



**LATVIJAS JURAS MEDICINAS CENTRS JSC**

**CONSOLIDATED REPORT FOR THE YEAR 2010**

**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**

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**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 Shvarchberga 10,4%  
Janis Birks 8,1%

**REPORTING PERIOD:** 1 January 2010 - 31 December 2010

**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  
31.12.2010**

**From April 30, 2008 till April 28, 2010**

<u>Name</u>	<u>Position</u>
Martins Birks	Chairman of the Council
Viesturs Shilinsh	Member of the Council
Antons Vjaters	Member of the Council
Vladislavs Skrebelis	Member of the Council

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

Martins Birks	Chairman of the Council	140 000
Viesturs Shilinsh	Member of the Council	3 038
Ineta Gadzjus	Member of the Council	
Jevgenijs Kalejs	Member of the Council	
Uldis Osis	Member of the Council	

**Board of the Group**

<u>Name</u>	<u>Position</u>
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**From August 18, 2009 till the consolidated financial statements signing day**

Janis Birks	Chairman of the Board	65 083
Marta Aizsilniece	Member of the Board	1 344
Andris Vigants	Member of the Board	700

## 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).

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 loss before taxes of the parent company was -152 508 EUR.

The loss before taxes of subsidiary company was -6 249 EUR.

**The Group financial indexes**

	2010	2009	2008
Net sales (mil. LVL)	3,36	4,56	5,89
Assets at the end of year (mil. LVL)	3,57	3,51	6,05
Profit (loss) after taxes (LVL)	-105 838	-58 601	498
EBITDA (LVL)	265 070	450 310	499 745
Profit (loss) after taxes on shareholders' equity (ROE) (%)	-3,5%	-1,9%	0,0%
Profit (loss) after taxes on share (LVL)	-0,13	-0,07	0,00
LJMC share market price at the end of the year (LVL)	1,25	1,60	2,38
LJMC dividends on share (LVL)	0,00	0,00	0,00

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

Medical inpatient service volume has dropped to 40% from the previous year's volume, because in the year 2009, 9 months was the state order for this service, but in the 2010 was not. Partly this decline is offset by the increase of outpatient one day service and payable patient service.

In July 2010, an agreement is signed with the Health Economic Centre for European Regional Development Fund support in amount of 436 035 LVL for outpatient health services development project in the former hospital care housing at Patversmes street 23. The implementation of the project has begun.

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

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

Internal transactions with subsidiaries and associated companies in the year 2010 were not made.

The share price at the 01.01.10 was LVL 1,60; 31.03.10 - LVL 2,00; 30.06.10 - LVL 1,60; 30.09.10 - LVL 1,50; 31.12.10 - LVL 1,25; 31.03.11 - LVL 1,50.

**Important Events after the Balance Sheet Date**

The technical project for the reconstruction and renovation of buildings by ERAF funding to provide outpatient medical services in the former inpatient service building at Patversmes street 23 is approved. The Olympus equipment for laparoscopy operations in gynaecology was purchased. By March a new department of medical care has started in Vecmilgravis hospital.

### Future Development of the Group

The Board is planning to develop ambulatory care and to offer new, high-quality services for the diagnostic and medical treatment, including Patversmes street 23 area. The development of joint computerized information and accounting system will continue. That will provide precise details of the services rendered to patient; the medical information will be in a digital format, as well as perspective – integration into the e-health system. The Board is optimizing the company's organization coping with the ongoing changes in the health service structure and changing public procurement levels.

### Risk Management

On a regular basis the significant risks are assessed, involving a wide range of specialists. Measures are taken to mitigate the potential impact on business activities. Constantly, the Group's future development scenarios are reviewed based on the underlying and predictable market changes.

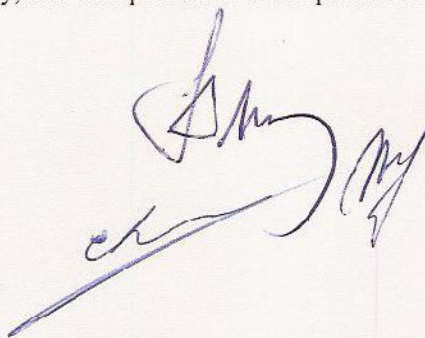
On behalf of the Group:

Chairman of the Board

Member of the Board

Member of the Board

Riga, 7 April, 2011.



