



LATVIJAS JURAS MEDICINAS CENTRS JSC

CONSOLIDATED REPORT FOR THE YEAR 2009

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

(Translation of the Latvian original)

**AUDITED ORIGINAL OF CONSOLIDATED ANNUAL REPORT IN LVL EXPRESSED IN EUR.
EXCHANGE RATE 0,702804 EUR/LVL.**

LATVIJAS JURAS MEDICINAS CENTRS JSC
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LATVIJAS JURAS MEDICINAS CENTRS JSC
INFORMATION ABOUT PARENT COMPANY

COMPANY NAME: Latvijas juras medicinas centrs JSC

LEGAL STATUS: Joint stock company

REGISTRATION: Registered in Latvian Register of Enterprises at 27.08.2004.
Registration Number: 40003306807

LEGAL ADDRESS: 23, Patversmes str. 23, Riga, LV - 1005, Latvia

SHARES 800 000 shares with face value 1,00 LVL, int. al.:
798 800 public registered shares. ISIN code:LV0000100741

1 200 registered shares listed in the register of the Board

MAJOR SHAREHOLDERS: Ilze Birka 17.5%
Martins Birks 17.5%
Ilze Aizsilniece 11.4%
Guna Shvarcberga 10.4%
Janis Birks 7.6%

REPORTING PERIOD: 1 January 2009 - 31 December 2009

AUDITORS NAME AND ADDRESS: System audit Ltd.
Licence No.53
Matisa str. 19-6
Riga, LV-1001
Latvia

Council of the Group

**Number of shares owned at
31/12/2009**

From April 23, 2008 till the consolidated financial statements signing day

<u>Name</u>	<u>Position</u>	
Martins Birks	Chairman of the Council	140,000
Antons Vjaters	Member of the Council	
Vladislavs Skrebelis	Member of the Council	
Austris Adumans	Vice-Chairman of the Council	till 15.12.2009
Viesturs Shilinsh	Member of the Council	3,038

Board of the Group

From April 28, 2005 till the August 18, 2009

Marta Aizsilniece	Chairperson of the Board	
Marika Baumgarte	Member of the Board	12,071
Andris Vigants	Member of the Board	

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

Janis Birks	Chairman of the Board	60,883
Marta Aizsilniece	Member of the Board	1,344
Andris Vigants	Member of the Board	700

LATVIJAS JURAS MEDICINAS CENTRS JSC MANAGEMENT REPORT

In accordance with the paragraph 1 of Section 4 of the law "On Consolidated Annual Accounts" the joint stock company is under an obligation to prepare the consolidated annual report.

The consolidated financial report contains information concerning the current financial situation and future development of parent company JSC "Latvijas Juras medicinas centrs" (hereinafter referred to as LJMC) and its subsidiary company "Juras medicina" Ltd. (hereinafter referred to as JM). Corporate Governance Report for the year 2009 is published as a separate document.

This audited consolidated financial report is prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and is based on business continuation principle. The financial statements were drawn up in Latvian lats (LVL) and euros (EUR). The applied currency exchange rate is EUR/LVL 0.702804.

The current financial condition of the Group of companies and its development

The share of the parent company constitutes the dominant part of the group's assets, turnover and profits.

The profit before taxes of the parent company was 1 493 EUR.

The loss before taxes of subsidiary company was -19 468 EUR.

The Group financial indexes

	2009	2008	2007
Assets at the end of year (mil. LVL)	3.51	6.05	6.04
Profit after taxes (LVL)	-58,601	580	226,847
EBITDA (LVL)	450,310	499,744	716,444
Profit after taxes on shareholders' equity (ROE) (%)	-1.9%	0.0%	4.8%
Profit after taxes on share (LVL)	-0.07	0.00	0.28
LJMC share market price at the end of the year (LVL)	1.60	2.38	2.80
LJMC dividends on share (LVL)	0.00	0.00	0.05

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

Due to the financial crisis, state government orders for a number of medical services during January - February 2009 were decreased from 4% to 20% compared to 2008 average monthly orders (income) and for some services up to 27%. To compensate the drop of government orders during January-March 2009, the volume of paid medical services from patients was increased twice compared to the corresponding period of 2008. Accordingly, the staff salaries and wages calculation and conditions were revised. The percentage of wages related to the quantity and the quality of the services were increased.

