



LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

NO AUDITED

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 9
MONTH PERIOD ENDED 30 SEPTEMBER 2007**

IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

INFORMATION ABOUT PARENT COMPANY

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 38,7%
ILZE AIZSILNIECE 10,1%
AGRIS SHVARCBERGS 10,1%
STATE SOCIAL INSURANCE AGENCY 5%

CEO: MARTA AIZSILNIECE

SHARES: ISIN code: LV0000100741
Public issue of 798800 registered shares
Face value 1,00 LVL
Quotation: Baltic Secodary List

REPORTING PERIOD: 1 JANUARY 2007 - 30 SEPTEMBER 2007

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

COUNCIL AND BOARD OF THE GROUP

Council of the Group

**Number of shares owned
30.09.07**

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 23.11.2007 |
| 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 276 546 LVL.

The profit before taxes of subsidiary company was 02 771 LVL.

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.

The reconstruction of sterilization has finished. The reconstruction of energy supplying network and fire security systems is in progress. The renovation of operating rooms (including new equipment) is done. Total 80000 LVL was spending for renovations in the summertime.

Important Events after the Balance Sheet Date

Chairman of the Council Mr. Agris Shvarcbergs died 23.11.2007.

Future Development of the Group

The project development for a new surgery hospital started in this year.

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.

On behalf of the Group:

Chairperson of the Board

Marta Aizsilniece

Member of the Board

Andris Vigants

Member of the Board

Marika Baumgarte

28.11.07

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

DECLARATION OF MANAGEMENT RESPONSIBILITY

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 30 September 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 business.

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
28.11.07

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

**CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIODS ENDED 30 SEPTEMBER 2007 AND 31 DECEMBER 2006**

| | 2006, 9 month period LVL | 2007, 12 month period LVL | Note | 2006, 9 month period LVL |
|---|---|--|-------------|---|
| Net sales | 3 764 951 | 3 982 675 | 15 | 2 814 763 |
| Cost of goods sold | (3 264 701) | (3 585 452) | 16 | (2 578 020) |
| Gross profit or loss | 500 250 | 397 223 | | 236 743 |
| Administrative expenses | (285 227) | (292 242) | 17 | (227 273) |
| Other operating income | 55 583 | 57 731 | 18 | 43 752 |
| Other operating expenses | (8 509) | (6 528) | 19 | (9 699) |
| Gain from the change of fair value of investment property | | 10 363 | | |
| Income from investment in associates | - | 25 159 | 20 | |
| Interest income and similar income | 17 220 | 11 248 | 21 | 9 543 |
| Interest expense and similar expense | - | (2 663) | 22 | (1 795) |
| Profit before taxes | 279 317 | 200 291 | | 51 271 |
| Corporate income tax | - | 22 453 | 23 | - |
| Minority interest | (19) | (250) | | (122) |
| NET PROFIT OR LOSS | 279 298 | 222 494 | | 51 149 |
| Number of shares | 800 000 | 800 000 | | 800 000 |
| Earnings per Share (EPS) (LVL) | 0,35 | 0,28 | | 0,06 |
| Share price (LVL) | | | | |
| at 1 January | 1,85 | 1,80 | | |
| at 31 March | 3,20 | 2,00 | | |
| at 30 June | 3,00 | 1,70 | | |
| at 30 September | 2,80 | 1,58 | | |
| at 31. December | | 1,85 | | |

The accompanying notes are an integral part of these financial statements

The financial statements were approved by:

| | | |
|--|-------------------|--------------------------|
| | Marta Aizsilniece | Chairperson of the Board |
| | Andris Vigants | Member of the Board |
| | Marika Baumgarte | Member of the Board |

