



**LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC**

**CONSOLIDATED NOT AUDITED REPORT FOR THE YEAR 2011**

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

**(TRANSLATION OF THE LATVIAN ORIGINAL)**

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**LATVIJAS JURAS MEDICINAS CENTRS JSC  
MANAGEMENT REPORT**

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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 Shvarcberga 10.4%
- Janis Birks 8.3%

**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** Number of  
31.12.11

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

<b>Position</b>	<b>Name</b>	
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	
Member of the Council	Uldis Osis	

**Board of the Group**

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

<b>Position</b>	<b>Name</b>	
Chairman of the Board	Janis Birks	66 583
Member of the Board	Marta Aizsilniece	1 344
Member of the Board	Andris Vigants	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 2011 is published as a separate document.

This not 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 -76624 LVL

The loss before taxes of the subsidiary company was -4463 LVL

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

By March a new department of medical care has started 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.

Ear, nose and throat doctor's office is equipped with modern hardware.

The building reconstruction and renovation supported by the ERDF funds is ongoing to provide outpatient medical services at Patversmes street 23 in the former hospital care housing. The new equipment for the oculist has been bought by support of ERDF.

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 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 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

### **Risk Management**

**LATVIJAS JURAS MEDICINAS CENTRS JSC  
MANAGEMENT REPORT**

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, 28 February, 2012.

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**MANAGEMENT REPORT**

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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 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 Aizsilniece

Member of the Board

Andris Vigants

Riga, 28 February, 2012.

## Assets

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
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**AS OF 31 DECEMBER 2011 AND 31 DECEMBER 2010**

	December 31, 2011 LVL	December 31, 2010 LVL	Notes
<b>ASSETS</b>			
<b>Long-term investments:</b>			
<b>Intangible assets:</b>			
Other intangible (fixed) assets	732	3 446	2
<b>Total intangible assets</b>	<b>732</b>	<b>3 446</b>	
<b>Fixed assets</b>			
Land and buildings	1 240 609	1 325 870	
Technological equipment and machines	888 236	400 459	
Other fixed assets and inventory	39 185	60 540	
Fixed assets add-ons (EU funds)	110 039	175 842	
Unfinished building objects	411 569	2 689	
Advance payments for fixed assets	6 033	1 397	
<b>Total fixed assets</b>	<b>2 695 671</b>	<b>1 966 797</b>	2
<b>Long-term financial assets</b>			
Participating interests in associated enterprises	145 964	135 080	3
<b>Total financial assets:</b>	<b>145 964</b>	<b>135 080</b>	
<b>Total long-term investments:</b>	<b>2 842 367</b>	<b>2 105 323</b>	
<b>Current assets:</b>			
<b>Stocks</b>			
Raw materials	67 137	57 800	4
<b>Total stocks</b>	<b>67 137</b>	<b>57 800</b>	
<b>Debtors:</b>			
Trade debtors	147 555	119 182	5
Other receivables	31 432	37 977	6
Accruals	2 499	2 446	7
<b>Total debtors</b>	<b>181 486</b>	<b>159 605</b>	
<b>Cash funds</b>	854 521	1 243 435	8
<b>Total current assets</b>	<b>1 103 144</b>	<b>1 460 840</b>	
<b>TOTAL ASSETS</b>	<b>3 945 511</b>	<b>3 566 163</b>	