Rules published on 13.02.2009 by the Cabinet of Ministers have changed the conditions for financing of medical services; government orders were partly replaced by patient's payments.

HCISA decreased the quota on hospital services for the second quarter of 2009. The decrease of financing was partially covered by the increase of patients payments, resulting 53% of average monthly income compared to 2008 average monthly income.

State government orders for the hospital services of LJMC was decreased in July and subsequently terminated in September. For the state-paid outpatient examination fees 20% were reduced in July. LJMC Board worked out the optimization plan based on the future financing and transition to the paid medical service and the implementation is in progress.

LATVIJAS JURAS MEDICINAS CENTRS JSC

MANAGEMENT REPORT

In order to maintain high quality services, improvements in the control system and risk management are in process. X-ray equipment of the surgery clinic located at Patversmes street 23 was upgraded. A new elevator to facilitate therapy and purulent surgery departments was installed to render substantially improved services for patients, particularly for aged and motion disorder patients. The transition to digital x-ray and mammography was done. Nevertheless the sharp drop in turnover and additional restructuring expenses of the hospital resulted in losses in the second half of the year and as result in the year.

At the end of year 2006 the land and buildings were evaluated in accordance with market prices of real estate. This was done by licensed appraisers. As a result the book value of land and buildings increased by LVL 3,264,179. Accordingly the fixed asset's revaluation reserve was increased and deferred tax liabilities were calculated.

The annual depreciation of the increased part of building's book value in the years 2007., 2008. and 2009. was LVL 217,612. This depreciation was disclosed in the Consolidated statement of income and together increased the retained earnings in the Consolidated statement of changes in equity.

The result of revaluation didn't have an effect on taxable profit.

At 31.12.09 buildings are evaluated as their cadastral value at 31.12.2009 (admit it to be market value). As a result the book value of buildings decreased by LVL 1,887,942.

The share price at the 31.12.08 was LVL 2,38; at 31.03.2009 - 2,38; 30.06.09 - LVL 1,47; 30.09.09. - LVL 1,65; 31.12.09 - LVL 1,60.

Important Events after the Balance Sheet Date

Endoscopy is relocated to new premises. New services are developed in endoscopy. In addition to capsule endoscopy is acquired enteroskop for small intestine examination. The patient care at home is rapidly evolving.

On the 12th March 2010th was organized scientific-practical conference "Family doctors, specialists and nurses cooperation in a healthy society", which was attended by more than 600 medical staff and viewed on the internet by more than 1,000 stakeholders.

The share price at the 09.04.2010 was LVL 2,00

Future Development of the Group

Planned to develop outpatient care at 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.

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. During the year, the creditors have decreased by four times. Constantly, the Group'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, 12 April, 2010.

LATVIJAS JURAS MEDICINAS CENTRS JSC
DECLARATION OF MANAGEMENT RESPONSIBILITY

Consolidated financial statements are prepared to the best on our knowledge in accordance with International Financial Reporting Standards adopted by the European Union. These financial statements give a true and fair view of the financial position of the Group and of its financial performance for the period ended 31 December 2009 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.

Chairman of the Board

Janis Birks

Member of the Board

Marta Aizsilniece

Member of the Board

Andris Vigants

Riga, 12 April, 2010.

