



LATVIJAS JŪRAS MEDICĪNAS CENTRS JSC

CONSOLIDATED INTERIM REPORT FOR THE 6 MONTHS OF 2012

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

(Translation of the Latvian original)

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

COMPANY NAME: LATVIJAS JURAS MEDICINAS CENTRS JSC

LEGAL STATUS: Joint stock company

REGISTRATION: Registered in Latvian Register of Enterprises at
27.08.2004.

Registration Number: 40003306807

LEGAL ADDRESS: 23, Patversmes str., 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 Shvarcberga 10.4%
Janis Birks 8.5%

REPORTING PERIOD: December 31, 2011 - June 30, 2012

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

Position	Name	Number of shares owned at 30.06.12
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

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 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 LJMC was 133793 LVL

The loss before taxes of JM was 4392 LVL

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

Key developments in LJMC during the year 2012 is offering new medical service, improving the quality of existing services with the help of modern medical technology, new specialists and better patient service culture.

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

Patient demand for state-funded outpatient medical in the first half of 2012th significantly exceeded the funding quota. During the summer months are traditionally lower demand for medical services. Therefore during the first half year the exceeding of the state funding quota was tolerated by 87 000 LVL. This enabled to maintain the patient attraction to the Latvian Maritime Medical Centre and to ensure smooth personnel utilized capacity in winter and in the summer vacation period. Accordingly the contract with the Health Billing Center the exceeding of quota cannot be credited to the income at the reference period. Payment processing will take place in the coming months, if not met this month financing quota. As a result, excluding the revenue reduced the first half year profits by approximately LVL 60000.

The "Doctor's Office" information 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.

Building reconstruction and renovation at Patversmes street 23 funded by ERDF is finished at April 26 in order to provide outpatient medical services in the former hospital care housing. New medical equipment, furniture and IT technique for the day care department and GP were purchased. The total costs of the project was 660 000 LVL, the ERDF funding was LVL 436035.

The first quarters EBITDA is LVL 95105.

Internal transactions with subsidiaries and associated companies in the year 2012 were not made.

The share price at the 31.12.11 was LVL 1,45; 31.03.12 - LVL 1,80; 30.06.12 - LVL 1,95

Important Events after the Balance Sheet Date

By early September, will be completed landscaping at Patversmes Street 23 developing friendly and enjoyable environment for patients. For patient's convenience also is created a new parking for 36 cars. In landscaping during the reporting period are invested LVL 68,000, but the landscaping total costs are estimated. LVL124,000.

In Surgery clinic at Patversmes Street 23 are created 4 luxury class wards. Redecoration of several rooms in North diagnostic center was done.

The telephone modernization and setting up of a call center was started, which will greatly improve the possibilities for patients to sign up to the medical professionals.

The share price at the 20.08.12 was LVL 1,70.

MANAGEMENT REPORT

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, 20 August, 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 30 June 2012 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, 20 August, 2012.

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2012 AND 31 DECEMBER 2011

	June 30, 2012	December 31, 2011	Notes	June 30, 2011
ASSETS	LVL	LVL		LVL
Long-term investments:				
Intangible assets:				
Other intangible (fixed) assets	12 080	732	2	2 150
Total intangible assets	12 080	732		2 150
Fixed assets				
Land and buildings	1 800 282	1 240 610		1 250 339
Technological equipment and machines	796 008	888 235		340 073
Other fixed assets and fixtures	42 693	39 185		47 805
Fixed assets add-ons (EU funds)	110 039	110 039		13 531
Unfinished construction	-	411 569		175 842
Advance payments for fixed assets	-	6 033		-
Total fixed assets	2 749 022	2 695 671	2	1 827 590
Long-term financial assets				
Investment in associates	142 927	142 927	3	135 176
Total financial assets:	142 927	142 927		135 176
Total long-term investments:	2 904 029	2 839 330		1 964 916
Current assets:				
Inventories				
Raw materials	69 497	67 136	4	582 202
Total Inventories	69 497	67 136		582 202
Debtors:				
Trade receivables	186 346	142 875	5	184 455
Other receivables	31 895	31 436	6	118 363
Deferred expenditure	841	2 499	7	688
Total debtors	219 082	176 810		303 506
Cash funds	528 696	854 520	8	1 053 711
Total current assets	817 274	1 098 466		1 939 419
TOTAL ASSETS	3 721 303	3 937 796		3 904 335

