



**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**

**NO AUDITED**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2007**

**IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**

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**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**

**INFORMATION ABOUT PARENT COMPANY**

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**COMPANY NAME:** LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

**LEGAL STATUS:** STOCK COMPANY

**REGISTRATION:** No.40003306807  
AUGUST 27, 1996  
RIGA, LV - 1005, LATVIA

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

**MAJOR SHAREHOLDERS:** JANIS BIRKS 38,9%  
ILZE AIZSILNIECE 10,1%  
AGRIS SHVARCBERGS 10,4%  
STATE SOCIAL INSURANCE AGENCY 5%

**CEO:** MARTA AIZSILNIECE

**REPORTING PERIOD:** 1 JANUARY 2007 - 31 DECEMBER 2007

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

**COUNCIL AND BOARD OF THE GROUP**

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**Council of the Group**

**Number of shares owned  
31.12.07**

**From November 22, 2006 till the consolidated financial statements signing day**

<u>Name</u>	<u>Position</u>	
Agris Shvarcbergs	Chairman of the Council	80 917 died 23.11.07
Antons Vjaters	Member of the Council	-
Vladislavs Skrebelis	Member of the Council	-
Austris Adumans	Member of the Council	-
Martins Birks	Member of the Council	-

**Board of the Group**

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

<u>Name</u>	<u>Position</u>	
Marta Aizsilniece	Chairperson of the Board	1 066
Andris Vigants	Member of the Board	-
Marika Baumgarte	Member of the Board	12 071

# 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.

The consolidated annual report contains information concerning the current situation and future development of parent company JSC "Latvijas Juras medicinas centrs" (hereinafter referred to as LJMC) and its subsidiary company SIA "Juras medicina" (hereinafter referred to as JM).

This audited consolidated annual report is prepared in accordance with International Financial Reporting Standards (IFRS) 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 share of the parent company constitutes the dominant part of the group's assets, turnover and profits.

The profit before taxes of the parent company was 331 814 LVL.

The profit before taxes of subsidiary company was -18 924 LVL.

### The Group financial indexes

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net sales (mil. LVL)	5,28	3,85	3,39
Assets at the end of year (mil. LVL)	6,04	2,03	1,67
Profit after taxes (LVL)	256 052	174 775	56 498
Profit after taxes on shareholders' equity (ROE) (%)	5,4%	4,0%	14,7%
Profit after taxes on share (LVL)	0,32	0,22	0,07
LJMC share market price at the end of the year (LVL)	2,80	1,80	1,20
LJMC dividends on share (LVL)		0,04	0,02

### Important events that affected results of the Group's activities in reporting period

On the base of increased government funding, employees' salaries have been raised on 1 January 2007 as required by the relevant regulation by the Cabinet of Ministers and stipulated in the agreement with HCISA.

### Important Events after the Balance Sheet Date

To put into effect the decision of the shareholders meeting "Latvijas Juras medicinas centrs stock company" and its daughter company "SIA Juras medicina" at 27.12.2007 signed the letter of intent. According this letter "Latvijas Juras medicinas centrs stock company" is will buy from "SIA Juras medicina" the 2-stairs building and land. The price based on valuation of the real estate company "Eiroexpert" is LVL 183000. "Latvijas Juras medicinas centrs stock company" is the tenant of the 75% of this building and there is dislocated the medical diagnostic center. According mentioned letter the buyer in January 2008 has paid LVL 30000 deposit.

On the base of increased government funding, employees' salaries have been raised on 1 January 2008 as required by the relevant regulation by the Cabinet of Ministers and stipulated in the agreement with HCISA.

### Future Development of the Group

The project development for a new surgery hospital at Patversmes street 23 started in the year 2007. The further development of primary health care including e-medicine will start in 2008.

### Risk Management

The company has good debtor ageing ratio and current ratio. Health Compulsory Insurance State Agency that is the biggest debtor (government procurement) usually settles its payments in due time. In cooperation with SIA "Marsh" the identification and evaluation of the main company's risks was done. Now the risk management politic is being developed.