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2009 AND 31 DECEMBER 2008

	December 31, 2009	December 31, 2008	Note
ASSETS	EUR	EUR	
Current assets:			
Stocks			
Raw materials	74,325	124,454	4
Total stocks	74,325	124,454	
Debtors:			
Trade debtors	199,740	329,829	5
Other debtors	42,897	106,624	6
Accruals	5,987	9,268	7
Total debtors	248,624	445,721	
Cash funds	1,344,257	1,476,210	8
Total current assets	1,667,206	2,046,385	
Intangible assets:			
Other intangible (fixed) assets	11,307	18,065	2
Total intangible assets	11,307	18,065	
Fixed assets:			
Land and buildings	2,101,882	5,036,135	
Technological equipment and machines	689,853	920,618	
Other fixed assets and inventory	94,978	129,747	
Long term investments in rented fixed assets	-	-	
Unfinished building objects	250,201	250,201	
Advance payments for fixed assets	-	18,852	
Total fixed assets:	3,136,914	6,355,553	2
Long-term financial assets:			
Participating interests in associated enterprises	180,589	189,764	3
Total financial assets:	180,589	189,764	
Total long-term investments:	3,328,810	6,563,382	
TOTAL ASSETS	4,996,016	8,609,767	

The notes on pages 13 - 22 form an integral part of these financial statements.

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2009 AND 31 DECEMBER 2008

	December 31, 2009	December 31, 2008	Note
LIABILITIES	EUR	EUR	
Liabilities:			
Liabilities:			
Received advance payments	30	261,222	10
Due to customers and suppliers	38,141	430,518	11
Taxes and social security payments	98,936	161,835	12
Other payables	131,368	213,311	13
Recognized deferred tax liabilities	191,398	637,393	22
Total liabilities	459,873	1,704,279	
Provisions for liabilities and charges:			
Provisions for vacations	137,449	186,501	
Total provisions	137,449	186,501	
Equity capital:			
Share equity	1,138,297	1,138,297	9
Reserves:			
c) reserves provided by the Articles of Association	45,522	45,522	
d) fixed asset's revaluation reserve	1,345,475	3,892,019	
Retained earnings:			
a) brought forward from previous years	1,950,626	1,640,283	
b) current year profit or loss	(83,248)	709	
Total shareholders' equity	4,396,672	6,716,830	
Non-controlling interest	2,022	2,157	
Total equity capital	4,398,694	6,718,987	
TOTAL EQUITY, PROVISIONS AND LIABILITIES	4,996,016	8,609,767	
	-	-	
Current Ratio	3.63	1.20	
Debt Ratio	0.12	0.22	

The notes on pages 13 - 22 form an integral part of these financial statements.

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

	2009	2008	Note
	EUR	EUR	
Net sales	6,491,999	8,386,606	14
Cost of goods sold	(6,123,400)	(7,771,063)	15
Gross profit or loss	368,599	615,543	
Administrative expenses	(557,945)	(710,249)	16
Other operating income	131,401	135,486	17
Other operating expenses	(5,721)	(19,884)	18
Income from investment in associates	(10,054)	11,113	19
Interest income and similar income	45,296	49,120	20
Profit (loss) before taxes	(28,424)	81,129	
Corporate income tax	(54,958)	(80,304)	21
NET PROFIT OR LOSS	(83,382)	825	
Other comprehensive income			
Gain (loss) on revaluation of properties excluding deferred tax	(2,283,355)	-	22
Other comprehensive income for the year, net of tax	(2,283,355)	-	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(2,366,737)	825	
Profit attributable to			
Owners of LJMC	(83,248)	709	
Non-controlling interest	(135)	117	
	(83,383)	825	
Total comprehensive income attributable to			
Owners of LJMC	(2,267,434)	-	
Non-controlling interest	(15,921)	-	
	(2,283,355)	-	
Number of shares	800,000	800,000	
Earnings per Share (EPS) (EUR)	-0.10	0.00	

The notes on pages 13 - 22 form an integral part of these financial statements.