Janis Birks  
Marta Aizsilniece  
Andris Vigants

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**DECLARATION OF MANAGEMENT RESPONSIBILITY**

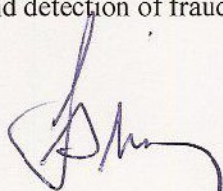
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Consolidated financial statements are prepared to the best on our knowledge in accordance with International Financial Reporting Standards adopted by the European Union. These financial statements give a true and fair view of the financial position of the Group and of its financial performance for the period ended 31 December 2010 in all essential aspects. In preparing those financial statements, management:

- selected suitable accounting policies and then apply them consistently;
- made judgments and estimates that are reasonable and prudent;
- prepared the financial statements on the going concern basis to presume that the Group will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by EU. They are also responsible for safeguarding the assets of the 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, 7 April, 2011.

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 31 DECEMBER 2010 AND 31 DECEMBER 2009**

	December 31, 2010 EUR	December 31, 2009 EUR	Note
<b>ASSETS</b>			
<b>Current assets:</b>			
<b>Stocks</b>			
Raw materials	82 242	74 325	4
<b>Total stocks</b>	<b>82 242</b>	<b>74 325</b>	
<b>Debtors:</b>			
Trade debtors	169 581	199 740	5
Other receivables	54 036	42 897	6
Accruals	3 480	5 987	7
<b>Total debtors</b>	<b>227 097</b>	<b>248 624</b>	
<b>Cash funds</b>	<b>1 769 248</b>	<b>1 344 257</b>	8
<b>Total current assets</b>	<b>2 078 587</b>	<b>1 667 206</b>	
<b>Long-term investments:</b>			
<b>Intangible assets:</b>			
Other intangible (fixed) assets	4 904	11 307	2
<b>Total intangible assets</b>	<b>4 904</b>	<b>11 307</b>	
<b>Fixed assets:</b>			
Land and buildings	1 886 543	2 101 882	
Technological equipment and machines	569 800	689 853	
Other fixed assets and inventory	86 141	94 978	
Fixed assets add-ons (EU funds)	3 826	-	
Unfinished building objects	250 201	250 201	
Advance payments for fixed assets	1 988	-	
<b>Total fixed assets:</b>	<b>2 798 499</b>	<b>3 136 914</b>	2
<b>Long-term financial assets:</b>			
Participating interests in associated enterprises	192 201	180 589	3
<b>Total financial assets:</b>	<b>192 201</b>	<b>180 589</b>	
<b>Total long-term investments:</b>	<b>2 995 604</b>	<b>3 328 810</b>	
<b>TOTAL ASSETS</b>	<b>5 074 191</b>	<b>4 996 016</b>	

*The notes on pages 13-21 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 31 DECEMBER 2010 AND 31 DECEMBER 2009**

	December 31, 2010 EUR	December 31, 2009 EUR	Note
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
<b>Liabilities:</b>			
Received advance payments	221 127	30	10
Due to customers and suppliers	52 368	38 141	11
Taxes and social security payments	109 037	98 936	12
Other payables	130 781	131 368	13
Recognized deferred tax liabilities	158 044	191 398	22
<b>Total liabilities</b>	<b>671 357</b>	<b>459 873</b>	
<b>Provisions for liabilities and charges:</b>			
Provisions for vacations	130 255	137 449	
<b>Total provisions</b>	<b>130 255</b>	<b>137 449</b>	
<b>Total provisions and liabilities</b>	<b>801 612</b>	<b>597 322</b>	
<b>Equity capital:</b>			
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	1 206 772	1 345 475	
Retained earnings:			
a) brought forward from previous years	2 030 560	1 950 626	
b) current year profit or loss	(150 547)	(83 248)	
<b>Total shareholders' equity</b>	<b>4 270 604</b>	<b>4 396 672</b>	
<b>Non-controlling interest</b>	<b>1 975</b>	<b>2 022</b>	
<b>Total equity capital</b>	<b>4 272 579</b>	<b>4 398 694</b>	
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>5 074 191</b>	<b>4 996 016</b>	
 <b>Current Ratio</b>	 <b>3,10</b>	 <b>3,63</b>	
<b>Debt Ratio</b>	<b>0,16</b>	<b>0,12</b>	

