



LATVIJAS JURAS MEDICINAS CENTRS JSC

CONSOLIDATED REPORT FOR THE YEAR 2011

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

AND INDEPENDENT AUDITOR'S REPORT

(Translation of the Latvian original)

Original of consolidated financial report in LVL expressed in EUR. Exchange rate 0,702804 EUR/LVL.

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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., Riga, LV - 1005, Latvia

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

MAJOR SHAREHOLDERS: Ilze Birka 17.5%
Martins Birks 17.5%
Ilze Aizsilniece 11.4%
Guna Shvarchberga 10.4%
Janis Birks 8.5%

REPORTING PERIOD: 1 January 2011 - 31 December 2011

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

Council of the Group

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

Number of shares
owned at
31/12/2011

Position	Name	
Chairman of the Council	Martins Birks	140,000
Member of the Council	Viesturs Shilinsh	3,038
Member of the Council	Ineta Gadzjus	-
Member of the Council	Jevgenijs Kalejs	5,283
Member of the Council	Uldis Osis	-

Board of the Group

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

Position	Name	
Chairman of the Board	Janis Birks	67,983
Member of the Board	Marta Aizsilniece	1,344
Member of the Board	Andris Vigants	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).

Corporate Governance Report for the year 2011 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 loss before taxes of LJMC was 96661 EUR

The loss before taxes of JM was 6350 EUR

The Group financial indexes

	2011	2010	2009
Net sales (mil. LVL)	3.52	3.36	4.56
Assets at the end of year (mil. LVL)	3.94	3.57	3.51
Profit (loss) after taxes (LVL)	-82,094	-105,838	-58,602
EBITDA (LVL)	318,214	265,069	450,309
Profit (loss) after taxes on shareholders' equity (ROE) (%)	-2.8%	-3.5%	-1.9%
Profit (loss) after taxes on share (LVL)	-0.10	-0.13	-0.07
LJMC share market price at the end of the year (LVL)	1.45	1.25	1.60
LJMC dividends on share (LVL)	0.00	0.00	0.00

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

Key developments in LJMC during the year 2011 was offering new medical service, improving the quality of existing services with the help of modern medical technology, new specialists and better patient service culture.

By March new medical care department has started functioning in Vecmilgravis hospital.

The Olympus equipment for laparoscopy operations in gynaecology was purchased.

In July a new modern 1.5 Tesla magnetic resonance imaging apparatus GE "OPTIMA MR355 FREE BASIC" has started to serve the patients.

Otolaryngology (ENT) cabinet is equipped with modern apparatus.

Building reconstruction and renovation funded by ERDF is ongoing in order to provide outpatient medical services at Patversmes street 23 in the former hospital care housing. New Philips sonograph and ophthalmological complex were also purchased via tendering for this project. The total costs of the project is 660 000 LVL.

3 increased comfort level wards are created in the Surgery Clinic at Patversmes street 23.

The computerized management system "Doctor's Office" was implemented in the hospital, day care unit and medical care unit.

Increase in VAT rate on medical goods and equipment, electricity and gas tariffs had a negative impact on the Group's financial performance in the year 2011.

MANAGEMENT REPORT

Internal transactions with subsidiaries and associated companies in the year 2011 were not made.

The share price at the 01.01.11 was LVL 1,25; 31.03.11 - LVL 1,50; 6.11 - LVL 1,70; 30.09.11 - LVL 1,31; 31.12.11 - LVL 1,45.

Important Events after the Balance Sheet Date

A contract is signed with the National Health Service on state-paid medical services at last year's level.

The "Doctor's Office" system and patient's queue control system were implemented in the Northern diagnostic center. The rehabilitation service for the neurological patients has started. The transition to an optical Internet in all company's areas is finished. The company is also involved in the four countries cooperation project for the development of telemedicine.

The share price at the 15.02.12 was LVL 1,55.

Future Development of the Group

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

Risk Management

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

On behalf of the Group:

Chairman of the Board
Janis Birks

Member of the Board
Marta Aizsilniece

Member of the Board
Andris Vigants
Riga, 10 April, 2012.