On behalf of the Group:

Chairperson of the Board  
Marta Aizsilniece

Member of the Board  
Andris Vigants

Member of the Board  
Marika Baumgarte  
28.02.08

## **LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**

### **DECLARATION OF MANAGEMENT RESPONSIBILITY**

Consolidated financial statements are prepared to the best on our knowledge in accordance with International Financial Reporting Standards as adopted by EU. These financial statements gives a true and fair view of the state of activities of the Group and of the results of the Group for the period ended 31 December 2007 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 the financial position of the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by EU. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson of the Board  
Marta Aizsilniece

Member of the Board  
Andris Vigants

Member of the Board  
Marika Baumgarte  
28.02.08

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

**CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006**

	<b>2007</b>	<b>2006</b>	<b>Note</b>
	<b>LVL</b>	<b>LVL</b>	
Net sales	5 279 425	3 982 675	<b>15</b>
Cost of goods sold	(4 680 358)	(3 585 452)	<b>16</b>
<b>Gross profit or loss</b>	<b>599 067</b>	<b>397 223</b>	
Administrative expenses	(377 051)	(292 242)	<b>17</b>
Other operating income	72 549	57 731	<b>18</b>
Other operating expenses	(10 356)	(6 528)	<b>19</b>
Gain from the change of fair value of investment property		10 363	
Income from investment in associates	-	25 159	<b>20</b>
Interest income and similar income	26 494	11 248	<b>21</b>
Interest expense and similar expense	-	(2 663)	<b>22</b>
<b>Profit before taxes</b>	<b>310 703</b>	<b>200 291</b>	
Corporate income tax	(54 782)	22 453	<b>23</b>
Minority interest	131	(250)	
<b>NET PROFIT OR LOSS</b>	<b>256 052</b>	<b>222 494</b>	
<b>Number of shares</b>	<b>800 000</b>	<b>800 000</b>	
<b>Earnings per Share (EPS) (LVL)</b>	<b>0,32</b>	<b>0,28</b>	

*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	Member of the Board
	Marika Baumgarte	Member of the Board

28.02.08

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED BALANCE SHEET  
AS OF 31 DECEMBER 2007 AND 31 DECEMBER 2006

	December 31, 2007	December 31, 2006	Note
ASSETS	LVL	LVL	
<b>Current assets:</b>			
<b>Stocks</b>			
Raw materials	63 996	60 129	4
<b>Total stocks</b>	<b>63 996</b>	<b>60 129</b>	
<b>Debtors:</b>			
Trade debtors	180 134	103 494	5
Other debtors	11 907	15 918	6
Accruals	13 876	7 485	7
<b>Total debtors</b>	<b>205 917</b>	<b>126 897</b>	
<b>Cash funds</b>	<b>1 231 659</b>	<b>609 528</b>	<b>8</b>
<b>Total current assets</b>	<b>1 501 572</b>	<b>796 554</b>	
<b>Long-term investments:</b>			
<b>Intangible assets:</b>			
Other intangible (fixed) assets	2 370	3 826	2
Goodwill	-	1 832	
<b>Total intangible assets</b>	<b>2 370</b>	<b>5 658</b>	
<b>Fixed assets:</b>			
Land and buildings	3 627 622	3 866 509	
Technological equipment and machines	384 538	304 818	
Other fixed assets and inventory	76 854	58 876	
Long term investments in rented fixed assets	14 367	26 258	
Unfinished building objects	175 842	175 842	
Advance payments for fixed assets	-	6 135	
<b>Total fixed assets:</b>	<b>4 279 223</b>	<b>4 438 438</b>	<b>2</b>
<b>Long-term financial assets:</b>			
Investment assets	132 590	132 590	
Participating interests in associated enterprises	123 939	123 939	3
<b>Total financial assets:</b>	<b>256 529</b>	<b>256 529</b>	
<b>Total long-term investments:</b>	<b>4 538 122</b>	<b>4 700 625</b>	
<b>TOTAL ASSETS</b>	<b>6 039 694</b>	<b>5 497 179</b>	

*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	Member of the Board
_____	Marika Baumgarte 28.02.08	Member of the Board



LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED BALANCE SHEET

AS OF 31 DECEMBER 2007 AND 31 DECEMBER 2006

	December 31, 2007 LVL	December 31, 2006 LVL	Note
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
<b>Liabilities:</b>			
Other loans	-	-	10
Received advance payments	372 502	87 273	11
Due to customers and suppliers	49 823	89 248	12
Taxes and social security payments	143 117	83 853	13
Other payables	160 498	105 157	14
Deferred tax liability	461 127	484 807	23
Current year dividends			
Accrued previous year dividends			
<b>Total liabilities</b>	<b>1 187 067</b>	<b>850 338</b>	
<b>Provisions for liabilities and charges:</b>			
Accruals for taxes			
Provisions for vacations	127 050	145 329	
<b>Total provisions</b>	<b>127 050</b>	<b>145 329</b>	
<b>Total liabilities</b>	<b>1 314 117</b>	<b>995 667</b>	
<b>Equity capital:</b>			
Share equity	800 000	800 000	9
Reserves:			
c) reserves provided by the Articles of Association	31 993	31 993	
d) fixed asset's revaluation reserve	2 887 655	3 105 267	
Retained earnings:			
a) brought forward from previous years	748 483	340 233	
b) current year profit or loss	256 052	222 494	
<b>Total shareholders' equity</b>	<b>4 724 183</b>	<b>4 499 987</b>	
<b>Minority interest</b>	<b>1 394</b>	<b>1 525</b>	
<b>Total equity capital</b>	<b>4 725 577</b>	<b>4 501 512</b>	
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>6 039 694</b>	<b>5 497 179</b>	

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	Member of the Board
_____	Marika Baumgarte 28.02.08	Member of the Board

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (LVL)  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

	Share capital	Reserves provided by the Articles of Association	Investment evaluation reserve	Previous years retained earnings	Current year profit	Minority interest	Total
<b>At 31 December 2005</b>	<b>800 000</b>	<b>37 760</b>	-	<b>192 302</b>	<b>177 578</b>	<b>24 144</b>	<b>1 231 784</b>
Transfers to reserves	-	-	-	177 578	(177 578)	-	-
Dividends paid	-	-	-	(32 000)	-	-	(32 000)
Profit for the year	-	-	-	-	222 494	-	222 494
Consolidated accumulated loss	-	(5 767)	3 105 267	-	-	-	3 099 500
Minority interest changes	-	-	-	2 353	-	(22 619)	(20 266)
<b>At 31 December 2006</b>	<b>800 000</b>	<b>31 993</b>	<b>3 105 267</b>	<b>340 233</b>	<b>222 494</b>	<b>1 525</b>	<b>4 501 512</b>
Previous years retained earnings	-	-	-	222 494	(222 494)	-	-
Dividends paid	-	-	-	(32 000)	-	-	(32 000)
Profit for the year	-	-	-	-	256 052	-	256 052
Transfers to reserves	-	-	(217 612)	217 612	-	-	-
Minority interest changes	-	-	-	144	-	(131)	13
<b>At 31 December 2007</b>	<b>800 000</b>	<b>31 993</b>	<b>2 887 655</b>	<b>748 483</b>	<b>256 052</b>	<b>1 394</b>	<b>4 725 577</b>

*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	Member of the Board
_____	Marika Baumgarte 28.02.08	Member of the Board