*The notes on pages 13-21 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009**

	<b>2010</b>	<b>2009</b>	<b>Note</b>
	<b>EUR</b>	<b>EUR</b>	
Net sales	4 781 018	6 491 999	14
Cost of goods sold	(4 701 745)	(6 123 400)	15
<b>Gross profit or loss</b>	<b>79 273</b>	<b>368 599</b>	
Administrative expenses	(365 372)	(557 945)	16
Other operating income	133 203	131 401	17
Other operating expenses	(13 682)	(5 721)	18
Income from investment in associates	11 612	(10 054)	19
Interest income and similar income	7 383	45 296	20
<b>Profit (loss) before taxes</b>	<b>(147 583)</b>	<b>(28 424)</b>	
Corporate income tax	(3 011)	(54 958)	21
<b>NET PROFIT OR LOSS</b>	<b>(150 594)</b>	<b>(83 382)</b>	
<b>Other comprehensive income</b>			
Gain (loss) on revaluation of properties excluding deferred tax	-	(2 283 355)	22
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>(2 283 355)</b>	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(150 594)</b>	<b>(2 366 737)</b>	
Profit attributable to			
Owners of LJMC	(150 547)	(83 248)	
Non-controlling interest	(47)	(135)	
	<b>(150 594)</b>	<b>(83 383)</b>	
Total comprehensive income attributable to			
Owners of LJMC	-	(2 267 434)	
Non-controlling interest	-	(15 921)	
	<b>-</b>	<b>(2 283 355)</b>	
<b>Number of shares</b>	<b>800 000</b>	<b>800 000</b>	
<b>Earnings per Share (EPS) (EUR)</b>	<b>-0,19</b>	<b>-0,10</b>	

*The notes on pages 13-21 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 2010 AND 31 DECEMBER 2009**

	Share capital	Reserves provided by the Articles of Association	Properties revaluation reserve	Previous years retained earnings	Current year profit	Non-controlling interest	Total
<b>At 31 December 2008</b>	<b>1 138 297</b>	<b>45 522</b>	<b>3 892 019</b>	<b>1 640 283</b>	<b>709</b>	<b>2 157</b>	<b>6 718 987</b>
Previous years retained earnings	-	-	-	709	(709)	-	-
Dividends paid	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	(2 283 355)	-	(83 248)	-	(2 366 603)
Depreciation of revaluation surplus	-	-	(309 634)	309 634	-	-	-
Deffered tax on revaluation surplus	-	-	46 445	-	-	(135)	46 310
<b>At 31 December 2009</b>	<b>1 138 297</b>	<b>45 522</b>	<b>1 345 475</b>	<b>1 950 626</b>	<b>(83 248)</b>	<b>2 022</b>	<b>4 398 694</b>
Previous years retained earnings	-	-	-	(83 248)	83 248	-	-
Depreciation of revaluation surplus	-	-	(163 182)	163 182	-	-	-
Deffered tax on revaluation surplus	-	-	24 479	-	-	-	24 479
Total comprehensive income for the year	-	-	-	-	(150 547)	(47)	(150 594)
<b>At 31 December 2010</b>	<b>1 138 297</b>	<b>45 522</b>	<b>1 206 772</b>	<b>2 030 560</b>	<b>(150 547)</b>	<b>1 975</b>	<b>4 272 579</b>

*The notes on pages 13-21 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 31 DECEMBER 2009**