LATVIJAS JURAS MEDICINAS CENTRS JSC
STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Consolidated financial statements are prepared to the best of our knowledge, in accordance with International Financial Reporting Standards adopted by the European Union. These financial statements give a true and fair view of the financial position of the Group and of its financial performance for the period ended 31 December 2011 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 Aizsiliece

Member of the Board

Andris Vigants

Riga, 10 April, 2012.

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2011 AND 31 DECEMBER 2010

	December 31, 2011	December 31, 2010	Notes
ASSETS	EUR	EUR	
Long-term investments:			
Intangible assets:			
Other intangible (fixed) assets	1,042	4,904	2
Total intangible assets	1,042	4,904	
Fixed assets			
Land and buildings	1,765,229	1,886,543	
Technological equipment and machines	1,263,843	569,800	
Other fixed assets and fixtures	55,756	86,141	
Fixed assets add-ons (EU funds)	156,572	250,201	
Unfinished construction	585,610	3,826	
Advance payments for fixed assets	8,584	1,988	
Total fixed assets	3,835,594	2,798,499	2
Long-term financial assets			
Investment in associates	203,367	192,201	3
Total financial assets:	203,367	192,201	
Total long-term investments:	4,040,003	2,995,604	
Current assets:			
Inventories			
Raw materials	95,526	82,242	4
Total Inventories	95,526	82,242	
Debtors:			
Trade receivables	203,293	169,581	5
Other receivables	44,729	54,036	6
Deferred expenditure	3,556	3,480	7
Total debtors	251,578	227,097	
Cash funds	1,215,872	1,769,248	8
Total current assets	1,562,976	2,078,587	
TOTAL ASSETS	5,602,979	5,074,191	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2011 AND 31 DECEMBER 2010

	December 31, 2011	December 31, 2010	Notes
	EUR	EUR	
LIABILITIES			
Equity capital:			
Share capital	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	1,068,068	1,206,772	23
Retained earnings:			
a) brought forward from previous years	2,043,195	2,030,560	
b) current year comprehensive income (loss)	(116,759)	(150,547)	
Total shareholders' equity	4,178,323	4,270,604	
Non-controlling interest	1,931	1,975	
Total equity capital	4,180,254	4,272,579	
Provisions for liabilities and charges:			
Provisions for vacations	119,792	130,255	
Deferred tax provisions	158,387	158,044	22
Total provisions	278,179	288,299	
Ilgtermiņa kreditori:			
Deferred income	372,790	-	10
Total non-current liabilities	372,790	-	
Current liabilities:			
Advance payments	191,491	221,127	11
Trade Payables	348,294	52,368	12
Taxes and social security payments	107,125	109,037	13
Other payables	124,846	130,781	14
Total current liabilities	771,756	513,313	
Total liabilities	1,144,546	513,313	
TOTAL EQUITY, PROVISIONS AND LIABILITIES	5,602,979	5,074,191	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

	2011	2010	Notes
	EUR	EUR	
Net sales	5,008,958	4,781,018	15
Cost of goods sold	(4,837,492)	(4,701,745)	16
Gross profit or loss	171,466	79,273	
Administrative expenses	(396,330)	(365,373)	17
Other operating income	124,305	133,202	18
Other operating expenses	(2,452)	(13,683)	19
Income from investment in associate	11,022	11,612	20
Interest income and similar income	-	7,383	21
Profit (loss) before taxes	(91,989)	(147,586)	
Corporate income tax	(24,821)	(3,011)	22
NET PROFIT OR LOSS	(116,810)	(150,597)	
Other comprehensive income			
Peļņa no asociētā uzņēmuma daļu iegādes	7	-	
Other comprehensive income for the year, net of tax	7	-	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(116,803)	(150,597)	
Profit attributable to			
Owners of LJMC	(116,766)	(150,550)	
Non-controlling interest	(44)	(47)	
	(116,810)	(150,597)	
Total comprehensive income attributable to			
Owners of LJMC	7	-	
Non-controlling interest	-	-	
	7	-	
Number of shares	800,000	800,000	
Earnings per Share (EPS)	(0.15)	(0.19)	

