

ANNUAL REPORT 2010

Business name: North Estonia Medical Centre

Registry code: 90006399

**Classification of
Economic Activities code:** 8610

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Main area of activity: Health care

Beginning of financial year: 01.01.2010

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1 MANAGEMENT REPORT

The North Estonia Medical Centre Foundation (hereinafter the Medical Centre) is a health care institution whose principal activity is to provide specialised medical care in the majority of medical specialities, to be a pre-degree and in-service training base for healthcare professionals and to conduct medical research.

The Medical Centre operates on two levels: the function of a regional hospital – medical assistance is provided to all persons from any county who have been insured in a regional health insurance fund; and the function of a central hospital – the Medical Centre serves residents of Tallinn and its close surroundings similarly to the two central hospitals of Tallinn. The Medical Centre also guarantees the medical security of the people living in Harju County as the provider of ambulance services.

The wide selection of services and quality treatment of patients guarantees high numbers of patients for the Medical Centre and the load on resources that results therefrom guarantees economic efficiency, incl. with respect to 24 hr specialised medical care. Extensive clinical experience is the basis of treatment quality. There are only two providers of health services in certain specialities such as cardiothoracic surgery; neurosurgery; oral, facial and chin surgery; haematology and oncology – North Estonia Medical Centre and University of Tartu Hospital.

The main developments

According to the development plan of the North Estonia Medical Centre Foundation for 2010-2012, the main development trends of the Medical Centre are:

- 1) to continue the rationalisation and modernisation of the infrastructure of treatment activities;
- 2) to contribute in technological innovation;
- 3) to increase the capacity of active treatment in inpatient medicine, outpatient medicine and day treatment;
- 4) to develop the centre's household and service standard;
- 5) to mark clinical competencies, to promote coordination and cooperation in treatment and diagnostics;
- 6) to contribute in professionalism and teams; and
- 7) to develop international cooperation.

In 2010, the activities and the financial results of all hospitals was influenced by the price coefficient applied from November 2009 to the price list of the National Health Insurance Fund (0.94 applied from 15 November 2009), and there was an additional decrease in income resulting from the restructuring of the price-list of radiology. At the same time, this provided the Health Insurance Fund the possibility to finance an additional number of treatments cases.

When compared to the fall in the volume of treatment in 2009, the Medical Centre had to cope with an increase in the volume of treatment in 2010, in which they succeeded both as regards inpatient treatment (mainly internal medicine) and day treatment (day surgery), as well as in many outpatient specialities. Mostly, the increase in the number of patients treated was achieved through a rise in the intensiveness of work (increase of 3% in bed occupancy), and in the Psychiatry Clinic, an additional department with 30 beds was opened in October. With regard to outpatient work, in summer there occurred an unexpectedly sharp increase in the number of emergency patients, which has considerably raised the day-to-day work load of the Emergency Medicine Department and doctors on duty.

In January 2010, the construction of Block X – an extension of the Mustamäe Block was completed, which is the first stage of establishing a renewed medical district at Mustamäe. The most technology-intensive treatments will be performed in Block X and this would considerably improve the availability of high-tech scheduled and emergency medical care for the almost 800,000 people living in the service area of the Medical Centre.

The area of the five-storey building is 29,807 m² and it houses the new 18-hall surgery centre, 40-bed intensive care centre, the Department of Nuclear Medicine, 30-bed Emergency Internal Medicine Department, the Emergency Medicine Centre, the Radiology Centre, the Radiation Therapy Centre, the Medical Centre's pharmacy and the Sterilisation Service. The building was brought into use within the first quarter.

The design of stage II of the plan of reconstruction of infrastructure was also started, which comprises Block C and the Pathology Block, and the temporary moves (outpatient clinic) required for freeing up the area to be reconstructed were performed.

As a result of the decision made in 2009 to bring the activities related to oncology from the Hiiu Block (Hiiu 44) to Mustamäe faster than planned (earlier plans foresaw it by 2013), the follow-up care clinic had to be moved from Keila Hospital to the premises freed up at Hiiu 44, and Keila Hospital itself was sold; major part of the renovation plans prepared and required for that at Mustamäe was also realised (7 inpatient departments were renovated in Block B) and this work will continue both in Mustamäe and Hiiu Blocks also in 2011. At the very end of the year, all activities at Hiiu related to surgery (three departments), anaesthesiology (incl. intensive care) and a major part of diagnostic activities were also moved to Mustamäe. Moving of the Departments of Chemotherapy and Radiation Therapy will be performed in April 2011. The moves related to renovation added tension to the work of inpatient departments.

As a result of a sales competition, on 14 December 2010, a contract under the law of obligations was signed with AS PJV for selling Keila Hospital in April 2011 (sale price: 25 million kroons).

With the activities described, the Medical Centre has executed a significant part of the plan of optimising the infrastructure of the hospital, which planning was begun in cooperation with the Ministry of Social Affairs already from the establishment of the hospital (2001) and whose core developments (construction of Block X and reconstruction of Block C and the Pathology Block) are supported also with the financing by the ERDF (European Regional Development Fund).

In order to highlight more clearly the leading role of the Medical Centre in the treatment of oncological diseases and in relation to transferral of the relevant activities from Hiiu to Mustamäe, a new clinic was established in the management structure of the hospital – the Oncology and Haematology Clinic on the basis of the Departments of Radiation Therapy, Chemotherapy and Haematology that had so far formed part of the Internal Medicine Clinic. Dr. Vahur Valvere was elected to the position of the head of the clinic. In addition, the expired employment contracts (5 years) of Dr. Leonhard Kukk, Head of the Surgery Clinic, Dr. Andrus Remmelgas, Head of the Anaesthesiology Clinic, and Dr. Kaire Aadamsoo, Head of the Psychiatry Clinic, were extended for a subsequent period. A new head of the Internal Medicine Clinic was elected – Dr. Toivo Laks.

In order to maintain the investment capabilities, the Medical Centre had to reduce the operational costs due to the fall in prices. An inevitable cut in the salary fund (in 2010 -7%, in 2009 -6%), whose volume fell almost to the level of 2007, was realised through the redundancy of posts (114), suspension of most of the funds for additional remuneration that form part of the salary system, and obligatory days of unpaid leave. At the same time, in relation to a rise in the work volume there was an increase in the treatment costs and the so-called installation costs related to the opening of Block X and due to the maintenance costs arising from new buildings and equipment. Increase in the price of electricity had a significant impact on the costs (in the case of the Mustamäe Treatment Block, there arose an obligation to buy electricity from the free market – a 65% increase in expenses when compared to the first quarter), and so did the new equipment acquired for the new building and the renovated premises.

The Medical Centre managed to maintain its most important development priorities in service development, quality, information systems, and research and development.

Human resources management

In 2010, the work in the area of human resources was influenced by a tight budget similarly to 2009. While maintaining the volumes of activity, HR costs had to be reduced, which caused the organization to face some difficult operational and optimising decisions.

In 2010, reorganisation related to the construction and renovation work carried out at the Medical Centre continued – completion of Block X and extensive renovation activities are important strategic aims for the Medical Centre in order to develop a modern work environment. But with regard to the management, this process required very thorough planning and organisation with the aim of ensuring the provision of high-quality medical care also during the period of changes. The transfer of certain structural units and persons from Hiiu Block to Mustamäe Block was an important change for the patients, as well as for the personnel who had to smoothly adapt to the new work environment and work organisation.

To continue a nice tradition, the young doctor grants were awarded last year, too, and the best secretaries, nurses and carers were recognised. At the autumn conference, Dr. Agu Lipping, the Chief Doctor of the Hiiu Department of the Pathology Centre of the Diagnostics Clinic was awarded the Grand Man title for his contribution to the development of the Medical Centre.

Our employees have also been recognised externally. The title of the best doctor of Tallinn was awarded to Dr. Ülo Kivistik, who is a long-term developer of the intensive care and first aid system and is the founding member of the rescue team. The title of the best nurse of Tallinn was awarded to Elena Mahhova, the head nurse of the Diagnostics Clinic.

Quality management

In 2010, the development of a quality management system was continued in the centre in general as well as in all of its structural units. The focus was on the development of new quality systems, standardisation of processes (incl. audits were performed), preparation of patient instructions and the organisation's handbook documentation and on updating existing documents.

The important major projects included the accreditation of the laboratory, obtaining the permit to transplant allogeneic blood vessels from the State Agency of Medicines, development of the quality system related to organ donorship, approval of the model of processes and the quality strategy of the hospital and documentation of the principles of pain management. The Department of Urology was recognised as an internationally approved centre of excellence by the European Board of Urology (EBU). In 2010, 34 patient instructions were published in Estonian and Russian.

Research and development cooperation

The interdisciplinary and cooperation seminars created by the Medical Centre, such as the autumn conference of the centre, the spring conference of emergency medicine, the interdisciplinary seminar Kidney, the information event of the Internal Medicine Clinic for family doctors, the autumn conference of the Psychiatry Clinic, etc., which have an impact on the healthcare landscape are becoming a tradition.

Cooperation with other medical centres and hospitals, the Technomedicum of the Tallinn University of Technology (TUT), the Competence Centre for Cancer Research and the International Atomic Energy Agency is continuing.

Research

The Cardiology Centre and the Surgery and Anaesthesiology Clinic of the Medical Centre participate in cooperation with the Tallinn University of Technology and the ELIKO competence centre of technology in a research and development project “Biosignals in medical diagnostics”. The Cardiology Centre participates in cooperation with the Tallinn University of Technology in a survey assessing the arterial rigidity of patients with coronary artery disease. The Cardiology Centre is also an active participant in the activities of the National Registry of Myocardial Infarction.

In cooperation with the Chair of Biomedical Engineering of the Technomedicum of TUT, the Dialysis and Nephrology Department of the Medical Centre participated in the framework of a grant by the Estonian Science Foundation in a survey “A novel optical technology for monitoring of uremic toxins – potential markers for malnutrition-inflammation syndrome and CVD risk”. The same department also participated in the survey “Interpretation of Biosignals in Biomedical Engineering” within the framework of a grant by the Research Fund of the Ministry of Education and Science.

In cooperation with the Competence Centre for Cancer Research, the Oncology and Haematology Clinic will participate in the development of molecular diagnostic models for breast cancer and colorectal cancer.

The Occupational Health and Safety Centre of the Internal Medicine Clinic of the Medical Centre participated from 2007 to 2010 in the study “*Eosinophilopoietic* Mechanisms in Respiratory Infection in the Event of Asthma” within the scope of the grant from the Research Fund of the Clinical Medicine Institute of the Tallinn University of Technology.

The Occupational Health and Safety Centre of the Internal Medicine Clinic will be participating in the study “Systematic Infection Markers in the Event of Chronic Obstructive Pulmonary Disease” within the scope of the grant from the Research Fund of the Ministry of Education and Research from 2009 to 2010.

The Neurology Centre of the Internal Medicine Clinic joined the European Thrombolysis Register.

The Psychiatry Clinic of the Medical Centre is participating in the assessment of depression in cooperation with the Institute of Biomedicine of the Tallinn University of Technology (the Medical Centre has registered a patent within the scope of the cooperation) and in the collection of the data of mentally disturbed people in cooperation with the Gene Bank.

The Anaesthesiology Clinic continued the comparative analysis of intensive care activity indicators with centres in Finland.

Clinical trials of medicines

Clinical trials of 22 medicines started in the Medical Centre in 2010 (28 in 2009) and the number of ongoing trials by the end of the year was 73 (78 in 2009).

4 million kroons of income was received in 2010, which is 2% more than in 2009. More than a half of the income earned was associated with the trials conducted in the Internal Medicine Clinic, in addition, income from additional services has increased.

Even though the number of ongoing trials and new trials has decreased a little in comparison to 2009, the increase in income shows the success arising from the changes made in the organisation of work – trials are launched quicker and the option to use nursing services in the Mustamäe Block is employed increasingly in trials. By today, due handling of the investigational medicinal products in the Pharmacy of the Centre has become the sign of quality of the Medical Centre; this standard is the highest in Estonia.

The Medical Centre continued to contribute to the training of doctors, pharmacists and nurses participating in clinical trials – the courses on clinical trials and good clinical practices were continued.

Development of treatment services

Similarly to the previous years, in 2010 the focus was again on the improvement of treatment quality and on the introduction and implementation of new methods. The activities carried out for that purpose were to a large extent related to the opening of Block X:

- contemporary conditions for providing treatment services were ensured for the Emergency Medicine Centre, Surgery Block with Post-Surgery Department, Intensive Care Departments, Radiology Centre, Department of Nuclear Medicine, Sterilisation Centre and the pharmacy;
- as the first hospital in Estonia, the Medical Centre created the Emergency Internal Medicine Department which allowed for providing faster and more efficient medical care to the patients hospitalized;
- specific preparations were made in order to employ new contemporary methods in brachytherapy and external beam radiotherapy through the implementation of a gating system and image-guided radiation therapy (IGRT) and intensity-modulated radiation therapy (IMRT);
- the Day Surgery Department was founded which allowed for the improvement of the availability of high quality surgical aid provided to patients.

The developments of the treatment services were not limited to the activities based on Block X. Most important changes included the following:

- updating and approval of the protocol of pain management and treatment guidelines;
- enhancement of the activity in the field of multi-organ donorship and transplantation and the relevant cooperation with partner hospitals.

In 2010, there was the first transplantation in Estonia of a device supporting the left ventricle in the Medical Centre, which can be regarded as a small step in world medicine, but a huge development in the history of healthcare in Estonia.

Revenue from provision of health services

In 2010, the amount of the contract with the National Health Insurance Fund totalled 1,456,714,088 kroons, from which specialised medical care comprised 27%, day treatment 3% and inhouse specialized medical care 70%.

In comparison to 2009, the amount of the contract decreased by 4.4% or 67.6 million kroons. The contract amount decreased the most in general surgery (-9.7 million kroons), cardiosurgery (-14.7 million kroons), oncology (-18.5 million kroons), cardiology (-13.3 million kroons) and pulmonology (-6.4 million kroons) (the sale of health care services established from 15 November 2009 with the coefficient 0.94 caused a decrease in the average cost of a treatment case and on account of that an increase in the number of treatment cases).

The number of treatment cases bought by the National Health Insurance Fund was 329,431. An increase in 2009 was 1.6% or 5,189 treatment cases (mainly on account of outpatient treatment cases). The highest increase was seen in neurosurgery: 1,180 treatment cases (17.4%), orthopaedics: 3,103 treatment cases (8.4%), internal medicine: 1,502 treatment cases (16.6%), haematology: 1,853 treatment cases (27.8%), rheumatology: 1,108 treatment cases (29.4%), and neurology: 1,058 treatment cases (10.4%). The number of treatment cases decreased in urology: -1,502 treatment cases (23.8%), vascular surgery: -726 treatment cases (30.5%), pulmonology - 914 treatment cases (8.9%), and ophthalmology: -1,987 treatment cases (35.4%).

In 2010, the average cost of a treatment case in the Medical Centre turned out to be higher than agreed with the National Health Insurance Fund and by the end of the year the amount of the contract had been exceeded by 0.76%, but the treatment cases remained unfulfilled by up to 5%.