	2010	2009	Note
	EUR	EUR	
<b>Cash flows used in operating activities</b>			
Net income before tax	(147 583)	(28 424)	
Adjustments:			
a) depreciation of tangibles	518 340	661 905	2
b) depreciation of goodwill	6 403	7 252	2
c) provisions	(7 194)	(49 052)	
d) loss (gain) on sale of tangibles	1 863	1 511	
e) interest income	(7 383)	(45 296)	20
f) gain (loss) from investments in associates	(11 612)	10 054	19
<b>2. Gain (loss) before changes in current assets and liabilities</b>	<b>352 834</b>	<b>557 950</b>	
Changes in operating assets and liabilities:			
a) receivables.	34 627	147 841	
b) inventory.	(7 917)	50 129	
c) current liabilities.	244 838	(758 158)	
<b>3. Gross operating cash flow</b>	<b>624 382</b>	<b>(2 238)</b>	
4. Paid corporate income tax.	(24 987)	(42 562)	12
<b>5. Net cash used in operating activities</b>	<b>599 395</b>	<b>(44 800)</b>	
<b>II. Cash flow used in investment activities</b>			
1. Purchase of shares of associates.	-	(879)	
2. Purchase of fixed assets.	(182 099)	(131 617)	2
3. Selling of fixed assets.	312	47	
4. Received interest.	7 383	45 296	20
<b>5. Net cash from investment activities</b>	<b>(174 404)</b>	<b>(87 153)</b>	
<b>IV. Net increase (decrease) in cash</b>	<b>424 991</b>	<b>(131 953)</b>	
<b>V. Cash at the beginning of the period</b>	<b>1 344 257</b>	<b>1 476 210</b>	
<b>VI. Cash at the end of the period</b>	<b>1 769 248</b>	<b>1 344 257</b>	

*The notes on pages 13-21 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 2010 AND 31 DECEMBER 2009**

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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 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.

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:

	<b>December 31, 2010</b>	<b>December 31, 2009</b>
EUR	0,702804	0,702804
USD	0,535000	0,489000

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 rising on the settlement of monetary items are recognized in the period in which they arise.

**Cash and cash equivalents**

Cash includes cash on hand and demand deposits with credit institutions. The statement on cash flow is prepared using indirect method, making adjustments affecting the net profit reconciling with the changes in cash during the year.

**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 2010 AND 31 DECEMBER 2009**

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**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.

Separate accounts are used for assets acquired by EU funding.

Repair and maintenance costs are expensed when incurred. Capital expenditures such as refurbishment of buildings and improvements to structural elements are recognized as an asset if the expenditures improve the condition of the asset beyond its original estimated life.

Land and buildings (real estate) are accounted according to the revaluation model, recognized at the fair value determined from market-based evidence. Buildings are revaluated as on 31.12.2009 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 2010 AND 31 DECEMBER 2009**

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**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 2010 AND 31 DECEMBER 2009

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

As of 31 December 2010 and 31 December 2009  
fixed assets are composed as follows: (EUR)

EUR	Intangible assets	Land & buildings	Machinery and equipment	Other fixed assets	Fixed assets add-ons (EU fonds)	Advance payments for fixed assets	Unfinished building objects	Total
<b>Historical cost</b>								
<b>At 31 December</b>								
<b>2008</b>	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/Revalua	-	(2 625 992)	-	-	-	(60 307)	-	(2 686 299)
Disposals	(777)	-	(38 193)	(83 118)	-	-	-	(122 088)
<b>At 31 December</b>								
<b>2009</b>	37 097	3 615 027	2 769 093	488 464	-	-	250 201	7 159 882
Additions	-	-	132 284	44 001	3 826	1 988	-	182 099
Disposals or change in classification	-	-	(226 288)	(29 903)	-	-	-	(256 191)
<b>At 31 December</b>								
<b>2010</b>	37 097	3 615 027	2 675 089	502 562	3 826	1 988	250 201	7 085 790
<b>Accumulated depreciation</b>								
<b>At 31 December</b>								
<b>2008</b>	18 833	1 155 352	1 863 763	425 086	-	-	-	3 463 034
Charge for the year	7 252	48 159	253 594	50 518	-	-	-	359 523
Charge for the period for revaluated fixed assets	-	309 634	-	-	-	-	-	309 634
Disposals	(295)	-	(38 117)	(82 118)	-	-	-	(120 530)
<b>At 31 December</b>								
<b>2009</b>	25 790	1 513 145	2 079 240	393 486	-	-	-	4 011 661
Charge for the period	6 403	52 157	250 921	52 080	-	-	-	361 561
Charge for the period for revaluated fixed assets	-	163 182	-	-	-	-	-	163 182
Disposals or change in classification	-	-	(224 872)	(29 145)	-	-	-	(254 017)
<b>At 31 December</b>								
<b>2010</b>	32 193	1 728 484	2 105 289	416 421	-	-	-	4 282 387
<b>Net book value</b>								
<b>At 31 December</b>								
<b>2008</b>	18 065	5 036 135	920 618	129 747	-	18 852	250 201	6 373 618
<b>At 31 December</b>								
<b>2009</b>	11 307	2 101 882	689 853	94 978	-	-	250 201	3 148 221
<b>At 31 December</b>								
<b>2010</b>	4 904	1 886 543	569 800	86 141	3 826	1 988	250 201	2 803 403