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

	2007	2006	Note
	LVL	LVL	
<b>Cash flows used in operating activities</b>			
<b>Net income before tax</b>	<b>310 703</b>	<b>200 291</b>	
Adjustments:			
a) depreciation of tangibles	402 008	166 950	<b>2</b>
b) provisions for vacations	17 089	37 602	
c) loss (gain) on sale of tangibles	5 905	19 431	
d) interest expenses	-	2 663	
e) gain (loss) from investments in associates	-	(25 159)	<b>20</b>
f) gain from the change of fair value of investment pproperty	4 705	(10 363)	
<b>2. Gain (loss) before changes in current assets and liabilities</b>	<b>740 410</b>	<b>391 415</b>	
Changes in operating assets and liabilities:			
a) receivables.	(79 020)	72 245	
b) inventory.	(3 867)	(5 719)	
c) current liabilities.	299 643	(222 617)	
<b>3. Gross operating cash flow</b>	<b>957 166</b>	<b>235 324</b>	
4. Paid interest.	-	(2 663)	
5. Paid corporate income tax.	(18 922)	(44 272)	
<b>7. Net cash used in operating activities</b>	<b>938 244</b>	<b>188 389</b>	
<b>II. Cash flow used in investment activities</b>			
1. Purchase of shares of associates	-	(25 312)	
2. Purchase of fixed assets	(284 113)	(219 526)	<b>2</b>
3. Selling of fixed assets	-	847	
<b>4. Net cash from investment activities</b>	<b>(284 113)</b>	<b>(243 991)</b>	
<b>III. Cash flows used in financing activities</b>			
1. Settlement of loans	-	(53 223)	
2. Paid dividends	(32 000)	(32 000)	
<b>3. Net cash from financing activities</b>	<b>(32 000)</b>	<b>(85 223)</b>	
<b>IV. Net increase (decrease) in cash</b>	<b>622 131</b>	<b>(140 825)</b>	
<b>V. Cash at the beginning of the year</b>	<b>609 528</b>	<b>750 353</b>	
<b>VI. Cash at the end of the year</b>	<b>1 231 659</b>	<b>609 528</b>	

*The accompanying notes are an integral part of these financial statements*

The financial statements were approved by:

	Marta Aizsiliece	Chairperson of the Boar
	Andris Vigants	Member of the Board
	Marika Baumgarte 28.02.08	Member of the Board

## LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

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#### 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 reflected 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 companies are eliminated on consolidation.

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

##### Foreign currency

Transactions denominated in foreign currencies are converted into Lats at the official exchange rate of the Bank of Latvia at the date of transaction. Monetary assets and liabilities are converted at the Bank of Latvia rate at the balance sheet date.

The applicable rate used for the principal currencies were the follows:

	December 31, 2007	December 31, 2006
EUR	0.702804	0.702804
USD	0,484	0,536

Gains or losses on converted 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 incurred.

Exchange differences rising 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 affecting the net profit reconciling with the changes in cash during the year.

##### Trade receivables

Trade receivables are stated at their net realizable value. Trade receivables represent the gross balance due from customers less provision, if any, for doubtful accounts receivable. Provision for doubtful accounts receivable at the balance sheet date represents the estimated amounts of probable losses that might have been incurred at the balance sheet date based on individual evaluation of each debtor.

##### Inventory

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

## LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

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#### 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 on fixed assets are 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

Investments in associates are initially recognized at the cost and then accounted under the equity method.

#### Revenue recognition

Sales of goods are recognized when goods are delivered and title has passed.

#### Dividends

Dividends are recognized as liabilities in the Group financial statements after the Group shareholders made a decision to pay.

#### Property revaluation surplus

If a property's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of revaluation surplus. The amount of the surplus is decreased by 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 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 is be charged or credited directly to equity in the same or a different period, directly to equity according to IAS 12.61.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

## 2 TOTAL FIXED ASSETS: AND OTHER INTANGIBLE (FIXED) ASSETS

As of 31 December 2007 and 31 December 2006  
fixed assets are composed as follows: (LVL)