The Ministry of Social Affairs pays for the emergency specialised treatment provided to persons with no health insurance. In 2010, aid was provided to 4,968 persons and the total cost of the medical services provided to them was 36,508,681 kroons. When compared to 2009, there was a 77 person increase among such patients, but the income was 3.6 million kroons lower.

Volumes of health services provided

In 2010, the Medical Centre provided outpatient medical care in 30 specialities. Doctors saw a total of 344,706 outpatients in 2010, which shows that the total number of such consultations has decreased by 6,829 (1.9%) in comparison to 2009 (351,436). The absolute number of consultations has increased the most in the specialities of emergency medicine, rheumatology, haematology, anaesthesiology and urology.

Inpatient specialised medical care was provided in 23 specialities. The number of hospital beds as of the end of 2010 was 1,263, incl. 850 active treatment beds.

The number of hospitalised patients in 2010 was 36,132, which has increased by 652 patients (1.8%) in comparison to 2009 (35,480).

Investments

The Medical Centre made its investments pursuant to the investment plan included in the development plan of the North Estonia Medical Centre.

The amount of investments made in 2010 totalled 390 million kroons, incl. 166 million kroons invested in construction and reconstruction and 192 million kroons invested in equipment. Construction of Block X of the Medical Centre comprised of 97 million kroons and renovation of other buildings comprised of 69 million kroons of construction investments.

The biggest investments in 2010 were made in the technology and sterilisation equipment of the Surgery Centre of the Surgery Clinic (in total, 60 million kroons), the equipment of the Anaesthesiology Clinic (in total, 52 million kroons), and the technology of the Radiology Centre (in total, 102 million kroons).

The investments have been recognised without VAT. Health services are not subject to VAT and VAT is therefore recognised as an expense on investments for the period. In 2010, a total of 77 million kroons was calculated as VAT on investments.

As regards the existing buildings, the renovation work involved mostly the Mustamäe Blocks C and B (for 13 million and 35 million kroons respectively).

Structure

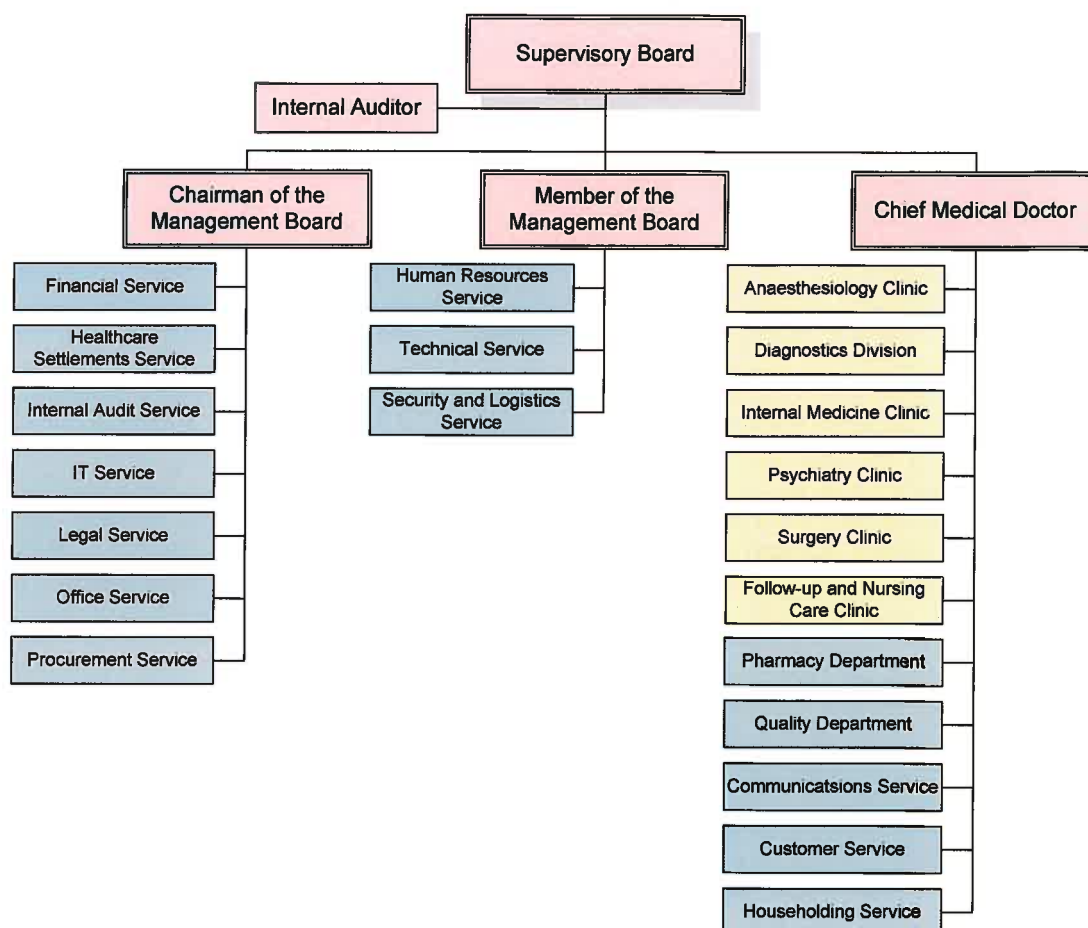


Figure 1. Management structure of the Medical Centre as of 31 December 2010

Human resources report

The number of employees in the Medical Centre was 3,441 as of 31 December 2010. Nurses and care workers comprise the biggest group of employees with a total of 2,037 employees. In addition to nurses and care workers, there are 482 doctors employed in the Medical Centre.

Healthcare professionals comprise 79.3% of the total number of employees, and non-medical staff comprises 20.7%.

Every year about a hundred doctor-residents acquire practical knowledge in the Medical Centre, in 2010 there were 109 of them, which is 15 residents more than a year before.

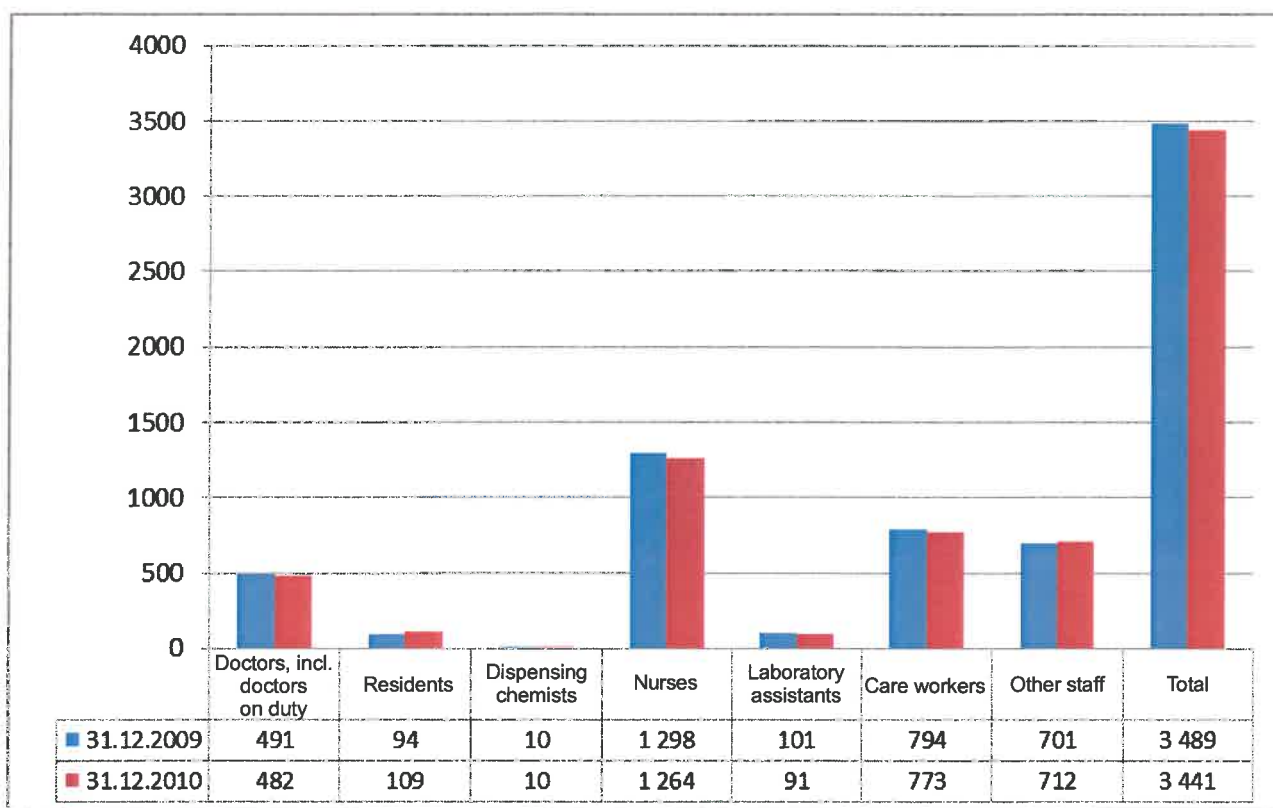


Figure 2. Number of employees by main groups

In 2010, optimisation in the field of positions and staffing was continued, as a result of which the total number of employees of the Medical Centre decreased by 48 persons. Mostly, the number of nurses and care workers decreased.

The turnover of staff increased in comparison with 2009 by 2.3% (in 2009 it was 6.5% and in 2010 it was 8.8%).

Training

Employee training and education is a natural part of the everyday work of the Medical Centre, which guarantees that healthcare professionals maintain the professional qualification on a level that complies with contemporary requirements. Training is selected according to the development trends of speciality as well as personal ambitions. Training involves both courses abroad and in Estonia.

In 2010, employees of the Medical Centre participated in training 6,030 times in total. When compared to the year 2009, both the number of times participated in training and the number of participants has decreased.

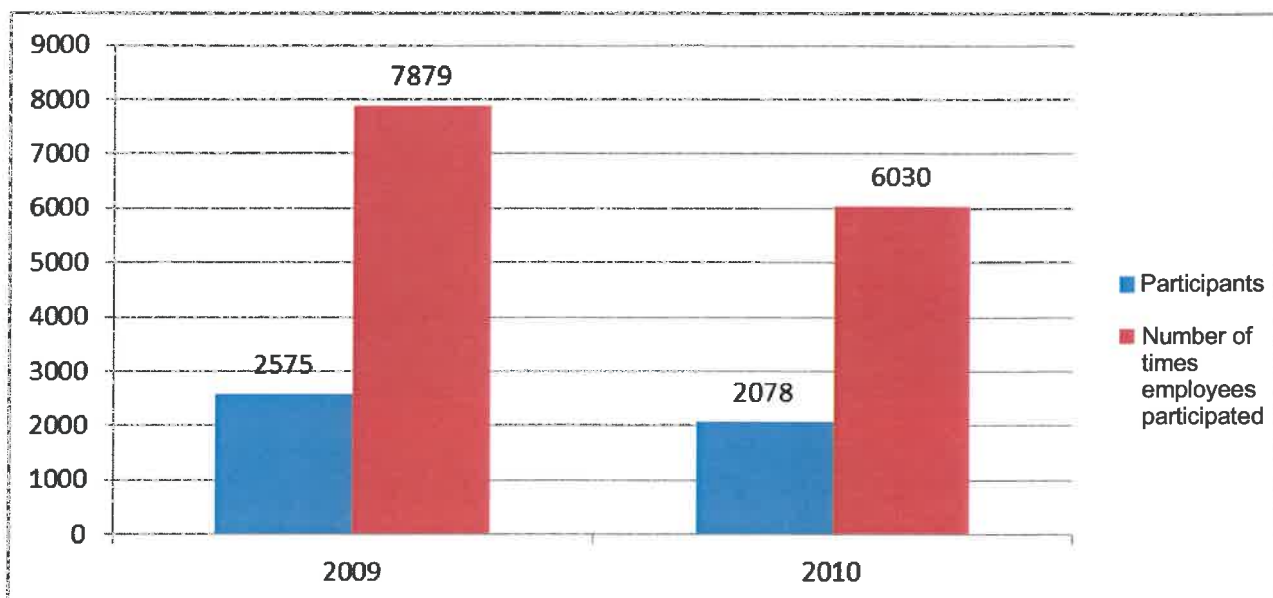


Figure 3. Number of employees who participated in training

The decrease in the times participated in training when compared to the previous years was caused by a tighter training budget, as well as by major changes in the organisation – restructuring of structural units and physical moves.

With regard to IT training, the most extensive training was the training of laboratory information systems for the personnel of the hospital, where 123 persons participated.

As a result of the amendment of the Fire Safety Act, 109 employees participated in the updated fire safety training at the end of the year.

The number of doctors participating in training abroad is traditionally higher than the number of other employees whilst the majority of employees taking part in in-house training organised by the training service of the Medical Centre are nurses and care workers.

Internal training at the Medical Centre are popular both among the employees of the hospital as well as among external participants. In 2010, the external participants made up 30% of all the participants in trainings. In the last two years, mostly the employees of East Tallinn Central Hospital, Ida-Viru Central Hospital, University of Tartu Hospital, West Tallinn Central Hospital, Pärnu Hospital, Kuressaare Hospital and Rakvere Hospital have participated in training. The range of topics covered by internal training has become wider from 52 topics in 2007 to 128 topics in 2011. A total of 2,551 persons took part in the training offered by the Medical Centre in 2010, whereas 762 of them were from outside the Medical Centre. While the number of employees of the hospital participating in training has decreased in 2010, the number of external participants has continued to increase.

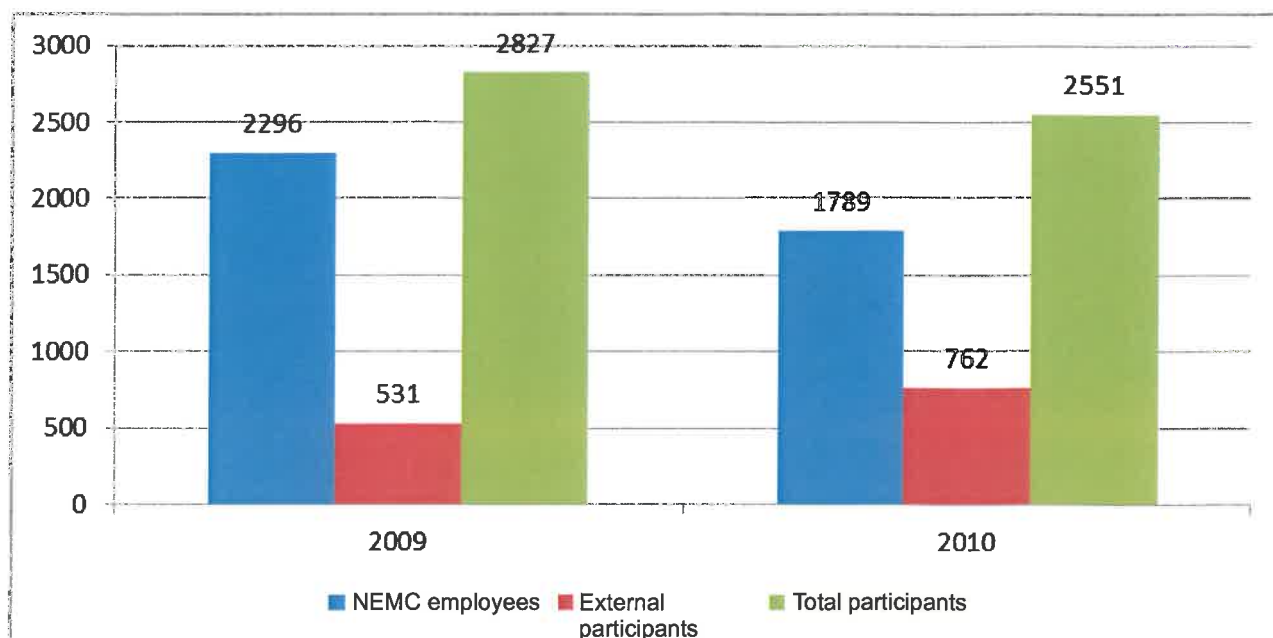


Figure 4. Participation in the Medical Centre's in-house training

All interested persons can pass on-site practical training by the specialists of the Medical Centre. For instance in 2010, the following topics were covered: treatment of a patient with acute coronary syndrome; tuberculosis infection, its diagnosis and the theoretical and practical execution of the tuberkuline test; physiotherapy training on electrotherapy; e-donor and quality system, etc.