28.11.07

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED BALANCE SHEET

AS OF 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

| | September 30, 2007 | December 31, 2006 | Note | September 30, 2006 |
|---|-----------------------|----------------------|----------|-----------------------|
| ASSETS | LVL | LVL | | LVL |
| Current assets: | | | | |
| Stocks | | | | |
| Raw materials | 52 786 | 60 129 | 4 | 54 155 |
| Total stocks | 52 786 | 60 129 | | 54 155 |
| Debtors: | | | | |
| Trade debtors | 136 331 | 103 494 | 5 | 175 471 |
| Other debtors | 45 166 | 15 918 | 6 | 33 687 |
| Accruals | 3 806 | 7 485 | 7 | 1 165 |
| Total debtors | 185 303 | 126 897 | | 210 323 |
| Cash funds | 788 058 | 609 528 | 8 | 401 950 |
| Total current assets | 1 026 147 | 796 554 | | 666 428 |
| Long-term investments: | | | | |
| Intangible assets: | | | | |
| Other intangible (fixed) assets | 2 935 | 3 826 | 2 | 3 769 |
| Goodwill | 1 832 | 1 832 | | - |
| Total intangible assets | 4 767 | 5 658 | | 3 769 |
| Fixed assets: | | | | |
| Land and buildings | 3 850 553 | 3 866 509 | | 389 731 |
| Technological equipment and machines | 356 904 | 304 818 | | 317 017 |
| Other fixed assets and inventory | 74 377 | 58 876 | | 61 770 |
| Long term investments in rented fixed assets | 11 395 | 26 258 | | 29 907 |
| Unfinished building objects | 177 907 | 175 842 | | 175 842 |
| Advance payments for fixed assets | 8 983 | 6 135 | | 8 750 |
| Total fixed assets: | 4 480 119 | 4 438 438 | 2 | 983 017 |
| Long-term financial assets: | | | | |
| Investment assets | 132 590 | 132 590 | | |
| Participating interests in associated enterprises | 123 939 | 123 939 | 3 | 98 780 |
| Total financial assets: | 256 529 | 256 529 | | 98 780 |
| Total long-term investments: | 4 741 415 | 4 700 625 | | 1 085 566 |
| TOTAL ASSETS | 5 767 562 | 5 497 179 | | 1 751 994 |

The accompanying notes are an integral part of these financial statements

The financial statements were approved by:

| | | |
|-------|------------------------------|--------------------------|
| _____ | Marta Aizsiliece | Chairperson of the Board |
| _____ | Andris Vigants | Member of the Board |
| _____ | Marika Baumgarte 28.11.07 | Member of the Board |

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED BALANCE SHEET

AS OF 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

| | September 30, 2007 | December 31, 2006 | Note | September 30, 2006 |
|---|-----------------------|----------------------|-----------|-----------------------|
| LIABILITIES | LVL | LVL | | LVL |
| Liabilities: | | | | |
| Liabilities: | | | | |
| Other loans | - | - | 10 | 26 627 |
| Received advance payments | 481 | 87 273 | 11 | 3 148 |
| Due to customers and suppliers | 181 815 | 89 248 | 12 | 162 164 |
| Taxes and social security payments | 92 689 | 83 853 | 13 | 78 502 |
| Other payables | 113 953 | 105 157 | 14 | 93 275 |
| Deferred tax liability | 484 807 | 484 807 | 23 | |
| Current year dividends | | | | |
| Accrued previous year dividends | | | | |
| Total liabilities | 873 745 | 850 338 | | 363 716 |
| Provisions for liabilities and charges: | | | | |
| Accruals for taxes | | | | 46 700 |
| Provisions for vacations | 144 988 | 145 329 | | 109 557 |
| Total provisions | 144 988 | 145 329 | | 156 257 |
| Total liabilities | 1 018 733 | 995 667 | | 519 973 |
| Equity capital: | | | | |
| Share equity | 800 000 | 800 000 | 9 | 800 000 |
| Reserves: | | | | |
| c) reserves provided by the Articles of Association | 31 993 | 31 993 | | 37 760 |
| d) fixed asset's revaluation reserve | 3 105 267 | 3 105 267 | | |
| Retained earnings: | | | | |
| a) brought forward from previous years | 530 708 | 340 233 | | 338 802 |
| b) current year profit or loss | 279 298 | 222 494 | | 51 149 |
| Total shareholders' equity | 4 747 266 | 4 499 987 | | 1 227 711 |
| Minority interest | 1 563 | 1 525 | | 4 310 |
| Total equity capital | 4 748 829 | 4 501 512 | | 1 232 021 |
| TOTAL EQUITY, PROVISIONS AND LIABILITIES | 5 767 562 | 5 497 179 | | 1 751 994 |