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR)
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

	Share capital	Reserves provided by the Articles of Association	Properties revaluation reserve	Previous years retained earnings	Current year profit	Non-controlling interest	Total
At 31 December 2007	1,138,297	45,522	4,155,208	1,064,790	322,774	2,040	6,728,631
Previous years retained earnings	-	-	-	322,774	(322,774)	-	-
Dividends paid	-	-	-	(56,915)	-	-	(56,915)
Total comprehensive income for the year	-	-	-	-	709	117	826
Depriciation of revaluation surplus	-	-	(309,634)	309,634	-	-	-
Deffered tax on revaluation surplus	-	-	46,445	-	-	-	46,445
At 31 December 2008	1,138,297	45,522	3,892,019	1,640,283	709	2,157	6,718,987
Previous years retained earnings	-	-	-	709	(709)	-	-
Depriciation of revaluation surplus	-	-	(309,634)	309,634	-	-	-
Deffered tax on revaluation surplus	-	-	46,445	-	-	-	46,445
Total comprehensive income for the year	-	-	(2,283,355)	-	(83,248)	(135)	(2,366,738)
At 31 December 2009	1,138,297	45,522	1,345,475	1,950,626	(83,248)	2,022	4,398,694

The notes on pages 13 - 22 form an integral part of these financial statements.

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

	2009	2008	Note
	EUR	EUR	
Cash flows used in operating activities			
Net income before tax	(28,424)	81,129	
Adjustments:			
a) depreciation of tangibles	661,905	626,824	2
b) depreciation of goodwill	7,252	3,119	2
c) provisions	(49,052)	5,519	
d) loss (gain) on sale of tangibles	1,511	2,773	
e) interest income	(45,296)	(49,120)	20
f) gain (loss) from investments in associates	10,054	(11,113)	19
2. Gain (loss) before changes in current assets and liabilities	557,950	659,131	
Changes in operating assets and liabilities:			
a) receivables.	147,841	(75,989)	
b) inventory.	50,129	(33,396)	
c) current liabilities.	(758,158)	99,227	
3. Gross operating cash flow	(2,238)	648,973	
4. Paid corporate income tax.	(42,562)	(191,886)	12
5. Net cash used in operating activities	(44,800)	457,087	
II. Cash flow used in investment activities			
1. Purchase of shares of associates.	(879)	(57)	
2. Purchase of fixed assets.	(131,617)	(725,518)	2
3. Selling of fixed assets.	47	-	
4. Received interest.	45,296	49,120	20
5. Net cash from investment activities	(87,153)	(676,455)	
III. Cash flows used in financing activities			
1. Paid dividends.	-	(56,915)	
2. Net cash from financing activities	-	(56,915)	
IV. Net increase (decrease) in cash	(131,953)	(276,283)	
V. Cash at the beginning of the period	1,476,210	1,752,493	
VI. Cash at the end of the period	1,344,257	1,476,210	

The notes on pages 13 - 22 form an integral part of these financial statements.

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

GENERAL INFORMATION

“Latvijas Juras Medicinas Centrs” is a joint-stock company (the Company) incorporated in the Republic of Latvia on 27 August 1996. The consolidated financial statements incorporate the financial statements of the Company and its subsidiary - "Juras medicina" Ltd. (the Group).

The Group's main activity is health care services.

1. ACCOUNTING PRINCIPLES

Basis of consolidation

The consolidated financial statements have been prepared in accordance with the International financial reporting standards adopted by the European Union. Enclosed financial statements are prepared in the national currency of Latvia, the lats (LVL).

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

The interest of minority shareholders is stated at the minority proportion of the net assets.

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

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, 2009	December 31, 2008
EUR	0.702804	0.702804
USD	0.489	0.495

Gains or losses on conversion 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 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 with credit institutions. The statement on cash flow is prepared using indirect method, making adjustments affecting the net profit reconciling with the changes in cash during the year.

Trade receivables

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

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

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.

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 31.12.2009 based on the cadastral value as fair value. Accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Depreciation is calculated based on the revalued amount. The depreciation charge for each period is recognised in the statement of income.

The increase (decrease) in the value of buildings and constructions is reflected in the Statement of comprehensive income under "Gains (losses) from revaluation of properties". Revaluation decreases are charged first against the revaluation surplus in equity related to the specific asset, and any excess against profit or loss.