In 2010, the specialists of the Medical Centre gave lectures, for example, in Pärnu (about 30 family doctors and nurses participated in the training on the interpretation of laboratory surveys) and in Hiiumaa (about 30 family doctors and nurses participated in the training of arthrosis and osteoporosis).

In 2010, 553 students spent their internships in the Medical Centre (92,822 hours), most of them in the Surgery Clinic, the Internal Medical Clinic and the Psychiatry Clinic. Most of the students still come from the Tallinn Health Care College (501) and Tartu Health Care College (242). Students from the Tallinn University, the University of Tartu, Lääne-Viru College, the Tallinn University of Technology, and the Tallinn School of Economics also came to the Medical Centre for their internship.

As a good tradition, many conferences and seminars are continuously held on the initiative of the Medical Centre:

- Medical Centre's Ninth Autumn Conference "If diagnosis counts years... Possibilities of psychosocial support and palliative care in Estonia";
- Third Autumn Conference of the Psychiatry Clinic "Depression in the Month of Souls – Different Aspects of Sadness";
- Clinical psychology in Seewald 40;
- Fourth Spring Conference of Emergency Medicine;
- Seminar on the 30th anniversary of the Cardiac Intensive Care Department "Right Treatment of a Patient with Acute Heart Disease – What do we need for that?";
- Fifth training day of the Internal Medicine Clinic for family doctors "Cardiovascular diseases in the Internal Medicine Clinic";
- Cardiosurgery 30 + 70 years;
- "Endoscopic ultrasound – new diagnostics and treatment methods in the North Estonia Medical Centre";
- Fifth interdisciplinary cooperation seminar "Small joint".

Clinical activity report

The Medical Centre provided health services in 30 medical specialities in 2010: anaesthesiology (intensive care), dermatovenerology, endocrinology, emergency medicine (only outpatient), gastroenterology, gynaecology, haematology, infections diseases (only outpatient), cardiology, cardiovascular surgery, laboratory medicine, nephrology, neurosurgery, neurology, ophthalmology (only outpatient), oncology, orthopaedics, otorhinolaryngology, pathology, psychiatry, pulmonology, radiology, rheumatology, internal medicine, oral, facial and chin surgery, rehabilitation and physiatry (only outpatient), thoracic surgery, occupational health, urology and general surgery. Nursing care was also provided in Keila. The independent work of residents has been registered as general medical care.

Outpatient care

Outpatient consultations

In 2010, specialist consultations were offered to outpatients in the Mustamäe, Hiiu and Seewald Blocks of the Medical Centre and, from October, consultations from pulmonologists were started in the Kose Block. 24 hr emergency medical care was provided by the Emergency Medicine Department in the Mustamäe Block and the reception ward of the Psychiatry Clinic in the Seewald Block.

In 2010, the total number of **doctors' outpatient consultations** was **344,607** (351 436 in 2009). When compared to 2009, the volume of outpatient work decreased by 1.9%. **83.1% (286,465)** of outpatient consultations were given in the **outpatient clinic** and **16.9% (58,142)** in the **Emergency Medicine Department**. When compared to 2009, the number of consultations in the outpatient clinic has decreased by 2.7%, whilst in the Emergency Medicine Department it has increased by 11.7% (yearly increase by 6,090 consultations). **55.9% of outpatient consultations were primary** (51.6% in 2009). **57%** of outpatient consultations were held at the **Mustamäe Block**.

The leading specialities in the outpatient consultations were as follows:

- general surgery – 42,558 consultations;
- psychiatry – 38,229 consultations;
- oncology – 25,866 consultations;
- dermatovenerology – 24,395 consultations;
- orthopaedics – 19,600 consultations.

In 2010, the number of consultations increased the most in the specialities of emergency medicine, rheumatology, haematology, anaesthesiology and urology. The number of consultations decreased the most in orthopaedics, general surgery (mammology), ophthalmology, thoracic surgery and pulmonology.

The average number of outpatient consultations given in the outpatient clinic in 2010 was **1,128 consultations per working day** (1,168 in 2009) and in the Emergency Medicine Department the number was **159 per day** (156 in 2009).

Councils of doctors were called for consultations **6,753** times in order to prescribe complex treatment for patients diagnosed with malignant tumours (6,574 times in 2009). **Nursing staff** completed **17,198 independent consultations**, of which the nurses in the psychiatry department completed 12,335 consultations. (Table 1).

In addition to consultations, **21,849 surgical procedures** were performed on outpatients (21,779 in 2009), including **2,911 surgical operations** (2,625 in 2009), which comprises 33.5% of all surgical procedures and 12.2% of all surgical operations performed in the Medical Centre in 2010. 790 (27.1%) of all outpatient surgical operations were performed in the Emergency Medicine Department. (Table 1).

Table 1. Consolidated data of outpatient work

Type of outpatient work	2009	2010
Number of outpatient consultations	351,436	344,607
incl. Mustamäe Block	184,481	196,572
incl. outpatient clinic	294,410	286,465
Emergency Medicine Department	57,026	58,142
incl. Mustamäe Block	52,052	58,142
Number of outpatient surgical procedures	21,779	21,849
incl. number of operations	2,625	2,911
incl. Emergency Medicine Department	814	790
Number of council of doctors	6,574	6,753
Number of consultations provided by the team of psychiatric treatment	402	398
Number of independent consultations by nurses	17,176	17,198

In the Emergency Medicine Department, medical care was in addition to emergency medicine specialists and GPs (residents) (38,905 consultations) given by otorhinolaryngologists (7,855 consultations), orthopaedists (5,088 consultations), general surgeons (4,331 consultations), oral, facial and chin surgeons (764 consultations) and, to a smaller extent, also by neurosurgeons, neurologists, cardiologists, haematologists, cardiovascular surgeons, etc.

In addition to outpatient consultations, medical care was provided during the year to 14,096 emergency hospitalised patients; thus, the total number of patients of the Emergency Medicine Department was **72,238** and the **average number of patients per day** was **198**.

The **main reasons** why outpatients came in for consultation were the same as in the previous years (according to ICD-10): (Figure 5)

1. tumours (77,462 consultations);
2. mental and behavioural disorders (38,021 consultations);
3. injuries, poisoning and certain other consequences of external factors (31,858 consultations).

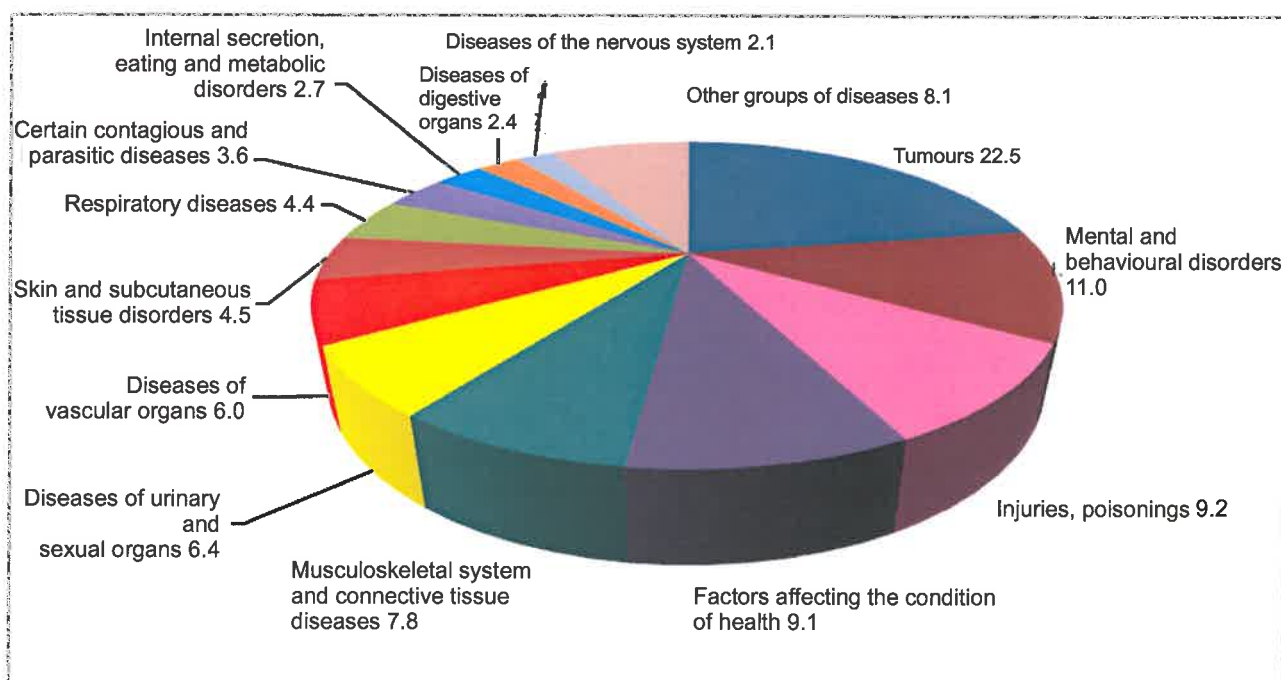


Figure 5. Structure of outpatient consultations by diagnosis group

As regards the **structure** of reasons for the consultations of the **Emergency Medicine Department**, the five leading groups of diseases comprised 73% of all reasons for consultation:

1. injuries, poisoning and certain other consequences of external factors: 26,989 consultations – 46.4%, whereas the most frequent external reasons for injuries were as follows: vehicle accidents 1,382, fall-related injuries 11,205, impact of non-human mechanical power 8,792; attacks 1,983;
2. musculoskeletal system and connective tissue diseases – 4,280 consultations or 7.4%;
3. vascular diseases – 3,839 consultations or 6.6%;
4. symptoms, traits and deviations of clinical and laboratory findings – 3,674 consultations or 6.3%;
5. respiratory diseases – 3,500 consultations or 6.0%.

In the outpatient clinics, the main reasons for consultations (in total, 65%) were:

1. tumours – 76,806 consultations or 26.8%;
2. mental and behavioural disorders – 37,206 consultations or 13.0%;
3. factors affecting the condition of health and contacts with health services – 29,957 consultations or 10.5% (incl. occupational health examination, recurrent examination after treatment of fracture, care of surgical dressings and sutures, adaptive treatment of pacemaker, orthopaedic follow-up treatment etc.);
4. musculoskeletal system and connective tissue diseases – 22,569 consultations or 7.9%;
5. urinary and sexual organ diseases – 20,444 consultations or 7.1%.

The patients who turned to the Medical Centre for outpatient medical care in 2010 came from **all countries** and 664 patients (0.5% of all patients) came from **other countries**. 84.8% of them lived in Harju County, 64.6% in Tallinn, 2.7% in Ida-Viru County, 2.7% in Rapla County, 2.4% in Lääne-Viru County, 2% in Pärnu County, 1.2% in Järva County, 1.2% in Lääne County.

Day treatment, day surgery

In addition to 6 oncology and 5 psychiatric care day treatment beds, on 6 September 2010, Day Surgery Department with 15 treatment beds was opened in the Medical Centre. During the year, day surgery was provided in the specialities of orthopaedics, neurosurgery, general surgery, otorhinolaryngology, oral, facial and chin surgery, gynaecology, urology, thoracic surgery, and day treatment was provided in the specialities of oncology (chemotherapy) and psychiatry.

In total, 3,548 patients (3,166 in 2009) were treated in day treatment and day surgery in 2010, and there were 3,904 (3,545 in 2009) hospital days. 2,803 (1,587 in 2009) surgical procedures and operations were performed in day surgery, whereas 617 of them were operations (1,464 in 2009).

The main diagnoses of day treatment and day surgery in 2010 were:

1. tumours: 1,582 patients or 44.6% (in 2009, 2,021 patients or 63.9%);
2. musculoskeletal system and connective tissue diseases: 611 patients or 17.2% (in 2009, 376 patients or 11.9%);
3. diseases of the nervous system: 440 patients or 12.4% (in 2009, 374 patients or 11.8%).

In addition to the above, patients with chronic kidney failure were provided 6,006 dialysis procedures in day treatment during the year (5,070 in 2009). (Table 2).

In 2010, 4.3% of all surgical procedures (2.5% in 2009) and 11% of all operations (6.7% in 2009) were performed in day surgery. Operations on bone and muscular tissue comprised 33.2% (39.0% in 2009), operations on the nervous system 20% (28.6% in 2009), and ear, nose and throat operations 11.8% (8.3% in 2009) of all surgical operations.

Table 2. Day treatment

Indicator	2009	2010
Number of patients	3,166	3,548
Number of hospital days	3,545	3,900
Number of dialysis procedures	5,070	6,006
Number of surgical procedures and operations	1,587	2,803
incl. number of operations	1,464	2,617

Ambulance

The Medical Centre had 8 ambulance crews in 2010, incl. 2 resuscitation crews in Tallinn, 6 ambulance crews in Harju County (2 in Saku, 1 in Keila, 1 in Kehra, 1 in Kose and 1 in Paldiski), 1.5 of them are doctors' crews and 4.5 are nurses' crews.

The ambulance and resuscitation crews of the Medical Centre made 16,151 visits in total; the number of answered calls was 15,550 (the relevant figures for 2009 were 16,333 and 15,714); the number of patients treated was 125 persons smaller than in the previous year. The proportion of visits made by nurses' crews decreased from 70.9% in the previous year to 68.7% in 2010. In 2010, doctors' crews made 31.3% (29.1% in 2009) of all visits, which includes the 9.3% of visits made by resuscitation crews (8.7% in 2009). (Table 3).

Table 3. Ambulance crews

Type of crew	No. of visits		No. of patients treated		incl. children	
	2009	2010	2009	2010	2009	2010
Nurses' brigades	11,576	11,097	10,853	10,413	1,717	1,681
Doctors' crews	3,344	3,547	3,117	3,324	510	597
Resuscitation crews	1,413	1,507	1,285	1,393	34	71
Total	16,333	16,151	15,255	15,130	2,261	2,349

Detailed information on the medical care provided by ambulance crews is given in Table 4. The number of calls made due to illness increased and the number of calls made due to injuries and poisoning decreased in 2010. The number of transport calls has increased by 17.3 times. Resuscitation was effective in 40% of cases (31.5% in 2009).