The accompanying notes are an integral part of these financial statements

The financial statements were approved by:

| | | |
|-------|-------------------|--------------------------|
| _____ | Marta Aizsilniece | Chairperson of the Board |
| _____ | Andris Vigants | Member of the Board |
| _____ | Marika Baumgarte | Member of the Board |
| | 28.11.07 | |

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (LVL)
FOR THE PERIODS ENDED 30 SEPTEMBER 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 |
|----------------------------------|------------------|--|-------------------------------------|---|---------------------------|----------------------|------------------|
| At 31 December 2005 | 800 000 | 37 760 | - | 192 302 | 177 578 | 24 144 | 1 231 784 |
| 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) |
| At 31 December 2006 | 800 000 | 31 993 | 3 105 267 | 340 233 | 222 494 | 1 525 | 4 501 512 |
| Previous years retained earnings | - | - | - | 222 494 | (222 494) | - | - |
| Dividends paid | - | - | - | (32 000) | - | - | (32 000) |
| Profit for the year | - | - | - | - | 279 298 | - | 279 298 |
| Transfers to reserves | - | - | - | - | - | - | - |
| Minority interest changes | - | - | - | (19) | - | 38 | 19 |
| At 30 September 2007 | 800 000 | 31 993 | 3 105 267 | 530 708 | 279 298 | 1 563 | 4 748 829 |

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The financial statements were approved by:

| | | |
|-------|-------------------|--------------------------|
| _____ | Marta Aizsilniece | Chairperson of the Board |
| _____ | Andris Vigants | Member of the Board |
| _____ | Marika Baumgarte | Member of the Board |
| | 28.11.07 | |

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

| | 2006, 9 month period LVL | 2007, 12 month period LVL | Note | 2006, 9 month period LVL |
|--|--------------------------------|---------------------------------|------|--------------------------------|
| Cash flows used in operating activities | | | | |
| Net income before tax | 279 317 | 200 291 | | 51 271 |
| Adjustments: | | | | |
| a) depreciation of tangibles | 139 610 | 166 950 | 2 | 132 871 |
| b) provisions for vacations | - | 37 602 | | - |
| c) loss (gain) on sale of tangibles | 5 414 | 19 431 | | 1 031 |
| d) interest expenses | - | 2 663 | | 1 795 |
| e) gain (loss) from investments in associates | - | (25 159) | 20 | - |
| f) gain from the change of fair value of investment pproperty | - | (10 363) | | |
| 2. Gain (loss) before changes in current assets and liabilities | 424 341 | 391 415 | | 186 968 |
| Changes in operating assets and liabilities: | | | | |
| a) receivables. | 36 341 | 72 245 | | (19 763) |
| b) inventory. | 7 343 | (5 719) | | 255 |
| c) current liabilities. | (23 407) | (222 617) | | (218 862) |
| 3. Gross operating cash flow | 444 618 | 235 324 | | (51 402) |
| 4. Paid interest. | - | (2 663) | | (1 795) |
| 5. Paid corporate income tax. | (19 894) | (44 272) | | (31 098) |
| 7. Net cash used in operating activities | 424 724 | 188 389 | | (84 295) |
| II. Cash flow used in investment activities | | | | |
| 1. Purchase of shares of associates | - | (25 312) | | (22 079) |
| 2. Purchase of fixed assets | (214 194) | (219 526) | 2 | (183 475) |
| 3. Selling of fixed assets | - | 847 | | 42 |
| 4. Net cash from investment activities | (214 194) | (243 991) | | (205 512) |
| III. Cash flows used in financing activities | | | | |
| 1. Settlement of loans | - | (53 223) | | (26 596) |
| 2. Paid dividends | (32 000) | (32 000) | | (32 000) |
| 3. Net cash from financing activities | (32 000) | (85 223) | | (58 596) |
| IV. Net increase (decrease) in cash | 178 530 | (140 825) | | (348 403) |
| V. Cash at the beginning of the year | 609 528 | 750 353 | | 750 353 |
| VI. Cash at the end of the year | 788 058 | 609 528 | | 401 950 |

The accompanying notes are an integral part of these financial statements

The financial statements were approved by:

| | | |
|-------|-------------------|--------------------------|
| _____ | Marta Aizsilniece | Chairperson of the Board |
| _____ | Andris Vigants | Member of the Board |
| _____ | Marika Baumgarte | Member of the Board |
| | 28.11.07 | |

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

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:

| | September 30, 2007 | December 31, 2006 |
|-----|--------------------|-------------------|
| EUR | 0.702804 | 0.702804 |
| USD | 0,497 | 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.

