



**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**

**2007 CONSOLIDATED ANNUAL REPORT**

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

**AND INDEPENDENT AUDITOR'S REPORT**

**(Translation of the Latvian original)**

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
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**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY  
INFORMATION ABOUT PARENT COMPANY**

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**COMPANY NAME:** LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

**LEGAL STATUS:** STOCK COMPANY

**REGISTRATION:** No.40003306807  
AUGUST 27, 1996  
RIGA, LV - 1005, LATVIA

**LEGAL ADDRESS:** 23, PATVERSMES STREET, RIGA, LV - 1005, LATVIA

**MAJOR SHAREHOLDERS:** JANIS BIRKS 38,9%  
ILZE AIZSILNIECE 10,1%  
AGRIS SHVARCBERGS 10,4%  
STATE SOCIAL INSURANCE AGENCY 5%

**CEO:** MARTA AIZSILNIECE

**REPORTING PERIOD:** 1 JANUARY 2007 - 31 DECEMBER 2007

**Council of the Group**

**Number of shares owned at  
31.12.07**

**From November 22, 2006 till the consolidated financial statements signing day**

<u>Name</u>	<u>Position</u>	
Agris Shvarcbergs	Chairman of the Council	80 917 died 23.11.07
Antons Vjaters	Member of the Council	-
Vladislavs Skrebelis	Member of the Council	-
Austris Adumans	Member of the Council	-
Martins Birks	Member of the Council	-

**Board of the Group**

**From April 28, 2005 till the consolidated financial statements signing day**

<u>Name</u>	<u>Position</u>	
Marta Aizsilniece	Chairperson of the Board	1 066
Andris Vigants	Member of the Board	-
Marika Baumgarte	Member of the Board	12 071

## LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

### MANAGEMENT REPORT

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

The consolidated annual report contains information concerning the current situation and future development of parent company JSC "Latvijas Juras medicinas centrs" (hereinafter referred to as LJMC) and its subsidiary company SIA "Juras medicina" (hereinafter referred to as JM).

This audited consolidated annual report is prepared in accordance with International Financial Reporting Standards (IFRS) 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 share of the parent company constitutes the dominant part of the group's assets, turnover and profits.

The profit before taxes of the parent company was 333 969 LVL.

The loss before taxes of subsidiary company was -18 924 LVL.

#### The Group financial indexes

	2007	2006	2005
Net sales (mil. LVL)	5,24	3,98	3,85
Assets at the end of year (mil. LVL)	6,04	5,5	2,03
Profit after taxes (LVL)	226 847	222 494	174 775
Profit after taxes on shareholders' equity (ROE) (%)	4,8%	4,9%	14,4%
Profit after taxes on share (LVL)	0,28	0,28	0,22
LJMC share market price at the end of the year (LVL)	2,80	1,85	1,80
LJMC dividends on share (LVL)	0,05	0,04	0,04

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

On the base of increased government funding, employees' salaries have been raised on 1 January 2007 as required by the relevant regulation by the Cabinet of Ministers and stipulated in the agreement with HCISA.

#### Important Events after the Balance Sheet Date

To put into effect the decision of the shareholders meeting "Latvijas Juras medicinas centrs stock company" and its daughter company "SIA Juras medicina" at 27.12.2007 signed the letter of intent. According this letter "Latvijas Juras medicinas centrs stock company" is will buy from "SIA Juras medicina" the 2-stairs building and land. The price based on valuation of the real estate company "Eiroexpert" is LVL 183,000. "Latvijas Juras medicinas centrs stock company" is the tenant of the 75% of this building and there is dislocated the medical diagnostic center. According mentioned letter the buyer in January 2008 has paid LVL 30,000 deposit.

On the base of increased government funding, employees' salaries have been raised on 1 January 2008 as required by the relevant regulation by the Cabinet of Ministers and stipulated in the agreement with HCISA.

The share price at the 31, March 2008 was LVL 3,45.

#### Future Development of the Group

The project development for a new surgery hospital at Patversmes street 23 started in the year 2007. The further development of primary health care including e-medicine will start in 2008.

#### Risk Management

The company has good debtor ageing ratio and current ratio. Health Compulsory Insurance State Agency that is the biggest debtor (government procurement) usually settles its payments in due time. In cooperation with SIA "Marsh" the identification and evaluation of the main company's risks was done. Now the risk management politic is being developed.