LVL	Intangible assets	Land & buildings	Investment assets	Machinery and equipment	Other fixed assets	Long-term investments in rented fixed assets	Advance payments for fixed assets	Unfinished building objects	Total
<b>Historical cost</b>									
<b>At 31 December 2005</b>	<b>10 024</b>	<b>834 131</b>	-	<b>1 656 501</b>	<b>312 041</b>	<b>55 138</b>	-	<b>175 842</b>	<b>3 043 677</b>
Additions	2 863	26 123	-	137 790	24 228	4 887	6 135	17 500	219 526
Transfers		3 594 894	132 590						3 727 484
Disposals	(212)	(258 520)		(58 892)	(18 017)	(24 353)	-	(17 500)	(377 494)
<b>At 31 December 2006</b>	<b>12 675</b>	<b>4 196 628</b>	<b>132 590</b>	<b>1 735 399</b>	<b>318 252</b>	<b>35 672</b>	<b>6 135</b>	<b>175 842</b>	<b>6 613 193</b>
Additions	966	-		205 409	50 867		26 871		284 113
Transfers		-					(33 006)		(33 006)
Revaluation			-						-
Disposals or change of classification				(58 410)	(20 305)				(78 715)
<b>At 31 December 2007</b>	<b>13 641</b>	<b>4 196 628</b>	<b>132 590</b>	<b>1 882 398</b>	<b>348 814</b>	<b>35 672</b>	-	<b>175 842</b>	<b>6 785 585</b>
<b>Accumulated depreciation</b>									
<b>At 31 December 2005</b>	5 881	443 208	-	1 387 466	252 235	17 588	-	-	2 106 378
Charge for the year	3 123	23 204		99 846	24 598	16 179			166 950
Disposals	(155)	(136 293)		(56 731)	(17 457)	(24 353)			(234 989)
<b>At 31 December 2006</b>	<b>8 849</b>	<b>330 119</b>	-	<b>1 430 581</b>	<b>259 376</b>	<b>9 414</b>	-	-	<b>2 038 339</b>
Charge for the year	2 422	21 275		120 381	28 427	11 891			184 396
Charge for the year for revaluated fixed assets		217 612							217 612
Disposals or change of classification				(53 102)	(15 843)				(68 945)
<b>At 31 December 2007</b>	<b>11 271</b>	<b>569 006</b>	-	<b>1 497 860</b>	<b>271 960</b>	<b>21 305</b>	-	-	<b>2 371 402</b>
<b>Net book value</b>									
<b>At 31 December 2005</b>	<b>4 143</b>	<b>390 923</b>	-	<b>269 035</b>	<b>59 806</b>	<b>37 550</b>	-	<b>175 842</b>	<b>937 299</b>
<b>At 31 December 2006</b>	<b>3 826</b>	<b>3 866 509</b>	<b>132 590</b>	<b>304 818</b>	<b>58 876</b>	<b>26 258</b>	<b>6 135</b>	<b>175 842</b>	<b>4 574 854</b>
<b>At 31 December 2007</b>	<b>2 370</b>	<b>3 627 622</b>	<b>132 590</b>	<b>384 538</b>	<b>76 854</b>	<b>14 367</b>	-	<b>175 842</b>	<b>4 414 183</b>

## 3 PARTICIPATING INTERESTS IN ASSOCIATED ENTERPRISES

	Capital share (%)	Amount of investment 2007 LVL	Capital share (%)	Amount of investment 2006 LVL
<b>Participating interests in associated enterprises</b>				
Participation in "Neirozu klinika" Ltd.	45	123 939	45	123 939
<b>Total participating interests in associated enterprises</b>		<b>123 939</b>		<b>123 939</b>

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

## 4 RAW MATERIALS

	2007 LVL	2006 LVL
Pharmaceutical	54 009	50 655
Stock in warehouse	3 355	2 967
Inventory	2 212	2 576
Products	1 411	1 712
Furniture	693	782
Other materials	1 987	1 083
Advance payments to supplier of goods	329	354
<b>Total</b>	<b>63 996</b>	<b>60 129</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**5 DUE FROM CUSTOMERS**

	2007	2006
	LVL	LVL
Riga slimokase AAS	35 261	30 225
LF Holdings	13 848	13 682
Balta AAS	6 585	12 443
Hospital patients treatment	15 263	12 278
BTA AAS	15 334	9 652
VOVAA Rigas department	53 908	3 777
Ergo Latvija slimokase	18 285	3 109
SEESAM Life Latvija	2 994	3 007
NBS militaras medicinas centrs	4 696	871
Balva AAS	1 227	657
BALTIKUMS DZIVIBA AAS	175	255
Med.prof.izglitiba centrs		
Other customers	12 558	13 538
<b>Total</b>	<b>180 134</b>	<b>103 494</b>

**6 OTHER RECEIVABLES**

	2007	2006
	LVL	LVL
Taxes overpayment (note No.13)	1 625	13 969
VAT for unpaid invoices	492	818
VAT advance payment	-	
Other debtors	9 790	1 131
<b>Total</b>	<b>11 907</b>	<b>15 918</b>