Inventory

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

LATVIJAS JURAS MEDICINAS CENTRS STOCK COMPANY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIODS ENDED 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

Fixed assets

Fixed assets 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 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 |
| Machinery and equipment: | 3 years |
| Other fixed assets: | 5 years |

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.

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

If a property's carrying amount is increased as a result of a revaluation, the increase is credited directly to equity under the heading of revaluation surplus. The amount of the surplus is decreased by 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 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 is be charged or credited directly to equity in the same or a different period, directly to equity according to IAS 12.61.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

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

As of 30 September 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 |
|---------------------------------------|-------------------|------------------|-------------------|-------------------------|--------------------|--|-----------------------------------|-----------------------------|------------------|
| Historical cost | | | | | | | | | |
| At 31 December 2005 | 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) |
| At 31 December 2006 | 12 675 | 4 196 628 | 132 590 | 1 735 399 | 318 252 | 35 672 | 6 135 | 175 842 | 6 613 193 |
| Additions | 966 | - | | 143 518 | 40 774 | | 26 871 | 2 065 | 214 194 |
| Transfers | | - | | | | | (24 023) | | (24 023) |
| Revaluation | | | - | | | | | | - |
| Disposals or change of classification | | | | (46 536) | (12 993) | | | | (59 529) |
| At 30 September 2007 | 13 641 | 4 196 628 | 132 590 | 1 832 381 | 346 033 | 35 672 | 8 983 | 177 907 | 6 743 835 |
| Accumulated depreciation | | | | | | | | | |
| At 31 December 2005 | 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) |
| At 31 December 2006 | 8 849 | 330 119 | - | 1 430 581 | 259 376 | 9 414 | - | - | 2 038 339 |
| Charge for the year | 1 857 | 15 956 | | 86 123 | 20 811 | 14 863 | | | 139 610 |
| Disposals or change of classification | | | | (41 227) | (8 531) | | | | (49 758) |
| At 30 September 2007 | 10 706 | 346 075 | - | 1 475 477 | 271 656 | 24 277 | - | - | 2 128 191 |
| Net book value | | | | | | | | | |
| At 31 December 2005 | 4 143 | 390 923 | - | 269 035 | 59 806 | 37 550 | - | 175 842 | 937 299 |
| At 31 December 2006 | 3 826 | 3 866 509 | 132 590 | 304 818 | 58 876 | 26 258 | 6 135 | 175 842 | 4 574 854 |
| At 30 September 2007 | 2 935 | 3 850 553 | 132 590 | 356 904 | 74 377 | 11 395 | 8 983 | 177 907 | 4 615 644 |

3 PARTICIPATING INTERESTS IN ASSOCIATED ENTERPRISES

| | Capital share (%) | Amount of investment 2007 LVL | Capital share (%) | Amount of investment 2006 LVL |
|--|-------------------|-------------------------------|-------------------|-------------------------------|
| Participating interests in associated enterprises | | | | |
| Participation in "Neirozu klinika" Ltd. | 45 | 123 939 | 45 | 123 939 |
| Total participating interests in associated enterprises | | 123 939 | | 123 939 |

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 | 44 629 | 50 655 |
| Stock in warehouse | 2 927 | 2 967 |
| Inventory | 2 131 | 2 576 |
| Products | 1 320 | 1 712 |
| Furniture | 547 | 782 |
| Other materials | 1 047 | 1 083 |
| Advance payments to supplier of goods | 185 | 354 |
| Total | 52 786 | 60 129 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