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2012 AND 31 DECEMBER 2011

	June 30, 2012	June 30, 2012	Notes	June 30, 2011
LIABILITIES	LVL	LVL		LVL
Equity capital:				
Share capital	800 000	800 000	9	800 000
Reserves:				
c) reserves provided by the Articles of Association	31 993	31 993		31 993
d) fixed asset's revaluation reserve	701 900	750 642	23	799 383
Retained earnings:				
a) brought forward from previous years	1 411 250	1 435 966		1 378 623
b) current year comprehensive income (loss)	(138 152)	(82 058)		(109 458)
Total shareholders' equity	2 806 991	2 936 543		2 900 541
Non-controlling interest	1 326	1 357		1 371
Total equity capital	2 808 317	2 937 900		2 901 912
Provisions for liabilities and charges:				
Provisions for vacations	84 190	84 190		91 544
Deferred tax provisions	102 714	111 315	22	102 473
Total provisions	186 904	195 505		194 017
Ilgtermiņa kreditori:				
Deferred income	392 535	261 998	10	-
Total non-current liabilities	392 535	261 998		-
Current liabilities:				
Advance payments	7 803	134 581	11	155 157
Trade Payables	104 497	244 782	12	433 621
Taxes and social security payments	115 270	75 288	13	112 017
Other payables	105 978	87 742	14	107 611
Total current liabilities	333 548	542 393		808 406
Total liabilities	726 083	804 391		-
TOTAL EQUITY, PROVISIONS AND LIABILITIES	3 721 303	3 937 796		3 904 335
CR	2,45	2,03		2,13
DR	0,09	0,14		0,26

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 30 JUNE 2012 AND 31 DECEMBER 2011

	2012, 6 month period LVL	2011, 12 month period LVL	Notes	2011, 6 month period LVL
Net sales	1 818 771	3 520 316	15	1 772 153
Cost of goods sold	(1 838 399)	(3 399 809)	16	(1 779 535)
Gross profit or loss	(19 628)	120 507		(7 382)
Administrative expenses	(179 626)	(278 542)	17	(152 586)
Other operating income	54 111	87 362	18	51 872
Other operating expenses	(809)	(1 723)	19	(1 858)
Income from investment in associate	-	7 746	20	-
Interest income and similar income	7 769	-	21	479
Profit (loss) before taxes	(138 183)	(64 650)		(109 475)
Corporate income tax	-	(17 444)	22	-
NET PROFIT OR LOSS	(138 183)	(82 094)		(109 475)
Other comprehensive income				
Peļņa no asociētā uzņēmuma daļu iegādes	-	5		-
Other comprehensive income for the year, net of tax	-	5		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(138 183)	(82 089)		(109 475)
Profit attributable to				
Owners of LJMC	(138 152)	(82 058)		(109 458)
Non-controlling interest	(31)	(31)		(17)
	(138 183)	(82 089)		(109 475)
Total comprehensive income attributable to				
Owners of LJMC	-	-		-
Non-controlling interest	-	-		-
	-	-		-
Number of shares	800 000	800 000		800 000
Earnings per Share (EPS)	(0,17)	(0,10)		(0,14)

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 30 JUNE 2012 AND 31 DECEMBER 2011