## Liabilities

**LATVIJAS JURAS MEDICINAS CENTRS JSC**  
**MANAGEMENT REPORT**  
**AS OF 31 DECEMBER 2011 AND 31 DECEMBER 2010**

	December 31, 2011 LVL	December 31, 2010 LVL	Notes
<b>LIABILITIES</b>			
<b>Equity capital:</b>			
Share equity	800 000	800 000	<b>9</b>
Reserves:			
c) reserves provided by the Articles of Association	31 993	31 993	
d) fixed asset's revaluation reserve	750 643	848 124	
<b>Retained earnings:</b>			
a) brought forward from previous years	1 435 966	1 427 086	
b) current year profit or loss	(76 593)	(105 805)	
<b>Total shareholders' equity</b>	<b>2 942 009</b>	<b>3 001 398</b>	
<b>Non-controlling interest</b>	<b>1 357</b>	<b>1 388</b>	
<b>Total equity capital</b>	<b>2 943 366</b>	<b>3 002 786</b>	
<b>Provisions for liabilities and charges:</b>			
Provisions for vacations	84 191	91 544	
<b>Total provisions</b>	<b>84 191</b>	<b>91 544</b>	
<b>Liabilities:</b>			
<b>Liabilities:</b>			
Received advance payments	396 579	155 409	<b>10</b>
Due to customers and suppliers	244 781	36 805	<b>11</b>
Taxes and social security payments	74 735	76 631	<b>12</b>
Other payables	87 741	91 914	<b>13</b>
Recognized deferred tax liabilities	114 117	111 074	<b>22</b>
<b>Total liabilities</b>	<b>917 953</b>	<b>471 833</b>	
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>3 945 511</b>	<b>3 566 163</b>	

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	<b>2011,</b> <b>LVL</b>	<b>2010, 12</b> <b>LVL</b>	<b>Notes</b>
Net sales	3 508 315	3 360 119	<b>14</b>
Cost of goods sold	(3 399 255)	(3 304 405)	<b>15</b>
<b>Gross profit or loss</b>	<b>109 060</b>	<b>55 714</b>	
Administrative expenses	(278 541)	(256 785)	<b>16</b>
Other operating income	97 383	93 615	<b>17</b>
Other operating expenses	(1 723)	(9 616)	<b>18</b>
Income from investment in associates	10 788	8 161	<b>19</b>
Interest income and similar income	1 979	5 189	<b>20</b>
<b>Profit (loss) before taxes</b>	<b>(61 054)</b>	<b>(103 722)</b>	
Corporate income tax	(15 570)	(2 116)	<b>21</b>
<b>NET PROFIT OR LOSS</b>	<b>(76 624)</b>	<b>(105 838)</b>	
<b>Other comprehensive income</b>			
Gain (loss) on revaluation of properties excluding deferred tax	-	-	<b>22</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>-</b>	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(76 624)</b>	<b>(105 838)</b>	
Profit attributable to Owners of LJMC	(76 593)	(105 805)	
Non-controlling interest	(31)	(33)	
	<b>(76 624)</b>	<b>(105 838)</b>	
Total comprehensive income attributable to			
Owners of LJMC	-	-	
Non-controlling interest	-	-	
	<b>-</b>	<b>-</b>	
<b>Number of shares</b>	<b>800 000</b>	<b>800 000</b>	
<b>Earnings per Share (EPS)</b>	<b>(0,10)</b>	<b>(0,13)</b>	

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	<b>Share capital</b>	<b>Reserves provided</b>	<b>Properties revaluation</b>	<b>Previous years</b>	<b>Current year profit</b>	<b>Non-controlling</b>	<b>Total</b>
<b>At 31 December 2009</b>	<b>800 000</b>	<b>31 993</b>	<b>945 606</b>	<b>1 370 908</b>	<b>(58 507)</b>	<b>1 421</b>	<b>3 091 421</b>
Previous years retained earnings	-	-	-	(58 507)	58 507	-	-
Dividends paid	-	-	-	-	-	-	-
Depriciation of revaluation surplus	-	-	-	-	(105 805)	(33)	(105 838)
Deffered tax on revaluation surplus	-	-	(114 685)	114 685	-	-	-
Total comprehensive income for the year	-	-	17 203	-	-	-	17 203
<b>At 31 December 2010</b>	<b>800 000</b>	<b>31 993</b>	<b>848 124</b>	<b>1 427 086</b>	<b>(105 805)</b>	<b>1 388</b>	<b>3 002 786</b>
Previous years retained earnings	-	-	-	(105 805)	105 805	-	-
Dividends paid	-	-	-	-	-	-	-
Depriciation of revaluation surplus	-	-	(114 685)	114 685	-	-	-
Deffered tax on revaluation surplus	-	-	17 204	-	-	-	17 204
Total comprehensive income for the year	-	-	-	-	(76 593)	(31)	(76 624)
<b>At 31 December 2011</b>	<b>800 000</b>	<b>31 993</b>	<b>750 643</b>	<b>1 435 966</b>	<b>(76 593)</b>	<b>1 357</b>	<b>2 943 366</b>