5 DUE FROM CUSTOMERS

| | 2007 | 2006 |
|--------------------------------|-----------------------|-----------------------|
| | LVL | LVL |
| Riga slimokase AAS | 25 888 | 30 225 |
| LF Holdings | | 13 682 |
| Balta AAS | 1 681 | 12 443 |
| Hospital patients treatment | | 12 278 |
| BTA AAS | 14 503 | 9 652 |
| VOVAA Rigas department | 32 019 | 3 777 |
| Ergo Latvija slimokase | 15 318 | 3 109 |
| SEESAM Life Latvija | 1 229 | 3 007 |
| NBS militaras medicinas centrs | 4 191 | 871 |
| Balva AAS | 1 025 | 657 |
| BALTIKUMS DZIVIBA AAS | 237 | 255 |
| Med.prof.izglitiba centrs | 10 128 | |
| Other customers | 30 112 | 13 538 |
| Total | <u>136 331</u> | <u>103 494</u> |

6 OTHER RECEIVABLES

| | 2007 | 2006 |
|--------------------------------|----------------------|----------------------|
| | LVL | LVL |
| Taxes overpayment (note No.13) | 37 425 | 13 969 |
| VAT for unpaid invoices | 173 | 818 |
| VAT advance payment | - | |
| Other debtors | 7 568 | 1 131 |
| Total | <u>45 166</u> | <u>15 918</u> |

7 DIFFERED EXPENSES

| | 2007 | 2006 |
|---------------------------------------|---------------------|---------------------|
| | LVL | LVL |
| Riga Stock Exchange, shares quotation | | 5 000 |
| Assurance expense | 3 806 | 841 |
| Other expense | | 1 644 |
| Total | <u>3 806</u> | <u>7 485</u> |

8 CASH

| | 2007 | 2006 |
|---------------|-----------------------|-----------------------|
| | LVL | LVL |
| Cash in banks | 758 624 | 577 973 |
| Deposit | 24 850 | 26 800 |
| Cash on hands | 4 584 | 4 755 |
| Total | <u>788 058</u> | <u>609 528</u> |

9 SHARE CAPITAL

| | 2007 | 2007 | 2006 | 2006 |
|--|-----------------------|---------------------|-----------------------|---------------------|
| | Number of | Share % | Number of | Share % |
| | shares | | shares | |
| Shareholders: | | | | |
| Janis Birks | 309 909 | 38,7 | 302 109 | 37,8 |
| Ilze Aizsilniece | 80 766 | 10,1 | 80 766 | 10,1 |
| Agris Shvarcbergs | 80 917 | 10,1 | 44 147 | 5,5 |
| Peteris Augustovs | - | 0,0 | 41 412 | 5,2 |
| State social insurance agency | 40 000 | 5,0 | 40 000 | 5,0 |
| Other shareholders (shares less than 5%) | 288 408 | 36,1 | 291 566 | 36,4 |
| Total | <u>800 000</u> | <u>100,0</u> | <u>800 000</u> | <u>100,0</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

10 OTHER LOANS

| | 2007 LVL | 2006 LVL |
|---|-------------|-------------|
| VOVAA diagnostics equipment - short-term part | - | - |
| Total | <u>-</u> | <u>-</u> |

11 DUE TO RECEIVED ADVANCE PAYMENTS

| | 2007 LVL | 2006 LVL |
|--------------------------------|-------------|---------------|
| VOAVA advance payment for 2006 | | 84 268 |
| Other advances | 481 | 3 005 |
| Total | <u>481</u> | <u>87 273</u> |