On behalf of the Group:

Chairperson of the Board  
Marta Aizsilniece

Member of the Board  
Andris Vigants

Member of the Board  
Marika Baumgarte

Riga, 7 April, 2008.

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
**DECLARATION OF MANAGEMENT RESPONSIBILITY**

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Consolidated financial statements are prepared to the best on our knowledge in accordance with International Financial Reporting Standards as adopted by EU. These financial statements gives a true and fair view of the state of activities of the Group and of the results of the Group for the period ended 31 December 2007 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

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that financial statements drawn up from them comply with International Financial Reporting Standards as adopted by EU. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson of the Board  
Marta Aizsilniece



Member of the Board  
Andris Vigants



Member of the Board  
Marika Baumgarte



Riga, 7 April, 2008.

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
**CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006**

	<b>2007</b>	<b>2006</b>	<b>Note</b>
	<b>LVL</b>	<b>LVL</b>	
Net sales	5 242 809	3 982 675	<b>14</b>
Cost of goods sold	(4 654 610)	(3 585 452)	<b>15</b>
<b>Gross profit or loss</b>	<b>588 199</b>	<b>397 223</b>	
Administrative expenses	(394 334)	(292 242)	<b>16</b>
Other operating income	110 033	57 731	<b>17</b>
Other operating expenses	(17 534)	(6 528)	<b>18</b>
Gain from the change of fair value of investment property		10 363	
Income from investment in associates	1 578	25 159	<b>19</b>
Interest income and similar income	26 494	11 248	<b>20</b>
Interest expense and similar expense	-	(2 663)	<b>21</b>
<b>Profit before taxes</b>	<b>314 436</b>	<b>200 291</b>	
Corporate income tax	(87 680)	22 453	<b>22</b>
Minority interest	91	(250)	
<b>NET PROFIT OR LOSS</b>	<b>226 847</b>	<b>222 494</b>	
<b>Number of shares</b>	<b>800 000</b>	<b>800 000</b>	
<b>Earnings per Share (EPS) (LVL)</b>	<b>0,28</b>	<b>0,28</b>	

*The notes on pages 12-20 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF 31 DECEMBER 2007 AND 31 DECEMBER 2006**

	December 31, 2007	December 31, 2006	Note
<b>ASSETS</b>	<b>LVL</b>	<b>LVL</b>	
<b>Current assets:</b>			
<b>Stocks</b>			
Raw materials	63 996	60 129	4
<b>Total stocks</b>	<b>63 996</b>	<b>60 129</b>	
<b>Debtors:</b>			
Trade debtors	180 134	103 494	5
Other debtors	9 160	15 918	6
Accruals	13 876	7 485	7
<b>Total debtors</b>	<b>203 170</b>	<b>126 897</b>	
<b>Cash funds</b>	<b>1 231 659</b>	<b>609 528</b>	<b>8</b>
<b>Total current assets</b>	<b>1 498 825</b>	<b>796 554</b>	
<b>Long-term investments:</b>			
<b>Intangible assets:</b>			
Other intangible (fixed) assets	2 370	3 826	2
Goodwill	-	1 832	
<b>Total intangible assets</b>	<b>2 370</b>	<b>5 658</b>	
<b>Fixed assets:</b>			
Land and buildings	3 627 622	3 866 509	
Technological equipment and machines	384 538	304 818	
Other fixed assets and inventory	76 854	58 876	
Long term investments in rented fixed assets	14 367	26 258	
Unfinished building objects	175 842	175 842	
Advance payments for fixed assets	-	6 135	
<b>Total fixed assets:</b>	<b>4 279 223</b>	<b>4 438 438</b>	<b>2</b>
<b>Long-term financial assets:</b>			
Investment assets	132 590	132 590	2
Participating interests in associated enterprises	125 517	123 939	3
<b>Total financial assets:</b>	<b>258 107</b>	<b>256 529</b>	
<b>Total long-term investments:</b>	<b>4 539 700</b>	<b>4 700 625</b>	
<b>TOTAL ASSETS</b>	<b>6 038 525</b>	<b>5 497 179</b>	

*The notes on pages 12-20 form an integral part of these financial statements.*



**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
**CONSOLIDATED BALANCE SHEET**  
**AS OF 31 DECEMBER 2007 AND 31 DECEMBER 2006**