	Share capital	Reserves provided by the Articles of Association	Properties revaluation reserve	Previous years retained earnings	Current year profit	Non-controlling interest	Total
At 31 December 2010	800 000	31 993	848 124	1 427 086	(105 805)	1 388	3 002 786
Previous years retained earnings	-	-	-	(105 805)	105 805	-	-
Depreciation of revaluation surplus	-	-	(114 685)	114 685	-	-	-
Deffered tax on revaluation surplus	-	-	17 203	-	-	-	17 203
Profit on purchase of shares from associates	-	-	-	-	5	-	5
Total comprehensive income for the year	-	-	-	-	(82 063)	(31)	(82 094)
At 31 December 2011	800 000	31 993	750 642	1 435 966	(82 058)	1 357	2 937 900
Previous years retained earnings	-	-	-	(82 058)	82 058	-	-
Depreciation of revaluation surplus	-	-	(57 342)	57 342	-	-	-
Deffered tax on revaluation surplus	-	-	8 600	-	-	-	8 600
Profit on purchase of shares from associates	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(138 152)	(31)	(138 183)
At 30 June 2012	800 000	31 993	701 900	1 411 250	(138 152)	1 326	2 808 317

LATVIJAS JURAS MEDICINAS CENTRS JSC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED 30 JUNE 2012 AND 31 DECEMBER 2011

	2012, 6 month period LVL	2011, 12 month period LVL	NOTE S	2011, 6 month period LVL
Cash flows from operating activities				
Net income before tax	(138 183)	(64 650)		(109 475)
Adjustments:				
a) depreciation of fixed assets	231 917	396 798	2	178 662
b) depreciation of intangibles	1 372	3 509	2	2 091
c) provisions	-	(7 354)		-
d) loss (gain) on sale of fixed assets	-	(1 980)		857
e) interest income	(14)	(24)	20	(5 189)
f) gain (loss) from investments in associates	(7 746)	(7 746)	19	-
2. Changes in operating current assets and liabilities	87 346	318 553		66 946
Corrections				-
a) receivables	(43 471)	(33 739)		24 336
b) inventory	(2 361)	(9 336)		(524 402)
c) current liabilities	(65 658)	472 102		295 946
3. Gross operating cash flow	(24 144)	747 580		(137 174)
4. Paid interest	-	-		-
4. Paid corporate income tax	(3 570)	(11 936)	12	(11 936)
5. Net cash used in operating activities	(27 714)	735 644		(149 110)
II. Cash flow used in investment activities				
1. Purchase of shares of associates	-	(96)		-
2. Purchase of fixed assets	(298 124)	(1 131 858)	2	(41 312)
3. Income from sale of fixed assets	-	7 371		219
4. Received interest	14	24	20	479
5. Net cash from investment activities	(298 110)	(1 124 559)		(40 614)
IV. Net increase (decrease) in cash	(325 824)	(388 915)		(189 724)
V. Cash at the beginning of the period	854 520	1 243 435		1 243 435
VI. Cash at the end of the period	528 696	854 520		1 053 711

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED 30 JUNE 2012 AND 31 DECEMBER 2011

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:

	June 30, 2012	December 31, 2011
EUR	0.702804	0.702804
USD	0,528	0,562

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 PERIODS ENDED 30 JUNE 2012 AND 31 DECEMBER 2011

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.

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED 30 JUNE 2012 AND 31 DECEMBER 2011

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 PERIODS ENDED 30 JUNE 2012 AND 31 DECEMBER 2011

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

As on 30 June 2012 and 31 December 2011
 fixed assets are composed as follows:

LVL	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 2010	26 072	2 540 655	1 880 064	353 202	2 689	1 397	175 842	4 979 921
Additions	795	-	707 072	10 475	407 483	6 033	-	1 131 858
Transfers	-	-	-	-	1 397	(1 397)	-	-
Disposals	(490)	65 803	(63 829)	(26 288)	-	-	(65 803)	(90 607)
At 31 December 2011	26 377	2 606 458	2 523 307	337 389	411 569	6 033	110 039	6 021 172
Additions	12 720	-	47 123	18 602	225 712	(6 033)	-	298 124
Transfers	-	637 281	-	-	(637 281)	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Disposals or change in	-	-	(10 019)	(2 440)	-	-	-	(12 459)
At 30 June 2012	39 097	3 243 739	2 560 411	353 551	-	-	110 039	6 306 837
Accumulated depreciation								
At 31 December 2010	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	-	114 685	-	-	-	-	-	114 685
Disposals	(490)	-	(59 233)	(25 493)	-	-	-	(85 216)
At 31 December 2011	25 645	1 365 848	1 635 072	298 204	-	-	-	3 324 769
Charge for the year	1 372	20 265	139 350	14 958	-	-	-	175 945
Charge for the period for revaluated fixed assets	-	57 344	-	-	-	-	-	57 344
Disposals or change in classification	-	-	(10 019)	(2 304)	-	-	-	(12 323)
At 30 June 2012	27 017	1 443 457	1 764 403	310 858	-	-	-	3 545 735
Net book value								
At 31 December 2010	3 446	1 325 870	400 459	60 540	2 689	1 397	175 842	1 970 243
At 31 December 2011	732	1 240 610	888 235	39 185	411 569	6 033	110 039	2 696 403
At 30 June 2012	12 080	1 800 282	796 008	42 693	-	-	110 039	2 761 102

LATVIJAS JURAS MEDICINAS CENTRS JSC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED 30 JUNE 2012 AND 31 DECEMBER 2011

3. INVESTMENT IN ASSOCIATES

	Capital share (%)	Amount of investment	Capital share (%)	Amount of investment
	2012		2011	
	LVL		LVL	

Participating interests in associated enterprises

Participation in "Neirozu klinika" Ltd.	45,32	<u>142 927</u>	45,30	<u>142 927</u>
Total participating interests in associated enterprises		<u><u>142 927</u></u>		<u><u>142 927</u></u>

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

4. RAW MATERIALS

	2012 LVL	2011 LVL
Pharmaceutical	68 997	66 400
Food products	-	453
Advance payments to supplier of goods	406	55
Inventory in warehouse	-	-
Inventory[re-usable]	-	-
Other materials	94	228
Total	<u><u>69 497</u></u>	<u><u>67 136</u></u>

5. TRADE RECEIVABLES

	2012 LVL	2011 LVL
Riga's health department	100 562	55 241
P.Stradiņa klīniskā universitātes slimnīca	32 910	49 425
Other customers	15 545	15 611
Insurance BTA SE	9 281	6 687
Ergo Latvija AAS	1 988	4 398
Gjensidege Baltic	4 001	3 583
IF Latvija AAS	3 396	3 065
Latvian University	5 864	2 199
SEESAM Latvija	3 194	1 434
Latvian railway JSC	1 220	1 220
Olla M Ltd.	1 167	1 191
Balva AAS	1 518	1 188
Baltijas apdrošināšanas nams	2 684	1 030
Biogen Idec Ltd.	-	842
Balta AAS	828	256
Compensa Life Vienna Insurance group	1 871	140
Ministry of Interior – health and social department	3 093	45
Narkologijas centrs	-	-
Bad debt provisions	(2 776)	(4 680)
Total	<u><u>186 346</u></u>	<u><u>142 875</u></u>

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6. OTHER RECEIVABLES

	2012	2011
	LVL	LVL
Taxes overpaid (note No.12)	15 528	14 801
VAT for unpaid invoices	2	1 100
Other receivables	16 365	15 535
Total	<u>31 895</u>	<u>31 436</u>

7. DEFERRED EXPENDITURE

	2012	2011
	LVL	LVL
Assurance	841	2 499
Total	<u>841</u>	<u>2 499</u>

8. CASH FUNDS

	2012	2011
Cash in banks	523 607	851 172
Cash on hands	5 089	3 348
Total	<u>528 696</u>	<u>854 520</u>