Table 4. Structure of calls

Type of medical care	No. of patients	
	2009	2010
Illness	12,002	12,053
Injury	2,399	2,264
Poisoning	127	100
Transport calls	52	904
Transport of women in labour	141	136
Resuscitation	92	93
incl. effective	29	37
Declaration of death	459	420
Outpatient consultations	442	295

Inpatient medical care

Use of hospital beds

In 2010 the Medical Centre provided inpatient specialised medical care services in the Mustamäe, Hiiu, Seewald, Keila and Kose Blocks. From February 2010, the Stage I-III Intensive Care Department works in the new premises in the Mustamäe X Block. After obtaining the radiation practice licence from the Environmental Board, the Medical Centre offers inpatient isotope treatment on 7 radiology treatment beds.

Although due to extensive repair work and moves, the average number of hospital beds was lower and the work conditions were more challenging, more patients were treated than in 2009.

The **number of hospital beds** available in the Medical Centre as of the end of 2010 was **1,263** (1,250 in 2009), incl. **850 active treatment beds** (837 in 2009). Beds used to treat psychiatric, tuberculosis and nursing care patients are not considered active treatment beds. In 2010, the average number of hospital beds per year was 1,176, incl. 800 active treatment beds (in 2009, the respective figures were 1,222 and 826). Active treatment beds comprised 67% of the total number of hospital beds as of the end of 2010. (Table 5).

Table 5. Number of hospital beds

Indicator	2009	2010
No. of hospital beds by year end	1,250	1,263
incl. active treatment beds	837	850
Average no. of hospital beds per year	1,222	1,176
incl. active treatment beds	826	800

The **number of hospitalised patients** in 2010 was **36,132**, which was 1.8% more than in 2009 (35,480). The **number of patients hospitalised** in active treatment beds was 31,812, which is 3.6% more than in the previous year (30,708 in 2009). 88% of all hospitalised patients were allocated active treatment beds.

The **proportion of emergency hospitalisation** was **51.9%**, on the same level as in 2009. 5,783 hospitalised patients needed immediate intensive care (16% of the patients hospitalised), incl. 928 patients in critical condition who needed stage III intensive care.

The **number of patients who left hospital** in 2010 was **36,145**, i.e. 1.9% more than in the previous year (35 488 in 2009), whereas 31,825 of them from active treatment beds (30,671 in 2009). The proportion of patients who were checked out was 92.5% (33,426), 3.8% (1,387) were transferred to another hospital and 3.7% (1,332) died.

The **number of hospital days** in 2010 was **353,293** (356,432 in 2009), incl. **235,595** hospital days in active treatment (232,603 in 2009). The number of hospital days decreased by 0.9% in comparison to 2009, due to shortening of the average duration of treatment by 0.2 days. Hospital days in intensive care comprised 20.6% of all hospital days of active treatment (20.5% in 2009), incl. 9,595 hospital days in stage I intensive care, 26,276 hospital days in stage II intensive care and 12,570 hospital days in stage III intensive care.

The **average duration of treatment** in 2010 was **9.8 days** (10.0 days in 2009), incl. **7.4 days in active treatment beds** (7.6 days in 2009).

The intensity of using hospital beds increased in 2010. **Bed turnover** (average number of patients per hospital bed per year) increased 5.9% and was **30.7** (**29.0** in 2009), incl. 39.8 for active treatment beds (40.0 in 2009).

Bed occupancy (the number of hospital beds occupied by patients expressed as a percentage of the total beds available) rose 3% and was **82.3%** in 2010 (79.9% in 2009; 72.5% in Estonia), incl. **80.7%** for active treatment beds (77.1% in 2009; 67.7% in Estonia).

According to the WHO database, bed occupancy in active treatment in 2009 was: European Union 71.4%;

European region 79.3; Austria 79,8,4%; Norway 91.6%; Israel 96%; Latvia 64.0%; Lithuania 72.4%; Germany 76.2% (2008); Czech Republic 70%; Slovenia 71.2%; Hungary 74.3%; Armenia 57.8%; Turkey 62.3; UK 84.2; Moldova 76.2.

Structure of inpatients

The proportion of men and women among the patients who left hospital in 2010 was almost equal: **18,044 men** (49.9%) and **18,102 women** (50.1%). There were 317 children (aged 0 to 14). The proportion of patients aged 65 and over increased. In 2010, there were 15,250 patients in this age group – 42.3% of the patients who left the hospital (14,874 patients in 2009 – 40.7%). Patients of this age usually have several complications and related illnesses, which make tests and treatment more expensive and time consuming. The division of patients by age is given in Table 6.

Table 6. Patients who left hospital by age

Age group (age in years)	2009		2010	
	Number of patients	Proportion of age group (%)	Number of patients	Proportion of age group (%)
0-14	378	1.1	317	0.9
15-24	2,106	5.9	2,265	6.3
25-34	2,747	7.7	2,778	7.7
35-44	3,186	9.2	3,187	8.8
45-54	5,143	15.9	4,795	13.2
55-64	7,081	19.0	7,553	20.9
65-74	7,824	22.9	7,975	22.1
75+	7,023	17.8	7,275	20.1
Total	35,488	100.0	36,145	100.0

In 2010, the number of patients with tumours, vascular diseases and diseases of urinary and sexual organs has increased the most among the patients in inpatient care in the Medical Centre, whereas the number of patients with mental and behavioural disorders and respiratory diseases has decreased. The five main reasons why patients needed inpatient treatment in the Medical Centre have been the same in recent years:

1. diseases of vascular organs – 23.9% or 8,645 patients, average duration of treatment 8.8 days (in 2009: 23.5% or 8,325 patients, average duration of treatment 9.0 days);
2. tumours – 23.1% or 8,358 patients, average duration of treatment 8.7 days (in 2009: 22.4% or 7,934 patients, average duration of treatment 9.1 days);
3. injuries, poisoning and other consequences of external factors – 10.1% or 3,655 patients, average duration of treatment 8.5 days (in 2009: 9.9% or 3,508 patients, average duration of treatment 8.6 days);
4. mental and behavioural disorders – 9.7% or 3,498 patients, average duration of treatment 21.8 days (in 2009: 10.5% or 3,736 patients, average duration of treatment 20.4 days);
5. diseases of digestive organs – 7.3% or 2,625 patients, average duration of treatment 4.9 days (in 2009: 7.5% or 2,663 patients, average duration of treatment 5.2 days).

The average duration of treatment of patients who left hospital was 9.7 days (9.9 days in 2009), incl. the average duration of treatment of patients who were checked out of hospital – 9.3 days, patients who died – 15.4 days, and patients who were transferred to another hospital – 14 days. Patients whose main diagnosis was a contagious or parasitic disease required long-term treatment – 58.7 days (incl. tuberculosis 144.0 days – 131 patients; HIV 25.2 days – 18 patients); the same applied to patients with mental and behavioural disorders: 21.8 days – 3,498 patients. The average duration of treatment of patients in other disease groups remain below the average duration of treatment in the Medical Centre (Table 7, Figure 6).

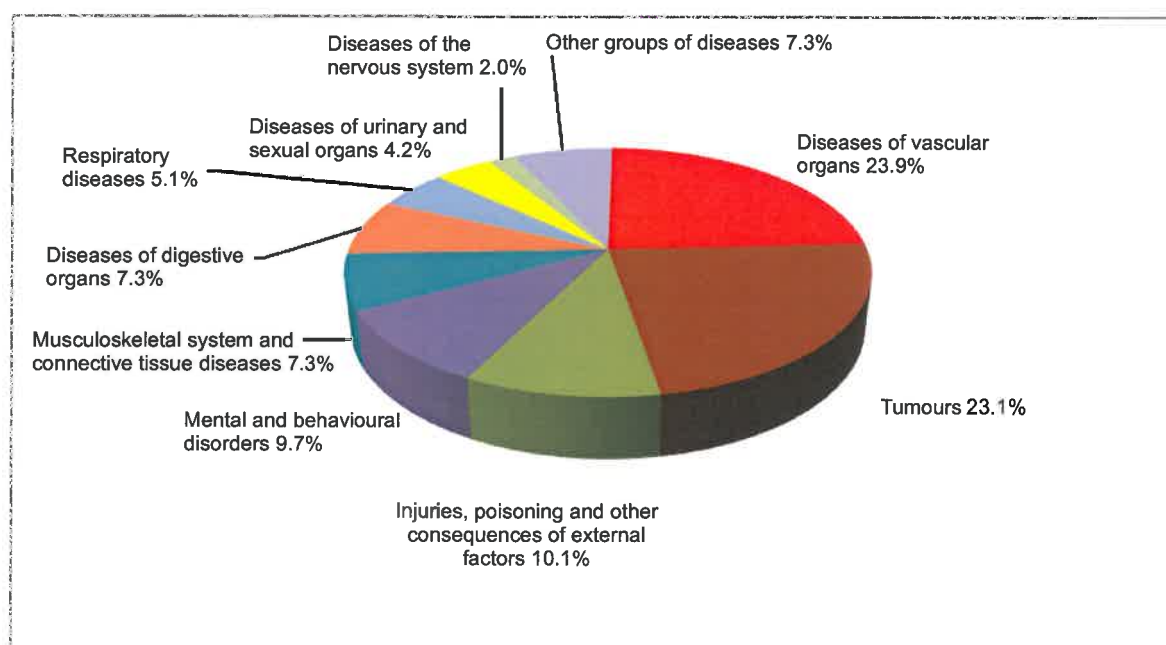
There were 10,505 patients whose treatment lasted up to 2 days, and 2,644 patients whose treatment lasted more than 25 days.

The median value of hospital days was 5 days and mode 2 days.

Table 7. Number of patients who left hospital and average duration of treatment according to main diagnosis

Disease group (acc. to ICD-10)	Number of patients		Proportion (%)		Average duration of treatment (days)	
	2009	2010	2009	2010	2009	2010
Contagious and parasitic diseases	379	377	1.1	1.0	64.1	58.7
Tumours	7 934	8 358	22.4	23.1	9.1	8.7
Diseases of blood and blood-forming organs	223	225	0.6	0.6	8.1	7.1
Endocrinological, eating and metabolic disorders	665	612	1.9	1.7	9.9	9.1
Mental and behavioural disorders	3,736	3,498	10.5	9.7	20.4	21.8
Diseases of the nervous system	621	716	1.8	2.0	7.7	8.8
Diseases of the eye and adnexa	2	4	0	0.0	5.0	3.0
Ear and mastoid process diseases	169	166	0.5	0.5	3.8	3.9
Diseases of vascular organs	8,325	8,645	23.5	23.9	9.0	8.8
Respiratory diseases	2,063	1,853	5.8	5.1	7.3	7.3
Diseases of digestive organs	2,663	2,625	7.5	7.3	5.2	4.9
Skin and subcutaneous tissue disorders	592	600	1.7	1.7	8.6	8.3
Musculoskeletal system and connective tissue diseases	2,578	2,634	7.3	7.3	5.9	5.5
Urinary and sexual organ diseases	1,397	1,533	3.9	4.2	5.1	5.2
Pregnancy, childbirth and post-natal disorders	3	8	0.0	0.0	2.7	4.4
Congenital malformations, deformations and anomalies	165	175	0.5	0.5	5.1	4.9
Unclassified symptoms, variables and deviations in clinical findings	157	164	0.4	0.5	3.2	4.2
Injuries, poisoning and other consequences of external factors	3,508	3,655	9.9	10.1	8.6	8.5
Factors affecting the state of health, contacts with health services	296	282	0.8	0.8	3.8	3.9
Proved to be healthy	12	15	0.0	0.0	8.5	6.1
Total	35,488	36,145	100.0	100.0	9.9	9.7

Average duration of treatment in days according to the WHO database in 2009 (all hospitals): European region 14.3; European Union 7.4; Estonia 7.8; Denmark 4.8; Norway 5.9; Latvia 8.5; Lithuania 8.3; Finland 9.7; Czech Republic 10.0; Slovakia 8.3; Israel 10.1; Moldova 10.0; Turkey 4.2; UK 8.1; Israel 10.

**Figure 6. The structure of patients who left hospital in 2010**

In 2010, patients from all counties and 140 patients (0.4%) from other countries received inpatient treatment in the Medical Centre. The inpatients who left hospital divided as follows according to their place of residence: 71.6% in Harju County, incl. 52.7% in Tallinn, 5.2% in Ida-Viru County, 4.7% in Lääne-Viru County, 4.1% in Pärnu County, 3.9% in Rapla County, 5.7% in Lääne County and on the islands, 2.4% in Järva County, 2.1% in Southern Estonian counties.

Inpatient surgical treatment

The Minister of Social Affairs regulation has established from 1 January 2003 the requirement that surgical treatment must be coded according to version 1.6 of the NOMESCO Classification of Surgical Procedures (NCSP). The Medical Centre also uses the classification of surgical operations that complies with the definition given by the World Health Organization (WHO), which states that surgical operations are such surgical procedures that are usually performed in an operating theatre, including the application of aseptic measures, use of anaesthesia and surgical techniques: incision, excision or destruction of tissue, reconstruction, and which is performed on a patient to prevent, diagnose, treat or alleviate a disease; to correct a deformation or defect; in association with pregnancy or contraception.

Table 8 contains the Medical Centre's surgical treatment data for 2009 and 2010 on the basis of different classifications: the number of surgical procedures corresponding to the NOMESCO classification and the number of operations corresponding to the WHO definition.

Table 8. Surgical treatment in the centre according to different classifications

<i>Surgical treatment</i>	<i>2009</i>	<i>2009</i>
Number of surgical procedures	39,279	40,549
incl. number of operations	17,783	18,306

Only the surgical procedures that comply with the definition given by the World Health Organization (WHO) have been deemed to be surgical operations in this overview.

On 4 February 2010, a new surgery centre with 18 operating halls was opened in Block X at Mustamäe, and from 27 December 2010, all departments of the Surgery Clinic of the Medical Centre work at Mustamäe Block. Up to 27 December 2010, operations were performed also in the five operation halls at Hiiu Block.

In 2010, **65,201** (62,645 in 2009) **surgical procedures and operations** were performed in the Medical Centre, and **23,853** of them were operations (21,872 in 2009). **18,306 operations on inpatients** (17,783 in 2009), incl. **14,094 main operations** (13,774 in 2009) were performed. 74.6% (17,787) of the operations made in inpatient were scheduled and 25.4% (6,048) were emergency operations. The number of operations on inpatients comprises 76.8% (81.3% in 2009) of the total number of operations performed in the Medical Centre in 2010. The decrease in the proportion of inpatient operations has occurred due to the opening of the Day Surgery Department and increase in the operative work volume of day surgery.

60.7% of emergency operations were performed within 24 hours after hospitalisation, and 28.7% of them during the first 6 hours. 54.6% of scheduled operations were performed during the first 24 hours and 26.7% during 48 hours after hospitalisation.

Surgical activity (*number of patients who received surgery per 100 patients who left hospital*) in the Medical Centre as a whole was 36.6% (37% in 2009) and 78.2% in the outpatient surgery clinic (76.5% in 2009).

52 operations were performed **per hospital bed** of the Surgery Clinic in 2010, **40** of them were **main operations** (in 2009, 47 and 37, respectively).