	December 31, 2007	December 31, 2006	Note
<b>LIABILITIES</b>	<b>LVL</b>	<b>LVL</b>	
<b>Liabilities:</b>			
<b>Liabilities:</b>			
Received advance payments	372 502	87 273	<b>10</b>
Due to customers and suppliers	49 822	89 248	<b>11</b>
Taxes and social security payments	138 470	83 853	<b>12</b>
Other payables	160 499	105 157	<b>13</b>
Recognized deferred tax liabilities	461 127	484 807	<b>22</b>
<b>Total liabilities</b>	<b>1 182 420</b>	<b>850 338</b>	
<b>Provisions for liabilities and charges:</b>			
Provisions for vacations	127 195	145 329	
<b>Total provisions</b>	<b>127 195</b>	<b>145 329</b>	
<b>Total liabilities</b>	<b>1 309 615</b>	<b>995 667</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	2 920 297	3 105 267	
Retained earnings:			
a) brought forward from previous years	748 339	340 233	
b) current year profit or loss	226 847	222 494	
<b>Total shareholders' equity</b>	<b>4 727 476</b>	<b>4 499 987</b>	
<b>Minority interest</b>	<b>1 434</b>	<b>1 525</b>	
<b>Total equity capital</b>	<b>4 728 910</b>	<b>4 501 512</b>	
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>6 038 525</b>	<b>5 497 179</b>	

*The notes on pages 12-20 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (LVL)**  
**FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006**

	Share capital	Reserves provided by the Articles of Association	Investment evaluation reserve	Previous years retained earnings	Current year profit	Minority interest	Total
<b>At 31 December 2005</b>	<b>800 000</b>	<b>37 760</b>	-	<b>192 302</b>	<b>177 578</b>	<b>24 144</b>	<b>1 231 784</b>
Transfers to reserves	-	-	-	177 578	(177 578)	-	-
Dividends paid	-	-	-	(32 000)	-	-	(32 000)
Profit for the year	-	-	-	-	222 494	-	222 494
Consolidated accumulated loss	-	(5 767)	3 105 267	-	-	-	3 099 500
Minority interest changes	-	-	-	2 353	-	(22 619)	(20 266)
<b>At 31 December 2006</b>	<b>800 000</b>	<b>31 993</b>	<b>3 105 267</b>	<b>340 233</b>	<b>222 494</b>	<b>1 525</b>	<b>4 501 512</b>
Previous years retained earnings	-	-	-	222 494	(222 494)	-	-
Dividends paid	-	-	-	(32 000)	-	-	(32 000)
Depriciation of revaluation surplus	-	-	(217 612)	217 612	-	-	-
Deffered tax on revaluation surplus	-	-	32 642	-	-	-	32 642
Profit for the year	-	-	-	-	226 847	-	226 847
Minority interest changes	-	-	-	-	-	(91)	(91)
<b>At 31 December 2007</b>	<b>800 000</b>	<b>31 993</b>	<b>2 920 297</b>	<b>748 339</b>	<b>226 847</b>	<b>1 434</b>	<b>4 728 910</b>

*The notes on pages 12-20 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006**