The balance value of the land and buildings excluding reevaluation adjustments as on 31-12-2010 is 575,712 EUR.

### 3 PARTICIPATING INTERESTS IN ASSOCIATED ENTERPRISES

	Capital share (%)	Amount of investment 2010 EUR	Capital share (%)	Amount of investment 2009 EUR
Participating interests in associated enterprises				
Participation in "Neirozu klinika" Ltd.	45	192 201	45	180 589
<b>Total participating interests in associated enterprises</b>		<b>192 201</b>		<b>180 589</b>

### 4 RAW MATERIALS

	2010 EUR	2009 EUR
Pharmaceutical	80 947	68 648
Products	273	582
Advance payments to supplier of goods	266	373
Stock in warehouse	248	3 039
Inventory	83	669
Other materials	425	1 014
<b>Total</b>	<b>82 242</b>	<b>74 325</b>

### 5 TRADE DEBTORS

	2010 EUR	2009 EUR
Rigas department	119 429	59 154
Latvian University	7 891	11 790
BTA AAS	6 568	15 911
SEESAM Latvija	4 637	11 409
Ergo Latvija AAS	3 469	1 864
IF Latvija AAS	3 116	14 886
Ministry of Interior – health and social department	2 009	1 945
Latvian railway AS	1 722	-
Balta AAS	1 668	10 277
Gjesidege Baltic	1 595	16 596
Baltijas apdrošināšanas nams	1 356	3 194
Balva AAS	1 188	7 425
Narkologijas centrs	440	4 071
Compensa Life Vienna Insurance group	142	2 541
Biogen Idec Ltd.	36	1 662
Likvidejama RSK apdrošināšanas sabiedrība AS	-	41 276
NBS militāras medicīnas centrs	-	2 329
Other customers	16 186	13 383
Bad debt provisions	(1 871)	(19 973)
<b>Total</b>	<b>169 581</b>	<b>199 740</b>

### 6 OTHER RECEIVABLES

	2010 EUR	2009 EUR
Taxes overpayment (note No.12)	44 492	33 806
VAT for unpaid invoices	3 268	6 147
Other debtors	6 276	2 944
<b>Total</b>	<b>54 036</b>	<b>42 897</b>

### 7 ACCRUALS

	2010 EUR	2009 EUR
Assurance expense	3 480	5 987
<b>Total</b>	<b>3 480</b>	<b>5 987</b>

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
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**8 CASH**

	2010	2009
	EUR	EUR
Cash in banks	1 766 306	1 296 995
Deposit	-	42 406
Cash on hands	2 942	4 856
<b>Total</b>	<b>1 769 248</b>	<b>1 344 257</b>

**9 SHARE CAPITAL**

	2010	2010	2009	2009
	Number of	Share %	Number of	Share %
Shareholders:	shares		shares	
Janis Birks	65 083	8,1%	60 883	7,6%
Ilze Birka	140 000	17,5%	140 000	17,5%
Martins Birks	140 000	17,5%	140 000	17,5%
Ilze Aizsilniece	91 565	11,4%	91 565	11,4%
Guna Shvarcberga	82 917	10,4%	82 917	10,4%
Other shareholders (shares less than 5%)	280 435	35,1%	284 635	35,6%
<b>Total</b>	<b>800 000</b>	<b>100,0%</b>	<b>800 000</b>	<b>100,0%</b>

Among them 1200 bearer shares are registered in the Latvijas Juras Medicinas Centrs JSC register of shareholders.