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	2011, LVL	2010, 12 LVL	NOTE S
<b>Cash flows used in operating activities</b>			
Net income before tax	(61 054)	(103 722)	
Adjustments:			
a) depreciation of tangibles	396 799	364 291	2
b) depreciation of goodwill	3 509	4 500	2
c) provisions	(7 354)	(5 056)	
d) loss (gain) on sale of tangibles	-	1 309	
e) interest income	(5 189)	(5 189)	20
f) gain (loss) from investments in associates	(10 788)	(8 161)	19
g) gain from the change of fair value of investment property	-	-	
<b>2. Gain (loss) before changes in current assets and liabilities</b>	<b>315 923</b>	<b>247 972</b>	
Changes in operating assets and liabilities:			
a) receivables.	24 336	24 336	
b) inventory.	(9 337)	(5 564)	
c) current liabilities.	421 761	172 075	
<b>3. Gross operating cash flow</b>	<b>752 683</b>	<b>438 819</b>	
4. Paid interest.	-	-	
4. Paid corporate income tax.	(11 936)	(17 561)	12
<b>5. Net cash used in operating activities</b>	<b>740 747</b>	<b>421 258</b>	
<b>II. Cash flow used in investment activities</b>			
1. Purchase of shares of associates.	-	-	
2. Purchase of fixed assets.	(1 131 859)	(127 980)	2
3. Selling of fixed assets.	219	219	
4. Received interest.	1 979	5 189	20
<b>5. Net cash from investment activities</b>	<b>(1 129 661)</b>	<b>(122 572)</b>	
<b>III. Cash flows used in financing activities</b>			
1. Paid dividends.	-	-	
<b>IV. Net increase (decrease) in cash</b>	<b>(388 914)</b>	<b>298 686</b>	
<b>V. Cash at the beginning of the period</b>	<b>1 243 435</b>	<b>944 749</b>	
<b>VI. Cash at the end of the period</b>	<b>854 521</b>	<b>1 243 435</b>	

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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, 2011</b>	<b>December 31, 2010</b>
EUR	0.702804	0.702804
USD	0,525	0,562

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.

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**Trade receivables**

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

**Inventory**

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

**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.

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**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.

**Risk Management (continued...)**

**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.

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

As on 31 December 2011 and 31 December 2010

fixed assets are composed as follows:

LVL	Intangible assets	Land & buildings	Machinery and equipment	Other fixed assets	Fixed assets additions (EU funds)	Unfinished building objects	Advance payments for fixed	Total
<b>Historical cost</b>								
<b>At 31 December</b>								
<b>2009</b>	26 072	2 540 655	1 946 130	343 294	-	-	175 842	5 031 993
Additions	-	-	92 970	30 924	2 689	1 397	-	127 980
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	(159 036)	(21 016)	-	-	-	(180 052)
<b>At 31 December</b>								
<b>2010</b>	26 072	2 540 655	1 880 064	353 202	2 689	1 397	175 842	4 979 921
Additions	795	-	707 073	10 475	407 483	6 033	-	1 131 859
Transfers	-	-	-	-	1 397	(1 397)	-	-
Revaluation	-	65 803	-	-	-	-	(65 803)	-
Disposals or change in classification	(490)	-	(63 829)	(26 288)	-	-	-	(90 607)
<b>At 31 December</b>								
	26 377	2 606 458	2 523 308	337 389	411 569	6 033	110 039	6 021 173
<b>Accumulated depreciation</b>								
<b>At 31 December</b>								
<b>2009</b>	18 126	1 063 444	1 461 298	276 543	-	-	-	2 819 411
Charge for the year	4 500	36 656	176 348	36 602	-	-	-	254 106
Charge for the period for revaluated fixed assets	-	114 685	-	-	-	-	-	114 685
Disposals	-	-	(158 041)	(20 483)	-	-	-	(178 524)
<b>At 31 December</b>								
<b>2010</b>	22 626	1 214 785	1 479 605	292 662	-	-	-	3 009 678
Charge for the year	3 509	36 378	214 700	31 035	-	-	-	285 622
Charge for the period for revaluated fixed assets	-	114 686	-	-	-	-	-	114 686
Disposals or change in classification	(490)	-	(59 233)	(25 493)	-	-	-	(85 216)
<b>At 31 December</b>								
<b>2011</b>	25 645	1 365 849	1 635 072	298 204	-	-	-	3 324 770
<b>Net book value</b>								
<b>At 31 December</b>								
<b>2009</b>	7 946	1 477 211	484 832	66 751	-	-	175 842	2 212 582
<b>At 31 December</b>								
<b>2010</b>	3 446	1 325 870	400 459	60 540	2 689	1 397	175 842	1 970 243
<b>At 31 December</b>								
<b>2011</b>	732	1 240 609	888 236	39 185	411 569	6 033	110 039	2 696 403

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



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**3. PARTICIPATING INTERESTS IN ASSOCIATED ENTERPRISES**

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

**Participating interests in associated enterprises**

Participation in "Neirozu klinika" Ltd.	45,30	145 964	45,30	135 080
<b>Total participating interests in associated enterprises</b>		<u>145 964</u>		<u>135 080</u>

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

**4. RAW MATERIALS**

	2011 LVL	2010 LVL
Pharmaceutical Products	66 400	56 890
Advance payments to supplier of goods	453	192
Stock in warehouse	55	187
Inventory	-	174
Other materials	-	58
	229	299
<b>Total</b>	<u>67 137</u>	<u>57 800</u>

**5. TRADE DEBTORS**

	2011 LVL	2010 LVL
Rigas department	55 241	83 935
Latvian University	2 199	5 546
Insurance BTA SE	6 687	4 616
SEESAM Latvija	1 434	3 259
Ergo Latvija AAS	4 398	2 438
IF Latvija AAS	3 065	2 190
Ministry of Interior – health and social departme	45	1 412
Latvian railway AS	1 220	1 210
Balta AAS	256	1 172
Gjesidege Baltic	3 583	1 121
Baltijas apdrošināšanas nams	1 030	953
Balva AAS	1 188	835
Narkologijas centrs	-	309
Compensa Life Vienna Insurance group	140	100
Biogen Idec Ltd.	842	25
P.Stradiņa klīniskā universitātes slimnīca	49 425	-
Olla M SIA	1 191	-
Other customers	20 291	11 376
Bad debt provisions	-4 680	-1 315
<b>Total</b>	<u>147 555</u>	<u>119 182</u>

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**6. OTHER RECEIVABLES**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Taxes overpayment (note No.12)	14 801	31 269
VAT for unpaid invoices	1 100	2 297
Other debtors	15 531	4 411
<b>Total</b>	<b><u>31 432</u></b>	<b><u>37 977</u></b>

**7. ACCRUALS**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Assurance expense	2 499	2 446
	-	-
<b>Total</b>	<b><u>2 499</u></b>	<b><u>2 446</u></b>

Cash on hands

**8. CASH FUNDS**

	<b>2011</b>	<b>2010</b>
Cash in banks	851 173	1 241 367
Deposit	-	-
Cash on hands	3 348	2 068
<b>Total</b>	<b><u>854 521</u></b>	<b><u>1 243 435</u></b>