12 DUE TO SUPPLIERS AND CONTRACTORS

| | 2007 LVL | 2006 LVL |
|---------------------------------|----------------|---------------|
| Invitros SIA | 4 729 | - |
| Tamro SIA | 7 221 | - |
| Tradintek SIA | 3 009 | 29 646 |
| Amerilat MD | - | 12 779 |
| Siemens SIA | - | 11 918 |
| AB Medical Group Riga | 8 656 | 7 342 |
| NMS SIA | - | 7 144 |
| Latvenergo Rīgas elektrotikls | 3 725 | 3 283 |
| Sistēmu Audits SIA | - | 2 950 |
| Latvijas Gaze | 2 342 | 2 931 |
| Valsts Patoloģijas centrs SIA | - | 2 565 |
| Lattelekom | 1 385 | 1 123 |
| NMS Diagnostika | 1 208 | 919 |
| Nacion.medic.serviss-laboratory | 620 | 866 |
| Rīgas Ūdens | 1 211 | 811 |
| S.A.V. SIA | 781 | 719 |
| Hospital Gaiļezers BO | - | 719 |
| Rīgas Stradiņu Universitāte | 743 | 608 |
| Other suppliers | 146 185 | 2 925 |
| Total | <u>181 815</u> | <u>89 248</u> |

13 TAXES

| | As of 31-12- 2006 | Calculated | Paid | As of 30-09- 2007 |
|-----------------------|----------------------|----------------|------------------|----------------------|
| Value added tax | 1 725 | 16 123 | (16 929) | 919 |
| Social insurance | 48 641 | 367 243 | (360 425) | 55 459 |
| Personal income tax | 33 304 | 231 775 | (228 894) | 36 185 |
| Corporate income tax | (15 803) | - | (19 894) | (35 697) |
| Corporate income tax | - | - | (2 588) | - |
| Unemployment duty | 111 | 401 | (386) | 126 |
| Natural resources tax | 72 | 45 | (117) | - |
| Real estate tax | (754) | 294 | (294) | (754) |
| Total, incl. | <u>67 296</u> | <u>615 881</u> | <u>(629 527)</u> | <u>56 238</u> |
| due to the budget | 83 853 | | | 92 689 |
| overpayment | (16 557) | | | (36 451) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14 DUE TO OTHER COMPANIES

| | 2007 | 2006 |
|----------------------|-----------------------|-----------------------|
| | LVL | LVL |
| Salaries | 112 284 | 98 455 |
| Accured liabilities | - | 2 950 |
| Board remuneration | - | 2 069 |
| Trade union | 883 | 889 |
| Deposited salary | 786 | 794 |
| Council remuneration | - | - |
| Total | <u>113 953</u> | <u>105 157</u> |

15 NET SALES

| | 2007 | 2006 |
|-------------------------------|-------------------------|-------------------------|
| | LVL | LVL |
| Medical hospital services | 1 963 381 | 2 032 983 |
| Medical ambulant services | 1 213 202 | 1 212 688 |
| Services - minimum fixed part | 144 188 | 152 102 |
| Insurance payments | 192 326 | 236 822 |
| VS ZDC ambulant services | 97 045 | 185 169 |
| Stomatology services | 26 294 | 32 645 |
| Residents training | 65 040 | 52 115 |
| Family doctors | 22 450 | 18 868 |
| Other income | 41 025 | 59 283 |
| Total | <u>3 764 951</u> | <u>3 982 675</u> |

16 COST OF GOODS SOLD

| | 2007 | 2006 |
|--------------------------------|-------------------------|-------------------------|
| | LVL | LVL |
| Bad debt write-off | 7 746 | - |
| Boiling maintenance expenses | 1 000 | - |
| Salaries and wages | 1 521 655 | 1 556 468 |
| Medical goods | 498 040 | 588 213 |
| Social tax | 351 175 | 364 707 |
| Other operating expenses | 290 500 | 274 218 |
| Public utilities | 69 856 | 196 373 |
| Fixed assets depreciation | 122 880 | 147 601 |
| Repair expenses | 128 410 | 100 159 |
| Feeding expenses | 45 319 | 56 956 |
| Household goods | 36 807 | 56 227 |
| Medical researches | 54 453 | 54 922 |
| Current assets write-off | 54 401 | 50 940 |
| Accruals for vacations | - | 37 602 |
| Office expenses | 24 915 | 31 119 |
| Employees trainings | 21 930 | 26 244 |
| Gifts to employees | 14 060 | 21 048 |
| Rent fixed assets depreciation | 14 864 | 16 178 |
| Transport expense | 7 756 | 5 346 |
| Advertising | 1 575 | 3 534 |
| Tangible assets amortization | 1 857 | 3 123 |
| Allowances to employees | 2 800 | 1 870 |
| Insurance expenses | 590 | 1 629 |
| Unemployment duty | 1 153 | 1 497 |
| Received discounts | (16 047) | (16 394) |
| Other expenses | 7 006 | 5 872 |
| Total | <u>3 264 701</u> | <u>3 585 452</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