The areas where the number of operations performed was the highest were the following in the Medical Centre in 2010:

1. Operations on the musculoskeletal system 4,164 (22.7% of the total number of operations). Operations on the musculoskeletal system included insertion of endoprostheses of large joints (672), incl. total endoprostheses of the hip joint (251), subtotal endoprostheses of the hip joint (113), total endoprostheses of the knee joint (269) and total endoprostheses of the shoulder joint (23). The number of arthroscopic operations amounted to 350.
2. Operations on digestive organs and the spleen 3,276 (17.9%), including intestine operations 1,048; gallbladder, bile duct and liver operations 702 (incl. 492 by the laparoscopic method); liver and duodenum operations 389. 794 of the operations on digestive organs were emergency operations performed on “acute stomach patients”.
3. Operations on teeth, jawbones, the mouth and pharynx 1,578 (8.6%), incl. tonsillectomies 434, removal of tumours and defects and treatment of injuries in the facial region including plastic surgery 195, micro- and progenic and micro- and prognathic surgical treatment 66, uranoplastic operations 20.
4. Ear, nose and larynx operations 1,420 (7.8%), the majority of which were functional endoscopic antrostomies and ethmoid frontotomies, in total 346; conchotomies 329, septoplastics 369.
5. Operations on the nervous system 1,407 (7.7%), incl. discogenic pathology operations 701, removals of subdural, epidural and cerebral haematomas 124, operations on brain tumours 137, operations on arterial cerebral aneurysm 36.
6. Operations on coronary and large thoracic blood vessels 1,143 (6.2%), including aortocoronary shunting 472, incl. on three and more arteries 355.
In addition to heart surgery, percutaneous transluminal coronary angioplasty procedure was performed on 1,102 patients and 461 permanent pacemakers were installed.

The Anaesthesiology Clinic performs anaesthesia both in the Surgery Department and increasingly also in diagnostic and treatment procedures outside operation halls (angiography room, MRT-room, etc.). In 2010, the total number of anaesthesias amounted to 14,847 (13,713 in 2009), whereas 11,926 of them were general anaesthesias (10,827 in 2009).

Medical examinations and treatment procedures

Details of the medical examinations and treatment procedures performed on outpatients, day care patients and inpatients and comparable with the figures of the previous year are given in Table 9. Details of the radiological surveys in 2010 are not comparable to the details of the previous years, because in 2009 the National Health Insurance Fund amended many times the coding guidelines of radiological health care services and the list of services. In 2010, the total number of X-ray diagnostics procedures (X-ray pictures, fluoroscopy, examinations with contrast medium, mammography) was 112,630 on 76,868 patients, the number of computer tomography procedures was 140,843 on 22,361 patients, the number of nuclear magnetic resonance tomography procedures was 12,300 on 6,816 patients.

As regards image diagnostics, an increase in the proportion of MRT surveys can be noticed, especially in the case of patients with tumour diagnosis. The Medical Centre is the only hospital in the country who performs also MRT surveys on mammary glands.

In recent years, many possibilities of endoscopic surveys and treatment procedures have become available, e.g. ultrasound endoscopy. Outpatient capsule endoscopy is used with success for the diagnostics of small intestine pathologies (80 surveys in 2010).

In the areas of angiography and interventional radiology, there has remained a tendency for performing more complicated treatment procedures (dilatation and stents of small arteries of lower limbs, stoppage of bleedings in the lesser pelvis, installation of nephrostomes, radio frequency ablation of tumour nests etc.). With regard to radioisotope diagnostics, the number of nuclear lymphography and skeleton scintigraphy surveys has increased, and surveys of thyroid functions with radioactive iodine were started and heart FDG-PET/KT surveys for assessing the myocardial damage were started.

In rehabilitation care, 60-minute physiotherapy procedures were started in 2010.

Table 9. Medical examinations and treatment procedures

Examinations, procedures	2009	2010
<i>Number of functional diagnostic examinations</i>	84,482	86,726
<i>Number of ultrasound diagnostic examinations</i>	65,729	60,299
<i>Number of endoscopic examinations and procedures</i> (according to NOMESCO classification)	10,841	10,965
<i>Number of laboratory tests</i>	2,060,146	2,128,383
<i>Number of skin tests</i>	29,005	31,682
<i>Number of treatment procedures</i>		
<i>rehabilitation</i>	51,806	51,643
<i>barotherapy</i>	1,745	1,214
<i>haemodialysis</i>	6,771	7,939
<i>speech therapy</i>	1,010	476
<i>psychotherapy</i>	12,061	12,549
<i>Number of systemic treatment sessions</i>	10,459	11,627
<i>Number of radiation therapy procedures</i>	25,659	25,847

Fatality, causes of death and autopsies

1,332 hospitalised patients died in 2010 (1,359 in 2008), 347 patients (26.0%) were 20 to 64 years of age, 752 (56.5%) were 65 to 84 years of age and 233 (17.5%) were aged 85 and over.

The fatality indicator (number of deaths per 100 patients who left hospital) was 3.7%, i.e. 3.5% for active treatment beds (the relevant indicators in 2009 were 3.7% and 3.6%) and 2.7% for active treatment beds excluding the Follow-up and Nursing Care Clinic. 216 patients died within 24 hours of hospitalisation (228 in 2009), 34 of them died of myocardial infarction (58 in 2009). First-day fatality (number of patients who died 24 hours after hospitalisation per 100 patients hospitalised in the same period) was 0.6%.

The main diagnoses for causes of death in 2010 were the same as in previous years, the only exception being that diseases of the digestive organs climbed to 4th place from last year's 5th place:

1. diseases of vascular organs – 633 cases, i.e. 47.5% of causes of death (630, 46.4% in 2009);
2. tumours – 362 cases or 27.2% of causes of death (in 2009, 375 cases or 24.3%);
3. respiratory diseases – 86 cases, i.e. 6.5% of causes of death (76 cases or 5.6% in 2009);
4. injuries and poisoning – 81 cases or 6.1% of causes of death (105, 7.7% in 2009);
5. diseases of digestive organs – 78 cases or 5.9% of causes of death (78, 5.7% in 2009);
6. diseases of the nervous system – 27 cases or 2.0% of causes of death (15 cases or 1.6% in 2009).

328 pathoanatomical autopsies were performed in the Medical Centre in 2010 (373 in 2009), 199 of them were on patients who had died in the Medical Centre (214 in 2009). 72 forensic autopsies were performed in the Medical Centre in 2009 (96 in 2009).

The frequency of autopsies had decreased over the years and reached 20.3% in 2010, which is 2.5% less than in the previous year. The frequency of pathoanatomical autopsies was 15.8% (16.9% in 2009), which is 1.1% less than in the previous year. (Table 10).

Table 1. Autopsies

Autopsy data	2009	2010
Number of patients who died in hospital	1,359	1,332
<i>Number of autopsied patients</i>	310	271
<i>incl. pathoanatomically</i>	214	199
<i>forensically</i>	96	72
<i>Autopsy frequency (%)</i>	22.8	20.3
<i>Frequency of pathoanatomical autopsies (%)</i>	16.9	15.8

There were 65 dissenting diagnoses in 2010 and their frequency was 24.1% (56 and 18.1%, respectively, in 2009). The final clinical and autopsy diagnoses differed in 33 cases, if the patient had stayed in the hospital less than 24 hours and in 18 cases less than 3 hours. During so short a stay in the hospital, it was not possible to perform health surveys and analyses required for precise diagnosis.

The frequency at which autopsies are performed on patients who have died in hospitals is very different in different countries on the basis of the data from 2009: Estonia 17%; Austria 27.5%, Armenia 80.1%; Ukraine 65.6%; Latvia 11.8%; Lithuania 6.1%; Ireland 10%; Lithuania 6.5%; Moldova 79.7%; Israel 0.7%; Czech Republic 37.6%; Slovenia 21.7%; Slovakia 31.7%.

Figure 7 provides a summary of persons hospitalised and treated during 2010 in the Medical Centre either as outpatients or inpatients. On the average, there were 2.8 outpatient consultations per year and per person, and 1.7 times of inpatient medical care per one inpatient.

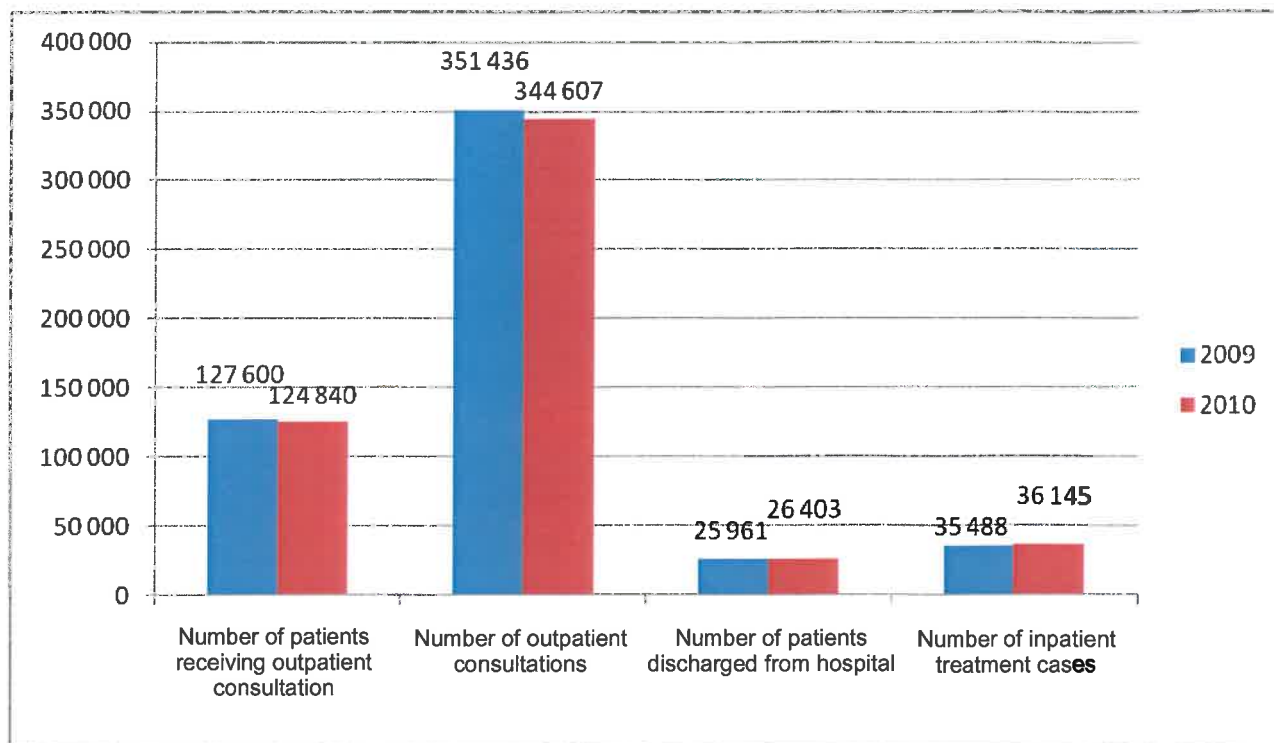


Figure 7. Number of patients treated in the Medical Centre, outpatient consultations and hospital treatment cases

Blood Centre

The Blood Centre provides blood products for the hospitals of Tallinn and Northern, Central, Eastern and Western Estonia. Donor blood is used for preparations for adults, children, newborns and unborn foeti, all in all 37 different donor blood preparations.

Donor blood is collected from the same region as the supply area, 40% of donations are collected by a mobile crew and 60% in two stationary blood collection points in Tallinn.

The number of donations increased by 2% and the number of donors by 1.6% in comparison to the previous year. The increase in the number of donors was on account of recurrent donors, which is a very positive tendency, indicating the donors' satisfaction with the service provided and in reference to the increase in the safety and quality of donor blood.

Table 11. Change in the number of donors and donations

Year	2009	2010
Number of donors	19,773	20,089
Number of donations	30,752	31,409

Preparation of the erythrocyte suspension has increased slightly in comparison to the previous year and the production of thrombocyte concentrations was increased considerably – by 28%. The reason behind this was an increased demand from hospitals. Demand for plasma by the hospitals decreased – 6,022 doses were issued for transfusion (7,098 doses in 2009), at the same time the proportion of fractioning plasma increased. In total, 4.8% more different blood components were issued to hospitals and 5.8% more plasma to fractionators than in 2009.

Table 14. Preparation of blood components (change in the number of doses)

Component \ Year	2009	2010
Erythrocyte suspension	28,056	28,947
Erythrocyte suspension for children	439	397
Plasma	30,569	31,205
BC thromboconcentrates	2,304	2,820
Apheresis thromboconcentrates	699	1 036

The settlement of the new permanent blood collection point in the centre of the city as a usual and much visited place for donors, extension of the plasmapheresis programme and development of the motivation system for recurrent donors were the highlights in the activities of the Blood Centre in 2010.

Infection control

The Infection Control Service was created in 2002 to monitor hospital infections and the use of antibiotics and use the collected information to give wards feedback about their situation.

In 2010, regular monitoring of hospital infections continued. The highest rate of occurrence of hospital infections was recorded in the departments performing intensive care and in the departments dealing with more complicated patients, which received also most attention. In the prevention of hospital infections, an important place is attributed to ensuring good quality of nursing work and in order to increase its efficiency, a nurses' committee on infection control started work.

Rational use of antibiotics and monitoring of their use is one important factor in the prevention of resistance of microbes. The intensity of the use of antibiotics has been monitored over the years and it is comparable with the average use in other Estonian hospitals and medical centres.

The consumption of hand antiseptics, the use of which has remained low in recent years, has also been monitored for assessing the hand hygiene compliance. In order to attribute importance to hand hygiene, the courses that started in 2009 were continued and the manual of hand hygiene was updated.

An important measure of infection control is the vaccination of personnel in order to ensure the safety of personnel and patients. In 2010, 283 employees were immunised against hepatitis B and antibodies were checked in 185 employees to assess the efficiency of immunisation. 282 employees let themselves be immunised against seasonal flu.

90 cases of contact where healthcare professionals came under the threat of infection (jabbing/cutting injuries, splatter on mucous membranes) were registered in 2010. All cases were individually analysed and prophylactic measures were applied where necessary. The number of such cases has remained on the same level in the last couple of years, but will probably not reflect all injuries occurred in the hospital.

Table 13. Number of cases of contact

Year	2009	2010
Number of cases	92	90

Action plan for 2011

The action plan for 2011 is aimed at carrying out the strategic trends defined in the development plan of the Medical Centre.

Management

With regard to the volume of work in 2010, focus is on raising the volumes of outpatient and day treatment. In relation to increasing volumes of work, the Medical Centre plans to stop the days of unpaid leave for the staff. There are plans to transfer day surgery activities temporarily to the building at Hiiu 44 until completion of the reconstruction of Block C. In relation to transferral of chemotherapy to Mustamäe, a central day care department will be established for oncology, haematology and rheumatology patients. By April, the hospital has to transfer the follow-up treatment clinic from Keila hospital to the building at Hiiu 44.

The Medical Centre will continue organising and supporting national and international medical conferences in 2011. The centre believes that recognising its employees is important: the Grand Man/Lady, young doctor grant winners, nurses and care workers of the year of different clinics and secretaries of the year will be elected.

Human resources management

The area of human resources management will focus in 2011 on carrying out the changes in staff that result from the moves (restructuring of departments), development of the new starter programme, mapping and reducing of occupational risks, as well as increasing the efficiency of staffing and work planning due to the continuously tight budget.