**7 DIFFERED EXPENSES**

	2007	2006
	LVL	LVL
Riga Stock Exchange, shares quotation		5 000
Assurance expense	2 306	841
Other expense	11 570	1 644
<b>Total</b>	<b>13 876</b>	<b>7 485</b>

**8 CASH**

	2007	2006
	LVL	LVL
Cash in banks	1 204 331	577 973
Deposit	24 200	26 800
Cash on hands	3 128	4 755
<b>Total</b>	<b>1 231 659</b>	<b>609 528</b>

**9 SHARE CAPITAL**

	2007	2007	2006	2006
	Number of shares	Share %	Number of shares	Share %
Shareholders:				
Janis Birks	311 583	38,9	309 509	38,7
Ilze Aizsilniece	80 766	10,1	80 766	10,1
Agris Shvarcbergs	82 917	10,4	80 917	10,1
State social insurance agency	40 000	5,0	40 000	5,0
Other shareholders (shares less than 5%)	284 734	35,6	288 808	36,1
<b>Total</b>	<b>800 000</b>	<b>100,0</b>	<b>800 000</b>	<b>100,0</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
VOVAA diagnostics equipment - short-term part	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

**11 DUE TO RECEIVED ADVANCE PAYMENTS**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
VOAVA advance payment for 2008	372 453	84 268
Other advances	49	3 005
<b>Total</b>	<u>372 502</u>	<u>87 273</u>

**12 DUE TO SUPPLIERS AND CONTRACTORS**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Invitros SIA	-	-
Tamro SIA	-	-
Tradintek SIA	-	29 646
Amerilat MD	-	12 779
Siemens SIA	-	11 918
AB Medical Group Riga	-	7 342
NMS SIA	-	7 144
Latvenergo Rīgas elektrotikls	3 763	3 283
Sistēmu Audits SIA	4 130	2 950
Latvijas Gaze	6 236	2 931
Valsts Patoloģijas centrs SIA	-	2 565
Lattelekom	806	1 123
NMS Diagnostika	-	919
Nacion.medic.serviss-laboratory	422	866
Rīgas Ūdens	1 275	811
S.A.V. SIA	-	719
Hospital Gaiļezers BO	-	719
Rīgas Stradiņu Universitāte	1 487	608
Other suppliers	31 704	2 925
<b>Total</b>	<u>49 823</u>	<u>89 248</u>

**13 TAXES**

	<b>As of 31-12-2006</b>	<b>Calculated</b>	<b>Paid</b>	<b>As of 30-06-2007</b>
Value added tax	1 725	29 702	(30 588)	839
Social insurance	48 641	736 753	(726 214)	59 491
Personal income tax	33 304	471 438	(465 886)	38 856
Corporate income tax	(15 803)	78 462	(18 922)	43 737
Corporate income tax	-	-	(2 588)	-
Unemployment duty	111	1 529	(1 516)	124
Natural resources tax	72	115	(117)	70
Real estate tax	(754)	1 181	(427)	-
<b>Total, incl.</b>	<u>67 296</u>	<u>1 319 180</u>	<u>(1 246 258)</u>	<u>143 117</u>
due to the budget	83 853			143 117
overpayment	(16 557)			-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 14 DUE TO OTHER COMPANIES

	2007	2006
	LVL	LVL
Salaries	123 007	98 455
Accured liabilities	35 740	2 950
Board remuneration	-	2 069
Trade union	957	889
Deposited salary	794	794
Council remuneration	-	-
<b>Total</b>	<b><u>160 498</u></b>	<b><u>105 157</u></b>

## 15 NET SALES

	2007	2006
	LVL	LVL
Medical hospital services	2 737 842	2 032 983
Medical ambulant services	1 713 120	1 212 688
Services - minimum fixed part	204 798	152 102
Insurance payments	261 921	236 822
VS ZDC ambulant services	147 095	185 169
Stomatology services	36 872	32 645
Residents training	91 094	52 115
Family doctors	30 085	18 868
Other income	56 598	59 283
<b>Total</b>	<b><u>5 279 425</u></b>	<b><u>3 982 675</u></b>