**9. SHARE EQUITY**

Share equity	<b>2011</b>		<b>2010</b>	
	Number of shares	Share %	Number of shares	Share %
<b>Shareholders:</b>	66 583	8,32%	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%)	278 935	34,87%	280 435	35,05%
<b>Total</b>	<b><u>800 000</u></b>	<b><u>100,00%</u></b>	<b><u>800 000</u></b>	<b><u>100,00%</u></b>
<b>Share equity</b>	<b><u>800 000</u></b>		<b><u>800 000</u></b>	

**10. RECEIVED ADVANCE PAYMENTS**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
VEK advance payment for 2010	395 465	155 136
Other advances	1 114	273
<b>Total</b>	<b><u>396 579</u></b>	<b><u>155 409</u></b>

**11. DUE TO CUSTOMERS AND SUPPLIERS**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Amerilat MD	-	11 243
Latvijas Gaze	10 565	8 954
Latvenergo Rīgas elektrotikls	7 152	5 581
Sistēmu Audits SIA	3 500	2 440
Segaway SIA	-	859

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**11. DUE TO CUSTOMERS AND SUPPLIERS (continued...)**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Rigas Ūdens	-	250
Academic histologic laboratory	785	219
Lattelekom	-	119
AB Medical Group Riga	-	-
Other suppliers	222 779	7 140
<b>Total</b>	<b>244 781</b>	<b>36 805</b>

**12. TAXES AND SOCIAL SECURITY PAYMENTS**

	Atlikums uz 31-12- 10 <b>LVL</b>	Aprēķināts <b>LVL</b>	Pārskaitīts <b>LVL</b>	Atgriezsts <b>LVL</b>	Atlikums uz 31-12- 11 <b>LVL</b>
Value added tax	3 371	25 662	-27 630	2	1 405
Social insurance	43 237	607 535	-576 574	-27 450	46 748
Personal income tax	29 746	344 076	-346 468	-1 000	26 354
Corporate income tax	-31 269	-	-11 936	28 470	-14 735
Unemployment duty	87	1 072	-1 061	-22	76
Natural resources tax	190	1 296	-1 334	-	152
Real estate tax	-	3 662	-3 728	-	-66
<b>Total, including</b>	<b>45 362</b>	<b>983 303</b>	<b>-968 731</b>	<b>-</b>	<b>59 934</b>
due to the budget	76 631				74 735
overpayment	-31 269				-14 801

**13. OTHER PAYABLES**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Salaries	86 806	90 683
Trade union	595	744
Deposited salary	340	487
<b>Total</b>	<b>87 741</b>	<b>91 914</b>

**14. NET SALES**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Medical ambulant services	2 209 017	2 126 920
Medical hospital services	814 004	717 280
Insurance payments	189 418	243 001
VS ZDC ambulant services	164 009	132 650
Services - minimum fixed part	9 238	9 238
Residents training	31 758	31 332
Stomatology services	45 123	41 111
Family doctors	26 983	32 052
Other income	18 765	26 535
<b>Total</b>	<b>3 508 315</b>	<b>3 360 119</b>

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**15. COST OF GOODS SOLD**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Salaries and wages	1 569 399	1 548 086
Fixed assets depreciation	400 308	368 791
Medical goods	428 161	366 078
Social tax	368 457	360 544
VAT - expenses	159 117	145 049
Public utilities	131 470	122 957
Repair expenses	65 350	104 033
Rent of equipment	34 075	71 797
Household goods	16 431	25 921
Security expenses	28 180	25 286
Current assets write-off	22 178	21 828
Computer maintenance, repair	14 962	15 093
Medical researches	15 564	14 874
Advertising	12 124	14 780
Office expenses	9 491	12 460
Utilities	15 850	11 564
Feeding expenses	18 316	11 232
Insurance expenses	3 258	4 482
Transport expense	5 389	4 443
Employees trainings	4 629	3 466
Allowances to employees	1 200	1 840
Unemployment duty	1 072	1 035
Gifts to employees	1 018	767
Accruals for vacations	4 679	(12 723 )
Received discounts	(7 974 )	(5 238 )
Other operating expenses	76 551	65 960
<b>Total</b>	<b><u>3 399 255</u></b>	<b><u>3 304 405</u></b>