9. SHARE CAPITAL

	2012		2011	
	Number of shares	Share %	Number of 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	<u>800 000</u>	<u>100,00%</u>	<u>800 000</u>	<u>100,00%</u>
Share equity	800 000		800 000	

10. DEFERRED INCOME

	2012	2011
	LVL	LVL
ERAF projektu izdevumu atlīdzināšana	392 535	261 998
Total	<u>392 535</u>	<u>261 998</u>

11. ADVANCE PAYMENTS

	2012	2011
	LVL	LVL
VEK advance payment for 2010	6 689	133 467
Other advances	1 114	1 114
Total	<u>7 803</u>	<u>134 581</u>

12. TRADE PAYABLES

	2012	2011
	LVL	LVL
Tradintek	76 732	121 536
Būvprojektu vadība	2 086	89 609
Latvijas Gaze	417	10 565
Latvenergo Rīgas elektrotikls	5 173	7 152
Sistēmu Audits SIA	-	4 270
Rīgas Ūdens	1 351	785
Academic histologic laboratory	177	302
Amerilat MD	56	-
Lattelekom	-	-
Other suppliers	18 505	10 563
Total	<u>104 497</u>	<u>244 782</u>

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13. TAXES AND SOCIAL SECURITY PAYMENTS

	As of 31-12-11	Calculated	Paid	Returned	As of 30-6-12
	LVL	LVL	LVL	LVL	LVL
Value added tax	1 703	20 050	(20 536)	-	1 217
Social insurance	46 748	315 348	(288 117)	-	73 979
Personal income tax	26 353	177 867	(164 433)	-	39 787
Corporate income tax	(14 735)	-	(3 570)	2 781	(15 524)
Unemployment duty	76	519	(520)	-	75
Natural resources tax	408	428	(624)	-	212
Real estate tax	(66)	2 332	(2 270)	-	(4)
Total, including	60 487	516 544	(480 070)	2 781	99 742
due to the budget	75 288				115 270
overpayment	(14 801)				(15 528)

14. OTHER PAYABLES

	2012	2011
	LVL	LVL
Salaries	104 681	86 807
Trade union	957	595
Deposited salary	340	340
Total	105 978	87 742

15. NET SALES

	2012	2011
	LVL	LVL
Medical ambulant services	1 069 990	2 209 017
Medical hospital services	470 473	814 004
Insurance payments	120 988	189 418
VS ZDC ambulant services	97 550	164 009
Services - minimum fixed part	4 620	9 238
Residents training	17 072	31 758
Stomatology services	21 825	45 123
Family doctors	14 638	26 983
Other income	1 615	30 766
Total	1 818 771	3 520 316

16. COST OF GOODS SOLD

	2012	2011
	LVL	LVL
Salaries and wages	795 454	1 569 399
Fixed assets depreciation	233 288	400 308
Medical goods	236 303	428 161
Social tax	186 916	368 457
VAT - expenses	98 539	159 117
Public utilities	91 365	131 470
Repair expenses	83 159	65 350
Rent of equipment	-	34 075
Household goods	8 932	16 431
Security expenses	12 890	28 180
Current assets write-off	15 785	22 178

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16. COST OF GOODS SOLD (Continued..)

	2012	2011
	LVL	LVL
Computer maintenance, repair	8 352	14 962
Medical researches	9 263	15 564
Advertising	2 521	12 124
Office expenses	4 107	9 491
Utilities	5 765	15 850
Feeding expenses	11 549	18 316
Insurance expenses	1 684	3 258
Transport expense	2 906	5 389
Employees trainings	3 826	4 629
Allowances to employees	600	1 200
Unemployment duty	519	1 072
Gifts to employees	246	1 018
Accruals for vacations	(1 904)	4 679
Received discounts	(3 464)	(7 974)
Other operating expenses	29 800	77 105
Total	<u>1 838 399</u>	<u>3 399 809</u>

