790
Total participating interests in associated enterprises		98 780		117 790

October 4, 2005 the company changed the name from SIA "Psihiskas veselibas centrs "Dzintari"" to SIA "Neirozu klinika"

4 . RAW MATERIALS

	2005 LVL	2004 LVL
Pharmaceutical	42 664	47 277
Stock in warehouse	4 432	3 290
Inventory	2 516	2 264
Products	1 266	1 767
Furniture	1 001	1 153
Other materials	925	955
Advance payments to supplier of goods	1 606	366

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

Total	54 410	57 072
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5 . DUE FROM CUSTOMERS

	2005	2004
	LVL	LVL
VOVAA Rigas department	72 812	20 126
Riga slimokase AAS	53 373	36 238
Balta AAS	10 437	2 824
Med.prof.izglitibas centrs	6 443	
BTA AAS	6 230	9 867
LF Holdings	4 508	
NBS militaras medicinas centrs	1 832	1 500
Ergo Latvija f.slimokase	1 822	956
SEESAM Life Latvija	1 707	
Balva AAS	1 088	1 165
BALTIKUMS DZIVIBA AAS	1 014	
Hospital patients treatment	16 911	5 270
Other customers	3 189	10 440
Total	181 366	88 386

6 . OTHER RECEIVABLES

	2005	2004
	LVL	LVL
VAT advance payment	242	1 977
VAT for unpaid invoices	820	348
Taxes overpayment (note No.20)	513	90
Other debtors	347	870
Total	1 922	3 285

7 . DEFFERED EXPENSES

	2005	2004
	LVL	LVL
Riga Stock Exchange, shares quotation	5 000	5 000
Assuarance expense	1 972	1 620
Other expense	300	1 058
Total	7 272	7 678

8 . CASH

	2005	2004
	LVL	LVL
Cash in banks	717 559	394 083
Deposit	28 701	24 974
Cash on hands	4 093	3 345
Total	750 353	422 402

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004**
9 . SHARE CAPITAL

	2005	2005	2004	2004
	umber of sha	Share %	umber of shar	Share %
Shareholders:				
Janis Birks	302 109	37.8	300 618	37.6
Ilze Aizsilniece	80 766	10.1	80 766	10.1
Agris Shvarcbergs	44 147	5.5	44 147	5.5
Peteris Augustovs	41 412	5.2	-	-
State social insurance agency	40 000	5	40 000	5.0
Other shareholders (shares less than 5%)	291 566	36.4	334 469	41.8
Total	800 000	100.0	800 000	100.0

10 . OTHER LOANS

	2005	2004
	LVL	LVL
VOVAA diagnostics equipment - long-term	-	53 208
VOVAA diagnostics equipment - short-term	53 223	53 206
deed of cession - Latvian Shipping Company	-	12 500
Total	53 223	118 914

11 . DUE TO RECEIVED ADVANCE PAYMENTS

	2005	2004
	LVL	LVL
VOAVA advance payment for 2006	389 453	118 279
Other advances	3 842	983
Total	393 295	119 262

12 . DUE TO SUPPLIERS AND CONTRACTORS

	2005	2004
	LVL	LVL
Tradintek SIA	17 010	35 805
Valsts Patologijas centrs SIA	5 063	-
Latvijas Gaze	4 361	247
Latvenergo Rigas rajons	1 922	1 456
Latvenergo Rīgas elektrotīkls	1 554	3 848
Rīgas Ūdens	1 530	-
Sistēmu Audits SIA	1 180	1 180
Lattelekom	1 061	1 237
Nacion.medic.serviss-laboratory	799	-
Hanza Lizings SIA	-	1 861
Hospital Gaiļezers BO	470	2 905
Rīgas Slimokases AAS	-	3 218
Rīgas Siltums	-	3 170
LUMPI institute	-	1 520
Other suppliers	7 509	7 866
Total	42 459	64 313

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004

13 . TAXES

	2005	2004
	LVL	LVL
Value added tax	942	25
Social insurance	42 514	5 386
Personal income tax	26 696	3 897
Corporate income tax	1 990	4 926
Corporate income tax - penalty	12	-
Unemployment duty	183	186
Total	<u>72 337</u>	<u>14 420</u>