	2007	2006	Note
	LVL	LVL	
<b>Cash flows used in operating activities</b>			
<b>Net income before tax</b>	<b>314 436</b>	<b>200 291</b>	
Adjustments:			
a) depreciation of tangibles	402 008	166 950	<b>2</b>
b) depreciation of goodwill	1 832	-	
c) provisions	(18 134)	37 602	
d) loss (gain) on sale of tangibles	9 512	19 431	<b>18</b>
e) interest expenses	-	2 663	
f) gain (loss) from investments in associates	(1 578)	(25 159)	<b>20</b>
g) gain from the change of fair value of investment property	-	(10 363)	
<b>2. Gain (loss) before changes in current assets and liabilities</b>	<b>708 076</b>	<b>391 415</b>	
Changes in operating assets and liabilities:			
a) receivables.	(89 488)	72 245	
b) inventory.	(3 867)	(5 719)	
c) current liabilities.	314 534	(222 617)	
<b>3. Gross operating cash flow</b>	<b>929 255</b>	<b>235 324</b>	
4. Paid interest.	-	(2 663)	
5. Paid corporate income tax.	(24 275)	(44 272)	<b>12</b>
<b>6. Net cash used in operating activities</b>	<b>904 980</b>	<b>188 389</b>	
<b>II. Cash flow used in investment activities</b>			
1. Purchase of shares of associates	-	(25 312)	
2. Purchase of fixed assets	(251 181)	(219 526)	<b>2</b>
3. Selling of fixed assets	332	847	
<b>4. Net cash from investment activities</b>	<b>(250 849)</b>	<b>(243 991)</b>	
<b>III. Cash flows used in financing activities</b>			
1. Settlement of loans	-	(53 223)	
2. Paid dividends	(32 000)	(32 000)	
<b>3. Net cash from financing activities</b>	<b>(32 000)</b>	<b>(85 223)</b>	
<b>IV. Net increase (decrease) in cash</b>	<b>622 131</b>	<b>(140 825)</b>	
<b>V. Cash at the beginning of the year</b>	<b>609 528</b>	<b>750 353</b>	
<b>VI. Cash at the end of the year</b>	<b>1 231 659</b>	<b>609 528</b>	

*The notes on pages 12-20 form an integral part of these financial statements.*

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006**

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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 Company'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. Enclosed financial statements are reflected 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 assets and liabilities recognized.

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>2007</b>	<b>2006</b>
EUR	0.702804	0.702804
USD	0.484	0.536

Gains or losses on converted 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 recognised in the period in which they arise.

**Cash and cash equivalents**

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

**Trade receivables**

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

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006**

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**Inventory**

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

**Fixed assets**

Fixed assets excluding real estate are stated at historical cost, less accumulated depreciation. The cost of the item comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to working condition for intended use. The cost of self-constructed asset is determined using the same principles as for an acquired asset. Only assets with its useful life more than one year are capitalized. Depreciation is calculated based on the historical cost.

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, appraised by professionally qualified valuers as of 31 December, 2006. 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.

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.

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006**

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**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 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 charged or credited directly to equity in the same or a different period according to IAS 12 p.61.

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED 31 DECEMBER 2007 AND 31 DECEMBER 2006

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

As of 31 December 2007 and 31 December 2006  
 fixed assets are composed as follows: (LVL)

LVL	Intangible assets	Land & buildings	Investment assets	Machinery and equipment	Other fixed assets	Long-term investments in rented fixed assets	Advance payments for fixed assets	Unfinished building objects	Total
<b>Historical cost</b>									
<b>At 31 December 2005</b>	10 024	834 131	-	1 656 501	312 041	55 138	-	175 842	3 043 677
Additions	2 863	26 123	-	137 790	24 228	4 887	6 135	17 500	219 526
Transfers	-	3 594 894	132 590	-	-	-	-	-	3 727 484
Disposals	(212)	(258 520)	-	(58 892)	(18 017)	(24 353)	-	(17 500)	(377 494)
<b>At 31 December 2006</b>	<b>12 675</b>	<b>4 196 628</b>	<b>132 590</b>	<b>1 735 399</b>	<b>318 252</b>	<b>35 672</b>	<b>6 135</b>	<b>175 842</b>	<b>6 613 193</b>
Additions	966	-	-	205 409	44 806	-	-	-	251 181
Transfers	-	-	-	-	2 247	-	(2 247)	-	-
Disposals or change of classification	-	-	-	(58 410)	(16 491)	-	(3 888)	-	(78 789)
<b>At 31 December 2007</b>	<b>13 641</b>	<b>4 196 628</b>	<b>132 590</b>	<b>1 882 398</b>	<b>348 814</b>	<b>35 672</b>	<b>-</b>	<b>175 842</b>	<b>6 785 585</b>
<b>Accumulated depreciation</b>									
<b>At 31 December 2005</b>	5 881	443 208	-	1 387 466	252 235	17 588	-	-	2 106 378
Charge for the year	3 123	23 204	-	99 846	24 598	16 179	-	-	166 950
Disposals	(155)	(136 293)	-	(56 731)	(17 457)	(24 353)	-	-	(234 989)
<b>At 31 December 2006</b>	<b>8 849</b>	<b>330 119</b>	<b>-</b>	<b>1 430 581</b>	<b>259 376</b>	<b>9 414</b>	<b>-</b>	<b>-</b>	<b>2 038 339</b>
Charge for the year	2 422	21 275	-	120 381	28 427	11 891	-	-	184 396
Charge for the year for revaluation of fixed assets	-	217 612	-	-	-	-	-	-	217 612
Disposals or change of classification	-	-	-	(53 102)	(15 843)	-	-	-	(68 945)
<b>At 31 December 2007</b>	<b>11 271</b>	<b>569 006</b>	<b>-</b>	<b>1 497 860</b>	<b>271 960</b>	<b>21 305</b>	<b>-</b>	<b>-</b>	<b>2 371 402</b>
<b>Net book value</b>									
<b>At 31 December 2005</b>	<b>4 143</b>	<b>390 923</b>	<b>-</b>	<b>269 035</b>	<b>59 806</b>	<b>37 550</b>	<b>-</b>	<b>175 842</b>	<b>937 299</b>
<b>At 31 December 2006</b>	<b>3 826</b>	<b>3 866 509</b>	<b>132 590</b>	<b>304 818</b>	<b>58 876</b>	<b>26 258</b>	<b>6 135</b>	<b>175 842</b>	<b>4 574 854</b>
<b>At 31 December 2007</b>	<b>2 370</b>	<b>3 627 622</b>	<b>132 590</b>	<b>384 538</b>	<b>76 854</b>	<b>14 367</b>	<b>-</b>	<b>175 842</b>	<b>4 414 183</b>