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

Buildings:	20 years
Revaluated part of the buildings	15 years
Machinery and equipment:	3 years
Other fixed assets:	5 years

For tax purposes, depreciation on tangible fixed assets is calculated under the double declining balance method over the period established in accordance with prevailing tax legislation.

Investments in associates

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

Revenue recognition

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

Dividends

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

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

Property revaluation surplus

The revaluation surplus is included in other comprehensive income and accrued amount is reflected in equity under the heading "Investment revaluation reserve". According to IASs 16, p.41, the revaluation surplus included in equity is transferred directly to retained earnings. The surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

Taxation

Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in opinion of management, it is more likely than not that some proportion or all deferred tax assets will not be realized.

Deferred tax on revaluation surplus is reflected in the Statement of other comprehensive income.

Risk Management

The Management Board is responsible for setting up risk management guidelines and risk monitoring.

The Group has identified the major risk factors and developed policies and mechanisms to control these factors. The major risks are defined as:

Market risk: a country's economic deterioration, changes in the public and the insurer health care and its financing policy, competition, changes in utility tariffs, etc. can significantly affect the demand for Groups services and its profitability.

Operational risk: The possibility of suffering losses caused by inadequate or failed internal pace of the medical treatment process, actions of staff or systems, or external events impact. Patient dissatisfaction with the quality of medical services, treatment process organization or staff attitudes in the long term can lead to a fall in income and even financial claims.

Credit Risk: The inability of insurance companies and patients to pay for the services in time and in full amount.

Liquidity risk: unable to meet the legally enforceable requirements without major damage and inability to cope with unplanned changes in Groups resources and / or market conditions related to the fact that it does not have sufficient liquid assets.

Risk control mechanisms include: appropriate risk policies, investment planning, cash flow planning, budgeting and control, liquidity control, the medical treatment process organization and control, sanitary compliance control, staff skill development, implementation of advanced technologies, employee involvement in risk assessment and control.

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

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

As of 31 December 2009 and 31 December 2008
fixed assets are composed as follows: (EUR)

EUR	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
Historical cost									
At 31 December 2007									
	19,409	5,971,263	188,659	2,678,411	496,318	50,757	-	250,201	9,655,018
Additions	17,932	20,298	-	598,150	70,286	-	18,852	-	725,518
Transfers	-	200,643	(188,659)	-	-	(11,984)	-	-	-
Disposals or change of classification	(443)	(717)	-	(492,180)	(11,771)	(38,773)	-	-	(543,884)
At 31 December 2008									
	36,898	6,191,487	-	2,784,381	554,833	-	18,852	250,201	9,836,652
Additions	976	49,532	-	22,905	16,749	-	41,455	-	131,617
Transfers	-	60,307	-	-	-	-	(60,307)	-	-
Revaluation	-	(2,686,299)	-	-	-	-	-	-	(2,686,299)
Disposals or change of classification	(777)	-	-	(38,193)	(83,118)	-	-	-	(122,088)
At 31 December 2009									
	37,097	3,615,027	-	2,769,093	488,464	-	-	250,201	7,159,882
Accumulated depreciation									
At 31 December 2007									
	16,037	809,623	-	2,131,263	386,964	30,314	-	-	3,374,201
Charge for the year	3,119	36,405	-	222,948	49,378	8,459	-	-	320,309
Charge for the period for revaluated fixed assets	-	309,634	-	-	-	-	-	-	309,634
Disposals	(323)	(310)	-	(490,448)	(11,256)	(38,773)	-	-	(541,110)
At 31 December 2008									
	18,833	1,155,352	-	1,863,763	425,086	-	-	-	3,463,034
Charge for the period	7,252	48,159	-	253,594	50,518	-	-	-	359,523
Charge for the period for revaluated fixed assets	-	309,634	-	-	-	-	-	-	309,634
Disposals or change of classification	(295)	-	-	(38,117)	(82,118)	-	-	-	(120,530)
At 31 December 2009									
	25,790	1,513,145	-	2,079,240	393,486	-	-	-	4,011,661
Net book value									
At 31 December 2007									
	3,372	5,161,640	188,659	547,148	109,354	20,443	-	250,201	6,280,817
At 31 December 2008									
	18,065	5,036,135	-	920,618	129,747	-	18,852	250,201	6,373,618
At 31 December 2009									
	11,307	2,101,882	-	689,853	94,978	-	-	250,201	3,148,221