**16. ADMINISTRATIVE EXPENSES**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Salaries and wages	139 609	118 071
Board remuneration	32 600	26 525
Social tax	24 070	24 755
Board chairperson remuneration	21 444	16 654
Communication expenses	10 363	12 340
Council members remuneration	13 440	12 320
Office expenses	3 962	10 302
Presentation expenses	1 945	6 557
Council chairperson remuneration	5 760	5 760
Audit expenses	5 000	5 000
Board members social tax	4 959	4 791
Chairperson of the Board social tax	5 165	4 012
Bank expenses	3 531	3 480
Council members social tax	3 105	2 793
Chairperson of the Council social tax	2 200	1 987
Legal services	1 388	1 388
Other administrative expenses	-	50
<b>Total</b>	<b><u>278 541</u></b>	<b><u>256 785</u></b>

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**17. OTHER OPERATING INCOME**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Rent income	57 417	64 908
Hotel services – food	13 046	11 024
Utilities for tenants	2 602	5 175
Feeding income	233	1 280
Laundry income	1 186	1 192
Solarium income	636	729
Income from social tax return	-	-
Press goods	-	-
Other income	22 263	9 307
<b>Total</b>	<b><u>97 383</u></b>	<b><u>93 615</u></b>

**18. OTHER OPERATING EXPENSES**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Real estate tax	452	3 196
Loss from fixed assets disposals	-	1 309
Penalties	85	16
Currency exchange loss	-	7
Other expenses	1 186	5 088
<b>Total</b>	<b><u>1 723</u></b>	<b><u>9 616</u></b>

**19. INCOME FROM INVESTMENT IN ASSOCIATES**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Neurology clinic Ltd.	10 788	8 161
<b>Total</b>	<b><u>10 788</u></b>	<b><u>8 161</u></b>

**20. INTEREST INCOME AND SIMILAR INCOME**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Interest income	1 979	5 189
<b>Total</b>	<b><u>1 979</u></b>	<b><u>5 189</u></b>

**21. CORPORATE INCOME TAX**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Calculated Corporate income tax	13 384	8 354
Deferred Corporate income tax	2 186	(6 238)
<b>Total</b>	<b><u>15 570</u></b>	<b><u>2 116</u></b>

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

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
Profit (loss) before tax	(61 054)	(103 722)
Loss of a subsidiary	4 463	4 700
Evaluation of an associate company	10 788	(8 161)
<b>Theoretically calculated corporate income tax</b>	<b>(6 870)</b>	<b>(16 077)</b>
Permanent differences	20 254	24 431
<b>Calculated corporate income tax</b>	<b><u>13 384</u></b>	<b><u>8 354</u></b>

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**Deferred tax**

Temporary difference between financial	(350 944 )	(223 322 )
Temporary difference of fixed assets	(494 030 )	(608 715 )
Accruals for vacations	84 191	91 544
<b>Total temporary differences</b>	<b>(760 783 )</b>	<b>(740 493 )</b>
Tax rate applied	15%	15%
<b>Deferred tax liabilities</b>	<b>(114 117 )</b>	<b>(111 074 )</b>
<b>Recognized deferred tax liabilities</b>	<b>(114 117 )</b>	<b>(111 074 )</b>

**22. PROPERTIES REVALUATION RESERVE**

	<b>2011</b>	<b>2010</b>
	<b>LVL</b>	<b>LVL</b>
<b>Balance at beginning of year</b>	848 124	945 606
Other comprehensive income:	-	-
Decrease arising on revaluation of properties	-	-
Deferred tax assets arising on revaluation	-	-
Depreciation on evaluation surplus	(114 685 )	(114 685 )
Reversal of deferred tax liability on revaluation	17 203	17 203
<b>Balance at end of year</b>	<b>750 642</b>	<b>848 124</b>