3 PARTICIPATING INTERESTS IN ASSOCIATED ENTERPRISES

	Capital share (%)	Amount of investment 2007 LVL	Capital share (%)	Amount of investment 2006 LVL
<b>Participating interests in associated enterprises</b>				
Participation in "Neirozu klinika" Ltd.	45	125 517	45	123 939
<b>Total participating interests in associated enterprises</b>		<b>125 517</b>		<b>123 939</b>

October 4, 2005 the company changed the name from SIA "Psihiskas veselibas centrs "Dzintari" " to SIA "Neirozu klinika"

4 RAW MATERIALS

	2007 LVL	2006 LVL
Pharmaceutical	54 009	50 655
Stock in warehouse	3 355	2 967
Inventory	2 212	2 576
Products	1 411	1 712
Furniture	693	782
Other materials	1 987	1 083
Advance payments to supplier of goods	329	354
<b>Total</b>	<b>63 996</b>	<b>60 129</b>

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**5 DUE FROM CUSTOMERS**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
VOVAA Rigas department	53 908	3 777
Riga slimokase AAS	35 261	30 225
Ergo Latvija AAS	18 285	3 109
BTA AAS	15 334	9 652
Accrued income	15 263	12 278
LMRIH	13 848	13 682
NBS militaras medicinas centrs	4 696	871
IF Latvija AAS	2 091	1 521
Riga I.hospital	1 681	-
Balva AAS	1 227	657
BALTIKUMS DZIVIBA AAS	175	255
<b>Total</b>	<b><u>180 134</u></b>	<b><u>103 494</u></b>

**6 OTHER RECEIVABLES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Parex bank	2 506	-
Riga Latvian association	1 650	-
Taxes overpayment (note No.13)	1 625	13 969
LBM GROUP AS	1 000	-
VAT for unpaid invoices	510	818
Other debtors	1 869	1 131
<b>Total</b>	<b><u>9 160</u></b>	<b><u>15 918</u></b>

**7 DIFFERED EXPENSES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Assurance expense	2 306	841
Riga Stock Exchange, shares quotation		5 000
Other expense	11 570	1 644
<b>Total</b>	<b><u>13 876</u></b>	<b><u>7 485</u></b>

**8 CASH**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Cash in banks	1 204 331	577 973
Deposit	24 200	26 800
Cash on hands	3 128	4 755
<b>Total</b>	<b><u>1 231 659</u></b>	<b><u>609 528</u></b>

**9 SHARE CAPITAL**

	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<b>Number of</b>	<b>Share %</b>	<b>Number of</b>	<b>Share %</b>
	<b>shares</b>		<b>shares</b>	
Shareholders:				
Janis Birks	311 583	38,9	309 509	38,7
Ilze Aizsilniece	80 766	10,1	80 766	10,1
Agris Shvarcbergs	82 917	10,4	80 917	10,1
State social insurance agency	40 000	5,0	40 000	5,0
Other shareholders (shares less than 5%)	284 734	35,6	288 808	36,1
<b>Total</b>	<b><u>800 000</u></b>	<b><u>100,0</u></b>	<b><u>800 000</u></b>	<b><u>100,0</u></b>



LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY  
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**10 DUE TO RECEIVED ADVANCE PAYMENTS**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
VOAVA advance payment for 2008	372 453	84 268
Other advances	49	3 005
<b>Total</b>	<b><u>372 502</u></b>	<b><u>87 273</u></b>

**11 DUE TO SUPPLIERS AND CONTRACTORS**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Veselības centrs-4	11 843	-
Amerilat MD	11 034	12 779
Latvijas Gaze	6 636	2 931
Other suppliers	5 389	4 698
Sistēmu Audits SIA	4 130	2 950
Latvenergo Rīgas elektrotīkls	3 763	3 283
Hemis SIA	1 890	-
VPVD national diagnostic center	1 492	1 450
Rīgas Stradiņu Universitāte	1 487	608
Rīgas Ūdens	1 275	811
Lattelekom	806	1 123
AB Medical Group Riga	77	7 342
Tradintek SIA	-	29 646
Siemens SIA	-	11 918
Valsts Patoloģijas centrs SIA	-	2 565
NMS SIA	-	7 144
<b>Total</b>	<b><u>49 822</u></b>	<b><u>89 248</u></b>

**12 TAXES**

	<b>As of 31-12- 2006</b>	<b>Calculated</b>	<b>Paid</b>	<b>As of 30-06- 2007</b>
Value added tax	1 725	16 454	(16 931)	1 248
Social insurance	48 641	734 541	(726 214)	56 968
Personal income tax	33 304	471 439	(465 887)	38 856
Corporate income tax	(13 215)	78 718	(24 275)	41 228
Corporate income tax-adjustment	-	(9)	-	(9)
Unemployment duty	111	1 514	(1 516)	109
Natural resources tax	72	115	(117)	70
Real estate tax	(754)	1 205	(2 076)	(1 625)
<b>Total, including</b>	<b><u>69 884</u></b>	<b><u>1 303 977</u></b>	<b><u>(1 237 016)</u></b>	<b><u>136 845</u></b>
due to the budget	83 853			138 470
overpayment	(13 969)			(1 625)

**13 DUE TO OTHER COMPANIES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Salaries	123 007	98 455
Accured liabilities	35 740	2 950
Trade union	957	889
Deposited salary	795	794
Board remuneration	-	2 069
<b>Total</b>	<b><u>160 499</u></b>	<b><u>105 157</u></b>

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**14 NET SALES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Medical hospital services	2 737 313	2 032 983
Medical ambulant services	1 714 614	1 212 688
Insurance payments	261 921	236 822
Services - minimum fixed part	204 798	152 102
VS ZDC ambulant services	145 785	185 169
Residents training	91 094	52 115
Stomatology services	37 247	32 645
Family doctors	30 085	18 868
Other income	19 952	59 283
<b>Total</b>	<b><u>5 242 809</u></b>	<b><u>3 982 675</u></b>

**15 COST OF GOODS SOLD**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Salaries and wages	2 028 811	1 556 468
Medical goods	675 622	588 213
Social tax	469 303	364 707
Fixed assets depreciation	401 995	166 902
Repair expenses	234 739	100 159
VAT - expenses	175 387	136 240
Rent of equipment	127 905	58 586
Public utilities	98 159	196 373
Medical researches	76 329	54 922
Current assets write-off	73 455	50 940
Feeding expenses	60 122	56 956
Household goods	55 243	56 227
Gifts to employees	26 267	21 048
Employees trainings	25 520	26 244
Office expenses	14 511	31 119
Transport expense	8 938	5 346
Allowances to employees	3 060	1 870
Advertising	2 585	3 534
Insurance expenses	2 104	1 629
Unemployment duty	1 511	1 497
Accruals for vacations	(17 089)	37 602
Received discounts	(21 578)	(16 394)
Saņemtās atlaides	131 711	85 264
<b>Total</b>	<b><u>4 654 610</u></b>	<b><u>3 585 452</u></b>

**LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY**  
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**16 ADMINISTRATIVE EXPENSES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Salaries and wages	216 130	178 215
Social tax	47 148	34 719
Board chairperson remuneration	28 436	19 359
Office expenses	8 846	5 133
Board remuneration	27 581	11 675
Other administrative expenses	20 627	4 325
Presentation expenses	3 852	9 871
Chairperson of the Board social tax	4 966	3 858
Board members social tax	6 644	4 026
Council chairperson remuneration	8 899	7 100
Audit expenses	5 700	5 880
Council members remuneration	9 512	4 150
Bank expenses	1 114	931
Chairperson of the Council social tax	2 581	1 710
Council members social tax	2 198	1 000
Legal services	100	290
<b>Total</b>	<b><u>394 334</u></b>	<b><u>292 242</u></b>

**17 OTHER OPERATING INCOME**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Rent income	72 494	30 718
Feeding income	10 755	10 847
Received donations	10 285	-
Press goods	6 740	5 827
Solarium income	2 496	2 869
Laundry income	1 927	1 716
Other income	5 336	5 754
<b>Total</b>	<b><u>110 033</u></b>	<b><u>57 731</u></b>

**18 OTHER OPERATING EXPENSES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Fixed assets disposals	9 512	2 736
Penalties	1 233	686
Currency exchange loss	2 833	2 935
Real estate tax	1 205	-
Other expenses	2 751	171
<b>Total</b>	<b><u>17 534</u></b>	<b><u>6 528</u></b>

**19 INCOME FROM INVESTMENT IN ASSOCIATES**

	<b>2007</b>	<b>2006</b>
	<b>LVL</b>	<b>LVL</b>
Psihiskas Veselibas centrs "Dzintari"	1 578	25 159
<b>Total</b>	<b><u>1 578</u></b>	<b><u>25 159</u></b>

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY  
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20 INTEREST INCOME AND SIMILAR INCOME

	2007 LVL	2006 LVL
Interest income	26 494	11 248
<b>Total</b>	<b><u>26 494</u></b>	<b><u>11 248</u></b>

21 INTEREST EXPENSE AND SIMILAR EXPENSE

	2007 LVL	2006 LVL
Loan interest expenses (VOAVAA)	-	2 663
<b>Total</b>	<b><u>-</u></b>	<b><u>2 663</u></b>

22 CORPORATE INCOME TAX

	2007 LVL	2006 LVL
Calculated Corporate income tax	78 718	29 067
Deferred Corporate income tax	8 962	(51 520)
<b>Total</b>	<b><u>87 680</u></b>	<b><u>(22 453)</u></b>

23 CORPORATE INCOME TAX (CONTINUED ...)

	2007 LVL	2006 LVL
Profit before tax	314 436	200 291
Theoretically calculated corporate income tax, rate 15%	47 165	30 044
Permanent differences	31 553	(977)
<b>Calculated corporate income tax</b>	<b><u>78 718</u></b>	<b><u>29 067</u></b>

**Deffered tax**

Temporary difference between financial statement depreciation and depreciation for tax purposes	(154 666)	(114 504)
Temporary difference of fixed assets revaluation	(3 046 567)	(3 264 179)
Accruals for vacations	127 050	144 139
Accrued liabilities	-	2 500
<b>Total temporary differences</b>	<b><u>(3 074 183)</u></b>	<b><u>(3 232 044)</u></b>
Tax rate applied	15%	15%
<b>Deferred tax liabilities</b>	<b><u>461 127</u></b>	<b><u>484 807</u></b>
<b>Recognized deferred tax liabilities</b>	<b><u>461 127</u></b>	<b><u>484 807</u></b>

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Translation from Latvian

## INDEPENDENT AUDITORS' REPORT

**To the Shareholders of JSC Latvijas Juras Medicinas Centrs**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements on pages 7 to 20 of JSC Latvijas Juras Medicinas Centrs (Group) which comprise the consolidated balance sheet as of 31 December 2007 and the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2007, 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.

### **Report on the Management Report**

We have read the Management Report set out on page 5 and did not identify material inconsistencies between the financial information contained in the Management Report and that contained in the consolidated financial statements for 2007.

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

Irina Saksaganska  
Certified auditor  
Certificate No. 41

Member of the Board

Riga, Latvia  
April 7, 2008.