## 16 COST OF GOODS SOLD

	2007	2006
	LVL	LVL
fixed assets	217 612	-
Boiling maintenance expenses	5 191	-
Salaries and wages	2 011 722	1 556 468
Medical goods	675 621	588 213
Social tax	471 839	364 707
Other operating expenses	433 719	274 218
Public utilities	110 475	196 373
Fixed assets depreciation	170 070	147 601
Repair expenses	234 738	100 159
Feeding expenses	60 122	56 956
Household goods	55 243	56 227
Medical researches	76 329	54 922
Current assets write-off	73 455	50 940
Accruals for vacations	(17 089)	37 602
Office expenses	29 033	31 119
Employees trainings	27 643	26 244
Gifts to employees	26 267	21 048
Rent fixed assets depreciation	11 891	16 178
Transport expense	9 575	5 346
Advertising	2 585	3 534
Tangible assets amortization	2 422	3 123
Allowances to employees	3 060	1 870
Insurance expenses	2 104	1 629
Unemployment duty	1 511	1 497
Received discounts	(21 578)	(16 394)
Other expenses	6 798	5 872
<b>Total</b>	<b><u>4 680 358</u></b>	<b><u>3 585 452</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

**17 ADMINISTRATIVE EXPENSES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Salaries and wages	216 130	178 215
Social tax	47 130	34 719
Board chairperson remuneration	28 436	19 359
Office expenses	7 669	5 133
Board remuneration	27 581	11 675
Other administrative expenses	4 213	4 325
Presentation expenses	4 178	9 871
Chairperson of the Board social tax	5 403	3 858
Board members social tax	6 644	4 026
Council chairperson remuneration	8 899	7 100
Audit expenses	5 700	5 880
Council members remuneration	9 512	4 150
Bank expenses	1 114	931
Chairperson of the Council social tax	2 144	1 710
Council members social tax	2 198	1 000
Legal services	100	290
<b>Total</b>	<b><u>377 051</u></b>	<b><u>292 242</u></b>

**18 OTHER OPERATING INCOME**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Currency exchange gain	1 349	-
Rent income	45 025	30 718
Feeding income	10 755	10 847
Press goods	6 740	5 827
Solarium income	2 496	2 869
Laundry income	1 927	1 716
Gain on sale of fixed assets	280	847
Other income	3 977	4 907
<b>Total</b>	<b><u>72 549</u></b>	<b><u>57 731</u></b>

**19 OTHER OPERATING EXPENSES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Currency exchange loss	2 833	2 935
Fixed assets disposals	5 905	2 736
Penalties	1 224	686
Other expenses	394	171
<b>Total</b>	<b><u>10 356</u></b>	<b><u>6 528</u></b>

**20 INCOME FROM INVESTMENT IN ASSOCIATES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Psihiskas Veselibas centrs "Dzintari"	-	25 159
<b>Total</b>	<b><u>-</u></b>	<b><u>25 159</u></b>

**21 INTEREST INCOME AND SIMILAR INCOME**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Interest income	26 494	11 248
<b>Total</b>	<b><u>26 494</u></b>	<b><u>11 248</u></b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

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## 22 INTEREST EXPENSE AND SIMILAR EXPENSE

	2007	2006
	LVL	LVL
Loan interest expenses (VOAVAA)	-	2 663
Leasing interest payments	-	-
<b>Total</b>	<u>-</u>	<u>2 663</u>

## 23 CORPORATE INCOME TAX

	2007	2006
	LVL	LVL
Calculated Corporate income tax	78 462	29 067
Deferred Corporate income tax	(23 680)	(7 601)
Corrections for the year 2004	-	(41 365)
Corrections for the year 2005	-	(2 554)
<b>Total</b>	<u>54 782</u>	<u>(22 453)</u>

Calculated liabilities of deferred tax at the end of year 2006 aroused from the following differences

	2007	2006
	LVL	LVL
Liabilities of deferred tax:		
value of fixed assets in balance sheet and the same value used for calculation of corporate income tax	-	17 176
From changes of book value as a result of revaluation of fixed assets	484 253	489 627
Assets of deferred tax:		
Accumulated liabilities	<u>(23 126)</u>	<u>(21 996)</u>
<b>Deferred tax liability</b>	<b>461 127</b>	<b>484 807</b>

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