17. ADMINISTRATIVE EXPENSES

	2012	2011
	LVL	LVL
Salaries and wages	99 859	139 610
Social tax	22 615	32 600
Board remuneration	14 439	24 070
Board chairperson remuneration	10 878	21 444
Communication expenses	5 946	10 363
Council members remuneration	6 720	13 440
Office expenses	2 996	3 962
Presentation expenses	499	1 945
Council chairperson remuneration	2 880	5 760
Audit expenses	-	5 000
Board members social tax	3 006	4 959
Chairperson of the Board social tax	2 621	5 165
Bank expenses	2 195	3 531
Council members social tax	1 453	3 105
Other administrative expenses	2 825	2 200
Chairperson of the Council social tax	694	1 388
Legal services	-	-
Total	<u>179 626</u>	<u>278 542</u>

18. OTHER OPERATING INCOME

	2012	2011
	LVL	LVL
Rent income	25 401	57 417
Hotel services – food	6 072	13 046
Utilities for tenants	8 482	2 602
Feeding income	-	233
Laundry income	439	1 186
Solarium income	275	636
Other income	13 442	12 242
Total	<u>54 111</u>	<u>87 362</u>

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19. OTHER OPERATING EXPENSES

	2012	2011
	LVL	LVL
Real estate tax	482	452
Penalties	40	85
Loss from fixed assets disposals	136	-
Currency exchange loss	-	-
Other expenses	151	1 186
Total	<u>809</u>	<u>1 723</u>

20. INCOME FROM INVESTMENT IN ASSOCIATE

	2012	2011
	LVL	LVL
Neurology clinic Ltd.	-	7 746
Total	<u>-</u>	<u>7 746</u>

21. INTEREST INCOME AND SIMILAR INCOME

	2012	2011
	LVL	LVL
Interest income	7 769	-
Total	<u>7 769</u>	<u>-</u>

22. CORPORATE INCOME TAX

	2012	2011
	LVL	LVL
Calculated Corporate income tax	-	-
Deferred Corporate income tax	-	17 444
Total	<u>-</u>	<u>17 444</u>

22. CORPORATE INCOME TAX (CONTINUED ...)

	2012	2011
	LVL	LVL
Profit (loss) before tax	(19 779)	(64 650)
Loss from subsidiary	1 508	4 463
Evaluation of the associate company	-	7 746
Theoretically calculated corporate income tax, rate	(2 741)	(7 866)
Permanent differences	-	1 023
Calculated corporate income tax	<u>-</u>	<u>-</u>

Deffered tax

Temporary difference between financial statement	(332 261)	(332 261)
Temporary difference of fixed assets revaluation	(436 688)	(494 030)
Accruals for vacations	84 190	84 190
Total temporary differences	<u>(684 759)</u>	<u>(742 101)</u>
Tax rate applied	15%	15%
Deferred tax liabilities	<u>102 714</u>	<u>111 315</u>
Recognized deferred tax liabilities	<u>102 714</u>	<u>111 315</u>

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Movement and components of deferred tax

Deferred tax liabilities (asset) at the beginning of the financial year	111 074	111 074
Deferred tax charged to the income statement	17 444	17 444
Changes in deferred tax recognised in properties revaluation reserves	<u>(17 203)</u>	<u>(17 203)</u>
Deferred tax liabilities (asset) at the end of the financial year	<u><u>111 315</u></u>	<u><u>111 315</u></u>

23. PROPERTIES REVALUATION RESERVE

	2012	2011
	LVL	LVL
Balance at beginning of the year	848 124	848 124
Depreciation on evaluation surplus	(114 685)	(114 685)
Reversal of deferred tax liability on revaluation	<u>17 203</u>	<u>17 203</u>
Balance at end of the year	<u><u>750 642</u></u>	<u><u>750 642</u></u>