Quality management

Development of the existing quality management system that covers the entire Medical Centre will continue in 2011.

The Blood Centre and the Pathology Centre also move towards accreditation. There are plans for the implementation of more specific quality indicators and increase of interdisciplinary cooperation forms.

Development of information systems

In 2011, the hospital tries to implement in many areas outpatient medical case summary (incl. forwarding to e-health information system), employ in full the laboratory and pathology information system, to introduce the central reporting system of the hospital and pilot the prioritisation of family physicians' referral documents in the specialities of urology and cardiology. In addition, the creation of diagnose-based internal datasets on the basis of breast cancer are piloted in order to analyse the quality. Increase in cooperation at implementing the existing interfaces in other hospitals (RIS) is becoming a new priority.

Development of treatment services

The development of the technological and process standard of treatment service will continue according to the defined priorities.

In 2011, attention is also paid to the development of services for fees and enhancing the possibilities in the field of exports, in addition to execution of the Health Insurance Fund contract.

With regard to technological development, more focus will be on the implementation of different possibilities of isotope treatment (in the new Nuclear Medicine Department in Block X) and introduction of new methods of intra-tissue radiation therapy.

As the first one in Estonia, a team of palliative care will start work in order to help in a more systematic way incurable patients and the persons close to them.

Investments in equipment

The Medical Centre will realise its investments according to the investment plan included in the development plan. Significant investments will be made in 2011 in replacing outdated equipment with new devices as it will help the centre to guarantee the development of its treatment services, incl. introduction or implementation of new treatment methods.

There are plans to invest 215 million kroons (incl. VAT) in medical technology and fittings and 11 million kroons (incl. VAT) in other equipment in 2011. 2/3 of this volume is made up of completion of the procurements transferred from 2010.

The biggest investments in medical technology are:

- 41 million kroons (incl. VAT) invested in the radiology equipment of the Diagnostics Clinic, 10 million kroons (incl. VAT) invested in laboratory, pathology and blood centre equipment, and 21 million kroons (incl. VAT) invested in endoscopy equipment;
- 25 million kroons (incl. VAT) in the operating centre and sterilisation service of the Surgery Clinic;
- 42 million kroons (incl. VAT) in the technology of the Radiation Therapy Centre of the Oncology and Haematology Clinic.

Infrastructure

The priorities for 2011 shall be the follow-up tuning and control of engineering solutions in Block X, as well as tests of solutions under maximum load conditions in a work situation (mid-summer and mid-winter), and furnishing of the new block with radiation therapy equipment and non-medical equipment. Moving departments into new premises as a result of concentrating active treatment into the Mustamäe Block and preparations and design work for the reconstruction of the Mustamäe Block C and Pathology Block are also priorities for 2011.

Investments into improvement of therapy rooms and engineering and safety solutions of the existing buildings will continue.

In 2011, investments in construction will total 229 million kroons, including 113 million kroons for the reconstruction of Block C and Pathology Block of Mustamäe, 102 million kroons for improvements to therapy rooms, and engineering and safety solutions of existing buildings, and 14 million kroons for the preparatory work for reconstructing Block C and the Pathology Block.

2 ANNUAL ACCOUNTS

Declaration of the Management Board

The Management Board hereby declares its liability for the correct preparation of the Annual Accounts of the North Estonia Medical Centre Foundation (SA Põhja-Eesti Regionaalhaigla) presented on pages 28 to 49 and represents and warrants the following:

1. the accounting principles used in preparing the Annual Accounts are in compliance with the generally accepted accounting principles of Estonia;
2. the Annual Accounts give a fair and true view of the financial position of the North Estonia Medical Centre Foundation and the results of its operations and cash flow;
3. any material circumstances which became evident before the date of preparation of the Annual Accounts (25 April 2011) have been appropriately taken into account and presented in the Annual Accounts;
4. The North Estonia Medical Centre Foundation is a going concern.

Tõnis Allik	Chairman of the Management Board	.....	25 April 2011
Sven Kruup	Member of the Management Board	.....	25 April 2011
Sergei Nazarenko	Member of the Management Board	.....	25 April 2011

Balance sheet

in thousands of kroons, as of December 31

ASSETS

	<i>Notes</i>	31.12.2010	31.12.2009
Cash at bank and in hand	2	17,460	273,688
Receivables and prepayments	3	231,433	213,157
Inventories	4	40,742	33,770
Total current assets		289,635	520,615
Long-term financial investments	5	50	50
Tangible fixed assets	6	1,802,987	1,593,070
Intangible fixed assets	7	13,751	9,749
Total fixed assets		1,816,788	1,602,869
TOTAL ASSETS		2,106,423	2,123,484

LIABILITIES AND NET ASSETS

Loans payable	8,9	4,946	117,913
Payables and prepayments	10	266,662	237,949
Short-term provisions		6,851	3,990
Targeted financing	11	3	32
Total current liabilities		278,462	359,884
Long-term borrowings	8,9,10	697,635	695,240
Total long-term liabilities		697,635	695,240
Capital		316,964	316,964
Granted capital		218,809	218,809
Retained earnings		532,587	30,506
Profit/loss for the financial year		61,966	502,081
Total net assets		1,130,326	1,068,360
TOTAL LIABILITIES AND NET ASSETS		2,106,423	2,123,484

Signed for identification purposes:

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Income statement

in thousands of kroons, per annum

	<i>Notes</i>	2010	2009
Operating income			
Revenue from the state budget	12	38,604	36,704
Revenue from sale of medical services to health insurance funds	12	1,470,363	1,500,749
Revenue from sale of medical services to legal and natural persons	12	118,201	117,897
Revenue from economic activities		12,810	6,848
Subsidies	13	158,512	551,016
Other operating revenue		7,213	7,068
Total operating income		1,805,703	2,220,282
Operating expenses			
Purchase of goods, raw materials and services	14	-491,115	-458,795
Production costs of the Blood Centre	14	-17,119	-17,864
Administrative expenses	14	-203,020	-170,775
Personnel expenses	15	-695,737	-748,693
Other operating expenses	14	-177,515	-167,087
Total operating expenses		-1,584,506	-1,563,214
Depreciation and write-down of fixed assets		-146,864	-137,807
Operating revenue		74,333	519,261
Financial income and expenses	16	-12,367	-17,180
Profit/loss for the financial year		61,966	502,081

Cash flow statement

in thousands of kroons, per annum

	<i>Notes</i>	2010	2009
Cash flow from operating activities			
Proceeds for medical services from the Health Insurance Fund		1,456,111	1,522,593
Proceeds for medical services from institutions		184,439	174,548
Proceeds from the state budget		128,038	510,253
Interest received		839	4,571
Other proceeds		17,993	16,851
Invoices paid to suppliers		-856,079	-843,740
Payments to employees		-418,037	-461,101
Taxes paid		-292,336	-309,882
Interest paid		-11,635	-23,452
Other expenses paid		-1,713	-1,356
Total cash flow from operating activities		207,620	589,285
Cash flow from investing activities			
Payments for fixed assets		-346,056	-581,018
Proceeds from disposal of fixed assets		121	21
Total cash flow from investing activities		-345,935	-580,997
Cash flow from financing activities			
Loans taken	8	0	303,517
Repayment of loan principal	8	-112,662	-112,655
Repayment of financial lease principal	8	-5,251	-5,433
Total cash flow from financing activities		-117,913	185,429
Net change in cash at bank and in hand		-256,228	193,717
Cash at bank and in hand at the beginning of the period	2	273,688	79,971
Cash at bank and in hand at the end of the period	2	17,460	273,688

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Statement of changes in net assets

in thousands of kroons, per annum

	Capital	Granted capital	Retained earnings	Profit/loss for the financial year	Total
Balance as of 31.12.2007	316,964	218,809	85,583	0	621,356
Profit/loss for the financial year	0	0	0	-55,077	-55,077
Balance as of 31.12.2008	316,964	218,809	85 583	-55,077	566,279
Retained earnings	0	0	-55,077	55,077	0
Profit/loss for the financial year	0	0	0	502,081	502,081
Balance as of 31.12.2009	316,964	218,809	30,506	502,081	1,068,360
Retained earnings	0	0	502,081	-502,081	0
Profit/loss for the financial year	0	0	0	61,966	61,966
Balance as of 31.12.2010	316,964	218,809	532,587	61,966	1,130,326

Signed for identification purposes:

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Notes to the Annual Accounts

Note 1. Accounting principles and basis of estimations used in the preparation of the Annual Accounts

General principles

The financial statements of the North Estonia Medical Centre Foundation (hereinafter the Medical Centre or the Foundation) have been prepared in accordance with the generally accepted accounting principles of Estonia, on a historical cost basis, unless otherwise stipulated in accounting principles described below. The generally accepted accounting principles of Estonia are based on the internationally accepted accounting and reporting principles, the main requirements of which have been stipulated in the Accounting Act of the Republic of Estonia, and supplemented by the guidelines issued by the Estonian Accounting Standards Board and the requirements provided for in the General Rules for State Accounting.

The figures in the Annual Accounts have been given in Estonian kroons. For the sake of an overview, the figures have been presented in thousands of Estonian kroons.

The income statement has been prepared using income statement layout no. 1 as presented in the Accounting Act.

Transactions denominated in foreign currencies

The accounting currency of the Foundation is the Estonian kroon, and any other currencies are deemed to be foreign currencies.

Foreign currency transactions are recognised using the official exchange rates of the Bank of Estonia effective on the date of transaction. Monetary assets and liabilities denominated in a foreign currency as of 31 December 2010 have been restated in Estonian kroons on the basis of the official exchange rates of the Bank of Estonia effective on the balance sheet date. Gains and losses on foreign currency transactions related to settlements of suppliers and purchasers are reported in the income statement as operating revenue and expenses for the financial year. Any other gains and losses on foreign currency transactions are reported in the income statement as financial income and expenses.

Cash and cash equivalents

Cash and equivalents of cash include short-term (acquired with a term of up to three months) investments of high liquidity that can be converted for a known amount of money and entail no considerable risk related to changes in their market value, incl. cash at bank and in hand, demand deposits, and time deposits of up to three months. Cash flow has been recorded in the cash flow statement using the direct method.

Financial assets

Financial assets consist of cash, short-term and long-term financial investments, trade receivables and other short-term and long-term receivables.

Financial assets have initially been recorded at the acquisition cost which is equal to the fair value of the consideration paid for the financial asset in question. The initial acquisition cost comprises all costs that are directly attributable to the acquisition of the financial asset in question, including consideration paid to agents and consultants, non-recoverable duties and taxes relating to the

transaction, and other similar charges, except costs and expenses related to the acquisition of financial assets that are reported at the fair value thereof through the income statement.

All purchases and sales of financial assets concluded on an arm's length basis are reported at the trade date, i.e. at the date on which the Foundation undertook to purchase or sell a given financial asset (e.g. signed a contract). Purchases and sales where transfer of the purchased or sold financial assets from the seller to the purchaser occurs during the period that is usual on the given market or required under the relevant market regulations are deemed to occur under ordinary market conditions.

After initial recording all the financial assets have been reported at the fair value thereof, except accounts receivable from other parties which have been recorded at the adjusted acquisition cost; investments in shares whose fair value cannot be determined reliably have been reported at the acquisition cost.

Receivables

The impairment of individually important financial assets is assessed separately for each asset. Receivables are recognised as uncollectible in events which imply that the recoverable amount of the receivable falls short of its balance sheet value.

Upon receipt of receivables that have been written down earlier, the cancellation of the write-down is recorded in the income statement as a decrease in the cost where the write-down was initially recorded.

Inventories

Inventories are recognised at the acquisition cost thereof, which comprises their purchase price, customs duties related to the purchase and direct transportation costs. Pursuant to the General Rules for State Accounting the non-recoverable duties and taxes related to the acquisition of assets have not been attached to the acquisition cost of the assets. The non-recoverable duties and taxes related to the acquisition have been recorded in the "Other operating expenses" account in the income statement.

The acquisition cost of inventories is determined on the basis of the individual cost (pharmaceuticals) and FIFO (except pharmaceuticals) method. In the balance sheet, inventories are reported at the lower of their acquisition cost or net realisable value. Evaluation of inventories to their net realisable value is recognised as expenses of the financial year in the "Write-downs of inventories" account of the income statement.

Long-term financial investment

Under the General Rules for State Accountancy, securities and derivative instruments (except for bonds intended to be held to maturity) are measured at fair value. If the fair value is unknown, the assets are measured at amortised acquisition cost and adjusted with impairment. If the acquisition cost is unknown, the assets are measured at nil value.

Participation in foundations and non-profit associations is recorded as follows:

- 1) if the company has controlling influence over the foundation or non-profit association (as a rule, over 50% of the voting right), the participation will be recognised at 100%;
- 2) if the company does not hold significant influence over the foundation or non-profit association (as a rule, 20-50% of the voting right), the participation or financial investment will not be recognised in the balance sheet. Monetary contributions to the foundation capital are recognised as subsidies granted.

Foundations and non-profit associations in which the company participated with at least a 20% voting right, but which are not recorded in the balance sheet are disclosed in the notes to the financial statements.

Tangible fixed assets

Tangible assets are deemed to include assets with a value of at least 30 thousand kroons and a useful life of over one year. Assets whose useful life is more than 1 year but whose acquisition cost is less than 30 thousand kroons, have been recorded until put into service as fittings of lesser value (under inventories) and at the moment the assets are put to service they are expensed 100%. Account of low value inventory that has been written off is kept off the balance sheet.

Tangible fixed assets have been recorded at the acquisition cost thereof, which comprises the purchase price and expenses directly attributable to the acquisition. VAT and other recoverable duties and taxes are not capitalised into the acquisition cost of fixed assets. The tangible assets have further been recorded in the balance sheet at the acquisition cost thereof less accumulated depreciation and write-downs resulting from any impairment.

If a tangible asset consists of separable components with different useful lives, those components have been recorded in the accounts separately and are depreciated at different rates over their useful lives.

Further expenditure related to recognised tangible assets (e.g. replacement of certain parts of some assets) has been added to the balance sheet value of the assets if the following criteria have been met:

- 1) the foundation is likely to benefit from them in the future, and
- 2) the acquisition cost of the asset item can be assessed reliably.

The replaced parts have been written off the balance sheet. All other costs have been reported as expenses in the period the costs were incurred.

In depreciation of tangible assets the straight-line method is used. Depreciation rates are established separately for each object of fixed asset on the basis of their useful lives.

Annual depreciation rates for classes of fixed assets are as follows:

Land		0%
Buildings	and	2-5%
construction works		
Machinery	and	20%
equipment		
Other fixed assets		20-33%

The depreciation methods, rates and final values of tangible assets have been reviewed at the end of each financial year and differences of the new estimates have been recognised as changes in accounting estimates, i.e. they are carried forward.

Possible impairment of tangible assets is assessed if certain events or developments imply that the recoverable amounts of the assets may be smaller than their balance sheet value. In the event of such events or developments, the foundation will carry out evaluation of the recoverable amount of its assets. If the estimated recoverable amount of the assets is below their balance sheet value, the assets or assets constituting a cash-generating unit are written down to their recoverable amount, which is equal to the higher of the present value (or value in use) of the future cash flow from the assets or the fair value of the assets less sales costs. The write-down is recognised as an expense for

the financial year in the “Depreciation and write-down of fixed assets” account of the income statement.