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

3 PARTICIPATING INTERESTS IN ASSOCIATED ENTERPRISES

	Capital share (%)	Amount of investment 2009 EUR	Capital share (%)	Amount of investment 2008 EUR
Participating interests in associated enterprises				
Participation in "Neirozu klinika" Ltd.	45	180,589	45	189,764
Total participating interests in associated enterprises		<u>180,589</u>		<u>189,764</u>

4 RAW MATERIALS

	2009 EUR	2008 EUR
Pharmaceutical	68,648	107,939
Stock in warehouse	3,039	8,113
Inventory	669	3,369
Products	582	1,752
Furniture	-	572
Other materials	1,014	2,185
Advance payments to supplier of goods	373	524
Total	<u>74,325</u>	<u>124,454</u>

5 DUE FROM CUSTOMERS

	2009 EUR	2008 EUR
VOVAA Rigas department	59,154	106,392
Riga slimokase AAS	41,276	31,788
Gjesidege Baltic	16,596	2,888
BTA AAS	15,911	35,728
IF Latvija AAS	14,886	9,910
Latvian University	11,790	-
SEESAM Latvija	11,409	1,057
Balta AAS	10,277	14,673
Balva AAS	7,425	4,984
Narkologijas centrs	4,071	7,311
Baltijas apdrošināšanas nams	3,194	135
Compensa Life Vienna Insurance group	2,541	3,809
NBS militāras medicīnas centrs	2,329	5,738
Ministry of Interior – health and social depar	1,945	268
Ergo Latvija AAS	1,864	81,226
Biogen Idec Ltd.	1,662	1,622
Evolution Latvia	-	1,091
Merck sharp	-	4,306
Accrued income	-	4,639
Other customers	13,383	12,264
Bad debt provisions	(19,973)	-
Total	<u>199,740</u>	<u>329,829</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6 OTHER RECEIVABLES

	2009	2008
	EUR	EUR
Taxes overpayment (note No.12)	33,806	87,150
VAT for unpaid invoices	6,147	6,274
Other debtors	2,944	13,200
Total	<u>42,897</u>	<u>106,624</u>

7 DIFFERED EXPENSES

	2009	2008
	EUR	EUR
Assurance expense	5,987	3,722
Riga Stock Exchange, shares quotation	-	3,557
Other expense	-	1,989
Total	<u>5,987</u>	<u>9,268</u>

8 CASH

	2009	2008
	EUR	EUR
Cash in banks	1,296,995	1,433,935
Deposit	42,406	40,146
Cash on hands	4,856	2,129
Total	<u>1,344,257</u>	<u>1,476,210</u>

9 SHARE CAPITAL

	2009	2009	2008	2008
Shareholders:	Number of shares	Share %	Number of shares	Share %
Janis Birks	60,883	7.6%	311,583	38.9%
Ilze Birka	140,000	17.5%	-	0.0%
Martins Birks	140,000	17.5%	-	0.0%
Ilze Aizsilniece	91,565	11.4%	80,766	10.1%
Guna Shvarcberga	82,917	10.4%	82,917	10.4%
State social insurance agency	-	0.0%	40,000	5.0%
Other shareholders (shares less than 5%)	284,635	35.6%	284,734	35.6%
Total	<u>800,000</u>	<u>100.0%</u>	<u>800,000</u>	<u>100.0%</u>

10 DUE TO RECEIVED ADVANCE PAYMENTS

	2009	2008
	EUR	EUR
VOAVA advance payment for 2009	-	261,192
Other advances	30	30
Total	<u>30</u>	<u>261,222</u>