17 ADMINISTRATIVE EXPENSES

| | 2007 | 2006 |
|---------------------------------------|-----------------------|-----------------------|
| | LVL | LVL |
| Salaries and wages | 166 927 | 178 215 |
| Social tax | 37 618 | 34 719 |
| Board chairperson remuneration | 20 876 | 19 359 |
| Office expenses | 3 834 | 5 133 |
| Board remuneration | 20 794 | 11 675 |
| Other administrative expenses | 3 006 | 4 325 |
| Presentation expenses | 2 711 | 9 871 |
| Chairperson of the Board social tax | 4 195 | 3 858 |
| Board members social tax | 5 009 | 4 026 |
| Council chairperson remuneration | 7 528 | 7 100 |
| Audit expenses | 1 500 | 5 880 |
| Council members remuneration | 6 912 | 4 150 |
| Bank expenses | 806 | 931 |
| Chairperson of the Council social tax | 1 813 | 1 710 |
| Council members social tax | 1 598 | 1 000 |
| Legal services | 100 | 290 |
| Total | <u>285 227</u> | <u>292 242</u> |

18 OTHER OPERATING INCOME

| | 2007 | 2006 |
|------------------------------|----------------------|----------------------|
| | LVL | LVL |
| Currency exchange gain | 432 | - |
| Rent income | 31 508 | 30 718 |
| Feeding income | 7 999 | 10 847 |
| Press goods | 4 845 | 5 827 |
| Solarium income | 1 880 | 2 869 |
| Laundry income | 1 445 | 1 716 |
| Gain on sale of fixed assets | 3 856 | 847 |
| Other income | 3 618 | 4 907 |
| Total | <u>55 583</u> | <u>57 731</u> |

19 OTHER OPERATING EXPENSES

| | 2007 | 2006 |
|------------------------|---------------------|---------------------|
| | LVL | LVL |
| Currency exchange loss | 2 551 | 2 935 |
| Fixed assets disposals | 5 414 | 2 736 |
| Penalties | 189 | 686 |
| Other expenses | 355 | 171 |
| Total | <u>8 509</u> | <u>6 528</u> |

20 INCOME FROM INVESTMENT IN ASSOCIATES

| | 2007 | 2006 |
|---------------------------------------|-----------------|----------------------|
| | LVL | LVL |
| Psihiskas Veselibas centrs "Dzintari" | - | 25 159 |
| Total | <u>-</u> | <u>25 159</u> |

21 INTEREST INCOME AND SIMILAR INCOME

| | 2007 | 2006 |
|-----------------|----------------------|----------------------|
| | LVL | LVL |
| Interest income | 17 220 | 11 248 |
| Total | <u>17 220</u> | <u>11 248</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED 30 SEPTEMBER 2007 AND 31 DECEMBER 2006

22 INTEREST EXPENSE AND SIMILAR EXPENSE

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

23 CORPORATE INCOME TAX

| | 2007 | 2006 |
|---------------------------------|----------|-----------------|
| | LVL | LVL |
| Calculated Corporate income tax | - | 29 067 |
| Deferred Corporate income tax | - | (7 601) |
| Corrections for the year 2004 | - | (41 365) |
| Corrections for the year 2005 | - | (2 554) |
| Total | <u>-</u> | <u>(22 453)</u> |

Calculated liabilities of deferred tax at the end of year 2006 aroused from the following differences

| | 2007 | 2006 |
|--|----------------|-----------------|
| | LVL | LVL |
| Liabilities of deferred tax: | | |
| value of fixed assets in balance sheet and the same value used for calculation of corporate income tax | - | 17 176 |
| From changes of book value as a result of revaluation of fixed assets | - | 489 627 |
| Assets of deferred tax: | | |
| Accumulated liabilities | <u>484 807</u> | <u>(21 996)</u> |
| Deferred tax liability | <u>484 807</u> | <u>484 807</u> |