**10 RECEIVED ADVANCE PAYMENTS**

	2010	2009
	EUR	EUR
VEK advance payment for 2010	220 739	-
Other advances	388	30
<b>Total</b>	<b>221 127</b>	<b>30</b>

**11 DUE TO CUSTOMERS AND SUPPLIERS**

	2010	2009
	EUR	EUR
Latvijas Gaze	15 997	6 249
Amerilat MD	12 740	7 187
Latvenergo Rīgas elektrotīkls	7 941	6 175
Sistēmu Audits SIA	3 472	3 443
Rīgas Ūdens	1 222	1 393
Lattelekom	356	716
Academic histologic laboratory	312	1 033
AB Medical Group Riga	169	320
Latvian University	-	2 738
Other suppliers	10 159	8 887
<b>Total</b>	<b>52 368</b>	<b>38 141</b>

**12 TAXES**

	As of				As of
	31-12-2010	Calculated	Paid	Repayed	31.12.2010
Value added tax	1 349	25 265	(21 817)	-	4 797
Social insurance	61 077	783 843	(782 934)	(465)	61 521
Personal income tax	36 073	520 775	(514 523)	-	42 325
Corporate income tax	(31 391)	11 887	(24 987)	-	(44 491)
Unemployment duty	114	1 473	(1 463)	-	124
Natural resources tax	323	509	(562)	-	270
Real estate tax	(2 415)	4 547	(2 133)	-	(1)
<b>Total, including</b>	<b>65 130</b>	<b>1 348 299</b>	<b>(1 348 419)</b>	<b>(465)</b>	<b>64 545</b>
due to the budget	98 936				109 037
overpayment	(33 806)				(44 492)

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
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**13 OTHER PAYABLES**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
Salaries	129 030	128 926
Trade union	1 059	1 399
Deposited salary	692	1 043
<b>Total</b>	<b>130 781</b>	<b>131 368</b>

**14 NET SALES**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
Medical ambulant services	3 026 335	2 549 583
Medical hospital services	1 020 597	2 451 420
Insurance payments	345 759	863 532
VS ZDC ambulant services	188 744	248 894
Stomatology services	58 496	62 073
Family doctors	45 606	52 973
Residents training	44 581	91 664
Services - minimum fixed part	13 144	126 118
Other income	37 756	45 742
<b>Total</b>	<b>4 781 018</b>	<b>6 491 999</b>

**15 COST OF GOODS SOLD**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
Salaries and wages	2 202 728	2 756 292
Fixed assets depreciation	524 743	669 157
Medical goods	520 882	890 298
Social tax	513 008	635 563
VAT - expenses	206 386	241 190
Public utilities	174 952	191 702
Repair expenses	148 026	91 808
equipment	102 158	138 525
Household goods	36 882	58 870
Security expenses	35 979	30 129
Current assets write-off	31 058	53 012
Computer maintenance, repair	21 475	33 502
Medical researches	21 164	43 470
Advertising	21 030	26 582
Office expenses	17 729	13 226
Utilities	16 454	17 969
Feeding expenses	15 982	47 255
Insurance expenses	6 377	6 860
Transport expense	6 322	9 408
Employees trainings	4 932	40 364
Allowances to employees	2 618	3 771
Unemployment duty	1 473	1 810

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
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**15 COST OF GOODS SOLD (CONTINUED ...)**

Gifts to employees	1 091	26 447
Accruals for vacations	(18 103)	20 385
Received discounts	(7 453)	(10 875)
Other operating expenses	93 852	86 680
<b>Total</b>	<b>4 701 745</b>	<b>6 123 400</b>