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11 DUE TO SUPPLIERS AND CONTRACTORS

	2009	2008
	EUR	EUR
Amerilat MD	7,187	16,313
Latvijas Gaze	6,249	11,850
Latvenergo Rīgas elektrotikls	6,175	8,052
Sistēmu Audits SIA	3,443	6,026
Latvian University	2,738	-
Rīgas Ūdens	1,393	1,769
Academic histologic laboratory	1,033	2,467
Lattelekom	716	1,133
AB Medical Group Riga	320	664
Recipe Plus SIA	-	687
Invitros SIA	-	1,177
Tradintek SIA	-	361,118
Olympus Latvia SIA	-	10,138
Other suppliers	8,887	9,124
Total	<u>38,141</u>	<u>430,518</u>

12 TAXES

	As on				As on
	31-12-2008	Calculated	Paid	Transfer	31-12-2009
Value added tax	(6,444)	25,007	(25,218)	8,004	1,349
Social insurance	99,037	1,030,348	(1,022,505)	(45,803)	61,077
Personal income tax	62,359	576,653	(600,502)	(2,437)	36,073
Corporate income tax	(80,645)	51,563	(42,562)	40,253	(31,391)
Unemployment duty	174	1,810	(1,853)	(17)	114
Natural resources tax	265	323	(265)	-	323
Real estate tax	(61)	90	(2,444)	-	(2,415)
Total, including	<u>74,685</u>	<u>1,685,794</u>	<u>(1,695,349)</u>	<u>-</u>	<u>65,130</u>
due to the budget	161,835				98,936
overpayment	(87,150)				(33,806)

13 DUE TO OTHER COMPANIES

	2009	2008
	EUR	EUR
Salaries	128,926	210,724
Deposited salary	1,043	949
Trade union	1,399	1,638
Total	<u>131,368</u>	<u>213,311</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
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14 NET SALES

	2009	2008
	EUR	EUR
Medical ambulant services	2,549,583	2,793,644
Medical hospital services	2,451,420	4,284,119
Insurance payments	863,532	518,300
VS ZDC ambulant services	248,894	216,888
Services - minimum fixed part	126,118	273,230
Residents training	91,664	157,233
Stomatology services	62,073	61,189
Family doctors	52,973	53,187
Other income	45,742	28,816
Total	<u>6,491,999</u>	<u>8,386,606</u>

15 COST OF GOODS SOLD

	2009	2008
	EUR	EUR
Salaries and wages	2,756,292	3,443,706
Medical goods	890,298	1,076,555
Fixed assets depreciation	669,157	629,944
Social tax	635,563	804,496
VAT - expenses	241,190	307,991
Public utilities	191,702	206,988
Rent of equipment	138,525	223,651
Repair expenses	91,808	357,525
Household goods	58,870	91,567
Computer maintenance, repair	33,502	45,429
Security expenses	30,129	29,872
Utilities	17,969	21,656
Current assets write-off	53,012	149,431
Feeding expenses	47,255	88,773
Medical researches	43,470	62,353
Employees trainings	40,364	67,209
Advertising	26,582	2,684
Gifts to employees	26,447	26,838
Accruals for vacations	20,385	5,519
Office expenses	13,226	19,391
Transport expense	9,408	8,951
Insurance expenses	6,860	5,807
Allowances to employees	3,771	3,159
Unemployment duty	1,810	2,131
Received discounts	(10,875)	(24,172)
Other operating expenses	86,680	113,609
Total	<u>6,123,400</u>	<u>7,771,063</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
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16 ADMINISTRATIVE EXPENSES