If later the recoverable value of the assets increases, exceeding its book value, the write-down is cancelled and the book value of the assets is increased, but not in excess of the book value of the assets that would have been recorded if the assets had not been written down. Cancellation of a write-down of assets is reported in the same account of the income statement where the previous write-down was reported.

Recognition of tangible assets has been discontinued upon transfer of the assets or if the foundation does not expect an economic benefit from the use or sales of the assets. Gains and losses on sales of tangible assets have been recorded as a total amount in the “Other operating revenue” account of the income statement. Upon removing assets from the balance sheet if they become unfit for use, the losses incurred have been recorded in the “Depreciation and write-down of fixed assets” account of the income statement.

Intangible fixed assets

Intangible assets have been recorded if the following conditions have been met:

- 1) the asset item is controlled by the foundation;
- 2) the foundation is likely to earn income from the use of the asset item in the future;
- 3) the acquisition cost of the asset item can be reliably established.

Intangible assets have initially been recorded at the acquisition cost thereof, which comprises the purchase price and expenses directly attributable to acquisition. VAT and other recoverable duties and taxes are not capitalised into the acquisition cost of intangible assets. Intangible assets have further been recorded in the balance sheet at the acquisition cost thereof less accumulated depreciation and write-downs resulting from any impairment.

In the case of intangible fixed assets the useful lives thereof have been assessed to be limited. In depreciation of intangible assets the straight-line depreciation method is used. The annual depreciation rates are as follows:

Licences	20%
Software	20%

The depreciation cost of intangible assets has been recorded in the “Depreciation and write-down of fixed assets” account in the income statement. The depreciation period and depreciation method of intangible assets are reviewed at the end of each financial year. There were no changes in the accounting assessments during the financial year.

Financial liabilities

Financial liabilities include payables to suppliers, accrued expenses and other short-term and long-term debts.

Financial liabilities have initially been recorded at the acquisition cost which is equal to the fair value of the consideration received for the financial liability in question. Financial obligations are further recognised at their adjusted acquisition cost using the efficient interest rate. Transaction costs are considered in the calculation of the effective interest rate and they will be expensed during the life of the financial obligation in question.

Interest expenses relating to the financial liabilities have been recorded on the accrual basis as periodic expenses in the “Financial income and expenses” account of the income statement. A financial liability has been derecognised after it has been paid, cancelled or expired.

Lease accounting

Financial lease means a lease relationship where all significant risks and benefits related to the title of the property are transferred to the lessee. All other lease transactions have been recorded as operating lease transactions.

In the lessee's balance sheet assets acquired under financial leases were recorded at the acquisition cost of the assets or at the actual value of minimum lease payments in case the latter was lower. The depreciation periods applied to assets acquired under financial leases were equal to the useful lives of the assets or the lease term thereof, depending on which was shorter. Financial lease payments were divided into financial expenses and payment of lease liabilities in such a way that the interest rate would be the same at each moment. Financial income has been recorded in the "Financial income and expenses" account of the income statement. The depreciation cost of the depreciable assets related to the financial lease in the financial year has been recorded in the "Depreciation and write-down of fixed assets" account in the income statement.

Leased property is recognised in the lessor's balance sheet in the case of operating lease. The lessor recognises the operating lease payments as income and the lessee records them as expenses over the lease period using the linear method.

Recognition of income and expenses

Income is recognised at the fair value of the consideration received or to be received from the transactions. Revenue consists of the sales revenue less price rebates, unaccepted services and returned products and goods. Revenue from the core activity of the Medical Centre includes the following:

- 1) sale of health services to the Estonian Health Insurance Fund and other legal and natural persons;
- 2) provision of diagnostic services to other medical institutions and family physicians;
- 3) provision of the emergency medical care services;
- 4) conduct of psychiatric examinations;
- 5) provision of medical training and supervision of residents;
- 6) sales of blood products to legal persons providing health service.

Revenue from ancillary activities includes rental income, grants from registers, conduct of clinical trials and other revenue (targeted financing, grants, revenue from sales of assets, etc.).

Operating revenue has been recorded on the accrual basis using the realisation principle, i.e. the revenue has been calculated at the moment of realisation or for period(s) specified in contracts. Income from sales of goods has been recorded when all the essential risks relating to ownership have passed to the purchaser and the sales revenue and expenses relating to a transaction can be reliably established. Revenue from sales of services is recorded upon the provision of the service. Sales revenue does not include the amounts received by the Medical Centre but collected in the name of other persons, and prepayments made by purchasers.

Operating revenue also includes the collectible amounts calculated but not received by the balance sheet date about which no collection document has been submitted (e.g. interest of the previous period not received by the balance sheet date; open health files as of the end of the year).

Interest income is recorded on the accrual basis.

Upon recording economic transactions, the principle of conformity of the revenue and expenses has been followed; the costs necessary for receipt of the income of the financial year have been

transferred to the expenses of the financial year. Expenses are recorded on the accrual basis at the moment of sales.

The staff costs include wages and salaries of employees calculated on the accrual basis, any fees and fringe benefits equal to the aforementioned upon taxation and taxes calculated thereon. Costs related to the workforce and not paid during the financial year have been recorded as employee-related liabilities. The liability of unused holiday days and unpaid holiday pays is assessed once a year as of the end of the financial year and it has been recorded under costs of the financial year.

Other costs include other operating expenses, depreciation and write-down of fixed assets and financial income and expenses. Other operating expenses include the following:

- 1) expenses relating to taxes, fees and fines;
- 2) costs of uncollectible receivables;
- 3) other operating expenses.

Depreciation and write-down of fixed assets include depreciation of tangible and intangible assets and impairment.

Financial income and expenses include income and expenses of financial investments and loan payables assumed. Financial income and expenses are recorded in the period of their emergence.

Targeted financing

Targeted financing received for acquisition of fixed assets

In accordance with an amendment to the General Rules for State Accountancy as from 01 October 2007 the public sector entities whose principal objective is not earning profit to the owner shall record, as an exception, the targeted financing received for acquisition of fixed assets as income during the period when the fixed assets were acquired in accordance with the IPSAS 23 principles.

Targeted financing of operating expenses

Income from targeted financing of operating expenses has been recorded in the income statement in proportion to the expenses related thereto. The income has been recorded using the "gross approach," i.e. the grants received and compensatory expenses have been recorded in the income statement under different accounts. Income relating to targeted financing has been recorded in the "Other operating revenue" account in the income statement.

Events after balance sheet date

The Annual Accounts duly take into account and disclose all essential events and circumstances that have become known until the date of preparation of the Annual Accounts.

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Note 2. Cash at bank and in hand

in thousands of kroons, as of December 31

	31.12.2010	31.12.2009
Cash in hand	197	34
Cash in transit ¹	137	51
Bank	17,126	143,603
Term deposit	0	130,000
Total	17,460	273,688

¹ Amounts presented by the Medical Centre to the collection company, but not yet received.**Note 3. Receivables and prepayments**

in thousands of kroons, as of December 31

	31.12.2010	31.12.2009
Receivables from the Estonian Health Insurance Fund	122,862	118,123
Other accounts receivable	22,288	22,149
Accrued income ¹	41,018	31,505
Other receivables ²	42,129	37,714
Prepayments for services	3,382	3,701
Uncollectible trade receivables ³	-246	-35
Total receivables and prepayments	231,433	213,157

¹ Accrued income consists of revenue from open health files in the amount of 41,018 thousand kroons (2009: open health files – 31,505 thousand kroons). To evaluate the open health files, stocktaking of the open health files was carried out as a result of which the health services provided in 2010 but not presented to the Health Insurance Fund as of 31 December 2010 are recorded under income of 2010.

² Other receivables consist of the following receivables:

	31.12.2010	31.12.2009
Targeted financing of operating expenses, not received	14	0
Targeted financing of fixed assets, not received	40,011	30,992
Subsidies provided by law, not received	26	18
Deductibles from salaries	3	1
Security deposits paid	117	117
Prepaid VAT (not yet due)	1,683	731
Prepaid VAT for fixed assets	275	5,855
Total other receivables	42,129	37,714

³ The following changes in uncollectible receivables took place (with regard to the period):

	31.12.2010	31.12.2009
Balance at the beginning of the period	-35	-524
Additional write-downs	-242	-5
Uncollectible receivables written off the balance sheet	2	480
Receipt of uncollectible receivables	29	14
Balance at the end of the period	-246	-35

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Note 4. Inventories

in thousands of kroons, as of December 31

	31.12.2010	31.12.2009
Pharmaceutical products	15,467	11,398
Finished products – blood products	2,249	1,813
Maintenance materials	1,075	751
Prostheses, surgical materials ¹	14,141	13,147
Medical materials	6,697	5,590
Strategic inventories	931	981
Equipment	90	90
Prepayments for inventories	92	0
Total	40,742	33,770

¹ During the financial year an analysis of changes in and values of the assets was made as a result of which the slow-moving surgical equipment in the amount of 704 thousand kroons was written down. The aforementioned amount has been recorded in the income statement in the "Purchase of goods, raw materials and services" account (in 2009: write-up of 223 thousand kroons).

Note 5. Long-term financial investments

in thousands of kroons, as of December 31

In accordance with a resolution of the Supervisory Board of 16 December 2004 the Medical Centre participated in the establishment of the Competence Centre for Cancer Research (AS Vähiuuringute Tehnoloogia Arenduskeskus) by contributing to the share capital 50 thousand kroons. The contribution to the share capital was made on 11 January 2005. Five thousand shares with a nominal value of 10 kroons were acquired. The Medical Centre holds a 12.5% stake in the public limited company. As of 31.12.2009: 977 thousand kroons and as of 31.12.2010: 1,215 thousand kroons.

In accordance with a resolution of the Supervisory Board of 20 April 2006 the Medical Centre participated in the establishment of the Picture Archiving and Communication System (SA Eesti Tervishoiu Pildipank) by contributing to the share capital 100 thousand kroons that forms 50% of the share capital of the established foundation. The remaining 50% of the share capital was paid by the University of Tartu Hospital (Tartu Ülikooli Kliinikum SA). As of 31.12.2009: 7,294 thousand kroons and as of 31.12.2010: 8,016 thousand kroons.

As the Medical Centre does not hold a controlling influence over PACS, or the right to participate in the profit allocation, the stake is not recorded in the balance sheet.

Note 6. Tangible fixed assets

in thousands of kroons, as of December 31

Group of fixed assets	Land	Buildings and dwelling houses	Machinery and equipment	Other fixed assets	Construction-in-progress and prepayments	TOTAL
Acquisition cost as of 31.12.2008	126,633	512,325	462,696	29,720	561,119	1,692,493
Fixed assets acquired	0	0	20,051	1,863	416,760	438,674
Reclassification		6,038	34,330	0	-40,373	-5
Fixed assets written off	0	0	-1,830	-720	0	-2,550
Acquisition cost as of 31.12.2009	126,633	518,363	515,247	30,863	937,506	2,128,612
Fixed assets acquired	0	0	180,951	4,950	169,728	355,629
Reclassification	0	1,017,834	1,008	1,785	-1,020,621	6
Fixed assets written off	-1	-45	-24,299	-2,419	0	-26,763
Acquisition cost as of 31.12.2010	126,632	1,536,152	672,907	35,179	86,613	2,457,483
Depreciation						
Depreciation as of 31.12.2008	0	141,139	242,549	17,480	0	401,168
Depreciation for financial year	0	28,936	77,590	3,906	0	110,432
Write-down ²	0	26,326	0	0	0	26,326
Sales and write-offs	0	0	-1,689	-695	0	-2,384
Depreciation as of 31.12.2009	0	196,401	318,450	20,691	0	535,542
Depreciation for financial year	0	49,272	92,248	3,665	0	145,185
Write-down	0	0	0	0	0	0
Sales and write-offs	0	-12	-23,985	-2,234	0	-26,231
Depreciation as of 31.12.2010	0	245,661	386,713	22,122	0	654,496
Residual value as of 31.12.2008	126,633	371,186	220,147	12,240	561,119	1,291,325
Residual value as of 31.12.2009	126,633	321,962	196,797	10,172	937,506	1,593,070
Residual value as of 31.12.2010	126,632	1,290,491	286,194	13,057	86,613	1,802,987

¹ In 2008, the expenses on the acquisition of the registered immovable located as Pargi 30 in Keila were written down to the recoverable value in the amount of 22,385 thousand kroons.

¹ In 2008, the expenses on the acquisition of the registered immovable located as J. Sütiste tee 21 in Tallinn were written down to the recoverable value in the amount of 13,266 thousand kroons.

² In 2009, the expenses on the acquisition of the registered immovable located at Pargi 30 in Keila were not changed, as the net book value of the object proved lower than the expert evaluation.

In 2009, the expenses on the acquisition of the registered immovable located as J. Sütiste tee 21 in Tallinn were written down to the recoverable value in the amount of 26,326 thousand kroons.

In 2009, construction continued on Block X of the building, with a part of the renovation work conducted in 2009 capitalised. In 2010, the amount of 1,017,834 thousand kroons was capitalised from the renovation work of Block X.

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Note 7. Intangible fixed assets

in thousands of kroons, as of December 31

Intangible fixed assets	Licences	Software	Ongoing projects	Total
Acquisition cost				
Acquisition cost as of 31.12.2009	757	4,789	7,519	13,065
Fixed assets acquired	230	2,149	2,448	4,827
Acquisition cost as of 31.12.2010	987	6,938	9,967	17,892
Depreciation				
Depreciation as of 31.12.2009	471	2,845	0	3,316
Depreciation for financial year	99	726	0	825
Depreciation as of 31.12.2010	570	3,571	0	4,141
Residual value				
Residual value as of 31.12.2009	286	1,944	7,519	9,749
Residual value as of 31.12.2010	417	3,367	9,967	13,751

On-going intangible fixed asset projects as of 31.12.2010: 1) laboratory information system with a cost of 2,276 thousand kroons, 2) radiology information system with a cost of 4,209 thousand kroons, 3) pathology information system with a cost of 976 thousand kroons, 4) implementation of the reporting environment system with a cost of 682 thousand kroons, 5) development of the digital register X-tee interface: 622 thousand kroons, 6) development of the identity management system: 986 thousand kroons, 7) implementation of an electronic referral document: 196 thousand kroons, and 8) other software investments with a cost of 20 thousand kroons.

Note 8. Loans payable

in thousands of kroons, as of December 31

2010	Short-term portion	Long-term portion: 1-5 years	Long-term portion: over 5 years	Total liability
Bonds ¹	0	187,710	0	187,710
Long-term bank loans ²	0	103,469	397,077	500,546
Financial lease liabilities ³	4,946	376	0	5,322
Total loans payable	4,946	291,555	397,077	693,578
2009	Short-term portion	Long-term portion: 1-5 years	Long-term portion: over 5 years	Total liability
Overdraft	46,946	0	0	46,946
Bonds ¹	65,715	187,710	0	253,425
Long-term bank loans ²	0	0	500,546	500,546
Financial lease liabilities ³	5,252	5,322	0	10,574
Total loans payable	117,913	193,032	500,546	811,491

¹ In 2008, unsecured bonds were issued in the amount of 187,710 thousand kroons (12 million euros) with the underlying currency being euro and the redemption date on 30.06.2014. The interest rate of the bonds consist of the benchmark, which is 1-month Euribor + a margin of 0.6%.