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

	Share capital	provided by the Articles of Associatio n	Properties revaluation reserve	Previous years retained earnings	Current year profit	Non- controlling interest	Total
At 31 December 2009	1,138,297	45,522	1,345,476	1,950,626	(83,248)	2,022	4,398,696
Previous years retained earnings	-	-	-	(83,248)	83,248	-	-
Depreciation of revaluation surplus	-	-	(163,182)	163,182	-	-	-
Deffered tax on revaluation surplus	-	-	24,478	-	-	-	24,478
Total comprehensive income for the year	-	-	-	-	(150,547)	(47)	(150,594)
At 31 December 2010	1,138,297	45,522	1,206,772	2,030,560	(150,547)	1,975	4,272,580
Previous years retained earnings	-	-	-	(150,547)	150,547	-	-
Depreciation of revaluation surplus	-	-	(163,182)	163,182	-	-	-
Deffered tax on revaluation surplus	-	-	24,478	-	-	-	24,478
Profit on purchase of shares from associates	-	-	-	-	7	-	7
Total comprehensive income for the year	-	-	-	-	(116,766)	(44)	(116,810)
At 31 December 2011	1,138,297	45,522	1,068,068	2,043,195	(116,759)	1,931	4,180,255

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

	2011	2010	NOTES
	EUR	EUR	
Cash flows from operating activities			
Net income before tax	(91,989)	(147,586)	
Adjustments:			
a) depreciation of fixed assets	564,593	518,339	2
b) depreciation of intangibles	4,993	6,403	2
c) provisions	(10,464)	(7,194)	
d) loss (gain) on sale of fixed assets	(2,817)	1,863	
e) interest income	(34)	(7,383)	20
f) gain (loss) from investments in associates	(11,022)	(11,612)	19
2. Changes in operating current assets and liabilities	453,260	352,829	
Corrections			
a) receivables	(48,006)	34,627	
b) inventory	(13,284)	(7,917)	
c) current liabilities	298,951	244,843	
3. Gross operating cash flow	690,921	624,382	
4. Paid corporate income tax	(16,983)	(24,987)	12
5. Net cash used in operating activities	673,938	599,395	
II. Cash flow used in investment activities			
1. Purchase of shares of associates	(137)	-	
2. Purchase of fixed assets	(1,610,489)	(182,099)	2
3. Income from sale of fixed assets	10,488	312	
4. Received interest	34	7,383	20
5. Net cash from investment activities	(1,600,104)	(174,404)	
IV. Net increase (decrease) in cash	(926,166)	424,991	
V. Cash at the beginning of the period	1,769,248	1,344,257	
VI. Cash at the end of the period	843,082	1,769,248	

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

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 the dates of the Statements of financial position 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 net assets' portion attributed to the parent company are offset with the investment and have been eliminated. The retained earnings portion attributed to the parent company are 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 by the official exchange rate of the Bank of Latvia at the date of transaction. Monetary assets and liabilities are converted by the exchange rate of the Bank of Latvia as on the date of statements of financial position.

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

	December 31, 2011	December 31, 2010
EUR	0.702804	0.702804
USD	0.535	0.544

Gain or loss on conversion is posted to the statement of comprehensive income on the official exchange rate of the Bank of Latvia as of the statement of financial position date and recognized in the period when they incurred.

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

Cash and cash equivalents

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

Trade receivables

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

Inventory

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

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

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 31.12.2011 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.

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 2011 AND 31 DECEMBER 2010

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

As on 31 December 2011 and 31 December 2010
fixed assets are composed as follows:

EUR	Intangible assets	Land & buildings	Machinery and equipment	Other fixed assets	Fixed assets add- ons (EU fonds)	Unfinished building objects	Advance payments for fixed assets	Total
Historical cost								
At 31 December								
2009	37,097	3,615,026	2,769,093	488,463	-	-	250,201	7,159,880
Additions	-	-	132,284	44,001	3,826	1,988	-	182,099
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	(226,288)	(29,903)	-	-	-	(256,191)
At 31 December								
2010	37,097	3,615,026	2,675,089	502,561	3,826	1,988	250,201	7,085,788
Additions	1,131	-	1,006,073	14,905	579,796	8,584	-	1,610,489
Transfers	-	-	-	-	1,988	(1,988)	-	-
Revaluation	-	93,629	-	-	-	-	(93,629)	-
Disposals or change in classification	(697)	-	(90,820)	(37,404)	-	-	-	(128,921)
At 31 December								
2011	37,531	3,708,655	3,590,342	480,062	585,610	8,584	156,572	8,567,356
Accumulated depreciation								
At 31 December								
2009	25,790	1,513,144	2,079,240	393,485	-	-	-	4,011,659
Charge for the year	6,403	52,157	250,921	52,080	-	-	-	361,561
Charge for the period for revaluated fixed assets	-	163,182	-	-	-	-	-	163,182
Disposals	-	-	(224,872)	(29,145)	-	-	-	(254,017)
At 31 December								
2010	32,193	1,728,483	2,105,289	416,420	-	-	-	4,282,385
Charge for the year	4,993	51,761	305,491	44,159	-	-	-	406,404
Charge for the period for revaluated fixed assets	-	163,182	-	-	-	-	-	163,182
Disposals or change in classification	(697)	-	(84,281)	(36,273)	-	-	-	(121,251)
At 31 December								
2011	36,489	1,943,426	2,326,499	424,306	-	-	-	4,730,720
Net book value								
At 31 December								
2009	11,307	2,101,882	689,853	94,978	-	-	250,201	3,148,221
At 31 December								
2010	4,904	1,886,543	569,800	86,141	3,826	1,988	250,201	2,803,403
At 31 December								
2011	1,042	1,765,229	1,263,843	55,756	585,610	8,584	156,572	3,836,636

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

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

3. INVESTMENT IN ASSOCIATES

	Capital share (%)	Amount of investment	Capital share (%)	Amount of investment
	2011		2010	
	EUR		EUR	

Participating interests in associated enterprises

Participation in "Neirozu klinika" Ltd.	45.30	203,367	45.30	192,201
Total participating interests in associated enterprises		<u>203,367</u>		<u>192,201</u>

SIA "Neirozu klinika" 64 shares have been bought for 96,00 LVL (0,03% from total capital).

4. RAW MATERIALS

	2011 EUR	2010 EUR
Pharmaceutical	94,479	80,947
Food products	645	273
Advance payments to supplier of goods	78	266
Inventory in warehouse	-	248
Inventory[re-usable]	-	83
Other materials	324	425
Total	<u>95,526</u>	<u>82,242</u>

5. TRADE RECEIVABLES

	2011 EUR	2010 EUR
Riga's health department	78,601	119,429
P.Stradiņa klīniskā universitātes slimnīca	70,325	-
Other customers	22,212	16,186
Insurance BTA SE	9,515	6,568
Ergo Latvija AAS	6,258	3,469
Gjensidege Baltic	5,098	1,595
IF Latvija AAS	4,361	3,116
Latvian University	3,129	7,891
SEESAM Latvija	2,040	4,637
Latvian railway JSC	1,736	1,722
Olla M Ltd.	1,695	-
Balva AAS	1,690	1,188
Baltijas apdrošināšanas nams	1,466	1,356
Biogen Idec Ltd.	1,198	36
Balta AAS	364	1,668
Compensa Life Vienna Insurance group	199	142
Ministry of Interior – health and social department	64	2,009
Narkologijas centrs	-	440
Bad debt provisions	(6,658)	(1,871)
Total	<u>203,293</u>	<u>169,581</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

6. OTHER RECEIVABLES

	2011	2010
	EUR	EUR
Taxes overpaid (note No.12)	21,060	44,492
VAT for unpaid invoices	1,565	3,268
Other receivables	22,104	6,276
Total	44,729	54,036

7. DEFERRED EXPENDITURE

	2011	2010
	EUR	EUR
Assurance	3,556	3,480
Total	3,556	3,480

8. CASH FUNDS

	2011	2010
Cash in banks	1,211,109	1,766,306
Cash on hands	4,763	2,942
Total	1,215,872	1,769,248

9. SHARE CAPITAL

	2011		2010	
	Number of		Number of	
	shares	Share %	shares	Share %
Shareholders:	67,983	8.50%	65,083	8.14%
Ilze Birka	140,000	17.50%	140,000	17.50%
Martins Birks	140,000	17.50%	140,000	17.50%
Ilze Aizsilniece	91,565	11.45%	91,565	11.45%
Guna Shvarcberga	82,917	10.36%	82,917	10.36%
Other shareholders (shares less than 5%)	277,535	34.69%	280,435	35.05%
Total	800,000	100.00%	800,000	100.00%
Share equity	1,138,297		1,138,297	