	2009	2008
	EUR	EUR
Salaries and wages	290,200	375,174
Social tax	67,675	81,442
Board remuneration	47,873	46,095
Board chairperson remuneration	45,075	50,579
Communication expenses	24,488	30,330
Council members remuneration	18,964	33,181
Sakaru izdevumi	11,300	11,106
Office expenses	9,122	11,335
Chairperson of the Board social tax	9,627	10,404
Council chairperson remuneration	8,196	10,198
Audit expenses	7,114	7,114
Council members social tax	4,296	7,571
Presentation expenses	5,171	19,826
Bank expenses	3,839	1,779
Other administrative expenses	2,796	10,649
Chairperson of the Council social tax	1,975	2,456
Legal services	234	1,010
Total	<u>557,945</u>	<u>710,249</u>

17 OTHER OPERATING INCOME

	2009	2008
	EUR	EUR
Rent income	94,573	100,661
Income from social tax return	12,362	-
Press goods	4,062	8,534
Solarium income	1,939	3,758
Laundry income	1,296	1,908
Feeding income	1,060	8,448
Other income	16,109	12,177
Total	<u>131,401</u>	<u>135,486</u>

18 OTHER OPERATING EXPENSES

	2009	2008
	EUR	EUR
Currency exchange loss	710	-
Loss from fixed assets disposals	1,511	3,598
Penalties	1,483	899
Real estate tax	90	3,365
Other expenses	1,927	12,022
Total	<u>5,721</u>	<u>19,884</u>

19 INCOME FROM INVESTMENT IN ASSOCIATES

	2009	2008
	EUR	EUR
Neurology clinic Ltd.	(10,054)	11,113
Total	<u>(10,054)</u>	<u>11,113</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED 31 DECEMBER 2009 AND 31 DECEMBER 2008

20 INTEREST INCOME AND SIMILAR INCOME

	2009	2008
	EUR	EUR
Interest income	45,296	49,120
Total	<u>45,296</u>	<u>49,120</u>

21 CORPORATE INCOME TAX

	2009	2008
	EUR	EUR
Calculated Corporate income tax	51,563	52,591
Deferred Corporate income tax	3,395	27,713
Total	<u>54,958</u>	<u>80,304</u>

21 CORPORATE INCOME TAX (CONTINUED ...)

	2009	2008
	EUR	EUR
Profit (loss) before tax	(40,445)	81,129
Theoretically calculated corporate income tax, rate 15%	-	12,169
Permanent differences	51,563	40,422
Calculated corporate income tax	51,563	52,591

Deferred tax

Temporary difference between financial statement depreciation and depreciation for tax purposes	(383,985)	(410,157)
Temporary difference of fixed assets revaluation	(1,029,308)	(4,025,240)
Accruals for vacations	137,311	186,112
Accrued liabilities	-	-
Total temporary differences	<u>(1,275,982)</u>	<u>(4,249,286)</u>
Tax rate applied	15%	15%
Deferred tax liabilities	<u>(191,398)</u>	<u>(637,393)</u>
Recognized deferred tax liabilities	<u>191,398</u>	<u>637,393</u>

22 PROPERTIES REVALUATION RESERVE

Balance at beginning of year	3,892,019	4,155,208
Other comprehensive income:	-	-
Decrease arising on revaluation of properties	(2,686,299)	-
Deferred tax assets arising on revaluation	402,944	-
Depreciation on evaluation surplus	(309,634)	(309,634)
Reversal of deferred tax liability on revaluation	46,445	46,445
Balance at end of year	<u>1,345,475</u>	<u>3,892,019</u>

Translation from Latvian

INDEPENDENT AUDITORS' REPORT

To the Shareholders of JSC Latvijas Juras Medicinas Centrs

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements on pages 8 to 22 of JSC Latvijas Juras Medicinas Centrs (Group) which comprise the consolidated statement of financial position as of 31 December 2009 and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the requirements of the International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as adopted by the Latvian Association of certified auditors. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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


Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2009, 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 as adopted by the European Union.

Report on the Management Report

We have read the Management Report set out on pages 5-6 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the consolidated financial statements for 2009.

Certified auditors' company System audit Ltd.
Audit company licence No. 53


Irina Saksaganska
Certified auditor
Certificate No. 41



Member of the Board

Riga, Latvia
April 13, 2010.