**16 ADMINISTRATIVE EXPENSES**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
Salaries and wages	168 000	290 200
Social tax	37 742	67 675
Board remuneration	35 223	47 873
Board chairperson remuneration	23 697	45 075
Communication expenses	17 558	24 488
Council members remuneration	17 530	18 964
Sakaru izdevumi	14 658	9 122
Presentation expenses	9 330	5 171
Council chairperson remuneration	8 196	8 196
Audit expenses	7 114	7 114
Board members social tax	6 817	11 300
Chairperson of the Board social tax	5 709	9 627
Bank expenses	4 952	3 839
Council members social tax	3 974	4 296
Other administrative expenses	2 827	2 796
Chairperson of the Council social tax	1 975	1 975
Legal services	70	234
<b>Total</b>	<b>365 372</b>	<b>557 945</b>

**17 OTHER OPERATING INCOME**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
Rent income	92 356	91 573
Hotel services – food	15 686	2 509
Utilities for tenants	7 363	2 131
Feeding income	1 821	1 060
Laundry income	1 696	1 296
Solarium income	1 037	1 939
Income from social tax return	-	12 362
Press goods	-	4 062
Other income	13 244	11 469
<b>Total</b>	<b>133 203</b>	<b>131 401</b>

**18 OTHER OPERATING EXPENSES**

	<b>2010</b>	<b>2009</b>
	<b>EUR</b>	<b>EUR</b>
Real estate tax	4 547	90
Loss from fixed assets disposals	1 863	1 511
Penalties	23	1 483
Currency exchange loss	9	710
Other expenses	7 240	1 927
<b>Total</b>	<b>13 682</b>	<b>5 721</b>

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**19 INCOME FROM INVESTMENT IN ASSOCIATES**

	2010	2009
	EUR	EUR
Neurology clinic Ltd.	11 612	(10 054)
<b>Total</b>	<b>11 612</b>	<b>(10 054)</b>

**20 INTEREST INCOME AND SIMILAR INCOME**

	2010	2009
	EUR	EUR
Interest income	7 383	45 296
<b>Total</b>	<b>7 383</b>	<b>45 296</b>

**21 CORPORATE INCOME TAX**

	2010	2009
	EUR	EUR
Calculated Corporate income tax	11 887	51 563
Deferred Corporate income tax	(8 876)	3 395
<b>Total</b>	<b>3 011</b>	<b>54 958</b>

**21 CORPORATE INCOME TAX (CONTINUED ...)**

	2010	2009
	EUR	EUR
Profit (loss) before tax	(147 583)	(28 424)
Loss of a subsidiary	6 687	19 121
Evaluation of an associate company	(11 612)	10 054
Theoretically calculated corporate income tax,	(22 876)	113
Permanent differences	34 763	51 450
<b>Calculated corporate income tax</b>	<b>11 887</b>	<b>51 563</b>

**Deferred tax**

Temporary difference between financial statement depreciation and depreciation for tax purposes	(317 759)	- (383 985)
Temporary difference of fixed assets revaluation	(866 123)	- (1 029 308)
Accruals for vacations	130 255	- 137 311
<b>Total temporary differences</b>	<b>(1 053 627)</b>	<b>(1 275 982)</b>
Tax rate applied	15%	15%
<b>Deferred tax liabilities</b>	<b>158 044</b>	<b>191 398</b>
<b>Recognized deferred tax liabilities</b>	<b>158 044</b>	<b>191 398</b>

**22 PROPERTIES REVALUATION RESERVE**

Balance at beginning of year	1 345 476	3 892 019
Other comprehensive income:		-
Decrease arising on revaluation of properties	-	(2 686 299)
Deferred tax assets arising on revaluation	-	402 944
Depreciation on evaluation surplus	(163 182)	(309 634)
Reversal of deferred tax liability on revaluation	24 478	46 445
<b>Balance at end of year</b>	<b>1 206 772</b>	<b>1 345 475</b>

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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 21 of JSC Latvijas Juras Medicinas Centrs (Group) which comprise the consolidated statement of financial position as of 31 December 2010 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 2010, 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 2010.

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 12, 2011.