10. DEFERRED INCOME

	2011	2010
	EUR	EUR
ERAF projektu izdevumu atlīdzināšana	372,790	-
Total	372,790	-

11. ADVANCE PAYMENTS

	2011	2010
	EUR	EUR
VEK advance payment for 2010	189,906	220,739
Other advances	1,585	388
Total	191,491	221,127

12. TRADE PAYABLES

	2011	2010
	EUR	EUR
Tradintek	172,930	-
Būvprojektu vadība	127,502	-
Latvijas Gaze	15,033	15,997
Latvenergo Rīgas elektrotīkls	10,176	7,941
Sistēmu Audits SIA	6,076	3,472
Rīgas Ūdens	1,117	1,222
Academic histologic laboratory	430	312
Amerilat MD	-	12,740
Lattelekom	-	356
Other suppliers	15,030	10,328
Total	348,294	52,368

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. TAXES AND SOCIAL SECURITY PAYMENTS

	As of 31- 12-10	Calculated	Paid	Returned	As of 31- 12-11
	EUR	EUR	EUR	EUR	EUR
Value added tax	4,797	36,902	(39,278)	3	2,424
Social insurance	61,521	864,444	(820,391)	(39,058)	66,516
Personal income tax	42,325	489,575	(492,980)	(1,423)	37,497
Corporate income tax	(44,492)	-	(16,983)	40,509	(20,966)
Unemployment duty	124	1,525	(1,510)	(31)	108
Natural resources tax	270	2,208	(1,898)	-	580
Real estate tax	-	5,211	(5,304)	-	(94)
Total, including	64,545	1,399,865	(1,378,344)	-	86,065
due to the budget	109,037				107,125
overpayment	(44,492)				(21,060)

14. OTHER PAYABLES

	2011 EUR	2010 EUR
Salaries	123,515	129,030
Trade union	847	1,059
Deposited salary	484	692
Total	124,846	130,781

15. NET SALES

	2011 EUR	2010 EUR
Medical ambulant services	3,143,148	3,026,335
Medical hospital services	1,158,223	1,020,597
Insurance payments	269,518	345,759
VS ZDC ambulant services	233,364	188,744
Services - minimum fixed part	13,144	13,144
Residents training	45,188	44,581
Stomatology services	64,204	58,496
Family doctors	38,393	45,606
Other income	43,776	37,756
Total	5,008,958	4,781,018

16. COST OF GOODS SOLD

	2011 EUR	2010 EUR
Salaries and wages	2,233,054	2,202,728
Fixed assets depreciation	569,587	524,742
Medical goods	609,218	520,882
Social tax	524,267	513,008
VAT - expenses	226,403	206,386
Public utilities	187,065	174,952
Repair expenses	92,985	148,026
Rent of equipment	48,484	102,158
Household goods	23,379	36,882
Security expenses	40,097	35,979
Current assets write-off	31,556	31,058

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. COST OF GOODS SOLD (Continued..)

	2011	2010
	EUR	EUR
Computer maintenance, repair	21,289	21,475
Medical researches	22,146	21,164
Advertising	17,251	21,030
Office expenses	13,504	17,729
Utilities	22,553	16,454
Feeding expenses	26,061	15,982
Insurance expenses	4,636	6,377
Transport expense	7,668	6,322
Employees trainings	6,586	4,932
Allowances to employees	1,707	2,618
Unemployment duty	1,525	1,473
Gifts to employees	1,448	1,091
Accruals for vacations	6,658	(18,103)
Received discounts	(11,346)	(7,453)
Other operating expenses	109,711	93,853
Total	<u>4,837,492</u>	<u>4,701,745</u>

17. ADMINISTRATIVE EXPENSES

	2011	2010
	EUR	EUR
Salaries and wages	198,647	168,000
Social tax	46,386	37,742
Board remuneration	34,249	35,223
Board chairperson remuneration	30,512	23,697
Communication expenses	14,745	17,558
Council members remuneration	19,123	17,530
Office expenses	5,638	14,658
Presentation expenses	2,767	9,330
Council chairperson remuneration	8,196	8,196
Audit expenses	7,114	7,114
Board members social tax	7,056	6,817
Chairperson of the Board social tax	7,349	5,709
Bank expenses	5,025	4,952
Council members social tax	4,418	3,974
Other administrative expenses	3,130	2,827
Chairperson of the Council social tax	1,975	1,975
Legal services	-	71
Total	<u>396,330</u>	<u>365,373</u>