14 . DUE TO OTHER COMPANIES

	2005	2004
	LVL	LVL
Due to other companies		
Salaries	78 446	78 653
Board remuneration	1 934	4 892
Trade union	717	692
Deposited salary	642	591
Council remuneration	308	-
Total	<u>82 047</u>	<u>84 828</u>

15 . DEFFERED INCOME

	2005	2004
	LVL	LVL
Given equipment	-	5 491
Total	<u>-</u>	<u>5 491</u>

16 . NET SALES

	2005	2004
	LVL	LVL
Medical hospital services	1 697 282	1 434 708
Medical ambulant services	991 250	1 016 177
Services - minimum fixed part	691 981	656 758
Insurance payments	245 334	214 755
VS ZDC ambulant services	110 113	-
Stomatology services	42 260	41 768
Residents training	29 050	18 692
Family doctors	9 262	4 919
Othe income	30 769	2 835
Total	<u>3 847 301</u>	<u>3 390 612</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004**
17 . COST OF GOODS SOLD

	2005	2004
	LVL	LVL
Salaries and wages	1 144 263	1 075 580
Medical goods	1 027 156	866 863
Social tax	266 388	261 462
Other operating expenses	174 285	172 903
Fixed assets depreciation	200 305	257 393
Public utilities	141 506	115 464
Accruals for vacations	107 730	-
Repair expenses	97 808	56 778
Feeding expenses	57 890	59 176
Household goods	55 937	49 810
Medical researches	53 463	30 647
Current assets write-off	35 607	39 687
Employees trainings	18 443	15 798
Gifts to employees	17 879	13 218
Office expenses	17 688	5 743
Rent fixed assets depreciation	8 118	8 118
Transport expense	8 464	10 121
Insurance expenses	2 896	3 901
Advertising	2 813	4 491
Tangible asstes amortization	2 770	5 099
Allowances to employees	2 336	560
Unemployment duty	2 221	2 292
Bad debt write-off	855	-
Received discounts	- 14 918	-
Builing maintainance expenses	3 327	-
Other expenses	5 542	10 376
Total	<u>3 440 772</u>	<u>3 065 480</u>

18 . ADMINISTRATIVE EXPENSES

	2005	2004
	LVL	LVL
Salaries and wages	127 911	111 315
Social tax	29 677	28 120
Board chaiperson remuneration	24 597	15 661
Office expenses	20 266	10 263
Board remuneration	14 306	16 040
Other administrative expenses	6 572	2 820
Presentation expenses	5 264	5 271
Chairperson of the Board social tax	5 163	3 611
Board members social tax	3 446	3 482
Council chaiperson remuneration	3 000	3 602
Audit expenses	3 800	3 600
Council members remuneration	2 400	4 540
Bank expenses	1 184	1 244
Chairperson of the Council social tax	723	868
Council members social tax	553	1 043
Legal services	37	221
Total	<u>248 899</u>	<u>211 701</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004**

19 . OTHER OPERATING INCOME

	2005	2004
	LVL	LVL
Rent income	23 850	15 411
Gain on sale of fixed assets	11 914	5 873
Feeding income	9 236	14 910
Press goods	4 692	4 351
Currency exchange gain	3 716	-
Solarium income	2 617	3 446
Launfry income	1 794	1 788
Other income	18 882	15 425
Total	<u>76 701</u>	<u>61 204</u>

20 . OTHER OPERATING EXPENSES

	2005	2004
	LVL	LVL
Fixed assets disposals	14 543	48 923
Penalties	160	348
Currency exchange loss	-	6 069
Total	<u>14 703</u>	<u>55 340</u>

21 . INTEREST INCOME AND SIMILAR INCOME

	2005	2004
	LVL	LVL
Interest income	7 036	5 178
Total	<u>7 036</u>	<u>5 178</u>

22 . GAIN FROM DISPOSAL OF LONG-TERM INVESTMENT AND SHORT TERM SECURITIES

	2005	2004
	LVL	LVL
Psihiskas Veselibas centrs "Dzintari"	-	22 841
LUMP izglitibas instituts	-	500
Total	<u>-</u>	<u>22 341</u>

23 . INTEREST EXPENSE AND SIMILAR EXPENSE

	2005	2004
	LVL	LVL
Loan interest expenses (VOAVAA)	6 269	9 353
Leasing interest payments	39	206
Total	<u>6 308</u>	<u>9 559</u>