The year 2009 saw three public offerings of bonds in order to finance construction activities until collection of the EU aid:

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- 1) 7 January 2009: 95,457 thousand kroons (3.8 million euros); underlying currency: euro, redemption date: 31.12.2009. The interest rate of the bonds consist of the benchmark which is 1-month Euribor + a margin of 0.8%. Bonds have been redeemed on 31.12.2009.
- 2) 15 June 2009: 53,198 thousand kroons (3.4 million euros); underlying currency: euro, redemption date: 31.12.2009. The interest rate of the bonds consist of the benchmark which is 1-month Euribor + a margin of 1.5%. Bonds have been redeemed on 27.10.2009.
- 3) 20 March 2009: 65,715 thousand kroons (4.2 million euros); underlying currency: euro, redemption date: 24.03.2010. The interest rate of the bonds consist of the benchmark which is 1-month Euribor + a margin of 1.3%.

² The underlying currency of the long-term bank loan is the euro; the nominal value is 500,546 thousand kroons (32 million euros). The interest rate is tied with the six-months Euribor, with the interest margin of 0.22% added. The long-term loan is due for repayment on 31 December 2025.

³ See Note 9 for additional information.

AS SEB Pank and the Medical Centre have concluded an overdraft agreement in the amount of 60 million kroons (underlying currency: EEK). The overdraft had not been used as of 31 December 2009.

Nordea Bank Finland Plc Estonia Branch and the Medical Centre have concluded an overdraft agreement in the amount of 47 million kroons (3 million euros; underlying currency: EUR).

As of 31 December 2009, the overdraft balance amounted to 46,946 thousand kroons (3 million euros).

Note 9. Financial and Operating Lease

in thousands of kroons, as of December 31

Financial lease

	31.12.2010	31.12.2009
Short-term portion of liability – payable within 1 year	4,946	5,252
Long-term portion of liability – payable within 1-5 years	376	5,322
Total financial lease liabilities	5,322	10,574

Additional information is available in Note 8.

Information on the valid financial lease contracts as of 31.12.2010 has been brought out in the table below (by leased fixed asset categories):

	Acquisition cost 31.12.2010	Residual value 31.12.2010	Acquisition cost 31.12.2009	Residual value 31.12.2009
Total cost of leased equipment	33,965	225	33,965	233

Operating lease

in thousand kroons, per year

	2010	2009
Means of transport	1,329	1,375
Administrative equipment and software	998	432
Medical equipment	3,954	5,387
Total operating lease payments	6,281	7,194

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As of 31 December 2010, future operating lease expenses from non-cancellable operating lease contracts amounted to 4,755 thousand kroons (31.12.2009: 4,796 thousand kroons).

In 2010, revenues earned under operating leases amounted to 7,762 thousand kroons (2009: 7,324 thousand kroons).

The Foundation has leased out approximately 6.42% of the premises on operating lease terms. The acquisition costs and residual values as of 31 December 2010 are the following:

Buildings	31.12.2010	31.12.2009
Acquisition cost of assets leased out under operating lease	31,698	31,698
Residual book value of assets leased out under operating lease	17,276	17,282

In the future, the foundation will receive 7,632 thousand kroons from non-cancellable operating lease contracts.

Note 10. Payables and prepayments

in thousands of kroons, as of December 31

	31.12.2010	31.12.2010	31.12.2009	31.12.2009
	Short-term	Long-term	Short-term	Long-term
Accounts payable	154,525	8,531	118,791	1,190
Employee-related liabilities	58,517	0	67,588	0
Taxes payable ¹	48,932	0	48,282	0
Other payables	3,447	0	2,040	0
Prepayments received ²	1,241	472	1,248	472
Total payables and prepayments	266,662	9,003	237,949	1,662

¹ Taxes payable are divided into the following categories:

	31.12.2010	31.12.2009
Social tax	29,034	28,826
Personal income tax	15,063	14,937
Unemployment insurance	3,387	3,271
Funded pension	745	275
Other taxes	703	973
Total taxes payable	48,932	48,282

² Long-term prepayments received consist of 472 thousand kroons received for the purchase of personal protection equipment from the Health Board and charged to income in 2011-2012.

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Note 11. Targeted financing

in thousands of kroons, as of December 31

Targeted financing of operating expenses includes:

	31.12.2010	31.12.2009
Balance of liabilities at the beginning of the period	32	220
Targeted financing received	900	612
Targeted financing depreciated as income	-929	-800
Balance of liabilities at the end of the period	3	32

Targeted financing, broken down by providers of financing:

	Balance as of 31.12.2010	Received in 2010	Used in 2010	Balance as of 31.12.2009
Ministry of Social Affairs	0	900	-900	0
Health Board	0	0	0	0
Private persons	2	0	-12	14
Baxter OY	1	0	0	1
Estonian Science Foundation	0	0	-17	17
Total	3	900	-929	32

Note 12. Operating income

in thousands of kroons, per annum

	2010	2009
State budgetary revenue, including:	38,604	36,704
emergency medical aid	38,604	36,704
register keeping	0	0
Revenue from sales of medical services to health insurance funds, including:	1,470,363	1,500,749
provision of health services under contracts	1,406,801	1,441,467
preventive treatment	3,380	3,128
other services provided under contracts	57,310	53,677
health services to foreigners	2,872	2,477
Revenue from sales of medical services to legal and natural persons, including:	118,201	117,897
revenue from local governments	34,639	39,642
sales of services to other health care institutions	27,867	27,986
sales of blood products and services of the Blood Service	25,441	21,138
visit fee, in-patient fee	8,627	8,479
health services to establishments, insurance companies	14,470	16,217
other fee-paying health services	7,157	4,435

The sum of the operating revenue corresponds to EMTAK code 8610.

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Note 13. Subsidies

in thousands of kroons, per annum

	2010	2009
Subsidies, including:	158,512	551,016
Remuneration for resident supervision	1,076	1,491
Supervision of student practice	101	41
Targeted financing received for operating expenses	226	3,518
Targeted financing received for operating expenses – Ministry of Social Affairs	2,539	1,381
Targeted financing received for operating expenses – remuneration for residents	21,390	21,484
Domestic targeted financing for acquisition of fixed assets	0	197
Other non-targeted financing	504	406
Other non-targeted financing, with VAT	90	125
Foreign government grant allocated for purchase of fixed assets (EU aid)	132,586	522,373

The European Commission approved the financial aid to be allocated from the European Regional Development Fund (ERDF) to the “Expansion and reconstruction of the North Estonia Medical Centre” project on 11 March 2010. The aid will be used for completing two stages of the Mustamäe medical district infrastructure development plan: construction of Block X and reconstruction of Block C and the pathology block. The ERDF aid for the expansion and reconstruction of the North Estonia Medical Centre project amounts to 1.035 billion kroons, whereas the estimated aggregate cost of the project without VAT amounts to 1.682 billion kroons. The Minister of Social Affairs signed the resolution on the financing of the national project on 13 August 2009, allowing the project to be financed before the resolution of the European Commission. The project is scheduled to be carried out from 2007 to 2014. Thus, the aid paid last year for coverage of the expenses made on the major project before the resolution is as follows: 33,171 thousand kroons (in 2007), 224,626 thousand kroons (in 2008) and 233,585 thousand kroons (in 2009). In 2010, the aid is 133,635 thousand kroons, of which 1,049 thousand kroons was claimed back as a non-eligible amount.

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Note 14. Operating expenses

in thousands of kroons, per annum

	2010	2009
Purchase of medical goods and services, including	491,115	458,795
pharmaceuticals, vaccines, blood and blood products	224,060	214,171
medical equipment	90,203	84,181
medical materials	161,037	136,161
outsourced medical services	15,815	24,282
Production costs of the Blood Centre	17,119	17,864
Administrative expenses, including	203,020	170,775
catering	22,644	22,875
laundry, acquisition of textile laundry	9,571	9,328
maintenance of immovables and buildings	96,090	64,666
maintenance of the lease space	1,722	1,561
transportation expenses	9,293	8,112
non-medical services	4,779	7,840
IT expenses	13,818	13,246
office expenses	9,049	8,642
property maintenance and operating lease	31,899	28,459
employee-related expenses (training, business trips, insurance, health protection)	3,792	5,868
representation expenses	363	178
Other operating expenses, incl.	177,515	167,087
VAT expenses	174,613	160,584
Scholarships awarded (Estonian Science Foundation's grant)	0	36
domestic targeted financing for operating expenses	789	568
domestic targeted financing for acquisition of fixed assets	0	157
membership fees, entry fees	339	336
establishment of the future expense reserve	0	3,990
land tax	423	423
corporate income tax	25	84
state fees	106	49
natural resources usage and pollution charges	72	254
allowance for uncollectible receivables	48	17
currency exchange rate differences, rounding (except for financial expenses)	113	76
damages, fines for delay (except for interest on tax arrears and financial expenses)	-12	85
proof of claim – erroneous prescription	252	324
proof of claim – erroneous certificate of sick leave	0	12
write-down of inventories	704	72
other miscellaneous expenses	43	20

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Note 15. Personnel expenses

in thousands of kroons, per annum

	2010	2009
Personnel expenses, incl.	695,737	748,693
wages and salaries	519,296	558,336
social tax	170,987	184,111
unemployment insurance	7,184	5,126
holiday pay (including social tax and unemployment insurance)	-9,029	-4,714
fringe benefits (including taxes)	4,438	5,834
performance pay provision (including social tax and unemployment insurance)	2,861	0

During the financial year the following salaries were calculated in terms of employee categories:

	2010	2009
Managers, Supervisory Board, heads of divisions	58,994	57,819
Top specialists	249,342	258,960
Assistant specialists	134,878	135,662
Maintenance staff, officials and other employees	76,082	105,895
Total	519,296	558,336

Note 16. Financial income and expenses**Financial income**

in thousands of kroons, per annum

	2010	2009
Interest income from deposits	839	4,571
Total financial income	839	4,571

Financial expenses

in thousands of kroons, per annum

	2010	2009
Interest expenses on loans	12,962	18,454
Interest expenses on financial lease	111	397
Interest on discounted liabilities	0	2,145
Other financial expenses	133	755
Total financial expenses	13,206	21,751

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Note 17. Off-balance sheet assets

in thousands of kroons, as of December 31

	31.12.2010	31.12.2009
Medical current assets	82,595	56,041
Office equipment	2,662	13,838
Furniture	25,934	17,532
Administrative inventory	11,383	10,702
Other	15,220	175
Total off-balance sheet current assets	137,794	98,288

Off-balance sheet current assets are held under proprietary liability.

Note 18. Transactions with related parties

Related parties include members of the Management Board and the Supervisory Board and companies related thereto, except the companies which are not under the dominant influence and control of members of the Management Board and the Supervisory Board.

In 2010, members of the Management Board were paid remuneration in the amount of 2,528 thousand kroons and members of the Supervisory Board were paid remuneration in the amount of 306 thousand kroons (in 2009: 4,138 thousand kroons and 254 thousand kroons, respectively). Remuneration paid to the audit committee amounted to 2 thousand kroons (2009: 4 thousand kroons).

Pursuant to the management contract, members of the Management Board are entitled to severance compensation in the amount of three monthly salaries (currently 569 thousand kroons), if prematurely removed by the Supervisory Board, except if the removal was conditioned by deliberate damaging of the interests of the foundation by the Management Board member.

No severance compensation is payable to members of the Supervisory Board.

The North Estonia Medical Centre Foundation has purchased and sold goods and services from/to the following parties:

in thousands of kroons, per annum

Sales

	2010	2009
Companies related to Management Board members	135	141
Companies related to a member of the Supervisory Board	2,993	6,370
Total	3,128	6,511

Purchases

	2010	2009
Companies related to Management Board members	4,910	2,654
Companies related to a member of the Supervisory Board	74	70
Total	4,984	2,724

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As of 31 December 2009 the North Estonia Medical Centre Foundation has from the aforementioned transactions the following receivables from and liabilities to the related parties (which have been reported under the "Trade receivables" and "Liabilities to suppliers" accounts):

in thousands of kroons, as of December 31

Receivables

	31.12.2010	31.12.2009
Companies related to Management Board members	32	21
Companies related to a member of the Supervisory Board	314	216
Total	346	237

Liabilities

	31.12.2010	31.12.2009
Companies related to Management Board members	274	420
Companies related to a member of the Supervisory Board	3	1
Total	277	421

Note 19. Loan collateral and pledged assets

A registered immovable located at J. Sütiste tee 19 in Tallinn has been pledged in collateral to overdraft agreement no. 2005011372 signed between AS SEB Pank and the North Estonia Medical Centre Foundation.

Type of pledge: mortgage in the amount of 15 million kroons.

Note 20. Events after balance sheet date

Estonia joined the Eurozone on 1 January 2011 and the Estonian kroon (EEK) was replaced with the euro (EUR). Due to the aforesaid as from this date the Medical Centre converted its accounting into euros and financial statements of 2011 and of the following years will be drawn up in euros. Data for comparison will be converted at the official exchange rate of 15.6466 EEK/EUR.

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INDEPENDENT SWORN AUDITOR'S REPORT

To the Supervisory Board of SA Põhja-Eesti Regionaalhaigla (Foundation North Estonia Medical Centre):

We have audited the accompanying annual accounts (pages 30 to 52) of SA Põhja-Eesti Regionaalhaigla, which comprise the balance sheet as at 31 December 2010, and the income statement, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Board's Responsibility for the Annual Accounts

Management Board is responsible for the preparation and fair presentation of these annual accounts in accordance with Estonian Accounting Act, State Accounting Principles and the guidelines issued by the Estonian Accounting Standards Board, and for such internal control as the Management Board determines is necessary to enable the preparation of annual account that are free from material misstatement, whether due to fraud or error.

Sworn Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the sworn auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the sworn auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 the Management Board, as well as evaluating the overall presentation of the annual accounts.

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 annual accounts present fairly, in all material respects, the financial position of SA Põhja-Eesti Regionaalhaigla as at 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with Estonian Accounting Act, State Accounting Principles and the guidelines issued by the Estonian Accounting Standards Board.

25 April 2011



Veiko Hintsov
Sworn auditor No 328
AS Deloitte Audit Eesti
License No 27

4 SIGNATURES OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD TO THE ANNUAL REPORT

The Management Board of the North Estonia Medical Centre has prepared the management report and the Annual Accounts for 2010.

Management board

Chairman of Management Board	Tõnis Allik	.....	25 April 2011
Member of the Management Board	Sven Kruup	.....	25 April 2011
Member of the Management Board	Sergei Nazarenko	.....	25 April 2011

The Supervisory Board has reviewed and approved the Annual Report prepared by the Management Board and consisting of the management report and the Annual Accounts and to which the Auditor's Report has been attached.

Supervisory board

Chairman of the Supervisory Board	.....	.....	.....2011
Member of the Supervisory Board	.....	.....	.....2011
Member of the Supervisory Board	.....	.....	.....2011
Member of the Supervisory Board	.....	.....	.....2011
Member of the Supervisory Board	.....	.....	.....2011
Member of the Supervisory Board	.....	.....	.....2011
Member of the Supervisory Board	.....	.....	.....2011