18. OTHER OPERATING INCOME

	2011	2010
	EUR	EUR
Rent income	81,697	92,356
Hotel services – food	18,563	15,686
Utilities for tenants	3,702	7,363
Feeding income	332	1,821
Laundry income	1,688	1,696
Solarium income	905	1,037
Other income	17,418	13,243
Total	<u>124,305</u>	<u>133,202</u>

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

19. OTHER OPERATING EXPENSES

	2011	2010
	EUR	EUR
Real estate tax	643	4,547
Penalties	121	23
Loss from fixed assets disposals	-	1,863
Currency exchange loss	-	10
Other expenses	1,688	7,240
Total	2,452	13,683

20. INCOME FROM INVESTMENT IN ASSOCIATE

	2011	2010
	EUR	EUR
Neurology clinic Ltd.	11,022	11,612
Total	11,022	11,612

21. INTEREST INCOME AND SIMILAR INCOME

	2011	2010
	EUR	EUR
Interest income	-	7,383
Total	-	7,383

22. CORPORATE INCOME TAX

	2011	2010
	EUR	EUR
Calculated Corporate income tax	-	11,887
Deferred Corporate income tax	24,821	(8,876)
Total	24,821	3,011

22. CORPORATE INCOME TAX (CONTINUED ...)

	2011	2010
	EUR	EUR
Profit (loss) before tax	(91,989)	(147,583)
Loss from subsidiary	6,350	6,687
Evaluation of the associate company	11,022	(11,612)
Theoretically calculated corporate income tax, rate 15%	(11,193)	(22,876)
Permanent differences	1,456	34,762
Calculated corporate income tax	-	11,886

Deferred tax

statement depreciation and depreciation for tax		
Temporary difference of fixed assets	(472,765)	(317,759)
revaluation	(702,941)	(866,123)
Accruals for vacations	119,792	130,255
Total temporary differences	(1,055,914)	(1,053,627)
Tax rate applied	15%	15%
Deferred tax liabilities	158,387	158,044
Recognized deferred tax liabilities	158,387	158,044

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

Movement and components of deferred tax

Deferred tax liabilities (asset) at the beginning of the financial year	158,044	191,398
Deferred tax charged to the income statement	24,821	(8,876)
Changes in deferred tax recognised in properties revaluation reserves	(24,478)	(24,478)
Deferred tax liabilities (asset) at the end of the financial year	<u>158,387</u>	<u>158,044</u>

23. PROPERTIES REVALUATION RESERVE

	2011	2010
	EUR	EUR
Balance at beginning of the year	1,206,772	1,345,476
Depreciation on evaluation surplus	(163,182)	(163,182)
Reversal of deferred tax liability on revaluation	24,478	24,478
Balance at end of the year	<u>1,068,067</u>	<u>1,206,772</u>

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 of JSC Latvijas Juras Medicinas Centrs set out on pages 8 to 22 of the accompanying annual report, which comprise the consolidated statement of financial position as of 31 December 2011 and the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 consolidated financial statements give a true and fair view of the financial position of JSC Latvijas Juras Medicinas Centrs as of 31 December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the requirements of the International Financial Reporting Standards adopted by the European Union.

Report on Other Legal and Regulatory Requirements

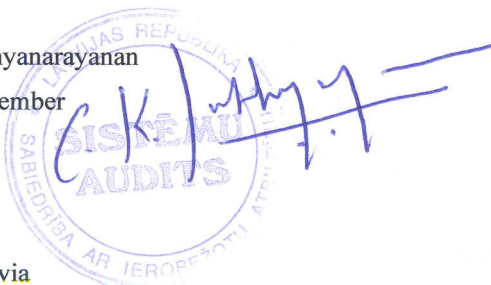
We have read the management report for 2011 set out on pages 5 to 6 of the accompanying consolidated annual report and did not identify material inconsistencies between the financial information contained in the management report and that contained in the consolidated financial statements for 2011.

System audit Ltd.

Audit company licence No. 53

C.K.Sathyaranayanan

Board member



Aija Kurta

Certified auditor of Latvia

Certificate Nr. 128



Riga, Latvia

April 11, 2012.